

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
CITY OF ORANGE CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

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

**CITY OF ORANGE CITY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024
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* * * *



December 12, 2024

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

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2024.

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

Williams & Company, Certified Public Accountants, have issued an unmodified opinion on the City of Orange City's financial statements for the year ended June 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

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

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

The Council is required to adopt a final budget by no later than March 31st. This annual budget serves as the foundation for the City of Orange City's financial planning and control. Iowa budget law requires the adoption of legal budgets for expenditures on a program basis. Although the budget document presents program expenditures by fund, the legal level of control is at the aggregated program level, not at the fund level.

Local Economy

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

Fiscal year 2023-2024 was another wonderful year for the community of Orange City. Many exciting trends and projects are taking place that continue to improve the quality of life for its citizens.

One of the exciting projects that the city entered into is an agreement with one of our local contractors to construct a half-mile street project. This street project will tie into our 14th street just west of the new elementary school. By adding the street and infrastructure, the city will have approximately twenty residential housing lots for sale as well. This project will cost approximately two million dollars. We also entered into a contract with a developer to add additional housing to our community. This subdivision is called Gelderland 2nd Addition. This addition will add sixteen doors to our community.

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

Long-Term financial planning

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

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The general fund falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., between 45 and 53 percent of total general fund revenues). Following its recent review of the City of Orange City's strategic plan, the Council plans on keeping the percentage the same for the following year, this will reduce the amount that will be needed to borrow to finance future construction.

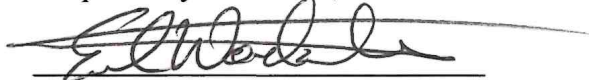
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City for its annual comprehensive financial report (ACFR) for the year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

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

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

Respectfully submitted,



Earl Woudstra
City Administrator



Kent Anderson
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Orange City
Iowa**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

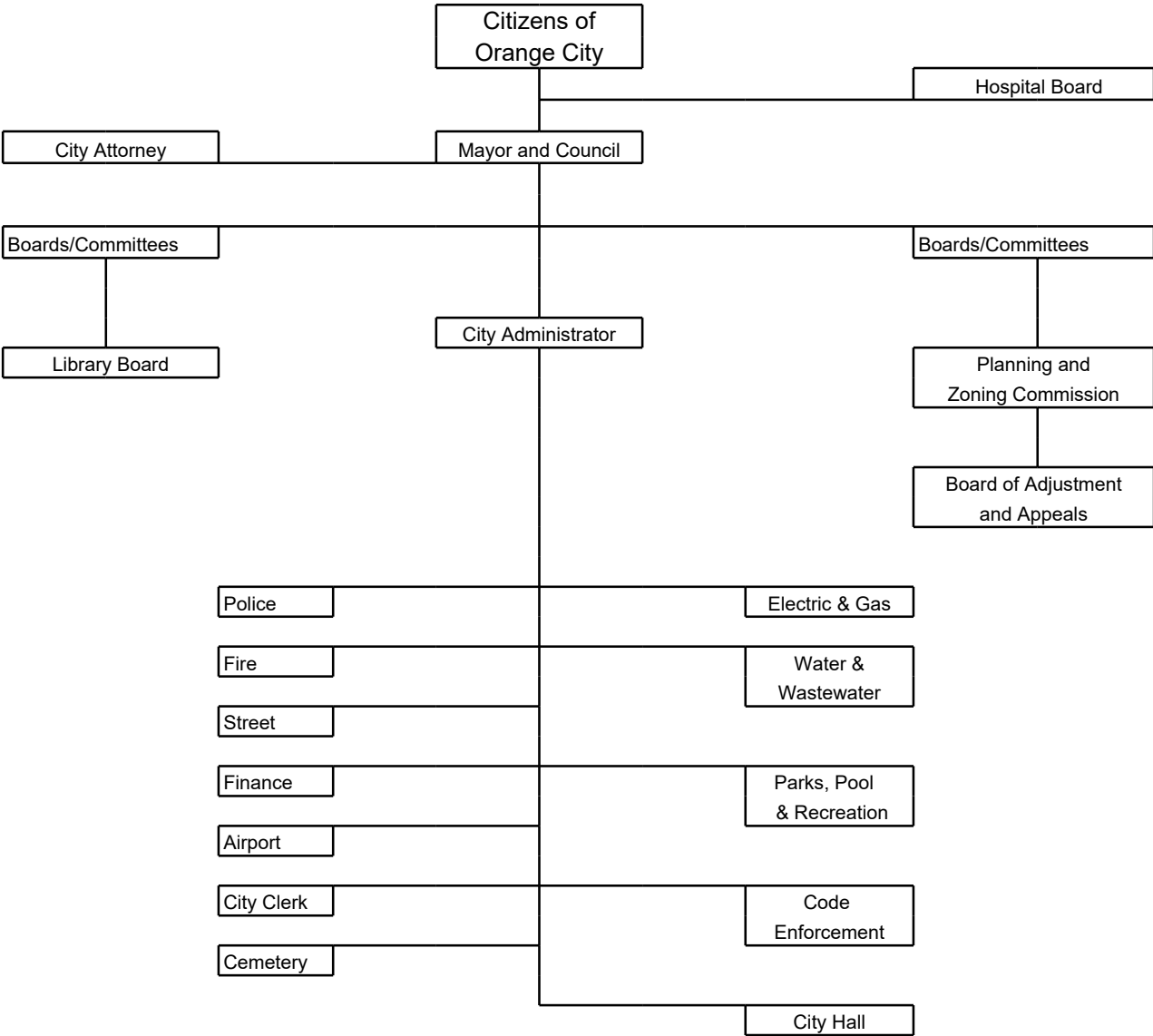
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In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to program standards. Such annual comprehensive financial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

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

CITY OF ORANGE CITY, IOWA

ORGANIZATIONAL CHART



DIRECTORY OF CITY OFFICIALS

ELECTED CITY OFFICERS

MAYOR

Deb DeHaan

COUNCIL MEMBERS

Daryl Beltman
Olivia Chapman
Rod DeBoer
Daron DeJong
Bret Wallinga

HOSPITAL TRUSTEES

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

APPOINTED CITY OFFICERS

Earl Woudstra
City Administrator

Brad DeJong
City Attorney

APPOINTED BOARDS AND COMMISSIONS

ZONING BOARD OF APPEALS

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

LIBRARY BOARD OF DIRECTORS

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

PLANNING AND ZONING COMMISSION

Dale Pluim, Chairman
Kevin Van Donge
Terry Hofmeyer
Ashley Saras
Rhonda Moret
Joe Poppema
Bruce Vander Stelt

FIRE DEPARTMENT

Seth Bents
Breckin Bomgaars
Paul Brentlinger
Austin DeKock
Brandon DeKock
Brian De Kock
Michael Dekker
Kevin Dekker
Mike Dorr
Aaron Dykstra
David Dykstra
Josh Dykstra
Michael Dykstra
Logan Feenstra
Chad Hase
Jayden Hiemstra
John Heller
Al Jeltema
Riley Jeltema
Ann Lundberg
Noah Minnick
Moffitt Estella
Carl Monroe
Andrew Roghair
Dan Roghair
Lee Roghair
Kevin Rubio
Dennis VanderWel, Chief
Brent Van Leeuwen

ARTS COUNCIL

Mary Fernow, President
Justin Lansink, Vice-President
Brian Keepers, Secretary
Joanne Gamble, Treasurer
Dr. Juyeon Kang
Duha Lee
Dennis Rockhill
Amy Sharar
Chloe Tschetter
Ernie Andrulewich, Director

CITY PERSONNEL

ADMINISTRATION

Kent Anderson

Sarah Anderson

Janet Brown

Kurt Frederes

Jess Kuehl

Shawn Lancaster

Ryan McEwen

Matt Van Schouwen

Danielle Warntjes

Earl Woudstra

Finance Officer

Accounts Receivable Specialist

City Clerk

Code Officer

Event Center Manager

Billing Clerk

Community Development Director

Public Works Director

Assistant Event Center Manger

City Administrator

POLICE DEPARTMENT

Jim Pottebaum

Duane Hulstein

Audley DeJong

Trevor Greis

Bruce Jacobsma

Trey Niemyer

Ryan Sanbulte

Trey Schiebout

Dalton Vogel

Darren Wielenga

Chief of Police

Investigator

Police Officer

Police Officer

Police Officer

Police Officer

Police Officer

Police Officer

Police Officer

Police Officer

STREET DEPARTMENT

Breckin Bomgaars

Luke Horkey

Don Snieder

Street Mechanic

Street Foreman

Street Crewman/Mechanic

PARKS AND RECREATION

Noah Minnick

Brian Goslinga

Jaaron Paugh

Director

Park Maintenance

Assistant Director

UTILITIES

Mike Anema

Ed DeJong

Alan DeJong

Jonathan Van Zuden

Todd Klein

Michael Klootwyk

Josh Krammer

Kirk Maasdam

Dave Sassman

Shane Schwarz

Blake Sneider

Electric Line Maintenance Worker I

Gas Utility Foreman

Electric Department Foreman

Electric Line Maintenance Worker II

Water & Wastewater Operator

Electric Journeyman Lineman

Water & Wastewater Operator

Water & Wastewater Foreman

Water & Wastewater Operator

Gas Utility Crewman

Electric Line Maintenance Worker II

HOSPITAL

Marty W. Guthmiller

Dina Baas

Administrator

Chief Financial Officer

LIBRARY

Lisa Johnson

Administrator



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Orange City Area Health System, (a discretely presented component unit), which statements reflect total assets and deferred outflows of \$98,019,559 and total program revenues of \$71,425,231 as of June 30, 2024. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Orange City Area Health System, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Orange City, Iowa 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 misstatement, 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 Orange City, Iowa'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.

Auditors' 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 auditors' report that includes our opinions. 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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

- Exercise professional judgment 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 purpose of expressing an opinion on the effectiveness of the City of Orange City, Iowa'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 Orange City, Iowa'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 and budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), Schedule of City's Contributions to Iowa Public Employees' Retirement System and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 13 through 25 and 76 through 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

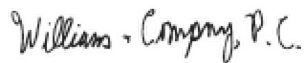
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the City of Orange City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Orange City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orange City's internal control over financial reporting and compliance.



Certified Public Accountants

Le Mars, Iowa
December 12, 2024

Management's Discussion and Analysis

June 30, 2024

This discussion and analysis of the City of Orange City financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2024. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report, as well as the separately issued financial statements of Orange City Area Health System and Orange City's Municipal Golf Association, discretely presented component units of the City.

Financial Highlights

- The assets and deferred outflows of resources of the City of Orange City exceeded liabilities and deferred inflows of resources at June 30, 2024 by \$65,615,984. Of this amount, \$12,176,979 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$1,898,490 during the year. Of this amount, the governmental activities increased by \$2,765,028 and the net position of our business activities decreased by \$ 866,538.
- The City's governmental activities long-term debt decreased \$1,749,913 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE CITY AS A WHOLE

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

The following comparative chart shows the changes in net position for the years ended June 30, 2024 and 2023.

| | General Governmental Activities | | Business-Type Activities | |
|-----------------------------------|------------------------------------|----------------------|--------------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Current and Other Assets | \$ 12,995,503 | \$ 12,874,088 | \$ 13,927,649 | \$ 18,117,999 |
| Capital Assets | 31,020,648 | 30,355,120 | 46,994,333 | 44,742,764 |
| Total Assets | <u>44,016,151</u> | <u>43,229,208</u> | <u>60,921,982</u> | <u>62,860,763</u> |
| Deferred Outflows | 485,173 | 307,211 | 160,003 | 107,547 |
| Long-Term Liabilities Outstanding | 12,201,605 | 13,833,115 | 19,592,085 | 20,465,213 |
| Other Liabilities | 1,199,667 | 1,805,591 | 1,120,560 | 1,188,934 |
| Total Liabilities | <u>13,401,272</u> | <u>15,638,706</u> | <u>20,712,645</u> | <u>21,654,147</u> |
| Deferred Inflows | 5,796,996 | 5,359,685 | 56,412 | 134,697 |
| Net Position: | | | | |
| Net Investment in Capital Assets | 19,424,213 | 16,982,960 | 30,045,778 | 33,085,988 |
| Restricted | 1,952,301 | 2,444,851 | 2,016,713 | 2,107,355 |
| Unrestricted | 3,926,542 | 3,110,217 | 8,250,437 | 5,986,123 |
| Total Net Position | <u>\$ 25,303,056</u> | <u>\$ 22,538,028</u> | <u>\$ 40,312,928</u> | <u>\$ 41,179,466</u> |

| | Totals | |
|-----------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Current and Other Assets | \$ 26,923,152 | \$ 30,992,087 |
| Capital Assets | 78,014,981 | 75,097,884 |
| Total Assets | <u>104,938,133</u> | <u>106,089,971</u> |
| Deferred Outflows | 645,176 | 414,758 |
| Long-Term Liabilities Outstanding | 31,793,690 | 34,298,328 |
| Other Liabilities | 2,320,227 | 2,994,525 |
| Total Liabilities | <u>34,113,917</u> | <u>37,292,853</u> |
| Deferred Inflows | 5,853,408 | 5,494,382 |
| Net Position: | | |
| Net Investment in Capital Assets | 49,469,991 | 50,068,948 |
| Restricted | 3,969,014 | 4,552,206 |
| Unrestricted | 12,176,979 | 9,096,340 |
| Total Net Position | <u>\$ 65,615,984</u> | <u>\$ 63,717,494</u> |

This summary reflects an increase of 12.27% for the governmental net position and an decrease of 2.10% in the business-type net position.

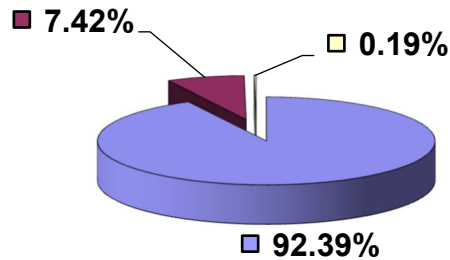
Total revenue reported in Fiscal 2024 was \$24,903,668. The following table breaks down revenues collected for Governmental Activities and Business-Type Activities for Fiscal Year 2024 and 2023:

| Revenue Source | General Governmental Activities | | Business-Type Activities | |
|------------------------------------|---------------------------------|---------------------|--------------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Program Revenues: | | | | |
| Charges for Services | \$ 1,016,792 | \$ 990,083 | \$ 14,906,801 | \$ 15,624,621 |
| Operating Grants and Contributions | 1,279,095 | 1,261,822 | - | - |
| Capital Grants and Contributions | 31,839 | 574,711 | - | - |
| Total Program Revenues | 2,327,726 | 2,826,616 | 14,906,801 | 15,624,621 |
| General Revenues: | | | | |
| Property Taxes | 5,330,697 | 5,123,899 | - | - |
| Local Option Sales Tax | 1,461,511 | 1,461,816 | - | - |
| Interest | 317,835 | 198,221 | 99,592 | 33,509 |
| Gain on Sales of Assets | 3,140 | 4,534 | - | - |
| Miscellaneous | 285,821 | 117,703 | 170,545 | 815,613 |
| Total General Revenues | 7,399,004 | 6,906,173 | 270,137 | 849,122 |
| Total Revenues: | 9,726,730 | \$ 9,732,789 | \$ 15,176,938 | \$ 16,473,743 |

| Revenue Source | Totals | |
|------------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Program Revenues: | | |
| Charges for Services | \$ 15,923,593 | \$ 16,614,704 |
| Operating Grants and Contributions | 1,279,095 | 1,261,822 |
| Capital Grants and Contributions | 31,839 | 574,711 |
| Total Program Revenues | 17,234,527 | 18,451,237 |
| General Revenues: | | |
| Property Taxes | 5,330,697 | 5,123,899 |
| Local Option Sales Tax | 1,461,511 | 1,461,816 |
| Interest | 417,427 | 231,730 |
| Gain on Sales of Assets | 3,140 | 4,534 |
| Miscellaneous | 456,366 | 933,316 |
| Total General Revenues | 7,669,141 | 7,755,295 |
| Total Revenues: | \$ 24,903,668 | \$ 26,206,532 |

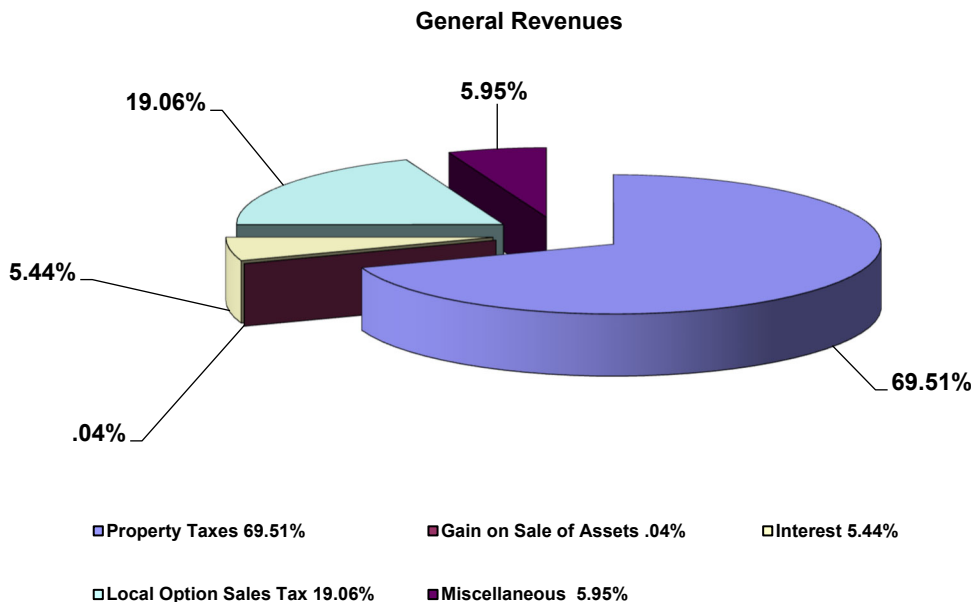
Program revenues totaled \$17,234,527 for fiscal year 2024. Governmental Activities provided \$2,327,726 and Business-Type Activities provided \$14,906,801. Revenue collected for Charges for Services during fiscal year 2024 was \$15,923,593, accounting for 92.39% of the total program revenues. The following chart breaks down program revenues by source:

Program Revenues



- Charges for Services 92.39%
- Operating Grants and Contributions 7.42%
- Capital Grants & Contributions 0.19%

General Revenues and Interfund Transfers for fiscal year 2024 totaled \$7,669,141. Governmental Activities provided \$7,399,004 and Business-Type Activities provided \$270,137. Property Tax Revenues for fiscal year 2024 totaled \$5,330,697 accounting for 69.51% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for Fiscal 2024 totaled \$23,005,178. Expenses for Governmental Activities totaled \$8,346,815, accounting for 36.28% of total expenses. Business-Type Activity expenses totaled \$14,658,363, for 63.72% of the total.

The following table shows total expenses by Function/Program for FY 2024 and FY 2023:

| | General Governmental Activities | | Business-Type Activities | |
|----------------------------------|------------------------------------|---------------------|--------------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Public Safety | \$ 1,536,116 | \$ 1,520,933 | \$ - | \$ - |
| Public Works | 2,492,865 | 1,966,242 | - | - |
| Culture and Recreation | 2,477,375 | 2,161,227 | - | - |
| Community & Economic Development | 395,865 | 301,846 | - | - |
| General Government | 1,125,593 | 889,834 | - | - |
| Debt Service | 319,001 | 356,848 | - | - |
| Sewer System | - | - | 1,305,622 | 1,213,330 |
| Water System | - | - | 1,800,867 | 1,958,290 |
| Electric System | - | - | 8,781,671 | 7,861,675 |
| Natural Gas System | - | - | 2,770,203 | 3,228,636 |
| Total Expenses | \$ 8,346,815 | \$ 7,196,930 | \$ 14,658,363 | \$ 14,261,931 |

| | Totals | |
|----------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Public Safety | \$ 1,536,116 | \$ 1,520,933 |
| Public Works | 2,492,865 | 1,966,242 |
| Culture and Recreation | 2,477,375 | 2,161,227 |
| Community & Economic Development | 395,865 | 301,846 |
| General Government | 1,125,593 | 889,834 |
| Debt Service | 319,001 | 356,848 |
| Sewer System | 1,305,622 | 1,213,330 |
| Water System | 1,800,867 | 1,958,290 |
| Electric System | 8,781,671 | 7,861,675 |
| Natural Gas System | 2,770,203 | 3,228,636 |
| Total Expenses | \$ 23,005,178 | \$ 21,458,861 |

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

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

Governmental of Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$1,536,116 and received \$256,537 in revenue, thus leaving a cost to the taxpayer of \$1,279,579 to be funded by various methods. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The total cost of governmental activities this year was \$8,346,815. Of these costs, \$1,016,792 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions was \$ 1,310,934, leaving a Net Expense of \$6,019,089 for Governmental Activities. These expenses of were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

| Functions/Programs | Net (Expense) Revenue | |
|---|--------------------------|---------------------|
| | 2024 | 2023 |
| Governmental Activities: | | |
| Public Safety | \$ (1,279,579) | \$ (928,439) |
| Public Works | (1,196,559) | (526,202) |
| Culture and Recreation | (1,915,924) | (1,642,371) |
| Community and Economic Development | (277,165) | (135,320) |
| General Government | (1,070,946) | (827,510) |
| Debt Service | (278,916) | (310,472) |
| Total Net (Expense) Revenue Governmental Activities | (6,019,089) | (4,370,314) |
| General Revenues | 7,399,004 | 6,906,173 |
| Excess (Deficiency) of revenues over expenditures | 1,379,915 | 2,535,859 |
| Interfund Transfers | 1,385,113 | 339,946 |
| Change in Net Position | \$ 2,765,028 | \$ 2,875,805 |

Total resources available during the year to finance governmental operations were \$33,649,871 consisting of Net Position at July 1, 2023 of \$22,538,028, Program Revenues of \$2,327,726 and General Revenues and Transfers of \$8,784,117. Total Governmental Activities during the year expended \$8,346,815; thus, Net Position increased by \$2,765,028 to \$25,303,056.

Business Type Activities

Business Type Activities decreased the City's net position by \$ 866,538.

The cost of all Proprietary Activities this year was \$14,658,363. As shown in the Statement of Activities, the amount paid by users of the systems was \$14,906,801 resulting in total Net Revenue for Business Type Activities of \$ 248,438. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

| Business-Type Activities | Net (Expense) Revenue | |
|--|--------------------------|---------------------|
| | 2024 | 2023 |
| Electric System | \$ (574,539) | \$ 881,345 |
| Water System | 228,683 | (103,418) |
| Sewer System | 196,413 | 243,715 |
| Natural Gas System | 397,881 | 341,048 |
| Total Net (Expense) Revenue Business-Type Activities | 248,438 | 1,362,690 |
| General Revenues | 270,137 | 849,122 |
| Excess (Deficiency) of revenues over expenditures | 518,575 | 2,211,812 |
| Interfund Transfers | (1,385,113) | (339,946) |
| Change in Net Position | \$ (866,538) | \$ 1,871,866 |

Total resources available during the year to finance Proprietary Fund activities were \$54,971,291 consisting of Net Position at July 1, 2023 of \$41,179,466, Program Revenues of \$14,906,801 and General Revenues and Transfers of (\$1,114,976). Total Proprietary Fund Activities during the year expended \$14,658,363; thus Net Position was decreased by \$ 866,538 to \$40,312,928.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$5,893,168. The combined Governmental Funds balance increased \$ 188,500 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General fund by \$241,870. The major reason for the increase in fund balance is due to increased interest income that was not budgeted in fiscal year 2024.

The Road Use Tax Fund is used to account for the collection and disbursement of state fuel tax dollars. During the year, expenditures exceeded revenues by \$445,849. This was a budgeted decision to help with the cost of a round-about street project. The fund transferred \$800,440 to the general fund to help with street operations and the purchase of the stoplight.

The Debt Service Fund is used to account for collection of general property taxes for the repayment of general obligation debt. During the year, expenditures exceeded revenues by \$ 83,503. This was a planned event during the fiscal year 2024 budget session.

The TIF Special Revenue Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for various public improvement projects. The TIF Fund balance increased by \$1,151,136.

The TIF Capital Projects Fund is used to expend for improvement projects. The Fund balance decreased by \$1,080,049. This was due to construction of a new housing subdivision, which includes street, water and sewer.

General Fund Budgetary Highlights

Comparing the fiscal year 2024 original (adopted) city wide amount of \$102,494,488 to the final budget amount of \$103,217,688 shows a net increase of \$ 723,200.

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

| Expenses | Amended Budget | Actual | Variance |
|------------------------------------|-----------------------|----------------------|---------------------|
| Public Safety | \$ 1,435,243 | \$ 1,364,266 | \$ 70,977 |
| Public Works | 1,440,426 | 1,770,094 | (329,668) |
| Culture and Recreation | 2,064,623 | 2,250,948 | (186,325) |
| Community and Economic Development | 278,078 | 430,066 | (151,988) |
| General Government | 1,486,088 | 960,700 | 525,388 |
| Capital Projects | 6,200,000 | 2,060,234 | 4,139,766 |
| Debt Service | 1,981,564 | 2,089,416 | (107,852) |
| Business-Type Activities | 88,331,666 | 85,208,181 | 3,123,485 |
| Total Expenses | \$ 103,217,688 | \$ 96,133,905 | \$ 7,083,783 |

During the year there was a \$ 723,200 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$ 29,600 supplemental appropriation to the police and fire departments for such costs as training/sending of new officers to the police academy as well as a new fire department stipend for based on the number of fire calls during the year.
- \$180,000 supplemental appropriation to roadway maintenance, for such costs as a new parking lot by city hall.
- \$266,000 supplemental appropriation to our Library, parks, and pool departments for such costs as unexpected HVAC repairs to the library and repairs of the filters at the pool along with unexpected tree removal due to the ash bore disease.
- \$10,000 supplemental appropriation to our community and economic development for such costs as new code enforcement software.
- \$237,600 supplemental appropriation to our general government for such costs as additional costs for our city hall and event center, due to building maintenance .

A part of the increase was possible because of additional revenues. Those revenues included additional interest income, local option sales tax and zoning fees. The rest of the appropriations were paid with the fund balance from the general fund.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2024, was \$49,469,991 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2024 and 2023 are as follows:

| | General Governmental Activities | | Business-Type Activities | |
|--|------------------------------------|---------------------|--------------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Land | \$ - | \$ - | \$ 540,244 | \$ - |
| Infrastructure | 2,233,809 | - | - | - |
| Buildings | - | - | - | - |
| Intangible Right to Use Lease – Building | - | 76,246 | - | - |
| Improvements-Other than Buildings | 1,296,048 | 500,182 | - | - |
| Equipment | 149,133 | 565,785 | 101,218 | 351,028 |
| Utility Plant | - | - | 1,106,514 | 657,023 |
| Construction in Progress | 2,056,389 | 3,344,154 | 2,201,311 | 3,415,529 |
| Total Gross Additions | \$ 5,735,379 | \$ 4,486,367 | \$ 3,949,287 | \$ 4,423,580 |

| | Totals | |
|--|---------------------|---------------------|
| | 2024 | 2023 |
| Land | \$ 540,244 | - |
| Infrastructure | 2,233,809 | - |
| Buildings | - | - |
| Intangible Right to Use Lease – Building | - | 76,246 |
| Improvements-Other Buildings | 1,296,048 | 500,182 |
| Equipment | 250,351 | 916,813 |
| Utility Plant | 1,106,514 | 657,023 |
| Construction in Progress | 4,257,700 | 6,759,683 |
| Total Gross Additions | \$ 9,684,666 | \$ 8,909,947 |

Construction In Progress at June 30, 2024 for governmental activities consisted of costs associated with the projects like MOC FV Elementary School, 18th Street, Delaware & 2nd Street project.

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

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

Debt Administration

At year-end the City had \$29,050,556 of debt outstanding. Of this amount, \$10,765,556 comprises debt backed by the full faith and credit of the government. The remainder of \$ 18,285,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 87% of all General Obligation City debt repaid within the next 10 years. The revenue debt will be 87% repaid within the next 15 years. This rapid repayment, when combined with the use of TIF has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt Outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$ 24,897,118. With outstanding General Obligation Debt applicable to this limit of \$10,498,178, we are utilizing 42.17% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Orange City worked hard in FY 2024 to maintain a positive approach to growth and development. Continued progressive growth in the Orange City community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Orange City's economy continues to grow

The City still has street improvements high on their priority list. We did start another couple of street projects for fiscal year 2024. They are called Delaware & 2nd Street and 18th Street, both of these are made up of approximately half mile of new street.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about the report or need additional financial information, please contact Kent Anderson, Finance Department, at the City of Orange City, 125 Central Avenue SE, Orange City, IA 51041.

CITY OF ORANGE CITY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Primary Government | | | Component Unit | |
|--|-------------------------|--------------------------|----------------------|--------------------------------|------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Orange City Area Health System | Orange City Muni. Golf Association |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 5,346,312 | \$ 7,330,154 | \$ 12,676,466 | \$ 22,428,009 | \$ 36,015 |
| Investments | 129,403 | - | 129,403 | 6,601,590 | 41 |
| Receivables (Net, where applicable, of allowance for uncollectibles) | | | | | |
| Accounts | 81,752 | 1,207,191 | 1,288,943 | 6,953,198 | - |
| Taxes | 11,534 | - | 11,534 | - | - |
| Subsequent Year Taxes | 5,703,365 | - | 5,703,365 | - | - |
| Accrued Interest | - | - | - | 109,715 | - |
| Estimated Unbilled Usage | - | 495,696 | 495,696 | - | - |
| Special Assessments | 48,053 | - | 48,053 | - | - |
| Notes Receivable | 941,277 | - | 941,277 | - | - |
| Notes Receivable - Component Unit | - | 217,513 | 217,513 | - | - |
| Interfund Balances | (434,523) | 434,523 | - | - | - |
| Due from Other Governmental Agencies | 224,413 | - | 224,413 | - | - |
| Lease Receivable | - | 28,388 | 28,388 | - | - |
| Inventories | 9,298 | 1,754,935 | 1,764,233 | 863,074 | 18,623 |
| Assets Held for Resale | 749,288 | 211,742 | 961,030 | 9,710,182 | - |
| Prepaid Assets | 185,331 | 140,384 | 325,715 | 323,969 | - |
| Other | - | - | - | 3,604,051 | - |
| Restricted Assets, Cash and Investments: | | | | | |
| Cash and Cash Equivalents | - | - | - | 5,199,565 | - |
| Revenue Bond Current Debt Service Account - Cash & Cash Equivalents | - | 227,389 | 227,389 | - | - |
| Revenue Bond Current Debt Service Account - Investments & Cash Equivalents | - | 22,532 | 22,532 | - | - |
| Revenue Bond Future Debt Service Account - Cash & Cash Equivalents | - | 1,829,000 | 1,829,000 | - | - |
| Cash Restricted for Customer Deposits | - | 28,202 | 28,202 | - | - |
| Land | 1,223,956 | 7,532,617 | 8,756,573 | 2,437,442 | - |
| Construction in Progress | 4,818,575 | 10,409,671 | 15,228,246 | 9,077,807 | 153,586 |
| Capital Assets, Net of Accumulated Depreciation/Amortization | 24,978,117 | 29,052,045 | 54,030,162 | 24,607,935 | 1,704,081 |
| Total Assets | 44,016,151 | 60,921,982 | 104,938,133 | 91,916,537 | 1,912,346 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| OPEB Related Deferred Outflows | 11,456 | 6,257 | 17,713 | 56,863 | - |
| Pension Related Deferred Outflows | 473,717 | 153,746 | 627,463 | 6,046,159 | - |
| Total Deferred Outflows of Resources | 485,173 | 160,003 | 645,176 | 6,103,022 | - |
| LIABILITIES | | | | | |
| Accounts Payable | 983,188 | 993,177 | 1,976,365 | 3,347,783 | 54,101 |
| Accrued Wages | 65,182 | 34,563 | 99,745 | 3,792,280 | - |
| Accrued Expenses | 102,246 | 837 | 103,083 | 1,741,490 | 13,287 |
| Customer Deposits | - | 28,202 | 28,202 | - | - |
| Unearned Revenue | 21,000 | 1,573 | 22,573 | - | 7,423 |
| Accrued Interest | 28,051 | - | 28,051 | 461,635 | - |
| Estimated Third-Party Payor Settlements | - | - | - | 860,000 | - |
| Payables from Restricted Assets: | | | | | |
| Accrued Interest | - | 62,208 | 62,208 | - | - |
| Noncurrent Liabilities: | | | | | |
| Due within one year: | | | | | |
| Revenue Bonds | - | 940,000 | 940,000 | 1,450,000 | - |
| General Obligation Bonds | 1,305,000 | - | 1,305,000 | - | - |
| Notes Payable | 100,000 | - | 100,000 | 251,937 | - |
| Lease Liability | 26,517 | - | 26,517 | 80,934 | 54,724 |
| Notes Payable - Primary Government | - | - | - | - | 46,687 |
| Other Post Employment Benefits | 1,804 | 986 | 2,790 | 16,121 | - |
| Compensated Absences and Benefits | 32,697 | 29,170 | 61,867 | - | - |
| Due in more than one year: | | | | | |
| Revenue Bonds Payable | - | 18,176,153 | 18,176,153 | 18,780,000 | - |
| General Obligation Bonds | 9,241,269 | - | 9,241,269 | - | - |
| Notes Payable | 655,556 | - | 655,556 | 9,708,884 | - |
| Lease Liability | - | - | - | 268,507 | 111,212 |
| Notes Payable - Primary Government | - | - | - | - | 138,257 |
| Net Pension Liability | 701,864 | 354,033 | 1,055,897 | 14,021,842 | - |
| Other Post Employment Benefits | 87,853 | 47,986 | 135,839 | 304,616 | - |
| Compensated Absences and Benefits | 49,045 | 43,757 | 92,802 | - | - |
| Total Liabilities | 13,401,272 | 20,712,645 | 34,113,917 | 55,086,029 | 425,691 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Deferred Revenue - Subsequent Year Taxes | 5,703,365 | - | 5,703,365 | - | - |
| Home Health Deferred Inflows | - | - | - | 27,450 | - |
| Other Post Employment Benefits Related Deferred Inflows | 19,278 | 10,529 | 29,807 | 133,520 | - |
| Pension Related Deferred Inflows | 74,353 | 8,811 | 83,164 | 93,726 | - |
| Lease Related Deferred Inflows | - | 37,072 | 37,072 | - | - |
| Total Deferred Inflow of Resources | 5,796,996 | 56,412 | 5,853,408 | 254,696 | - |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 19,424,213 | 30,045,778 | 49,469,991 | 7,531,600 | 1,452,686 |
| Restricted for: | | | | | |
| Debt Service | 307,880 | 2,016,713 | 2,324,593 | - | - |
| Permanent Funds - nonexpendable | 130,489 | - | 130,489 | - | - |
| Economic Development | 850,927 | - | 850,927 | - | - |
| Road Use Tax | 663,005 | - | 663,005 | - | - |
| Donor Restrictions | - | - | - | 171,352 | - |
| Unrestricted | 3,926,542 | 8,250,437 | 12,176,979 | 34,975,882 | 33,969 |
| Total Net Position | \$ 25,303,056 | \$ 40,312,928 | \$ 65,615,984 | \$ 42,678,834 | \$ 1,486,655 |

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Public Safety | \$ 1,536,116 | \$ 9,452 | \$ 216,996 | \$ 30,089 |
| Public Works | 2,492,865 | 408,501 | 887,805 | - |
| Culture and Recreation | 2,477,375 | 470,927 | 88,774 | 1,750 |
| Community and Economic Development | 395,865 | 73,265 | 45,435 | - |
| General Government | 1,125,593 | 54,647 | - | - |
| Debt Service | 319,001 | - | 40,085 | - |
| Total governmental activities | <u>8,346,815</u> | <u>1,016,792</u> | <u>1,279,095</u> | <u>31,839</u> |
| Business-Type Activities: | | | | |
| Electric Utility | 8,781,671 | 8,207,132 | - | - |
| Water Utility | 1,800,867 | 2,029,550 | - | - |
| Sewer Utility | 1,305,622 | 1,502,035 | - | - |
| Gas Utility | 2,770,203 | 3,168,084 | - | - |
| Total Business-Type Activities: | <u>14,658,363</u> | <u>14,906,801</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 23,005,178</u> | <u>\$ 15,923,593</u> | <u>\$ 1,279,095</u> | <u>\$ 31,839</u> |
| Component Unit: | | | | |
| Orange City Area Health System | <u>\$ 70,549,818</u> | <u>\$ 71,031,348</u> | <u>\$ 393,883</u> | <u>\$ -</u> |
| Orange City Municipal Golf Association | <u>\$ 729,558</u> | <u>\$ 542,089</u> | <u>\$ 150,480</u> | <u>\$ 3,732</u> |

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

See Accompanying Notes to Financial Statements

| Net (Expense) Revenue and Changes in Net Position | | | | |
|--|-------------------------------------|----------------------|---|--|
| Governmental Activities | Business-Type Activities | Total | Component Unit | |
| | | | Orange City Area Health System | Orange City Municipal Golf Ass'n. |
| \$ (1,279,579) | | \$ (1,279,579) | | |
| (1,196,559) | | (1,196,559) | | |
| (1,915,924) | | (1,915,924) | | |
| (277,165) | | (277,165) | | |
| (1,070,946) | | (1,070,946) | | |
| <u>(278,916)</u> | | <u>(278,916)</u> | | |
| <u>(6,019,089)</u> | | <u>(6,019,089)</u> | | |
| | \$ (574,539) | (574,539) | | |
| | 228,683 | 228,683 | | |
| | 196,413 | 196,413 | | |
| | <u>397,881</u> | <u>397,881</u> | | |
| | <u>248,438</u> | <u>248,438</u> | | |
| <u>(6,019,089)</u> | <u>248,438</u> | <u>(5,770,651)</u> | | |
| | | | <u>\$ 875,413</u> | <u>\$ (33,257)</u> |
| 5,330,697 | - | 5,330,697 | - | - |
| 1,461,511 | - | 1,461,511 | - | - |
| 317,835 | 99,592 | 417,427 | 1,676,702 | - |
| 3,140 | - | 3,140 | - | - |
| 285,821 | 170,545 | 456,366 | 127,850 | - |
| <u>1,385,113</u> | <u>(1,385,113)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>8,784,117</u> | <u>(1,114,976)</u> | <u>7,669,141</u> | <u>1,804,552</u> | <u>-</u> |
| 2,765,028 | (866,538) | 1,898,490 | 2,679,965 | (33,257) |
| <u>22,538,028</u> | <u>41,179,466</u> | <u>63,717,494</u> | <u>39,998,869</u> | <u>1,519,912</u> |
| <u>\$ 25,303,056</u> | <u>\$ 40,312,928</u> | <u>\$ 65,615,984</u> | <u>\$ 42,678,834</u> | <u>\$ 1,486,655</u> |

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2024

| | General | TIF Special Revenue | TIF Capital Projects |
|---|---------------------|------------------------|-------------------------|
| Assets | | | |
| Cash and Pooled Investments | \$ 1,833,949 | \$ 252,735 | \$ 754,018 |
| Investments | 129,403 | - | - |
| Receivables (Net, where applicable, of allowance for uncollectibles) | | | |
| Accounts | 81,752 | - | - |
| Taxes | 6,586 | 251 | - |
| Subsequent Year Taxes | 2,641,186 | 1,355,000 | - |
| Special Assessments | 48,053 | - | - |
| Notes Receivable | - | - | 689,168 |
| Due from Other Funds | 1,498,131 | - | 349,496 |
| Due from Other Governmental Agencies | 152,968 | - | - |
| Inventories | - | - | - |
| Land Held for Resale | - | - | 749,288 |
| Total Assets | <u>6,392,028</u> | <u>1,607,986</u> | <u>2,541,970</u> |
| Liabilities | | | |
| Accounts Payable | 138,647 | - | 63,268 |
| Accrued Wages | 65,182 | - | - |
| Accrued Expenses | 102,246 | - | - |
| Due to Other Funds | - | 784,019 | - |
| Land Deposits | - | - | 21,000 |
| Total Liabilities | <u>306,075</u> | <u>784,019</u> | <u>84,268</u> |
| Deferred Inflow of Resources | | | |
| Unavailable Revenue - Special Assessments | 42,023 | - | - |
| Unavailable Revenue - Subsequent Year Taxes | 2,641,186 | 1,355,000 | - |
| Total Deferred Inflow of Resources | <u>2,683,209</u> | <u>1,355,000</u> | <u>-</u> |
| Fund Balances | | | |
| Nonspendable: | | | |
| Inventories | - | - | - |
| Permanent Fund Principal | - | - | - |
| Restricted for: | | | |
| Debt Service | - | - | - |
| Economic Development | - | - | - |
| Road Use Tax | - | - | - |
| Assigned for: | | | |
| Capital Project | - | - | 2,457,702 |
| Unassigned | 3,402,744 | (531,033) | - |
| Total Fund Balances | <u>3,402,744</u> | <u>(531,033)</u> | <u>2,457,702</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 6,392,028</u> | <u>\$ 1,607,986</u> | <u>\$ 2,541,970</u> |

See Accompanying Notes to Financial Statements

| <i>Formerly Nonmajor Fund</i> | | | | |
|---------------------------------------|-------------------------|---|---|--|
| <u>18th Street RISE</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> | |
| \$ - | \$ 331,234 | \$ 2,174,376 | \$ 5,346,312 | |
| - | - | - | 129,403 | |
| - | - | - | 81,752 | |
| - | 4,697 | - | 11,534 | |
| - | 1,707,179 | - | 5,703,365 | |
| - | - | - | 48,053 | |
| - | - | 252,109 | 941,277 | |
| - | - | - | 1,847,627 | |
| - | - | 71,445 | 224,413 | |
| - | - | 9,298 | 9,298 | |
| - | - | - | 749,288 | |
| <u>-</u> | <u>2,043,110</u> | <u>2,507,228</u> | <u>15,092,322</u> | |
| 75,541 | - | 705,732 | 983,188 | |
| - | - | - | 65,182 | |
| - | - | - | 102,246 | |
| 1,412,273 | - | 85,858 | 2,282,150 | |
| - | - | - | 21,000 | |
| <u>1,487,814</u> | <u>-</u> | <u>791,590</u> | <u>3,453,766</u> | |
| - | - | - | 42,023 | |
| - | 1,707,179 | - | 5,703,365 | |
| <u>-</u> | <u>1,707,179</u> | <u>-</u> | <u>5,745,388</u> | |
| - | - | 9,298 | 9,298 | |
| - | - | 130,489 | 130,489 | |
| - | 335,931 | - | 335,931 | |
| - | - | 850,927 | 850,927 | |
| - | - | 653,707 | 653,707 | |
| - | - | 167,109 | 2,624,811 | |
| <u>(1,487,814)</u> | <u>-</u> | <u>(95,892)</u> | <u>1,288,005</u> | |
| <u>(1,487,814)</u> | <u>335,931</u> | <u>1,715,638</u> | <u>5,893,168</u> | |
| <u>\$ -</u> | <u>\$ 2,043,110</u> | <u>\$ 2,507,228</u> | <u>\$ 15,092,322</u> | |

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

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

| | | | |
|--|--------------|--------------|----------------------|
| Total Fund Balance - Governmental Funds (page 30) | | \$ 5,893,168 | |
| Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds | | | 31,020,648 |
| Deferred revenues that provide current financial resources for governmental activities | | | 42,023 |
| Accrued expenses from the balance sheet that require current financial resources for governmental activities | | | (28,051) |
| Accrued compensated absences, other post employment benefits, and net pension liability are not reported on the modified accrual basis | | | (873,263) |
| OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows: | | | |
| Deferred Outflows of Resources | \$ 11,456 | | |
| Deferred Inflows of Resources | (19,278) | | (7,822) |
| Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows: | | | |
| Deferred Outflows of Resources | 473,717 | | |
| Deferred Inflows of Resources | (74,353) | | 399,364 |
| Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources | | | 185,331 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds, as follows: | | | |
| General Obligation Bonds | (10,546,269) | | |
| Notes Payable | (755,556) | | |
| Lease Payable | (26,517) | | (11,328,342) |
| Total Net Position - Governmental Activities (page 26) | | | <u>\$ 25,303,056</u> |

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2024

| | General | TIF Special Revenue | TIF Capital Projects |
|--|---------------------|------------------------|-------------------------|
| Revenue: | | | |
| Taxes | \$ 2,117,894 | \$ - | \$ - |
| Special Assessments | 6,210 | - | - |
| Licenses and Permits | 5,973 | - | - |
| Intergovernmental | 343,959 | - | - |
| Charges for Services | 972,971 | - | - |
| Fines and Forfeits | 9,452 | - | - |
| TIF Revenue | - | 1,358,389 | - |
| Local Option Sales Tax | 1,461,511 | - | - |
| Interest on Investments | 295,201 | - | - |
| Miscellaneous | 121,187 | - | 46,027 |
| Total Revenue | <u>5,334,358</u> | <u>1,358,389</u> | <u>46,027</u> |
| Expenditures: | | | |
| Public Safety | 1,364,266 | - | - |
| Public Works | 1,236,880 | - | - |
| Culture and Recreation | 2,250,948 | - | - |
| Community and Economic Development | 325,440 | 104,153 | - |
| General Government | 960,700 | - | - |
| Capital Projects | - | - | 887,697 |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest/Bond Costs | - | - | - |
| Total Expenditures | <u>6,138,234</u> | <u>104,153</u> | <u>887,697</u> |
| Excess (deficiency) of revenues over expenditures | <u>(803,876)</u> | <u>1,254,236</u> | <u>(841,670)</u> |
| Other financing sources (uses): | | | |
| Proceeds from Sale of Uncapitalized Assets | 5,000 | - | - |
| Transfers In | 1,040,746 | - | - |
| Transfers Out | - | (103,100) | (238,379) |
| Total other financing sources (uses) | <u>1,045,746</u> | <u>(103,100)</u> | <u>(238,379)</u> |
| Net Change in Fund Balance | 241,870 | 1,151,136 | (1,080,049) |
| Fund balances - beginning of year | 3,160,874 | (1,682,169) | 3,537,751 |
| Change within financial reporting entity (nonmajor to major fund) | - | - | - |
| Fund balances - beginning of year, as restated | 3,160,874 | (1,682,169) | 3,537,751 |
| Decrease in Reserve for Inventory | - | - | - |
| Fund balances - end of year | <u>\$ 3,402,744</u> | <u>\$ (531,033)</u> | <u>\$ 2,457,702</u> |

See Accompanying Notes to Financial Statements

| <i>Formerly Nonmajor Fund</i> | | | | |
|---------------------------------------|-------------------------|---|---|--|
| <u>18th Street RISE</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> | |
| \$ - | \$ 1,854,414 | \$ - | \$ 3,972,308 | |
| - | - | - | 6,210 | |
| - | - | - | 5,973 | |
| - | 40,085 | 887,805 | 1,271,849 | |
| - | - | - | 972,971 | |
| - | - | - | 9,452 | |
| - | - | - | 1,358,389 | |
| - | - | - | 1,461,511 | |
| - | 3 | 22,631 | 317,835 | |
| - | - | 184,394 | 351,608 | |
| - | <u>1,894,502</u> | <u>1,094,830</u> | <u>9,728,106</u> | |
| - | - | - | 1,364,266 | |
| - | - | 533,214 | 1,770,094 | |
| - | - | - | 2,250,948 | |
| - | - | 473 | 430,066 | |
| - | - | - | 960,700 | |
| 650,456 | - | 522,081 | 2,060,234 | |
| - | 1,675,000 | - | 1,675,000 | |
| - | 406,105 | 8,311 | 414,416 | |
| <u>650,456</u> | <u>2,081,105</u> | <u>1,064,079</u> | <u>10,925,724</u> | |
| <u>(650,456)</u> | <u>(186,603)</u> | <u>30,751</u> | <u>(1,197,618)</u> | |
| - | - | - | 5,000 | |
| - | 103,100 | 1,383,186 | 2,527,032 | |
| - | - | (800,440) | (1,141,919) | |
| - | <u>103,100</u> | <u>582,746</u> | <u>1,390,113</u> | |
| (650,456) | (83,503) | 613,497 | 192,495 | |
| - | 419,434 | 268,778 | 5,704,668 | |
| <u>(837,358)</u> | - | <u>837,358</u> | - | |
| <u>(837,358)</u> | 419,434 | 1,106,136 | 5,704,668 | |
| - | - | (3,995) | (3,995) | |
| <u>\$ (1,487,814)</u> | <u>\$ 335,931</u> | <u>\$ 1,715,638</u> | <u>\$ 5,893,168</u> | |

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

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

| | | |
|--|--------------------|----------------------------|
| Net change in fund balances - total governmental funds (page 33) | | |
| Net Change in Fund Balance | \$ 192,495 | |
| Decrease in Reserve for Inventory | <u>(3,995)</u> | \$ 188,500 |
| <p>Governmental funds report capital outlays, including infrastructure, as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:</p> | | |
| Expenditures for capital assets | 2,172,214 | |
| Depreciation/amortization expense | <u>(1,506,686)</u> | 665,528 |
| Revenues reported in the funds that are not available to provide current financial resources | | (4,516) |
| Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources | | 7,577 |
| Accrued interest expense that does not require current financial resources | | 22,405 |
| Amortization of premium on long term debt | | 74,913 |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:</p> | | |
| Compensated absences | (3,866) | |
| Other post employment benefits | (10,138) | |
| Pension expense | <u>124,328</u> | 110,324 |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on long-term debt. The principal paid on long-term debt during the current year was: | | 1,700,297 |
| Change in net position of governmental activities (page 28) | | <u><u>\$ 2,765,028</u></u> |

See Accompanying Notes to the Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2024

| | Business Type Activities | | |
|--|---------------------------------|--------------------------|--------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 2,390,463 | \$ 2,500,663 | \$ 982,241 |
| Receivables (Net, where applicable, of allowance for uncollectibles) | | | |
| Accounts | 763,694 | 188,643 | 139,544 |
| Estimated Unbilled Usage | 339,366 | 72,016 | 49,980 |
| Notes Receivable - Component Unit | 217,513 | - | - |
| Due from Other Funds | 153,504 | 24,271 | 256,748 |
| Current Portion of Lease Receivable | 28,388 | - | - |
| Inventories | 1,565,200 | 109,353 | - |
| Land Held for Resale | 211,742 | - | - |
| Prepaid Assets | 53,346 | 37,904 | 35,096 |
| Total Current Assets | 5,723,216 | 2,932,850 | 1,463,609 |
| Non Current Assets | | | |
| Restricted Assets: | | | |
| Revenue Bond Current Debt Service Account - Cash & Cash Equivalents | 101,389 | 71,000 | 55,000 |
| Revenue Bond Current Debt Service Account - Investments | - | - | 22,532 |
| Revenue Bond Future Debt Service Account - Cash & Cash Equivalents | 127,000 | 1,052,000 | 650,000 |
| Cash Restricted for Customer Deposits | 14,902 | 5,400 | - |
| Land | 5,259,418 | 1,778,352 | 469,847 |
| Construction in Progress | - | 9,290,052 | 1,119,619 |
| Capital Assets, Net of Accumulated Depreciation | 9,669,124 | 5,121,344 | 12,868,582 |
| Total Noncurrent Assets | 15,171,833 | 17,318,148 | 15,185,580 |
| Total Assets | 20,895,049 | 20,250,998 | 16,649,189 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| OPEB Related Deferred Outflows | 3,331 | 1,968 | - |
| Pension Related Deferred Outflows | 73,004 | 53,911 | - |
| Total Deferred Outflows of Resources | 76,335 | 55,879 | - |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 634,905 | 193,451 | 25,668 |
| Accrued Wages | 12,296 | 11,838 | 5,800 |
| Accrued Expenses | - | 153 | 79 |
| Customer Deposits | 14,902 | 5,400 | - |
| Unearned Revenue | 1,278 | - | - |
| Payable from Restricted Assets: | | | |
| Accrued Revenue Bond Interest | 4,233 | 38,166 | 19,809 |
| Revenue Bonds | 145,000 | 390,000 | 405,000 |
| Other Post Employment Benefits | 525 | 310 | - |
| Compensated Absences | 12,948 | 7,801 | 3,842 |
| Total Current Liabilities | 826,087 | 647,119 | 460,198 |
| Noncurrent Liabilities: | | | |
| Due in more than one year: | | | |
| Revenue Bonds Payable | 1,172,612 | 10,663,804 | 6,339,737 |
| Net Pension Liability | 170,271 | 122,447 | - |
| Other Post Employment Benefits | 25,544 | 15,094 | - |
| Compensated Absences and Benefits, Long-Term | 19,422 | 11,703 | 5,763 |
| Total Noncurrent Liabilities | 1,387,849 | 10,813,048 | 6,345,500 |
| Total Liabilities | 2,213,936 | 11,460,167 | 6,805,698 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| OPEB Related Deferred Inflows | 5,605 | 3,312 | - |
| Pension Related Deferred Inflows | 7,124 | 1,124 | - |
| Lease Related Deferred Inflows | 37,072 | - | - |
| Total Deferred Inflows of Resources | 49,801 | 4,436 | - |
| NET POSITION | | | |
| Net Investment in Capital Assets | 13,610,930 | 7,303,542 | 7,713,311 |
| Restricted for: | | | |
| Debt Service | 224,156 | 1,084,834 | 707,723 |
| Unrestricted | 4,872,561 | 453,898 | 1,422,457 |
| Total Net Position | \$ 18,707,647 | \$ 8,842,274 | \$ 9,843,491 |

See Accompanying Notes to Financial Statements

| Business Type Activities | |
|---------------------------------|----------------------|
| Gas | |
| Utility | Total |
| \$ 1,456,787 | \$ 7,330,154 |
| 115,310 | 1,207,191 |
| 34,334 | 495,696 |
| - | 217,513 |
| - | 434,523 |
| - | 28,388 |
| 80,382 | 1,754,935 |
| - | 211,742 |
| 14,038 | 140,384 |
| <u>1,700,851</u> | <u>11,820,526</u> |
| - | 227,389 |
| - | 22,532 |
| - | 1,829,000 |
| 7,900 | 28,202 |
| 25,000 | 7,532,617 |
| - | 10,409,671 |
| <u>1,392,995</u> | <u>29,052,045</u> |
| <u>1,425,895</u> | <u>49,101,456</u> |
| <u>3,126,746</u> | <u>60,921,982</u> |
| 958 | 6,257 |
| <u>26,831</u> | <u>153,746</u> |
| <u>27,789</u> | <u>160,003</u> |
| 139,153 | 993,177 |
| 4,629 | 34,563 |
| 605 | 837 |
| 7,900 | 28,202 |
| 295 | 1,573 |
| - | 62,208 |
| - | 940,000 |
| 151 | 986 |
| <u>4,579</u> | <u>29,170</u> |
| <u>157,312</u> | <u>2,090,716</u> |
| - | 18,176,153 |
| 61,315 | 354,033 |
| 7,348 | 47,986 |
| <u>6,869</u> | <u>43,757</u> |
| <u>75,532</u> | <u>18,621,929</u> |
| <u>232,844</u> | <u>20,712,645</u> |
| 1,612 | 10,529 |
| 563 | 8,811 |
| - | 37,072 |
| <u>2,175</u> | <u>56,412</u> |
| 1,417,995 | 30,045,778 |
| - | 2,016,713 |
| <u>1,501,521</u> | <u>8,250,437</u> |
| <u>\$ 2,919,516</u> | <u>\$ 40,312,928</u> |

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2024

| | Business Type Activities | | |
|--|---------------------------------|--------------------------|--------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| Operating Revenues: | | | |
| Charges for Services | \$ 8,207,132 | \$ 2,029,550 | \$ 1,502,035 |
| Total Operating Revenue | <u>8,207,132</u> | <u>2,029,550</u> | <u>1,502,035</u> |
| Operating Expenses: | | | |
| Production | 5,375,635 | 303,437 | 327,871 |
| Transmission | 50,568 | 10,923 | - |
| Distribution / Collection | 754,490 | 302,738 | 116,595 |
| Administrative and General | 1,092,484 | 282,603 | 228,996 |
| Depreciation | 801,926 | 372,151 | 402,535 |
| Total Operating Expenses | <u>8,075,103</u> | <u>1,271,852</u> | <u>1,075,997</u> |
| Operating Income (Loss) | 132,029 | 757,698 | 426,038 |
| Non-Operating Income (Expense): | | | |
| Interest Income | 97,060 | - | 2,532 |
| Other Non-operating Revenues | 125,842 | 28,100 | 7,600 |
| Interest Expense | (19,874) | (442,811) | (229,625) |
| Other Non-operating Expenses | (686,694) | (86,204) | - |
| Total Non-Operating Income (Expenses) | <u>(483,666)</u> | <u>(500,915)</u> | <u>(219,493)</u> |
| Income before Transfers | (351,637) | 256,783 | 206,545 |
| Transfers Out | <u>(828,634)</u> | <u>-</u> | <u>(506,479)</u> |
| Change in Net Position | (1,180,271) | 256,783 | (299,934) |
| Net Position - beginning | <u>19,887,918</u> | <u>8,585,491</u> | <u>10,143,425</u> |
| Net Position - ending | <u>\$ 18,707,647</u> | <u>\$ 8,842,274</u> | <u>\$ 9,843,491</u> |

See Accompanying Notes to Financial Statements

| Business Type Activities | |
|---------------------------------|----------------------|
| Gas | |
| Utility | Total |
| \$ 3,168,084 | \$ 14,906,801 |
| <u>3,168,084</u> | <u>14,906,801</u> |
| - | 6,006,943 |
| 2,252,892 | 2,314,383 |
| 234,945 | 1,408,768 |
| 161,262 | 1,765,345 |
| 121,104 | 1,697,716 |
| <u>2,770,203</u> | <u>13,193,155</u> |
| 397,881 | 1,713,646 |
| - | 99,592 |
| 9,003 | 170,545 |
| - | (692,310) |
| - | (772,898) |
| <u>9,003</u> | <u>(1,195,071)</u> |
| 406,884 | 518,575 |
| <u>(50,000)</u> | <u>(1,385,113)</u> |
| 356,884 | (866,538) |
| <u>2,562,632</u> | <u>41,179,466</u> |
| <u>\$ 2,919,516</u> | <u>\$ 40,312,928</u> |

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2024

| | Business Type Activities | | |
|--|---------------------------------|--------------------------|--------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Received from Customers | \$ 8,058,284 | \$ 2,132,715 | \$ 1,513,964 |
| Cash Paid to Suppliers for Goods and Services | (6,886,765) | (607,418) | (277,508) |
| Cash Paid to Employees for Services | (769,329) | (465,230) | (376,969) |
| Other Nonoperating Income | 124,890 | 28,100 | 7,600 |
| Other Nonoperating Expenses | (686,694) | (86,205) | - |
| Net Cash Provided (Used) by Operating Activities | <u>(159,614)</u> | <u>1,001,962</u> | <u>867,087</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and Construction of Capital Assets | (864,751) | (2,222,469) | (702,431) |
| Principal Paid on Notes and Bonds | (145,000) | (325,000) | (395,000) |
| Interest Paid on Notes and Bonds | (26,850) | (474,238) | (249,561) |
| Net Cash (Used) for Capital and Related Financing Activities | <u>(1,036,601)</u> | <u>(3,021,707)</u> | <u>(1,346,992)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | |
| Transfers To Other Funds | (828,634) | - | (506,479) |
| Due From Other Funds | 52,239 | 31,613 | 58,710 |
| Net Cash Provided (Used) for Non-Capital Financing Activities | <u>(776,395)</u> | <u>31,613</u> | <u>(447,769)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of Investment Securities | - | - | (2,532) |
| Proceeds from Sale of Land Held for Resale | 26,494 | - | - |
| Due from Other Governments | 8,657 | - | - |
| Interest and Dividends on Investments | 97,060 | - | 2,532 |
| Net Cash Provided by Investing Activities | <u>132,211</u> | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,840,399) | (1,988,132) | (927,674) |
| Cash and Cash Equivalents at Beginning of Year | <u>4,474,153</u> | <u>5,617,195</u> | <u>2,614,915</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 2,633,754</u> | <u>\$ 3,629,063</u> | <u>\$ 1,687,241</u> |

See Accompanying Notes to Financial Statements

| Business Type Activities | | |
|---------------------------------|------------------|---------------------|
| Gas | | |
| | Utility | Total |
| \$ | 3,181,506 | \$ 14,886,469 |
| | (2,326,665) | (10,098,356) |
| | (289,691) | (1,901,219) |
| | 9,003 | 169,593 |
| | - | (772,899) |
| | <u>574,153</u> | <u>2,283,588</u> |
| | (159,634) | (3,949,285) |
| | - | (865,000) |
| | - | (750,649) |
| | <u>(159,634)</u> | <u>(5,564,934)</u> |
| | (50,000) | (1,385,113) |
| | - | 142,562 |
| | <u>(50,000)</u> | <u>(1,242,551)</u> |
| | - | (2,532) |
| | - | 26,494 |
| | - | 8,657 |
| | - | 99,592 |
| | <u>-</u> | <u>132,211</u> |
| | 364,519 | (4,391,686) |
| | <u>1,100,168</u> | <u>13,806,431</u> |
| \$ | <u>1,464,687</u> | \$ <u>9,414,745</u> |

Continued

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

| | Business Type Activities | | |
|---|---------------------------------|--------------------------|--------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | |
| Operating Income | \$ 132,029 | \$ 757,698 | \$ 426,038 |
| Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 801,926 | 372,151 | 402,535 |
| Amortization | | | |
| Other Non-Operating Income | 124,890 | 28,100 | 7,600 |
| Other Non-Operating Expenses | (686,694) | (86,205) | - |
| (Increase) Decrease in Assets and Deferred Outflows | | | |
| Accounts Receivable | (88,437) | 82,044 | 12,199 |
| Estimated Unbilled Usage | (58,191) | 17,321 | (270) |
| Inventories | (404,752) | 528 | - |
| Prepaid Expenses | (3,389) | (2,165) | (3,400) |
| Deferred Outflows of Resources | (24,276) | (18,914) | - |
| Increase (Decrease) in Liabilities and Deferred Inflows | | | |
| Accounts Payable | 37,391 | (147,880) | 23,640 |
| Accrued Wages and Compensated Absences | 3,936 | 8,597 | 834 |
| Accrued Expenses | (4,346) | (16,899) | (2,089) |
| Customer Deposits | (3,447) | 3,800 | - |
| Unearned Revenue | 1,227 | - | - |
| Net Pension Liability | 23,601 | 15,466 | - |
| Deferred Inflows of Resources | (7,465) | (10,088) | - |
| OPEB Liability | (3,617) | (1,592) | - |
| Total Adjustments | (291,643) | 244,264 | 441,049 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (159,614)</u> | <u>\$ 1,001,962</u> | <u>\$ 867,087</u> |
| | | | |
| Cash and Cash Equivalents | 2,390,463 | 2,500,663 | 982,241 |
| Revenue Bond Current Debt Service Account - Cash & Cash Equivalents | 101,389 | 71,000 | 55,000 |
| Revenue Bond Future Debt Service Account - Cash & Cash Equivalents | 127,000 | 1,052,000 | 650,000 |
| Cash Restricted for Customer Deposits | 14,902 | 5,400 | - |
| Total Cash and Cash Equivalents | <u>\$ 2,633,754</u> | <u>\$ 3,629,063</u> | <u>\$ 1,687,241</u> |

See Accompanying Notes to Financial Statements

| Business Type Activities | |
|---------------------------------|---------------------|
| Gas Utility | Total |
| \$ 397,881 | \$ 1,713,646 |
| 121,104 | 1,697,716 |
| 9,003 | 169,593 |
| - | (772,899) |
| 19,792 | 25,598 |
| (4,300) | (45,440) |
| 968 | (403,256) |
| 878 | (8,076) |
| (9,266) | (52,456) |
| 36,798 | (50,051) |
| 1,341 | 14,708 |
| 605 | (22,729) |
| (2,087) | (1,734) |
| 17 | 1,244 |
| 7,549 | 46,616 |
| (5,123) | (22,676) |
| (1,007) | (6,216) |
| <u>176,272</u> | <u>569,942</u> |
| <u>\$ 574,153</u> | <u>\$ 2,283,588</u> |
| 1,456,787 | 7,330,154 |
| - | 227,389 |
| - | 1,829,000 |
| 7,900 | 28,202 |
| <u>\$ 1,464,687</u> | <u>\$ 9,414,745</u> |

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

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

B. Basic Financial Statements-Government-Wide Statements

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

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

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

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

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

C. Fund Accounting

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

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

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

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Special Revenue Fund – The TIF Special Revenue Fund (Tax Incremental Financing) is used to account for property taxes received to pay for outstanding TIF related debt.
- 3) Capital Project Fund – The TIF Capital Project Fund and 18th Street RISE Fund are used to account for expenditures relating to public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates, and grant agreements.
- 4) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

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

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2024, expenditures exceeded the amount budgeted in the Public Works, Culture and Recreation, Community and Economic Development, and Debt Service functions.

F. Cash And Cash Equivalents and Investments

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

1) Cash and Cash Equivalents

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

2) Investments

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

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

G. Property Tax Receivable

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2023. Any county collections on the 2023-2024 tax levy remitted to the City within 60 days subsequent to June 30, 2024, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2024, balances of interfund amounts payable or receivable have been recorded as “due to other funds” and “due from other funds”, respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024 are recorded as prepaid items.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

K. Restricted Assets

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

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Bulk purchases of equipment could also be capitalized. The capitalization threshold for bulk purchases is \$50,000 or more. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost of \$25,000 or more beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

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

M. Leases

City of Orange City is a lessor for a lease agreement. The City recognizes lease receivables and deferred inflows of resources in the government-wide, governmental fund, and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

City of Orange City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

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

The City and Health System are lessees for noncancellable lease of equipment and building spaces. The City and Health System have recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City and Health System initially measure 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 and Health System determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

The City and Health System use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City and Health System generally use their estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included the measurement of the lease liability are composed of fixed payments and a purchase option price that the City and Health System are reasonably certain to exercise.

The City and Health System monitor 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.

N. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability for this and any related benefits is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts and related benefits is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2024. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

O. Long-Term Obligations

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

P. Interfund Transactions

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

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

Q. Landfill Closure Costs

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

R. Classifying Fund Balance Amounts

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

S. Deferred Outflow/Inflows of Resources

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied, unrecognized items not yet charged to pension expense, OPEB expenses, and deferred inflows related to lease receivables.

T. 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, information about the fiduciary net position of the Iowa Public Employers' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Then net pension liability (asset) attributable to the governmental activities will be paid primarily by the General Fund.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2024, were entirely covered by Federal Depository Insurance collateralized or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

At June 30, the primary government’s investments were reported at amortized cost as follows:

| | <u>Credit Risk</u> | <u>Maturities</u> | <u>Amortized Cost</u> | <u>Interest Rates</u> |
|-------------------------------------|--------------------|-------------------|-----------------------|-----------------------|
| Certificates of Deposit | N/A | 10/15/24 | \$ 78,258 | 5.00% |
| Iowa Public Agency Investment Trust | Not Rated | Daily | 51,145 | 5.10% |
| Totals | | | <u>\$ 129,403</u> | |

As of June 30, 2024, the City’s investments consist of Certificates of Deposit which are valued at amortized cost of \$78,258, and IPAIT which is valued at an amortized cost of \$51,145. The fair value of the City position is the same as the value of the pool shares. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City’s investment in IPAIT is unrated. The State of Iowa provides regulatory oversight.

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

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

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

As of June 30, 2024, the Hospital’s investments are reported at a fair value based upon stated certificates of deposit values as follows:

| | | |
|------------------------------------|--------------------------|---------------------|
| Negotiable certificates of deposit | <u>Maturities</u> | |
| | 8/15/24-5/25/25 | \$ 6,601,590 |
| Totals | | <u>\$ 6,601,590</u> |

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

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

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

There were no significant changes in investments held during the fiscal year ended June 30, 2024.

Note 3 - DUE FROM OTHER GOVERNMENTS

At June 30, 2024, amounts due from other governments were as follows:

| | | |
|---|----|------------|
| Due from the Iowa Department of Transportation for road use tax allocations | \$ | 71,445 |
| Due from the State of Iowa for hotel/motel tax | | 35,140 |
| Due from the State of Iowa for local option sales taxes | | 117,828 |
| Total Due from Other Governments | | \$ 224,413 |

Note 4 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2024, short-term interfund payables and receivables were as follows:

| Fund Due To | Fund Due From | Amount |
|----------------------|------------------------------|--------------|
| General Fund | Nonmajor Governmental | \$ 85,858 |
| General Fund | 18 th Street RISE | 1,412,273 |
| TIF Capital Projects | TIF Special Revenue | 349,496 |
| Electric Fund | TIF Special Revenue | 153,504 |
| Water Fund | TIF Special Revenue | 24,271 |
| Sewer Fund | TIF Special Revenue | 256,748 |
| | | \$ 2,282,150 |

The interfund balances represent amounts due from and due to other funds to cover deficit cash balances and to represent internally funded TIF capital projects.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

| | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|--|---------------------------------|---------------------|---------------------|----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 1,223,956 | \$ - | \$ - | \$ 1,223,956 |
| Construction in Progress | 6,292,042 | 2,056,389 | 3,529,856 | 4,818,575 |
| Total Capital Assets Not Being Depreciated | 7,515,998 | 2,056,389 | 3,529,856 | 6,042,531 |
| Capital Assets Being Depreciated and Amortized: | | | | |
| Buildings | 12,705,483 | - | - | 12,705,483 |
| Intangible Right to Use Lease - Building | 76,246 | - | - | 76,246 |
| Improvements | 8,712,031 | 1,296,048 | - | 10,008,079 |
| Equipment | 4,485,450 | 149,133 | 57,673 | 4,576,910 |
| Infrastructure | 39,078,495 | 2,233,809 | - | 41,312,304 |
| Total Capital Assets Being Depreciated and Amortized | 65,057,705 | 3,678,990 | 57,673 | 68,679,022 |
| Less Accumulated Depreciation and Amortization: | | | | |
| Buildings | 5,541,574 | 279,531 | - | 5,821,105 |
| Intangible Right to Use Lease - Building | 25,415 | 25,415 | - | 50,830 |
| Improvements | 3,729,089 | 458,832 | - | 4,187,921 |
| Equipment | 3,895,282 | 271,033 | 24,364 | 4,141,951 |
| Infrastructure | 29,027,223 | 471,875 | - | 29,499,098 |
| Total Accumulated Depreciation and Amortization | 42,218,583 | 1,506,686 | 24,364 | 43,700,905 |
| Total Capital Assets Being Depreciated and Amortized, Net | 22,839,122 | 2,172,304 | 33,309 | 24,978,117 |
| Governmental Activities Capital Assets, Net | \$ 30,355,120 | \$ 4,228,693 | \$ 3,563,165 | \$ 31,020,648 |

Construction in progress at June 30, 2024, for the governmental activities consisted of the MOC FV School project and various street projects.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 5 - CAPITAL ASSETS – (Continued)

| | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|--|-------------------------|--------------|-----------|--------------------------|
| Business-Type Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 6,992,373 | \$ 540,244 | \$ - | \$ 7,532,617 |
| Construction in Progress | 8,208,360 | 2,201,311 | - | 10,409,671 |
| Total Capital Assets Not Being Depreciated | 15,200,733 | 2,741,555 | - | 17,942,288 |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 3,474,846 | - | - | 3,474,846 |
| Improvements | 30,243 | - | - | 30,243 |
| Equipment | 5,880,976 | 101,217 | - | 5,982,193 |
| Utility Plant | 47,539,830 | 1,106,513 | - | 48,646,343 |
| Total Capital Assets Being Depreciated | 56,925,895 | 1,207,730 | - | 58,133,625 |
| Less Accumulated Depreciation For: | | | | |
| Buildings | 2,292,682 | 88,751 | - | 2,381,433 |
| Improvements | 30,242 | - | - | 30,242 |
| Equipment | 4,000,925 | 271,627 | - | 4,272,552 |
| Utility Plant | 21,060,015 | 1,337,338 | - | 22,397,353 |
| Total Accumulated Depreciation | 27,383,864 | 1,697,716 | - | 29,081,580 |
| Total Capital Assets Being Depreciated, Net | 29,542,031 | (489,986) | - | 29,052,045 |
| Business Type Activities Capital Assets, Net | \$ 44,742,764 | \$ 2,251,569 | \$ - | \$ 46,994,333 |

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

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

| | |
|---|---------------------|
| Governmental Activities: | |
| Public Safety | \$ 229,620 |
| Public Works | 810,570 |
| Culture and Recreation | 297,864 |
| General Government | 168,632 |
| Total depreciation/amortization expense – governmental activities | <u>\$ 1,506,686</u> |
| Business-Type Activities: | |
| Electric | \$ 801,926 |
| Water | 372,151 |
| Sewer | 402,535 |
| Gas | 121,104 |
| Total depreciation expense – business-type activities | <u>\$ 1,697,716</u> |

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 5 - CAPITAL ASSETS – (Continued)

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

| Orange City Area Health System | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|--|---------------------------------|----------------------|----------------------|----------------------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 1,897,439 | \$ 540,003 | \$ - | \$ 2,437,442 |
| Construction in Progress | 6,411,711 | 13,579,545 | 10,913,449 | 9,077,807 |
| Total Capital Assets Not Being Depreciated | 8,309,150 | 14,119,548 | 10,913,449 | 11,515,249 |
| Capital Assets Being Depreciated and Amortized | | | | |
| Land Improvements | 3,883,457 | 83,140 | - | 3,966,597 |
| Buildings | 22,591,815 | - | - | 22,591,815 |
| Intangible Right to Use Lease - Building | 108,700 | - | 18,239 | 90,461 |
| Fixed Equipment | 42,607,352 | 19,480 | 2,711,434 | 39,915,398 |
| Major Movable Equipment | 18,008,097 | 1,156,789 | 258,924 | 18,905,962 |
| Intangible Right to Use Lease - Equipment | 24,127 | 311,850 | - | 335,977 |
| Total Capital Assets Being Depreciated and Amortized | 87,223,548 | 1,571,259 | 2,988,597 | 85,806,210 |
| Less: Accumulated Depreciation and Amortization | 60,300,037 | 4,001,421 | 3,103,183 | 61,198,275 |
| Total Capital Assets Being Depreciated and Amortized, Net | 26,923,511 | (2,430,162) | (114,586) | 24,607,935 |
| Total Capital Assets, Net | \$ 35,232,661 | \$ 11,689,386 | \$ 10,798,863 | \$ 36,123,184 |

Construction in progress for the Health System, for the year ended June 30, 2024, consists of a Landsmeer Ridge renovation project. The project is being financed with the series 2023 bonds as described in Note 7, with expected total cost of approximately \$10,000,000 and completion date of fall 2024.

Orange City Municipal Golf Association

| Orange City Municipal Golf Association | Balance January 1, 2023 | Additions | Disposals | Balance December 31, 2023 |
|--|--|------------------|------------------|--|
| Capital Assets Not Being Depreciated: | | | | |
| Construction in Progress | \$ - | \$ 153,586 | \$ - | \$ 153,586 |
| Total Capital Assets Not Being Depreciated | - | 153,586 | - | 153,586 |
| Capital Assets Being Depreciated and Amortized | | | | |
| Golf Course and Trail | 1,647,251 | 20,480 | 9,935 | \$ 1,657,796 |
| Buildings | 991,224 | 3,200 | 3,753 | 990,671 |
| Equipment | 815,513 | 10,176 | 215,599 | 610,090 |
| Intangible Right to Use Lease – Equipment | 272,833 | - | - | 272,833 |
| Total Capital Assets Being Depreciated and Amortized | 3,726,821 | 33,856 | 229,287 | 3,531,390 |
| Less Accumulated Depreciation and Amortization | 1,892,471 | 154,886 | 220,048 | 1,827,309 |
| Total Capital Assets Being Depreciated and Amortized, Net | 1,834,350 | (121,030) | 9,239 | 1,704,081 |
| Capital Assets, Net | \$ 1,834,350 | \$ 32,556 | \$ 9,239 | \$ 1,857,667 |

Construction in progress for the Golf Association, for the year ended December 31, 2023, consists of a New Shop Building.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 5 - CAPITAL ASSETS – (Continued)

Reconciliation of Net Investment in Capital Assets:

| | Governmental Activities | Business- Type Activities | Component Unit | |
|--|----------------------------|---------------------------------|-------------------|--------------|
| | | | Health System | Golf Course |
| Land | \$ 1,223,956 | \$ 7,532,617 | \$ 2,437,442 | \$ - |
| Construction in Progress | 4,818,575 | 10,409,671 | 9,077,807 | - |
| Capital Assets (net of accumulated depreciation/amortization) | 24,978,117 | 29,052,045 | 24,607,935 | 1,857,667 |
| Unspent Bond Proceeds | - | 2,167,598 | 2,558,680 | - |
| Less: General Obligation Bonds Payable | 10,546,269 | - | - | - |
| Accounts/Retainage Payable | 268,093 | - | 610,002 | 54,101 |
| Revenue Bonds | - | 19,116,153 | 20,230,000 | - |
| Note Payable | 755,556 | - | 9,960,821 | 184,944 |
| Lease Payable | 26,517 | - | 349,441 | 165,936 |
| Net Investment in Capital Assets | \$ 19,424,213 | \$ 30,045,778 | \$ 7,531,600 | \$ 1,452,686 |

Note 6 - LEASE RECEIVABLES

Primary Government

On March 1, 2023, the City entered into a two year lease as Lessor for use of farmland owned by the City commencing on March 1, 2023 and continuing through February 28, 2025. As of June 30, 2024, the value of the lease receivable is \$28,388. The Lessee is required to make semiannual fixed payments. The lease has an interest rate of 5.09%. The value of the deferred inflow of resources as of June 30, 2024 was \$37,072, and the City recognized lease revenue of \$54,657 and lease interest of \$3,578 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|------------------|-----------------|--------------|
| 2025 | \$ 28,388 | \$ 730 | \$ 29,118 |
| Total | \$ 28,388 | \$ 730 | \$ 29,118 |

Note 7 - LONG-TERM DEBT

General Obligation Bonds

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

General obligation bonds outstanding as of June 30, 2024 are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amounts</u> |
|-------------------------|-----------------------|----------------|
| Governmental Activities | 1.15 – 5.00% | \$ 10,010,000 |

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 7 - LONG-TERM DEBT – (Continued)

The General Obligation bonds are presented on the Statement of Net Position net of unamortized bond premium of \$536,269.

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

| Year Ending June 30, | Governmental Activities | | |
|-------------------------------------|--------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2025 | \$ 1,305,000 | \$ 336,610 | \$ 1,641,610 |
| 2026 | 1,250,000 | 293,710 | 1,543,710 |
| 2027 | 1,075,000 | 251,310 | 1,326,310 |
| 2028 | 1,080,000 | 218,799 | 1,298,799 |
| 2029 | 1,065,000 | 185,729 | 1,250,729 |
| 2030-2034 | 2,755,000 | 528,324 | 3,283,324 |
| 2035-2038 | 1,480,000 | 124,538 | 1,604,538 |
| | <u>\$ 10,010,000</u> | <u>\$ 1,939,020</u> | <u>\$ 11,949,020</u> |

Revenue Bonds

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

Primary Government

Revenue bonds outstanding at June 30, 2024 are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amounts</u> |
|------------------------|------------------------------|-----------------------|
| Electric Revenue Bonds | .35 – 2.00% | \$ 1,270,000 |
| Water Revenue Bonds | 4.00 – 5.00% | 10,515,000 |
| Sewer Revenue Bonds | 2.00 – 4.00% | 6,500,000 |
| | | <u>\$ 18,285,000</u> |

The revenue bonds are presented on the statement of Net Position and the Balance Sheet net of unamortized bond premium of \$831,153.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 7 - LONG-TERM DEBT – (Continued)

Revenue bond debt service requirements to maturity are as follows:

Primary Government

| Year Ending June 30, | <u>Business-Type Activities</u> | | | | |
|-------------------------------------|--|-----------------------------------|-----------------------------------|------------------------|----------------------|
| | <u>Electric Principal</u> | <u>Water Principal</u> | <u>Sewer Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 145,000 | \$ 390,000 | \$ 405,000 | \$ 719,648 | \$ 1,659,648 |
| 2026 | 150,000 | 405,000 | 420,000 | 683,448 | 1,658,448 |
| 2027 | 155,000 | 425,000 | 435,000 | 647,173 | 1,662,173 |
| 2028 | 155,000 | 450,000 | 445,000 | 608,673 | 1,658,673 |
| 2029 | 160,000 | 470,000 | 460,000 | 567,873 | 1,657,873 |
| 2030-2034 | 505,000 | 2,715,000 | 2,550,000 | 2,188,788 | 7,958,788 |
| 2035-2039 | - | 3,325,000 | 1,785,000 | 1,049,988 | 6,159,988 |
| 2040-2042 | - | 2,335,000 | - | 184,025 | 2,519,025 |
| | <u>\$ 1,270,000</u> | <u>\$ 10,515,000</u> | <u>\$ 6,500,000</u> | <u>\$ 6,649,616</u> | <u>\$ 24,934,616</u> |

Component Unit

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amounts</u> |
|-------------------------|------------------------------|-----------------------|
| Hospital/Component Unit | 2.85 – 6.33% | <u>\$ 20,230,000</u> |

| Year Ending June 30, | <u>Health System</u> | | |
|-------------------------------------|-----------------------------|------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 1,450,000 | \$ 786,735 | \$ 2,236,735 |
| 2026 | 1,495,000 | 745,014 | 2,240,014 |
| 2027 | 1,540,000 | 702,081 | 2,242,081 |
| 2028 | 1,585,000 | 657,877 | 2,242,877 |
| 2029 | 1,360,000 | 612,447 | 1,972,447 |
| 2030-2033 | 12,800,000 | 2,661,988 | 15,461,988 |
| | <u>\$ 20,230,000</u> | <u>\$ 6,166,142</u> | <u>\$ 26,396,142</u> |

Notes Payable – Direct Borrowing

Primary Government – Governmental Activities

During 2021, the City entered into a noninterest term loan agreement with North West Rural Electric Cooperative. The purpose of the loan was to finance construction of infrastructure that will support the construction of a new elementary school and residential development. The \$400,000 loan, dated December 22, calls for annual payments of \$44,444 beginning June 1, 2023 and continuing until June 1, 2031. Remaining principal balance as of June 30, 2024 was \$311,112.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 7 - LONG-TERM DEBT – (Continued)

During 2022, the City entered into a noninterest term loan agreement with North West Rural Electric Cooperative. The purpose of the loan was to finance construction of infrastructure that will support the construction of a new elementary school and residential development. The \$500,000 loan, dated May 4, calls for annual payments of \$55,556 beginning June 1, 2024 and continuing until June 1, 2032. Remaining principal balance as of June 30, 2024 was \$444,444.

Orange City Area Health System

During 2016, the Hospital entered into a noninterest term loan agreement with the City Municipal Electric Utility through the United States Rural Economic Development Loan and Grant Program. The purpose of the loan was to finance the construction of a twelve-unit independent living addition at Landsmeer Ridge Retirement Community. The \$1,760,000 unsecured loan, dated February 26, 2016, calls for monthly payments of \$16,297 beginning March 1, 2017 and continuing until February of 2026. Remaining principal balance related to the Rural Economic Development Loan and Grant Program as of June 30, 2024 was \$309,629.

During 2023, the Hospital entered into an installment contract with Total Motors of Le Mars to finance the purchase of a truck for administrative use. Payments of principal and interest at 2.90% began on April 2, 2023, and continue on a monthly basis until March 2, 2028. The loan is secured by the vehicle. Remaining principal balance as of June 30, 2024 was \$48,136.

During 2023, the Hospital also entered into a promissory note with North West Rural Electric Cooperative through the grant program in fiscal year 2023 to assist in financing the construction of Knaal Huis, a 36-unit condo complex for those aged 55 and older. The \$300,000 unsecured note calls for annual payments of \$60,000 in principal plus accrued interest at one-half of the prime rate of interest as published in the Wall Street Journal on the anniversary date of the first advance of funds, beginning on September 30, 2023, and continuing until September 30, 2028. Remaining principal balance as of June 30, 2024 was \$300,000.

During 2023, the Hospital entered into a construction loan with Iowa State Bank. The purpose of the loan was to finance construction of Kanaal Huis. The secured note is dated September 12, 2022 and calls for a single payment of all unpaid principal and accrued interest on March 12, 2025. Interest accrues on the unpaid principal balance at 4.75%. The Hospital has the option to make prepayments on the note in full or in part at any time. The principal balance outstanding related to the promissory note as of June 30, 2024 was \$9,303,056. The loan is secured by a mortgage on the property being constructed, as well as \$2,000,000 of restricted funds set aside by the Health System.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 7 - LONG-TERM DEBT – (Continued)

Orange City Municipal Golf Association

During 2011, the City made an agreement with the Association to provide the funding for their capital purchases of course equipment. The purchases are to be made on a revolving schedule agreed upon by the City and the Association in order to best maximize the useful lives of the equipment, the needs of the Association, and the contributions of the City. The debt accrues interest at 3.00% and each equipment replacement is repaid over 7 years in annual installments. Principal and interest payments to the City during 2023 were \$41,473 and \$5,698, respectively. The ending balance of the equipment replacement loan from the City for the Association's year ended December 31, 2023 was \$184,944.

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

Primary Government

| Year Ending June 30, | Governmental Activities | | |
|-------------------------------------|--------------------------------|-----------------|-------------------|
| | Principal | Interest | Total |
| 2025 | \$ 100,000 | \$ - | \$ 100,000 |
| 2026 | 100,000 | - | 100,000 |
| 2027 | 100,000 | - | 100,000 |
| 2028 | 100,000 | - | 100,000 |
| 2029 | 100,000 | - | 100,000 |
| 2030-2032 | 255,556 | - | 255,556 |
| | <u>\$ 755,556</u> | <u>\$ -</u> | <u>\$ 755,556</u> |

Component Unit

| Year Ending June 30, | Health System | | | Year Ending December 31, | Golf Association | | |
|-------------------------------------|----------------------|-------------------|----------------------|---|-------------------------|------------------|-------------------|
| | Principal | Interest | Total | | Principal | Interest | Total |
| 2025 | \$ 251,937 | \$ 1,396 | \$ 253,333 | 2024 | \$ 46,687 | \$ 5,548 | \$ 52,235 |
| 2026 | 9,506,325 | 884,821 | 10,391,146 | 2025 | 46,688 | 4,148 | 50,836 |
| 2027 | 73,358 | 654 | 74,012 | 2026 | 36,440 | 2,747 | 39,187 |
| 2028 | 69,201 | 267 | 69,468 | 2027 | 22,087 | 1,654 | 23,741 |
| 2029 | 60,000 | - | 60,000 | 2028 | 16,204 | 991 | 17,195 |
| 2030-2033 | - | - | - | 2029-2032 | 16,838 | 662 | 17,500 |
| | <u>\$ 9,960,821</u> | <u>\$ 887,138</u> | <u>\$ 10,847,959</u> | | <u>\$ 184,944</u> | <u>\$ 15,750</u> | <u>\$ 200,694</u> |

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 7 - LONG-TERM DEBT – (Continued)

Lease Payables

Primary Government

On July 1, 2022, the City entered into a lease agreement with the City’s component unit, Orange City Area Health System, for a building space to be used for the Adult Activity Center. An initial liability of \$76,246 was recorded for this lease and requires monthly payments in the amount of \$2,267 over 36 months, with an implicit interest rate of 4.72% and final payment due on June 1, 2025.

During the year ended June 30, total principal and interest paid for this lease was \$25,297 and \$1,903, respectively. The future lease payments under the lease agreement is as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|------------------|-----------------|--------------|
| 2025 | \$ 26,517 | \$ 683 | \$ 27,200 |
| Total | \$ 26,517 | \$ 683 | \$ 27,200 |

Orange City Area Health System

The Health System leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements.

Office and operating space lease agreements are in place with terms running through March 2023 to June 2028. Equipment leases are in place with terms running through June 2028. Interest rates for these leases range from 2.04% to 3.15%. Total future minimum lease payments under the lease agreements are as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|------------------|-----------------|--------------|
| 2025 | \$ 80,934 | \$ 15,234 | \$ 96,168 |
| 2026 | 85,075 | 11,093 | 96,168 |
| 2027 | 89,428 | 6,740 | 96,168 |
| 2028 | 94,004 | 2,164 | 96,168 |
| Total | \$ 349,441 | \$ 35,231 | \$ 384,672 |

Orange City Municipal Golf Association

The Association leases golf carts under a 6-year long-term, noncancellable lease agreement which was entered into during May of 2021. The agreement requires seasonal monthly payments from May through October of \$9,415 over 6 years, totaling 36 months of payments at an implicit interest rate of 1.37%. The final payment is due in October of 2026.

During the year ended June 30, 2024, total principal paid for this lease was \$53,814, with an outstanding liability balance of \$165,936. Total future minimum lease payments under the lease agreements are as follows:

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 7 - LONG-TERM DEBT – (Continued)

| <u>Year Ending</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|--------------|
| 2024 | \$ 54,724 | \$ 1,764 | \$ 56,488 |
| 2025 | 55,312 | 1,176 | 56,488 |
| 2026 | 55,900 | 588 | 56,488 |
| Total | \$ 165,936 | \$ 3,528 | \$ 169,464 |

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2024 and December 31, 2023, was as follows:

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> | <u>Due Within</u> <u>One Year</u> |
|----------------------------------|------------------------------------|------------------|-------------------|---------------------------------|--------------------------------------|
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 11,585,000 | \$ - | \$ 1,575,000 | \$ 10,010,000 | \$ 1,305,000 |
| Bond Premium | 611,182 | - | 74,913 | 536,269 | - |
| Notes Payable - Direct Borrowing | 855,556 | - | 100,000 | 755,556 | 100,000 |
| Compensated Absences | 77,876 | 81,742 | 77,876 | 81,742 | 32,697 |
| Lease Liability | 51,814 | - | 25,297 | 26,517 | 26,517 |
| Governmental Activity | | | | | |
| Long-Term Liabilities | \$ 13,181,428 | \$ 81,742 | \$ 1,853,086 | \$ 11,410,084 | \$ 1,464,214 |
| Business Type Activities: | | | | | |
| Bonds Payable: | | | | | |
| Revenue Bonds | \$ 19,150,000 | \$ - | \$ 865,000 | \$ 18,285,000 | \$ 940,000 |
| Bond Premium | 886,666 | - | 55,513 | 831,153 | - |
| Compensated Absences | 65,942 | 72,927 | 65,942 | 72,927 | 29,170 |
| Business-Type Activity | | | | | |
| Long-Term Liabilities | \$ 20,102,608 | \$ 72,927 | \$ 986,455 | \$ 19,189,080 | \$ 989,170 |
| Component Unit: | | | | | |
| Area Health System | | | | | |
| Bonds Payable: | | | | | |
| Revenue Bonds | \$ 21,640,000 | \$ - | \$ 1,410,000 | \$ 20,230,000 | \$ 1,450,000 |
| Notes Payable - Direct Borrowing | 5,775,042 | 4,393,589 | 207,810 | 9,960,821 | 251,937 |
| Lease Liability | 30,931 | 426,437 | 107,927 | 349,441 | 80,934 |
| | \$ 27,445,973 | \$ 4,820,026 | \$ 1,725,737 | \$ 30,540,262 | \$ 1,782,871 |
| Golf Course | | | | | |
| Notes Payable - Direct Borrowing | \$ 216,241 | \$ 10,176 | \$ 41,473 | \$ 184,944 | \$ 46,687 |
| Lease Liability | 219,750 | - | 53,814 | 165,936 | 54,724 |
| | \$ 435,991 | \$ 10,176 | \$ 95,287 | \$ 350,880 | \$ 101,411 |

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

| | General | Debt Service | Nonmajor Governmental | Total Transfers Out |
|-----------------------|---------------------|-------------------|--------------------------|------------------------|
| TIF Special Revenue | \$ - | \$ 103,100 | \$ - | \$ 103,100 |
| TIF Capital Projects | - | - | 238,379 | 238,379 |
| Nonmajor Governmental | 700,000 | - | 100,440 | 800,440 |
| Electric | 290,746 | - | 537,888 | 828,634 |
| Sewer | - | - | 506,479 | 506,479 |
| Gas | 50,000 | - | - | 50,000 |
| Total Transfer In | <u>\$ 1,040,746</u> | <u>\$ 103,100</u> | <u>\$ 1,383,186</u> | <u>2,527,032</u> |

Transfers are used to:

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

Note 9 - PENSION PLAN

Plan description

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

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

Pension Benefits

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

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

- A multiplier (based on years of service).

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 9 - PENSION PLAN – (Continued)

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

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

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

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

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

Disability and Death Benefits

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

Contributions

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 9 - PENSION PLAN – (Continued)

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the City contributed 9.44 percent of covered payroll for a total rate of 15.73 percent. Protective occupation members contributed 6.21 percent of covered payroll and the City contributed 9.31 percent of covered payroll for a total rate of 15.52 percent.

The City's total contributions to IPERS for the year ended June 30, 2024 were \$287,978 and for the component unit total contributions were \$2,702,518, respectively.

Net Pension Liability (Asset), Pension Expense (Income), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported a net pension liability (asset) of \$1,055,897 and the component unit reported \$14,021,842 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's collective proportion was 0.023393 percent, which was an increase of 0.000542 percent from its proportion measured as of June 30, 2022. The component unit's collective portion was 0.305531 percent, which was an increase of 0.007441 percent measured as of June 30, 2022.

For the year ended June 30, 2024, the City and component unit recognized pension expense of \$161,969 and \$1,667,721, respectively. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | City's Share | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 187,347 | \$ 4,764 |
| Changes of assumptions | - | 27,289 |
| Net difference between projected and actual earnings on pension plan investments | 138,438 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 13,700 | 51,111 |
| City's contributions subsequent to the measurement date | 287,978 | - |
| Total | <u>\$ 627,463</u> | <u>\$ 83,164</u> |

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 9 - PENSION PLAN – (Continued)

| | Component Unit | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,258,798 | \$ 57,948 |
| Changes of assumptions | - | 20,406 |
| Net difference between projected and actual earnings on pension plan investments | 1,328,662 | - |
| Changes in proportion and differences between Hospital contributions and proportionate share of contributions | 756,181 | 15,372 |
| Area Health System’s contributions subsequent to the measurement date | 2,702,518 | - |
| Total | \$ 6,046,159 | \$ 93,726 |

\$287,978 and \$2,702,518 reported as deferred outflows of resources related to pensions resulting from the City and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | City | Component Unit |
|---------------------------------|-------------------|---------------------------|
| 2025 | \$ (33,238) | \$ (40,306) |
| 2026 | (112,205) | (871,354) |
| 2027 | 339,132 | 3,400,216 |
| 2028 | 56,268 | 661,578 |
| 2029 | 6,364 | 99,781 |
| | \$ 256,321 | \$ 3,249,915 |

There were no non-employer contributing entities of IPERS.

Actuarial assumptions – The total pension liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 9 - PENSION PLAN – (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|-------------------------|---|
| Domestic equity | 21.0% | 4.56% |
| International equity | 16.5 | 6.22 |
| Global smart beta equity | 5.0 | 5.22 |
| Core plus fixed income | 23.0 | 2.69 |
| Public credit | 3.0 | 4.38 |
| Cash | 1.0 | 1.59 |
| Private equity | 17.0 | 10.44 |
| Private real assets | 9.0 | 3.88 |
| Private credit | 4.5 | 4.60 |
| Total | <u>100%</u> | |

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

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 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 (6.00 percent) or 1 percentage point higher (8.0 percent) than the current rate.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 9 - PENSION PLAN – (Continued)

| | 1% Decrease 6.0% | Discount Rate 7.0% | 1% Increase 8.0% |
|--|---------------------------------|-----------------------------------|---------------------------------|
| Proportionate Share of the Net Pension Liability (Asset) | | | |
| City | \$ 2,724,477 | \$ 1,055,897 | \$ (342,559) |
| Component Unit | \$ 30,168,148 | \$ 14,021,842 | \$ 490,683 |

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan

At June 30, 2024, the City and component unit reported payables to the defined benefit pension plan of \$39,039 and \$263,859, respectively.

Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At January 1, 2023 for the City and June 30, 2024 for the component unit, plan membership consisted of the following:

| | City | Component Unit |
|--|-------------|---------------------------|
| Inactive members currently receiving benefit | 0 | 1 |
| Active members | 38 | 430 |
| Total | 38 | 431 |

Total OPEB Liability – The total OPEB liability of the City was \$138,629 and the component unit was \$320,737 measured as of January 1, 2023 and June 30, 2024, respectively, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The Total OPEB liability for the City and the component unit in the January 1, 2023 and June 30, 2024, respectively, actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 10 - OTHER POSTEMPLOYMENT BENEFITS – (Continued)

| | City (Effective January 1, 2024) | Component Unit (Effective June 30, 2024) |
|----------------------------|---|---|
| Rate of Inflation | 3.00% per annum. | 2.60% per annum. |
| Rates of salary increase | 2.00% per annum, including Inflation. | Varying rates by years of service from 3.25% to 16.25% |
| Discount rate | 3.26% compounded annually, Including inflation. | 3.93 % compounded actually, Including inflation |
| Healthcare cost trend rate | 5.00% all years. | 9.00% Initial rate decreasing annually To an ultimate rate of 3.94% in 2042 |

Discount Rate The discount rates used to measure the total OPEB liability for the City was 3.26% and for the component unit was 3.93%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates for the City are from RP-2014 total annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement. Mortality rates for the component unit were based on the PubG-201 mortality improvements modeled using Scale MP-2021. Annual retirement probabilities are based on varying rates by age.

The actuarial assumptions used for the City in the January 1, 2023 and for the component unit in the June 30, 2024 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

| | City | Component Unit |
|---|-------------|-----------------------|
| Total OPEB liability beginning of year | \$ 150,950 | \$ 316,645 |
| Changes for the year: | | |
| Service cost | 10,348 | 21,546 |
| Interest | 4,398 | 12,123 |
| Differences between expected and actual experiences | (15,934) | (9,345) |
| Changes in assumptions | (9,768) | (8,029) |
| Benefit payments | (1,365) | (12,203) |
| Net changes | (12,321) | 4,092 |
| Total OPEB liability end of year | \$ 138,629 | \$ 320,737 |
| Total OPEB liability due within one year | \$ 2,790 | \$ 16,121 |

Changes of assumptions reflect a change in the discount rate from 2.06% in fiscal year 2022 to 3.26% in fiscal year 2023 for the City and a change from 3.65% in fiscal year 2023 to 3.93% in fiscal year 2024 for the component unit.

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 10 - OTHER POSTEMPLOYMENT BENEFITS – (Continued)

| | 1% Decrease | Discount Rate | 1% Increase |
|-------------------------------------|----------------|------------------|----------------|
| City Discount Rates | (2.26%) | (3.26%) | (4.26%) |
| Total City OPEB Liability | \$147,764 | \$138,629 | \$129,794 |
| Component Unit Discount Rates | (2.93%) | (3.93%) | (4.93%) |
| Total Component Unit OPEB Liability | \$350,620 | \$320,737 | \$293,227 |

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

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|--|----------------|----------------------------------|----------------|
| City's Healthcare Cost Trend Rates | (4.00%) | (5.00%) | (6.00%) |
| Total City OPEB Liability | \$ 124,364 | \$138,629 | \$155,395 |
| Component Unit Healthcare Cost Trend Rates | (8.00%) | (9.00%) | (10.00%) |
| Total Component Unit OPEB Liability | \$281,458 | \$320,737 | \$368,302 |

OPEB Expense and Deferred Outflows/Inflows of resources Related to OPEB – For the year ended June 30, 2024, the City and component unit recognized OPEB expense of \$14,414 and \$22,593 respectively. At June 30, 2024, the City and component unit reported deferred Outflows/Inflows of resources related to OPEB from the following resources:

| | Deferred Outflows | | Deferred Inflows | |
|--|-------------------|-------------------|------------------|-------------------|
| | City | Component Unit | City | Component Unit |
| Differences between expected and actual experience | \$ 8,302 | \$ 15,781 | \$ 20,727 | \$ 91,099 |
| Changes in assumptions | 9,411 | 41,082 | 9,080 | 42,421 |
| Total | \$ 17,713 | \$ 56,863 | \$ 29,807 | \$ 133,520 |

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

| Year ending June 30, | City | Component Unit |
|-------------------------|-------------|-------------------|
| 2025 | \$ (332) | \$ (10,616) |
| 2026 | (332) | (10,134) |
| 2027 | (332) | (11,857) |
| 2028 | (332) | (14,875) |
| 2029 | (795) | (14,280) |
| Thereafter | (9,971) | (14,895) |
| | \$ (12,094) | \$ (76,657) |

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 11 - FUND BALANCE

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 29-30). As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the City Administrator. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of \$3,402,744 at June 30, 2024.

Other Major Funds

The TIF Special Revenue Fund has an Unassigned Fund Balance of (\$531,033) consisting of debt incurred for capital project expenditures.

The TIF Capital Projects Fund has an Assigned Fund Balance of \$2,457,702 consisting of primarily a receivable for reimbursement of capital project expenditures.

The Capital Project – 18th Street RISE Project Fund has an Unassigned Fund Balance of (\$1,487,814) consisting of debt incurred for capital project expenditures.

The Debt Service Fund has a Restricted Fund Balance of \$335,931 consisting of primarily unspent funds used to pay general obligation bond principal and interest.

Other Funds

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

| | | | |
|-----------------------|--------------------------|----|---------|
| USDA IRP-Loan – | | | |
| Special Revenue Fund | For economic development | \$ | 180,018 |
| USDA Revolving Loan – | | | |
| Special Revenue Fund | For economic development | \$ | 670,909 |
| Road Use Tax – | | | |
| Special Revenue Fund | For road use tax | \$ | 653,707 |

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

| | | | |
|--------------------------|--------------------------|----|---------|
| Cemetery Perpetual Care: | For cemetery maintenance | \$ | 130,489 |
| Road Use Tax – | | | |
| Special Revenue Fund | For inventories | \$ | 9,298 |

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

| | | |
|---|----|----------|
| Capital Project – PJ 10 th Park Project | \$ | (6,568) |
| Capital Project – Delaware & 2 nd Street Project | \$ | (89,324) |

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

| | | |
|---------------------------------|----|---------|
| Capital Project – MOC FV School | \$ | 167,109 |
|---------------------------------|----|---------|

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 12 - DEFICIT FUND EQUITY

The City had four funds with deficit equity balances at June 30, 2024. The City intends to finance these deficits from various resources including; road use tax funds, general funds, and capital project debt financing.

The individual fund deficits were as follows:

| | |
|---|----------------|
| Special Revenue – TIF Special Revenue | \$ (531,033) |
| Capital Project – 18 th ST RISE Project | \$ (1,487,814) |
| Capital Project – Delaware & 2 nd Street Project | \$ (89,324) |
| Capital Project – PJ 10 th Park Project | \$ (6,568) |

Note 13 - RISK FINANCING

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the 2023-2024 fiscal year the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

Note 14 - COMMITMENTS

At June 30, 2024, the City had three construction contracts in process with the following approximate contracts remaining:

| | |
|--|-------------------|
| MOC FV School Project | \$ 50,142 |
| 2023 18 th Street SW Project | 52,424 |
| Southwest Well #4 Schedule 4: Meter Building | 409,014 |
| Total commitments, end of year | <u>\$ 511,580</u> |

Note 15 - URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$1,189,594.

During the year ended June 30, 2024, the City rebated \$104,153 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$901,754. The outstanding balance on the agreements at June 30, 2024 was \$287,840.

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2024

Note 15 - URBAN RENEWAL DEVELOPMENT AGREEMENTS – (Continued)

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

Note 16 - NOTES RECEIVABLE

The City issues 5 to 10 year loans to local businesses for economic development purposes. The loans vary with interest rates between 4.5% to 6.5%. Principal and interest payments on all loans are due monthly, with the final loan payment ending in 2033.

Note 17 - TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2024, the City abated \$39,724 of property tax under the urban renewal and economic development projects.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, ALL GOVERNMENTAL AND PROPRIETARY FUNDS - GAAP BASIS
For the Year Ended June 30, 2024

| | Governmental Fund Type Actual | Proprietary Funds Actual | Orange City Area Health System |
|--|-------------------------------------|--------------------------------|--------------------------------------|
| Revenue: | | | |
| Taxes | \$ 3,972,308 | \$ - | \$ - |
| Special Assessments | 6,210 | - | - |
| Licenses and Permits | 5,973 | - | - |
| Intergovernmental | 1,271,849 | - | - |
| Charges for Services | 972,971 | 14,906,801 | 71,031,348 |
| Fines and Forfeits | 9,452 | - | - |
| TIF Revenue | 1,358,389 | - | - |
| Local Option Sales Tax | 1,461,511 | - | - |
| Interest | 317,835 | 99,592 | 1,676,702 |
| Miscellaneous | 351,608 | 170,545 | 521,733 |
| Total Revenue | <u>9,728,106</u> | <u>15,176,938</u> | <u>73,229,783</u> |
| Expenditures: | | | |
| Public Safety | 1,364,266 | - | - |
| Public Works | 1,770,094 | - | - |
| Culture and Recreation | 2,250,948 | - | - |
| Community and Economic Development | 430,066 | - | - |
| General Government | 960,700 | - | - |
| Capital Projects | 2,060,234 | - | - |
| Debt Service | 2,089,416 | - | - |
| Business Type Activities | - | 14,658,363 | 70,549,818 |
| Total Expenditures | <u>10,925,724</u> | <u>14,658,363</u> | <u>70,549,818</u> |
| Excess (deficiency) of revenues over expenditures | (1,197,618) | 518,575 | 2,679,965 |
| Other financing sources (uses): | | | |
| Proceeds from Debt Financing | - | - | - |
| Proceeds from Sale of Uncapitalized Assets | 5,000 | - | - |
| Interfund Transfers In | 2,527,032 | - | - |
| Interfund Transfers Out | (1,141,919) | (1,385,113) | - |
| Total other financing sources (uses) | <u>1,390,113</u> | <u>(1,385,113)</u> | <u>-</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 192,495 | (866,538) | 2,679,965 |
| Fund balances/Net position-beginning of year, as restated | 5,704,668 | 41,179,466 | 39,998,869 |
| Increase in Reserve for Inventory | (3,995) | - | - |
| Fund balances/Net position- end of year | <u>\$ 5,893,168</u> | <u>\$ 40,312,928</u> | <u>\$ 42,678,834</u> |

| Total Actual | Budgeted Amounts | | Final Budget Favorable (Unfavorable) |
|----------------------|----------------------|----------------------|--|
| | Original | Final | |
| \$ 3,972,308 | \$ 3,827,992 | \$ 3,827,992 | \$ 144,316 |
| 6,210 | 500 | 500 | 5,710 |
| 5,973 | 6,625 | 6,625 | (652) |
| 1,271,849 | 1,122,316 | 1,162,316 | 109,533 |
| 86,911,120 | 90,963,293 | 90,983,293 | (4,072,173) |
| 9,452 | - | - | 9,452 |
| 1,358,389 | 1,200,000 | 1,200,000 | 158,389 |
| 1,461,511 | 1,139,705 | 1,339,705 | 121,806 |
| 2,094,129 | 340,050 | 540,050 | 1,554,079 |
| 1,043,886 | 198,665 | 353,665 | 690,221 |
| <u>98,134,827</u> | <u>98,799,146</u> | <u>99,414,146</u> | <u>(1,279,319)</u> |
| 1,364,266 | 1,405,643 | 1,435,243 | 70,977 |
| 1,770,094 | 1,260,426 | 1,440,426 | (329,668) |
| 2,250,948 | 1,798,623 | 2,064,623 | (186,325) |
| 430,066 | 268,078 | 278,078 | (151,988) |
| 960,700 | 1,248,488 | 1,486,088 | 525,388 |
| 2,060,234 | 6,200,000 | 6,200,000 | 4,139,766 |
| 2,089,416 | 1,981,564 | 1,981,564 | (107,852) |
| 85,208,181 | 88,331,666 | 88,331,666 | 3,123,485 |
| <u>96,133,905</u> | <u>102,494,488</u> | <u>103,217,688</u> | <u>7,083,783</u> |
| 2,000,922 | (3,695,342) | (3,803,542) | 5,804,464 |
| - | 2,500,000 | 2,500,000 | (2,500,000) |
| 5,000 | - | - | 5,000 |
| 2,527,032 | 2,271,000 | 2,271,000 | 256,032 |
| (2,527,032) | (2,271,000) | (2,271,000) | (256,032) |
| <u>5,000</u> | <u>2,500,000</u> | <u>2,500,000</u> | <u>(2,495,000)</u> |
| 2,005,922 | (1,195,342) | (1,303,542) | 3,309,464 |
| 86,883,003 | 85,690,202 | 85,690,202 | 1,192,801 |
| (3,995) | - | - | (3,995) |
| <u>\$ 88,884,930</u> | <u>\$ 84,494,860</u> | <u>\$ 84,386,660</u> | <u>\$ 4,498,270</u> |

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

During the fiscal year 2024, the City held public hearings and amended the operating budget once. The amendment is as follows:

| <u>Program</u> | <u>Original Budget</u> | <u>5/20/24 Amendment</u> | <u>Amended Budget</u> |
|------------------------------------|----------------------------|------------------------------|---------------------------|
| Public Safety | \$ 1,405,643 | \$ 29,600 | \$ 1,435,243 |
| Public Works | 1,260,426 | 180,000 | 1,440,426 |
| Culture & Recreation | 1,798,623 | 266,000 | 2,064,623 |
| Community and Economic Development | 268,078 | 10,000 | 278,078 |
| General Government | 1,248,488 | 237,600 | 1,486,088 |
| Capital Projects | 6,200,000 | - | 6,200,000 |
| Debt Service | 1,981,564 | - | 1,981,564 |
| Business Type/Enterprise | 88,331,666 | - | 88,331,666 |

CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST TEN FISCAL YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

| | 2024 | | 2023 | |
|--|-------------|-----------------------|-------------|-----------------------|
| | City | Component Unit | City | Component Unit |
| Entity's proportion of the net pension liability (asset) | 0.023393% | 0.305531% | 0.022851% | 0.298090% |
| Entity's proportionate share of the net pension liability (asset) | \$ 1,056 | \$ 14,022 | \$ 863 | \$ 11,680 |
| Entity's covered payroll | \$ 2,751 | \$ 29,086 | \$ 2,797 | \$ 26,843 |
| Entity's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 38% | 48% | 31% | 44% |
| Plan fiduciary net pension as a percentage of the total pension liability (asset) | 90% | 90% | 91% | 91% |

| | 2022 | | 2021 | |
|--|-------------|-----------------------|-------------|-----------------------|
| | City | Component Unit | City | Component Unit |
| Entity's proportion of the net pension liability (asset) | (0.114880%) | 0.290438% | 0.0265119% | 0.287150% |
| Entity's proportionate share of the net pension liability (asset) | \$ (397) | \$ 128 | \$ 1,862 | \$ 20,055 |
| Entity's covered payroll | \$ 2,633 | \$ 25,072 | \$ 2,458 | \$ 23,948 |
| Entity's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.15% | 0.48% | 72% | 80% |
| Plan fiduciary net pension as a percentage of the total pension liability (asset) | 101% | 101% | 83% | 83% |

| | 2020 | | 2019 | |
|--|-------------|-----------------------|-------------|-----------------------|
| | City | Component Unit | City | Component Unit |
| Entity's proportion of the net pension liability (asset) | 0.0254852% | 0.285034% | 0.0255525% | 0.263534% |
| Entity's proportionate share of the net pension liability (asset) | \$ 1,476 | \$ 16,597 | \$ 1,617 | \$ 16,671 |
| Entity's covered payroll | \$ 2,420 | \$ 22,563 | \$ 2,338 | \$ 20,070 |
| Entity's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 61% | 69% | 69% | 74% |
| Plan fiduciary net pension as a percentage of the total pension liability (asset) | 85% | 85% | 84% | 84% |

See accompanying independent auditors' report

**CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST TEN FISCAL YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

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

See accompanying independent auditors' report

**CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

| City | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$ 288 | \$ 270 | \$ 259 | \$ 246 | \$ 240 |
| Contributions in relation to the statutorily required contribution | (288) | (270) | (259) | (246) | (240) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Entity's covered payroll | \$ 3,060 | \$ 2,751 | \$ 2,797 | \$ 2,633 | \$ 2,458 |
| Contributions as a percentage of covered payroll | 9.41% | 9.81% | 9.26% | 9.34% | 9.76% |
| City | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | \$ 232 | \$ 213 | \$ 206 | \$ 202 | \$ 199 |
| Contributions in relation to the statutorily required contribution | (232) | (213) | (206) | (202) | (199) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Entity's covered payroll | \$ 2,420 | \$ 2,338 | \$ 2,268 | \$ 2,254 | \$ 2,187 |
| Contributions as a percentage of covered payroll | 9.59% | 9.11% | 9.07% | 8.96% | 9.10% |
| Component Unit | 2024 | 2023 | 2022 | 2021 | 2020 |
| Statutorily required contribution | \$ 2,703 | \$ 2,630 | \$ 2,423 | \$ 2,260 | \$ 2,161 |
| Contributions in relation to the statutorily required contribution | (2,703) | (2,630) | (2,423) | (2,260) | (2,161) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hospital's covered payroll | \$ 29,693 | \$ 29,086 | \$ 26,843 | \$ 25,072 | \$ 23,948 |
| Contributions as a percentage of covered payroll | 9.1% | 9.0% | 9.0% | 8.6% | 9.0% |
| Component Unit | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | \$ 2,085 | \$ 1,794 | \$ 1,672 | \$ 1,616 | \$ 1,559 |
| Contributions in relation to the statutorily required contribution | (2,085) | (1,794) | (1,672) | (1,616) | (1,559) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hospital's covered payroll | \$ 22,563 | \$ 20,070 | \$ 19,108 | \$ 18,605 | \$ 17,815 |
| Contributions as a percentage of covered payroll | 9.2% | 8.90% | 8.75% | 8.68% | 8.75% |

**CITY OF ORANGE CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2024**

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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

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

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

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

City of Orange City, Iowa
Schedule of Changes in the City's
Total OPEB Liability and Related Ratios and Notes
For the Last Seven Years
Required Supplementary Information
For the Year Ended June 30, 2024

| | 2024 | | 2023 | |
|---|------------|----------------|------------|----------------|
| | City | Component Unit | City | Component Unit |
| Service Cost | \$ 10,348 | \$ 21,546 | \$ 11,590 | \$ 23,317 |
| Interest Cost | 4,398 | 12,123 | 3,087 | 11,041 |
| Difference between expected and Actual experiences | (15,934) | (9,345) | - | (103,919) |
| Changes in assumptions | (9,768) | (8,029) | - | 10,352 |
| Benefit assumptions | (1,365) | (12,203) | (3,953) | (7,772) |
| Net change in total OPEB liability | (12,321) | 4,092 | 10,724 | (66,981) |
| Total OPEB liability beginning of year | 150,950 | 316,645 | 140,226 | 383,626 |
| Total OPEB liability end of year | \$ 138,629 | \$ 320,737 | \$ 150,950 | \$ 316,645 |
| Covered – employee payroll (in thousands) | \$ 2,753 | \$ 23,629 | \$ 2,546 | \$ 25,494 |
| Total OPEB liability as a percentage Of covered – employee payroll | 5.03% | 1.36% | 5.93% | 1.24% |

| | 2022 | | 2021 | |
|---|------------|----------------|------------|----------------|
| | City | Component Unit | City | Component Unit |
| Service Cost | \$ 11,363 | \$ 27,140 | \$ 6,020 | \$ 30,759 |
| Interest Cost | 2,841 | 8,353 | 3,020 | 8,804 |
| Difference between expected and Actual experiences | 10,473 | - | - | (68,093) |
| Changes in assumptions | 4,139 | - | - | 36,569 |
| Benefit assumptions | (1,043) | (22,788) | (1,557) | (23,278) |
| Net change in total OPEB liability | 27,773 | 12,705 | 7,483 | (15,239) |
| Total OPEB liability beginning of year | 112,453 | 370,921 | 104,970 | 386,160 |
| Total OPEB liability end of year | \$ 140,226 | \$ 383,626 | \$ 112,453 | \$ 370,291 |
| Covered – employee payroll (in thousands) | \$ 2,496 | \$ 21,287 | \$ 2,231 | \$ 22,897 |
| Total OPEB liability as a percentage Of covered – employee payroll | 5.62% | 1.80% | 5.04% | 1.62% |

City of Orange City, Iowa
Schedule of Changes in the City's
Total OPEB Liability and Related Ratios and Notes
For the Last Seven Years
Required Supplementary Information
For the Year Ended June 30, 2024

| | 2020 | | 2019 | |
|---|------------|----------------|------------|----------------|
| | City | Component Unit | City | Component Unit |
| Service Cost | \$ 5,902 | \$ 22,991 | \$ 4,547 | \$ 22,561 |
| Interest Cost | 2,806 | 12,466 | 3,511 | 13,377 |
| Difference between expected and Actual experiences | (9,611) | - | - | 56,695 |
| Changes in assumptions | 4,651 | 34,553 | - | (35,738) |
| Benefit assumptions | (468) | (33,771) | (7,793) | (35,829) |
| Net change in total OPEB liability | 3,280 | 36,239 | 265 | 21,066 |
| Total OPEB liability beginning of year | 101,690 | 349,921 | 101,425 | 328,855 |
| Total OPEB liability end of year | \$ 104,970 | \$ 386,160 | \$ 101,690 | \$ 349,921 |
| Covered – employee payroll (in thousands) | \$ 2,187 | \$ 18,375 | \$ 2,094 | \$ 19,051 |
| Total OPEB liability as a percentage Of covered – employee payroll | 4.80% | 2.10% | 4.86% | 1.84% |

| | 2018 | |
|---|------------|----------------|
| | City | Component Unit |
| Service Cost | \$ 4,547 | \$ 19,853 |
| Interest Cost | 3,445 | 11,782 |
| Difference between expected and Actual experiences | 356 | - |
| Changes in assumptions | 8,601 | (7,076) |
| Benefit assumptions | (4,316) | (9,844) |
| Net change in total OPEB liability | 12,543 | 14,715 |
| Total OPEB liability beginning of year | 88,882 | 314,140 |
| Total OPEB liability end of year | \$ 101,425 | \$ 328,855 |
| Covered – employee payroll (in thousands) | \$ 2,053 | \$ 16,132 |
| Total OPEB liability as a percentage Of covered – employee payroll | 4.86% | 1.84% |

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in benefit terms:

There were no significant changes in benefit terms

Changes in assumptions:

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

City of Orange City, Iowa
Schedule of Changes in the City's
Total OPEB Liability and Related Ratios and Notes
For the Last Seven Years
Required Supplementary Information
For the Year Ended June 30, 2024

| | <u>City</u> | <u>Component Unit</u> |
|--------------------------|-------------|-----------------------|
| Year ended June 30, 2024 | 3.26% | 3.93% |
| Year ended June 30, 2023 | 2.06% | 3.65% |
| Year ended June 30, 2022 | 2.06% | 2.16% |
| Year ended June 30, 2021 | 2.66% | 2.16% |
| Year ended June 30, 2020 | 3.51% | 2.21% |
| Year ended June 30, 2019 | 3.58% | 3.50% |

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

SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2024

| | Special Revenue | | | Capital Project |
|--------------------------------------|-------------------------|--------------------------------|--------------------------|--------------------------------------|
| | Road Use Tax | USDA Revolving Loan | USDA IRP-Loan | MOC FV School Project |
| Assets | | | | |
| Cash and Pooled Investments | \$ 1,115,475 | \$ 523,170 | \$ 75,648 | \$ 329,594 |
| Notes Receivable | - | 147,739 | 104,370 | - |
| Due from Other Governmental Agencies | 71,445 | - | - | - |
| Inventories | 9,298 | - | - | - |
| Total Assets | <u>1,196,218</u> | <u>670,909</u> | <u>180,018</u> | <u>329,594</u> |
| Liabilities | | | | |
| Accounts Payable | 533,213 | - | - | 162,485 |
| Due to Other Funds | - | - | - | - |
| Total Liabilities | <u>533,213</u> | <u>-</u> | <u>-</u> | <u>162,485</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventories | 9,298 | - | - | - |
| Permanent Fund Principal | - | - | - | - |
| Restricted for: | | | | |
| Economic Development | - | 670,909 | 180,018 | - |
| Road Use Tax | 653,707 | - | - | - |
| Assigned for: | | | | |
| Capital Projects | - | - | - | 167,109 |
| Unassigned | - | - | - | - |
| Total Fund Balances | <u>663,005</u> | <u>670,909</u> | <u>180,018</u> | <u>167,109</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,196,218</u> | <u>\$ 670,909</u> | <u>\$ 180,018</u> | <u>\$ 329,594</u> |

| | Capital Project | | | Permanent | Total |
|-------------------------------------|------------------------------|-------------------------|-------------------------|------------------------------------|-----------------------------------|
| | Formerly Nonmajor Fund | | | Cemetery Perpetual Care Fund | Governmental Nonmajor Funds |
| Delaware & 2nd Street Project | 18th Street RISE | Hwy 10 3rd Turn Lane | PJ 10th Park Project | | |
| \$ - | \$ - | \$ - | \$ - | \$ 130,489 | \$ 2,174,376 |
| - | - | - | - | - | 252,109 |
| - | - | - | - | - | 71,445 |
| - | - | - | - | - | 9,298 |
| - | - | - | - | 130,489 | 2,507,228 |
| 3,466 | - | - | 6,568 | - | 705,732 |
| 85,858 | - | - | - | - | 85,858 |
| 89,324 | - | - | 6,568 | - | 791,590 |
| - | - | - | - | - | 9,298 |
| - | - | - | - | 130,489 | 130,489 |
| - | - | - | - | - | 850,927 |
| - | - | - | - | - | 653,707 |
| - | - | - | - | - | 167,109 |
| (89,324) | - | - | (6,568) | - | (95,892) |
| (89,324) | - | - | (6,568) | 130,489 | 1,715,638 |
| \$ - | \$ - | \$ - | \$ - | \$ 130,489 | \$ 2,507,228 |

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2024

| | Special Revenue | | | Capital Project |
|---|-------------------|---------------------|-------------------|-----------------------|
| | Road Use Tax | USDA Revolving Loan | USDA IRP-Loan | MOC FV School Project |
| Revenue: | | | | |
| Intergovernmental | \$ 887,805 | \$ - | \$ - | \$ - |
| Interest on Investments | - | 16,346 | 6,285 | - |
| Miscellaneous | - | - | - | 159,849 |
| Total Revenue | <u>887,805</u> | <u>16,346</u> | <u>6,285</u> | <u>159,849</u> |
| Expenditures: | | | | |
| Public Works | 533,214 | - | - | - |
| Community and Economic Development | - | - | 473 | - |
| Capital Projects | - | - | - | 36,875 |
| Debt Service: | | | | |
| Interest/Bond Costs | - | - | 8,311 | - |
| Total Expenditures | <u>533,214</u> | <u>-</u> | <u>8,784</u> | <u>36,875</u> |
| Excess (deficiency) of revenues over expenditures | <u>354,591</u> | <u>16,346</u> | <u>(2,499)</u> | <u>122,974</u> |
| Other financing sources (uses): | | | | |
| Transfers In | - | - | - | 744,858 |
| Transfers Out | (800,440) | - | - | - |
| Total other financing sources (uses) | <u>(800,440)</u> | <u>-</u> | <u>-</u> | <u>744,858</u> |
| Net Change in Fund Balance | (445,849) | 16,346 | (2,499) | 867,832 |
| Fund balances - beginning of year | 1,112,849 | 654,563 | 182,517 | (700,723) |
| Change within financial reporting entity (nonmajor to major fund) | - | - | - | - |
| Fund balances - beginning of year, as restated | <u>1,112,849</u> | <u>654,563</u> | <u>182,517</u> | <u>(700,723)</u> |
| Decrease in Reserve for Inventory | (3,995) | - | - | - |
| Fund balances - end of year | <u>\$ 663,005</u> | <u>\$ 670,909</u> | <u>\$ 180,018</u> | <u>\$ 167,109</u> |

| Delaware & 2nd Street Project | Capital Project | | | Permanent | Total |
|-------------------------------------|---------------------------------------|-------------------------|-------------------------|------------------------------------|---------------------|
| | <i>Formerly Nonmajor Fund</i> | Hwy 10 3rd Turn Lane | PJ 10th Park Project | Cemetery Perpetual Care Fund | Nonmajor Funds |
| | 18th Street RISE | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 887,805 |
| - | - | - | - | - | 22,631 |
| - | - | - | 20,000 | 4,545 | 184,394 |
| - | - | - | 20,000 | 4,545 | 1,094,830 |
| - | - | - | - | - | 533,214 |
| - | - | - | - | - | 473 |
| 89,324 | - | 24,375 | 371,507 | - | 522,081 |
| - | - | - | - | - | 8,311 |
| 89,324 | - | 24,375 | 371,507 | - | 1,064,079 |
| (89,324) | - | (24,375) | (351,507) | 4,545 | 30,751 |
| - | - | 100,440 | 537,888 | - | 1,383,186 |
| - | - | - | - | - | (800,440) |
| - | - | 100,440 | 537,888 | - | 582,746 |
| (89,324) | - | 76,065 | 186,381 | 4,545 | 613,497 |
| - | (837,358) | (76,065) | (192,949) | 125,944 | 268,778 |
| - | 837,358 | - | - | - | 837,358 |
| - | - | (76,065) | (192,949) | 125,944 | 1,106,136 |
| - | - | - | - | - | (3,995) |
| <u>\$ (89,324)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (6,568)</u> | <u>\$ 130,489</u> | <u>\$ 1,715,638</u> |

STATISTICAL SECTION

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

| Contents | Page |
|--|-------------|
| Financial Trends | 90 |
| These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time. | |
| Revenue Capacity | 93 |
| These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | |
| Debt Capacity | 101 |
| These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. | |
| Operating Information | 107 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | |
| Demographic and Economic Information | 111 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place. | |

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

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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 12,957,403 | \$ 13,760,478 | \$ 15,365,666 | \$ 14,234,324 | \$ 15,407,790 | \$ 16,241,529 | \$ 14,702,790 | \$ 16,375,632 | \$ 16,982,960 | \$ 19,424,213 |
| Restricted | 1,780,488 | 2,288,094 | 2,682,327 | 2,117,016 | 2,326,682 | 2,534,566 | 2,365,267 | 2,475,815 | 2,444,851 | 1,952,301 |
| Unrestricted | (4,044,115) | (3,176,284) | (5,193,819) | (2,301,395) | (2,203,975) | (1,490,304) | 2,474,862 | 1,523,373 | 3,110,217 | 3,926,542 |
| Total governmental activities net position | <u>\$ 10,693,776</u> | <u>\$ 12,872,288</u> | <u>\$ 12,854,174</u> | <u>\$ 14,049,945</u> | <u>\$ 15,530,497</u> | <u>\$ 17,285,791</u> | <u>\$ 19,542,919</u> | <u>\$ 20,374,820</u> | <u>\$ 22,538,028</u> | <u>\$ 25,303,056</u> |
| Business-type activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 15,609,054 | \$ 15,858,940 | \$ 18,557,290 | \$ 18,475,912 | \$ 22,168,051 | \$ 23,275,413 | \$ 25,117,685 | \$ 31,791,448 | \$ 33,085,988 | \$ 30,045,778 |
| Restricted | 1,228,080 | 1,100,341 | 1,064,092 | 1,978,634 | 1,931,597 | 1,809,786 | 1,693,085 | 1,342,029 | 2,107,355 | 2,016,713 |
| Unrestricted | 9,959,744 | 9,998,470 | 8,488,495 | 9,309,366 | 7,776,179 | 8,168,798 | 8,760,685 | 5,451,676 | 5,986,123 | 8,250,437 |
| Total business-type activities net position | <u>\$ 26,796,878</u> | <u>\$ 26,957,751</u> | <u>\$ 28,109,877</u> | <u>\$ 29,763,912</u> | <u>\$ 31,875,827</u> | <u>\$ 33,253,997</u> | <u>\$ 35,571,455</u> | <u>\$ 38,585,153</u> | <u>\$ 41,179,466</u> | <u>\$ 40,312,928</u> |
| Primary government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 28,566,457 | \$ 29,619,418 | \$ 33,922,956 | \$ 32,710,236 | \$ 37,575,841 | \$ 39,516,942 | \$ 39,820,475 | \$ 48,167,080 | \$ 50,068,948 | \$ 49,469,991 |
| Restricted | 3,008,568 | 3,388,435 | 3,746,419 | 4,095,650 | 4,258,279 | 4,344,352 | 4,058,352 | 3,817,844 | 4,552,206 | 3,969,014 |
| Unrestricted | 5,915,629 | 6,822,186 | 3,294,676 | 7,007,971 | 5,572,204 | 6,678,494 | 11,235,547 | 6,975,049 | 9,096,340 | 12,176,979 |
| Total primary government net position | <u>\$ 37,490,654</u> | <u>\$ 39,830,039</u> | <u>\$ 40,964,051</u> | <u>\$ 43,813,857</u> | <u>\$ 47,406,324</u> | <u>\$ 50,539,788</u> | <u>\$ 55,114,374</u> | <u>\$ 58,959,973</u> | <u>\$ 63,717,494</u> | <u>\$ 65,615,984</u> |

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Public Safety | \$ 872,626 | \$ 925,097 | \$ 972,996 | \$ 1,088,140 | \$ 1,106,146 | \$ 1,158,235 | \$ 1,186,527 | \$ 1,237,640 | \$ 1,520,933 | \$ 1,536,116 |
| Public Works | 1,557,306 | 1,663,733 | 1,571,805 | 1,907,228 | 1,605,411 | 1,736,174 | 1,781,024 | 1,796,683 | 1,966,242 | 2,492,865 |
| Culture and Recreation | 1,499,304 | 1,781,317 | 1,805,929 | 1,658,414 | 1,869,376 | 1,885,121 | 2,134,424 | 2,011,680 | 2,161,227 | 2,477,375 |
| Community and Economic Development | 258,417 | 371,010 | 697,831 | 558,788 | 302,629 | 447,647 | 471,166 | 330,833 | 301,846 | 395,865 |
| General Government | 731,785 | 742,301 | 712,651 | 820,252 | 962,503 | 902,555 | 1,026,101 | 862,087 | 889,834 | 1,125,593 |
| Debt Service | 338,539 | 357,017 | 319,025 | 331,151 | 404,484 | 447,191 | 260,372 | 277,288 | 356,848 | 319,001 |
| Total governmental activities expenses | <u>5,257,977</u> | <u>5,840,475</u> | <u>6,080,237</u> | <u>6,363,973</u> | <u>6,250,549</u> | <u>6,576,923</u> | <u>6,859,614</u> | <u>6,516,211</u> | <u>7,196,930</u> | <u>8,346,815</u> |
| Business-Type Activities: | | | | | | | | | | |
| Electric | 7,074,776 | 7,206,806 | 7,498,724 | 7,425,922 | 7,488,064 | 7,529,566 | 7,759,588 | 7,707,810 | 7,861,675 | 8,781,671 |
| Water | 899,459 | 1,461,287 | 964,647 | 937,061 | 1,023,038 | 1,123,054 | 1,273,778 | 1,315,829 | 1,958,290 | 1,800,867 |
| Sewer | 571,113 | 657,992 | 572,314 | 856,862 | 1,159,532 | 1,290,271 | 1,339,534 | 1,215,362 | 1,213,330 | 1,305,622 |
| Gas | 2,134,813 | 1,528,581 | 1,768,495 | 2,197,738 | 2,019,069 | 1,623,746 | 3,058,038 | 2,797,769 | 3,228,636 | 2,770,203 |
| Total business-type activities expenses | <u>10,680,161</u> | <u>10,854,666</u> | <u>10,804,180</u> | <u>11,417,583</u> | <u>11,689,703</u> | <u>11,566,637</u> | <u>13,430,938</u> | <u>13,036,770</u> | <u>14,261,931</u> | <u>14,658,363</u> |
| Total primary government expenses | <u>15,938,138</u> | <u>16,695,141</u> | <u>16,884,417</u> | <u>17,781,556</u> | <u>17,940,252</u> | <u>18,143,560</u> | <u>20,290,552</u> | <u>19,552,981</u> | <u>21,458,861</u> | <u>23,005,178</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Public Safety | 15,943 | 39,164 | 19,299 | 17,396 | 12,713 | 14,860 | 18,148 | 11,421 | 11,228 | 9,452 |
| Public Works | 310,203 | 479,624 | 314,332 | 326,399 | 338,514 | 332,050 | 560,023 | 341,336 | 371,855 | 408,501 |
| Culture and Recreation | 306,300 | 309,631 | 317,778 | 323,621 | 285,554 | 254,332 | 370,354 | 404,834 | 445,802 | 470,927 |
| Community & Economic Development | 46,335 | 55,683 | 82,191 | 40,867 | 59,802 | 36,764 | 122,056 | 84,182 | 106,018 | 73,265 |
| General Government | 35,662 | 96,387 | 131,951 | 60,160 | 62,682 | 56,840 | 61,187 | 63,450 | 55,180 | 54,647 |
| Operating grants and contributions | 1,242,721 | 1,134,628 | 1,105,119 | 1,135,321 | 1,252,432 | 1,634,276 | 1,296,493 | 1,247,920 | 1,261,822 | 1,279,095 |
| Capital grants and contributions | 217,763 | 764,281 | 272,133 | 110,463 | 26,110 | 25,498 | 25,728 | 38,889 | 574,711 | 31,839 |
| Total governmental activities program revenues | <u>2,174,927</u> | <u>2,879,398</u> | <u>2,242,803</u> | <u>2,014,227</u> | <u>2,037,807</u> | <u>2,354,620</u> | <u>2,453,989</u> | <u>2,192,032</u> | <u>2,826,616</u> | <u>2,327,726</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Electric | 7,805,183 | 7,776,001 | 8,362,166 | 8,473,321 | 8,572,893 | 8,376,741 | 8,327,705 | 8,410,334 | 8,743,020 | 8,207,132 |
| Water | 900,765 | 934,342 | 1,033,612 | 1,016,294 | 949,619 | 990,432 | 1,227,476 | 1,272,407 | 1,854,872 | 2,029,550 |
| Sewer | 715,410 | 842,497 | 894,726 | 1,233,550 | 1,365,898 | 1,347,115 | 1,467,434 | 1,449,919 | 1,457,045 | 1,502,035 |
| Gas | 2,114,065 | 1,595,054 | 1,784,999 | 2,412,384 | 2,271,617 | 1,801,320 | 3,291,050 | 3,005,237 | 3,569,684 | 3,168,084 |
| Total business-type activities program revenues | <u>11,535,423</u> | <u>11,147,894</u> | <u>12,075,503</u> | <u>13,135,549</u> | <u>13,160,027</u> | <u>12,515,608</u> | <u>14,313,665</u> | <u>14,137,897</u> | <u>15,624,621</u> | <u>14,906,801</u> |
| Total primary government program revenues | <u>13,710,350</u> | <u>14,027,292</u> | <u>14,318,306</u> | <u>15,149,776</u> | <u>15,197,834</u> | <u>14,870,228</u> | <u>16,767,654</u> | <u>16,329,929</u> | <u>18,451,237</u> | <u>17,234,527</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | (3,083,050) | (2,961,077) | (3,837,434) | (4,349,746) | (4,212,742) | (4,222,303) | (4,405,625) | (4,324,179) | (4,370,314) | (6,019,089) |
| Business-type activities | 855,262 | 293,228 | 1,271,323 | 1,717,966 | 1,470,324 | 948,971 | 882,727 | 1,101,127 | 1,362,690 | 248,438 |
| Total primary government net expense | <u>\$ (2,227,788)</u> | <u>\$ (2,667,849)</u> | <u>\$ (2,566,111)</u> | <u>\$ (2,631,780)</u> | <u>\$ (2,742,418)</u> | <u>\$ (3,273,332)</u> | <u>\$ (3,522,898)</u> | <u>\$ (3,223,052)</u> | <u>\$ (3,007,624)</u> | <u>\$ (5,770,651)</u> |

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 3,515,407 | \$ 3,573,908 | \$ 4,144,235 | \$ 4,204,400 | \$ 4,394,724 | \$ 4,637,798 | \$ 4,742,603 | \$ 4,776,927 | \$ 5,123,899 | \$ 5,330,697 |
| Local option sales tax | 792,255 | 846,836 | 950,305 | 851,052 | 911,382 | 1,051,882 | 1,115,682 | 1,251,437 | 1,461,816 | 1,461,511 |
| Investment Earnings | 8,935 | 8,864 | 13,109 | 11,555 | 46,327 | 37,687 | 26,238 | 22,309 | 198,221 | 317,835 |
| Gain on Sale of Assets | 55,600 | 168,810 | 267,743 | 55,000 | 373,551 | 208,491 | 70,419 | 45,240 | - | 3,140 |
| Miscellaneous | 97,363 | - | - | 176,451 | 82,746 | 151,488 | 879,872 | 127,572 | 122,237 | 285,821 |
| Transfers | 451,895 | 389,219 | 318,303 | 272,189 | (115,436) | (25,494) | (214,388) | (1,067,405) | 339,946 | 1,385,113 |
| Total governmental activities | <u>4,921,455</u> | <u>4,987,637</u> | <u>5,693,695</u> | <u>5,570,647</u> | <u>5,693,294</u> | <u>6,061,852</u> | <u>6,620,426</u> | <u>5,156,080</u> | <u>7,246,119</u> | <u>8,784,117</u> |
| Business-type activities | | | | | | | | | | |
| Investment Earnings | 32,655 | 15,219 | 41,730 | 43,469 | 136,084 | 136,330 | 53,072 | 23,358 | 33,509 | 99,592 |
| Gain on Sale of Joint Venture | 926,349 | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 364,780 | 241,645 | 157,376 | 174,431 | 390,071 | 260,223 | 1,167,271 | 821,808 | 815,613 | 170,545 |
| Transfers | (451,895) | (389,219) | (318,303) | (272,189) | 115,436 | 25,494 | 214,388 | 1,067,405 | (339,946) | (1,385,113) |
| Total business-type activities | <u>871,889</u> | <u>(132,355)</u> | <u>(119,197)</u> | <u>(54,289)</u> | <u>641,591</u> | <u>422,047</u> | <u>1,434,731</u> | <u>1,912,571</u> | <u>509,176</u> | <u>(1,114,976)</u> |
| Total primary government | 5,793,344 | 4,855,282 | 5,574,498 | 5,516,358 | 6,334,885 | 6,483,899 | 8,055,157 | 7,068,651 | 7,755,295 | 7,669,141 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 1,838,405 | 2,026,560 | 1,856,261 | 1,220,901 | 1,480,552 | 1,839,549 | 2,214,801 | 831,901 | 2,875,805 | 2,765,028 |
| Business-type activities | 1,727,151 | 160,873 | 1,152,126 | 1,663,677 | 2,111,915 | 1,371,018 | 2,317,458 | 3,013,698 | 1,871,866 | (866,538) |
| Total primary government | <u>\$ 3,565,556</u> | <u>\$ 2,187,433</u> | <u>\$ 3,008,387</u> | <u>\$ 2,884,578</u> | <u>\$ 3,592,467</u> | <u>\$ 3,210,567</u> | <u>\$ 4,532,259</u> | <u>\$ 3,845,599</u> | <u>\$ 4,747,671</u> | <u>\$ 1,898,490</u> |

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

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Sales Tax</u> | <u>Hotel/Motel Tax</u> | <u>Total</u> |
|---------------------------|----------------------------|-------------------------|-------------------------------|---------------------|
| 2015 | \$ 3,516,500 | \$ 729,579 | \$ 62,676 | \$ 4,034,948 |
| 2016 | 3,573,908 | 732,685 | 114,151 | 4,189,076 |
| 2017 | 4,144,235 | 817,220 | 133,085 | 4,308,755 |
| 2018 | 4,204,400 | 710,777 | 140,275 | 4,420,744 |
| 2019 | 4,394,724 | 750,206 | 161,176 | 5,094,540 |
| 2020 | 4,637,798 | 927,238 | 124,644 | 5,055,452 |
| 2021 | 4,742,603 | 990,533 | 125,149 | 5,306,106 |
| 2022 | 4,776,927 | 1,128,550 | 122,887 | 5,689,680 |
| 2023 | 5,123,899 | 1,282,194 | 173,553 | 6,579,646 |
| 2024 | \$ 5,330,697 | \$ 1,290,073 | \$ 165,197 | \$ 6,785,967 |

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| General fund | | | | | | | | | | |
| Unreserved/ Unassigned | \$ 1,455,766 | \$ 1,237,614 | \$ 1,460,698 | \$ 1,438,611 | \$ 1,802,418 | \$ 1,828,076 | \$ 2,370,633 | \$ 2,685,830 | \$ 3,160,874 | \$ 3,402,744 |
| Total General Fund | <u>\$ 1,455,766</u> | <u>\$ 1,237,614</u> | <u>\$ 1,460,698</u> | <u>\$ 1,438,611</u> | <u>\$ 1,802,418</u> | <u>\$ 1,828,076</u> | <u>\$ 2,370,633</u> | <u>\$ 3,160,874</u> | <u>\$ 3,160,874</u> | <u>\$ 3,402,744</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ 105,923 | \$ 115,943 | \$ 114,087 | \$ 123,176 | \$ 129,674 | \$ 128,840 | \$ 128,951 | \$ 135,031 | \$ 139,237 | \$ 139,787 |
| Spendable - Restricted | 1,703,352 | 2,172,151 | 2,592,476 | 2,023,314 | 2,249,897 | 2,436,335 | 2,267,048 | 2,334,194 | 2,356,070 | 1,840,565 |
| Spendable - Assigned | - | 162,486 | 167,486 | 112,662 | 476,301 | 13,104 | 6,446,868 | 5,809,891 | 3,537,751 | 2,624,811 |
| Spendable - Unassigned | <u>(1,252,696)</u> | <u>(681,288)</u> | <u>(3,270,466)</u> | <u>(393,453)</u> | <u>(6,179)</u> | <u>(740,575)</u> | <u>(3,199,229)</u> | <u>(3,816,100)</u> | <u>(3,489,264)</u> | <u>(2,114,739)</u> |
| Total all other governmental funds | <u>\$ 556,579</u> | <u>\$ 1,769,292</u> | <u>\$ (396,417)</u> | <u>\$ 1,865,699</u> | <u>\$ 2,849,693</u> | <u>\$ 1,837,704</u> | <u>\$ 5,643,638</u> | <u>\$ 2,543,794</u> | <u>\$ 2,543,794</u> | <u>\$ 2,490,424</u> |

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

| | Fiscal Year | | | |
|--|---------------------|-------------------|-----------------------|---------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Revenues | | | | |
| Taxes | \$ 2,663,371 | \$ 2,678,042 | \$ 3,022,560 | \$ 3,118,441 |
| Special Assessments | 2,989 | 136,656 | 25,890 | 27,049 |
| Licenses and permits | 6,326 | 6,125 | 6,779 | 6,691 |
| Intergovernmental | 1,418,642 | 1,402,468 | 1,105,119 | 1,112,570 |
| Charges for services | 679,390 | 702,580 | 717,798 | 699,514 |
| Fines and Forfeits | 25,142 | 28,891 | 24,501 | 24,095 |
| Contributions from Property Owners | 58,130 | - | - | - |
| TIF Revenue | 853,129 | 895,866 | 1,121,675 | 1,085,959 |
| Local Options Sales Tax | 792,255 | 846,836 | 950,305 | 851,052 |
| Investment Earnings | 8,935 | 8,864 | 13,109 | 11,555 |
| Miscellaneous | 137,271 | 727,463 | 652,369 | 400,813 |
| Total revenues | <u>6,645,580</u> | <u>7,433,791</u> | <u>7,640,105</u> | <u>7,337,739</u> |
| Expenditures | | | | |
| Public safety | 864,188 | 978,225 | 946,213 | 985,180 |
| Public works | 990,558 | 1,324,398 | 1,011,665 | 1,204,569 |
| Culture and recreation | 1,578,372 | 1,648,339 | 1,660,106 | 1,775,252 |
| Community and economic development | 257,568 | 347,749 | 418,778 | 449,681 |
| General government | 613,733 | 614,203 | 586,020 | 710,129 |
| Capital projects | 2,302,188 | 2,654,972 | 3,300,232 | 1,188,431 |
| Debt service | | | | |
| Principal | 1,490,000 | 3,065,000 | 1,820,000 | 1,625,000 |
| Interest | 336,301 | 348,172 | 338,213 | 299,137 |
| Total expenditures | <u>8,432,908</u> | <u>10,981,058</u> | <u>10,081,227</u> | <u>8,237,379</u> |
| Excess of revenues over (under) expenditures | (1,787,328) | (3,547,267) | (2,441,122) | (899,640) |
| Other financing sources (uses) | | | | |
| Issuance of Debt | 835,000 | 4,145,588 | - | 2,718,952 |
| Proceeds From Sale of Capital Assets | - | - | - | - |
| Proceeds From Sale of Uncapitalized Assets | - | - | - | - |
| Transfers In | 1,211,895 | 1,658,616 | 1,411,831 | 2,254,818 |
| Transfers Out | (760,000) | (1,269,397) | (909,453) | (1,838,579) |
| Total other financing sources (uses) | <u>1,286,895</u> | <u>4,534,807</u> | <u>502,378</u> | <u>3,135,191</u> |
| Net change in fund balances | <u>\$ (500,433)</u> | <u>\$ 987,540</u> | <u>\$ (1,938,744)</u> | <u>\$ 2,235,551</u> |
| Debt Service as a percentage of noncapital expenditures | 29.8% | 41.0% | 31.8% | 27.3% |

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

| Fiscal Year | | | | | | |
|---------------------|-----------------------|---------------------|-----------------------|---------------------|-------------------|--|
| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | |
| \$ 3,171,229 | \$ 3,312,654 | \$ 3,403,515 | \$ 3,529,477 | \$ 3,764,577 | \$ 3,972,308 | |
| 9,413 | 8,823 | 166,904 | 13,929 | 8,933 | 6,210 | |
| 6,548 | 5,992 | 2,799 | 10,773 | 6,171 | 5,973 | |
| 1,244,531 | 1,627,142 | 1,293,711 | 1,240,067 | 1,798,384 | 1,271,849 | |
| 690,537 | 643,613 | 876,256 | 846,896 | 934,552 | 972,971 | |
| 18,590 | 18,749 | 19,409 | 11,961 | 11,228 | 9,452 | |
| - | - | - | - | - | - | |
| 1,223,495 | 1,325,144 | 1,339,088 | 1,247,450 | 1,359,322 | 1,358,389 | |
| 911,382 | 1,051,882 | 1,115,682 | 1,251,437 | 1,461,816 | 1,461,511 | |
| 46,327 | 37,687 | 26,238 | 22,309 | 198,221 | 317,835 | |
| 527,908 | 206,725 | 937,209 | 207,702 | 185,051 | 351,608 | |
| <u>7,849,960</u> | <u>8,238,411</u> | <u>9,180,811</u> | <u>8,382,001</u> | <u>9,728,255</u> | <u>9,728,106</u> | |
| 1,195,629 | 1,338,670 | 1,032,741 | 1,141,364 | 1,833,283 | 1,364,266 | |
| 1,095,815 | 1,274,021 | 1,205,617 | 1,466,098 | 1,277,492 | 1,770,094 | |
| 1,736,660 | 1,795,578 | 1,993,409 | 1,879,024 | 2,097,629 | 2,250,948 | |
| 343,352 | 447,989 | 468,030 | 343,732 | 311,439 | 430,066 | |
| 794,315 | 763,270 | 872,983 | 802,446 | 809,535 | 960,700 | |
| 2,279,074 | 2,454,833 | 2,470,529 | 3,593,821 | 3,371,174 | 2,060,234 | |
| 1,590,000 | 4,580,000 | 4,965,000 | 1,340,000 | 1,449,444 | 1,675,000 | |
| 398,991 | 486,781 | 451,623 | 355,669 | 395,252 | 414,416 | |
| <u>9,433,836</u> | <u>13,141,142</u> | <u>13,459,932</u> | <u>10,922,154</u> | <u>11,545,248</u> | <u>10,925,724</u> | |
| (1,583,876) | (4,902,731) | (4,279,121) | (2,540,153) | (1,816,993) | (1,197,618) | |
| 2,521,729 | 3,238,959 | 4,787,841 | 900,000 | 3,399,202 | - | |
| - | 234,814 | 278,783 | 51,500 | - | - | |
| - | - | - | - | 4,534 | 5,000 | |
| 1,047,401 | 1,155,826 | 1,430,885 | 1,452,530 | 1,486,559 | 2,527,032 | |
| (640,000) | (751,234) | (1,036,207) | (1,046,125) | (1,120,132) | (1,141,919) | |
| <u>2,929,130</u> | <u>3,878,365</u> | <u>5,461,302</u> | <u>1,357,905</u> | <u>3,770,163</u> | <u>1,390,113</u> | |
| <u>\$ 1,345,254</u> | <u>\$ (1,024,366)</u> | <u>\$ 1,182,181</u> | <u>\$ (1,182,248)</u> | <u>\$ 1,953,170</u> | <u>\$ 192,495</u> | |
| 25.0% | 50.1% | 47.6% | 20.2% | 24.4% | 23.9% | |

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

| Fiscal Year Ended June 30 | Real Property | | Utilities | | Total | | Weighted Average Direct Property Tax Rate | Assessed Value as a Percentage of Estimated Actual Value |
|--|---------------------------|---------------------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------------------|--|---|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | | |
| 2015 | \$212,032,667 | \$332,787,311 | \$1,344,293 | \$1,344,293 | \$ 213,376,960 | \$ 334,131,604 | \$ 13.9507 | 63.86% |
| 2016 | 214,892,352 | 337,075,899 | 1,386,135 | 1,386,135 | 216,278,487 | 338,462,034 | 13.9852 | 63.90% |
| 2017 | 232,506,882 | 363,623,547 | 1,352,493 | 1,352,493 | 233,859,375 | 364,976,040 | 14.5616 | 64.08% |
| 2018 | 231,935,310 | 369,037,370 | 1,317,393 | 1,317,393 | 233,252,703 | 370,354,763 | 14.7916 | 62.98% |
| 2019 | 253,335,501 | 400,285,037 | 1,259,770 | 1,259,770 | 254,595,271 | 401,544,807 | 14.3286 | 63.40% |
| 2020 | 266,403,717 | 412,624,407 | 1,201,233 | 1,201,233 | 267,604,950 | 413,825,640 | 14.4650 | 64.67% |
| 2021 | 273,798,010 | 435,809,481 | 1,135,329 | 1,135,329 | 274,933,339 | 436,944,810 | 14.4600 | 62.92% |
| 2022 | 281,561,346 | 442,652,645 | 1,079,175 | 1,079,175 | 282,640,521 | 443,731,820 | 14.4609 | 63.70% |
| 2023 | 297,789,368 | 486,017,582 | 1,107,606 | 1,107,606 | 298,896,974 | 487,125,188 | 14.4643 | 61.36% |
| 2024 | \$297,817,654 | \$497,942,350 | \$1,120,502 | \$1,120,502 | \$ 298,938,156 | \$ 499,062,852 | \$ 14.6142 | 59.90% |

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

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

| Fiscal Year | City of Orange City | | | Sioux County | | | Overlapping Rates MOC-FV School District | | | Area Vocational School | Total Direct & Overlapping Rates |
|-------------|---------------------|----------------------|--------------------|-------------------|----------------------|----------------------|---|----------------------|----------------------|------------------------|----------------------------------|
| | Operating Millage | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Total School Millage | | |
| 2015 | \$ 7.9280 | \$ 6.0227 | \$ 13.9507 | \$ 5.0911 | \$ 0.3400 | \$ 5.4311 | \$ 10.4391 | \$ - | \$ 10.4391 | \$ 0.6910 | \$ 30.5119 |
| 2016 | 7.9356 | 6.0496 | 13.9852 | 5.0488 | 0.3335 | 5.3822 | 10.2199 | - | 10.2199 | 0.7335 | 30.3208 |
| 2017 | 7.7209 | 6.8406 | 14.5616 | 4.8769 | 0.3028 | 5.1797 | 10.2316 | - | 10.2316 | 0.7812 | 30.7541 |
| 2018 | 8.4969 | 6.2947 | 14.7916 | 4.7626 | 0.2843 | 5.0469 | 10.2388 | - | 10.2388 | 0.7905 | 30.5784 |
| 2019 | 8.4859 | 5.8427 | 14.3286 | 4.8476 | 0.2720 | 5.1196 | 10.1855 | - | 10.1855 | 0.7942 | 30.4279 |
| 2020 | 8.6300 | 5.8350 | 14.4650 | 4.5660 | 0.2521 | 4.8181 | 10.2260 | - | 10.2260 | 0.9938 | 30.5029 |
| 2021 | 9.1157 | 5.3477 | 14.4634 | 4.2843 | 0.1948 | 4.4791 | 10.0052 | 2.7000 | 12.7052 | 1.0754 | 32.7231 |
| 2022 | 8.8541 | 5.6068 | 14.4609 | 3.9761 | 0.1524 | 4.1285 | 9.9631 | 2.7000 | 12.6631 | 1.0430 | 32.2955 |
| 2023 | 8.9849 | 5.4795 | 14.4644 | 3.8495 | 0.1465 | 3.9960 | 9.8004 | 2.7000 | 12.5004 | 1.0726 | 32.0334 |
| 2024 | \$ 8.5750 | \$ 6.0392 | \$ 14.6142 | \$ 4.3466 | \$ 0.1461 | \$ 4.4926 | \$ 9.8297 | \$ 2.6982 | \$ 12.5279 | \$ 1.0869 | \$ 32.7216 |

Taxes due July 1

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

Penalties for delinquency: 1.5 percent per month.

Discount allowed: none

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

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

Tax sale date: first Monday in June.

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

**City of Orange City
Principal Property Taxpayers
Current Year and Nine Years Ago**

| <u>Taxpayer</u> | <u>2024</u> | | | <u>2015</u> | | |
|-----------------------------------|-----------------------|-------------|---|-----------------------|-------------|---|
| | <u>Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Assessed Value</u> | <u>Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Assessed Value</u> |
| Vogel Enterprises Inc. | \$ 20,927,220 | 1 | 7.0% | \$ 9,796,440 | 1 | 4.6% |
| SCC10 Orange City | 10,450,160 | 2 | 3.5% | 9,167,090 | 2 | 4.3% |
| Smithfield Premium Pet Health LLC | 5,514,000 | 3 | 1.9% | 4,917,840 | 3 | 2.3% |
| Prairie Winds Hotel Holdings | 4,744,800 | 4 | 1.6% | 4,204,220 | 4 | 2.0% |
| Sekisui Aerospace | 3,960,810 | 5 | 1.3% | 3,705,180 | 5 | 1.7% |
| Pizza Ranch Headquarters | 3,658,930 | 6 | 1.2% | 2,404,640 | 7 | 1.1% |
| OCDL, Inc. | 3,645,750 | 7 | 1.2% | 2,937,050 | 6 | 1.4% |
| Krull Ltd. | 2,628,750 | 8 | 0.9% | 1,836,350 | 8 | 0.9% |
| NS Retail Holdings LLC | 2,552,260 | 9 | 0.9% | | | |
| Iowa State Bank Orange City | 2,172,260 | 10 | 0.7% | 1,770,590 | 9 | 0.9% |
| Revival Animal Health Inc. | | | | 1,592,410 | 10 | 0.8% |
| Totals | \$ 60,254,940 | | 20.2% | \$ 42,331,810 | | 20.0% |

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

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

| Fiscal Year Ended 6/30 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Delinquent Tax Collections | Total Collections to Date | |
|---------------------------------------|---|---|------------------|---|--------------------------------------|------------------|
| | | Amount | % of Levy | | Amount | % of Levy |
| 2015 | \$ 2,660,942 | \$ 2,658,993 | 99.93% | \$ 1,949 | \$ 2,660,942 | 100.00% |
| 2016 | 2,676,223 | 2,674,162 | 99.92% | 2,061 | 2,676,223 | 100.00% |
| 2017 | 3,020,665 | 3,018,665 | 99.93% | 2,000 | 3,020,665 | 100.00% |
| 2018 | 3,113,207 | 3,110,985 | 99.93% | 2,222 | 3,113,207 | 100.00% |
| 2019 | 3,167,560 | 3,154,067 | 99.57% | 13,493 | 3,167,560 | 100.00% |
| 2020 | 3,313,269 | 3,279,734 | 98.99% | 33,535 | 3,313,269 | 100.00% |
| 2021 | 3,388,587 | 3,284,399 | 96.93% | 104,188 | 3,388,587 | 100.00% |
| 2022 | 3,526,130 | 3,526,001 | 100.00% | - | 3,526,068 | 100.00% |
| 2023 | 3,760,669 | 3,759,789 | 99.98% | - | 3,759,789 | 99.98% |
| 2024 | \$ 3,837,197 | \$ 3,837,197 | 100.00% | \$ - | \$ 3,837,197 | 100.00% |

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

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

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | | | Total Primary Government | % of Personal Income | Per Capita |
|--------------------|---------------------------------|---------------------------------------|------------------------|---------------------------------|--------------------|--------------------|------------------|---------------------------------|-----------------------------|-------------------|
| | General Obligation Bonds | Notes Payable Direct Borrowing | Lease Liability | Electric Bonds | Water Bonds | Sewer Bonds | Gas Bonds | | | |
| 2015 | \$ 12,220,000 | \$ - | \$ - | \$ 3,830,000 | \$ 2,540,000 | \$ - | \$ 555,000 | \$ 19,145,000 | 629.13% | \$ 3,429 |
| 2016 | 13,160,000 | - | - | 3,470,000 | 2,330,000 | - | 450,000 | 19,410,000 | 637.84% | 3,189 |
| 2017 | 11,340,000 | - | - | 3,105,000 | 2,120,000 | - | 340,000 | 16,905,000 | 555.52% | 3,233 |
| 2018 | 12,415,000 | - | - | 2,725,000 | 1,910,000 | 8,715,000 | 230,000 | 25,995,000 | 862.39% | 2,816 |
| 2019 | 13,105,000 | - | - | 2,337,000 | 1,690,000 | 8,360,000 | 115,000 | 25,607,000 | 849.52% | 4,330 |
| 2020 | 11,565,000 | - | - | 2,102,000 | 1,470,000 | 8,005,000 | - | 23,142,000 | 849.52% | 4,265 |
| 2021 | 11,145,000 | - | - | 1,790,000 | 1,245,000 | 7,645,000 | - | 21,825,000 | 599.11% | 3,854 |
| 2022 | 9,805,000 | 900,000 | - | 1,560,000 | 1,015,000 | 7,275,000 | - | 20,555,000 | 564.25% | 3,280 |
| 2023 | 12,196,182 | 855,556 | 51,814 | 1,469,104 | 11,408,877 | 7,158,685 | - | 33,140,218 | 908.30% | 5,280 |
| 2024 | \$ 10,546,269 | \$ 755,556 | \$ 26,517 | \$ 1,317,612 | \$ 11,053,804 | \$ 6,744,737 | \$ - | \$ 30,444,495 | 860.26% | \$ 4,858 |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics on page 108 for personal income and population data.

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

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Less: Amounts Available in Debt Service Fund</u> | <u>Total</u> | <u>Percentage of Estimated Actual Taxable Value of Property</u> | <u>Per Capita</u> |
|--------------------|---------------------------------|---|---------------|---|-------------------|
| 2015 | \$ 12,220,000 | \$ 94,881 | \$ 12,125,119 | 3.63 | \$ 2,019.51 |
| 2016 | 13,160,000 | 241,411 | 12,918,589 | 3.82 | 2,151.66 |
| 2017 | 11,340,000 | 271,967 | 11,068,033 | 3.03 | 1,843.44 |
| 2018 | 12,415,000 | 324,124 | 12,090,876 | 3.28 | 2,013.80 |
| 2019 | 13,105,000 | 114,297 | 12,937,814 | 3.22 | 2,154.87 |
| 2020 | 11,565,000 | 149,011 | 10,995,989 | 2.75 | 1,831.44 |
| 2021 | 11,145,000 | 175,388 | 9,629,612 | 2.51 | 1,536.56 |
| 2022 | 9,805,000 | 372,787 | 9,432,213 | 2.51 | 1,505.06 |
| 2023 | 11,585,000 | 419,434 | 11,165,566 | 2.29 | 1,781.64 |
| 2024 | \$ 10,546,269 | \$ 335,931 | \$ 10,210,338 | 2.05 | \$ 1,629.22 |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Population data can be found in the Schedule of Demographic and Economic Statistics.
See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

**City of Orange City
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024**

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | 1 | <u>Estimated Share of Overlapping Debt</u> |
|--|-----------------------------|--|---|--|
| Debt repaid with property taxes: School District | \$ 34,670,935 | 38.73% | | \$ 13,428,053 |
| Debt repaid with property taxes; Sioux County | 3,742,000 | 12.14% | | 454,279 |
| Subtotal, overlapping debt | | | | <u>\$ 13,882,332</u> |
| City of Orange City direct debt | | | | <u>11,328,342</u> |
| Total direct and overlapping debt | | | | <u><u>\$ 25,210,674</u></u> |

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

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

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

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Debt Limit | \$ 16,639,365 | \$ 16,853,795 | \$ 18,181,177 | \$ 18,451,869 | \$ 20,014,252 | \$ 20,631,220 | \$ 21,790,474 | \$ 22,132,632 | \$ 24,300,879 | \$ 24,897,118 |
| Total net debt applicable to limit | 12,125,119 | 12,918,589 | 12,132,128 | 12,953,100 | 13,598,167 | 11,871,033 | 10,252,823 | 9,795,048 | 11,557,559 | 10,524,695 |
| Legal debt margin | <u>\$ 4,514,246</u> | <u>\$ 3,935,206</u> | <u>\$ 6,049,049</u> | <u>\$ 5,498,769</u> | <u>\$ 6,416,085</u> | <u>\$ 8,760,187</u> | <u>\$ 11,537,651</u> | <u>\$ 12,337,584</u> | <u>\$ 12,743,320</u> | <u>\$ 14,372,423</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 80.27% | 72.87% | 76.65% | 66.73% | 70.20% | 57.54% | 47.05% | 44.26% | 47.56% | 42.27% |

Legal Debt Margin Calculation for Fiscal Year 2024

| | |
|---|-----------------------|
| Assessed value | <u>\$ 497,942,350</u> |
| Total assessed value | 497,942,350 |
| Debt limit (5% of total assessed value) | 24,897,118 |
| Debt applicable to limit: | |
| General Obligation Bonds | 10,546,269 |
| Lease Liability | 26,517 |
| Urban Renewal Development Agreements | 287,840 |
| Less Amount in Debt Service Fund | (335,931) |
| Total net debt applicable to limit | <u>10,524,695</u> |
| Legal debt margin | <u>\$ 14,372,423</u> |

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

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

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

| <u>Fiscal Year</u> | <u>Electric Charges and Other</u> | <u>Less: Operating Expenses</u> | <u>Net Available Revenue</u> | <u>Debt Service</u> | | <u>Coverage</u> |
|--------------------|-----------------------------------|---------------------------------|------------------------------|---------------------|-----------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | |
| 2015 | \$ 7,889,276 | \$ 5,756,923 | \$ 2,132,353 | \$ 350,000 | \$ 94,185 | 4.80 |
| 2016 | 7,759,613 | 5,905,746 | 1,853,867 | 360,000 | 88,766 | 4.13 |
| 2017 | 8,406,522 | 6,355,393 | 2,051,129 | 365,000 | 72,455 | 4.69 |
| 2018 | 8,592,902 | 6,400,163 | 2,192,739 | 380,000 | 63,950 | 4.94 |
| 2019 | 8,936,716 | 6,400,015 | 2,536,701 | 388,000 | 58,773 | 5.68 |
| 2020 | 8,594,277 | 6,399,975 | 2,194,302 | 232,000 | 50,360 | 7.77 |
| 2021 | 9,255,809 | 6,403,578 | 2,852,231 | 230,000 | 32,956 | 10.85 |
| 2022 | 8,668,263 | 6,517,580 | 2,150,683 | 145,000 | 28,568 | 12.39 |
| 2023 | 9,088,062 | 6,532,908 | 2,555,154 | 145,000 | 26,850 | 14.87 |
| 2024 | 8,430,034 | 7,273,177 | 1,156,857 | 145,000 | 23,950 | 6.85 |

| <u>Fiscal Year</u> | <u>Water Charges and Other</u> | <u>Less: Operating Expenses</u> | <u>Net Available Revenue</u> | <u>Debt Service</u> | | <u>Coverage</u> |
|--------------------|--------------------------------|---------------------------------|------------------------------|---------------------|-----------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | |
| 2015 | 1,008,205 | 559,105 | 449,100 | 205,000 | 60,863 | 1.69 |
| 2016 | 1,141,088 | 921,581 | 219,507 | 210,000 | 58,723 | 0.82 |
| 2017 | 1,082,756 | 615,446 | 467,310 | 210,000 | 56,087 | 1.76 |
| 2018 | 1,080,171 | 632,146 | 448,025 | 210,000 | 52,927 | 1.70 |
| 2019 | 1,003,003 | 645,810 | 357,193 | 220,000 | 49,150 | 1.33 |
| 2020 | 1,042,812 | 725,819 | 316,993 | 225,000 | 40,130 | 1.20 |
| 2021 | 1,277,103 | 830,398 | 446,705 | 230,000 | 34,796 | 1.69 |
| 2022 | 1,789,799 | 827,484 | 962,315 | 240,000 | 28,818 | 3.58 |
| 2023 | 2,341,783 | 780,537 | 1,561,246 | 325,000 | 474,238 | 1.95 |
| 2024 | \$ 2,057,650 | \$ 899,701 | \$ 1,157,949 | \$ 390,000 | \$ 457,988 | 1.37 |

Note: Operating Expenses do not include depreciation expense

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

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

| Fiscal Year | Sewer Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|--------------------|--------------------------------|---------------------------------|------------------------------|---------------------|-----------------|-----------------|
| | | | | Principal | Interest | |
| 2015 | \$ 914,621 | \$ 399,720 | \$ 514,901 | \$ 130,000 | \$ 1,625 | 3.91 |
| 2016 | 908,510 | 485,953 | 422,557 | - | - | - |
| 2017 | 1,000,275 | 387,940 | 612,335 | - | - | - |
| 2018 | 1,256,976 | 408,665 | 848,311 | 100,000 | 255,920 | 2.38 |
| 2019 | 1,464,073 | 486,307 | 977,766 | 355,000 | 290,131 | 1.52 |
| 2020 | 1,465,101 | 639,740 | 825,361 | 360,000 | 282,860 | 1.28 |
| 2021 | 1,705,573 | 700,037 | 1,005,536 | 370,000 | 272,060 | 1.57 |
| 2022 | 1,517,623 | 598,365 | 919,258 | 380,000 | 260,960 | 1.43 |
| 2023 | 1,464,643 | 604,853 | 859,790 | 395,000 | 249,560 | 1.33 |
| 2024 | 1,512,167 | 673,462 | 838,705 | 405,000 | 237,710 | 1.30 |

| Fiscal Year | Gas Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|--------------------|------------------------------|---------------------------------|------------------------------|---------------------|-----------------|-----------------|
| | | | | Principal | Interest | |
| 2015 | 2,120,756 | 1,957,138 | 163,618 | 105,000 | 13,772 | 1.38 |
| 2016 | 1,595,549 | 1,442,028 | 153,521 | 105,000 | 12,461 | 1.31 |
| 2017 | 1,785,056 | 1,672,856 | 112,200 | 110,000 | 10,832 | 0.93 |
| 2018 | 2,413,217 | 2,092,061 | 321,156 | 110,000 | 8,743 | 2.70 |
| 2019 | 2,282,390 | 1,954,793 | 327,597 | 115,000 | 6,268 | 2.70 |
| 2020 | 1,809,971 | 1,549,279 | 260,692 | - | - | - |
| 2021 | 3,294,523 | 2,494,520 | 800,003 | - | - | - |
| 2022 | 3,007,378 | 2,673,733 | 333,645 | - | - | - |
| 2023 | 3,579,255 | 3,094,786 | 484,469 | - | - | - |
| 2024 | \$ 3,177,087 | \$ 2,649,099 | \$ 527,988 | \$ - | \$ - | - |

Note: Operating Expenses do not include depreciation expense

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

**City of Orange City
Principal Employers
Current Year and Nine Years Ago**

| <u>Employer</u> | <u>2024</u> | | | <u>2015</u> | | |
|----------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Population</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Population</u> |
| Orange City Health System | 575 | 1 | 9.18% | 485 | 2 | 8.08% |
| Staples Inc. | 500 | 2 | 7.98% | 500 | 1 | 8.33% |
| Diamond Vogel Paints | 475 | 3 | 7.58% | 350 | 3 | 5.83% |
| Sekisui Aerospace | 260 | 4 | 4.15% | 200 | 5 | 3.33% |
| Smithfield Fresh Meats LLC | 230 | 5 | 3.67% | 225 | 4 | 3.75% |
| MOC-FV School District | 225 | 6 | 3.59% | 180 | 6 | 3.00% |
| Northwestern College | 140 | 7 | 2.23% | 180 | 7 | 3.00% |
| Sioux County Courthouse | 75 | 8 | 1.20% | 75 | 8 | 1.25% |
| Civco Medical Solutions | 70 | 9 | 1.12% | 75 | 9 | 1.25% |
| Revival Animal Health | 65 | 10 | 1.04% | 60 | 10 | 1.00% |
| Total | <u>2,615</u> | | <u>41.74%</u> | <u>2,330</u> | | <u>38.82%</u> |

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

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

| Function | Fiscal Year | | | | | | | | | |
|------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General Government | 10 | 10 | 10 | 10 | 11 | 9 | 9 | 9 | 10 | 10 |
| Public Safety | | | | | | | | | | |
| Police Officers | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 |
| Highways and streets | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Culture and recreation | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Library | 2 | 2 | 2 | 2 | 3 | 2 | 3 | 3 | 3 | 3 |
| Electric | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Water | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Sewer | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Gas | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total | 35 | 35 | 35 | 35 | 38 | 35 | 36 | 36 | 38 | 38 |

Sources: Various city departments.

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| General Government | | | | | | | | | | |
| Zoning Permits Issued | 89 | 65 | 95 | 81 | 81 | 80 | 102 | 93 | 65 | 74 |
| Police | | | | | | | | | | |
| Physical Arrests | 76 | 69 | 88 | 91 | 114 | 93 | 104 | 90 | 69 | 71 |
| Parking Violations | 224 | 258 | 237 | 210 | 202 | 216 | 227 | 237 | 258 | 256 |
| Traffic Violations | 368 | 403 | 353 | 510 | 336 | 228 | 439 | 410 | 403 | 347 |
| Fire | | | | | | | | | | |
| Emergency Responses | 112 | 107 | 104 | 92 | 75 | 84 | 78 | 98 | 107 | 137 |
| Fires Extinguished | 7 | 6 | 4 | 5 | 3 | 6 | 7 | 9 | 6 | 4 |
| Refuse Collection | | | | | | | | | | |
| Refuse collected (tons per day) | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Recyclables collected (tons per day) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks & Recreation | | | | | | | | | | |
| Pool Passes Issued (Budget Pass) | 63 | 54 | 48 | 35 | 57 | 46 | 57 | 57 | 54 | 89 |
| Pool Passes Issued (Individual Pass) | 80 | 74 | 63 | 56 | 71 | 88 | 51 | 51 | 74 | 33 |
| Pool Passes Issued (Family Pass) | 202 | 217 | 205 | 220 | 235 | 196 | 233 | 233 | 217 | 230 |
| Pool Passes Issued (Senior Pass) | 17 | 13 | 9 | 6 | 11 | 9 | 12 | 12 | 13 | 9 |
| Library | | | | | | | | | | |
| Volumes in collection | 63,905 | 63,905 | 63,905 | 63,905 | 63,905 | 63,905 | 63,905 | 63,905 | 63,905 | 63,905 |
| Total volumes borrowed | 226,250 | 226,250 | 226,250 | 226,250 | 226,250 | 226,250 | 226,250 | 226,250 | 226,250 | 226,250 |
| Water | | | | | | | | | | |
| New connections | 8 | 21 | - | 14 | 6 | 25 | 27 | 15 | 21 | 13 |
| Water main breaks | 6 | 3 | 2 | 8 | 4 | 6 | 9 | 6 | 3 | 4 |
| Average daily consumption (thousands of gallons) | 815 | 823 | 825 | 863 | 856 | 853 | 856 | 837 | 823 | 823 |
| Peak daily consumption (thousands of gallons) | 1,900 | 1,950 | 1,940 | 1,448 | 1,380 | 1,910 | 1,920 | 1,925 | 1,950 | 1,950 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 748 | 761 | 748 | 801 | 809 | 843 | 846 | 848 | 761 | 761 |

Sources: Various city departments.

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Fire Station | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other Public Works | | | | | | | | | | |
| Streets (miles) | 51 | 52 | 52 | 53 | 55 | 57 | 58 | 59 | 61 | 62 |
| Streetlights | 942 | 961 | 961 | 985 | 985 | 993 | 993 | 998 | 1,017 | 1,024 |
| Traffic Signals | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Parks and recreation | | | | | | | | | | |
| Aceage | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 235 | 235 |
| Playgrounds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Baseball/softball diamonds | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Soccer/football fields | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water Mains (miles) | 49 | 50 | 50 | 50 | 52 | 54 | 55 | 56 | 58 | 59 |
| Fire Hydrants | 285 | 288 | 288 | 291 | 295 | 298 | 298 | 300 | 307 | 307 |
| Storage capacity (thousands of gallons) | 1,120 | 1,120 | 1,120 | 1,120 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Wastewater | | | | | | | | | | |
| Sanitary Sewers (miles) | 43 | 44 | 44 | 47 | 49 | 51 | 52 | 53 | 55 | 56 |
| Storm Sewer (miles) | 21 | 23 | 23 | 28 | 30 | 33 | 34 | 35 | 38 | 39 |
| Treatment capacity (thousands of gallons) | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |

Sources: Various city departments

**City of Orange City
Demographic and Economic Statistics
Last Ten Fiscal Years**

| Calendar Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Median Age | Education Level in Years of Schooling | School Enrollment | Unemployment Rate |
|----------------------|-------------------|---|-----------------------------------|-------------------|--|--------------------------|--------------------------|
| 2015 | 6,004 | 30,143 | 20,768 | 29.0 | 16 | 1940 | 2.9% |
| 2016 | 6,004 | 30,143 | 20,768 | 29.0 | 16 | 1940 | 2.1% |
| 2017 | 6,004 | 30,143 | 20,768 | 29.0 | 16 | 1940 | 1.7% |
| 2018 | 6,004 | 30,143 | 20,768 | 29.0 | 16 | 1940 | 1.7% |
| 2019 | 6,004 | 30,143 | 20,768 | 29.0 | 16 | 1940 | 1.7% |
| 2020 | 6,004 | 30,143 | 20,768 | 29.0 | 16 | 1940 | 1.7% |
| 2021 | 6,267 | 36,429 | 27,848 | 34.3 | 16 | 1940 | 1.7% |
| 2022 | 6,267 | 36,429 | 27,848 | 34.3 | 16 | 1940 | 1.5% |
| 2023 | 6,267 | 36,429 | 27,848 | 34.3 | 16 | 1940 | 2.5% |
| 2024 | 6,267 | 36,429 | 27,848 | 34.3 | 16 | 1940 | 2.5% |

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Orange City, Iowa's basic financial statements and have issued our report thereon dated December 12, 2024. Our report includes a reference to other auditors who audited the financial statements of the Orange City Area Health System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

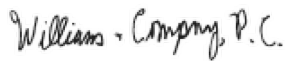
City of Orange City, Iowa's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Orange City, Iowa's response to the findings identified in our audit and described in the accompanying schedule of findings. City of Orange City, Iowa's response was not subjected to the other 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Certified Public Accountants

Le Mars, Iowa
December 12, 2024

CITY OF ORANGE CITY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Part I: Summary of the Independent Auditors' Results

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

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were reported.

Material Weakness:

2024-001 **Financial Reporting – Material Adjusting Journal Entries**

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

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

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

Recommendation – We recommend that the City implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the City's financial statements.

Views of Responsible Officials – City management will continue to improve procedures to ensure proper recognition of receivables, payables, and capital asset additions.

Part III: Other Findings Related to Required Statutory Reporting

III-A-24 **Certified Budget**

Condition and Criteria – City expenditures during the year ended June 30, 2024, exceeded amounts budgeted in the Public Works, Culture and Recreation, Community and Economic Development, and Debt Service functions.

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

Cause – The City approved a budget amendment on May 20, 2024. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment.

CITY OF ORANGE CITY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

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

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

- III-B-24 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-24 - Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to ensure the coverage is adequate for current operations.
- III-D-24 - Council Minutes – We noted no transactions requiring approval which had not been approved by the Council.
- III-E-24 - Questionable Expenditures – We noted no questionable expenditures during our audit.
- III-F-24 - Revenue Bonds – No violations of revenue bond resolutions were noted.
- III-G-24 - Business Transactions – No business transactions between the City and city officials were noted during the course of the audit.
- III-H-24 - Cash and Investments – We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-I-24 - Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.
- III-J-24 - Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- III-K-24 - Financial Condition – At June 30, 2024, the City had deficit balances in the following funds:

| Fund | Amount |
|---|--------------|
| TIF Special Revenue | \$ (531,033) |
| 18 th Street RISE | (1,487,814) |
| Delaware & 2 nd Street Project | (89,324) |
| PJ 10 th Park Project | (6,568) |

Recommendation – The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response - The City will review available resources to return these funds to a sound financial position.

Conclusion – Response Accepted.