

Preliminary Official Statement Dated December 6, 2019

In the opinion of Bond Counsel, under existing laws, regulations and court decisions and subject to the qualifications set forth herein under "TAX EXEMPTION," interest on the Bonds is not includable in gross income for purposes of regular federal and Nebraska state income taxation. Interest on the Bonds is not subject to the alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"). See the caption "TAX EXEMPTION" herein.

**OFFICIAL STATEMENT
CITY OF SOUTH SIOUX CITY, NEBRASKA
\$6,300,000*
Combined Electric, Water and Sewer
Revenue Refunding Bonds, 2019 Series**

DATED: Date of Delivery

DUE: As shown below

The Combined Electric, Water and Sewer Revenue Refunding Bonds, 2019 Series, (the "Bonds") are being issued as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal or redemption price of and interest on the Bonds will be made directly to DTC. Interest on the Bonds from date of original issue is payable on June 1, 2020* and on each June 1 and December 1 thereafter. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. The City Treasurer in South Sioux City, Nebraska, will act as Paying Agent and Registrar for the Bonds. For terms relating to bond principal and interest payments made to DTC or its nominee or in the event that the use of book-entry form is discontinued, see the captions "DESCRIPTION OF THE BONDS" herein.

The Bonds are subject to optional redemption prior to maturity at any time on or after the fifth anniversary of the date of original issue thereof, as described herein.

MATURITY SCHEDULE*

<u>June 1</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>June 1</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
2020	\$555,000			2024	\$850,000		
2021	560,000			2025	900,000		
2022	610,000			2026	880,000		
2023	615,000			2027	880,000		
				2028	450,000		

The Bonds are payable solely from the revenues and earnings derived and to be derived from the ownership and operation of the City's electric distribution system (the "Electric System"), water plant and distribution system (the "Water System") and sewer system (the "Sewer System"), each as now existing or hereafter improved or extended (collectively, the "Combined Utilities"). The Bonds are not general obligations of the City and neither the full faith and credit of the City nor any revenues of the City other than those described in this Official Statement are pledged to the payment thereof. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation and neither the City, the State nor any subdivision thereof is liable thereon. The Bonds do not directly or indirectly obligate the City, the state or any political subdivision thereof to levy any form of taxation therefor and the Bonds shall never constitute a charge against the general taxing power of the City, the State or any political subdivision thereof.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered in book-entry form, when, as and if issued and received by the Underwriter and subject to the approval of legality by Baird Holm LLP, Omaha, Nebraska, Bond Counsel for the City, and certain other conditions. It is expected that the Bonds will be available for delivery through The Depository Trust Company, in New York, New York, on or about January 14, 2020*.

AMERITAS INVESTMENT CORP.

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than the information and representations contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein concerning the City has been furnished by the City and such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the issuer of the securities described herein since the date hereof.

Such securities have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has any document been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. In making an investment decision, investors must rely on their own examinations of the terms of the offering. The securities described herein have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement.

In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of such bonds at levels above those which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time.

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FORWARD-LOOKING STATEMENTS

This Official Statement contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations change or events, conditions or circumstances on which such statements are based occur or fail to occur.

**OFFICIAL STATEMENT
CITY OF SOUTH SIOUX CITY, NEBRASKA
\$ 6,300,000*
COMBINED ELECTRIC, WATER AND SEWER
REVENUE REFUNDING BONDS, 2019 SERIES**

INTRODUCTION

The purpose of this Official Statement, including the cover page, is to set forth certain information concerning the City of South Sioux City, Nebraska (the “City”) and the \$6,300,000* in principal amount of Combined Electric, Water and Sewer Revenue Refunding Bonds, 2019 Series (the “Bonds”) of the City.

PURPOSE

The Bonds are being issued for the purpose of refunding the City’s Combined Electric, Water and Sewer Revenue Refunding Bonds, Series 2014A, dated October 23, 2014, in the principal amount of \$6,445,000 (the “Refunded Bonds”), and to pay costs of issuance.

AUTHORITY

The Bonds are authorized by an ordinance adopted by the City Council pursuant to the authority provided by Sections 18-1803 to 18-1805, inclusive, R.R.S. Nebraska, 2012, as amended.

DESCRIPTION OF THE BONDS

General Description

The Bonds are issued pursuant to the Ordinance, bear interest and mature in the amounts and on the dates as set forth on the cover page. The Bonds will be issued in the aggregate principal amount of \$6,300,000* and will be issued in fully registered, book entry form. See “Book-Entry Only System”.

The Bonds will be issued in the denominations of \$5,000 or any integral multiple thereof, will bear interest from that date payable semiannually on each June 1 and December 1, commencing June 1, 2020*, and will mature on the dates and the principal amounts, and will bear interest at the rates, as set forth on the cover page of this Official Statement.

The City Treasurer of South Sioux City, Nebraska is registrar and paying agent (the “Paying Agent” or the “Registrar”) for the Bonds. In the Ordinance the City reserves the right to appoint a successor paying agent and registrar.

Global Book-Entry Bonds

The Bonds will be available to the ultimate purchasers in global book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased, except as described below.

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to Participants (as hereinafter

* Preliminary, subject to change

defined) or Beneficial Owners (as hereinafter defined) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Participants and Beneficial Owners of the Bonds, is based solely on information furnished by DTC to the City for inclusion in this Official Statement. Accordingly, the City and the Registrar do not make any representations concerning these matters, and the Beneficial Owners of the Bonds should not rely on the following information with respect to such matters, but should instead confirm the same with the Participants from whom they purchased the Bonds.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each separate maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participant’s accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and at www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the

Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City (or the Registrar) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar (from funds provided by the City), disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered.

The information under this subcaption concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The City and the Registrar will not have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (ii) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal or redemption price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to bondholders under the Ordinance; (iv) the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information included under this subcaption, other than in this paragraph, the preceding paragraph hereof and the first two full paragraphs under this subcaption, has been provided by DTC. No representation is made by the City or the Registrar as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the Bonds will rely on DTC Participants or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owners the rights of a bondholder. No assurances can be given, in the event of the bankruptcy or insolvency of DTC or the Direct Participant or Indirect Participant through which a Beneficial Owner holds beneficial interest in the Bonds, that payment will be made by DTC, the Direct Participant or the Indirect Participant on a timely basis.

Optional Redemption

The Bonds may be called before maturity and redeemed at the option of the City at any time on or after the fifth anniversary of original issue thereof, in whole or in part, from any source of funds available, at the principal amount of the Bonds designated for redemption, plus accrued interest to the date fixed for redemption. At least thirty (30) days before the date fixed for redemption of any Bonds, the City shall cause a notice of any such redemption to be given by first class United States mail, postage prepaid, (or by such other means as may be required by DTC) sent to the registered owners of the Bonds to be redeemed (so long as the Bonds are in global book entry form, only Cede & Co.).

Redemption—Bonds Held by DTC

If the Bonds are being held by DTC under the book-entry system and less than all of such Bonds within a maturity are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each Participant in such maturity to be called for redemption, and each Participant is to then select by lot the ownership interest in such maturity to be redeemed. See "DESCRIPTION OF THE BONDS - Global Book-Entry Bonds" herein.

Notice of Redemption; Effect of Redemption

Notice of call for redemption, identifying the Bonds or portions thereof to be redeemed shall be given by the Paying Agent by mail (or such other means as may be required by DTC), sent to the registered owners of the Bonds to be redeemed (initially, Cede & Co.) at their registered addresses as shown on the registration books maintained by the Paying Agent, first class, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption. Failure to give notice to any registered owner or any defect in the notice shall not affect the validity of the proceedings calling the Bonds or the redemption of any Bonds for which proper notice has been given. The City shall have the right to direct further notice of redemption for any Bond for which defective notice has been given. After the date fixed for redemption, provided that funds have been deposited with the Paying Agent, interest on the Bonds called for redemption on such date shall cease to accrue.

Payment and Transfer of Bonds

The Bonds are transferable by the registered owner or such registered owner's attorney duly authorized in writing (in form satisfactory to the Paying Agent) at the office of the Paying Agent in South Sioux City, Nebraska, upon surrender of the bond and cancellation thereof and issuance of a new bond or bonds of the same tenor. No transfer of Bonds will be permitted during the period of 15 days next preceding any interest or principal payment date or for a period of 30 days next preceding any date fixed for redemption prior to maturity, for any Bond called for redemption

The interest on the Bonds (due prior to maturity or redemption) is payable by wire transfer in the case of payment to DTC or its nominee and otherwise by check mailed to the owners of the Bonds as they appear on the registration books of the City maintained by the City Treasurer of South Sioux City, Nebraska, the Paying Agent. Principal and interest due at maturity or upon redemption prior to maturity are payable upon presentation and surrender of the Bonds to the Paying Agent at the office of the Paying Agent in South Sioux City, Nebraska. Principal and interest are payable in any coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts. Payments due on each interest payment date are to be made to the registered owners as of the applicable record date. The record date for on the Bonds is the close of business on the fifteenth day immediately preceding the interest payment date.

The provisions described under this subheading relating to payment and transfer of the Bonds will apply to the holding of the Bonds by DTC, subject to certain modifications provided for in a Letter of Representations with DTC entered into by the City, so long as the Bonds are in "book-entry only" form and to the payment and transfer and holding of the Bonds in the event that such form were to be discontinued.

OUTSTANDING REVENUE INDEBTEDNESS

Outstanding Revenue Debt

In addition to the Refunded Bonds, the City has the following series of revenue bonds herein collectively sometimes referred to as (the “Outstanding Parity Bonds”) for which the revenues of the Combined Utilities have been pledged:

- (i) \$1,486,200 Combined Electric, Water and Sewer Revenue Bond, 2017 Series, (drawable up to such amount and payable initially to the Nebraska Department of Environmental Quality and issued on June 23, 2017) (the “2017 NDEE Bond”), and with principal amount outstanding of \$1,285,659.95, which bond was authorized by Ordinance No. 2017-09 of the City (the “2017 NDEE Ordinance”),
- (ii) \$3,155,000 Combined Electric, Water and Sewer Revenue Bonds, 2016 Series, Dated June 1, 2016 (the “2016 Bonds”), presently outstanding in the principal amount of \$3,045,000, which 2016 Bonds were authorized by Ordinance No. 2016-05 of the City (the “2016 Ordinance”),
- (iii) \$1,410,000 Combined Electric, Water and Sewer Revenue Refunding Bonds, 2015B Series, Dated October 30, 2015 (the “2015B Bonds”), presently outstanding in the principal amount of \$980,000, which 2015B Bonds were authorized by Ordinance No. 2015-7 of the City (the “2015B Ordinance”),
- (iv) \$4,465,000 Combined Electric, Water and Sewer Revenue Bonds, 2015A Series, Dated September 1, 2015 (the “2015A Bonds”), presently outstanding in the principal amount of \$3,725,000, which 2015A Bonds were authorized by Ordinance No. 2015-3 of the City (the “2015A Ordinance”),
- (v) \$1,444,535 Combined Electric, Water and Sewer Revenue Bond, Dated July 8, 2015 (drawable up to such amount and payable initially to the Nebraska Department of Environmental Quality (the “2015 Bond”) and presently outstanding in the principal amount of \$1,083,380.56, which bond was authorized by Ordinance No. 2012-20 of the City as amended by Ordinance No. 2014-7, Nebraska (the “2014 Ordinance”),
- (vi) \$3,128,000 Combined Electric, Water and Sewer Revenue Bond, 2014 Series, (drawable up to such amount and payable initially to the Nebraska Department of Environmental Quality and issued on October 2, 2014) (the “2014 NDEE Bond”), and presently outstanding in the principal amount of \$776,244.80, which bond was authorized by Ordinance No. 2014-08 of the City (the “2014 NDEE Ordinance”),
- (vii) \$2,300,000 Combined Electric, Water and Sewer Revenue Bond, 2009 Series, (drawable up to such amount and payable initially to the Nebraska Department of Environmental Quality and with principal outstanding as of \$1,060,291.41 (the “2009 Bond”), which bond was authorized by Ordinance No. 2009-09 of the City (the “2009 Ordinance”),
- (viii) \$5,000,000 Combined Electric, Water and Sewer Revenue Bond, 2008 Series, (drawable up to such amount and payable initially to the Nebraska Department of Environmental Quality and with principal outstanding of \$1,835,009 (the “2008 Bond”) which bond was authorized by Ordinance No. 2008-8 of the City (the “2008 Ordinance”);

(ix) \$6,565,000 Combined Electric, Water and Sewer Revenue and Refunding Bonds, 2011A Series, dated June 23, 2011, presently outstanding in the amount of \$5,050,000, which bonds were authorized by Ordinance No. 2011-3.

The rights of NDEE are set forth in various loan agreements between the City and NDEE which provide for rights of acceleration in favor of NDEE but call for revenues upon any default to be shared pro rata in accordance with the respective principal amounts outstanding. In addition, NDEE has certain rights to intercept amounts due to the City as State aid. All of the ordinances authorizing the Outstanding Parity Bonds (the "Outstanding Parity Bond Ordinances") provide for the issuance of "Additional Bonds" of equal standing provided that certain revenue levels have been achieved as compared to average annual debt service requirements (1.25x coverage). See Exhibit C – "SUMMARY OF ORDINANCE—Additional Bonds".

SECURITY FOR THE BONDS

The Bonds are issued pursuant to the Ordinance. The revenues and earnings of the Combined Utilities are pledged and hypothecated, equally and ratably, for the payment of the Bonds, the Outstanding Parity Bonds and any Additional Bonds. A special sub-account (the "2019 Sub-account") in the Combined Utility Bond Reserve Account is to be set up for the Bonds in the amount of \$0.00*. Monies in the sub-accounts within the Combined Utility Bond Reserve Account are required to be applied to pay principal and interest on the corresponding Bonds or the Outstanding Parity Bonds, as applicable, in the event that there are insufficient funds available for such purpose in the Combined Utility Revenue Bond Account as maintained under the terms of the Ordinance. Amounts in the 2019 Sub-account are to be applied for such purposes but only with respect to the Bonds. Amounts in other reserve sub-accounts are to be held and applied for certain of the Outstanding Parity Bonds. In the Ordinance the City has covenanted to establish and maintain rates and charges for service provided by the combined utilities sufficient to pay: (1) principal and interest on the Bonds, the Outstanding Parity Bonds and any Additional Bonds as the same fall due, (2) to pay all costs of operation and maintenance of the combined utilities, (3) to provide for deposits to the Combined Utility Bond Reserve Account as required under the terms of the Ordinance and (4) to maintain Net Revenues for each year (as defined in the Ordinance) at least equal to 110% of the debt service due on the Bonds and the Outstanding Parity Bonds and any Additional Bonds in such fiscal year. For other covenants of the City, see "SUMMARY OF ORDINANCE".

Not General Obligations

The Bonds are not a debt of the State of Nebraska or of the City within the meaning of any constitutional or statutory limitation upon the creation of general obligation indebtedness. The City is liable for the payment of the Bonds only from the revenues of the combined utilities and not from any tax monies or other resources. The enforcement of the rights of the holders of the Bonds under the Ordinance could be affected in the event of a petition for adjustment of debts of the City under the United States Bankruptcy Code. See "BONDHOLDERS' RISKS – Limitation of Rights Upon Insolvency"

* Preliminary, subject to change

SOURCES AND USES OF FUNDS

Sources of Funds

Bond Proceeds	\$
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Total Sources of Fund	\$
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Uses of Funds

Pay Off Refunded Bonds	\$
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Issuance Expenses (including Underwriter's Discount)	
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Total Uses of Funds	\$
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DEBT SERVICE REQUIREMENTS

The following is the debt service schedule for the City's outstanding revenue debt payable from the revenues of the Combined Utilities of the City but does not include payments under the Big Ox Agreement (see "THE CITY – Environmental Matters" herein).

<u>Maturity</u>	<u>Debt Service on Outstanding Parity Bonds</u>	<u>Debt Service on 2019 Bonds*</u>	<u>Total New Debt Service*</u>
2020	\$1,651,899.01	\$600,207.15	\$2,252,106.16
2021	1,974,215.49	670,745.00	2,644,960.49
2022	1,970,365.61	711,785.00	2,682,150.61
2023	1,998,407.72	706,415.00	2,704,822.72
2024	1,767,460.79	930,345.00	2,697,805.79
2025	1,759,854.70	964,195.00	2,724,049.70
2026	1,486,516.28	926,195.00	2,412,711.28
2027	1,552,902.70	908,155.00	2,461,057.70
2028	1,553,055.13	459,675.00	2,012,730.13
2029	1,577,123.33		1,577,123.33
2030	1,291,925.39		1,291,925.39
2031	940,890.15		940,890.15
2032	692,060.71		692,060.71
2033	635,309.10		635,309.10
2034	578,950.00		578,950.00
2035	559,300.00		559,300.00
2036	414,650.00		414,650.00

* Preliminary, subject to change

SUMMARY FINANCIAL STATEMENT AND RELATED INFORMATION

The following is a summary of the revenues of the combined utilities for the past five completed fiscal years for which financial statements are available:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Revenues	\$30,051,206	\$29,894,063	\$27,252,886	\$26,454,751	\$24,666,293
Operating Expenses	<u>\$26,415,186</u>	<u>\$26,930,404</u>	<u>22,931,399</u>	<u>22,347,929</u>	<u>20,799,787</u>
Net Revenues	\$ 3,857,291	\$ 3,863,547	<u>\$ 4,321,487</u>	<u>\$ 4,106,822</u>	<u>3,332,998</u>

Est. Principal of Outstanding Bonds* (as of 12-1/19) (before refunding)	\$24,137,497.01
Est. Avg. Annual Payment on Outstanding Bonds*	\$1,711,379.63

Est. Historical Pro Forma Avg. Debt Service Coverage—Currently Outstanding Parity Bonds:

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
2.25x	2.26x	2.52x	2.39x	1.94x

*Does not include any payments under the Big Ox Agreement. See “DEBT SERVICE REQUIREMENTS” above and “THE CITY – Environmental Matters” herein.

See “**Future Borrowing Plans**” below for anticipated additional debt service requirements.

While the 2019 Bonds are payable solely from the revenues of the Combined Utilities and/or combined utilities revenue bonds to be issued to pay the 2019 Bonds at or prior to maturity, the following financial information of the City is provided as a matter of general information concerning the City.

City of South Sioux City:

Taxable Valuation (2018-19).....	\$ 638,460,586
General Obligation Debt.....	\$ 3,165,000
Net Direct Debt to Taxable Valuation	0.496%

Total Net Direct & Overlapping General Obligation Debt.....	\$ 14,135.00
Net Direct & Overlapping Debt to Taxable Valuation	1.27%

Lease Purchase Bonds	\$ 3,365,000
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Total Revenue Bond Debt* (including this issue and the NDEQ loans)	\$ 6,626,380
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Overlapping Bonded Debt

Dakota County:

Taxable Valuation (2018-19).....	\$ 1,803,830,935
General Obligation Bonded Debt.....	\$ 5,075,000
City's Pro-Rata Share of G.O. Bonded Debt (35.39%)	\$ 1,796,043

Dakota County School District 0011:

Taxable Valuation (2018-19).....	\$ 987,766,359
General Obligation Bonded Debt.....	\$ 5,895,000
City's Pro-Rata Share (30.98%).....	\$ 3,153,825

The City's financial statements for the fiscal year ended September 30, 2018 have been prepared by Williams & Company, PC, independent public accountants. Copies of such audit are attached to this Official Statement as Exhibit A. Financial statements for prior years are available for review from the Underwriter upon request.

Tax Increment Financing

The City has issued tax increment revenue bonds to provide funds to pay for the costs of the design and construction of improvements in several existing Tax Increment Financing Districts. The City pledged a limited levy of not to exceed 2.6 cents per \$100 of taxable valuation in support of the bonds for the "All American" TIF District. The City has not had to levy any of such tax in support of the payment of such bonds. The current balance of the bonds for the "All American" TIF District is approximately \$180,000, which are due to be fully retired in December, 2019. The City may from time to time issue additional tax increment revenue bonds to pay the costs of improvements associated with other redevelopment projects as permitted by law.

These tax increment revenue bonds do not constitute general obligation indebtedness of the City. The City has no responsibility for repayment of this debt, except through taxes assessed against the increased taxable valuation of projects developed in connection with such plans and, if pledged at the time of issuance, a limited levy in the amount of 2.6¢ per \$100 of taxable valuation, which taxes (and additional levy, if pledged and if so needed) have been pledged for the payment of said tax increment revenue bonds.

Big Ox Wastewater Service

The City made arrangements for a new sanitary sewer treatment facility for the City to provide treatment for approximately half of the City's anticipated waste treatment flow. On March 24, 2014, the City approved a twenty-year agreement with Big Ox Energy, Inc. ("Operator"), and 2014 Acquisitions 10 LLC ("Owner"), for construction and operation of a sanitary sewer pretreatment plant to be located in the City's Industrial Park that will be financed and owned by Owner. The City was required to construct and maintain certain Interconnection Transmission Facilities necessary to connect the City's sewers with the plant.

On April 30, 2019, Big Ox ceased processing the sewage delivered by the City to the treatment facility. Big Ox has been unable to cure any deficiencies. All disputes under the agreement, including performance issues and fees, are subject to mandatory arbitration. Negotiations between and among all parties have resulted in some settlement proposals, but none have been accepted by the parties. No arbitration has been commenced.

Future Borrowing Plans

The City is currently in a design phase for a new sewage treatment facility, which project may include two additional lift stations. Current estimated cost for the project is \$35,000,000, with funding secured through a loan from the Nebraska Department of Environmental Quality's State Revolving Loan Fund (SRF). The City is also planning on a new water storage facility project with an estimated cost of \$5,400,000. A grant for approximately one half of this cost has already been secured and application for additional grant money is pending. To the extent additional grant money is not awarded, the City may be required to borrow any remaining unfunded portion of the project. The City may also need to construct certain electric substations, which may cost \$2,200,000, but the decision to do so in this fiscal year is pending.

THE CITY

Location and History

South Sioux City is located wholly within Dakota County in the northeastern portion of the State, and is part of the Greater Sioux Cities tri-state metropolitan area, encompassing South Sioux City, Nebraska, North Sioux City, South Dakota, Sioux City and Sergeant Bluff, Iowa and Dakota City, Nebraska. The City encompasses an area of 4.5 square miles.

Population

2018	12,911
2010	13,353
2000	11,925

Government and Organization

South Sioux City was incorporated in 1887. The City has a Mayor-Council form of government which is composed of the Mayor, elected at large, and eight Council Members, elected at large for four-year overlapping terms. Most of the day-to-day operations of the City are supervised by the City Administrator, who is answerable to the Mayor and Council.

City Employees; Pension and Employee Insurance

The City has approximately 118 full-time employees serving in various departments. Twenty-seven full-time police officers comprise the Police Department. Fire protection is provided by paid and volunteer firefighters. Both City civilian and police employees are represented by their respective unions. For information on the City's pension and employee insurance programs, see Exhibit A, notes 8 and 9.

Economic Activity

Commercial Activity in Region

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
South Sioux City Schools	Education	474
Great West Casualty	Insurance	393
Walmart	Retail	330
BPI	Beef Processing	261
Hy-Vee	Groceries	173
Sara Lee	Baked Goods	165
Gerkin Windows and Doors	Windows & Doors	135

Utilities

Water – The City’s water utility system has a storage capacity of 1,000,000 gallons and includes three towers and five wells. The average daily consumption is 1,813,000 gallons per day and peak consumption is approximately 4,700,000 gallons per day. There are 3,655 metered customers. The City has a contract to purchase any water requirements in excess of amounts which can be supplied from its wells from the City of Sioux City, Iowa; water is treated prior to purchase by the City.

Sewer – Treatment of the City’s sewage is currently provided by Sioux City, Iowa, which bills the City monthly for service. The current capacity of the sewer facilities is 30 million gallons per day, with approximately 1.6 million gallons per day attributable to South Sioux City. There are 4,033 metered customers. Refer to “Big Ox Wastewater Service Agreement” above for information with respect to the agreement for a new wastewater treatment plant. Upon completion of such plant, approximately one-half of the City’s wastewater (including anticipated loading for expanding enterprises) will be processed by the contractor’s new wastewater treatment plant and approximately one-half will continue to be piped to Sioux City, Iowa, for processing.

Electric – The City’s electrical system covers seven square miles. The distribution system’s primary voltage is 12,470Y and is supplied by seven substations located throughout the City. Eighty percent of the electrical system is underground. The system consists of 5,750 customers. Electricity is purchased from Nebraska Public Power District. Nebraska Public Power District provides the City with management, operation and maintenance services under a contract with the City.

Natural Gas – Natural gas is supplied by Mid-American Energy Co. Natural gas, with a BTU value of approximately 1,000, is available for all domestic, commercial and industrial uses.

Solid Waste – Disposal of City waste is provided by the City and is deposited in a privately-owned landfill. The City provides the waste collection services.

Environmental Matters

The City and its utilities are subject to extensive and evolving environmental laws and regulations enacted in response to growing public concern over environmental issues. The regulations are administered and enforced by the United States Environmental Protection Agency (“EPA”), the NDEQ and the Nebraska Department of Health and Human Services (“DHHS”).

The primary measures impacting the City’s Water System are the federal Safe Drinking Water Act and the Nebraska Safe Drinking Water Act (“SDWA”). These laws established a program requiring compliance with national drinking water standards for contaminants that may have an adverse effect on the health of persons. Periodic tests of all water sources as well as tests of tap water are required. Regulations adopted by the EPA and DHHS under these laws also establish standards and requirements for the design, construction, upgrade and operation of the City’s Water System so as to meet national drinking water standards. The City utilizes well water that is treated and disinfected at two centralized facilities prior to distribution. Continual testing of the City’s water supply indicates compliance with current standards and requirements for drinking water.

The City’s Water System operations are also impacted by LB 962, legislation adopted and approved in 2004 and amended by LB 1226 in 2006 by LB 483 in 2011. In areas designated as fully appropriated or over-appropriated, LB 962 requires the local natural resources district (“NRD”), in cooperation with the Department of Natural Resources (“DNR”) to develop and implement an Integrated Ground Water Management Plan (“Management Plan”) to conserve and protect ground water supplies and to resolve

conflicts between ground water users and surface water appropriators arising from water shortages. Management Plan controls may include allocations of the amount of ground water that may be withdrawn by ground water users, prohibitions on the construction of new wells, and prohibitions on the withdrawal and transport of ground water for use on property other than where the well is located. The City's wells are located in an area that is evaluated annually by DNR and has been determined to be not fully appropriated. The impact of further ground water regulatory action on the City's Water System cannot be predicted but its location on the Missouri River and arrangements with Sioux City make any adverse impact less likely.

Apart from the Water System, the City operates a sewage collection system. Wastewater is currently transported by pipe under the Missouri River and is treated in the wastewater treatment plant owned by Sioux City, Iowa. Such plant is subject to regulation under the federal Clean Water Act. The EPA has delegated to state authorities responsibility for processing and evaluating applications and for issuance of National Pollutant Discharge Elimination System ("NPDES") permits under applicable regulatory standards. Pursuant to this delegation state authorities regulate the discharge of effluent and determine whether discharges comply with standards imposed under the Act. Sioux City, Iowa, has determined not to provide wastewater treatment for certain increased industrial waste associated with certain plant expansions currently under construction in the City and the surrounding area. The City is in the design phase for the construction of a new sewage facility to accommodate current and future demands. (See "Future Borrowing Plans".)

The City also operates storm sewers and discharges storm water at numerous locations. NDEQ has issued the City an NPDES storm water permit. The costs of implementing the City's storm water permit requirements during the initial five-year permit term are estimated to be approximately \$50,000 per year. Increases in the annual cost of compliance may occur upon renewal of this NPDES permit if the permit is conditioned on requirements for retention or treatment of storm water.

Under the Nebraska Petroleum Remedial Action Act, owners of leaking underground storage tanks are responsible for remediation. The City has completed all required action with respect to leaks at its former underground storage tanks, and the current tanks are believed to comply with all requirements.

The federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") impacts municipal solid waste disposal facilities. Strict joint and several liability is imposed on all past and present owners and operators of properties where hazardous substances have been released or where there is a threat of release into the environment. Liability also extends to generators and transporters who selected or arranged for disposal of materials at a contaminated site. More than 20% of the sites listed on the CERCLA ("Superfund") National Priority List are past or current solid waste landfills. The cost of CERCLA investigations, studies and cleanups can be very substantial. The City has in the past and continues to utilize privately owned solid waste disposal facilities.

The City also has undertaken a program addressing polychlorinated biphenyls ("PCBs") in its Electrical System. The EPA has declared this substance hazardous. PCBs were used widely in transformers and capacitors as insulating material. Although restricted use is still permitted, the City is eliminating the use of PCBs. Removal, storage and disposal of PCB material is performed and documented in accordance with EPA regulations. EPA regulated facilities are also used for disposal. The City has received no claims in connection with its removal and disposal of PCBs.

Financial Institutions

Banking services are provided by F & M Bank, Great Southern Bank, BankFirst and Siouxland Bank.

Education

The educational needs of the City's residents are provided by the South Sioux City Community School District (the "District"), which has a current enrollment of 3,850 students in kindergarten through 12th grades. The District has six elementary schools (five located within the City), one middle school, and one senior high school. The District recently renovated the four existing elementary schools and has constructed two new elementary schools.

Higher education opportunities are available at Northeast Community College and Wayne State College in Nebraska and Briar Cliff and Morningside College in Sioux City, Iowa for four-year liberal arts and pre-professional degrees; Western Iowa Tech Community College, also in Sioux City, offers a two-year Associate of Arts degree and continuing education courses.

Health Care

Health care services are provided by Mercy Medical Center (484 beds) and St. Luke's Regional Medical Center (353 beds), which are both located in Sioux City, Iowa. Marian Health Center employs approximately 1,700 and St. Luke's employs approximately 1,800. Two privately-owned nursing home facilities are also located in the City.

Tax Valuations/South Sioux City

<u>Year</u>	<u>Taxable Valuation</u>
2018/19	683,460,586
2017/18	639,882,330
2016/17	589,668,158
2015/16	602,265,385
2014/15	575,475,269

BONDHOLDERS' RISKS

Prospective investors should carefully consider the risk factors set forth below and the other information included in this Official Statement. The risks described below are not the only risks that the City faces and the following discussion of risk factors is not, and is not intended to be, exhaustive. Additional risks and uncertainties not currently known to the City or that it currently believes are immaterial may also impair its operations. Any of these risks may have a material adverse effect on the City's financial condition or the revenues of the City's Combined Utilities. In such a case, bondholders may lose all or part of their investment in the Bonds:

1. Limitation of Rights Upon Insolvency. The United States Bankruptcy Code enables debtors, including cities, which are insolvent to obtain relief through petition and plan which may result in the modification or delay of payments to creditors, including bondholders. In the event of any insolvency upon the part of the City, the holders of the City's bonds could be treated as general creditors of the City along with other unsecured claimants. In the event of any insolvency upon the part of the City, the holders of the Bonds would be limited to payment from the pledged revenues of the Combined Utilities. Procedures under the Bankruptcy Code or other insolvency laws could result in delays of or limitations in payment even if revenues of the Combined Utilities remained sufficient to make payments of principal and interest as the same fell due. The extent to which the exception from limitations upon overall tax rates provided for in existing legislation, including the Tax Limitations and the Budget Limitations (see "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION"), or the pledge of revenues, might entitle bondholders to be treated as a separate class or otherwise given priority over other unsecured claimants is a matter that would be subject to future determinations of Nebraska state and federal courts interpreting and applying both state law and the United States Bankruptcy Code. Procedures under the Bankruptcy Code or other insolvency laws could result in delays in payment and modifications of payment rights. The State of Nebraska has authorized its political subdivisions to seek relief under the United States Bankruptcy Code by statute.

2. Nebraska Developments. The Nebraska Legislature has taken actions designed to reduce the reliance of local governmental units on property taxation. (see "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION").

3. Certain Factors Affecting the Electric Utility Industry. The electric utility industry has been, and in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of electric utilities, such as the City's electric system. Such factors include, among others, (i) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (ii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iii) other federal and state legislative changes, (iv) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost electricity, (v) increased competition from independent power producers and marketers and brokers, (vi) "self-generation" by certain industrial, agricultural and commercial customers, (vii) issues relating to the ability to issue tax-exempt obligations, (viii) severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (ix) changes from projected future load requirements, (x) increases in costs, (xi) shifts in the availability and relative costs of different fuels, and (xii) limitations which may be imposed or requirements for increased expenses related to programs for the reduction of emission of "greenhouse" gases. Any of these factors and the specific factors discussed below (as well as other factors) could have an effect on the financial condition of the City's electric system.

In addition, the City and its principal supplier of electricity are subject to various federal and state laws relating to its facilities as well as various federal and state laws which affect the construction and operation of its facilities.

The Energy Policy Act of 1992 (the “Energy Policy Act”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access under Sections 211, 212, and 213 of the Federal Power Act. The purpose of these changes, in part, was to bring about increased competition. The City is not a transmitting utility and is not directly subject to such Sections. In addition the Energy Policy Act specifically denied the FERC the authority to mandate “retail wheeling,” under which a retail customer of one utility could obtain power from another utility or nonutility power generator. The Energy Policy Act has established a more competitive model for the sale of electric power generally and changes in such act or regulations under such act could affect the City’s electric system.

In 1996, the FERC issued two final rules Order No. 888 and Order No. 889. Order No. 888, (i) requires the provision of open access transmission services on a nondiscriminatory basis by all jurisdictional utilities (the City’s electric system is not a jurisdictional utility) by requiring all such utilities to file tariffs that offer other entities seeking to effect wholesale power transactions the same transmission services they provide themselves, under comparable terms and conditions and (ii) requires a nonjurisdictional utility that purchases transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to, in turn, provide open access service to the jurisdictional utility under terms that are comparable to the service that the nonjurisdictional utility provides itself.

Order No. 889 (i) implements standards of conduct for jurisdictional utilities that offer open access transmission services to ensure that transmission owners and their affiliates do not have an unfair competitive advantage in using transmission to sell power and (ii) requires those jurisdictional utilities to establish an electronic “Open Access Same-time Information System” (“OASIS”) to share transmission-related information (including information about available capacity) on the Internet, and to require that those jurisdictional utilities also obtain information about their transmission systems for their own wholesale power transactions, such as available capacity, in the same way that their competitors do through the OASIS.

The City’s electric system, as a nonjurisdictional utility selling bundled electric service at retail, is not directly subject to Order No. 888 and Order No. 889. Order No. 888 and Order No. 889 have been upheld in a decision of the United States Court of Appeals District of Columbia Circuit in the case of Transmission Access Policy Study Group et al. v. Federal Energy Regulatory Commission, 225 F. 3d 667 (June 30, 2000).

Many bills have been introduced into the United States House of Representatives and the United States Senate to deregulate the electric utility industry on the federal or state level. In general, many of the bills provide for open competition in the furnishing of electricity to all retail customers (i.e., retail wheeling). No prediction can be made as to whether these bills, or any future proposed federal bills to deregulate the electric industry, will become law or, if they become law, what their final form or effect would be.

4. Economic Downturn/Decreased Nebraska State Tax Revenues. The State of Nebraska, like many other states, experienced in recent years decreased collections of revenues relating to general economic conditions as they impact enterprises in Nebraska. Such decreased collections resulted in lower forecasts of revenues for the budgeting purposes of the State. In response to this change in revenue receipts and forecasts, the Nebraska Legislature increased certain taxes and has also enacted certain changes reducing State expenditures, including certain State contributions to cities and other political subdivisions. Further consideration of decreased aid to local governments, including cities, may occur in regular legislative sessions and, possibly, in one or more special sessions. Although revenue receipts and forecasts, as

publicly reported, have recently improved, there can be no assurance concerning levels of expenditure by the State affecting cities.

5. Proposed Tax Legislation. The White House has from time to time released legislative and budget proposals that would, among other things, subject interest on tax-exempt bonds (including the Bonds) to federal income tax for taxpayers with incomes above certain thresholds. Additional proposals affecting tax-exempt interest are currently being considered which could subject interest on tax-exempt bonds to federal income tax. It is not possible to predict whether these proposals, or other proposals with similar effects, will be enacted into law. If enacted into law, such proposals could affect the value or marketability of tax-exempt bonds (including the Bonds) and bondholders' tax liability. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Prospective purchasers of the Bonds should consult their own advisors with respect to state and local tax consequences of owning the Bonds.

6. Litigation. In May of 2017, fifteen lawsuits were filed against the City in the District Court of Dakota County, Nebraska, alleging various theories of recovery under the Political Subdivision Tort claims Act, Neb. Rev. Stat. Sections 13-901 through 13-924 (hereinafter "PSTCA"), including negligence, private nuisance, strict liability, and public nuisance and inverse condemnation, allegedly caused by the release of sewage and sewer gases purportedly caused by the actions and/or inactions of Big Ox and the City. The cases were consolidated for purposes of discovery and pretrial motions.

On May 31, 2019, the District Court granted the City's motion to strike certain pleadings, ruling that: "First, there is no right to a jury trial under the PSTCA or for an inverse condemnation claim. Second, the PSTCA clearly limits the damages recoverable against a political subdivision, and there has been no waiver [by the City of such limitation]. Third, there is no right to attorneys' fees in an inverse condemnation claim. Finally, there is no recognized cause of action in Nebraska for strict liability based on engaging in an ultrahazardous activity." Thus, the District Court limited the proceedings going forward to claims under the PSTCA.

The PSTCA limits the total amounts recoverable to (1) One million dollars for any person for any number of claims arising out of a single occurrence; and (2) Five million dollars for all claims arising out of a single occurrence. The City denies any liability under the claims filed in these PSTCA actions and is vigorously defending itself against such claims. If the City is ultimately unsuccessful in its defense against these claims, then any amounts required to pay for such judgments may be payable from the same source as debt service on the Bonds, which could reduce the amount of funds available to the City for debt service on the Bonds and other outstanding debt obligations when due. See "LITIGATION" herein.

UNDERWRITING

The Underwriter has agreed, subject to certain customary conditions to closing, to purchase the Bonds from the City at the price of \$_____. Such purchase price takes into consideration underwriter's discount in the amount of \$_____. After the Bonds are released for sale, the price and other terms may be varied from time to time by the Underwriter and such Bonds may be offered and sold to certain dealers (including dealers who may sell the Bonds into investment accounts) at prices lower than the initial public offering price set forth on the cover page hereof. The Underwriter is committed to take and pay for all of the Bonds if any of the Bonds are taken.

While the Underwriter expects, insofar as possible, to maintain a secondary market for the Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their

maturity.

LITIGATION

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Other than such existing claims brought forth under the PSTCA, no litigation is pending or, to the knowledge of the City threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, or attacking in a material way the City’s ability to pledge and apply revenues of the combined utilities to pay the Bonds or in any way contesting or affecting the validity of the Bonds or the ordinance authorizing the Bonds or contesting the power or authority of the City to enact such ordinances.

CONTINUING DISCLOSURE

The City has entered into an undertaking (the “Undertaking”) for the benefit of the holders and Beneficial Owners of the Bonds to file certain financial information and operating data with the Municipal Securities Rulemaking Board (the “MSRB”) annually and to provide the MSRB notice of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”). See Exhibit B “Form of Continuing Disclosure Undertaking”. Any failure to timely file must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market.

NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION

The Nebraska Legislature has endeavored to reduce the level of property taxation and political subdivision expenditures in the State. The Legislature has, for such purposes, enacted legislation to provide for budget limitations and legislation requiring reductions in the rate of taxation for general property taxes.

Budget limitations relating to cities, villages, counties and other political subdivisions (Sections 13-518 to 13-522, R.R.S. Neb. 2012, as amended, and related sections, the “Budget Limitations”) limit the growth in amounts which may be budgeted with respect to certain restricted funds. Restricted funds include (a) property taxes, (b) payments in lieu of property taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers of surpluses from user and other fees if the transfer funds a service or function not directly related to the fee or charge and (g) unexpended funds from the prior year budgeted for capital expenditures which are not expected to be spent for capital improvements. The limitation imposed does not apply to (a) restricted funds budgeted for capital improvements, (b) restricted funds expended from a qualified sinking fund for acquisition or replacement of tangible personal property, (c) restricted funds pledged to retire bonded indebtedness or used to pay other financial instruments that are approved and agreed to before July 1, 1999, (d) restricted funds budgeted in support of a service which is the subject of an interlocal cooperation agreement, (e) restricted funds budgeted for repairs to infrastructure in the case of a declared disaster emergency and (f) restricted funds budgeted to pay for certain judgments. The Budget Limitations currently provide for a base limitation of 2.5% upon increases. Such base limitation is subject to review by the Nebraska Legislature from year to year. The base limitation may be exceeded by an additional 1% upon an affirmative vote of at least 75% of the governing body. These limitations are to be enforced through the office of the Auditor of Public Accounts of the State of Nebraska and state aid may be withheld from governmental units which fail to comply. The Budget limitations do not apply to amounts required to pay debt service on the Bonds.

Tax levy limitations (Section 77-3442, R.R.S. Neb. 2009, as amended, and related sections, the “Levy Limitations”) provide for overall limitations on the property tax levies of political subdivisions, including cities. The Levy Limitations provide for an express exclusion from the limitations for property tax levies for bonded indebtedness. Under the Levy Limitations the rates for levying property taxes have been reduced for each type of governmental unit in the State of Nebraska. The rate for cities is set at 45¢ per \$100 of taxable valuation with an additional 5¢ available for payments under interlocal cooperation agreements.

The future methods for providing for financing cities, schools and other local units may be altered depending upon future actions to be taken by the Nebraska Legislature, further decisions of the Nebraska Supreme Court and federal courts and future initiative petitions proposed by voters.

TAX EXEMPTION

Under the Internal Revenue Code of 1986, as amended, (the “Code”) interest on the Bonds will not be includable in gross income for purposes of determining federal income taxes. Certain features of the Code with respect to interest on the Bonds are described in the following paragraphs.

1. The Bonds are not Private Activity Bonds. The Bonds are being issued for essential governmental purposes of the City and will not be “private activity bonds” as described in the Code. In connection with the issuance of the Bonds, the City will certify that none of the proceeds of the Bonds will be used to acquire property for which any persons will be a user other than as a member of the general public under the terms of the Code. The City will also certify that none of the proceeds of the Bonds will be used to make or finance loans to any person. Because the Bonds will not be “private

activity bonds”, as described in the Code, they will not be subject to the alternative minimum tax for individuals.

2. The Bonds will not be Arbitrage Bonds under the Terms of the Code. In connection with the issuance of the Bonds, the City will certify certain of its expectations and anticipations with respect to the Bonds. Under certain circumstances, failure to pay rebates on a timely basis can result in a retroactive loss of tax-exempt status for bonds. Although the Code provides that the determination of whether or not a bond is an arbitrage bond is to be based upon reasonable expectations at the time of issuance, it also contains language which indicates that a bond is to be treated as an arbitrage bond “if the issuer intentionally uses any portion of the proceeds of the issue” to acquire higher yielding investments or replace funds which were used directly or indirectly to acquire such higher yielding investments. The Ordinance will include a covenant on the part of the City to take all actions necessary to preserve the tax-exempt status of interest on the Bonds under the Code.

3. Tax Consequences for Tax-exempt Interest Income Under Certain Other Provisions of Federal Tax Laws. Under the Code while interest on the Bonds is exempt as to taxpayers generally, such income may be taken into consideration for purposes of computing certain other taxes imposed. Investors with social security or railroad retirement income may have a tax imposed upon such social security or railroad retirement income depending upon whether or not they have received tax-exempt income such as interest on the Bonds. Casualty and insurance companies will be required to take into consideration tax-exempt interest income in determining losses for certain purposes. Foreign corporations may be required to take into account interest on the Bonds in computing the branch profits tax under Section 884 of the Code. Certain S Corporations may also be required to take interest on the Bonds into consideration for certain federal income tax purposes. Taxpayers with social security income, casualty and insurance companies, foreign corporations and S Corporations should consult with their own tax advisors concerning the consequences of investment in the Bonds.

4. Financial Institutions—Deductibility of Attributable Interest. Under the Code, financial institutions are not allowed to deduct any portion of the interest expense allowable to the acquisition or carrying of certain tax-exempt bonds acquired after August 7, 1986, unless such bonds have been designated by the issuer as “qualified tax-exempt obligations” under the provisions of Section 265 of the Code. Financial institutions considering a purchase of the Bonds are advised that the Ordinance authorizing the issuance of the Bonds contains the following provision:

As and to the extent not “deemed designated,” the City hereby designates the 2019 Bonds as its “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not anticipate issuing tax-exempt obligations in the calendar year that the 2019 Bonds are issued in an amount in excess of \$10,000,000, taking into account statutory exceptions for current refunding transactions.

5. Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation,

regulatory initiatives or litigation.

Baird Holm LLP, Attorneys at Law, Omaha, Nebraska, will render their opinion concerning the tax-exempt status of interest payable on the Bonds. Under existing laws interest on the Bonds is not subject to the Nebraska state income tax, except to the extent that it may be subject to federal income taxes.

APPROVAL OF LEGAL PROCEEDINGS

Legal proceedings in connection with the authorization and issuance of the Bonds are subject to the approval of Baird Holm LLP, Omaha, Nebraska, Bond Counsel to the City. Such firm also on occasion serves as counsel to the Underwriter on matters unrelated to the Bonds.

The legal opinion of bond counsel will be provided to the purchaser at the time of delivery. Bond Counsel has examined a transcript of the City's proceedings and relied thereon without undertaking to verify the same by independent investigation. The legal opinion of bond counsel does not address the sufficiency of this Official Statement or any of the information contained herein, and Bond Counsel undertakes no responsibility therefor.

MISCELLANEOUS

The information contained in this Official Statement, including the appendices attached hereto, has been compiled or prepared from information obtained from the City and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Such information should not be construed as representing all of the conditions affecting the City or the Bonds. All estimates and assumptions herein have been made on the basis of available information. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The delivery and use of this Official Statement have been duly authorized by the District as of the date shown on the cover hereof.

**CITY OF SOUTH SIOUX CITY,
NEBRASKA**

EXHIBIT “A”

2018 CITY AUDIT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF SOUTH SIOUX CITY, NEBRASKA
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
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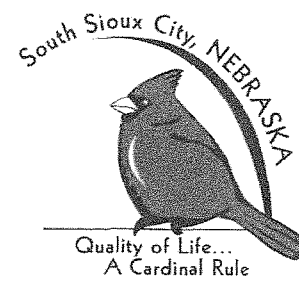
CITY OF SOUTH SIOUX CITY, NEBRASKA

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CITY OF SOUTH SIOUX CITY, NEBRASKA

INTRODUCTORY SECTION



March 20, 2019

Citizens of South Sioux City, Nebraska,

The Comprehensive Annual Financial Report of the City of South Sioux City, Nebraska for the fiscal year ended September 30, 2018 is hereby submitted. State law requires cities to issue within six months of fiscal year end a set of audited financial statements. This report fulfills this requirement for the fiscal year ended September 30, 2018. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The City's financial statements have been audited by Williams & Company, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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



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

CITY PROFILE

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

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

<u>Year</u>	<u>Population</u>
1930	3,927
1940	4,556
1950	6,557
1960	7,200
1970	7,920
1980	9,339
1990	9,677
2000	11,925
2010.....	13,353
2018.....	12,911

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

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

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

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

ECONOMIC CONDITION

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

1997.....	\$ 95,484,415
1998.....	97,406,773
1999.....	98,380,840
2000.....	96,678,530
2001.....	103,184,298
2002.....	104,927,568
2003.....	99,702,965
2004.....	95,687,792
2005.....	94,084,552
2006.....	105,310,134
2007.....	118,358,662
2008.....	123,946,457
2009.....	127,664,459
2010.....	127,730,758
2011.....	133,056,431
2012.....	133,407,710
2013.....	134,012,764
2014.....	137,828,190
2015.....	146,127,381
2016.....	150,617,609
2017.....	149,207,139

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

Housing History

<u>Year</u>	<u># S.F. Homes</u>	<u>\$ In Mil</u>	<u>Ave Cost</u>	<u># M.F. Housing</u>	<u># of Units</u>	<u>Total # of Units</u>
1996	36	2.8	78,555	3	6	42
1997	23	1.7	73,670	13	202	225
1998	16	1.4	90,602	1	2	18
1999	25	2.1	84,000	4	25	50
2000	32	2.7	84,461	3	16	48
2001	22	1.9	87,224	1	2	2
2002	17	1.6	96,026	0	0	17
2003	17	2.0	118,251	16	32	49
2004	11	1.4	129,517	1	2	2
2005	15	1.8	121,501	1	2	17
2006	21	2.5	120,980	1	2	23
2007	13	1.4	104,312	3	6	19
2008	19	2.4	128,412	0	0	19
2009	12	1.7	137,667	1	4	16
2010	13	1.6	120,769	33	96	109
2011	12	1.6	135,958	0	0	12
2012	9	1.3	146,222	0	0	9
2013	27	3.9	164,932	0	0	27
2014	16	2.7	167,810	0	0	16
2015	15	2.9	193,948	0	0	15
2016	20	4.4	221,052	0	0	20
2017	24	5.4	228,791	0	0	24
2018	25	6.1	245,780	1	14	39

Employment levels were at 10,604 at the end of the year and the unemployment rate was 2.5%.

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

- A joint arboretum with the school district is growing each year with new varieties of trees. This is part of our Tree City USA program.
- A community orchard and family gardens thrive in the city.
- The state's first cross-laminated timber building was constructed in 2017.
- A new housing development is a result of the cooperation among South Sioux City, Dakota County, and Ho-Chunk Development.
- The City's trail system was expanded again this year, and now has approximately 18 miles of bicycle paths enabling the citizens of South Sioux City to enjoy them for work and pleasure. A joint trail with Dakota City and South Sioux City was completed in 2007.
- A 13 field soccer complex and rugby field provides regional recreational opportunities.
- Industrial development activities will be highlighted by expansions and spin off industries leading the way; BPI, Richardson, Great West Casualty, Gerkin Doors and Windows, Lite-Form and Omega.
- Major work continues on protecting the public investment in infrastructure with new paving, overlays, storm sewer repair, and water extensions and replacement planned for the upcoming year.
- The community has a two-way interactive classroom for school use and community use as well as saving businesses and government time and money.

LONG-TERM FINANCIAL PLANNING

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

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

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

FINANCIAL CONDITION

I believe that the financial condition of the City of South Sioux City at September 30, 2018 was good. Services were delivered at levels desired by citizens within the financial ability of the City. For the most part, revenue and expenditure levels were realized within the parameters established in the annual budget.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Sioux City, Nebraska for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

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

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

AWARDS AND ACKNOWLEDGEMENTS

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

1993-2017

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

1992-2017

Tree City USA

Year 2008

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

Year 2009

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

Year 2010

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

Year 2011

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

Year 2012

1. Healthy Communities for a Healthy Future Awards:
 - Goal I – Bronze – Recognition of having an active interagency collaboration on early care and education programs.
 - Goal II – Bronze – Recognition of at least 60% of public schools participating in School Breakfast Program.
 - Goal V – Bronze- Recognition of mapping all play spaces.
 - Goal V – Silver – Recognition of mapping all play spaces, completing a needs assessment of play spaces, developing an action plan
 - Goal V – Gold - – Recognition of mapping all play spaces, completing a needs assessment of play spaces, developing an action plan, and launching at least three proven policies, programs, or initiatives from the action plan to continue to increase access to physical activity.
2. Award of the ChargePoint Station
3. SITE Selection Magazine Award to the Siouxland Area for the 2012 Top Metro Award for Economic Development for the 50,000 to 200,000 category
4. Center for Rural Affairs' Bob Steffen Pioneer Award
5. Tree City USA 20 yrs.- Parks Dept.

Year 2013

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

Year 2014

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

Year 2015

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

Year 2016

1. Site Selection ranked the Siouxland Area #1 for Economic Development
2. Navigator Award Route Fifty, Lance Hedquist and City of South Sioux City
3. Tami Bailey, USDA Rural Development, Project Manager of the Year
4. City of South Sioux City was chosen to be the Host City for the Nebraska Economic Development Conference
5. Great Places Nebraska award for Scenic Park and Freedom Park
6. Community Enhancement award from the Nebraska Forest Service
7. Helmsley Charitable Trust (Private Donation for the Lucas Device)

Year 2017

1. Tree City USA Growth Award
2. Nebraska Community Forestry Community Enhancement Award
3. Great Places Nebraska
4. WAPA's Administrator's Award
5. Youth Grants for Excellence SSC Library

Year 2018

1. Lance Hedquist – NMPP the Bob Arraj Innovative Service Award
2. Gene Maffit – Nebraska Forestry Award!
3. Tree City USA Growth Award
4. State Forester's Award
5. Fire Captain Jay Mathis – 2018 Friends of Children Award from Nebraska School of Nurse Association!
6. Presentation to the Fire Department on behalf of the National Safety Council.
7. Service Line Warranties of America Award to South Sioux City. In recognition of 7 years of partnership.
8. Department of Health & Human Services – EMS Division for a Life Saver Award
9. Police Department eCitation Grant Award
10. Presentation to the Fire Depart. on behalf of National Safety Council

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Nanci Walsh, City Treasurer/Finance Officer



Government Finance Officers Association

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

Presented to

**City of South Sioux City
Nebraska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

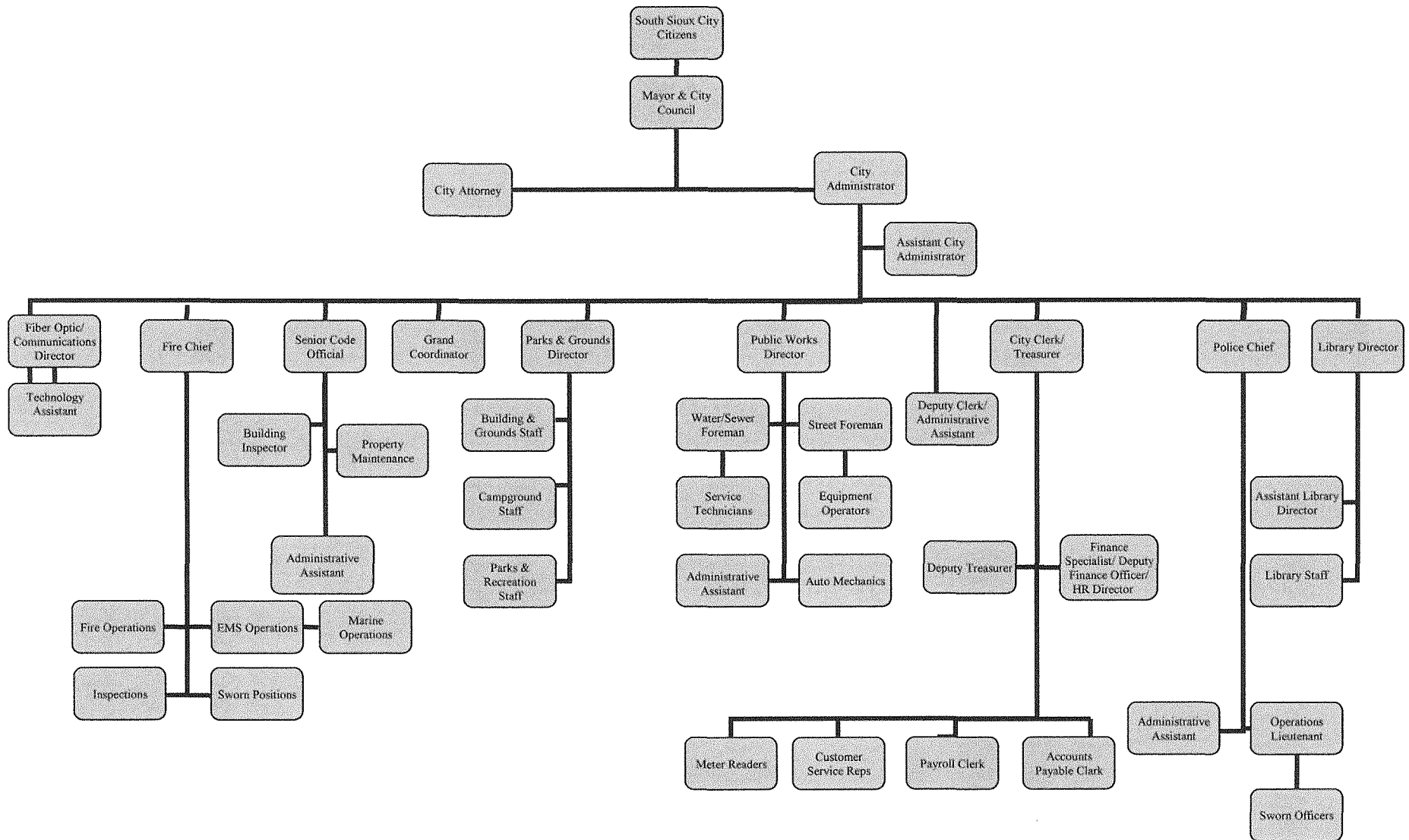
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Sioux City, Nebraska for its comprehensive annual financial report for the fiscal year ended September 30, 2017.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting to GFOA to determine its eligibility for another certificate.

Organizational Chart

City of South Sioux City, Nebraska



CITY OF SOUTH SIOUX CITY, NEBRASKA

Listing of Officials

September 30, 2018

ELECTED OFFICIALS

Mayor	Rod Koch
Council President	Dennis Nelson
Council Member	Lupe Gonzalez
Council Member	Dan Bousquet
Council Member	Jack Ehrich
Council Member	Carol A. Schuldt
Council Member	Jason Bowman
Council Member	Bruce Davis
Council Member	John Sanders

APPOINTED OFFICIALS

City Administrator	Lance A. Hedquist
Assistant City Administrator	Oscar Gomez
City Attorney	Michael Schmiedt
City Clerk/Finance Officer	Nanci Walsh
Police Chief	Ed Mahon
Fire Chief	Clint Merithew
Public Works Director	Robert Livermore

DEPARTMENT DIRECTORS

Library Director	David Mixdorf
Parks Director	Eugene Maffit
Senior Code Official	Kent Zimmerman



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Sioux City, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Sioux City, Nebraska as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 16 through 26 and 60 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and the other supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended September 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements.

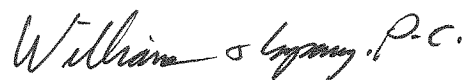
The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary

information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019 on our consideration of the City of South Sioux City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Sioux City's internal control over financial reporting and compliance.



Certified Public Accountants

Le Mars, Iowa
March 20, 2019

Management Discussion and Analysis

September 30, 2018

This discussion and analysis of the City of South Sioux City financial performance provides an overview of the City's financial activities for the fiscal year ending September 30, 2018. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report.

Financial Highlights:

- The assets and deferred outflows of resources of the City of South Sioux City exceeded liabilities at September 30, 2018, by \$98,046,147. Of this amount, \$8,399,340 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$1,507,247 during the year. Of this amount, the assets of our Governmental Activities increased by \$1,299,213 and the assets and deferred outflows of resources of our Business Activities increased \$208,034.
- The City's long-term debt increased by \$62,531. The City issued \$725,369 of combined utility revenue bonds and drew down \$2,435,817 note from the USDA. Outstanding General Obligation bonded debt total \$8,035,000, revenue bonds total \$27,369,610 and notes payable from the USDA total \$2,435,817.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

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

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Electric, and Solid Waste Systems.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE CITY AS A WHOLE

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

CITY OF SOUTH SIOUX CITY NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 10,334,083	\$ 10,028,750	\$ 11,149,723	\$ 12,088,726	\$ 21,483,806	\$ 22,117,476
Capital Assets	63,910,732	62,791,682	56,472,469	57,543,862	120,383,201	120,335,544
Total Assets	74,244,815	72,820,432	67,622,192	69,632,588	141,867,007	142,453,020
Deferred Outflows	-	-	32,808	36,772	32,808	36,772
Long-Term Liabilities	11,581,589	10,588,448	25,532,775	26,605,460	37,114,364	37,193,908
Other Liabilities	2,195,319	3,063,290	4,543,985	5,693,694	6,739,304	8,756,984
Total Liabilities	13,776,908	13,651,738	30,076,760	32,299,154	43,853,668	45,950,892
Net Position:						
Net Investment in Capital Assets	52,978,297	52,416,287	29,490,667	29,461,858	82,468,964	81,878,145
Restricted	5,232,844	5,333,098	1,944,999	1,880,669	7,177,843	7,213,767
Unrestricted	2,256,766	1,419,309	6,142,574	6,027,679	8,399,340	7,446,988
Total Net Position	60,467,907	\$ 59,168,694	37,578,240	\$ 37,370,206	98,046,147	\$ 96,538,900

A portion of South Sioux City's net position (7.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$8,399,340 may be used to meet the government's ongoing obligations to citizens and creditors.

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

The following comparative chart shows the changes in net position for the years ended September 30, 2017 and 2018:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Beginning Net Position	\$ 59,168,694	\$ 53,846,213	\$ 37,370,206	\$ 36,903,230	\$ 96,538,900	\$ 90,749,443
Increase in Net Position	1,299,213	5,322,481	208,034	466,976	1,507,247	5,789,457
Ending Net Position	\$ 60,467,907	\$ 59,168,694	\$ 37,578,240	\$ 37,370,206	\$ 98,046,147	\$ 96,538,900

This summary reflects an increase of 2.20% for the Governmental Activities and an increase of 0.56% in the Business-Type Activities. Total net position of the city increased by 1.56%. Part of the change in net position is due to the continued work of the city to reduce the debt of the city. In addition to working each year to reduce the long term debt, the city council is committed to increasing the cash reserves of the city in an effort to make the city as resilient to changes as possible.

Total revenue reported in Fiscal 2018 was \$45,996,574. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

	Governmental Activities		Business-Type Activities		Total	
Revenues:	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	\$ 1,765,859	\$ 1,924,687	\$ 30,051,206	\$ 29,894,463	\$ 31,817,065	\$ 31,819,150
Operating Grants and Contributions	3,099,588	3,411,947	-	-	3,099,588	3,411,947
Capital Grants and Contributions	1,084,666	3,841,514	-	153,687	1,084,666	3,995,201
Total Program Revenues	5,950,113	9,178,148	30,051,206	30,048,150	36,001,319	39,226,298
General Revenues:						
Property Taxes	3,263,055	3,336,985	-	-	3,263,055	3,336,985
Franchise Taxes	1,516,158	1,196,589	-	-	1,516,158	1,196,589
Occupation Taxes	31,920	29,827	-	-	31,920	29,827
Local Option Sales Tax	2,798,345	2,889,001	489,537	507,551	3,287,882	3,396,552
Interest	63,837	55,081	79,919	31,789	143,756	86,870
Finance Charges	-	-	67,885	60,146	67,885	60,146
Unrestricted Intergovernmental Revenues	926,364	853,006	-	-	926,364	853,006
Unrestricted Lottery Revenue	75,842	68,872	-	-	75,842	68,872
Gain on Sale of Equipment	21,200	-	1,800	-	23,000	-
Miscellaneous	251,062	487,961	408,331	894,172	659,393	1,382,133
Total General Revenues	8,947,783	8,917,322	1,047,472	1,493,658	9,995,255	10,410,980
Total Revenues	\$14,897,896	\$18,095,470	\$ 31,098,678	\$ 31,541,808	\$ 45,996,574	\$ 49,637,278

Charges for services in governmental activities decreased by \$158,828. This is a result of rental income of a TIF fund that is coming to an end with the rental income shifting to the Community Development Agency.

Capital grants and contributions in governmental activities decreased by \$2,756,848. The decrease was due to a one time contribution from the Nebraska Department of Roads (now the Nebraska Department of Transportation) for use on a major road project in the prior fiscal year.

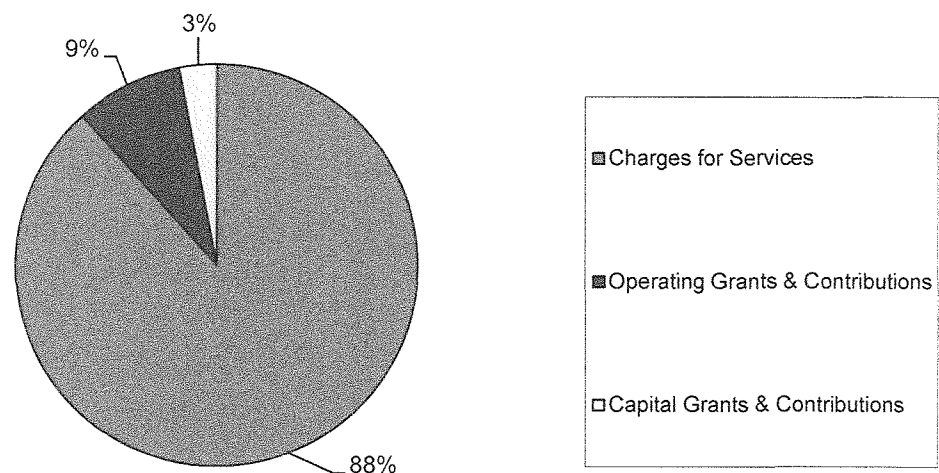
Charges for services in the business-type activities increased by \$156,743. There was an increase in electric charges for service due to increased sales. Water charges were down due to a wet summer. Sewer/waste water charges decreased due to the shutting down of an industrial client. This industrial plant has been purchased and plans to be in production in fiscal year 2019-20.

Capital grants and contributions in the business-type activities decreased by \$153,687. This is related to the completion of a federal grant through the Economic Development Administration for the Roth Industrial Park Sewer Expansion Project.

Local option sales tax for governmental activities decreased by \$90,656 or 3.14%. In the prior year the city had fewer refunds related to the state economic development program called Nebraska Advantage.

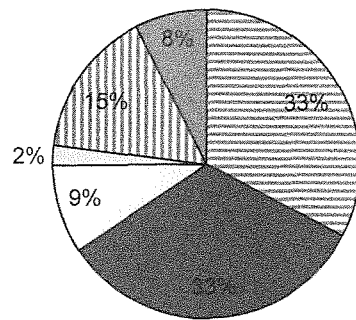
Program revenues totaled \$36,001,319 for fiscal year 2018. Governmental Activities provided \$5,950,113 and Business-Type Activities provided \$30,051,206. Revenue collected for Charges for Services during fiscal year 2018 was \$31,817,065 accounting for 88% of the total program revenues. The following chart breaks down program revenues by source:

Program Revenues



General Revenues for fiscal year 2018 totaled \$9,995,255. Property Tax Revenues for fiscal year 2018 totaled \$3,287,882 accounting for 33% of General Revenues. The following chart breaks down General Revenues by source:

General Revenues



Taxes 33%
 Local Option Sales Tax 33%
 General Intergovernmental 9%
 Interest/Finance Charges 2%
 Other Taxes 15%
 Miscellaneous 8%

Expenses for Fiscal 2018 totaled \$44,489,327. Expenses for General Governmental Activities totaled \$13,743,490 accounting for 31% of total expenses. Business-Type Activity expenses totaled \$30,745,837 for 69% of the total.

Program Level	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Public Safety	\$ 5,647,722	\$ 5,765,443	\$ -	\$ -	\$ 5,647,722	\$ 5,765,443
Public Works	4,412,844	4,112,309	-	-	4,412,844	4,112,309
Culture and Recreation	1,651,009	1,427,354	-	-	1,651,009	1,427,354
Community Development	614,846	160,344	-	-	614,846	160,344
General Government	1,149,602	1,100,947	-	-	1,149,602	1,100,947
Debt Service	269,467	275,100	-	-	267,467	275,100
Utility Administration	-	-	3,305,796	3,292,025	3,305,796	3,292,025
Electric	-	-	18,620,409	18,105,992	18,620,409	18,105,992
Sewer	-	-	6,259,884	7,152,518	6,259,884	7,152,518
Water	-	-	1,732,398	1,687,485	1,732,398	1,687,485
Sanitation	-	-	827,350	768,304	827,350	768,304
Total Expenditures/Expenses	13,743,490	12,841,497	30,745,837	31,006,324	44,489,327	43,847,821
 Increase in Net Position Before Transfers	 1,154,406	 5,253,973	 352,841	 535,484	 1,507,247	 5,789,457
Transfers	144,807	68,508	(144,807)	(68,508)	-	-
Increase in Net Position	1,299,213	5,322,481	208,034	466,976	1,507,247	5,789,457
Net Position-Beginning	59,168,694	53,846,213	37,370,206	36,903,230	96,538,900	90,749,443
Net Position - Ending	\$60,467,907	\$59,168,694	\$37,578,240	\$37,370,206	\$98,046,147	\$96,538,900

General government expenses increased by \$48,655. This is due in part to some one time grant expenses. Under public safety there was a decrease in expenses by \$117,721, a portion of this is because of the second phase of an upgrade of the 911 system and the City County Law Enforcement Center that was completed during the prior fiscal year. Fire/EMS costs rose during the fiscal year. The city invested in some large equipment and added five full time firefighters midyear, doubling the paid positions in the department.

The expenses for electric increased this year. The City also purchased more electricity this year. Over the next few years the City will be gradually buying their wholesale electricity from different vendors at a savings. In previous years, the city has purchased from only one vendor.

Sewer expenses decreased this year, which coincides with the reduction in sewer revenues as stated above.

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

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

Governmental Activities

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

For example, for Public Safety, the City spent \$5,647,722 and received \$1,465,722 in revenue, thus leaving a cost to the taxpayer of \$4,182,000 to be funded by various methods. This format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The total cost of governmental activities this year was \$13,743,490. Of these costs, \$1,765,859 were paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were \$4,184,254 leaving a Net Expense of \$7,793,377 for Governmental Activities. These were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2018	2017
Governmental Activities		
Public Safety	\$ (4,182,000)	\$ (4,300,850)
Public Works	(1,949,058)	2,025,667
Culture and Recreation	(328,144)	(610,955)
Community and Economic Development	(116,828)	413,479
General Government	(949,880)	(915,590)
Debt Service	(267,467)	(275,100)
Total Net (Expense) Revenue Governmental Activities	(7,793,377)	(3,663,349)
General Revenues	8,947,783	8,917,322
Excess before Transfers	1,154,406	5,253,973
Interfund Transfers	144,807	68,508
Change in Net Position	\$ 1,299,213	\$ 5,322,481

Total resources available during the year to finance governmental operations were \$74,211,397, consisting of Net Position at October 1, 2017 of \$59,168,694, Program Revenues of \$5,950,113, General Revenues of \$8,947,783, and a transfer in of \$144,807. Total Governmental Activities during the year expended \$13,743,490, thus, Net Position increased by \$1,299,213, to \$60,467,907.

Business Type Activities

The cost of all Proprietary Activities this year was \$30,745,837. As shown in the Statement of Activities, the amount paid by users of the systems was \$30,051,206 general revenues totaled \$1,047,472 and a transfer out of \$144,807 resulting in change in Net Position for Business Type Activities of \$208,034. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue 2018	Net (Expense) Revenue 2017
Electric Distribution	\$ 3,935,937	\$ 3,218,953
Sewer System	(1,552,441)	293,839
Water System	166,973	(1,274,610)
Sanitation	(72,689)	(20,447)
Utility Administration	(3,172,411)	(3,175,909)
Total Net (Expense) Revenue Business-Type Activities	(694,631)	(958,174)
General Revenues	1,047,472	1,493,658
Excess of Revenues Over Expenditures	352,841	535,484
Interfund Transfers	(144,807)	(68,508)
Change in Net Position	\$ 208,034	\$ 466,976

Total resources available during the year to finance Proprietary Fund activities were \$68,324,077 consisting of Net Position at October 1, 2017 of \$37,370,206, Program Revenues of \$30,051,206, General Revenues of \$1,047,472 and a transfer out of \$144,807. Total Proprietary Fund Activities during the year expended \$30,745,837; thus Net Position increased by \$208,034 to \$37,578,240.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. The governmental fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$6,995,677. The combined Governmental Funds fund balance increased by \$1,278,129 from the prior year.

The General Fund is the primary operating fund of the City. During the year, General Fund expenditures and transfers out exceeded revenues and transfers in by \$142,669. The fund balance of \$3,299,449 is 44% of expenditures which is considered a sufficient cushion.

There were several significant changes in fund balance this year. The first was the improvement in fund balance in the Street Projects fund by \$440,505. Several large street projects were wrapped up during this year. The largest was the completion of Veterans Drive which adds a through north/south street on the east side of the city opening up future housing and other development. With strong sales tax collections for the purpose of street improvements and planning, the city projects that this fund balance will continue to improve. The largest increase in fund balance was in the Public Safety Sales Tax fund. The increase of \$2,107,413 is due to the construction loan to the Community Foundation for the construction of a new fire station. The majority of the draw downs were received by the foundation in fiscal year 2018 and transferred to the Public Safety Sales Tax Fund. The fire fund decreased by a significant amount with the addition of

five paid positions midyear doubling the size of the paid staff and providing better service to the citizens. The fire department also made several large equipment purchases during the fiscal year and the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2018 original (adopted) General Fund budget amount was \$9,829,461. There were no current year budget amendments.

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

Expenditures	Budget	Actual	Variance
Public Safety	\$ 4,266,491	\$ 4,054,772	\$ 211,719
Public Works	2,811,690	1,539,664	1,272,026
Culture and Recreation	1,035,980	667,740	368,240
General Government	1,555,300	1,058,618	496,682
Community Development	160,000	1,700	158,300
Total Expenditures	\$ 9,829,461	\$ 7,322,494	\$ 2,506,967

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

The city was under budget in each program structure. The general government category expenditures were less than the final adopted budget. This is due in part to the budgeting for grant projects which may happen during the budget year, however, if the grants are not received, the expenditures are not made. Also, in planning the budget, the City Council and Staff allow for some contingencies. The largest variance is in public works. The budget allowed for the construction of a segment of East 29th Street. This project is now underway.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The net investment in capital assets as of September 30, 2018, was \$120,383,201 (net of accumulated depreciation). The gross additions to capital assets for Fiscal 2018 are as follows:

	Governmental Activities	Business- Type Activities	Total
Infrastructure	\$ 7,788,509	\$ -	\$ 7,788,509
Buildings	2,825,038	-	2,825,038
Utility Plant/Distribution System	-	4,510,985	4,510,985
Equipment	896,196	103,911	1,000,107
Construction in Progress	<u>3,425,500</u>	<u>1,537,580</u>	<u>4,963,080</u>
Total Gross Additions	\$ 14,935,243	\$ 6,152,476	\$ 21,087,719

Construction in Progress for governmental activities consisted of costs associated with an extension of East 29th Street, East 29th Channel Improvements, Improvements to West 6th Street and construction of an office building to be leased to a major employer.

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

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

DEBT ADMINISTRATION

At year-end the City had \$37,840,427 of debt outstanding. This is an increase of \$62,531 from the prior year.

Debt administration is on track, with over 75% of all City debt repaid within the next 10 years. This rapid repayment, when combined with the use of TIF and Local Option Sales Tax Revenue, has allowed the City to maintain our good rating. This reflects well on our community.

In May, 2010, the citizens of South Sioux City voted to implement a ½ cent sales tax that became effective in October of 2013. This ½ cent is divided amongst several things. Fifty percent of the half cent will be used to pay combined utility debt. This raised \$489,537 for debt service this year. Twenty-five percent of the ½ cent is for Public Safety. Ten percent is for economic development and the other fifteen percent is split between street repair and park improvements.

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

ECONOMIC FACTORS

Construction will be completed in July 2019 on the Tri State Medical/Surgery Center located next to the Delta Hotels by Marriott. The \$37 million medical facility will be located on E 4th Street overlooking the Missouri River.

This year construction is anticipated to start on the \$53 million Green Star Energy Facility in the Roth Industrial Park along with a couple of other expansions and new industries we hope to announce in the near future.

Great West Casualty completed and moved into their expansion in the spring of 2018. The BPI freezer facility will open in the spring of 2019.

A new natural gas electric generation plant will be complete and begin production in the fall of 2019.

The Flatwater Housing and mixed use development has started a new housing subdivision along the Missouri River on the east side of South Sioux City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit Community Development Agency
ASSETS				
Cash and Cash Equivalents	\$ 1,304,635	\$ 1,746,195	\$ 3,050,830	\$ 64,393
Investments	5,795,478	1,330,893	7,126,371	3,200,468
Receivables (net, where applicable, of allowance for uncollectibles)				
Taxes	369,842	-	369,842	-
Accounts	584,365	2,570,383	3,154,748	122,681
Estimated Unbilled Usage	-	1,603,964	1,603,964	-
Accrued Interest	15,066	-	15,066	-
Special Assessments	18,716	-	18,716	-
Notes Receivable	536,303	-	536,303	98,059
Interfund Balances	(744,674)	744,674	-	-
Due from Other Governmental Agencies	1,217,442	734,284	1,951,726	495,783
Land Held for Resale, At Cost	1,167,360	-	1,167,360	3,917,006
Prepaid Expense	58,126	-	58,126	-
Inventories	-	233,330	233,330	-
Restricted Assets:				
Cash and Cash Equivalents	11,424	2,186,000	2,197,424	-
Land	2,867,604	806,142	3,673,746	2,205
Construction in Progress	3,267,242	1,561,110	4,828,352	567,451
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	57,775,886	54,105,217	111,881,103	46,252
Total Assets	74,244,815	67,622,192	141,867,007	8,514,298
Deferred Outflows of Resources				
Deferred Charges on Refunding	-	32,808	32,808	-
LIABILITIES				
Accounts Payable	1,284,196	2,056,293	3,340,489	-
Other Accrued Liabilities	12,869	106,565	119,434	-
Accrued Wages	97,827	29,293	127,120	-
Accrued Interest Payable	74,042	-	74,042	10,299
Customer Deposits	1,175	381,600	382,775	-
Accrued Claims	47,621	-	47,621	-
Unearned Revenue	181,806	-	181,806	-
Due to Other Governments	495,783	-	495,783	-
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	241,001	241,001	-
Revenue Bonds - Current	-	1,729,233	1,729,233	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	175,000	-	175,000	-
General Obligation Bonds	1,155,000	-	1,155,000	-
Notes Payable	31,400	-	31,400	3,032,253
Compensated Absences	311,320	114,733	426,053	-
Due in more than one year:				
Revenue Bonds Payable	180,000	25,285,377	25,465,377	-
General Obligation Bonds	6,880,000	-	6,880,000	-
Notes Payable	2,404,417	-	2,404,417	157,014
Compensated Absences	444,452	132,665	577,117	-
Total Liabilities	13,776,908	30,076,760	43,853,668	3,199,566
NET POSITION				
Net Investment in Capital Assets	52,978,297	29,490,667	82,468,964	615,908
Restricted for:				
Debt Service	222,017	1,944,999	2,167,016	-
Capital Improvements	1,632,527	-	1,632,527	-
Tax Increment Financing	1,556,640	-	1,556,640	-
Specific Tax Levy Purposes	576,963	-	576,963	-
Wireless 911 Purposes	20,616	-	20,616	-
Jail & LEC Purposes	159,289	-	159,289	-
Economic Development	517,339	-	517,339	-
Public Safety	194,512	-	194,512	-
Revolving Loan	156,933	-	156,933	-
Foundation	196,008	-	196,008	-
Unrestricted	2,256,766	6,142,574	8,399,340	4,698,824
Total Net Position	\$ 60,467,907	\$ 37,578,240	\$ 98,046,147	\$ 5,314,732

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,149,602	\$ 189,247	\$ 10,475	\$ -
Public Safety	5,647,722	998,988	465,734	1,000
Public Works	4,412,844	-	2,122,137	341,649
Culture and Recreation	1,651,009	573,324	7,524	742,017
Community Development	614,846	4,300	493,718	-
Debt Service	267,467	-	-	-
Total Governmental Activities	13,743,490	1,765,859	3,099,588	1,084,666
Business-Type Activities:				
Electric	18,620,409	22,556,346	-	-
Water	1,732,398	1,899,371	-	-
Sewer	6,259,884	4,707,443	-	-
Sanitation	827,350	754,661	-	-
Utility Administration	3,305,796	133,385	-	-
Total Business-Type Activities:	30,745,837	30,051,206	-	-
Total Primary Government	\$ 44,489,327	\$ 31,817,065	\$ 3,099,588	\$ 1,084,666
Component Units:				
Community Development Agency	\$ 380,314	\$ 446,870	\$ -	\$ 567,451

General Revenues:

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

Transfers

Total general revenues

Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Community Development
\$ (949,880)		\$ (949,880)	
(4,182,000)		(4,182,000)	
(1,949,058)		(1,949,058)	
(328,144)		(328,144)	
(116,828)		(116,828)	
(267,467)		(267,467)	
<u>(7,793,377)</u>		<u>(7,793,377)</u>	
	\$ 3,935,937	3,935,937	
	166,973	166,973	
	(1,552,441)	(1,552,441)	
	(72,689)	(72,689)	
	(3,172,411)	(3,172,411)	
	<u>(694,631)</u>	<u>(694,631)</u>	
<u>(7,793,377)</u>	<u>(694,631)</u>	<u>(8,488,008)</u>	
			\$ 634,007
3,263,055	-	3,263,055	-
1,516,158	-	1,516,158	-
2,798,345	489,537	3,287,882	-
31,920	-	31,920	-
63,837	79,919	143,756	303,078
-	67,885	67,885	-
926,364	-	926,364	-
75,842	-	75,842	-
-	-	-	5,000
21,200	1,800	23,000	-
251,062	408,331	659,393	-
144,807	(144,807)	-	-
<u>9,092,590</u>	<u>902,665</u>	<u>9,995,255</u>	<u>308,078</u>
1,299,213	208,034	1,507,247	942,085
<u>59,168,694</u>	<u>37,370,206</u>	<u>96,538,900</u>	<u>4,372,647</u>
<u>\$ 60,467,907</u>	<u>\$ 37,578,240</u>	<u>\$ 98,046,147</u>	<u>\$ 5,314,732</u>

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
BALANCE SHEET
Governmental Funds
SEPTEMBER 30, 2018

	General	Capital Projects Street Projects
Assets		
Cash and Cash Equivalents	\$ 364,904	\$ -
Investments	2,003,874	1,002,341
Receivables (net, where applicable, of allowance for uncollectibles)		
Taxes	237,466	-
Accounts	183,218	-
Accrued Interest	-	-
Special Assessments	-	13,276
Notes Receivable	32,253	63,222
Due from Other Funds	-	-
Due from Other Governmental Agencies	406,319	319,013
Land Held for Resale, At Cost	344,591	-
Advances to Other Funds	-	-
Restricted Assets:		
Cash and Cash Equivalents	-	-
Total Assets	<u>3,572,625</u>	<u>1,397,852</u>
Liabilities		
Accounts Payable	152,586	506,585
Other Accrued Liabilities	12,869	-
Accrued Wages	80,038	-
Customer Deposits	-	-
Unearned Revenue	-	-
Due to Other Governments	-	-
Due to Other Funds	-	399,221
Advances from Other Funds	-	200,000
Total Liabilities	<u>245,493</u>	<u>1,105,806</u>
Deferred Inflows of Resources		
Unavailable Revenue - Property Tax	27,683	-
Unavailable Revenue - Accrued Interest Receivable	-	-
Unavailable Revenue - Special Assessments	-	10,976
Total Deferred Inflows of Resources	<u>27,683</u>	<u>10,976</u>
Fund Balances:		
Nonspendable:		
Land Held for Resale	344,591	-
Long-Term Notes Receivable	32,253	-
Restricted for:		
Capital Improvements	-	281,070
Debt Service	-	-
Specific Tax Levy Purposes	-	-
LEC Purposes	-	-
Tax Increment Financing Purposes	-	-
Wireless 911	-	-
Economic Development	-	-
Public Safety Purposes	-	-
South Sioux City Community Foundation	-	-
Committed for:		
Revolving Loan	-	-
Assigned for:		
Capital Improvements	-	-
Fire Department	64,215	-
Unassigned	2,858,390	-
Total Fund Balances	<u>3,299,449</u>	<u>281,070</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,572,625</u>	<u>\$ 1,397,852</u>

See Accompanying Notes to Financial Statements

Capital Projects		Other	Total
Misc		Governmental	Governmental
Projects		Funds	Funds
\$	-	\$ 836,000	\$ 1,200,904
	-	2,026,078	5,032,293
	-	132,376	369,842
40,298		98,403	321,919
4,766		10,300	15,066
-		5,440	18,716
-		440,828	536,303
-		641,485	641,485
120,895		371,215	1,217,442
381,014		441,755	1,167,360
-		196,280	196,280
-		11,424	11,424
546,973		5,211,584	10,729,034
310,039		314,986	1,284,196
-		-	12,869
-		17,789	97,827
-		1,175	1,175
-		181,806	181,806
-		495,783	495,783
31,158		755,780	1,186,159
-		196,280	396,280
341,197		1,963,599	3,656,095
-		23,537	51,220
4,766		10,300	15,066
-		-	10,976
4,766		33,837	77,262
-		-	344,591
-		-	32,253
201,010		1,139,471	1,621,551
-		296,059	296,059
-		553,426	553,426
-		159,289	159,289
-		1,556,640	1,556,640
-		20,616	20,616
-		507,039	507,039
-		194,512	194,512
-		196,008	196,008
-		156,933	156,933
-		2,228	2,228
-		-	64,215
-		(1,568,073)	1,290,317
201,010		3,214,148	6,995,677
\$ 546,973	\$	5,211,584	\$ 10,729,034

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

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

Total Fund Balance - Governmental Funds (page 31)		\$ 6,995,677
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		63,910,732
Internal service funds are used by management to fund and maintain the City's health, dental, and vision insurance provided to user departments and are included in the statement of net position.		1,081,741
Unavailable revenues that provide current financial resources for governmental activities.		77,262
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(74,042)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		58,126
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(755,772)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	\$ (8,035,000)	
Revenue Bonds	(355,000)	
Notes Payable	(2,435,817)	(10,825,817)
Total Net Position - Governmental Activities (page 27)		<u>\$ 60,467,907</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2018

	General	Capital Projects Street Projects
Revenue:		
Property Taxes	\$ 1,914,682	\$ -
Franchise Taxes	1,007,166	-
Local Option Sales Taxes	-	1,403,165
Occupation Taxes	31,920	-
Special Assessments	-	2,101
Licenses and Permits	2,059	-
Intergovernmental	3,091,036	436,470
Charges for Services	724,149	-
Fines and Forfeits	2,746	-
Lottery Revenue	75,842	-
Interest	18,158	2,342
Rental Income	221,066	-
Contributions	1,862	-
Miscellaneous	224,780	5,281
Total Revenue	<u>7,315,466</u>	<u>1,849,359</u>
Expenditures:		
Current:		
General Government	1,072,334	-
Public Safety	4,061,999	-
Public Works	1,596,359	-
Culture and Recreation	696,124	-
Community Development	1,700	-
Capital Projects	-	1,030,029
Debt Service	-	377,354
Total Expenditures	<u>7,428,516</u>	<u>1,407,383</u>
Excess (deficiency) of revenues over expenditures	<u>(113,050)</u>	<u>441,976</u>
Other financing sources (uses):		
Issuance of Long-Term Debt	-	-
Proceeds from Sale of Capital Assets	2,200	-
Transfers In	445,212	-
Transfers Out	(477,031)	(1,471)
Total other financing sources (uses)	<u>(29,619)</u>	<u>(1,471)</u>
Net Change in Fund Balance	(142,669)	440,505
Fund balances (Deficits) - beginning of year	<u>3,442,118</u>	<u>(159,435)</u>
Fund balances (Deficits) - end of year	<u>\$ 3,299,449</u>	<u>\$ 281,070</u>

See Accompanying Notes to Financial Statements

<u>Capital Projects</u>		<u>Other</u>	<u>Total</u>
<u>Misc</u>		<u>Governmental</u>	<u>Governmental</u>
<u>Projects</u>		<u>Funds</u>	<u>Funds</u>
\$	-	\$ 1,282,301	\$ 3,196,983
	-	495,000	1,502,166
	-	1,395,180	2,798,345
	-	-	31,920
	-	-	2,101
	-	-	2,059
520,915		751,969	4,800,390
-		274,091	998,240
-		4,045	6,791
-		-	75,842
22,947		17,957	61,404
-		13,621	234,687
40,298		158,854	201,014
-		34,656	264,717
584,160		4,427,674	14,176,659
-		2,500	1,074,834
-		1,641,397	5,703,396
-		800	1,597,159
-		961,229	1,657,353
-		45,695	47,395
1,037,579		1,575,642	3,643,250
591,731		746,342	1,715,427
1,629,310		4,973,605	15,438,814
(1,045,150)		(545,931)	(1,262,155)
-		2,435,817	2,435,817
-		19,000	21,200
1,047,720		3,407,339	4,900,271
-		(4,338,502)	(4,817,004)
1,047,720		1,523,654	2,540,284
2,570		977,723	1,278,129
198,440		2,236,425	5,717,548
\$ 201,010	\$	3,214,148	\$ 6,995,677

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

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

Net change in fund balances - total governmental funds (page 34)	\$ 1,278,129
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 3,578,679	
Depreciation Expense	<u>(3,264,186)</u>	314,493

Governmental fixed assets are not recorded in governmental funds. In the current year an asset was transferred from business type activities to governmental activities. The net book value of the asset was recorded as a transfer in on the Statement of Activities.	61,540
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Capital Contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.	743,017
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Internal service funds are used by management to fund and maintain the City's health, dental, and vision insurance provided to user departments and are included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities.	12,838
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(42,980)
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Accrued interest expense that does not require current financial resources.	(17,040)
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Compensated absences that do not require current financial resources.	(22,324)
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Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources.	(57,643)
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The issuance of indebtedness provides current financial resources to the governmental funds without affecting net position. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:

Notes Payable	(2,435,817)
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The repayment of the principal on long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on long-term debt. The principal paid on long-term debt during the current year was as follows:

General Obligation Bonds	1,300,000	
Revenue Bonds	<u>165,000</u>	<u>1,465,000</u>

Change in net position of governmental activities (page 29)	<u>\$ 1,299,213</u>
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CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
SEPTEMBER 30, 2018

	Business-Type Activities Combined Utilities	Governmental Activities Internal Service
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,746,195	\$ 103,731
Investments	1,330,893	763,185
Receivables:		
Accounts	2,570,383	262,446
Estimated Unbilled Usage	1,603,964	-
Due from Other Funds	544,674	-
Due from Other Governmental Agencies	734,284	-
Inventories	233,330	-
Advances to Other Funds	200,000	-
Restricted Assets:		
Cash and Cash Equivalents	2,186,000	-
Total Current Assets	11,149,723	1,129,362
Noncurrent Assets:		
Land	806,142	-
Construction in Progress	1,561,110	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	54,105,217	-
Total Noncurrent Assets	56,472,469	-
Total Assets	67,622,192	1,129,362
Deferred Outflows of Resources		
Deferred Charges on Refunding	32,808	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,056,293	-
Other Accrued Liabilities	106,565	-
Accrued Wages	29,293	-
Customer Deposits	381,600	-
Accrued Claims	-	47,621
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	241,001	-
Revenue Bonds - Current	1,729,233	-
Compensated Absences	114,733	-
Total Current Liabilities	4,658,718	47,621
Noncurrent Liabilities:		
Revenue Bonds Payable	25,285,377	-
Compensated Absences	132,665	-
Total Noncurrent Liabilities	25,418,042	-
Total Liabilities	30,076,760	47,621
NET POSITION		
Net Investment in Capital Assets	29,490,667	-
Restricted for:		
Debt Service	1,944,999	-
Unrestricted	6,142,574	1,081,741
Total Net Position	\$ 37,578,240	\$ 1,081,741

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended September 30, 2018

	Business-Type Activities Combined Utilities	Governmental Activities Internal Service
Operating Revenues:		
Charges for services	\$ 30,051,206	\$ 1,136,454
Reimbursement from employees/insurance	-	642,283
Total Operating Revenues	<u>30,051,206</u>	<u>1,778,737</u>
Operating Expenses:		
Production	20,854,822	-
Operation and Maintenance	2,619,240	-
General and Administration	3,778,474	1,775,001
Depreciation and Amortization	2,655,308	-
Total Operating Expenses	<u>29,907,844</u>	<u>1,775,001</u>
Operating Income (Loss)	143,362	3,736
Non-Operating Income (Expense):		
Interest Income	79,919	9,102
Finance Charge	67,885	-
Local Option Sales Tax	489,537	-
Miscellaneous Revenue	408,331	-
Interest Expense	(837,993)	-
(Loss) on Disposal of Equipment	(59,740)	-
Total Non-Operating Income	<u>147,939</u>	<u>9,102</u>
Income before contributions and transfers	291,301	12,838
Transfer In	202,673	-
Transfer Out	(285,940)	-
Change in Net Position	208,034	12,838
Net Position - Beginning	<u>37,370,206</u>	<u>1,068,903</u>
Net Position - Ending	<u>\$ 37,578,240</u>	<u>\$ 1,081,741</u>

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2018

	Business-Type Activities Combined Utilities	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 31,393,991	\$ 1,567,222
Cash Paid to Suppliers for Goods and Services	(26,528,920)	(1,798,512)
Cash Paid to Employees for Services	(2,008,592)	-
Other Nonoperating Revenues	478,016	-
Net Cash Provided from Operating Activities	<u>3,334,495</u>	<u>(231,290)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,641,492)	-
Proceeds from Bond Sales	725,369	-
Principal Paid on Notes and Bonds	(1,633,655)	-
Interest Paid on Notes and Bonds	(842,323)	-
Receipts from Other Governments	487,971	-
Net Cash (Used) from Capital and Related Financing Activities	<u>(2,904,130)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Due From Other Funds	405,958	-
Due To Other Funds	(72,686)	-
Advances To Other Funds	600,000	-
Transfers In	202,673	-
Transfers Out	(285,940)	-
Net Cash (Used) by Non-Capital Financing Activities	<u>850,005</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	71,978	-
Purchase of Investments	(825,000)	-
Net Cash Provided from Investing Activities	<u>(753,022)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	527,348	(231,290)
Cash and Cash Equivalents at Beginning of Year	<u>3,404,847</u>	<u>335,021</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,932,195</u>	<u>\$ 103,731</u>

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2018

	Business-Type Activities Combined Utilities	Governmental Activities Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 143,362	\$ 3,736
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided from Operating Activities:		
Depreciation	2,651,344	-
Amortization	3,964	-
Other Non-Operating Income	478,016	-
(Increase) Decrease in Assets:		
Accounts Receivable	1,168,366	(211,514)
Estimated Unbilled Usage	193,503	-
Inventories	5,718	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,141,506)	-
Accrued Wages	482	-
Accrued Compensated Absences	(50,729)	-
Accrued Expenses	(30,121)	(23,512)
Customer Deposits	46,334	-
Due to Other Governments	(134,238)	-
Total Adjustments	3,191,133	(235,026)
Net Cash Provided from Operating Activities	\$ 3,334,495	\$ (231,290)
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	\$ 1,746,195	\$ 103,731
Restricted Cash and Cash Equivalents	2,186,000	-
	\$ 3,932,195	\$ 103,731

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF NET POSITION
Agency Funds
SEPTEMBER 30, 2018

	<u>2018</u>
Assets:	
Cash and Cash Equivalents	\$ 66,659
Pledges Receivable	<u>2,500</u>
Total Assets	<u>69,159</u>
Liabilities:	
Accounts Payable	-
Other Payables	<u>69,159</u>
Total Liabilities	<u>69,159</u>
Net Position	<u>\$ -</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Discretely Presented Component Unit – Community Development Agency (CDA)

The CDA was created by the Mayor and City Council in September 1982 to provide for redevelopment of various blighted areas within the City. Members of the CDA consist of various appointed city council members and local business leaders. The CDA is legally separate from the City but functions for all practical purposes as a department of the City. The CDA's sole purpose is to carry out the economic development function of the City. The City is financially accountable for the CDA because the City levies taxes (if necessary) and must approve any debt issuances. The financial activity of the CDA is included in the financial statements of the City as a component unit for the year ended September 30, 2018. The CDA does not issue separate financial statements.

Blended Component Unit – South Sioux City Community Foundation

South Sioux City Community Foundation is a legally separate non-profit corporation, whose goal is to provide support to the City and its citizens, and whose financial activities are included as a special revenue fund in these financial statements. South Sioux City Community Foundation primarily receives funds through donations to help fund various community projects. The governing board of this organization has members who are also council members of the City. However, these members do not comprise a majority of the Foundation's board. The Foundation has issued debt to assist in the construction of a new fire station, which is being repaid with lease payments from the City. The Foundation does not issue separate financial statements.

B. Basic Financial Statements-Government-Wide Statements

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

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 development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

C. Fund Accounting

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

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

The City reports the following major governmental funds:

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

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, state allocations, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, and culture and recreation.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

2) Capital Project Funds

Street Projects – to account for financial resources to be used for the construction of various City street projects.

Misc Projects – to account for financial resources to be used for the construction of various City capital projects.

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

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

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

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

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

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

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

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

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

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

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

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

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

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

D. Basis of Accounting

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

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

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. The City considers sales and use taxes and gasoline taxes as available when in the hands of the State of Nebraska, the intermediary collecting government. The City normally collects these taxes within 60 days of year-end. A one-year availability period is used for revenue recognition in regards to expenditure-driven grants.

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

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

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

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

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

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

3. Short-Term Interfund Receivables/Payables – During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2018, balances of interfund amounts payable or receivable have been recorded as “due to other funds” and “due from other funds”, respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
4. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.
5. Land Held for Resale - During the course of activities incidental to its operations, the City acquires land to develop for economic development purposes. The City then offers the land for resale. The land is carried at cost including any improvements made to the land.
6. Inventories - Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental and proprietary fund-type inventories are recorded as expenditures when consumed rather than when purchased. The amounts in the governmental funds are not material and therefore not recorded on the Statement of Net Position.
7. Restricted Assets - Proceeds from debt and funds set aside for payment of enterprise fund revenue bonds are also classified as restricted assets since their use is limited by applicable bond indentures.

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

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Combined Utilities	Bond Covenants	\$2,186,000
South Sioux City Community Foundation	Bond Covenants	\$ 11,424

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

8. Property and Equipment – Assets with an initial individual cost of \$1,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

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

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

9. Accrued Compensated Absences - These amounts represent the unpaid vacation costs and related employee benefits as of the end of the period. All compensated amounts for governmental and proprietary funds are accrued as liabilities on the government-wide statements for governmental funds and applicable enterprise funds respectively and are not recorded as expenditures of the current reporting period for governmental funds because they do not represent amounts that are expected to be liquidated with expendable available financial resources. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2018. The compensated absence liability attributable to the governmental activities will be paid primarily by the General Fund.
10. Long-Term Obligations – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the combined utility fund.
11. Fund Equity – In the fund financial statements, fund balances are classified as follows:
- Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.
- Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through an ordinance approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

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

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

12. Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.
13. Fund Balance Flow Assumptions - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.
14. Deferred Outflows / Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to advance charges on refunding bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports unavailable revenue as a deferred inflow on the governmental fund financial statements.

15. Property Taxes – Real estate taxes are levied on October 15 of each year and may be paid in two equal installments. These taxes are due December 31. The first and second half of the taxes become delinquent on the following May 1 and September 1, respectively. Real estate taxes collected within 60 days after year-end are recognized as revenues in accordance with the revenue recognition policy described in Note 1.D. Real estate taxes become a lien against the property on the levy date.
16. Interfund Transactions – Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

17. Landfill Closure Costs

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at September 30, 2018 were covered by Federal depository insurance or by a letter of credit held by the depository in the City's name in accordance with the *Revised Statutes of Nebraska*. At September 30, the City had approximately \$1,343,000 of deposits in excess of the collateral assigned at two financial institutions.

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

The City has investments in the Nebraska Public Agency Investment Trust (NPAIT) which are valued at an amortized cost of \$7,173,610. NPAIT is a separate legal and administrative entity organized and existing pursuant to the Interlocal Cooperation Act and other Nebraska law. There were no limitations or restrictions on withdrawals of the NPAIT investments.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2018, the City was exposed to custodial credit risk at one financial institution as all cash and certificates of deposit were not properly collateralized through FDIC insurance and securities pledged by the financial institution.

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

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The City does not have a formal investment policy. The City's investments consist of a certificate of deposit totaling \$81,319 that has an original maturity of less than 365 days. Interest rate on this investment is 0.45%. The City's investments also include certificate of deposit totaling \$71,910 at the South Sioux City Community Foundation. Interest rates on this investment ranges from 0.6% to 0.7%. The City's investments also include \$7,173,610 in NPAIT, that is not subject to interest rate risk.

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 3 - INTERFUND BALANCES

As of September 30, 2018, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Proprietary Fund – Combined Utilities	Nonmajor Governmental Funds	\$ 114,295
Proprietary Fund – Combined Utilities	Capital Projects – Street Projects	399,221
Proprietary Fund – Combined Utilities	Capital Projects – Misc. Projects	31,158
Nonmajor Governmental Funds	Nonmajor Governmental Funds	641,485

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

As of September 30, 2018, long-term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	
Proprietary Fund – Combined Utilities	Capital Projects - Streets	\$ 200,000
Nonmajor Governmental Funds	Nonmajor Governmental Fund	196,280

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

NOTE 4 RECEIVABLES

Receivables at September 30, 2018 are net of allowance for uncollectibles. The allowance for uncollectibles in the Special Revenue – Fire fund was \$62,948 at September 30, 2018.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2017	Additions	Deletions	Transfer	Balance September 30, 2018
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 2,867,604	\$ -	\$ -	\$ -	\$ 2,867,604
Construction in Progress	10,393,769	3,425,500	10,613,547	61,540	3,267,262
Total capital assets not being depreciated	13,261,373	3,425,500	10,613,547	61,540	6,134,866
Capital assets being depreciated:					
Buildings	15,174,415	2,825,038	-	-	17,999,453
Equipment	10,405,605	896,196	77,614	-	11,224,187
Infrastructure	88,528,484	7,788,509	-	-	96,316,993
Total capital assets being depreciated	114,108,504	11,509,743	77,614	-	125,540,633
Less: Accumulated Depreciation for:					
Buildings	5,126,849	447,835	-	(5,225)	5,569,459
Equipment	7,635,547	605,761	77,614	6,348	8,170,042
Infrastructure	51,815,799	2,210,590	-	(1,123)	54,025,266
Total Accumulated Depreciation	64,578,195	3,264,186	77,614	-	67,764,767
Total capital assets being depreciated, net	49,530,309	8,245,557	-	-	57,775,866
Governmental activities capital assets, net	\$ 62,791,682	\$ 11,671,057	\$ 10,613,547	\$ 61,540	\$ 63,910,732

Construction in progress at September 30, 2018, for the governmental activities consisted of costs associated with various park improvements and street projects.

	Balance October 1, 2017	Additions	Deletions	Transfer	Balance September 30, 2018
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 806,142	\$ -	\$ -	\$ -	\$ 806,142
Construction in Progress	4,596,055	1,537,580	4,510,985	(61,540)	1,561,110
Total capital assets not being depreciated	5,402,197	1,537,580	4,510,985	(61,540)	2,367,252
Capital assets being depreciated:					
Buildings	3,175,006	-	-	-	3,175,006
Equipment	6,956,641	103,911	42,210	-	7,018,342
Utility Plant/Distribution System	77,641,881	4,510,985	-	-	82,152,866
Total capital assets being depreciated	87,773,528	4,614,896	42,210	-	92,346,214
Less: Accumulated Depreciation for:					
Buildings	1,573,446	63,558	-	-	1,637,004
Equipment	4,320,339	392,074	42,210	-	4,670,203
Utility Plant/Distribution System	29,738,078	2,195,712	-	-	31,933,790
Total Accumulated Depreciation	35,631,863	2,651,344	42,210	-	38,240,997
Total capital assets being depreciated, net	52,141,665	1,963,552	-	-	54,105,217
Business-type activities capital assets, net	\$ 57,543,862	\$ 3,501,132	\$ 4,510,985	\$ (61,540)	\$ 56,472,469

Construction in progress at September 30, 2018 consisted of costs associated with various system improvements.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 166,580
Public Safety	516,526
Public Works	2,257,591
Culture and Recreation	323,489
Total depreciation expense – governmental activities	<u>\$ 3,264,186</u>

Business-Type Activities:

Electric	\$ 1,323,157
Water	368,875
Sewer	503,680
Utility Administration	455,632
Total depreciation expense – business-type activities	<u>\$ 2,651,344</u>

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

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
Community Development Agency:				
Capital Assets not being depreciated:				
Land	\$ 2,205	\$ -	\$ -	\$ 2,205
Construction in Progress	-	567,451	-	567,451
Total capital assets not being depreciated	<u>2,205</u>	<u>567,451</u>	<u>-</u>	<u>569,656</u>
Capital Assets being depreciated:				
Buildings	66,548	-	-	66,548
Less: Accumulated Depreciation	18,300	1,996	-	20,296
Total capital assets being depreciated, net	<u>48,248</u>	<u>(1,996)</u>	<u>-</u>	<u>46,252</u>
Component unit capital assets, net	<u>\$ 50,453</u>	<u>\$ 565,455</u>	<u>\$ -</u>	<u>\$ 615,908</u>

Construction in progress at September 30, 2018 consisted of costs associated with the construction of a building for economic development purposes.

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Unit Community Development Agency
Land	\$ 2,867,604	\$ 806,142	\$ 2,205
Construction in Progress	3,267,262	1,561,110	567,451
Capital Assets (net of accumulated depreciation)	57,775,866	54,105,217	46,252
Less: General Obligation Bonds Payable	8,035,000	-	-
Retainage Payable	106,618	-	-
Revenue Bonds	355,000	27,014,610	-
Notes Payable	2,435,817	-	-
Add: Deferred Charges on Refunding	-	32,808	-
Net Investment in Capital Assets	<u>\$ 52,978,297</u>	<u>\$ 29,490,667</u>	<u>\$ 615,908</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 6 - LONG-TERM DEBT

Notes Payable

On March 2, 2016, the South Sioux City Community Foundation was approved for a \$2,587,000 loan from the United States Department of Agriculture (USDA) Rural Development for the construction of a new fire station. As of September 30, 2018, advances totaling \$2,435,817 have been made with additional drawdowns expected in fiscal year 2019 for the remaining balance of the loan. The interest rate is 3.125% with payments beginning on May 28, 2019.

Details of Notes Payable outstanding at September 30, 2018 for the Community Development Agency Component Unit are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Originally Issued	Outstanding September 30, 2018	Due Within One Year
Primary Government:							
Governmental Activities:							
USDA	06/14/2018	3.125%	5/28/2059	107,519	\$ 2,435,817	\$ 2,435,817	\$ 31,400
Component Unit:							
Siouxland National Bank	8/8/2000	10%	On Demand	On Demand	\$ 3,000,000	\$ 3,000,000	\$3,000,000 *
City of South Sioux City	10/23/2015	2.25%	10/1/2025	-	157,014	157,014	-
City of South Sioux City	12/20/2012	2%	3/20/2019	61,200	360,911	32,253	32,253
						<u>\$ 3,189,267</u>	<u>\$ 3,032,253</u>

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

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

Year Ending September 30,	City		Component Unit	
	Principal	Interest	Principal	Interest
2019	\$ 31,400	\$ 76,119	\$ 3,032,253	\$ 196
2020	32,381	75,138	-	-
2021	33,393	74,126	-	-
2022	34,436	73,083	-	-
2023	35,513	72,006	-	-
2024-2028	194,920	342,675	157,014	39,318
2029-2033	227,340	310,255	-	-
2034-2038	265,152	272,443	-	-
2039-2043	309,254	228,341	-	-
2044-2048	360,691	176,904	-	-
2049-2053	420,683	116,912	-	-
2054-2058	490,654	46,941	-	-
Total	<u>\$ 2,435,817</u>	<u>\$ 1,864,943</u>	<u>\$ 3,189,267</u>	<u>\$ 39,514</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 6 - LONG-TERM DEBT – (CONTINUED)

General Obligation Bonds

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

General obligation bonds outstanding as of September 30, 2018 are as follows:

	Date Of Issue	Interest Rates	Annual Payments	Amount Originally Issued	Outstanding June 30, 2018
<i>General Obligation Bonds/ Capital Loan Notes:</i>					
Highway Allocation Fund Pledge Bonds	2011	0.75-2.80%	\$ 50,000-350,000	\$ 2,500,000	\$ 700,000
GO Flood Control Bonds, Series 2010	2011	1.75-4.75%	25,000-245,000	1,400,000	705,000
Public Safety Department Tax Anticipation Bond Series 2013	2014	0.40-3.00%	25,000-100,000	1,010,000	805,000
Municipal Facilities Corporation Lease Purchase Bonds	2013	0.40-2.85%	100,000-450,000	4,340,000	3,590,000
GO Flood Control Bonds, Series 2017	2017	1.15-2.00%	170,000-180,000	875,000	705,000
Public Safety Department Tax Anticipation Bond, Series 2017	2017	1.10-1.80%	60,000	300,000	240,000
Highway Allocation Fund Pledge Bonds	2017	1.15-2.85%	20,000-150,000	1,310,000	1,290,000
					<u>\$ 8,035,000</u>

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

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,155,000	\$ 190,411
2020	1,250,000	163,161
2021	975,000	131,651
2022	750,000	112,685
2023	535,000	100,238
2024-2028	3,220,000	288,640
2029	150,000	4,275
Total	<u>\$ 8,035,000</u>	<u>\$ 991,061</u>

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. The City has pledged future combined utility revenues, net of specified operating expenses, to repay outstanding combined utility revenue bonds. The bonds are payable solely from the combined utilities net revenues and are payable through 2037. The total principal and interest remaining to be paid on the bonds is \$33,520,594. Principal and interest paid for the current year and total combined utilities net revenues were \$2,475,978 and \$3,844,342, respectively. For the year ended September 30, 2018 the annual principal and interest payments required approximately 64.4 percent of net revenues.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 6 - LONG-TERM DEBT – (CONTINUED)

The City has also pledged a portion of future property tax revenues to repay \$355,000 in tax increment revenue bonds issued in January 2006 to finance infrastructure improvements in the All American TIF area. The bonds are payable solely from the tax increment property taxes generated by increased valuations in the TIF district. Total principal and interest remaining on the bonds is \$370,865, payable through 2020. For the current year, principal and interest paid and total incremental property tax revenues were \$184,300 and \$283,196, respectively. For the year ended September 30, 2018 the annual principal and interest payments required are approximately 65.1 percent of the total property tax revenues.

In October 2014, the City entered into an agreement with Nebraska Department of Environmental Quality for \$3,128,000 of State Revolving Loan Funds (SRF) for sewer system improvements including the replacement of the water main and sanitary sewer lines on Dakota Ave, a replacement well for Well No. 5, and a new 500,000 gallon water tower. In the prior year, the City partially drew down \$465,000 and in the current year, the City partially drew down \$383,944. The balance of the loan to be repaid is \$815,533 as of September 30, 2018.

In June 2017, the City entered into an agreement with the Nebraska Department of Environmental Quality for \$1,403,146 of State Revolving Loan Funds (SRF) for sewer system improvements including the construction of a force main to convey wastewater from the Roth Industrial Park to the Bennett Lift Station force main. During the current year the City drew down the final request of \$341,375. The balance of the loan to be repaid is \$1,347,150 as of September 30, 2018.

Revenue bonds outstanding at September 30, 2018 are as follows:

Business-Type Activities:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Combined Utility SRF	2.79%	\$ 60,734
Combined Utility SRF	3.65%	1,984,598
Combined Utility SRF	1.317%	1,141,504
Combined Utility, Series 2001A	1.2-4.9%	5,400,000
Combined Utility Refunding Bond	0.45-3.40%	6,945,000
Combined Utility Bonds	0.60-4.00%	3,950,000
Combined Utility SRF	2.50%	1,150,091
Combined Utility Bonds	0.90-3.25%	3,090,000
Combined Utility Bonds	0.40-2.65%	1,130,000
Combined Utility SRF	2.0%	815,533
Combined Utility SRF	1.5%	1,347,150
		<u>\$ 27,014,610</u>

Governmental Activities:

Tax Increment Refunding	4.05-4.45%	<u>\$ 355,000</u>
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Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Business-Type Activities</u>		<u>Governmental Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,729,233	\$ 784,935	\$ 175,000	\$ 11,860	\$ 1,904,233	\$ 796,795
2020	1,803,480	749,927	180,000	4,005	1,983,480	753,932
2021	1,833,750	711,287	-	-	1,833,750	711,287
2022	1,929,318	666,629	-	-	1,929,318	666,629
2023	2,010,195	615,672	-	-	2,010,195	615,672
2024-2028	10,635,618	2,128,463	-	-	10,635,618	2,128,463
2029-2033	5,170,068	730,955	-	-	5,170,068	730,955
2034-2037	1,902,948	118,116	-	-	1,902,948	118,116
Total	<u>\$27,014,610</u>	<u>\$6,505,984</u>	<u>\$ 355,000</u>	<u>\$ 15,865</u>	<u>\$ 27,369,610</u>	<u>\$ 6,521,849</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 6 - LONG-TERM DEBT – (CONTINUED)

Long-Term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 9,335,000	\$ -	\$ 1,300,000	\$ 8,035,000	\$ 1,155,000
Revenue Bonds	520,000	-	165,000	355,000	175,000
Notes Payable	-	2,435,817	-	2,435,817	31,400
Compensated Absences	733,448	326,590	304,266	755,772	311,320
Governmental Activity					
Long-Term Liabilities	10,588,448	2,762,407	1,769,266	11,581,589	1,672,720
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	27,922,896	725,369	1,633,655	27,014,610	1,729,233
Compensated Absences	298,127	95,046	145,775	247,398	114,733
Business-Type Activity					
Long-Term Liabilities	\$ 28,221,023	\$ 820,415	\$ 1,779,430	\$ 27,262,008	\$ 1,843,966

NOTE 7 - TRANSFERS

The following is a summary of transfers between funds:

	General	Proprietary Fund – Combined Utilities	Capital Projects Street Projects	Nonmajor Governmental	Total Transfers In
General	\$ -	\$ -	\$ -	\$ 445,212	\$ 445,212
Capital Projects – Misc Projects	452,630	285,940	-	309,150	1,047,720
Proprietary Fund – Combined Utilities	-	-	1,471	201,202	202,673
Nonmajor Governmental	24,400	-	-	3,382,938	3,407,338
Total Transfers Out	\$ 477,030	\$ 285,940	\$ 1,471	\$ 4,338,502	\$5,102,943

Transfers are used to:

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

NOTE 8 - PENSION AND RETIREMENT FUND COMMITMENTS

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

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

State legislation requires that each police officer and each full-time fireman and the City contribute an amount

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

equal to 7% and 6% respectively, of the employee's total salary each month. The City's contributions for each employee (and thereon) are 40% vested after four years of service and increase 10% for each additional year of service.

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

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

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

The City's total payroll for the year ended September 30, 2018, was \$6,197,733. Contributions were made as follows:

	Eligible Wages	City Contributions	Employee Contributions
Policemen Total Salaries	\$ 1,962,667	\$ 154,576	\$ 192,221
Fire Total Salaries	523,983	34,328	34,575
Active Participants' Base Wages	2,391,649	80,592	144,744
	<u>4,878,299</u>	<u>\$ 269,496</u>	<u>\$ 371,540</u>
Active Participants' Overtime and Employees Not Participating	1,319,434		
	<u>\$ 6,197,733</u>		

The City did not make any direct payments to the plan in fiscal year 2018.

NOTE 9 - RISK FINANCING

Beginning in February of 2005, the City began a self-funded plan for health, dental, and vision employee benefits. The City purchased a stop loss policy for medical claims in excess of \$35,000 per covered employee and a \$40,000 aggregate spec with an aggregate stop loss policy for claims in excess of \$1,303,457 for the entire group. A premium is charged to each fund that has employees and is calculated by taking the fixed costs, consisting of the specific stop loss premium, the aggregate stop loss premium, administrative costs, and the maximum risk level that the City is exposed. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payments and other economic and social factors. Changes in the balances of claims liabilities follow:

	2018
Unpaid claims, beginning of fiscal year	\$ 71,132
Incurred claims (including IBNR's)	1,469,012
Claim payments	1,492,523
Unpaid claims, end of fiscal year	<u>\$ 47,621</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 9 - RISK FINANCING – (CONTINUED)

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 2017-2018 fiscal period the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no significant reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

NOTE 10 - NOTES RECEIVABLE

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

General Fund	\$ 32,253
Street Project	63,222
Riverfront TIF	97,000
Revolving Loan	112,270
West 25 th to 29 th TIF	21,378
Economic Development Sales Tax	210,180
	<u>\$ 536,303</u>
Component Unit	<u>\$ 98,059</u>

NOTE 11 - DEFICIT FUND BALANCES

The City has three funds with deficit fund balances at September 30, 2018. The City intends to finance these deficits from various resources including; property taxes, general funds, charges to various departments, and capital project debt financing.

The individual fund deficits are as follows:

Disaster Recovery	\$ 3,249
Roth TIF	\$ 641,485
West 29 th & Hwy 77 TIF	\$ 923,339

NOTE 12 - COMMITMENTS

As of September 30, 2018, the City had entered into several construction and engineering contracts totaling approximately \$13,430,000 of which approximately \$11,248,000 has been expended to date. The remaining balance will be paid as work progresses.

NOTE 13 - CONTINGENCY

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of September 2018, the City estimates that no material liabilities will result from such audits.

NOTE 14 - CONDUIT DEBT OBLIGATIONS

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 14 - CONDUIT DEBT OBLIGATIONS – (CONTINUED)

As of September 30, 2018, Industrial Revenue Bonds outstanding had an original issue amount of \$1,800,000. The outstanding balance at September 30, 2018 was \$1,003,989.

NOTE 15 - MAJOR CUSTOMER

During the year ended September 30, 2018, charges for services provided by the combined utilities of the City to BPI, Inc. was \$7,297,015. This represents approximately 24.3% of total combined utilities (water, sewer, and electric) charges for services.

NOTE 16 - URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City has entered into one development agreement for an urban renewal project. The agreement requires 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 agreement is not to exceed \$630,900.

During the year ended September 30, 2018, the City rebated \$157,725 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$315,450. The outstanding balance on the agreements at September 30, 2018 was \$315,450.

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

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

NOTE 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 established under the auspices of State Statute (Article 21, Section 18-2101-2144) empowering cities and counties to establish such programs. 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, 2018, the City abated \$21,258 of property tax under the urban renewal and economic development projects.

The Employment and Investment Growth Act and the Nebraska Advantage Act under State Legislative Bills 775 and 312 grants tax credits and sales tax refunds for companies that meet certain qualified economic development requirements. This act allows a refund of sales tax paid on equipment or other taxable property

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 17 - TAX ABATEMENTS – (CONTINUED)

purchased in connection with the project. This refund to companies reduces the net monthly sales receipts remitted to the City.

Taxes abated under these programs for the fiscal year ended September 30, 2018 were \$251,183.

NOTE 18 - CONTINGENT LIABILITY

The City Attorney reported fifteen separate lawsuits have been filed against the City alleging damages due to release of hydrogen sulfide gas through the waste water treatment facility. The Attorney noted, due to the infancy of the litigation, it is too early to opine as to the potential outcome of the lawsuits, therefore, no contingent liability has been accrued in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2018

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 1,903,823	\$ 1,812,596	\$ (91,227)
Other Taxes	1,210,000	1,039,086	(170,914)
Licenses and Permits	5,500	2,059	(3,441)
Intergovernmental	4,757,522	3,100,733	(1,656,789)
Charges for Services	763,750	852,970	89,220
Fines and Forfeits	2,000	2,746	746
Lottery Revenue	70,000	75,842	5,842
Interest on Investments	7,000	18,158	11,158
Rental Income	179,400	221,066	41,666
Contributions	-	1,862	1,862
Reimbursements	539,500	-	(539,500)
Miscellaneous	61,500	226,980	165,480
Total Revenue	9,499,995	7,354,098	(2,145,897)
Expenditures:			
General Government	1,555,300	1,058,618	496,682
Public Safety	4,266,491	4,054,772	211,719
Public Works	2,811,690	1,539,664	1,272,026
Culture and Recreation	1,035,980	667,740	368,240
Community Development	160,000	1,700	158,300
Total Expenditures	9,829,461	7,322,494	2,506,967
(Deficiency) of revenues over expenditures	(329,466)	31,604	361,070
Other financing sources (uses):			
Transfers In	360,000	445,212	85,212
Transfers Out	(624,400)	(477,031)	147,369
Total other financing sources (uses)	(264,400)	(31,819)	232,581
(Deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (593,866)</u>	(215)	<u>\$ 593,651</u>
Fund balances - beginning of year		<u>2,368,993</u>	
Fund balances - end of year		<u>\$ 2,368,778</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Required Supplementary Information – Budgetary Reporting
September 30, 2018

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

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

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

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

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

The South Sioux City Community Foundation meets the requirements to be reported as a blended component unit of the City. The Foundation did not adopt a budget, therefore, no budgetary information is presented.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Required Supplementary Information – Budgetary Reporting
September 30, 2018

BUDGETARY CONTROL

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

	<u>General</u>
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ (215)
Basis differences:	
To adjust revenues from recognition on a cash basis	(36,432)
To adjust total expenditures from recognition on a cash basis	<u>(106,022)</u>
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis (page 33)	<u>\$ (142,669)</u>
	Total Governmental Funds (Excluding Special Revenue Fund - Foundation)
Expenditures and other financing uses, on a budgetary basis	\$ (17,325,027)
Basis Differences:	
To adjust total expenditures from recognition on a cash basis	<u>(1,154,869)</u>
Expenditures and other financing uses, on a GAAP basis	<u>\$ (18,479,896)</u>

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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	<u>\$26,366,360</u>	<u>\$ 17,325,027</u>	<u>\$ (9,041,333)</u>

OTHER SUPPLEMENTARY INFORMATION

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

NON MAJOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

South Sioux City Community Foundation – To account for the activity of the South Sioux City Community Foundation, a blended component unit of the City.

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

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
SEPTEMBER 30, 2018

	Debt Service	Special Revenue	
		Capital Improvement Sales Tax	Library
Assets			
Cash and Cash Equivalents	\$ 8,685	\$ 214,179	\$ 161,187
Investments	281,934	756,718	-
Receivables (net, where applicable, of allowance for uncollectibles)			
Taxes	-	-	61,055
Accounts	-	-	-
Accrued Interest	-	-	-
Special Assessments	5,440	-	-
Notes Receivable	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	-	192,622	-
Land Held for Resale, At Cost	-	-	-
Advances to Other Funds	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Total Assets	<u>296,059</u>	<u>1,163,519</u>	<u>222,242</u>
Liabilities			
Accounts Payable	-	24,048	2,593
Accrued Wages	-	-	5,653
Customer Deposits	-	-	-
Unearned Revenue	-	-	-
Due to Other Governments	-	-	-
Due to Other Funds	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>24,048</u>	<u>8,246</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Tax	-	-	13,686
Unavailable Revenue - Accrued Interest Receivable	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>13,686</u>
Fund Balances:			
Restricted for:			
Capital Improvements	-	1,139,471	-
Debt Service	296,059	-	-
Specific Tax Levy Purposes	-	-	200,310
LEC Purposes	-	-	-
Tax Increment Financing Purposes	-	-	-
Wireless 911	-	-	-
Economic Development	-	-	-
Public Safety Purposes	-	-	-
South Sioux City Community Foundation	-	-	-
Committed for:			
Revolving Loan	-	-	-
Assigned for:			
Capital Improvements	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>296,059</u>	<u>1,139,471</u>	<u>200,310</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 296,059</u>	<u>\$ 1,163,519</u>	<u>\$ 222,242</u>

Special Revenue						
Fire	All America City TIF	County/LEC Sales Tax	Revolving Loan	Riverfront TIF	Downtown BID TIF	
\$ -	\$ 35,508	\$ 22,897	\$ 44,663	\$ 51,987	\$ 65,021	
-	122,439	136,392	-	-	-	
24,404	-	-	-	-	-	
98,403	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	112,270	97,000	-	
-	641,485	-	-	-	-	
112,655	-	-	-	-	-	
-	427,837	-	-	13,918	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
235,462	1,227,269	159,289	156,933	162,905	65,021	
9,650	-	-	-	-	-	
12,136	-	-	-	-	-	
-	-	-	-	-	1,175	
-	-	-	-	-	-	
-	-	-	-	-	-	
111,046	-	-	-	-	-	
-	-	-	-	-	-	
132,832	-	-	-	-	1,175	
5,470	-	-	-	-	-	
-	-	-	-	-	-	
5,470	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
97,160	-	159,289	-	-	-	
-	1,227,269	-	-	162,905	63,846	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	156,933	-	-	
-	-	-	-	-	-	
97,160	1,227,269	159,289	156,933	162,905	63,846	
\$ 235,462	\$ 1,227,269	\$ 159,289	\$ 156,933	\$ 162,905	\$ 65,021	

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds - (Continued)
SEPTEMBER 30, 2018

	Special Revenue			
	W 25th-29th TIF	Roth TIF	W 29th & Hwy 77th TIF	Police Pension
Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 33,772
Investments	101,290	-	-	203,795
Receivables (net, where applicable, of allowance for uncollectibles)				
Taxes	25,651	-	1,720	19,546
Accounts	-	-	-	-
Accrued Interest	-	-	-	-
Special Assessments	-	-	-	-
Notes Receivable	21,378	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governmental Agencies	-	-	-	3,224
Land Held for Resale, At Cost	-	-	-	-
Advances to Other Funds	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
Total Assets	148,319	-	1,720	260,337
Liabilities				
Accounts Payable	-	-	278,695	-
Accrued Wages	-	-	-	-
Customer Deposits	-	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Governments	45,699	-	450,084	-
Due to Other Funds	-	641,485	-	-
Advances from Other Funds	-	-	196,280	-
Total Liabilities	45,699	641,485	925,059	-
Deferred Inflows of Resources				
Unavailable Revenue - Property Tax	-	-	-	4,381
Unavailable Revenue - Accrued Interest Receivable	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	4,381
Fund Balances:				
Restricted for:				
Capital Improvements	-	-	-	-
Debt Service	-	-	-	-
Specific Tax Levy Purposes	-	-	-	255,956
LEC Purposes	-	-	-	-
Tax Increment Financing Purposes	102,620	-	-	-
Wireless 911	-	-	-	-
Economic Development	-	-	-	-
Public Safety Purposes	-	-	-	-
South Sioux City Community Foundation	-	-	-	-
Committed for:				
Revolving Loan	-	-	-	-
Assigned for:				
Capital Improvements	-	-	-	-
Unassigned	-	(641,485)	(923,339)	-
Total Fund Balances	102,620	(641,485)	(923,339)	255,956
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 148,319	\$ -	\$ 1,720	\$ 260,337

Special Revenue				Capital Projects		Total Governmental Nonmajor Funds
Wireless 911 Fund	Economic Development Sales Tax	Public Safety Sales Tax	South Sioux City Community Foundation	Park Projects	Disaster Recovery	
\$ 20,616	\$ 15,329	\$ 49,482	\$ 112,674	\$ -	\$ -	\$ 836,000
-	67,332	100,234	71,910	184,034	-	2,026,078
-	-	-	-	-	-	132,376
-	-	-	-	-	-	98,403
-	10,300	-	-	-	-	10,300
-	-	-	-	-	-	5,440
-	210,180	-	-	-	-	440,828
-	-	-	-	-	-	641,485
-	17,918	44,796	-	-	-	371,215
-	-	-	-	-	-	441,755
-	196,280	-	-	-	-	196,280
-	-	-	11,424	-	-	11,424
20,616	517,339	194,512	196,008	184,034	-	5,211,584
-	-	-	-	-	-	314,986
-	-	-	-	-	-	17,789
-	-	-	-	-	-	1,175
-	-	-	-	181,806	-	181,806
-	-	-	-	-	-	495,783
-	-	-	-	-	3,249	755,780
-	-	-	-	-	-	196,280
-	-	-	-	181,806	3,249	1,963,599
-	-	-	-	-	-	23,537
-	10,300	-	-	-	-	10,300
-	10,300	-	-	-	-	33,837
-	-	-	-	-	-	1,139,471
-	-	-	-	-	-	296,059
-	-	-	-	-	-	553,426
-	-	-	-	-	-	159,289
-	-	-	-	-	-	1,556,640
20,616	-	-	-	-	-	20,616
-	507,039	-	-	-	-	507,039
-	-	194,512	-	-	-	194,512
-	-	-	196,008	-	-	196,008
-	-	-	-	-	-	156,933
-	-	-	-	2,228	-	2,228
-	-	-	-	-	(3,249)	(1,568,073)
20,616	507,039	194,512	196,008	2,228	(3,249)	3,214,148
\$ 20,616	\$ 517,339	\$ 194,512	\$ 196,008	\$ 184,034	\$ -	\$ 5,211,584

CITY OF SOUTH SIOUX CITY, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2018

	Special Revenue		
	Debt Service	Capital Improvement Sales Tax	Library
Revenue:			
Taxes	\$ -	\$ -	\$ 472,048
Franchise Taxes	375,000	-	-
Local Option Sales Taxes	-	1,052,505	-
Intergovernmental	-	10,475	2,970
Charges for Services	-	-	-
Fines and Forfeits	-	-	4,045
Interest on Investments	4,083	1,815	-
Rental Income	-	-	9,121
Contributions	-	-	2,889
Miscellaneous	-	-	10,909
Total Revenue	379,083	1,064,795	501,982
Expenditures:			
Current:			
General Government	-	2,500	-
Public Safety	-	164,260	-
Public Works	-	800	-
Culture and Recreation	-	363,393	497,836
Community Development	-	-	-
Capital Projects	-	-	-
Debt Service	-	262,481	-
Total Expenditures	-	793,434	497,836
Excess (deficiency) of revenues over expenditures	379,083	271,361	4,146
Other financing sources (uses):			
Issuance of Long-Term Debt	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Interfund Transfers In	-	-	-
Interfund Transfers Out	(487,980)	(364,345)	-
Total other financing sources (uses)	(487,980)	(364,345)	-
Net Change in Fund Balance	(108,897)	(92,984)	4,146
Fund balances (deficits) - beginning of year	404,956	1,232,455	196,164
Fund balances (deficits) - end of year	\$ 296,059	\$ 1,139,471	\$ 200,310

Special Revenue						
Fire	All America City TIF	County/LEC Sales Tax	Revolving Loan	Riverfront TIF	Downtown BID TIF	
\$ 189,368	\$ 283,196	\$ -	\$ -	\$ -	\$ -	-
120,000	-	-	-	-	-	-
-	-	-	-	-	-	-
334,767	-	24,400	-	-	-	-
274,091	-	-	-	-	-	-
-	-	-	-	-	-	-
3	2,026	1,387	-	-	-	-
200	-	-	-	-	-	4,300
-	-	-	-	-	-	-
18,793	-	3,454	-	-	-	-
937,222	285,222	29,241	-	-	-	4,300
-	-	-	-	-	-	-
1,302,527	-	12,816	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	46	-	1,353
-	-	-	-	-	-	-
-	184,749	-	-	-	-	-
1,302,527	184,749	12,816	-	46	-	1,353
(365,305)	100,473	16,425	-	(46)	-	2,947
-	-	-	-	-	-	-
15,000	-	-	-	-	-	-
230,000	-	24,400	-	-	-	-
(220,677)	-	-	-	-	-	-
24,323	-	24,400	-	-	-	-
(340,982)	100,473	40,825	-	(46)	-	2,947
438,142	1,126,796	118,464	156,933	162,951	-	60,899
\$ 97,160	\$ 1,227,269	\$ 159,289	\$ 156,933	\$ 162,905	\$	63,846

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds - (Continued)
 For the Year Ended September 30, 2018

	Special Revenue			
	W 25th-29th TIF	Roth TIF	W 29th & Hwy 77th TIF	Police Pension
Revenue:				
Taxes	\$ 123,717	\$ 27,434	\$ 34,538	\$ 152,000
Franchise Taxes	-	-	-	-
Local Option Sales Taxes	-	-	-	-
Intergovernmental	-	-	301,351	4,298
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest on Investments	1,400	1	211	2,430
Rental Income	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	1,500	-
Total Revenue	125,117	27,435	337,600	158,728
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	154,576
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	-	-
Capital Projects	-	158,517	1,123,870	-
Debt Service	-	-	51,528	-
Total Expenditures	-	158,517	1,175,398	154,576
Excess (deficiency) of revenues over expenditures	125,117	(131,082)	(837,798)	4,152
Other financing sources (uses):				
Issuance of Long-Term Debt	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	4,000	-
Interfund Transfers In	-	-	-	-
Interfund Transfers Out	(139,662)	(61,540)	-	-
Total other financing sources (uses)	(139,662)	(61,540)	4,000	-
Net Change in Fund Balance	(14,545)	(192,622)	(833,798)	4,152
Fund balances (deficits) - beginning of year	117,165	(448,863)	(89,541)	251,804
Fund balances (deficits) - end of year	\$ 102,620	\$ (641,485)	\$ (923,339)	\$ 255,956

Special Revenue				Capital Projects		Total
Wireless 911 Fund	Economic Development Sales Tax	Public Safety Sales tax	South Sioux City Community Foundation	Park Projects	Disaster Recovery	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,282,301
-	-	-	-	-	-	495,000
-	97,907	244,768	-	-	-	1,395,180
73,708	-	-	-	-	-	751,969
-	-	-	-	-	-	274,091
-	-	-	-	-	-	4,045
-	1,765	234	407	2,195	-	17,957
-	-	-	-	-	-	13,621
-	-	-	155,965	-	-	158,854
-	-	-	-	-	-	34,656
73,708	99,672	245,002	156,372	2,195	-	4,427,674
-	-	-	-	-	-	2,500
-	-	7,218	-	-	-	1,641,397
-	-	-	-	-	-	800
-	-	-	100,000	-	-	961,229
-	-	-	44,296	-	-	45,695
-	-	-	293,255	-	-	1,575,642
-	-	64,356	-	-	183,228	746,342
-	-	71,574	437,551	-	183,228	4,973,605
73,708	99,672	173,428	(281,179)	2,195	(183,228)	(545,931)
-	-	-	2,435,817	-	-	2,435,817
-	-	-	-	-	-	19,000
-	-	2,431,536	538,228	-	183,175	3,407,339
(73,507)	-	(497,551)	(2,493,240)	-	-	(4,338,502)
(73,507)	-	1,933,985	480,805	-	183,175	1,523,654
201	99,672	2,107,413	199,626	2,195	(53)	977,723
20,415	407,367	(1,912,901)	(3,618)	33	(3,196)	2,236,425
\$ 20,616	\$ 507,039	\$ 194,512	\$ 196,008	\$ 2,228	\$ (3,249)	\$ 3,214,148

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
Agency Funds
For the Year Ended September 30, 2018

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<u>FLEX</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 79,659	\$ 70,516	\$ 118,461	\$ 31,714
Total Assets	79,659	70,516	118,461	31,714
<u>Liabilities</u>				
Other Payables	79,659	70,516	118,461	31,714
Total Liabilities	79,659	70,516	118,461	31,714
<u>FREEDOM PARK</u>				
<u>Assets</u>				
Cash and Cash Equivalents	310,648	267,447	543,150	34,945
Pledges Receivable	20,000	5,000	22,500	2,500
Total Assets	330,648	272,447	565,650	37,445
<u>Liabilities</u>				
Accounts Payable	163,072	-	163,072	-
Other Payables	167,576	272,447	402,578	37,445
Total Liabilities	330,648	272,447	565,650	37,445
<u>TOTALS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	390,307	337,963	661,611	66,659
Pledges Receivable	20,000	5,000	22,500	2,500
Total Assets	410,307	342,963	684,111	69,159
<u>Liabilities</u>				
Accounts Payable	163,072	-	163,072	-
Other Payables	247,235	342,963	521,039	69,159
Total Liabilities	\$ 410,307	\$ 342,963	\$ 684,111	\$ 69,159

CITY OF SOUTH SIOUX CITY, NEBRASKA
Combining Departmental Schedule of Revenues, Expenses and Changes in Net Position
Combined Utilities
For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Electric	Water
Revenues:		
Charges for Services	\$ 22,556,346	\$ 1,899,371
Expenses:		
Production:		
Purchased Power and Services	15,482,810	48,122
Operation and Maintenance:		
Operating Supplies	147,866	416,265
Franchise Fees	914,375	76,996
Repairs and Maintenance	60,265	195,624
	1,122,506	688,885
General Expenses:		
Personnel Services	271,248	487,151
Professional and Schooling	218,371	17,434
Contract Services	100,489	36,739
Engineering Services	2,488	5,209
Communications	3,668	3,118
Advertising and Publications	472	1,083
Public Relations	-	-
Postage & Freight	-	443
Dues & Subscriptions	120	650
Insurance	28,739	37,536
Utilities	7,534	25,430
Transportation and Fuel	2,198	8,542
Miscellaneous	53,796	2,730
Office Supplies	2,813	451
Bad Debt Expense	-	-
Equipment Rental	-	-
	691,936	626,516
Total Operating Expense Before Depreciation	17,297,252	1,363,523
Operating Income (Loss) Before Depreciation and Amortization	5,259,094	535,848
Less: Depreciation	1,323,157	368,875
Amortization	-	-
Operating Income (Loss)	\$ 3,935,937	\$ 166,973

Sewer	Sanitation	General and Administrative Expenses	2018	Totals 2017
\$ 4,707,443	\$ 754,661	\$ 133,385	\$ 30,051,206	\$ 29,894,063
4,559,395	764,495	-	20,854,822	20,611,053
279,590	-	87,147	930,868	923,375
190,827	30,592	5,407	1,218,197	897,635
142,859	4,817	66,610	470,175	576,071
613,276	35,409	159,164	2,619,240	2,397,081
308,656	-	891,290	1,958,345	1,957,917
7,905	708	57,510	301,928	286,321
108,841	-	488,230	734,299	604,078
25,850	-	-	33,547	10,137
2,420	-	15,561	24,767	24,231
-	-	35,670	37,225	64,287
-	-	12,034	12,034	15,719
59	-	57,291	57,793	58,710
30	-	37,031	37,831	49,734
27,102	3,276	118,850	215,503	120,299
35,699	-	21,429	90,092	81,685
7,534	23,346	1,966	43,586	34,132
59,085	20	40,662	156,293	1,290,879
352	96	4,394	8,106	14,123
-	-	65,418	65,418	73,747
-	-	1,707	1,707	4,575
583,533	27,446	1,849,043	3,778,474	4,690,574
5,756,204	827,350	2,008,207	27,252,536	27,698,708
(1,048,761)	(72,689)	(1,874,822)	2,798,670	2,195,355
503,680	-	455,632	2,651,344	2,443,316
-	-	3,964	3,964	8,956
\$ (1,552,441)	\$ (72,689)	\$ (2,334,418)	\$ 143,362	\$ (256,917)

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
Combining Departmental Schedule of Revenues, Expenses and Changes in Net Position
Combined Utilities
For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

(Continued)

	Totals	
	2018	2017
Nonoperating Revenues (Expense):		
Interest Income	\$ 79,919	\$ 31,789
Finance Charge	67,885	60,146
Intergovernmental Revenue	-	153,687
Local Option Sales Tax	489,537	507,551
Rental Income	-	400
Miscellaneous Revenue	408,331	894,172
Interest Expense	(837,993)	(855,344)
(Loss) on Disposal of Equipment	(59,740)	-
Total Nonoperating Income (Expense)	147,939	792,401
Income before contributions and transfers	291,301	535,484
Transfers (Out)	(83,267)	(68,508)
Change in Net Position	208,034	466,976
Net Position at Beginning of Year	37,370,206	36,903,230
Net Position at End of Year	\$ 37,578,240	\$ 37,370,206

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF NET POSITION
Discretely Presented Component Unit
Community Development Agency
SEPTEMBER 30, 2018

	CDA
Assets	
Cash and Cash Equivalents	\$ 64,393
Investments	3,200,468
Receivables (net, where applicable, of allowance for uncollectibles)	
Accounts	122,681
Notes Receivable	98,059
Due from Other Governmental Agencies	495,783
Land Held for Resale, At Cost	3,917,006
Land	2,205
Construction in Progress	567,451
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	46,252
Total Assets	<u>8,514,298</u>
Liabilities	
Accrued Interest Payable	10,299
Notes Payable	3,189,267
Total Liabilities	<u>3,199,566</u>
Net Position	
Investment in Capital Assets	615,908
Unrestricted	4,698,824
Total Net Position	<u>\$ 5,314,732</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF ACTIVITIES
Discretely Presented Component Unit
Community Development Agency
For the Year Ended September 30, 2018

	CDA
Revenues:	
Gain on Sale of Land	\$ 5,000
Interest	303,078
Rental Income	446,870
Intergovernmental	567,451
Total Revenue	<u>1,322,399</u>
Expenses:	
Community Development	378,318
Depreciation	1,996
Total Expenses	<u>380,314</u>
Net Change in Net Position	942,085
Net Position - beginning of year	<u>4,372,647</u>
Net Position - end of year	<u><u>\$ 5,314,732</u></u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2018

	Capital Improvement Sales Tax			Library		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:						
Taxes	\$ -	\$ -	\$ -	\$ 480,256	\$ 442,786	\$ (37,470)
Other Taxes	972,000	1,052,505	80,505	-	-	-
Intergovernmental	-	14,993	14,993	20,650	5,706	(14,944)
Charges for Services	-	-	-	-	51,901	51,901
Fines and Forfeits	-	-	-	7,000	4,045	(2,955)
Interest on Investments	2,000	1,815	(185)	-	-	-
Rental Income	-	-	-	15,000	9,121	(5,879)
Contributions	-	-	-	-	2,889	2,889
Miscellaneous	-	-	-	9,500	10,909	1,409
Total Revenue	974,000	1,069,313	95,313	532,406	527,357	(5,049)
Expenditures:						
General Government	5,000	2,500	2,500	-	-	-
Public Safety	167,000	170,452	(3,452)	-	-	-
Public Works	175,000	4,628	170,372	-	-	-
Culture and Recreation	300,000	355,633	(55,633)	532,256	496,844	35,412
Community Development	50,000	-	50,000	-	-	-
Debt Service	262,750	262,481	269	-	-	-
Total Expenditures	959,750	795,694	164,056	532,256	496,844	35,412
Excess (deficiency) of revenues over expenditures	14,250	273,619	259,369	150	30,513	30,363
Other financing sources (uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(360,000)	(364,345)	(4,345)	-	-	-
Total other financing sources (uses)	(360,000)	(364,345)	(4,345)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (345,750)</u>	<u>(90,726)</u>	<u>\$ 255,024</u>	<u>\$ 150</u>	<u>30,513</u>	<u>\$ 30,363</u>
Fund balances - beginning of year		<u>1,061,623</u>			<u>130,674</u>	
Fund balances - end of year		<u>\$ 970,897</u>			<u>\$ 161,187</u>	

Fire			All America City TIF			County/LEC Sales Tax		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ 192,565	\$ 178,020	\$ (14,545)	\$ 325,592	\$ 284,112	\$ (41,480)	\$ -	\$ -	\$ -
120,000	120,000	-	-	-	-	-	-	-
358,241	222,112	(136,129)	-	-	-	24,400	24,400	-
260,000	260,118	118	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
600	3	(597)	200	2,026	1,826	-	1,387	1,387
-	200	200	-	-	-	-	-	-
19,000	-	(19,000)	-	-	-	-	-	-
25,000	33,793	8,793	-	-	-	-	3,454	3,454
975,406	814,246	(161,160)	325,792	286,138	(39,654)	24,400	29,241	4,841
1,381,160	1,304,511	76,649	-	-	-	-	-	-
-	-	-	-	-	-	148,400	12,816	135,584
-	-	-	-	-	-	-	-	-
-	-	-	215,000	-	215,000	-	-	-
-	-	-	185,199	184,749	450	-	-	-
1,381,160	1,304,511	76,649	400,199	184,749	215,450	148,400	12,816	135,584
(405,754)	(490,265)	(84,511)	(74,407)	101,389	175,796	(124,000)	16,425	140,425
180,000	230,000	50,000	-	-	-	24,400	24,400	-
-	(220,677)	(220,677)	-	-	-	-	-	-
180,000	9,323	(170,677)	-	-	-	24,400	24,400	-
<u>\$ (225,754)</u>	<u>(480,942)</u>	<u>\$ (255,188)</u>	<u>\$ (74,407)</u>	<u>101,389</u>	<u>\$ 175,796</u>	<u>\$ (99,600)</u>	<u>40,825</u>	<u>\$ 140,425</u>
	<u>369,896</u>			<u>698,043</u>			<u>118,464</u>	
	<u>\$ (111,046)</u>			<u>\$ 799,432</u>			<u>\$ 159,289</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS - (Continued)
For the Year Ended September 30, 2018

	Revolving Loan			Riverfront TIF		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	250,000	30,000	(220,000)	-	-	-
Charges for Services	-	-	-	-	-	-
Interest on Investments	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-
Reimbursements	-	-	-	8,000	-	(8,000)
Miscellaneous	50,000	-	(50,000)	-	-	-
Total Revenue	300,000	30,000	(270,000)	8,000	-	(8,000)
Expenditures:						
Community Development	250,000	-	250,000	60,000	46	59,954
Capital Projects	-	-	-	-	-	-
Debt Service	50,000	-	50,000	-	-	-
Total Expenditures	300,000	-	300,000	60,000	46	59,954
Excess (deficiency) of revenues over expenditures	-	30,000	30,000	(52,000)	(46)	51,954
Other financing sources (uses):						
Issuance of Debt	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	30,000	\$ 30,000	\$ (52,000)	(46)	\$ 51,954
Fund balances (deficits) - beginning of year		14,663			52,033	
Fund balances (deficits) - end of year		\$ 44,663			\$ 51,987	

Downtown BID TIF			W 25th - W 39th TIF			Roth TIF		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ 144,000	\$ 102,314	\$ (41,686)	\$ 384,597	\$ 27,434	\$ (357,163)
-	-	-	-	-	-	-	-	-
-	-	-	17,000	-	(17,000)	-	-	-
20	-	(20)	-	1,980	1,980	-	1	1
5,400	4,300	(1,100)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	3,926	3,926	375,000	-	(375,000)
5,420	4,300	(1,120)	161,000	108,220	(52,780)	759,597	27,435	(732,162)
15,500	1,353	14,147	1,000	-	1,000	-	-	-
-	-	-	-	-	-	2,157,525	340,003	1,817,522
-	-	-	-	-	-	-	-	-
15,500	1,353	14,147	1,000	-	1,000	2,157,525	340,003	1,817,522
(10,080)	2,947	13,027	160,000	108,220	(51,780)	(1,397,928)	(312,568)	1,085,360
-	-	-	-	-	-	1,400,000	-	(1,400,000)
-	-	-	(186,000)	(220,695)	(34,695)	-	(61,540)	(61,540)
-	-	-	(186,000)	(220,695)	(34,695)	1,400,000	(61,540)	(1,461,540)
<u>\$ (10,080)</u>	<u>2,947</u>	<u>\$ 13,027</u>	<u>\$ (26,000)</u>	<u>(112,475)</u>	<u>\$ (86,475)</u>	<u>\$ 2,072</u>	<u>(374,108)</u>	<u>\$ (376,180)</u>
	<u>62,074</u>			<u>168,066</u>			<u>(267,377)</u>	
	<u>\$ 65,021</u>			<u>\$ 55,591</u>			<u>\$ (641,485)</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS - (Continued)
For the Year Ended September 30, 2018

	W 29th & Hwy 77 TIF			Police Pension		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:						
Taxes	\$ -	\$ 32,818	\$ 32,818	\$ 154,350	\$ 143,241	\$ (11,109)
Other Taxes	-	-	-	-	-	-
Intergovernmental	-	350,238	350,238	3,500	1,074	(2,426)
Interest on Investments	-	211	211	700	2,430	1,730
Reimbursements	-	-	-	-	-	-
Miscellaneous	250,000	9,500	(240,500)	-	-	-
Total Revenue	250,000	392,767	142,767	158,550	146,745	(11,805)
Expenditures:						
Public Safety	-	-	-	400,000	154,576	245,424
Community Development	-	-	-	-	-	-
Capital Projects	2,695,065	1,346,860	1,348,205	-	-	-
Debt Service	-	51,528	(51,528)	-	-	-
Total Expenditures	2,695,065	1,398,388	1,296,677	400,000	154,576	245,424
Excess (deficiency) of revenues over expenditures	(2,445,065)	(1,005,621)	1,439,444	(241,450)	(7,831)	233,619
Other financing sources (uses):						
Issuance of Debt	2,000,000	-	(2,000,000)	-	-	-
Transfers In	-	196,280	196,280	-	-	-
Transfers Out	-	-	-	-	-	-
Total other financing sources (uses)	2,000,000	196,280	(1,803,720)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (445,065)</u>	(809,341)	<u>\$ (364,276)</u>	<u>\$ (241,450)</u>	(7,831)	<u>\$ 233,619</u>
Fund balances - beginning of year		<u>359,257</u>			<u>245,398</u>	
Fund balances - end of year		<u>\$ (450,084)</u>			<u>\$ 237,567</u>	

Wireless 911 Fund			Economic Development Sales Tax			Public Safety Sales Tax		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	100,000	97,497	(2,503)	260,000	243,743	(16,257)
73,507	73,708	201	-	-	-	-	-	-
-	-	-	-	1,765	1,765	500	234	(266)
-	-	-	10,000	9,167	(833)	-	-	-
-	-	-	-	-	-	-	-	-
73,507	73,708	201	110,000	108,429	(1,571)	260,500	243,977	(16,523)
3,507	-	3,507	-	-	-	200,000	46,693	153,307
-	-	-	275,000	-	275,000	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	293,754	64,356	229,398
3,507	-	3,507	275,000	-	275,000	493,754	111,049	382,705
70,000	73,708	3,708	(165,000)	108,429	273,429	(233,254)	132,928	366,182
-	-	-	-	-	-	2,587,000	-	(2,587,000)
-	-	-	-	-	-	-	2,431,536	2,431,536
(70,000)	(73,507)	(3,507)	-	(196,280)	(196,280)	(180,000)	(497,551)	(317,551)
(70,000)	(73,507)	(3,507)	-	(196,280)	(196,280)	2,407,000	1,933,985	(473,015)
<u>\$ -</u>	<u>201</u>	<u>\$ 201</u>	<u>\$ (165,000)</u>	<u>(87,851)</u>	<u>\$ 77,149</u>	<u>\$ 2,173,746</u>	<u>2,066,913</u>	<u>\$ (106,833)</u>
	<u>20,415</u>			<u>170,512</u>			<u>(1,917,197)</u>	
	<u>\$ 20,616</u>			<u>\$ 82,661</u>			<u>\$ 149,716</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, DEBT SERVICE FUND - BUDGETARY BASIS
For the Year Ended September 30, 2018

	Debt Service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Other Taxes	\$ 375,000	\$ 375,000	\$ -
Interest on Investments	1,500	4,083	2,583
Total Revenue	<u>376,500</u>	<u>379,083</u>	<u>2,583</u>
Excess of revenues over expenditures	<u>376,500</u>	<u>379,083</u>	<u>2,583</u>
Other financing sources (uses):			
Transfers Out	(471,926)	(487,980)	(16,054)
Total other financing sources (uses)	<u>(471,926)</u>	<u>(487,980)</u>	<u>(16,054)</u>
Excess of revenues and other financing sources			
over expenditures and other financing uses	<u>\$ (95,426)</u>	<u>(108,897)</u>	<u>\$ (13,471)</u>
Fund balances - beginning of year		<u>399,516</u>	
Fund balances - end of year		<u>\$ 290,619</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, CAPITAL PROJECT FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2018

	Street Projects			Park Projects		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:						
Other Taxes	\$ 1,250,000	\$ 1,403,165	\$ 153,165	\$ -	\$ -	\$ -
Special Assessments	-	1,716	1,716	-	-	-
Intergovernmental	639,831	411,482	(228,349)	500,000	181,806	(318,194)
Interest on Investments	-	2,342	2,342	-	2,195	2,195
Miscellaneous	91,612	36,893	(54,719)	-	-	-
Total Revenue	1,981,443	1,855,598	(125,845)	500,000	184,001	(315,999)
Expenditures:						
Capital Projects	1,277,737	541,122	736,615	500,000	-	500,000
Debt Service	377,800	377,354	446	-	-	-
Total Expenditures	1,655,537	918,476	737,061	500,000	-	500,000
Excess (deficiency) of revenues over expenditures	325,906	937,122	611,216	-	184,001	184,001
Other financing sources (uses):						
Transfers In	-	81,033	81,033	-	-	-
Transfers Out	(400,000)	(601,471)	(201,471)	-	-	-
Total other financing sources (uses)	(400,000)	(520,438)	(120,438)	-	-	-
Excess (deficiency) of revenues and and other financing sources over expenditures and other financing uses	\$ (74,094)	416,684	\$ 490,778	\$ -	184,001	\$ 184,001
Fund balances (deficits) - beginning of year		186,436			33	
Fund balances (deficits) - end of year		\$ 603,120			\$ 184,034	

Miscellaneous Projects		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	400,020	400,020
-	22,947	22,947
-	-	-
-	422,967	422,967

1,490,000	1,462,861	27,139
591,745	591,731	14
2,081,745	2,054,592	27,153

(2,081,745)	(1,631,625)	450,120
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1,974,691	1,047,720	(926,971)
-	-	-
1,974,691	1,047,720	(926,971)

<u>\$ (107,054)</u>	(583,905)	<u>\$ (476,851)</u>
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552,747

\$ (31,158)

Disaster Recovery		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

-	-	-
184,175	183,228	947
184,175	183,228	947

(184,175)	(183,228)	947
-----------	-----------	-----

183,175	183,175	-
-	-	-
183,175	183,175	-

<u>\$ (1,000)</u>	(53)	<u>\$ 947</u>
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(3,196)

\$ (3,249)

CITY OF SOUTH SIOUX CITY STATISTICAL SECTION

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

Contents:	Pages
Financial Trends	86 - 95
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	96 - 101
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	102 - 106
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	107 - 108
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	109 - 111
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 41,941,598	\$ 41,438,515	\$ 41,456,701	\$ 42,575,671
Restricted	690,695	720,076	3,668,635	3,086,769
Unrestricted	4,491,397	5,089,416	4,861,508	1,810,420
Total Governmental Activities				
Net Position	<u>\$ 47,123,690</u>	<u>\$ 47,248,007</u>	<u>\$ 49,986,844</u>	<u>\$ 47,472,860</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 21,501,716	\$ 21,010,547	\$ 21,585,294	\$ 22,690,352
Restricted	1,817,360	1,958,461	1,518,641	1,493,462
Unrestricted	1,304,437	3,584,974	4,007,096	4,262,977
Total Business-type Activities				
Net Position	<u>\$ 24,623,513</u>	<u>\$ 26,553,982</u>	<u>\$ 27,111,031</u>	<u>\$ 28,446,791</u>
Primary Government				
Net Investment in Capital Assets	\$ 63,443,314	\$ 62,449,062	\$ 63,041,995	\$ 65,266,023
Restricted	2,508,055	2,678,537	5,187,276	4,580,231
Unrestricted	5,795,834	8,674,390	8,868,604	6,073,397
Total Primary Government				
Net Position	<u>\$ 71,747,203</u>	<u>\$ 73,801,989</u>	<u>\$ 77,097,875</u>	<u>\$ 75,919,651</u>

Notes:

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

Table 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 44,163,559	\$ 44,949,843	\$ 44,120,192	\$ 45,731,034	\$ 52,416,287	\$ 52,978,297
3,789,008	4,313,080	6,235,742	5,470,959	5,333,098	5,232,844
(1,711,297)	1,912,622	2,486,937	2,472,291	1,419,309	2,256,766
<u>\$ 46,241,270</u>	<u>\$ 51,175,545</u>	<u>\$ 52,842,871</u>	<u>\$ 53,674,284</u>	<u>\$ 59,168,694</u>	<u>\$ 60,467,907</u>
\$ 22,881,209	\$ 22,814,409	\$ 22,167,832	\$ 26,452,083	\$ 29,461,858	\$ 29,490,667
1,502,478	1,498,908	1,720,568	1,926,965	1,880,669	1,944,999
5,161,138	5,257,239	9,490,821	8,524,182	6,027,679	6,142,574
<u>\$ 29,544,825</u>	<u>\$ 29,570,556</u>	<u>\$ 33,379,221</u>	<u>\$ 36,903,230</u>	<u>\$ 37,370,206</u>	<u>\$ 37,578,240</u>
\$ 67,044,768	\$ 67,764,252	\$ 66,288,024	\$ 72,183,117	\$ 81,878,145	\$ 82,468,964
5,291,486	5,811,988	7,956,310	7,397,924	7,213,767	7,177,843
3,449,841	7,169,861	11,977,758	10,996,473	7,446,988	8,399,340
<u>\$ 75,786,095</u>	<u>\$ 80,746,101</u>	<u>\$ 86,222,092</u>	<u>\$ 90,577,514</u>	<u>\$ 96,538,900</u>	<u>\$ 98,046,147</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA

Table 2

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Expenses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
General Government	\$ 923,899	\$ 932,337	\$ 727,856	\$ 876,351	\$ 952,910	\$ 1,283,575	\$ 1,051,286	\$ 1,024,702	\$ 1,100,947	\$ 1,149,602
Public Safety	4,872,895	4,951,301	5,133,935	5,102,092	5,187,227	4,712,983	4,833,129	5,167,519	5,765,443	5,647,722
Public Works	2,855,989	2,965,546	3,975,351	6,587,235	6,809,425	3,027,764	3,416,128	3,595,873	4,112,309	4,412,844
Culture and Recreation	872,533	910,584	908,473	1,014,881	1,129,815	1,001,065	1,011,111	1,258,206	1,427,354	1,651,009
Community Development	699,304	193,115	502,237	3,114,698	269,039	858,526	901,548	170,215	160,344	614,846
Debt Service	317,070	261,427	348,268	332,187	401,559	369,476	333,568	289,436	275,100	267,467
Total Governmental Activities Expenses	10,541,690	10,214,310	11,596,120	17,027,444	14,749,975	11,253,389	11,546,770	11,505,951	12,841,497	13,743,490
Business-Type Activities										
Electric	13,720,664	14,542,110	15,759,427	15,564,895	15,743,218	15,629,694	17,120,714	17,493,457	18,105,992	18,620,409
Water	1,518,302	1,385,667	1,307,995	1,456,586	1,408,012	1,493,998	1,556,701	1,662,904	1,687,485	1,732,398
Sewer	1,852,695	2,080,755	2,536,757	2,426,233	2,805,745	4,026,362	2,839,222	2,881,066	7,152,518	6,259,884
Sanitation	579,119	577,579	590,772	569,847	739,951	754,921	704,485	795,302	768,304	827,350
Utility Administration	2,984,647	3,140,839	3,219,286	3,099,146	3,014,275	3,195,608	3,183,195	3,330,943	3,292,025	3,305,796
Total Business-Type Activities	20,655,427	21,726,950	23,414,237	23,116,707	23,711,201	25,100,583	25,404,317	26,163,672	31,006,324	30,745,837
Total Primary Government Expenses	\$ 31,197,117	\$ 31,941,260	\$ 35,010,357	\$ 40,144,151	\$ 38,461,176	\$ 36,353,972	\$ 36,951,087	\$ 37,669,623	\$ 43,847,821	\$ 44,489,327
Program Revenues (See Table 3)										
Governmental Activities:										
Charges for Services										
General Government	\$ 141,078	\$ 140,665	\$ 158,271	\$ 147,203	\$ 158,299	\$ 195,655	\$ 201,999	\$ 183,379	\$ 173,933	\$ 189,247
Public Safety	753,742	757,967	712,432	745,351	785,384	867,923	777,862	1,005,952	955,941	998,988
Public Works	-	-	-	97,478	124,504	2,854	335,160	-	-	-
Culture and Recreation	261,183	269,796	117,806	211,804	297,599	463,127	596,580	736,767	583,979	573,324
Community Development	400,371	387,357	338,462	360,764	389,494	379,964	382,751	380,274	210,834	4,300
Operating Grants & Contributions	2,551,298	1,647,771	3,571,744	4,369,300	2,970,960	2,505,853	2,890,942	2,858,256	3,411,947	3,099,588
Capital Grants & Contributions	1,293,036	487,052	2,449,875	1,608,781	1,249,942	3,044,740	2,028,791	580,212	3,841,514	1,084,666
Total Governmental Activities										
Program Revenues	5,400,708	3,690,608	7,348,590	7,540,681	5,976,182	7,460,116	7,214,085	5,744,840	9,178,148	5,950,113
Business-Type Activities:										
Charges for Services:										
Electric	15,452,390	16,541,380	17,702,209	18,047,853	18,597,162	19,304,632	20,212,014	20,993,253	21,324,945	22,556,346
Water	1,481,604	1,544,196	1,574,491	1,768,567	1,819,944	1,813,087	1,875,637	1,947,316	1,981,324	1,899,371
Sewer	2,616,106	2,727,681	2,995,693	3,231,468	3,282,236	3,151,623	3,301,613	3,372,507	5,724,221	4,707,443
Sanitation	582,524	585,872	607,487	617,193	653,644	681,405	706,228	739,438	747,857	754,661
Utility Administration	140,388	86,145	79,762	58,339	63,592	221,912	91,443	127,857	116,116	133,385
Operating Grants & Contributions	-	-	-	133,922	-	-	-	-	-	-
Capital Grants & Contributions	133,247	1,493,520	345,797	262,735	269,026	104,335	-	1,828,578	153,687	-
Total Business-Type Activities										
Program Revenues	20,406,259	22,978,794	23,305,439	24,120,077	24,685,604	25,276,994	26,186,935	29,008,949	30,048,150	30,051,206
Total Primary Government										
Program Revenues	\$ 25,806,967	\$ 26,669,402	\$ 30,654,029	\$ 31,660,758	\$ 30,661,786	\$ 32,737,110	\$ 33,401,020	\$ 34,753,789	\$ 39,226,298	\$ 36,001,319

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue (1)										
Governmental Activities	\$ (5,140,982)	\$ (6,523,702)	\$ (4,247,530)	\$ (9,486,763)	\$ (8,773,793)	\$ (3,793,273)	\$ (4,332,685)	\$ (5,761,111)	\$ (3,663,349)	\$ (7,793,377)
Business-Type Activities	(249,168)	1,251,844	(108,798)	1,003,370	974,403	176,411	782,618	2,845,277	(958,174)	(694,631)
Total Primary Government										
Net Expense	<u>\$ (5,390,150)</u>	<u>\$ (5,271,858)</u>	<u>\$ (4,356,328)</u>	<u>\$ (8,483,393)</u>	<u>\$ (7,799,390)</u>	<u>\$ (3,616,862)</u>	<u>\$ (3,550,067)</u>	<u>\$ (2,915,834)</u>	<u>\$ (4,621,523)</u>	<u>\$ (8,488,008)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Tax	\$ 2,681,577	\$ 2,729,448	\$ 2,808,284	\$ 2,867,892	\$ 3,059,981	\$ 2,927,524	\$ 3,089,213	\$ 2,882,495	\$ 3,336,985	\$ 3,263,055
Franchise Tax	-	-	-	-	1,295,700	1,347,767	1,398,201	1,337,332	1,196,589	1,516,158
Sales Tax	2,636,373	2,399,746	2,509,541	2,218,953	2,621,213	2,669,265	2,701,550	2,582,106	2,889,001	2,798,345
Occupation Tax	-	-	-	-	48,238	46,557	27,239	28,676	29,827	31,920
Other Taxes	1,225,876	1,239,407	1,382,146	1,330,663	-	-	-	-	-	-
Interest	37,522	31,712	19,754	7,007	11,879	11,857	23,546	38,277	55,081	63,837
Unrestricted Intergovernmental	431,952	417,070	457,375	536,486	579,342	626,630	795,284	791,903	853,006	926,364
Unrestricted Lottery Revenue	89,354	62,553	50,068	55,905	56,386	69,039	78,260	96,682	68,872	75,842
Gain on Sale of Assets	-	83,375	670	-	1,000	4,430	-	7,490	-	21,200
Miscellaneous	160,811	136,994	65,220	53,519	184,300	226,167	74,579	252,920	487,961	251,062
Transfers	(115,590)	(452,286)	(306,691)	(97,646)	(161,371)	669,279	(2,187,861)	138,815	68,508	144,807
Total Governmental Activities	<u>\$ 7,147,875</u>	<u>\$ 6,648,019</u>	<u>\$ 6,986,367</u>	<u>\$ 6,972,779</u>	<u>\$ 7,696,668</u>	<u>\$ 8,598,515</u>	<u>\$ 6,000,011</u>	<u>\$ 8,156,696</u>	<u>\$ 8,985,830</u>	<u>\$ 9,092,590</u>
Business Type of Activities:										
Taxes:										
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ 126,976	\$ 472,593	\$ 570,370	\$ 447,382	\$ 507,551	\$ 489,537
Interest	8,081	902	-	254	1,530	324	-	6,909	31,789	79,919
Finance Charges	40,813	56,938	59,054	55,157	59,136	62,031	53,184	53,496	60,146	67,885
Gain on Sale of Assets	-	-	6,185	-	3,500	-	69,840	-	-	1,800
Miscellaneous	98,662	168,499	293,917	179,333	86,217	112,684	144,792	309,760	894,172	408,331
Transfers	115,590	452,286	306,691	97,646	161,371	(669,279)	2,187,861	(138,815)	(68,508)	(144,807)
Total Business-Type Activities	<u>263,146</u>	<u>678,625</u>	<u>665,847</u>	<u>332,390</u>	<u>438,730</u>	<u>(21,647)</u>	<u>3,026,047</u>	<u>678,732</u>	<u>1,425,150</u>	<u>902,665</u>
Total Primary Government	<u>\$ 7,411,021</u>	<u>\$ 7,326,644</u>	<u>\$ 7,652,214</u>	<u>\$ 7,305,169</u>	<u>\$ 8,135,398</u>	<u>\$ 8,576,868</u>	<u>\$ 9,026,058</u>	<u>\$ 8,835,428</u>	<u>\$ 10,410,980</u>	<u>\$ 9,995,255</u>
Change in Net Position										
Governmental Activities	\$ 2,006,893	\$ 124,317	\$ 2,738,837	\$ (2,513,984)	\$ (1,077,125)	\$ 4,805,242	\$ 1,667,326	\$ 2,395,585	\$ 5,322,481	\$ 1,299,213
Business-Type Activities	13,978	1,930,469	557,049	1,335,760	1,413,133	154,764	3,808,665	3,524,009	466,976	208,034
Total Primary Government	<u>\$ 2,020,871</u>	<u>\$ 2,054,786</u>	<u>\$ 3,295,886</u>	<u>\$ (1,178,224)</u>	<u>\$ 336,008</u>	<u>\$ 4,960,006</u>	<u>\$ 5,475,991</u>	<u>\$ 5,919,594</u>	<u>\$ 5,789,457</u>	<u>\$ 1,507,247</u>

Notes:

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function				
Governmental Activities:				
General Government	\$ 166,510	\$ 162,090	\$ 180,346	\$ 167,203
Public Safety	1,417,210	1,207,182	1,191,562	1,244,574
Public Works	2,063,737	1,420,127	5,366,625	5,267,865
Culture and Recreation	483,083	458,852	261,595	301,180
Community Development	<u>1,270,168</u>	<u>442,357</u>	<u>348,462</u>	<u>559,859</u>
Subtotal Governmental Activities	<u>5,400,708</u>	<u>3,690,608</u>	<u>7,348,590</u>	<u>7,540,681</u>
Business-type Activities				
Electric	15,514,757	16,541,380	17,702,209	18,047,853
Water	1,543,074	1,544,196	1,574,491	1,902,489
Sewer	2,616,106	4,221,201	3,341,490	3,494,203
Sanitation	582,524	585,872	607,487	617,193
Utility Administration	<u>149,798</u>	<u>86,145</u>	<u>79,762</u>	<u>58,339</u>
Subtotal Business-type Activities	<u>20,406,259</u>	<u>22,978,794</u>	<u>23,305,439</u>	<u>24,120,077</u>
Total Primary Government	<u>\$ 25,806,967</u>	<u>\$ 26,669,402</u>	<u>\$ 30,654,029</u>	<u>\$ 31,660,758</u>

Table 3

<u>2013</u>	<u>2014</u>	<u>Program Revenues</u>		<u>2017</u>	<u>2018</u>
		<u>2015</u>	<u>2016</u>		
\$ 178,299	\$ 197,116	\$ 204,504	\$ 183,379	\$ 185,357	\$ 199,722
1,322,378	1,356,860	1,167,996	1,163,602	1,464,593	1,465,722
3,159,552	4,269,992	3,541,227	3,003,934	6,137,976	2,463,786
815,206	813,260	864,408	936,957	816,399	1,322,865
500,747	822,888	1,435,950	456,968	573,823	498,018
<u>5,976,182</u>	<u>7,460,116</u>	<u>7,214,085</u>	<u>5,744,840</u>	<u>9,178,148</u>	<u>5,950,113</u>
18,597,162	19,304,632	20,212,014	20,993,253	21,324,945	22,556,346
1,819,944	1,813,087	1,875,637	1,947,316	1,981,324	1,899,371
3,321,618	3,155,976	3,301,613	5,201,085	5,877,908	4,707,443
653,644	681,405	706,228	739,438	747,857	754,661
293,236	321,894	91,443	127,857	116,116	133,385
<u>24,685,604</u>	<u>25,276,994</u>	<u>26,186,935</u>	<u>29,008,949</u>	<u>30,048,150</u>	<u>30,051,206</u>
<u>\$ 30,661,786</u>	<u>\$ 32,737,110</u>	<u>\$ 33,401,020</u>	<u>\$ 34,753,789</u>	<u>\$ 39,226,298</u>	<u>\$ 36,001,319</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 145,461	\$ 245,091	\$ -	\$ -
Unreserved	2,268,807	1,830,242	-	-
Nonspendable (1)	-	-	190,617	160,617
Assigned (1)	-	-	13,184	63,630
Unassigned (1)	-	-	2,032,728	1,883,997
Total General Fund	<u>\$ 2,414,268</u>	<u>\$ 2,075,333</u>	<u>\$ 2,236,529</u>	<u>\$ 2,108,244</u>
All Other Governmental Funds				
Reserved	\$ 2,270,758	\$ 2,602,046	\$ -	\$ -
Unreserved, Reported in:				
Special Revenue Funds	2,109,223	1,694,262	-	-
Capital Project Funds	(1,580,325)	(765,719)	-	-
Nonspendable (1)	-	-	3,619,000	930,380
Restricted (1)	-	-	2,763,773	2,536,073
Committed (1)	-	-	292,250	8,132
Assigned (1)	-	-	741,163	752,048
Unassigned (1)	-	-	(1,495,617)	(1,880,514)
Total All Other Governmental Funds	<u>\$ 2,799,656</u>	<u>\$ 3,530,589</u>	<u>\$ 5,920,569</u>	<u>\$ 2,346,119</u>

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

Table 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
364,011	442,572	534,472	476,915	442,894	376,844
63,630	63,630	63,630	63,630	63,630	64,215
1,986,775	2,459,161	2,823,487	2,843,701	2,935,594	2,858,390
<u>\$ 2,414,416</u>	<u>\$ 2,965,363</u>	<u>\$ 3,421,589</u>	<u>\$ 3,384,246</u>	<u>\$ 3,442,118</u>	<u>\$ 3,299,449</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
888,908	1,048,837	980,826	822,769	-	-
3,603,078	4,486,054	5,412,973	4,707,267	4,736,018	5,105,140
-	-	-	-	156,933	156,933
2,158,141	1,318,278	139,040	127,599	33	2,228
(1,138,551)	(999,284)	(1,470,515)	(1,431,848)	(2,617,554)	(1,568,073)
<u>\$ 5,511,576</u>	<u>\$ 5,853,885</u>	<u>\$ 5,062,324</u>	<u>\$ 4,225,787</u>	<u>\$ 2,275,430</u>	<u>\$ 3,696,228</u>

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

	Fiscal year			
	2009	2010	2011	2012
Revenues				
Taxes	\$ 2,702,233	\$ 2,654,475	\$ 2,861,320	\$ 2,883,519
Franchise Taxes	-	-	-	-
Local Option Sales Taxes	-	-	-	-
Occupation Taxes	-	-	-	-
Other Taxes	3,862,249	3,639,153	3,891,687	3,549,616
Special Assessments	9,457	11,508	163	-
Licenses & Permits	3,555	1,897	9,945	-
Intergovernmental Revenue	4,686,314	2,903,260	6,908,118	6,966,472
Charges for Services	518,088	541,178	340,285	459,304
Fines and Forfeits	8,214	7,397	9,492	11,720
Sale of Land	-	83,375	670	-
Lottery Revenue	89,354	62,553	50,068	55,905
Interest	34,859	30,549	18,395	6,787
Rental Income	564,543	546,810	504,863	532,500
Contributions	45,299	44,755	8,265	13,589
Reimbursements	110,625	65,437	19,415	131,052
Miscellaneous	67,236	71,556	45,805	16,049
Total Revenue	12,702,026	10,663,903	14,668,491	14,626,513
Expenditures				
General Government	870,832	872,040	713,942	926,332
Public Safety	4,959,838	4,725,947	4,903,398	4,883,831
Public Works	689,803	1,213,055	961,805	864,934
Culture and Recreation	1,079,716	851,120	811,579	790,575
Community Development	755,832	281,440	544,246	3,200,861
Capital Projects	4,094,399	3,131,076	3,961,423	6,076,766
Debt Service:				
Principal	812,983	1,160,083	1,197,083	1,332,084
Interest	313,705	289,039	349,160	324,895
Total Expenditure	13,577,108	12,523,800	13,442,636	18,400,278
Excess (Deficiency) of Revenues over expenditures	(875,082)	(1,859,897)	1,225,855	(3,773,765)
Other Financing Sources (Uses)				
Issuance of Long-Term Debt	1,300,000	2,500,000	1,400,000	-
Issuance of Capital Lease	-	-	-	-
Sale of Capital Assets	-	-	-	-
Transfers In	-	274,806	505,900	733,691
Transfers Out	(115,590)	(522,911)	(786,340)	(831,337)
Total Other Financing Sources (Uses)	1,184,410	2,251,895	1,119,560	(97,646)
Net Change in Fund Balances	\$ 309,328	\$ 391,998	\$ 2,345,415	\$ (3,871,411)
Debt Service as a Percentage of Noncapital Expenditures	13.24%	16.30%	15.09%	10.63%

Table 5

Fiscal year						
	2013	2014	2015	2016	2017	2018
\$	3,069,598	\$ 2,941,741	\$ 2,987,222	\$ 2,825,443	\$ 3,202,838	\$ 3,196,983
	1,295,700	1,347,767	1,394,590	1,325,574	1,184,187	1,502,166
	2,621,213	2,669,265	2,701,550	2,582,106	2,889,001	2,798,345
	48,238	46,557	27,239	28,676	29,827	31,920
	-	-	-	-	-	-
	85,945	2,854	2,854	2,301	1,747	2,101
	3,949	10,173	2,261	2,272	10,847	2,059
	5,115,048	4,561,409	4,561,409	4,222,203	8,442,490	4,800,390
	568,423	746,047	855,902	1,184,093	975,941	998,240
	9,270	7,643	6,863	9,232	9,359	6,791
	1,000	4,430	-	-	-	-
	56,386	69,039	78,260	96,682	68,872	75,842
	11,735	11,857	25,202	38,291	49,434	61,404
	558,620	589,907	604,462	622,550	414,971	234,687
	10,467	46,187	33,139	24,552	55,172	201,014
	75,317	92,983	-	-	-	-
	263,158	132,461	90,404	225,923	497,620	264,717
	<u>13,794,067</u>	<u>13,280,320</u>	<u>13,371,357</u>	<u>13,189,898</u>	<u>17,832,306</u>	<u>14,176,659</u>
	905,160	872,528	954,835	1,076,254	1,029,251	1,074,834
	5,049,087	4,542,773	4,654,843	5,705,376	5,811,302	5,703,396
	961,145	859,335	1,260,494	1,307,040	1,596,937	1,597,159
	1,074,636	928,448	1,181,392	1,453,970	1,580,104	1,657,353
	257,281	858,526	901,548	170,215	160,344	47,395
	7,300,484	3,491,894	2,521,674	2,953,868	9,670,115	3,643,250
	1,293,750	1,245,000	2,010,000	1,350,000	2,325,000	1,465,000
	391,200	386,872	358,124	309,104	277,175	250,427
	<u>17,232,743</u>	<u>13,185,376</u>	<u>13,842,910</u>	<u>14,325,827</u>	<u>22,450,228</u>	<u>15,438,814</u>
	<u>(3,438,676)</u>	<u>94,944</u>	<u>(471,553)</u>	<u>(1,135,929)</u>	<u>(4,617,922)</u>	<u>(1,262,155)</u>
	5,350,000	-	-	-	2,485,000	2,435,817
	29,649	-	20,150	-	-	-
	(11,758)	-	-	7,490	-	21,200
	601,614	1,442,046	611,572	979,155	3,717,962	4,900,271
	<u>(762,985)</u>	<u>(772,767)</u>	<u>(495,504)</u>	<u>(840,340)</u>	<u>(3,649,454)</u>	<u>(4,817,004)</u>
	5,206,520	669,279	136,218	146,305	2,553,508	2,540,284
\$	<u>1,767,844</u>	<u>\$ 764,223</u>	<u>\$ (335,335)</u>	<u>\$ (989,624)</u>	<u>\$ (2,064,414)</u>	<u>\$ 1,278,129</u>
	12.45%	21.56%	20.92%	16.53%	21.42%	14.46%

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

Table 6

Fiscal Year	Property Tax	Local Option Sales Tax	Franchise Taxes	Total Taxes
2009	\$ 2,702,233	\$ 2,636,373	\$ 1,225,876	\$ 6,564,482
2010	2,654,475	2,399,746	1,239,407	6,293,628
2011	2,861,320	2,509,542	1,382,145	6,753,007
2012	2,883,519	2,218,953	1,330,663	6,433,135
2013	3,069,598	2,621,213	1,295,700	6,986,511
2014	2,941,941	2,669,265	1,347,767	6,958,973
2015	2,987,222	2,701,550	1,394,590	7,083,362
2016	2,825,443	2,582,106	1,325,574	6,733,123
2017	3,202,838	2,889,001	1,184,187	7,276,026
2018	\$ 3,196,983	\$ 2,798,345	\$ 1,502,166	\$ 7,497,494
Percentage Change In Dollars Over 10 Years	18.31%	6.14%	22.54%	14.21%

CITY OF SOUTH SIOUX CITY, NEBRASKA

Table 7

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

FISCAL YEAR (2)	REAL PROPERTY		PERSONAL PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE
	RESIDENTIAL	COMMERCIAL			
2009	\$ 275,807,985	\$ 192,709,048	\$ 47,613,547	\$ 516,130,580	0.39588%
2010	275,437,165	198,940,836	74,191,064	548,569,065	0.38949%
2011	288,403,640	202,844,257	49,032,818	540,280,715	0.39912%
2012	289,719,805	209,345,230	52,164,993	551,230,028	0.39912%
2013	290,116,900	214,868,738	50,203,052	555,188,690	0.40432%
2014	290,113,900	225,552,624	43,724,636	559,391,160	0.40426%
2015	294,654,785	226,598,123	53,332,314	574,585,222	0.40427%
2016	311,662,095	226,813,758	57,596,006	596,071,859	0.39912%
2017	305,469,210	226,158,699	56,861,003	588,488,912	0.39912%
2018	\$ 376,548,865	\$ 261,334,148	\$ 45,377,661	\$ 683,260,674	0.39912%

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

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

Source: Dakota County Assessor's Office

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

	Fiscal Year			
	2009	2010	2011	2012
CITY OF SOUTH SIOUX CITY				
GENERAL FUND	\$ 0.27358	\$ 0.27963	\$ 0.27632	\$ 0.28892
DEBT SERVICE	0.00456	0.00463	0.00454	-
POLICE RETIREMENT	0.02506	0.02544	0.02541	0.02533
FIRE	0.03092	0.03210	0.03500	0.03200
LIBRARY	0.05538	0.05732	0.05786	0.05807
TOTAL CITY OF SOUTH SIOUX CITY	<u>0.38949</u>	<u>0.39912</u>	<u>0.39912</u>	<u>0.40432</u>
OVERLAPPING RATES (2)				
DAKOTA COUNTY	0.44342	0.44563	0.44974	0.44906
SCHOOL DISTRICT NO 11	1.26673	1.26555	1.26376	1.20766
NORTHEAST TECH COMMUNITY COLLEGE	0.09354	0.09850	0.09525	0.09825
PAPIO MISSOURI NRD	0.03276	0.03275	0.03275	0.03275
AGRICULTURAL SOCIETY	0.00953	0.00859	0.00826	0.00770
EDUCATIONAL SERVICES UNIT #1	0.01500	0.01500	0.01500	0.01500
HISTORICAL SOCIETY	0.00183	0.00184	0.00182	0.00165
TOTAL OVERLAPPING RATES	<u>1.86281</u>	<u>1.86785</u>	<u>1.86658</u>	<u>1.81207</u>
TOTAL PROPERTY TAXES	\$ 2.25231	\$ 2.26697	\$ 2.26570	\$ 2.21639

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

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

Table 8

Fiscal Year				
2013	2014	2015	2016	2018
\$ 0.28344	\$ 0.28535	\$ 0.28085	\$ 0.27218	\$ 0.27004
-	-	-	-	-
0.02536	0.02520	0.02480	0.02533	0.02403
0.03150	0.03000	0.03000	0.03000	0.03000
0.06397	0.06372	0.06347	0.07161	0.07505
<u>0.40426</u>	<u>0.40427</u>	<u>0.39912</u>	<u>0.39912</u>	<u>0.39912</u>
0.42291	0.36659	0.33181	0.32496	0.36148
1.20359	1.20493	1.20560	1.19441	1.19104
0.09930	0.09900	0.09535	0.09132	0.09093
0.03275	0.03275	0.03803	0.03803	0.03778
0.00693	0.00632	0.00602	0.00792	0.00775
0.01500	0.01500	0.01500	0.01500	0.01500
0.00157	0.00162	0.00164	0.00168	0.00185
<u>1.78205</u>	<u>1.72621</u>	<u>1.69345</u>	<u>1.67332</u>	<u>1.70583</u>
\$ 2.18631	\$ 2.13048	\$ 2.09257	\$ 2.07244	\$ 2.10495

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

Table 9

TAXPAYERS	2018			2009		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
BEEF PRODUCTS INC	\$ 22,207,728	1	3.25%	\$ 19,151,062	1	3.71%
RICHARDSON MILLING (AKA 21c)	21,884,441	2	3.20%	8,978,455	5	1.74%
CIOVIS ENERGY LLC	18,165,790	3	2.66%	-	-	-
WAL-MART REALTY CO STORE 1332	9,074,775	4	1.33%	9,678,945	4	1.88%
IRET PROPERTIES	8,928,880	5	1.31%	6,650,000	9	1.29%
CRIC/GREAT WEST CASUALTY CO	8,823,245	6	1.29%	7,428,120	8	1.44%
MARINA INN	8,037,155	7	1.18%	-	-	-
CHS Inc (was Norfolk Building)	7,577,920	8	1.11%	7,482,395	7	1.45%
VBC OF NEBRASKA, INC.	5,701,980	9	0.83%	-	-	-
LONG LINES SIOUXLAND LLC	4,896,924	10	0.72%	10,387,743	3	2.01%
SEQUEL HOLDINGS	-	-	-	8,633,080	6	1.67%
SPECIALTY PROTIEN PRODUCTS	-	-	-	11,918,246	2	2.31%
MONTEBELLO INCORPORATED	-	-	-	6,523,685	10	1.26%
Total	\$ 115,298,838		16.88%	\$ 96,831,731		18.76%

Source: Dakota County Assessor's Office.

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

Table 10

Fiscal Year Ended Sep 30	Taxes Levied for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 2,043,245	\$ 1,919,183	93.93%	\$ 102,509	\$ 2,021,692	98.95%
2010	2,136,637	1,912,062	89.49%	209,218	2,121,280	99.28%
2011	2,157,163	1,981,728	91.87%	152,454	2,134,182	98.93%
2012	2,199,128	1,882,131	85.59%	171,711	2,053,842	93.39%
2013	2,234,341	2,105,066	94.21%	111,822	2,216,888	99.22%
2014	2,271,901	2,046,175	90.06%	108,248	2,154,423	94.83%
2015	2,326,439	2,002,690	86.08%	320,201	2,322,891	99.85%
2016	2,403,744	1,668,114	69.40%	537,748	2,205,862	91.77%
2017	2,353,467	2,136,519	90.78%	194,975	2,331,494	99.07%
2018	\$ 2,553,879	\$ 1,980,694	77.56%	\$ -	\$ 1,980,694	77.56%

Source: Dakota County Treasurer, Dakota County, Nebraska

Notes:

(1) - GAAP Basis

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

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

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Notes Payable	Tax Increment Revenue Bonds	Bond Anticipation Notes	Capital Leases
2009	\$ 6,140,000	\$ 558,000	\$ 1,600,000	\$ -	\$ -
2010	7,715,000	422,917	1,500,000	-	-
2011	8,165,000	295,834	1,380,000	750,000	-
2012	7,085,000	168,750	1,255,000	1,735,000	-
2013	11,315,000	125,000	1,125,000	1,735,000	19,531
2014	10,235,000	100,000	985,000	1,735,000	9,882
2015	9,150,000	75,000	835,000	985,000	12,997
2016	8,030,000	-	680,000	985,000	-
2017	9,335,000	-	520,000	-	-
2018	\$ 8,035,000	\$ 2,435,817	\$ 355,000	\$ -	\$ -

Notes:

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

(2) - Personal income information is not available for 2012 through 2018

Table 11

Business-Type Activities						
Revenue Bonds	State Revolving Loan	Bond Anticipation Notes	Capital Leases	Total Primary Government	Net Bonded Debt per Capita (1)	Percentage of Personal Income (1)
\$ 19,131,576	\$ 4,299,806	\$ -	\$ -	\$ 31,729,382	\$ 2,658	9.48%
18,222,215	5,080,087	3,590,000	-	36,530,219	2,735.73	9.60%
19,238,881	5,536,990	2,895,000	-	38,261,705	2,865.40	9.77%
18,235,816	5,227,041	2,895,000	-	36,601,607	2,741.08	(2)
17,556,435	4,910,136	4,395,000	-	41,181,102	3,084.03	(2)
16,816,361	5,985,316	7,020,000	44,677	42,931,236	3,215.10	(2)
20,720,000	5,589,983	2,625,000	-	39,992,980	2,993.49	(2)
22,870,000	5,183,697	-	-	37,748,697	2,825.50	(2)
21,630,000	6,292,896	-	-	37,777,896	2,879.41	(2)
\$ 27,014,610	\$ -	\$ -	\$ -	\$ 37,840,427	\$ 2,930.87	(2)

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

Table 12

Fiscal Year	General Obligation Bonds	Net General Bonded Debt	Net Bonded Debt per Capita (1)	Ratio of Net Debt To Estimated Valuation of Taxable Property (2)
2009	\$ 6,140,000	\$ 6,140,000	\$ 514.41	1.19%
2010	7,715,000	7,715,000	577.77	1.41%
2011	8,165,000	8,165,000	611.47	1.51%
2012	7,085,000	7,085,000	530.59	1.29%
2013	11,315,000	11,315,000	847.38	2.04%
2014	10,235,000	10,235,000	766.49	1.83%
2015	9,150,000	9,150,000	684.88	1.59%
2016	8,030,000	8,030,000	601.05	1.35%
2017	9,335,000	9,335,000	711.51	1.59%
2018	\$ 8,035,000	\$ 8,035,000	\$ 622.34	1.18%

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

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

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Computation of Direct and Overlapping Debt
As of September 30, 2018

Table 13

<u>GOVERNMENTAL UNITS</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (4)</u>	<u>Direct and Overlapping Debt to the City</u>
DIRECT:			
City of South Sioux City (3)	<u>\$ 10,825,817</u>	100.00%	<u>\$ 10,825,817</u>
OVERLAPPING:			
Dakota County (1)	3,345,000	37.88%	1,267,086
South Sioux City Community School (2)	<u>7,045,370</u>	69.17%	<u>4,873,282</u>
Total Overlapping	<u>10,390,370</u>		<u>6,140,368</u>
Total Direct and Overlapping Debt	<u><u>\$ 21,216,187</u></u>		<u><u>\$ 16,966,185</u></u>

Sources:

(1) - County Auditor, Dakota County

(2) - South Sioux City Community School District

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

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

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

Table 14

Fiscal Year	Gross Revenue (1)		Direct Operating Expenses (2)		Net Available Revenue	Debt Service Requirements			Coverage
						Principal (3)	Interest	Total	
2009	\$	20,553,815	\$	17,821,311	\$ 2,732,504	\$ 968,567	\$ 994,509	\$ 1,963,076	1.39
2010		23,205,133		18,895,297	4,309,836	1,133,744	1,033,086	2,166,830	1.99
2011		23,318,798		20,538,841	2,779,957	1,196,825	1,034,976	2,231,801	1.25
2012		23,958,164		20,157,347	3,800,817	1,329,949	1,018,525	2,348,474	1.62
2013		24,566,961		20,799,787	3,767,174	1,006,905	1,002,362	2,009,267	1.87
2014		25,824,696		22,088,216	3,736,480	1,119,355	1,022,043	2,141,398	1.74
2015		27,025,120		22,347,929	4,677,191	1,155,332	1,050,827	2,206,159	2.12
2016		29,826,496		22,931,399	6,895,097	881,286	905,483	1,786,769	3.86
2017		31,541,808		27,698,708	3,843,100	1,657,572	851,048	2,508,620	1.53
2018	\$	31,096,878	\$	27,252,536	\$ 3,844,342	\$ 1,633,655	\$ 842,323	\$ 2,475,978	1.55

Notes:

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

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

Table 15

Fiscal Year	Population (1)	Personal Income (3)	Per Capita Personal Income (2)	School Enrollment (4)	Unemployment Rate (5)
2009	11,936	\$ 334,637,696	\$ 28,036	3,581	5.50%
2010	13,353	380,547,147	28,499	3,658	7.90%
2011	13,353	391,509,960	29,320	3,628	5.00%
2012	13,353	n/a	n/a	3,577	6.00%
2013	13,353	n/a	n/a	3,616	6.00%
2014	13,353	n/a	n/a	3,660	5.80%
2015	13,360	n/a	n/a	3,925	3.80%
2016	13,360	n/a	n/a	3,704	3.70%
2017	13,120	n/a	n/a	3,925	2.80%
2018	12,911	n/a	n/a	4,006	2.50%

- Sources:
- (1) The Nebraska Databook provided by the NE Department of Economic Development for years prior to 2010
2010 and forward obtained from the U.S. Census Bureau
 - (2) The Nebraska Databook provided by the NE Department of Economic Development
Per capita personal income numbers are for Dakota County
Per capita personal income numbers for 2012 through 2018 were unavailable
 - (3) Computation of per capita personal income multiplied by population
 - (4) South Sioux City Community Schools
 - (5) The Nebraska Department of Labor

n/a Information is not available.

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

Table 16

EMPLOYER	2018		PERCENTAGE OF TOTAL CITY EMPLOYMENT
	EMPLOYEES	RANK	
Tyson	4,500	1	42.4%
Great West Casualty	590	2	5.6%
South Sioux City Community Schools	543	3	5.1%
BPI	446	4	4.2%
Walmart	340	5	3.2%
Hy-Vee	245	6	2.3%
Gerkin Windows & Doors	210	7	2.0%
Delta Hotels	170	8	1.6%
City of South Sioux City	118	9	1.1%
F L Smidth	110	10	1.0%
Sioux City Foundry	100	11	0.9%
Bimbo Bakeries USA	85	12	0.8%
Total Principal Employers	7,457		

Source: South Sioux City Chamber of Commerce

Notes:

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 17

	2009	2010	2011	2012	Fiscal Year 2013	2014	2015	2016	2017	2018
General Government										
General Administration	3	3	3	3	3	3	4	5	5	5
Buildings and Grounds	5	5	5	5	5	4	4	2	4	4
Public Safety										
Police	35	32	32	32	33	31	30	33	32	33
LEC	14	14	14	14	13	13	11	13	13	12
Emergency Medical Services	2	3	3	3	5	3	4	5	7	10
Public Works										
Streets	7	7	8	8	8	8	9	9	9	9
Auto Maintenance	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation	1	1	1	1	2	3	4	4	4	4
Campground	1	1	1	1	1	1	2	3	3	3
Library	7	7	7	7	7	8	7	8	8	8
Community Development	1	1	1	1	1	1	1	0	1	1
Business-Type Activities										
Combined Utilites	12	13	13	14	14	12	11	11	11	10
Building Inspections	4	4	4	4	4	4	4	6	4	3
Water	8	7	6	6	6	7	7	9	6	6
Sewer	3	4	5	5	5	4	4	4	5	5
Fiber Optics	3	3	3	3	3	3	3	3	3	4
Total	107	106	107	108	111	106	106	116	116	118

Source: City of South Sioux City Finance

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Operating Indicators by Function
Last Ten Fiscal Years

Table 18

FUNCTION	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building Permits Issued	90	78	70	78	85	80	78	80	108	125
Public Safety										
Police:										
Criminal Arrests	755	597	712	659	789	399	598	674	509	422
Traffic Tickets	1,667	1,649	1,502	1,827	944	989	1,725	1,349	1,303	769
All Other Tickets	1,096	506	1,187	460	1,001	667	559	682	59	88
Drug/Alcohol Arrests	338	296	207	361	249	229	271	307	277	208
Fire:										
Rescue Calls	502	536	573	673	630	714	887	907	1,081	1,065
Fire Calls	95	105	102	101	69	101	107	132	284	569
Culture and Recreation										
Library										
Total Circulation	22,531	38,788	43,486	47,790	53,119	56,139	52,503	51,567	38,392	42,497
Library Patrons	78,822	80,112	81,614	91,303	98,045	100,131	112,603	110,984	98,370	104,250
Material Checked Out	22,531	38,788	43,486	47,790	53,119	56,139	52,503	51,567	38,392	42,497
Water:										
New connections	10	10	31	16	48	16	17	28	30	33
Average Daily Consumption (millions of gallons)	2.02	2.14	2.47	3.10	3.40	2.40	2.80	3.00	3.00	3.00
Peak Daily Consumption (millions of gallons)	3.80	3.80	4.21	3.80	4.00	3.80	4.00	4.70	4.60	4.70
Water Main Breaks	61	20	14	44	37	17	18	15	27	11
Sewer:										
Water Pollution Control										
Average Daily Sewage Treatment (millions of gallons)	1.55	1.70	2.27	1.92	2.10	2.2	2.4	2.4	2.6	2.0
Sewer Maintenance										
Sewer Inspections	55,000 LF per month	25,000 LF per month	50,000 LF per month	67,000 LF per month	65,000 LF per month	37,000 LF per month	40,000 LF per month	57,000 LF per month	48,000 LF per month	51,000 LF per month

Sources: Various City Departments

CITY OF SOUTH SIOUX CITY, NEBRASKA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 19

FUNCTION	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	20	22	18	20	16	18	20	20	20	20
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Engines	11	11	11	12	12	12	8	8	8	8
Public Works										
Streets										
Streets (Miles)	67.9	67.9	67.9	68.4	70.3	71	71	71	71.5	74.9
Streetlights (City Owned)	2,100	2,100	2,100	2,099	1435	1271	1508	1488	1515	1607
Culture and Recreation										
Parks Acres	278.6	278.6	331	331	331	317	317	354	354	354
Parks	12	11	11	11	11	11	10	10	10	10
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	5	5	5	5	5	2	2	2	2	2
Baseball/Softball Diamonds	11	11	11	11	11	7	7	7	7	7
Soccer Fields	17	17	17	17	17	17	17	17	17	17
Trails (Miles)	17	18	19	19	19	19	19	19	19	19
Libraries	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	78.5	79	79	79.5	80	79.5	80	82.5	82.5	82.5
Fire Hydrants (City maintained)	527	531	602	17	602	646	646	655	655	655
Treatment plants	2	2	2	2	2	2	2	2	2	2
Sewer										
Sanitary sewer (miles)	47	47	48	48.5	49	49.5	51.5	58	58	58
Lift Stations	16	15	17	17	17	17	17	17	17	17

Sources: Various City Departments

SINGLE AUDIT SECTION

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Expenditures of Federal Awards (Cash Basis)
For the Year Ended September 30, 2018

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Disbursements	New Loans and New Loan Guarantees
Direct:				
U.S. Department of Agriculture: Community Facilities Loans and Grants	10.766		\$ -	\$ 190,104
U.S. Department of Justice: Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,460	-
U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency (SAFER)	97.083		170,611	-
Indirect:				
U.S. Department of Agriculture Passed through the Nebraska Department of Agriculture Specialty Crop Grant	10.170	18-13-298	5,464	-
U.S. Department of Housing and Urban Development: Passed through the Nebraska Department of Economic Development:				
Community Development Block Grant	14.228	15-HO-35074	215,094	-
Community Development Block Grant	14.228	17-PW-006	28,007	-
Total			<u>243,101</u>	<u>-</u>
U.S. Department of Justice: Passed through the Nebraska Commission on Law Enforcement: Crime Victim Assistance	16.575	16-VA-803	86,358	-
Passed through the Nebraska Office of Highway Safety:				
State and Community Highway Safety	20.600	N/A	9,564	-
Incentive Grant Program to Prohibit Racial Profiling	20.611	N/A	9,146	-
National Priority Safety Programs	20.616	N/A	11,228	-
Total Highway Safety Cluster			<u>29,938</u>	<u>-</u>
Executive Office of the President: Passed through the Nebraska State Patrol:				
High Intensity Drug Trafficking Areas Program	95.001		21,625	-
High Intensity Drug Trafficking Areas Program	95.001	17HD08	11,919	-
High Intensity Drug Trafficking Areas Program	95.001	18HD08	91,920	-
Total			<u>125,464</u>	<u>-</u>
U.S. Environmental Protection Agency: Passed through the Nebraska Department of Environmental Quality:				
Capitalization Grants for Clean Water State Revolving Funds	66.458	C317988	341,375	
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D311584	383,994	
U.S. Department of Homeland Security: Passed through the Nebraska Emergency Management Agency Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
	97.036	PA-07-NE-4387- PW-0013(0)	3,749	
	97.036	PA-07-NE-4387- PW-00001(0)	5,628	
Total			<u>1,398,142</u>	<u>\$ 190,104</u>
Total Expenditures of Federal Awards			<u>\$ 1,588,246</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Expenditures of Federal Awards (Cash Basis) – (Continued)
For the Year Ended September 30, 2018

Notes to Schedule of Expenditures of Federal Awards

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

Note 2 - The City of South Sioux City has the following loan balance outstanding from the Nebraska State Revolving Fund, CFDS # 66.468 at September 30, 2018.

	Total Amount of Loan Outstanding	Federal Portion of Loan Outstanding
Combined Utility SRF	\$ 815,533	\$ 368,860

The City of South Sioux City had the following balance outstanding from the Nebraska State Revolving Fund, CFDA # 66.458 at September 30, 2018.

	Total Amount of Loan Outstanding	Federal Portion of Loan Outstanding
Combined Utility SRF	\$ 1,347,150	\$ 327,752

The South Sioux City Community Foundation had the following balance outstanding from the United States Department of Agriculture (USDA) Rural Development, CFDA # 10.766 at September 30, 2018.

	Total Amount of Loan Outstanding	Federal Portion of Loan Outstanding
Notes Payable	\$ 2,435,817	\$ 2,435,817



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Sioux City, Nebraska as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, items 2018-001 and 2018-002, that we consider to be material weaknesses.

Compliance and Other Matters

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

City of South Sioux City's Response to Findings

The City of South Sioux City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of South Sioux City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

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


Certified Public Accountants

Le Mars, Iowa
March 20, 2019



21 1st Avenue NW
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of South Sioux City, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018. The City of South Sioux City's major federal programs are identified in the summary of the independent auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of South Sioux City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Certified Public Accountants

Le Mars, Iowa
March 20, 2019

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Part I: Summary of the Independent Auditors' Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance.
- (g) The major programs were as follows:
 - 66.458 – Capitalization Grants for Clean Water State Revolving Funds
 - 66.468 – Capitalization Grants for Drinking Water State Revolving Funds
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of South Sioux City did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Material Weaknesses:

2018-001 - Financial Reporting

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

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

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

Recommendation – We recommend that the City train additional business office staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Part II: Findings Related to the Financial Statements (Continued):

2018-002 - Grant Administration/Schedule of Expenditures of Federal Awards

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

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

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

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

Views of Responsible Officials – The City understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards. The City has also experienced turnover in the Grant Administrator position which creates challenges in reporting a complete and accurate Schedule of Expenditures of Federal Awards.

Part III: Findings Related to Federal Awards – Related to all Federal Programs

Instances of Non-Compliance:

No matters were noted.

Material Weaknesses:

No matters were noted.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended September 30, 2018

Material Weaknesses:

2017-001 Financial Reporting

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

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

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

Recommendation – We recommend that the City train additional business office staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

Current Status – This finding still exists at September 30, 2018 (See comment 2018-001).

2017-002 Grant Administration/Schedule of Expenditures Awards

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

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

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

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

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

Current Status – There was vast improvement in the current year, but material adjustments were still identified. (See comment 2018-002).



**Schedule of Findings and Questioned Costs
Corrective Action Plan
September 30, 2018**

Department of Commerce

The City of South Sioux City, Nebraska, respectfully submits the following corrective action plan for the year ended September 30, 2018.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended September 30, 2018.

The findings from the September 30, 2018 Schedule of Findings and Questioned Costs is discussed below. The findings are numbered consistently with the number assigned in the schedule.

MATERIAL WEAKNESSES:

2018-001 Financial Reporting

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

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

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

Recommendation – We recommend that the City train additional business office staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

2018-002 Grant Administration/Schedule of Expenditures of Federal Awards

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

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

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



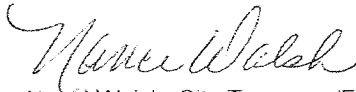
Recommendation – The City should implement procedures to ensure all federal grants are identified and included in the City's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Views of Responsible Officials – The City understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards. The City has also experienced turnover in the Grant Administrator position which creates challenges in reporting a complete and accurate Schedule of Expenditures of Federal Awards.

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

Sincerely yours,

CITY OF SOUTH SIOUX CITY, NEBRASKA

A handwritten signature in cursive script, appearing to read "Nanci Walsh".

Nanci Walsh, City Treasurer/Finance Officer

EXHIBIT “B”

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “Rule”), promulgated by the Securities and Exchange Commission, the City, being the only “obligated person” with respect to the 2019 Bonds, agrees that it will provide the following continuing disclosure information to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB:

(a) not later than seven months after the end of each fiscal year of the City (the “Delivery Date”), commencing with the fiscal year ending September 30, 2019, financial information or operating data for the City generally consistent with the information set forth in the Introductory Section and Financial Section of the City’s Comprehensive Annual Financial Report (collectively, the “Annual Financial Information”);

(b) when and if available, audited financial statements for the City; audited financial information shall be prepared 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*; and

(c) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 2019 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the 2019 Bonds;
- (7) modifications to rights of the holders of the 2019 Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2019 Bonds, if material;

- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar events of the City (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

(d) in a timely manner, notice of any failure on the part of the City to provide Annual Financial Information and the audited financial statements not later than the Delivery Date.

The City has not undertaken to provide notice of the occurrence of any other event, except the events listed above.

The City agrees that all documents provided to the MSRB under the terms of this continuing disclosure undertaking shall be provided for filing in such format and accompanied by such identifying information as shall be prescribed by the MSRB. The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information or the accounting methods in accordance with which such information is presented, to the extent necessary or appropriate in the judgment of the City, consistent with the Rule. The City agrees that such covenants are for the benefit of the registered owners of the 2019 Bonds (including Beneficial Owners) and that such covenants may be enforced by any registered owner or Beneficial Owner, provided that any such right to enforcement shall be limited to specific enforcement of such undertaking and any failure shall not constitute an event of default under the Ordinance or the 2019 Bonds. The continuing disclosure obligations of the City, as described above, shall cease when none of the 2019 Bonds remains outstanding.

EXHIBIT “C”

SUMMARY OF ORDINANCE

Summaries of the provisions of the Ordinance as contained in this Official Statement are to be considered as summaries only and are subject to reference to the Ordinance itself. Copies of the Ordinance are available through the office of the City Clerk of South Sioux City and from Ameritas Investment Corp., at its office at 440 Regency Parkway Drive, Suite 222, Omaha, NE 68114. The Ordinance provides for the following:

Application of Revenues

The Ordinance confirms the continuation of a separate special fund of the City, previously established, and known as the “Combined Utility Fund.” All revenues of the combined utilities are to be credited to this fund. The revenues in such fund are to be credited monthly to the following accounts: (1) Operation and Maintenance Account; (2) Combined Utility Revenue Bond Account; (3) Combined Utility Bond Reserve Account; (4) Improvement and Extension Account and (5) Surplus Account.

I. OPERATION AND MAINTENANCE ACCOUNT: The City shall set aside in this account each month an amount sufficient for the operation and maintenance of its combined utilities and the expenses of maintenance and operation of said utilities shall be paid out of this account.

II. COMBINED UTILITY REVENUE BOND ACCOUNT: The City shall make payments into the Combined Utility Revenue Bond Account as follows:

- a) commencing on the fifteenth (15th) day of the month following the month in which the Bonds are issued (the “Initial Deposit Date”), and continuing on the corresponding day of each month thereafter an amount which, when combined with additional equal monthly amounts to be deposited pursuant to this subparagraph prior to the next falling Interest Payment Date, will be sufficient to provide funds to pay the installment of interest due with respect to the Bonds on such Interest Payment Date;
- b) commencing on the Initial Deposit Date, and continuing on the corresponding day of each month thereafter an amount which, when combined with additional equal monthly amounts to be deposited pursuant to this subparagraph prior to the next principal maturity date (or mandatory sinking fund redemption date, if applicable) with respect to the Bonds will be sufficient to provide funds to pay such maturing principal amount (or make such mandatory sinking fund redemption payment, if applicable) on such date; and
- c) at such times and during such periods, such payments as are required to fully satisfy the obligations of the City with respect to the Outstanding Parity Bonds under the terms of the Outstanding Parity Bond Ordinances.

Such transfers to the Combined Utility Revenue Bond Account shall be made in such amounts and at such times that there will be sufficient sums in such account to meet the required payments on all of said bonds as the same become due and amounts in such Account shall be applied to meet the payments on the Bonds and the Outstanding Parity Bonds as the same fall due.

III. COMBINED UTILITY BOND RESERVE ACCOUNT: Pursuant to the Outstanding Parity Bond Ordinances, the City is required to maintain separate sub-accounts in the Combined Utility Bond Reserve Account for each separate issue included in the Outstanding Parity Bonds. According to the terms of the Outstanding Parity Bond Ordinances, the following reserve sub-account amounts are to apply to the Outstanding Parity Bonds on an issue by issue basis (with no sub-account amounts being required for the various loans from NDEE):

<u>Designation of Issue</u>	<u>Required Amount for Reserve Sub-account</u>
2000A Bond	No Required Amount
2003A Bond	No Required Amount
2004A Bonds	No Required Amount
2008 Bonds	No Required Amount
2009 Bond	No Required Amount
2014 NDEE Bond	No Required Amount
2015 Bond	No Required Amount
2015A Bond	\$206,000
2015B Bond	\$141,000
2016 Bond	\$225,000
2017 NDEE Bond	No Required Amount

Upon the issuance of the Bonds, the terms of the Outstanding Parity Bond Ordinances provide that any ordinance or ordinances authorizing the issuance of Additional Bonds, such as the Ordinance authorizing the Bonds may provide for separate sub-accounts to be established within the Combined Utility Bond Reserve Account for each such issue of Additional Bonds with the required balance for each such issue of Additional Bonds to be established as the Council shall determine appropriate for each such issue in the authorizing ordinance. The Council in the Ordinance determines that the amount appropriate to be maintained with respect to the Bonds in a separate sub-account shall be \$0.00* (the “2019 Reserve Requirement”). There is hereby ordered to be set up and maintained in the Combined Utility Reserve Account a separate sub-account for the Bonds with the 2019 Reserve Requirement to be maintained therein. Such amount shall be credited to such sub-account and deposited and maintained in a separately identifiable deposit or investment account from funds on hand (including amounts currently held in the Combined Utility Bond Reserve Account attributable to the Refunded Bonds), provided that if funds on hand are insufficient for such immediate deposit, the 2019 Reserve Requirement shall be provided for from the proceeds of the 2019 Bonds and thereafter maintained at the 2019 Reserve Requirement. The amount required to be maintained with respect to the Bonds and the Outstanding Parity Bonds, as to each issue, shall not exceed the maximum amount permitted to be invested without yield restriction under the Internal Revenue Code of 1986, as amended, and applicable regulations of the United States Treasury Department thereunder. Monies credited to the Combined Utility Bond Reserve Account may be withdrawn, as needed but only from the designated sub-account for each issue, to provide funds to pay, when due, the principal of and interest on the Bonds and the Outstanding Parity Bonds and any Additional Bonds issued pursuant to the Ordinance, if the Combined Utility Revenue Bond Account contains insufficient funds for such purpose and the City Treasurer is hereby authorized and directed to make such withdrawal if and when needed. In the event of a withdrawal from the Combined Utility Bond Reserve Account for such purposes, there shall be credited to the Combined Utility Bond Reserve Account all monies in the Combined Utility Fund remaining after making the payments required to be made in any month to the Operation and Maintenance Account and Combined Utility Revenue Bond Account and each month thereafter all such remaining monies shall be credited to the Combined Utility Bond Reserve Account until such Account, as to

* Preliminary, subject to change

each sub-account therein, has been restored to the respective balance then required. The 2019 Reserve Requirement shall be maintained in the designated sub-account so long as the Bonds are outstanding. Each sub-account in the Combined Utility Reserve Account, including sub-accounts established as described above under the terms of the Outstanding Parity Bond Ordinances and the Ordinance, shall secure the issue for which it is established and shall be drawn upon to meet payments on such issue only, until such issue is no longer outstanding. In the event of withdrawals from any such sub-account or sub-accounts, amounts available to restore deficiencies shall be applied to the respective deficient sub-accounts in the Combined Utility Bond Reserve Account on a pro rata basis in accordance with the respective principal amounts outstanding for each such issue of bonds (including the Bonds, the Outstanding Parity Bonds and any Additional Bonds as may be then outstanding) for which there is a deficient sub-account.

IV. IMPROVEMENT AND EXTENSION ACCOUNT: Pursuant to the Outstanding Parity Bond Ordinances, the City is no longer required to accumulate or maintain any amount in the Improvement and Extension Account.

V. SURPLUS ACCOUNT: After providing for the Operation and Maintenance Account and after making the payments hereinabove required to be made into the Combined Utility Revenue Bond Account, Combined Utility Bond Reserve Account and Improvement and Extension Account, all remaining funds shall be deposited into a Surplus Account to be used as follows:

- 1) To fill any deficiency in the foregoing accounts.
- 2) For the purpose of calling under their option provision or for purchasing on the open market any of the Bonds, the Outstanding Parity Bonds and any Additional Bonds then outstanding.
- 3) For improvements, replacements, extensions and enlargements to the combined utilities including payment of principal and interest on junior lien obligations issued to pay the costs of such improvements, replacements, extensions and enlargements.
- 4) For any other legal municipal purpose provided that money expended for other municipal purposes does not exceed 50% of the amount credited to the Surplus Account.

Monies on deposit in the Combined Utility Fund, which have not as yet been credited to an Account therein in accordance with this section and monies credited to the Operation and Maintenance Account and the Combined Utilities Revenue Bond Account may to the extent practicable and reasonable be invested in direct general obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America, maturing in the case of money invested from the Combined Utility Fund by not later than the first business day of the month next following such investment and maturing in the case of monies invested from the Operation and Maintenance Account and the Combined Utility Revenue Bond Account at such times and in such amounts as shall be required to provide monies to make the payments to be made from said accounts. Monies credited to the Combined Utility Bond Reserve Account shall be invested in direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America maturing or redeemable at stated fixed prices at the option of the holder by not more than eight years from the date of such investment. Monies credited to the Improvement and Extension Account and the Surplus Account shall be invested in such obligations as are permitted by law for cities of the class of which South Sioux City is one, maturing at such times not later than ten years from the date of such investment and in such amounts as shall be determined by the City in accordance with its estimation of the payments to be made from said Accounts and, if permitted by law, in the Bonds, Outstanding Parity Bonds or Additional Bonds, which Bonds, Outstanding Parity Bonds or Additional Bonds so purchased shall be held for the credit of said

Accounts and not cancelled, and in Revenue Bond Anticipation Notes and in Paving, Sewer and Water Warrants which are to be funded by the issuance of bonds of the City. All interest and income derived from monies to the credit of the Combined Utility Fund, the Operation and Maintenance Account and the Surplus Account shall, when realized and collected, be credited to said Fund or to the respective Account from which such investments were made. All monies and income from investments made from monies credited to the Combined Utility Bond Reserve Account, the Improvement and Extension Account and the Combined Utility Revenue Bond Account shall, when realized and collected, be credited to the respective Account from which such investments were made, unless there shall then be credited thereto the respective full amounts then required by paragraphs II, III and IV of the related section of the Ordinance in which event such interest and income shall be credited to the Surplus Account. All investments held for the credit of any Fund or Account may be sold when required to make the payments to be made from such Fund or Account. Any monies credited to the Combined Utility Fund or any Account therein which are not invested shall be secured in the manner provided by law for the security of funds of cities of the class of which South Sioux City is one.

It is understood that the revenues of the combined utilities are to be credited to the various accounts established in the Ordinance in the order in which said accounts have been listed, and if within any period the revenues are insufficient to credit the required amounts in any of the said accounts, the deficiencies shall be made up the following period or periods after payment into all accounts enjoying a prior claim on the revenues have been made in full.

Rate Covenant

In the Ordinance the City agrees to establish and collect rates and charges sufficient at all times (1) to pay principal of and interest on the Bonds, the Outstanding Parity Bonds and any Additional Bonds; (2) to pay all necessary costs of operation and maintenance for the combined utilities; (3) to establish and maintain the Combined Utility Bond Reserve Account (as described above); (4) to maintain Net Revenues, as defined in the Ordinance, in each fiscal year in an amount not less than 1.10 times the total amount of principal and interest falling due during such fiscal year on the Bonds, the Outstanding Parity Bonds and any Additional Bonds. Net Revenues for purposes of the Ordinance are defined as the gross revenues of the combined utilities, including investment income, but not including income from the sale of any property belonging to the combined utilities, less the ordinary expenses of operating and maintaining the combined utilities. For such purpose, operation and maintenance expenses do not include depreciation, amortization, or interest on any bonds or other indebtedness.

Insurance Provisions

The City agrees that it will carry adequate insurance on the combined utilities in such amounts as are normally carried by private companies engaged in similar operations, including, without limiting the generality of the foregoing, fire and windstorm insurance, public liability insurance and any insurance covering such risks as shall be recommended by a consulting engineer. The cost of all such insurance shall be regarded and paid as an operation and maintenance expense.

All such insurance proceeds except from public liability insurance shall be deposited in the Improvement and Extension Account and shall be used in making good the loss or damage in respect of which they were paid either by repairing the property damaged or replacing the property destroyed, and expenditures from said monies shall be made only upon a certificate issued by a consulting engineer and filed with the City Clerk stating that such proceeds, together with any other monies available for such purposes, are sufficient for the repair or replacement of any such properties; and when the City shall have been furnished with a certificate of a consulting engineer stating that the property damaged or destroyed has been fully paid for, the residue, if any, of such insurance monies shall be transferred from the Improvement and Extension Account to the Combined

Utility Revenue Bond Account to make up any deficiency in said Account, if any such deficiency exists.

If the proceeds of any insurance shall be insufficient to repair or replace the property damaged or destroyed, the City may use and shall pay out for such purpose, to the extent of such deficiency, any money remaining in the Improvement and Extension Account and the Surplus Account. If in the opinion of a consulting engineer the proceeds of any insurance, together with any amount then available for that purpose in the Improvement and Extension Account and Surplus Account shall be insufficient to fully complete and pay for such repairs or replacements and if the City shall fail to supply such deficiency from other sources within a period of six months after receipt by the City of such insurance monies, or if in the opinion of a consulting engineer it is in the best interest of the City not to repair or replace all or any part of the damaged properties and that failure to repair or replace the damaged properties shall not affect the sufficiency of the income and revenue from the remaining properties to properly maintain and operate the same, provide funds for the Combined Utility Revenue Bond Account, Combined Utility Bond Reserve Account and Improvement and Extension Account, as herein provided for, then such insurance monies to the extent not applied to repair or replace the damaged properties shall be deposited in the Combined Utility Bond Reserve Account as described in Section 10 of this ordinance and used for the purposes for which said account has been created, so as to fill any deficiency in said account, or if no deficiency exists, then to the Improvement and Extension Account to fill this account to its required balance and any amount which may be in excess of the amount required in the Improvement and Extension Account shall be credited to the Surplus Account.

If the holders of sixty per cent (60%) or more in principal amount of the Bonds, the Outstanding Parity Bonds and any Additional Bonds at the time outstanding shall at any time direct the City in writing to do so, then any insurance monies theretofore credited to the Improvement and Extension Account and then in the hands of the City may be used for extensions and betterments of said combined utilities properties or applied to the pro rata payment of the principal of and accrued interest on all said bonds then outstanding.

The proceeds of any and all policies for public liability (to the extent payable to the City) shall be paid to and be held by the City Treasurer and used in paying the claims on account of which they were received.

Additional Bonds

Additional Bonds having equal status with the Bonds, the Outstanding Parity Bonds and any Additional Bonds then outstanding may be issued upon compliance with certain terms set forth in the Ordinance. Before any such Additional Bonds are actually issued, the revenues of the combined utilities, for the fiscal year next preceding the date of the authorization of such Additional Bonds, after deducting therefrom all costs of operation and maintenance of said system or systems, for such fiscal year and before deduction of depreciation or interest as based on a certified public accountant's report shall have been equal to 1.25 times the average annual bond requirements of the Bonds, the Outstanding Parity Bonds and any Additional Bonds then outstanding and the Additional Bonds proposed to be issued or such revenues would have met such test by applying the provisions of the paragraph immediately following. If the report of a certified public accountant for the fiscal year immediately preceding the year in which the additional bonds are proposed to be issued is not yet available, the City may use the report of the certified public accountant available for the most recent fiscal year, provided that the City Treasurer shall provide a supplemental statement stating that, based upon all unaudited monthly reports available, the statements of revenues and expenses of the City in connection with its combined utilities will not have substantially or materially changed in an adverse manner from the prior fiscal year. For this purpose the average annual bond requirements shall be determined by adding all of the principal and interest which will become due when computed to the absolute maturity of the Bonds, the Outstanding Parity Bonds and Additional Bonds, if any, then outstanding and all of the principal and interest of the Additional Bonds to be issued, and dividing such total by the number of years remaining that the longest bond of any issue of bonds

(including the Additional Bonds to be issued) has to run to maturity. The amounts for any sub-account in the Combined Utility Bond Reserve Account to be established for any Additional Bonds shall be determined by the Mayor and Council at the time of their issuance. The amount to be accumulated in the Improvement and Extension Account to be established for Additional Bonds issued thereafter shall likewise be determined by the Mayor and Council from time to time upon the issuance of Additional Bonds. The City may, at its option, deposit in said accounts available funds from other sources.

In the event any change in the rates, rentals and charges for the use and service of the electric, water and sewer systems has been made during the preceding fiscal year or during the interval between the end of such fiscal year and the issuance of such Additional Bonds, or in the event the City shall covenant in the ordinance or resolution authorizing the issuance of such Additional Bonds to impose, effective upon the issuance of such Additional Bonds, higher rates, rentals and charges for such use and service, compliance with the provisions of the Ordinance relating to Additional Bonds may be evidenced by a certificate of an independent consulting engineer or firm of engineers or certified public accountant or independent certified public accountants to be filed with the City Clerk prior to the issuance of any such Additional Bonds. Such certificate shall state fully the facts upon which such certificate is based, and if it is a certificate of the consulting engineer or firm of consulting engineers shall have attached the certified financial statement for the fiscal year next preceding the date of authorization of such Additional Bonds used by the engineer or firm of engineers in arriving at the conclusion stated in the certificate. The consulting engineer or independent certified public accountant of the City shall, in determining the earnings for such fiscal year adjust the collections to reflect the result as if such changed rates, rentals and charges, or such higher rates, rentals and charges had been in existence for such entire preceding fiscal year period, and the amount of such net collections and adjusted earnings shall be conclusive evidence to show compliance with the provisions and requirements of the Ordinance relating to the issuance of Additional Bonds.

If the Mayor and Council shall in the reasonable exercise of discretion determine that the electric power requirements of the City and its inhabitants are such that the construction or other acquisition of facilities for generation of electric power by the City, acting either by itself or in such joint undertakings as are permitted by Sections 18-412.07 through 18-412.10, Reissue Revised Statutes of Nebraska, 2012, as amended, is necessary and desirable and will not result in any impairment of the City's ability to pay principal and interest as it falls due on all the Bonds, the Outstanding Parity Bonds and any Additional Bonds outstanding at such time, the requirement described in the two paragraphs immediately above that the revenues of the combined utilities shall have been equal to 1.25 times the average annual bond requirements of the outstanding bonds shall not be applicable and Additional Bonds on a parity with the lien of the Bonds, the Outstanding Parity Bonds and any Additional Bonds then outstanding and equally and ratably secured therewith and entitled to the security and benefits of the Ordinance may be issued in an amount sufficient to pay the cost of such construction or acquisition, provided, however, that the determination of the Mayor and Council to construct or acquire such facilities shall be based upon a study showing such construction or acquisition to be economically feasible without such impairment, such study to be furnished either by a firm of consulting engineers of recognized standing or of certified public accountants of recognized standing, which study may in demonstrating such feasibility take into consideration any contracts for sale of excess capacity, proposed electric service rate increases, anticipated savings, if any, to be realized from the City generating rather than purchasing all or part of the electric power requirements of its electric light and power distribution system and such other factors as shall be deemed relevant by such accountants or engineers.

If, prior to the payment of the Bonds herein authorized, it shall be found desirable to refund the Bonds under the provisions of any law then available, such Bonds (or any part of such Bonds) may be refunded with the consent of the holders thereof (except that as to matured bonds or bonds which are then redeemable and have been properly called for redemption, such consent shall not be necessary) and the refunding obligations so issued

shall enjoy complete equality of lien with the portion of the Bonds which is not refunded, if any there be, and the refunding obligations shall continue to enjoy whatever priority of lien over subsequent issues may have been enjoyed by the Bonds refunded, provided, however, that unless all of the Outstanding Parity Bonds are being refunded, the total of the interest and principal payment obligation in any succeeding year shall not be greater, after such refunding, than it would have been in each such succeeding year without such refunding, without the consent of the holders of the unrefunded portion of such bonds. Nothing in this paragraph shall preclude the issuance of refunding bonds pursuant to the first two paragraphs of under this subheading and in connection with any required computation debt service requirements on any bonds to be refunded may be excluded from and after the time when such refunded bonds shall no longer be outstanding.

The Ordinance also permits the issuance of bonds, notes or other indebtedness which are junior in lien to the Outstanding Parity Bonds, the Bonds and any Additional Bonds.

Additional Covenants of the City

The Ordinance provides for the following additional agreements on the part of the City: 1) to maintain the combined utilities in a reasonable and efficient manner; 2) to maintain insurance on the properties constituting the combined utilities; 3) to keep proper books, records and accounts and to provide for an annual audit by a firm of certified public accountants; 4) to provide for appropriate fidelity bonds on persons handling the revenues of the combined utilities.

Defeasance

The Ordinance provides that the lien of the Bonds may be discharged by deposit with a national or state bank having trust powers of monies or "Government Obligations" (as defined), payable at such times and bearing interest sufficient in amount to fully provide for the payment of such bonds. The term "Government Obligations" is defined to include obligations of the United States, direct or guaranteed.

Amendments

The Ordinance may be amended with the written consent of the holders of 60% in principal amount of the Bonds then outstanding, provided that no such modification shall be made which will (a) extend the time of payment of the principal of or interest on any of the Bonds or reduce the principal amount thereof or the rate of interest thereon; or (b) give to any of the Bonds any preference over any other of the Bonds; or (c) authorize the creation of any lien prior to the pledge of the revenues afforded by the Ordinance for the Bonds; or (d) reduce the percentage in principal amount of said the Bonds required to assent to or authorize any such modification. Any modification of the provisions of the Ordinance shall be set forth in a supplemental ordinance to be adopted by the Mayor and Council of said City.

Remedies

Each of the obligations, duties, limitations and restraints imposed upon the City by the Ordinance shall be deemed to be a covenant between the City and every holder of the Bonds, and the Ordinance and every provision and covenant thereof shall constitute a contract of the City with every holder from time to time of the Bonds. Any holder of a Bond may by mandamus or other appropriate action or proceeding at law or in equity in any court of competent jurisdiction enforce and compel performance of the Ordinance and every provision and covenant thereof including the enforcement of the performance of all duties required by the City under the Ordinance and the applicable laws of the State of Nebraska, including in such duties the making and collecting of sufficient rates, rentals, fees or charges for the use and service of the combined utilities, the segregation of

the revenues of the combined utilities and the application to the Fund and Accounts described in the Ordinance. The rights and remedies of the registered owners of the Bonds are subject to the limitations on enforceability provided for in the United States Bankruptcy Code, to other laws relating to insolvency proceedings and creditors' rights and to judicial discretion as exercised in appropriate cases.

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