

**CITY OF FORT DODGE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015**

**Cornwell, Frideres, Maher & Associates, P.L.C.**  
**Certified Public Accountants**

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## City of Fort Dodge, Iowa

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Matt Bemrich	Mayor	Dec 2017
Dave Flattery	Mayor Pro-Tem	Dec 2015
Kim Alstott	Council Member	Dec 2015
Dean Hill	Council Member	Dec 2015
Terry Moehnke	Council Member	Dec 2015
Don Wilson	Council Member	Dec 2015
Andy Fritz	Council Member	Dec 2017
Jeffrey Halter	Council Member	Dec 2017
David Fierke	City Manager	Indefinite
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Michelle Hefley	Treasurer	Indefinite
Mark Crimmins	City Attorney	Indefinite

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

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### Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements 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 U.S. generally accepted accounting principles. 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.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Airport Authority component unit, each major fund and the aggregate remaining fund information of the City of Fort Dodge at June 30, 2015, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

In our opinion, the financial statements of the discretely presented component units, other than the Airport Authority, present fairly, in all material respects, the respective financial position – modified cash basis and the respective changes in financials position – modified cash basis, thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the discretely presented component units, other than the Airport Authority, are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### Emphasis of Matter

As discussed in Note 15 to the financial statements, the City of Fort Dodge adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 78 through 90

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 which considers it to be an essential part of the 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Dodge's 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 nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated March 10, 2016 on our consideration of the City of Fort Dodge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Fort Dodge's internal control over financial reporting and compliance.

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 10, 2016

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**Cornwell, Frideres, Maher & Associates, P.L.C.**  
**Certified Public Accountants**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Fort Dodge's Annual Financial Report offers a narrative overview and analysis of the financial activities of the City of Fort Dodge for the fiscal year ended June 30, 2015.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$105,018,180 at June 30, 2015.
- The City continued working on the numerous construction projects that were either completed during the fiscal year, were continued in the fiscal year, or were just getting started as the fiscal year ended. Completed projects included: Avenue C from D Street to G Street, 4th Avenue North from 5th Street to 7th Street, Dewitt Street from 3rd Avenue to 4th Avenue North, 5th Ave South from Menards to South 42nd Street, 2014 Street Repairs, 2015 Street Repairs, North 23rd Street from 10th Avenue North to Elmhurst Avenue, and the rehabilitation of North 3rd Street bridge. A few notable projects continuing construction during this fiscal year including: East Region Storm Sewer – Phases 1, 1B, and 1C, Cross-town Connector Phases 1 and 2, Sanitary Sewer Immediate Needs projects, 1<sup>st</sup> Avenue North Reconstruction, 2nd Avenue North Reconstruction, Municipal Building front steps, OHV Park water main, Vision Iowa trails project, and East Lawn lift station.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other required supplementary information as follows:

*Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.

*Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City as a whole and represent an overall view of the City's finances.

*Fund financial statements* tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

*Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.



*Required Supplementary Information*, other than MD & A, provides information about the required budgetary comparison information and other post employee benefits.

*Other Supplementary Information* provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards, provide details of various federal and state programs benefiting the City.

## **REPORTING THE CITY AS A WHOLE**

### **The Statement of Net Position and the Statement of Activities**

The government wide financial statements are designed to provide readers with a broad overview of the City of Fort Dodge's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities. The Statement of Activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private sector companies. These two statements report the City's net position, which are the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors such as changes in the City's property tax base and the 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 three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax, grants, and local option sales tax finance most of these activities.
- **Business Type Activities** – This activity includes the water system, the sanitary sewer system, the City's solid waste department, parking system, and the Central Garage facility. These activities are financed primarily by user charges.
- **Component Units** – This includes operations that are legally separate from the City but for which the City is financially accountable. The City's discretely presented component units are the Fort Dodge Regional Airport and two non-profit foundations.

**Statement of Net Position  
City of Fort Dodge  
June 30, 2015**

<b>Governmental Activities</b>			
	<b>FY2015</b>	<b>FY2014</b>	<b>Increase (Decrease)</b>
<b>Current Assets</b>	\$ 37,668,699	\$ 32,977,668	\$ 4,691,031
<b>Restricted Assets</b>	\$ 0	\$ 0	\$ 0
<b>Capital Assets</b>	<u>\$ 70,196,649</u>	<u>\$ 62,833,188</u>	<u>\$ 7,363,461</u>
<b>Total Assets</b>	\$ 107,865,348	\$ 95,810,856	\$12,054,492
<b>Deferred Outflows of Resources</b>	<u>\$ 1,894,986</u>	<u>\$ 0</u>	<u>\$ 1,894,986</u>
<b>Current Liabilities</b>	\$ 2,655,710	\$ 7,896,671	\$ (5,240,961)
<b>Long Term Liabilities</b>	<u>\$ 38,235,612</u>	<u>\$ 31,741,594</u>	<u>\$ 6,494,018</u>
<b>Total Liabilities</b>	\$ 40,891,322	\$ 39,638,265	\$ 1,253,057
<b>Deferred Inflows of Resources</b>	<u>\$ 18,236,793</u>	<u>\$ 14,704,853</u>	<u>\$ 3,531,940</u>
<b>Net Position:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 41,707,149	\$ 28,565,688	\$ 13,141,461
<b>Restricted</b>	\$ 16,895,994	\$ 11,874,578	\$ 5,021,416
<b>Unrestricted</b>	<u>\$ (7,970,924)</u>	<u>\$ 1,027,472</u>	<u>\$ (8,998,396)</u>
<b>Total Net Position</b>	<u>\$ 50,632,219</u>	<u>\$ 41,467,738</u>	<u>\$ 9,164,481</u>

<b>Business Type Activities</b>			
	<b>FY2015</b>	<b>FY2014</b>	<b>Increase (Decrease)</b>
<b>Current Assets</b>	\$ 13,340,527	\$ 14,083,492	\$ (742,965)
<b>Restricted Assets</b>	\$ 828,100	\$ 821,002	\$ 7,098
<b>Capital Assets</b>	<u>\$ 119,279,995</u>	<u>\$ 111,900,839</u>	<u>\$ 7,379,156</u>
<b>Total Assets</b>	\$ 133,448,622	\$ 126,805,333	\$ 6,643,289
<b>Deferred Outflows of Resources</b>	<u>\$ 262,556</u>	<u>\$ 0</u>	<u>\$ 262,556</u>
<b>Current Liabilities</b>	\$ 1,818,932	\$ 2,124,002	\$ (305,070)
<b>Long Term Liabilities</b>	<u>\$ 77,034,803</u>	<u>\$ 73,821,582</u>	<u>\$ 3,213,221</u>
<b>Total Liabilities</b>	\$ 78,853,735	\$ 75,945,584	\$ 2,908,151
<b>Deferred Inflows of Resources</b>	<u>\$ 471,482</u>	<u>\$ 0</u>	<u>\$ 471,482</u>
<b>Net Position:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 43,998,790	\$ 38,223,429	\$ 5,775,361
<b>Restricted</b>	\$ 489,950	\$ 491,201	\$ (1,251)
<b>Unrestricted</b>	<u>\$ 9,897,221</u>	<u>\$ 12,145,119</u>	<u>\$ (2,247,898)</u>
<b>Total Net Position</b>	<u>\$ 54,385,961</u>	<u>\$ 50,859,749</u>	<u>\$ 3,526,212</u>

	<b>Total Net Assets</b>		<b>Increase (Decrease)</b>
	<b>FY2015</b>	<b>FY2014</b>	
<b>Current Assets</b>	\$ 51,009,226	\$ 47,061,160	\$ 3,948,066
<b>Restricted Assets</b>	\$ 828,100	\$ 821,002	\$ 7,098
<b>Capital Assets</b>	<u>\$ 189,476,644</u>	<u>\$ 174,734,027</u>	<u>\$ 14,742,617</u>
<b>Total Assets</b>	\$ 241,313,970	\$ 222,616,189	\$ 18,697,781
<b>Deferred Outflows of Resources</b>	<u>\$ 2,157,542</u>	<u>\$ 0</u>	<u>\$ 2,157,542</u>
<b>Current Liabilities</b>	\$ 13,324,041	\$ 10,020,673	\$ 3,303,368
<b>Long Term Liabilities</b>	<u>\$ 106,421,016</u>	<u>\$ 105,563,176</u>	<u>\$ 857,840</u>
<b>Total Liabilities</b>	\$ 119,745,057	\$ 115,583,849	\$ 4,161,208
<b>Deferred Inflows of Resources</b>	<u>\$ 18,708,275</u>	<u>\$ 14,704,853</u>	<u>\$ 4,003,422</u>
<b>Net Assets:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 85,705,939	\$ 66,789,117	\$ 18,916,822
<b>Restricted</b>	\$ 17,385,944	\$ 12,365,779	\$ 5,020,165
<b>Unrestricted</b>	<u>\$ 1,926,297</u>	<u>\$ 13,172,591</u>	<u>\$ (11,246,294)</u>
<b>Total Net Assets</b>	<u>\$ 105,018,180</u>	<u>\$ 92,327,487</u>	<u>\$ 12,690,693</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Fort Dodge, assets exceeded liabilities by \$105,018,180 at the close of the most recent fiscal year.

The largest portion of the City's net position is in capital assets (i.e.: land, buildings, machinery, equipment and infrastructure) less depreciation and related debt of \$85,705,939. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$66,789,117, an increase of \$18,916,822.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or legislation on how they can be used. The City has restricted net assets of \$17,385,944, an increase of \$5,020,165 from the prior year.

The remaining balance, unrestricted net position of \$1,926,297, may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants, legislation, or other legal requirements. Prior year comparison shows \$13,172,591, a decrease of \$11,246,294 primarily because of GASB 68. The following is a more detailed review of the years' operation.

**Statement of Activities  
City of Fort Dodge  
June 30, 2015**

**Governmental Activities**

	FY2015	FY2014	Increase (Decrease)
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	1,670,209	1,676,776	(6,567)
Operating grants, contributions	3,915,465	3,546,784	368,681
Capital grants, contributions	2,651,252	1,101,129	1,550,123
<b>General Revenues:</b>			
Property tax	13,015,564	13,805,723	(790,159)
Other taxes	5,850,296	5,584,048	266,248
Interfund Transfers	1,772,580	1,378,355	394,225
Other	<u>12,202,475</u>	<u>2,728,089</u>	<u>9,474,386</u>
<b>Total Revenues</b>	<b>41,077,841</b>	<b>29,820,904</b>	<b>11,256,937</b>
<b>Program Expenses:</b>			
Public Safety	7,275,545	8,041,439	(765,894)
Public Works	6,228,532	5,681,231	547,301
Health and Social Services	343,253	672,012	(328,759)
Culture and Recreation	4,553,132	4,554,241	(1,109)
Comm & Econ Development	1,890,451	2,609,924	(719,473)
General Government	1,110,926	1,180,850	(69,924)
Debt Service	836,256	1,093,924	(257,668)
Capital Projects	<u>976,851</u>	<u>5,197,497</u>	<u>(4,220,646)</u>
<b>Total Expenses</b>	<b>23,214,946</b>	<b>29,031,118</b>	<b>(5,816,172)</b>
<b>Increase (decrease) in net position</b>	<b>17,862,895</b>	<b>789,786</b>	<b>17,073,109</b>
<b>Net position at beginning of year (restated)</b>	<b>32,769,324</b>	<b>40,677,952</b>	<b>(7,908,628)</b>
<b>Net position at end of year</b>	<b>50,632,219</b>	<b>41,467,738</b>	<b>9,164,481</b>

Revenues for governmental funds were \$11,256,937 more in the current fiscal year as compared to the prior fiscal year. The major changes in revenue were due to a \$9M state of Iowa payment for transfer of state road 926, increased capital grants for our municipal airport, and more revenue in tax increment and road use taxes.

**Statement of Activities  
City of Fort Dodge  
June 30, 2015**

**Business Type Activities**

	FY2015	FY2014	Increase (Decrease)
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	20,274,202	18,213,147	2,061,055
Operating grants, contributions	-	-	-
Capital grants, contributions	2,453,152	2,097,645	355,507
<b>General Revenues:</b>			
Interfund Transfers	(1,771,480)	(1,377,255)	(394,225)
Other	<u>131,737</u>	<u>108,176</u>	<u>23,561</u>
<b>Total Revenues</b>	21,087,611	19,041,713	2,045,898
<b>Program Expenses:</b>			
Water	5,590,758	5,070,544	520,214
Sewer	8,455,382	7,068,951	1,386,431
Other non-major business type activities	<u>1,958,843</u>	<u>2,122,704</u>	<u>(163,861)</u>
<b>Total Expenses</b>	16,004,983	14,262,199	1,742,784
<b>Increase in net position</b>	5,082,628	4,779,514	303,114
<b>Net position at beginning of year (as restated)</b>	49,303,333	46,080,235	3,223,098
<b>Net position at end of year</b>	54,385,961	50,859,749	3,526,212

Revenues for business type activities increased by \$2,061,055 or 11% more than the previous fiscal year due to increased water and sewer rates. Sewer rates increased 3% in FY15 while water rates increased 1.5% in FY15. A community sewer initiative charge (CSI) of \$5/month per billing customer commenced in January 2015. Additional \$5/month CSI charges will go into effect on January 1, 2016 and January 1, 2017.

Expenses increased \$1,742,784 from the prior year as a result of increased operational expenses.

**Statement of Activities  
City of Fort Dodge  
June 30, 2015**

**Total Government and Business Type Activities**

<b>Other</b>	<u>12,334,212</u>	<u>2,836,265</u>	<u>9,497,947</u>
<b>Total Revenues</b>	62,165,452	48,862,617	13,302,835
<b>Program Expenses:</b>			
<b>Public Safety</b>	7,275,545	8,041,439	(765,894)
<b>Public Works</b>	6,228,532	5,681,231	547,301
<b>Health and Social Services</b>	343,253	672,012	(328,759)
<b>Culture and Recreation</b>	4,553,132	4,554,241	(1,109)
<b>Comm &amp; Econ Development</b>	1,890,451	2,609,924	(719,473)
<b>General Government</b>	1,110,926	1,180,850	(69,924)
<b>Debt Service</b>	836,256	1,093,924	(257,668)
<b>Capital Projects</b>	976,851	5,197,497	(4,220,646)
<b>Water</b>	5,590,758	5,070,544	520,214
<b>Sewer</b>	8,455,382	7,068,951	1,386,431
<b>Other non-major business type activities</b>	<u>1,958,843</u>	<u>2,122,704</u>	<u>(163,861)</u>
<b>Total Expenses</b>	39,219,929	43,293,317	(4,073,388)
<b>Increase in net position</b>	22,945,523	5,569,300	17,376,223
<b>Net position at beginning of year (as restated)</b>	82,072,657	86,758,187	(4,685,530)
<b>Net position at end of year</b>	105,018,180	92,327,487	12,690,693

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

The financial reporting focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$20,121,548, an increase of \$3,888,756 from the prior year. Of this total amount \$3,128,374 is in unreserved fund balance.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, unreserved fund balance of the general fund was \$3,133,352 an increase of \$791,157. This increase was due to increased hotel/motel tax revenue, increased public safety revenue, increased building permit revenue, and monitoring and managing expenses. The total general fund balance was \$3,218,796. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 35.2% of total general fund expenditures (\$8,895,572), while total fund balance represents 36.2% of that same amount.

The Tax Increment Financing Fund maintained their negative balance. This deficit will be eliminated upon receipt of property taxes in future years. The decreased deficit balance was due to repayment of internal and external loans for various economic development and community improvements.

The Debt Service Fund ended the year with a fund balance of \$774,434, an increase of \$137,076 from the prior year. The increase was due to additional funds being reallocated from the TIF fund due to a tax coding error by County government.

The Jurisdictional Fund ended the year with a fund balance of \$9,000,000. This new fund was created by a payment from the State of Iowa to the City to assume maintenance for state road 926.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

The Water fund, which accounts for the operation and maintenance of the City's water system, ended the current fiscal year with an increase in net assets of \$1,283,871 compared to an increase of \$2,257,349 from the previous fiscal year. A 1.5% rate increase was enacted in FY15 while operational expenses such as well and pump maintenance increased.

The Sewer fund, which accounts for the operation and maintenance of the City's wastewater system, ended the current year with an increase in net assets of \$2,631,019 compared to an increase of \$1,435,932 in the previous fiscal year. A 3% rate increase was enacted in FY15 and well as a \$5/month per customer community sewer infinitive (CSI) charge. The operational expenses increased because of major users in the Iowa Crossroads of Global Innovation Agricultural Park.

## **BUDGETARY HIGHLIGHTS**

During the current fiscal year, the City of Fort Dodge amended the budget once to account for increased expenditures in operating, grant programs, capital equipment, and construction projects.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets, including land, buildings and improvements, equipment and infrastructure represent the value of resources used to provide services to citizens. At fiscal year end, the City's investment in capital assets for governmental and business type activities (net of depreciation) totaled \$70,196,649 and \$119,279,995 respectively, for a combined total of \$189,476,644. See Note 3 to the financial statements for additional information regarding the City's capital assets.

### **Long-term Debt**

At June 30, 2015, the City of Fort Dodge had \$27,835,00 of long-term debt outstanding in its governmental activities, compared to \$34,267,500 at June 30, 2014. The decrease of \$6,432,500 is attributable to the repayment of debt. The City maintained its rating Aa3 from Moody's Investor Services. The City's statutory debt limit, which is limited to 5% of the assessed valuation, was \$51,290,642 for FY15 of which the City has utilized 54%.

Total long-term debt for business type activities was \$75,935,705 an increase of \$2,258,295 from the previous fiscal year which is attributable to both the issuance and repayment of debt. Most improvements were at the Iowa Crossroads of Global Innovation Agricultural Park.

## **ECONOMIC FACTORS**

For the upcoming fiscal year ending June 30, 2017, the City's taxable property valuation increased by \$26,058,589 or 4.1%. A 16% commercial property equalization order contributed to the valuation increase. During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, assigns a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, creates a new property tax classification for multi-residential properties (mobile home parks, manufactured home communities, land-lease communities, assisted living facilities and property primarily used or intended for human habitation containing three or more separate dwelling units) ("Multi-residential



Property”) that begins in the 2015 assessment year, and assigns a declining rollback percentage of 3.75% to such properties for each subsequent year until 2021 assessment year. The rollback percentage for Multi-residential Properties will be equal to the residential rollback percentage in 2022 assessment year and thereafter and exempts a specified portion of the assessed value of telecommunication properties. The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to fiscal year 2017-18, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2017-18 the standing appropriation cannot exceed the actual fiscal year 2016-17 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for Multi-residential Property from the commercial rollback percentage (100% of Actual Value) to the residential rollback percentage (currently 55.6259% of Actual Value), or the reduction in the percentage of telecommunications property that is subject to taxation. Given the wide scope of the statutory changes, and the State of Iowa’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal year 2017-18, the impact of the Act on the City’s future property tax collections is uncertain and the City is unable to accurately articulate the true financial impact of the Act’s provisions on the City’s future operations. The City has conservatively planned for the State's annual replacement amount to be reduced if not all together eliminated. The City's tax levy rate decreased from \$20.94 in FY16 to \$20.42 in FY17 due to lower self insured healthcare costs. City officials would prefer to keep a consistent tax levy rate in future years but recognize that many City costs are mandatorily imposed that are outside their control.

## **CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

These financial statements are designed to provide a general overview of the City’s finances and operating activities for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to: City Manager or City Clerk, City of Fort Dodge, 819 1<sup>st</sup> Avenue South, Fort Dodge, IA 50501 or call (515) 576-4551.

## **Basic Financial Statements**

City of Fort Dodge, Iowa  
Statement of Net Position  
June 30, 2015

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 22,171,817	8,602,731	30,774,548
Receivables:			
Property tax:			
Delinquent	159,978	-	159,978
Succeeding year	13,353,910	-	13,353,910
Tax increment financing:			
Delinquent	1,511	-	1,511
Succeeding year	1,607,682	-	1,607,682
Customer accounts	-	3,299,393	3,299,393
Accounts	176,553	-	176,553
Due from other governments	1,515,842	-	1,515,842
Due from other funds	(1,417,992)	1,417,992	-
Inventories	26,160	-	26,160
Prepaid expenses	73,238	20,411	93,649
Restricted assets:			
Cash and pooled investments	-	828,100	828,100
Capital assets (net of accumulated depreciation)	70,196,649	119,279,995	189,476,644
<b>Total assets</b>	<u>107,865,348</u>	<u>133,448,622</u>	<u>241,313,970</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>1,894,986</u>	<u>262,556</u>	<u>2,157,542</u>
<b>Liabilities</b>			
Accounts payable	2,093,479	1,394,881	3,488,360
Salaries and benefits payable	307,650	80,971	388,621
Interest payable	70,151	143,631	213,782
Liabilities payable from restricted assets:			
Customer deposits	-	194,519	194,519
Unearned revenue	184,430	4,930	189,360

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
247,716	4,146,335	4,394,051
2,833	-	2,833
206,031	-	206,031
-	-	-
-	-	-
6,587	-	6,587
1,201,017	-	1,201,017
-	-	-
-	-	-
-	-	-
12,958,394	141,669	13,100,063
14,622,578	4,288,004	18,910,582
30,257	-	30,257
999,361	-	999,361
7,734	274	8,008
-	-	-
-	-	-
-	-	-

(continued)

City of Fort Dodge, Iowa  
Statement of Net Position  
June 30, 2015

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>Liabilities (continued)</b>			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	3,655,000	-	3,655,000
Revenue bonds/notes payable	175,500	3,736,000	3,911,500
Compensated absences	902,409	380,490	1,282,899
Portion due or payable after one year:			
General obligation bonds/notes	24,180,000	-	24,180,000
Revenue bonds/notes payable	479,000	71,545,205	72,024,205
Bond premium	540,036	-	540,036
Compensated absences	348,854	-	348,854
Net pension liability	7,300,003	1,236,282	8,536,285
Net OPEB liability	654,810	136,826	791,636
<b>Total liabilities</b>	<u>40,891,322</u>	<u>78,853,735</u>	<u>119,745,057</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues:			
Pension related deferred inflows	3,275,201	471,482	3,746,683
Succeeding year property tax	13,353,910	-	13,353,910
Tax increment financing	1,607,682	-	1,607,682
<b>Total deferred inflows of resources</b>	<u>18,236,793</u>	<u>471,482</u>	<u>18,708,275</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	41,707,149	43,998,790	85,705,939
Restricted for:			
Nonexpendable:			
Parks Trust	25,000	-	25,000
Expendable:			
Debt service	1,130,037	-	1,130,037
Street improvements and repairs	6,199,180	-	6,199,180
Urban renewal	3,474,120	-	3,474,120
Major repairs and construction	2,920,373	-	2,920,373
Revenue note retirement	-	489,950	489,950
Other purposes	3,147,284	-	3,147,284
Unrestricted	(7,970,924)	9,897,221	1,926,297
<b>Total net position</b>	<u>\$ 50,632,219</u>	<u>54,385,961</u>	<u>105,018,180</u>

See notes to financial statements.

Exhibit A

Component Units		
Airport Authority	Other (Modified Cash)	Total
-	-	-
-	-	-
75,870	-	75,870
-	-	-
-	-	-
-	-	-
149,681	-	-
24,433	-	24,433
<u>1,257,079</u>	<u>274</u>	<u>1,257,353</u>
57,084	-	-
206,031	-	206,031
-	-	-
<u>263,115</u>	<u>-</u>	<u>263,115</u>
12,958,394	141,669	13,100,063
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	311,698	311,698
174,247	3,834,363	4,008,610
<u>13,132,641</u>	<u>4,287,730</u>	<u>17,420,371</u>

City of Fort Dodge, Iowa  
Statement of Activities  
Year ended June 30, 2015

		Program Revenues		
<b>Functions/Programs:</b>	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
<b>Primary Government:</b>		<u>Service</u>	<u>Grants,</u>	<u>Grants,</u>
Governmental activities:		<u>and Restricted</u>	<u>Contributions</u>	<u>Contributions</u>
Public safety	\$ 7,275,545	<u>Interest</u>	<u>and Restricted</u>	<u>and Restricted</u>
Public works	6,228,532		<u>Interest</u>	<u>Interest</u>
Health and social services	343,253			
Culture and recreation	4,553,132			
Community and economic development	1,890,451			
General government	1,110,926			
Interest on long-term debt	836,256			
Capital projects	976,851			
Total governmental activities	<u>23,214,946</u>			
Business type activities:				
Water	5,590,758			
Sewer	8,455,382			
Other non-major	1,958,843			
Total business type activities	<u>16,004,983</u>			
<b>Total primary government</b>	<u>\$ 39,219,929</u>	<u>1,670,209</u>	<u>3,915,465</u>	<u>2,651,252</u>
<b>Component Units:</b>				
Airport Authority	\$ 1,189,018	5,109	7,859	1,509,673
Other (modified cash)	269,472	-	156,420	-
<b>Total component units</b>	<u>\$ 1,458,490</u>	<u>5,109</u>	<u>164,279</u>	<u>1,509,673</u>
<b>General Revenues:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted investment earnings, operating grants				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business Type Activities	Total	
(6,441,772)	-	(6,441,772)	-
(1,361,699)	-	(1,361,699)	-
(84,491)	-	(84,491)	-
(3,287,193)	-	(3,287,193)	-
(1,581,317)	-	(1,581,317)	-
(925,897)	-	(925,897)	-
(836,256)	-	(836,256)	-
(459,395)	-	(459,395)	-
<u>(14,978,020)</u>	<u>-</u>	<u>(14,978,020)</u>	<u>-</u>
-	2,123,699	2,123,699	-
-	3,187,412	3,187,412	-
-	1,411,260	1,411,260	-
-	6,722,371	6,722,371	-
<u>(14,978,020)</u>	<u>6,722,371</u>	<u>(8,255,649)</u>	<u>-</u>
-	-	-	333,623
-	-	-	(113,052)
-	-	-	<u>220,571</u>
9,972,956	-	9,972,956	208,280
3,042,608	-	3,042,608	-
1,419,219	-	1,419,219	-
4,431,077	-	4,431,077	-
9,472,168	87,074	9,559,242	(16,603)
2,730,307	44,663	2,774,970	175,492
1,772,580	(1,771,480)	1,100	(1,100)
<u>32,840,915</u>	<u>(1,639,743)</u>	<u>31,201,172</u>	<u>366,069</u>
17,862,895	5,082,628	22,945,523	586,640
<u>32,769,324</u>	<u>49,303,333</u>	<u>82,072,657</u>	<u>16,833,731</u>
<u>\$ 50,632,219</u>	<u>54,385,961</u>	<u>105,018,180</u>	<u>17,420,371</u>



City of Fort Dodge, Iowa  
Balance Sheet  
Governmental Funds  
June 30, 2015

Assets	Special Revenue		
	General	Local Option Sales Tax	Tax Increment Financing
Cash, cash equivalents and pooled investments	\$ 3,213,020	4,264,953	501,286
Receivables:			
Property tax:			
Delinquent	76,281		-
Succeeding year	6,163,314	-	-
Tax increment financing:			
Delinquent	-	-	1,511
Succeeding year	-	-	1,607,682
Accounts	156,284	-	-
Due from other funds	75,000	-	-
Due from other governments	247,721	659,840	-
Inventories	26,160	-	-
Prepaid expenses	59,284	-	-
	<b>Total assets</b>	<b>4,924,793</b>	<b>2,110,479</b>
	<b>\$ 10,017,064</b>	<b>4,924,793</b>	<b>2,110,479</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 133,563	14,757	360
Salaries payable and benefits payable	196,368	-	-
Due to other funds	141,572	-	4,476,334
<b>Total liabilities</b>	<b>471,503</b>	<b>14,757</b>	<b>4,476,694</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,163,314	-	-
Tax increment financing	-	-	1,607,682
Other	163,451	-	-
<b>Total deferred inflows of resources</b>	<b>6,326,765</b>	<b>-</b>	<b>1,607,682</b>
Fund balances:			
Nonspendable:			
Prepaid expenditures	59,284	-	-
Inventories	26,160	-	-
Parks Trust	-	-	-
Restricted for:			
Debt service	-	-	-
Street improvement and repairs	-	4,910,036	-
Urban renewal	-	-	-
Major repairs and construction	-	-	-
Employee benefits	-	-	-
Capital improvements	-	-	-
Other purposes	-	-	-
Assigned			
Unassigned	3,133,352	-	(3,973,897)
<b>Total fund balances</b>	<b>3,218,796</b>	<b>4,910,036</b>	<b>(3,973,897)</b>
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<b>\$ 10,017,064</b>	<b>\$ 4,924,793</b>	<b>2,110,479</b>

See notes to financial statements.

Exhibit C

Debt Service	Capital Projects		Other Nonmajor	Total
	Jurisdictional Transfer	Construction Fund	Governmental Funds	
740,542	9,000,000	(4,089,472)	8,541,488	22,171,817
34,192	-	-	49,505	159,978
3,026,815	-	-	4,163,781	13,353,910
-	-	-	-	1,511
-	-	-	-	1,607,682
-	-	-	20,269	176,553
-	-	-	3,224,914	3,299,914
-	-	593,246	15,035	1,515,842
-	-	-	-	26,160
-	-	-	13,954	73,238
<u>3,801,549</u>	<u>9,000,000</u>	<u>(3,496,226)</u>	<u>16,028,946</u>	<u>42,386,605</u>
-	-	1,511,817	432,982	2,093,479
-	-	-	111,282	307,650
-	-	-	100,000	4,717,906
-	-	1,511,817	644,264	7,119,035
3,026,815	-	-	4,163,781	13,353,910
-	-	-	-	-
-	-	-	20,979	184,430
<u>3,026,815</u>	<u>-</u>	<u>-</u>	<u>4,184,760</u>	<u>15,146,022</u>
-	-	-	13,954	73,238
-	-	-	-	26,160
-	-	-	25,000	25,000
774,734	-	-	355,303	1,130,037
-	-	-	1,288,126	6,198,162
-	-	-	3,474,120	3,474,120
-	-	-	2,399,918	2,399,918
-	-	-	1,530,372	1,530,372
-	-	-	519,255	519,255
-	-	-	1,616,912	1,616,912
-	9,000,000	-	-	9,000,000
-	-	(5,008,043)	(23,038)	(5,871,626)
<u>774,734</u>	<u>9,000,000</u>	<u>(5,008,043)</u>	<u>11,199,922</u>	<u>20,121,548</u>
<u>3,801,549</u>	<u>9,000,000</u>	<u>(3,496,226)</u>	<u>16,028,946</u>	<u>42,386,605</u>

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position

June 30, 2015

**Total governmental fund balances (page 22)** \$ 20,121,548

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$119,439,470 and the accumulated depreciation is \$49,242,821. 70,196,649

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	1,894,986	
Deferred inflows of resources	<u>(3,275,201)</u>	(1,380,215)

Long-term liabilities, accrued interest and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:

General obligation bonds payable	(28,375,036)
Revenue bonds and notes payable	(654,500)
Compensated absences	(1,251,263)
Accrued interest payable	(70,151)
Net pension liability	(7,300,003)
Net OPEB liability	<u>(654,810)</u>

**Net Position of Governmental Activities (Page 17)** \$ 50,632,219

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Governmental Funds  
Year ended June 30, 2015

	General	Special Revenue		Debt Service
		Local Option Sales Tax	Tax Increment Financing	
Revenues:				
Property tax	\$ 5,876,056	-	-	3,042,608
Tax increment financing	-	-	1,419,219	-
Other city tax	730,303	4,431,077	-	-
Licenses and permits	535,690	-	-	-
Use of money and property	88,188	24,023	5,479	115,309
Intergovernmental	291,352	-	9,917	62,086
Charges for service	964,898	-	-	-
Miscellaneous	1,075,497	-	-	18,852
Total revenues	<u>9,561,984</u>	<u>4,455,100</u>	<u>1,434,615</u>	<u>3,238,855</u>
Expenditures:				
Operating:				
Public safety	5,075,263	-	-	-
Public works	288,881	-	-	-
Health and social services	199	-	-	-
Culture and recreation	2,295,965	-	-	-
Community and economic development	399,762	-	2,488,811	-
General government	835,502	-	-	-
Debt service	-	-	-	4,804,124
Capital projects	-	860,211	-	-
Total expenditures	<u>8,895,572</u>	<u>860,211</u>	<u>2,488,811</u>	<u>4,804,124</u>
Excess (deficiency) of revenues over (under) expenditures	666,412	3,594,889	(1,054,196)	(1,565,269)
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Operating transfers in	565,640	-	100,000	1,702,645
Operating transfers out	(434,367)	(1,186,615)	(866,966)	-
Total other financing sources (uses)	<u>131,273</u>	<u>(1,186,615)</u>	<u>(766,966)</u>	<u>1,702,645</u>
Change in fund balances	797,685	2,408,274	(1,821,162)	137,376
Fund balances (deficit) beginning of year, as restated	<u>2,421,111</u>	<u>2,501,762</u>	<u>(2,152,735)</u>	<u>637,358</u>
Fund balances (deficit) end of year	<u>\$ 3,218,796</u>	<u>4,910,036</u>	<u>(3,973,897)</u>	<u>774,734</u>

See notes to financial statements.

Exhibit E

Capital Projects		Other Nonmajor Governmental	
Jurisdictional <u>Transfer</u>	Construction <u>Fund</u>	<u>Funds</u>	<u>Total</u>
-	-	4,096,900	13,015,564
-	-	-	1,419,219
-	-	-	5,161,380
-	-	-	535,690
-	2,286	79,990	315,275
9,000,000	2,003,327	4,163,051	15,529,733
-	-	192,133	1,157,031
-	-	1,077,360	2,171,709
<u>9,000,000</u>	<u>2,005,613</u>	<u>9,609,434</u>	<u>39,305,601</u>
-	-	2,948,745	8,024,008
-	-	3,921,099	4,209,980
-	-	297,740	297,939
-	-	1,883,187	4,179,152
-	-	632,389	3,520,962
-	-	357,442	1,192,944
-	-	61,661	4,865,785
-	9,853,012	315,432	11,028,655
-	9,853,012	10,417,695	37,319,425
9,000,000	(7,847,399)	(808,261)	1,986,176
-	-	130,000	130,000
-	1,552,226	1,048,029	4,968,540
-	-	(708,012)	(3,195,960)
-	1,552,226	470,017	1,902,580
9,000,000	(6,295,173)	(338,244)	3,888,756
-	1,287,130	11,538,166	16,232,792
<u>9,000,000</u>	<u>(5,008,043)</u>	<u>11,199,922</u>	<u>\$ 20,121,548</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances (Deficit) - Governmental Funds to the Statement of Activities

Year ended June 30, 2015

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,888,756  
(Page 25)

**Amounts reported for governmental activities in the Statement  
of Activities are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlays in the current year, as follows:

Capital outlay	\$ 11,275,560	
Depreciation expense	<u>(3,912,099)</u>	7,363,461

Proceeds from issuing long-term debt liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In addition, interest is accrued on outstanding debt in the Statement of Activities, whereas in the governmental funds interest expenditures are reported only when due. Current year issues exceeded repayments as follows:

Long-term debt issued	(130,000)	
Long-term debt principal repaid	5,908,000	
Accrued interest	<u>15,961</u>	5,793,961

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances (Deficit) - Governmental Funds to the Statement of Activities

Year ended June 30, 2015

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Net amortization of premiums	70,568	
Compensated absences	27,452	
Other postemployment benefits	(138,827)	
Pension expense	<u>857,524</u>	
		<u>816,717</u>

**Change in Net Position of Governmental Activities (Page 20)**

**\$ 17,862,895**

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

Exhibit G

	Enterprise Funds			Totals
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 3,077,648	3,801,148	1,723,935	8,602,731
Accounts receivable	1,154,810	1,637,405	507,178	3,299,393
Prepaid expenses	8,210	6,415	5,786	20,411
Due from other funds	-	1,417,992	-	1,417,992
Total current assets	4,240,668	6,862,960	2,236,899	13,340,527
Noncurrent assets:				
Restricted cash and cash equivalents	362,615	270,966	194,519	828,100
Capital assets (net of accumulated depreciation)	34,090,964	76,292,747	8,896,284	119,279,995
Total noncurrent assets	34,453,579	76,563,713	9,090,803	120,108,095
<b>Total assets</b>	38,694,247	83,426,673	11,327,702	133,448,622
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	150,285	66,816	45,455	262,556
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	279,176	970,871	144,834	1,394,881
Salaries and benefits payable	42,560	22,043	16,368	80,971
Compensated absences	221,885	84,466	74,139	380,490
Unearned revenue	-	-	4,930	4,930
Payable from restricted net assets:				
Bonds, notes and loans payable	1,145,000	2,591,000	-	3,736,000
Consumer deposits	-	-	194,519	194,519
Interest payable	32,437	111,194	-	143,631
Total current liabilities	1,721,058	3,779,574	434,790	5,935,422
Noncurrent liabilities:				
Bonds, notes and loans payable	17,693,584	53,851,621	-	71,545,205
Net pension liability	716,546	281,109	238,627	1,236,282
Net OPEB liability	83,073	14,660	39,093	136,826
Total noncurrent liabilities	18,493,203	54,147,390	277,720	72,918,313
<b>Total liabilities</b>	20,214,261	57,926,964	712,510	78,853,735
<b>Deferred Inflows of Resources</b>				
Unavailable revenues:				
Pension related deferred inflows	273,270	107,207	91,005	471,482
<b>Net position</b>				
Invested in capital assets, net of related debt	15,252,380	19,850,126	8,896,284	43,998,790
Restricted for:				
Revenue note retirement	330,178	159,772	-	489,950
Unrestricted	2,774,443	5,449,420	1,673,358	9,897,221
<b>Total net position</b>	\$ 18,357,001	25,459,318	10,569,642	54,385,961

See notes to financial statements.



City of Fort Dodge, Iowa  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year ended June 30, 2015

Exhibit H

	Enterprise Funds			Totals
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Operating revenues:				
Charges for services	\$ 6,792,068	9,633,602	2,472,223	18,897,893
Miscellaneous	<u>899,483</u>	<u>464,613</u>	<u>12,213</u>	<u>1,376,309</u>
Total operating revenues	<u>7,691,551</u>	<u>10,098,215</u>	<u>2,484,436</u>	<u>20,274,202</u>
Operating expenses:				
Business type activities:				
Cost of sales and services	4,421,891	4,871,535	1,590,795	10,884,221
Depreciation	<u>778,270</u>	<u>2,187,821</u>	<u>368,048</u>	<u>3,334,139</u>
Total operating expenses	<u>5,200,161</u>	<u>7,059,356</u>	<u>1,958,843</u>	<u>14,218,360</u>
Operating income	<u>2,491,390</u>	<u>3,038,859</u>	<u>525,593</u>	<u>6,055,842</u>
Non-operating revenues (expenses):				
Interest and investment revenue	25,783	57,089	4,202	87,074
Interest expense	(390,597)	(1,396,026)	-	(1,786,623)
Capital contribution	22,906	1,544,579	885,667	2,453,152
Miscellaneous revenues	<u>941</u>	<u>15,718</u>	<u>28,004</u>	<u>44,663</u>
Total non-operating revenue (expenses)	<u>(340,967)</u>	<u>221,360</u>	<u>917,873</u>	<u>798,266</u>
Net income before transfers	2,150,423	3,260,219	1,443,466	6,854,108
Operating transfers in	-	-	100,000	100,000
Operating transfers out	<u>(866,552)</u>	<u>(629,200)</u>	<u>(375,728)</u>	<u>(1,871,480)</u>
Change in net position	1,283,871	2,631,019	1,167,738	5,082,628
Net position beginning of year, as restated	<u>17,073,130</u>	<u>22,828,299</u>	<u>9,401,904</u>	<u>49,303,333</u>
Net position end of year	<u>\$ 18,357,001</u>	<u>25,459,318</u>	<u>10,569,642</u>	<u>54,385,961</u>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2015

Exhibit I

	Enterprise Funds			Total
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 7,703,029	10,024,079	2,524,744	20,251,852
Payments to suppliers and employees	(4,272,433)	(4,852,926)	(1,896,316)	(11,021,675)
Other receipts	-	-	4,920	4,920
Net cash provided (used) by operating activities	<u>3,430,596</u>	<u>5,171,153</u>	<u>633,348</u>	<u>9,235,097</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers to other funds	(866,552)	(629,200)	(375,728)	(1,871,480)
Transfers from other funds	-	-	100,000	100,000
Net cash provided (used) in noncapital financing activities	<u>(866,552)</u>	<u>(629,200)</u>	<u>(275,728)</u>	<u>(1,771,480)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from capital debt	376,898	4,539,896	-	4,916,794
Purchase of capital assets	(1,806,488)	(6,301,939)	(2,604,868)	(10,713,295)
Intergovernmental receipts	22,906	1,544,579	-	1,567,485
Principal paid on capital debt	(1,119,000)	(2,194,000)	-	(3,313,000)
Interest paid on capital debt	(393,326)	(1,392,046)	-	(1,785,372)
Principal received from interfund loans	-	64,925	-	64,925
Capital contribution	-	-	885,667	885,667
Other receipts (payments)	941	15,718	30,359	47,018
Net cash (used) by capital and related financing activities	<u>(2,918,069)</u>	<u>(3,722,867)</u>	<u>(1,688,842)</u>	<u>(8,329,778)</u>
<b>Cash Flows From Investing Activities</b>				
Interest and dividends	25,783	57,089	1,847	84,719
Net cash provided by investing activities	<u>25,783</u>	<u>57,089</u>	<u>1,847</u>	<u>84,719</u>
Net increase (decrease) in cash and cash equivalents	(328,242)	876,175	(1,329,375)	(781,442)
Cash and cash equivalents beginning of year	<u>3,768,505</u>	<u>3,195,939</u>	<u>3,247,829</u>	<u>10,212,273</u>
Cash and cash equivalents end of year	<u>\$ 3,440,263</u>	<u>4,072,114</u>	<u>1,918,454</u>	<u>9,430,831</u>

(continued)

City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2015

Exhibit I

	Enterprise Funds			<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income	\$ 2,491,390	3,038,859	525,593	6,055,842
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	778,270	2,187,821	368,048	3,334,139
Change in assets and liabilities:				
Receivables, net	11,478	(74,136)	(40,654)	(103,312)
Prepaid expenses	(2,834)	(1,771)	(2,584)	(7,189)
Net pension liability	(291,115)	(114,208)	(96,949)	(502,272)
Deferred outflows of resources	(44,732)	(25,377)	(10,309)	(80,418)
Deferred inflows of resources	273,270	107,207	91,005	471,482
Consumer deposits	-	-	7,098	7,098
Accounts and other payables	184,802	21,688	(171,619)	34,871
Salaries and benefits payable	11,955	14,388	7,592	33,935
Compensated absences	18,507	24,786	(43,960)	(667)
Other postemployment benefits	(395)	(8,104)	1,153	(7,346)
Deferred revenue	-	-	(1,066)	(1,066)
Net cash provided (used) by operating activities	\$ 3,430,596	5,171,153	633,348	9,235,097
 <b>Reconciliation of cash and cash equivalents at year end to specific assets included in the statement of net position:</b>				
<b>Current assets:</b>				
Cash and pooled investments	\$ 3,077,648	3,801,148	1,723,935	8,602,731
<b>Noncurrent assets:</b>				
Cash and pooled investments	362,615	270,966	194,519	828,100
<b>Cash and cash equivalents at year end</b>	<b>\$ 3,440,263</b>	<b>4,072,114</b>	<b>1,918,454</b>	<b>9,430,831</b>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Fiduciary Net Position and Liabilities  
Fiduciary Funds  
June 30, 2015

Exhibit J

	<u>Trust Funds</u> Coleman <u>Water &amp; Sewer</u>
<u>Assets</u>	
Cash	\$ 779
Receivables:	
Accounts	<u>1,224</u>
Total assets	<u>\$ 2,003</u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 397</u>
 <u>Net Position</u>	
Held in trust	<u>1,606</u>
Total liabilities and net position	<u>\$ 2,003</u>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year ended June 30, 2015

Exhibit K

	<u>Trust Funds</u> Coleman <u>Water &amp; Sewer</u>
Additions: Fees collected	\$ 4,758
Deductions: Fees remitted	<u>4,369</u>
Change in net position	389
Net position - Beginning of year	<u>1,217</u>
Net position - End of year	<u>\$ 1,606</u>

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

**(1) Summary of Significant Accounting Policies**

The City of Fort Dodge is a political subdivision of the State of Iowa located in Webster County. It operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Manager form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Fort Dodge provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. It also operates the airport and provides water, sewer and sanitation utilities.

The financial statements of the City of Fort Dodge have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

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

These financial statements present the City of Fort Dodge (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Discretely Presented Component Units

The Fort Dodge Municipal Airport Authority (Authority) was established pursuant to Chapter 330A of the Code of Iowa to operate the City's airport facility. The Authority is governed by a five member board appointed by the Fort Dodge City Council who serve at the pleasure of the City Council. The City annually provides significant operating subsidies to the Authority. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented.

In addition, there are two legally, tax-exempt foundations that are component units of the City of Fort Dodge. These foundations act primarily as fund-raising organizations to supplement the resources that are available to the City in support of its programs. Although the City does not control the timing or amount of receipts from these foundations, the majority of resources, or income thereon, that these foundations hold and invest are restricted to the activities of the City by the donors. Because the restricted resources held by these foundations can only be used by, or for the benefit of, the City, these foundations are considered component units of the City of Fort Dodge and are discretely presented in the City's financial statements.

Both of these tax-exempt foundations' records are prepared on the modified cash basis of accounting. Under that basis, assets recognized are cash and marketable securities, and no liabilities are recognized. The only non-cash transactions recognized are gifts of stock and the subsequent increase or decrease in market value. The modified cash basis differs from accounting principles generally accepted in the United States of America primarily because promises to give, accrued investment income and accounts payable are not included in these financial statements. No modifications have been made to the foundations' financial information in the City's reporting entity for these differences.

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

Details of these component units are as follows:

	W.H. Johnston Foundation	Blanden Charitable Foundation	Total
Cash and pooled investments	\$ 2,063,631	2,017,182	4,080,813
Other assets	---	206,917	206,917
Net assets	<u>\$ 2,063,631</u>	<u>2,224,099</u>	<u>4,287,730</u>
Operating grants, contributions and restricted interest	\$ 72,172	67,645	139,817
Program expenses	<u>(122,859)</u>	<u>(146,613)</u>	<u>(269,472)</u>
Net change	(50,687)	(78,968)	(129,655)
Beginning net assets	<u>2,114,318</u>	<u>2,303,067</u>	<u>4,417,385</u>
Ending net assets	<u>\$ 2,063,631*</u>	<u>2,224,099</u>	<u>4,287,730</u>

\*The ending net assets of the W.H. Johnston Foundation does not include \$659,895 of cash and pooled investments that are assets of the City of Fort Dodge per a 28E agreement between the City of Fort Dodge and the W.H Johnston Foundation. This amount is included as a liability of funds held in custody of others of the W.H Johnston Foundation and is included in Special Revenue Funds, Library Memorial account on the City's records.

Complete financial statements for these foundations can be obtained from their respective administrative offices in Fort Dodge, Iowa.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Webster County Assessor's Conference Board, Webster County Emergency Management Commission, Webster County Joint E911 Service Board, and Webster County Telecommunications Board.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Related Organizations

Financial statements for the Municipal Housing Agency of the City of Fort Dodge, Iowa are not included in this report as it is not a component unit of the City. The Municipal Housing Agency is governed by its own Board of Trustees who are appointed by the Council and is subject to an independent audit.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as other nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues from general and emergency levies and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

The Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

The Construction Fund is used to account for the resources used in the acquisition and construction of capital facilities and other capital assets related to the governmental funds.

The Jurisdictional Transfer fund is used to account for the money received from the State of Iowa for transfer of certain highways, which will help with the maintenance of these highways.

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

The City reports the following major proprietary funds:

Enterprise:

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

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

The City also reports fiduciary funds which focus on net position and changes in net position. The Trust Funds are utilized to account for income collected by the City's Utilities for a rural area outside of the city limits.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

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

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

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

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most City funds are pooled and invested. Interest earned on investments is allocated to the funds on a systematic basis, or as provided by law. Investments are stated at fair value and non-negotiable certificates of deposit are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than twelve months.

Property Tax Receivable, Including Tax Increment Financing – Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2015 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2014.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided. The City utilizes the direct write-off method for uncollectible accounts which is not materially different from the allowance for bad debts method.

Due from and Due to Other Funds – During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Governmental fund inventories of materials and supplies are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Restricted Assets – Funds set aside for payment of Enterprise Fund revenue bonds/notes are classified as restricted assets since their use is restricted by applicable bond/note indentures. Other restricted assets include donations restricted for specific purposes and customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets – Capital assets, which include property, equipment and vehicles, works of art, intangibles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$ 25,000
Equipment and vehicles	5,000
Infrastructure	50,000
Intangibles	50,000

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	39 years
Improvements other than buildings	15-20 years
Vehicles	3-20 years
Equipment	6-10 years
Infrastructure	15-50 years
Intangibles	5-20 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Compensated Absences – City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Fund Equity – In the governmental 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 ordinance or resolution 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.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Estimates and Assumptions – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – Subsequent events have been evaluated through March 10, 2016 which is the date the financial statements were available to be issued.

E. Budgets and Budgetary Accounting

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

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

**(2) Cash, Cash Equivalents and Pooled Investments**

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City's investments at June 30, 2015 (at fair value) are as follows:

<u>Type</u>	
U.S. Treasury securities	\$ 4,984,926
Fixed Income	655,616
GNMA securities	<u>7,710</u>
Total	<u>\$ 5,648,252</u>

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,338,525 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

The City also invested its excess cash in money market savings accounts and certificates of deposit during the year ended June 30, 2015.

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

Credit risk – The City's investment in the Iowa Public Agency Investment Trust is unrated.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

(3) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

<b>Primary Government</b>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,402,360	90,393	-	2,492,753
Construction in progress	9,575,519	10,711,602	(2,607,670)	17,679,451
Works of art	<u>28,509</u>	<u>-</u>	<u>-</u>	<u>28,509</u>
Total capital assets not being depreciated	<u>12,006,388</u>	<u>10,801,995</u>	<u>(2,607,670)</u>	<u>20,200,713</u>
Capital assets being depreciated:				
Buildings	13,950,590	-	-	13,950,590
Improvements other than buildings	8,820,657	30,465	-	8,851,122
Machinery, equipment and vehicles	8,730,305	533,493	(48,392)	9,215,406
Infrastructure	<u>64,704,362</u>	<u>2,517,277</u>	<u>-</u>	<u>67,221,639</u>
Total capital assets being depreciated	<u>96,205,914</u>	<u>3,081,235</u>	<u>(48,392)</u>	<u>99,238,757</u>
Less accumulated depreciation for:				
Buildings	9,046,165	197,979	-	9,244,144
Improvements other than buildings	2,518,916	403,101	-	2,922,017
Machinery, equipment and vehicles	6,916,336	478,164	(48,392)	7,346,108
Infrastructure	<u>26,897,697</u>	<u>2,832,855</u>	<u>-</u>	<u>29,730,552</u>
Total accumulated depreciation	<u>45,379,114</u>	<u>3,912,099</u>	<u>(48,392)</u>	<u>49,242,821</u>
Total capital assets being depreciated, net	<u>50,826,800</u>	<u>(830,864)</u>	<u>-</u>	<u>49,995,936</u>
Governmental activities capital assets, net	<u>\$ 62,833,188</u>	<u>9,971,131</u>	<u>(2,607,670)</u>	<u>70,196,649</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Capital assets activity for the year ended June 30, 2015 was as follows:

<u>Business type activities</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 52,075	-	-	52,075
Construction in progress	<u>40,765,831</u>	<u>10,326,617</u>	<u>(37,935,879)</u>	<u>13,156,569</u>
Total capital assets not being depreciated	<u>40,817,906</u>	<u>10,326,617</u>	<u>(37,935,879)</u>	<u>13,208,644</u>
Capital assets being depreciated:				
Buildings	23,504,225	-	-	23,504,225
Machinery and equipment	4,263,979	389,318	(255,994)	4,397,303
Infrastructure	<u>66,558,709</u>	<u>37,933,239</u>	-	<u>104,491,948</u>
Total capital assets being depreciated	<u>94,326,913</u>	<u>38,322,557</u>	<u>(255,994)</u>	<u>132,393,476</u>
Less accumulated depreciation for:				
Buildings	6,344,070	995,507	-	7,339,577
Machinery and equipment	2,836,786	282,346	(255,994)	2,863,138
Infrastructure	<u>14,063,124</u>	<u>2,056,286</u>	-	<u>16,119,410</u>
Total accumulated depreciation	<u>23,243,980</u>	<u>3,334,139</u>	<u>(255,994)</u>	<u>26,322,125</u>
Total capital assets being depreciated, net	<u>71,082,933</u>	<u>34,988,418</u>	-	<u>106,071,351</u>
Business type activities capital assets, net	<u>\$ 111,900,839</u>	<u>45,315,035</u>	<u>(37,935,879)</u>	<u>119,279,995</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements  
June 30, 2015

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

Governmental activities:	
Public safety	\$ 188,794
Public works, which includes the depreciation of general infrastructure assets	2,193,291
Culture and recreation	1,082,432
Community and economic development	393,062
General government	<u>54,520</u>
Total depreciation expense – governmental activities	\$ <u>3,912,099</u>
Business type activities:	
Water	\$ 778,270
Sewer	2,187,821
Non-major business type activities	<u>368,048</u>
Total depreciation expense – business type activities	\$ <u>3,334,139</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b><u>Discretely presented component units</u></b>				
Capital assets not being depreciated:				
Land	\$ 2,139,288	-	-	2,139,288
Construction in progress	<u>1,360,759</u>	<u>1,448,331</u>	<u>(1,297,458)</u>	<u>1,511,632</u>
Total capital assets not being depreciated	<u>3,500,047</u>	<u>1,448,331</u>	<u>(1,297,458)</u>	<u>3,650,920</u>
Capital assets being depreciated:				
Buildings	768,712	36,576	-	805,288
Machinery and equipment	1,744,905	26,850	-	1,771,755
Infrastructure	<u>9,433,147</u>	<u>1,297,458</u>	<u>-</u>	<u>10,730,605</u>
Total capital assets being depreciated	<u>11,946,764</u>	<u>1,360,884</u>	<u>-</u>	<u>13,307,648</u>
Less accumulated depreciation for:				
Buildings	122,681	27,002	-	149,683
Machinery and equipment	1,293,109	74,422	-	1,367,531
Infrastructure	<u>1,830,462</u>	<u>510,829</u>	<u>-</u>	<u>2,341,291</u>
Total accumulated depreciation	<u>3,246,252</u>	<u>612,253</u>	<u>-</u>	<u>3,858,505</u>
Total capital assets being depreciated, net	<u>8,700,512</u>	<u>748,631</u>	<u>-</u>	<u>9,449,143</u>
Business type activities capital assets, net	<u>\$ 12,200,559</u>	<u>2,196,962</u>	<u>(1,297,458)</u>	<u>13,100,063</u>
Total depreciation expense – airport authority				\$ 601,983
– other				<u>10,270</u>
				<u>\$ 612,253</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

**(4) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year, <u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes:					
General and corporate purpose	\$ 31,595,000	-	3,760,000	27,835,000	3,655,000
Revenue notes	2,672,500	-	2,018,000	654,500	175,500
Compensated absences	1,278,715	765,756	793,208	1,251,263	902,409
Net pension liability	10,961,357	-	3,661,354	7,300,003	-
Net OPEB liability	<u>515,983</u>	<u>138,827</u>	<u>-</u>	<u>654,810</u>	<u>-</u>
Total	<u>\$ 47,023,555</u>	<u>904,583</u>	<u>10,232,562</u>	<u>37,695,576</u>	<u>4,732,909</u>
	Balance Beginning of Year, <u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance End of Year	Due Within One Year
Business type activities:					
Revenue bonds/notes:					
Water	\$ 19,580,686	376,898	1,119,000	18,838,584	1,145,000
Sewer	54,096,724	4,539,897	2,194,000	56,442,621	2,591,000
Compensated absences	381,157	380,490	381,157	380,490	380,490
Net pension liability	1,738,554	-	502,272	1,236,282	-
Net OPEB liability	<u>144,172</u>	<u>-</u>	<u>7,346</u>	<u>136,826</u>	<u>-</u>
Total	<u>\$ 75,941,293</u>	<u>5,297,285</u>	<u>4,203,775</u>	<u>77,034,803</u>	<u>4,116,490</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

Bonded Debt

General obligation bonds/notes:

Seven issues of unmatured general obligation bonds/notes, totaling \$27,835,000, are outstanding at June 30, 2015. General obligation bonds bear interest with rates ranging from .8% to 5.38% and mature in varying annual amounts ranging from \$100,000 to \$1,490,000, with the final maturities due in the year ending June 30, 2027.

Revenue bonds/notes:

Twelve issues of unmatured revenue bonds/notes, totaling \$75,935,705 are outstanding at June 30, 2015. These bonds/notes bear interest at rates of 1.75% to 4.75% and mature in varying annual amounts ranging from \$9,000 to \$1,652,000, with the final maturities due in the year ending June 30, 2036.

The resolutions providing for the issuance of the revenue bonds/notes include the following provisions:

- (a) The bonds/notes will only be redeemed from the future earnings of the enterprise activity and the bond/note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate hotel and motel tax revenue, sewer and water bond sinking accounts for the purpose of making the bond/note principal and interest payments when due.
- (c) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds/notes falling due in the same year.

During the year ended June 30, 2015, the City was in compliance with the revenue bond/note provisions.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Details of bond/notes payable at June 30, 2015 are as follows:

Governmental activities:	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2015
General obligation bonds/notes:						
Corporate purpose	Jun 15, 2009	3.55-5.38%	Jun 30, 2024	535,000-800,000	\$ 8,950,000	6,080,000
Corporate purpose	Apr 1, 2010	3.00-3.25%	Jun 30, 2020	890,000-1,110,000	9,825,000	5,205,000
Corporate purpose	Jun 29, 2011	.80-2.55%	Jun 30, 2021	160,000-225,000	1,920,000	1,225,000
Corporate purpose	Jun 26, 2012	1.00-2.50%	Jun 30, 2027	100,000-855,000	4,370,000	4,070,000
Urban renewal Refunding Bond	Aug 26, 2010	1.25-3.00%	Jun 30, 2022	215,000-250,000	2,595,000	1,610,000
Refunding bond	May 16, 2013	2.00%	Jun 30, 2023	100,000-1,490,000	7,830,000	5,525,000
Corporate purpose	May 15, 2014	2.00-4.00%	Jun 30, 2024	310,000-675,000	4,430,000	4,120,000
Revenue notes:						
Golf course revenue note	Jan 13, 2006	3.95-4.75%	Dec 1, 2025	18,000-58,500	560,000	144,500
Urban renewal tax increment revenue bond	Jan 20, 2012	3.98%	Jun 1, 2019	110,000-135,000	850,000	510,000
Total Government activities						\$ 28,489,500
Business type activities:						
Revenue bonds/notes:						
Sewer revenue CW9809R	Sep 30, 1999	1.75%	Dec 1, 2021	9,000-17,000	\$ 243,597	107,000
Sewer revenue CW9116R	Sep 30, 1999	1.75%	Dec 1, 2021	385,000-713,000	10,142,403	4,459,000
Sewer revenue CW0118R	Sep 30, 2002	1.75%	Dec 1, 2021	54,000-71,000	1,331,000	455,000
Sewer revenue CW0304R	Dec 20, 2001	1.75%	Jun 30, 2023	146,000-242,000	3,705,000	1,747,000
Sewer revenue C0495R	Nov 12, 2012	2.00%	Jun 1, 2033	1,000-1,474,000	23,575,000	22,263,141
Sewer revenue C0585RT	Feb 28, 2014	3.00%	Jun 30, 2033	355,000-1,652,000	22,467,000	21,772,000
Sewer revenue C0604RT	Jun 6, 2014	1.75%	Jun 1, 2035	338,000-373,000	5,639,479	5,639,480
Water revenue DW030224R	Dec 12, 2003	3.00%	Dec 1, 2024	130,000-229,000	3,500,000	2,007,000
Water revenue MD12R	Jun 1, 2004	3.00%	Dec 1, 2024	133,000-318,000	5,133,000	2,795,000
Water revenue D0254R	Oct 1, 2012	2.00%	Jun 1, 2033	128,685-977,000	14,372,685	14,036,584
Total business type activities						75,281,205
Total						\$103,770,705

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

A summary of the annual bond/note principal and interest requirements to maturity by type of bond/note is as follows:

Year Ending June 30,	General Obligation		
	Principal	Interest	Total
2016	\$ 3,655,000	811,086	4,466,086
2017	3,605,000	719,231	4,324,231
2018	3,715,000	625,885	4,340,885
2019	3,855,000	527,500	4,382,500
2020	3,450,000	421,195	3,871,195
2021-2025	7,860,000	882,073	8,742,073
2026-2027	1,695,000	63,750	1,758,750
Total	<u>\$ 27,835,000</u>	<u>4,050,720</u>	<u>31,885,720</u>

Year Ending June 30,	Revenue			Total
	Principal	Interest	Total	
2016	\$ 3,911,500	1,752,039	5,663,539	10,129,625
2017	4,012,500	1,713,744	5,726,244	10,050,475
2018	4,093,500	1,628,560	5,722,060	10,062,945
2019	4,167,000	1,543,063	5,710,063	10,092,563
2020	4,141,000	1,456,096	5,597,096	9,468,291
2021-2025	21,265,000	5,995,893	27,260,893	36,002,966
2026-2030	19,633,480	3,749,710	23,383,190	25,141,940
2031-2035	13,059,725	1,377,550	14,437,275	14,437,275
2036	1,652,000	49,560	1,701,560	1,701,560
Total	<u>\$ 75,935,705</u>	<u>19,266,215</u>	<u>95,201,920</u>	<u>127,087,640</u>

As of June 30, 2015 the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$1,025,812,838</u>
Debt limit - 5% of total actual valuation	51,290,642
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(28,489,500)</u>
Legal debt margin	<u>\$ 22,801,142</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$66,824,621 in sewer revenue notes with various issue dates. Proceeds from the notes provided financing for wastewater net revenue and are payable through 2036. Annual principal and interest on the notes are expected to require less than 90 percent of net revenues. The total principal and interest remaining to be paid on the notes is \$72,087,137. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$3,522,039 and \$5,226,680, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$23,382,583 in water revenue notes with various issue dates. Proceeds from the notes provided financing for water improvement projects. The notes are payable solely from water net revenue and are payable through 2033. Annual interest and principle on the notes are expected to require less than 90 percent of net revenues. The total principle and interest remaining to be paid on the notes is \$22,398,116. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$1,499,858 and \$3,269,660, respectively.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use	\$ 8,779
	LOST	4,390
	SSMID	7,926
	Capital Projects:	
	Capital Improvements	18,545
	Enterprise:	
	Water	175,000
	Sewer	250,000
	Solid Waste	56,000
	Storm Water Utility	<u>45,000</u>
		<u>565,640</u>
Special Revenue:	Urban Renewal	<u>100,000</u>
TIF		

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Comprehensive Plan	General	10,000
	Special Revenue:	
	Hotel/Motel Tax	10,000
	City Grants	5,000
	Enterprise:	
	Water	5,000
	Sewer	5,000
	Storm Water Utility	<u>5,000</u>
		<u>40,000</u>
Hotel/Motel Tax	General	<u>111,359</u>
Debt Service:		
Debt Service	Special Revenue:	
	Tax Increment Financing	686,966
	Debt Service:	
	Harlan Rogers Sinking	123,400
	Enterprise:	
	Water	650,552
	Solid Waste	11,984
	Storm Water Utility	<u>229,744</u>
		<u>1,702,646</u>
Golf Course Sinking	Capital Projects:	
	Capital Improvements	<u>61,662</u>
Harlan Rogers Sinking	General	<u>208,648</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Capital Projects:		
Capital Improvements	General	104,359
	Special Revenue:	
	Road Use	7,700
	Hotel/Motel Tax	75,000
	Debt Service:	
	Harlan Rogers Sinking	75,000
	Enterprise:	
	Water	11,000
	Sewer	349,200
	Solid Waste	3,000
	Component unit:	
	Airport	<u>1,100</u>
		<u>626,359</u>
Construction	Special Revenue:	
	SSMID	190,000
	Local Option Sales Tax	1,182,226
	TIF	<u>180,000</u>
		<u>1,552,226</u>
Central Garage:	Special Revenue:	
	Road Use	25,000
	Enterprise:	
	Water	25,000
	Sewer	25,000
	Solid Waste	<u>25,000</u>
		<u>100,000</u>
Total		\$ <u>5,068,540</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

City of Fort Dodge, Iowa  
Notes to Financial Statements  
June 30, 2015

**(6) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Hotel/Motel Tax	General	\$ 35,399
Debt Service: Harlan Rogers Sinking	General	70,774
Capital Projects: Capital Improvements	General	35,399
General	Special Revenue: TIF	75,000
Special Revenue: Urban Renewal	Special Revenue: TIF	2,983,342
Special Revenue: Urban Renewal	Special Revenue: Community Develop	100,000
Enterprise: Special Revenue: Sewer	TIF	<u>1,417,992</u>
		<u>\$ 4,717,906</u>

**(7) Pension Plan**

***Iowa Public Employees Retirement System (IPERS)***

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

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

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent pay and the City contributed 10.14 percent for a total rate of 16.80 percent.

The City’s contributions to IPERS for the year ended June 30, 2015 were \$503,903.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015 the City reported a liability of \$3,318,879 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion if the net pension liability was based on the City’s share contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City’s collective proportion was 0.0836853 percent, which was an increase of 0.0023980 from its proportion measured as of June 30, 2013.



City of Fort Dodge, Iowa  
Notes to Financial Statements

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For the year ended June 30, 2015, the City recognized pension expense of \$243,736. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 36,070	\$ -
Changes of assumptions	146,470	-
Net difference between projected and actual earnings on pension plan investments	-	1,265,725
Changes in proportion and difference between City contributions and proportionate share of contributions	(19,922)	-
City contributions subsequent to the measurement date	<u>503,903</u>	<u>-</u>
Total	<u>\$ 666,521</u>	<u>\$1,265,725</u>

\$503,903 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (160,702)
2017	(160,702)
2018	(160,702)
2019	(160,703)
2020	<u>43,605</u>
Total	<u>\$ (599,204)</u>

There were no non-employer contributing entities at IPERS.

City of Fort Dodge, Iowa  
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June 30, 2015

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(.069)
Total	<u>100%</u>	

City of Fort Dodge, Iowa

Notes to Financial Statements

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Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes In The Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City’s proportionate share of net pension liability	\$ 6,270,929	\$ 3,318,879	\$ 827,043

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org). The City has no reported payables to the pension plan.

***Municipal Fire and Police Retirement System of Iowa (MFPRSI)***

Plan description – The City also participates in the MFPRSI, which provides retirement, disability, and death benefits for firefighters and police officers. MFPRSI membership is mandatory for firefighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Fort Dodge are provided with pensions through a cos-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by at 7155 Lake Drive, Suite 201, West Des Moines, IA, 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

City of Fort Dodge, Iowa

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MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contributions only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

City of Fort Dodge, Iowa

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Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contributions rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of perspective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contributions rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City's contributions to MFPRSI for the year ended June 30, 2015 were \$1,158,672.

If approved by state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a non-employer contributing entity in accordance with the provisions of GASB Statement No. 67 – Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2015.

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2015, the City reported a liability of \$5,366,947 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2014, the City’s proportion was 1.480544%, which was a decrease of 0.007491 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$438,054. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ -	\$ 15,189
Changes of assumptions	396,671	-
Net difference between projected and actual earnings on pension plan investments	-	2,522,854
Changes in proportion and difference between City contributions and proportionate share of contributions	(34,085)	-
City contributions subsequent to the measurement date	<u>1,158,672</u>	<u>-</u>
Total	<u>\$ 1,521,258</u>	<u>\$2,538,043</u>

\$1,158,672 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Fort Dodge, Iowa

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Year Ended June 30,	
2016	\$ (279,077)
2017	(279,077)
2018	(279,077)
2019	(279,076)
2020	<u>99,522</u>
Total	<u>\$ (1,016,785)</u>

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rates of salary increase	4.50 to 15.11% including inflation
Long-term investment rate of return	7.50% net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 Group Annuity Mortality (GAM) table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

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

City of Fort Dodge, Iowa  
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<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Core-plus fixed income	7.0%	3.8
Emerging markets debt	3.0	6.5
Domestic equities	12.5	6.0
Master limited partnerships	5.0	8.8
International equities	<u>12.5</u>	7.0
Core investments	<u>40.0%</u>	
Tactical asset allocation	<u>35.0%</u>	6.0
Private equity/debt	<u>15.0</u>	9.8
Private non-core real estate	5.0	9.3
Private core real estate	<u>5.0</u>	6.8
Real estate	<u>10.0</u>	
Total	<u>100.0%</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at 9.40% of covered payroll and contributions from the City will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City’s proportionate share of net pension liability	\$ 10,290,691	\$ 5,366,947	\$ 1,275,759

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately-issued MFPRSI financial report, which is available on the MFPRSI website at [www.mfprsi.org](http://www.mfprsi.org).

Payables to the pension plan – At June 30, 2015, the City did not have a payable to the defined benefit pension plan.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

**(8) Risk Management**

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local governmental risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2015 were \$332,205.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

City of Fort Dodge, Iowa

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The Pool's intergovernmental contract with its members provides that in the event of casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protections provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been disclosed in the City's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, the Blanden Memorial Art Museum and the airport in the amounts of \$179,271, \$19,034 and \$10,054, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Fort Dodge, Iowa  
Notes to Financial Statements  
June 30, 2015

**(9) Deficit Balances**

As of June 30, 2015, funds with deficit balances were as follows:

Special Revenue, Tax Increment Financing	\$ (3,973,897)
Special Revenue, Comprehensive Plan	(12,542)
Special Revenue, Community Development	(22,440)
Special Revenue, City Grants	(598)
Capital Projects, Construction Fund	(5,008,043)

The deficit balances are a result of costs exceeding the revenues. The deficit in the Tax Increment Financing fund will be eliminated upon collection of tax increment financing revenues. The deficit in the Comprehensive Plan fund will be eliminated upon transfer of funds. The deficit in Community Development will be eliminated upon sale of property. The deficit in the City Grants fund will be eliminated upon receipt of grant funds and reimbursements from other funds for their share of costs expended.

**(10) Related Parties**

The City had business transactions between the City and City officials totaling \$22,790 during the year ended June 30, 2015.

**(11) Subsequent Events**

After the end of the fiscal year, the City accepted bids for a sewer improvement projects for approximately, \$5M, a storm sewer project for approximately \$3.3M, and a street project for approximately \$3.3M. The City also approved issuance of \$25M sewer revenue and refunding bond, and \$7.5M GO bonds to help pay for a fire truck, city hall improvements and various projects primarily related to parks and recreation.

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2015

**(12) Commitments and Contingencies**

As of June 30, 2015, the City had the following estimated commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>
Vision Iowa Trails Project	\$ 409,000
Sanitary Sewer Immediate Needs Projects	2,686,000
1 <sup>st</sup> Ave. N. Reconstruction	170,000
East Region Storm Sewer – Phase 1	72,000
Cross-town Connector – Phase 2	1,508,000
2015 Street Repair	933,000
Cross-town Connector – Phase 1	4,074,000
East Region Storm Sewer – Phase 1B	28,000
East Region Storm sewer – Phase 1C	3,664,000
2 <sup>nd</sup> Ave N. Reconstruction	1,118,000
OHV Park Water Main	57,000
Municipal Building – Front Steps	262,000
East Lawn Lift Station	3,994,000

**Contingencies**

The City has one outstanding claim just recently filed against it. Legal counsel's judgement is that there is a high likelihood that this claim will result in a favorable verdict for the City.

**(13) Operating Leases**

The City of Fort Dodge has entered into two operating lease agreements for two copiers. The first lease is for a term of 60 months with monthly payments of \$210. The second lease is for a term of 36 months with monthly payments of \$335. Current year payments on these leases totaled \$6,552 for the year ended June 30, 2015. Future rentals are as follows:

FY 2016	6,552
FY 2017	4,207
FY 2018	2,532
FY 2019	<u>1,266</u>
	<u>\$ 14,557</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

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**(14) Other Postemployment Benefits (OPEB)**

Plan Description - The City of Fort Dodge operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 167 active and 16 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a self-funded medical plan, is administered by First Administrators, Inc. The dental benefit is administered by Delta Dental of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit. Benefits terminate upon attaining Medicare eligibility

Funding Policy. The contribution requirements of plan members are established and may be amended by the City of Fort Dodge. The City of Fort Dodge currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 186,826
Interest on net OPEB obligation	16,978
Adjustment to annual required contribution	(48,186)
Annual OPEB cost (expense)	155,618
Contributions made	(18,672)
Increase in net OPEB obligation	136,946
Net OPEB obligation – beginning of year	<u>679,123</u>
Net OPEB obligation – end of year	\$ <u>816,069</u>

City of Fort Dodge, Iowa

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June 30, 2015

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the City contributed \$18,672 to the medical plan. Plan members receiving benefits contributed \$148,729 or 88.8% of the premium costs.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	231,102	26.8%	508,574
6/30/2014	218,216	21.8%	679,123
6/30/2015	155,618	12.0%	816,069

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015 the actuarial accrued liability was \$1,077,432, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,077,432. The covered payroll (annual payroll of active employees covered by the plan) was \$10,953,822 and the ratio of the UAAL to the covered payroll was 9.84%.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions included a 2.50% discount rate based on the City's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2010 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2010.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(15) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date is shown in the following table. Also, the net position was restated to include the assets held in trust by one of the City's component units, which was previously reported in the footnotes only.

	<u>Governmental</u>	<u>Business Type Activities</u>				
	<u>Activities</u>	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Parking Meter</u>	<u>Airport</u>
Net Position June 30, 2014 as previously reported	\$ 41,467,738	17,975,238	23,182,177	1,683,550	393,671	12,604,788
Cash held by component unit	839,328	---	---	---	---	---
Net pension liability at June 30, 2014	(10,961,357)	(1,007,661)	(395,317)	(294,504)	(41,072)	(210,493)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>1,423,615</u>	<u>105,553</u>	<u>41,439</u>	<u>30,867</u>	<u>4,279</u>	<u>22,051</u>
Net position July 1, 2014, as restated	<u>32,769,219</u>	<u>17,073,130</u>	<u>22,828,299</u>	<u>1,419,913</u>	<u>356,878</u>	<u>12,416,346</u>

	<u>Total</u>
Net Position June 30, 2014 as previously reported	92,327,484
Cash held by component unit	839,328
Net Position liability at June 30, 2014	(12,699,911)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>1,605,756</u>
Net position July 1, 2014, as restated	<u>86,072,657</u>



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2015

**(16) New Governmental Accounting Standards Board (GASB) Statements**

As of June 30, 2015, GASB had issued several statements not yet required to be implemented by the City. The Statement which might impact the City is as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the City beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The City's management has not yet determined the effect these GASB Statements will have on the City financial statements.

**Required Supplementary Information**

City of Fort Dodge, Iowa  
 Budgetary Comparison Schedule of  
 Receipts, Disbursements and Changes in Balances  
 Budget and Actual (Cash Basis)  
 All Governmental Funds, Proprietary Funds, and the Airport Authority  
 Required Supplementary Information  
 Year ended June 30, 2015

	Governmental Fund Types	Proprietary Fund Type - Enterprise	Component Unit - Airport Authority	Total
Receipts:				
Property tax	\$ 13,017,635	-	207,847	13,225,482
Tax increment financing	1,419,813	-	-	1,419,813
Other city tax	4,930,495	-	-	4,930,495
Licenses and permits	544,101	-	-	544,101
Use of money and property	118,335	87,073	102,756	308,164
Intergovernmental	14,920,254	2,153	317,711	15,240,118
Charges for service	1,389,754	19,805,811	3,126	21,198,691
Special assessments	18,851	2,168	-	21,019
Miscellaneous	1,955,044	490,235	161,114	2,606,393
Total receipts	<u>38,314,282</u>	<u>20,387,440</u>	<u>792,554</u>	<u>59,494,276</u>
Disbursements:				
Public safety	7,490,742	-	-	7,490,742
Public works	4,128,248	-	517,859	4,646,107
Health and social services	291,262	-	-	291,262
Culture and recreation	2,923,603	-	-	2,923,603
Community and economic development	1,477,594	-	-	1,477,594
General government	991,616	-	-	991,616
Debt service	6,984,016	-	-	6,984,016
Capital projects	15,426,760	-	509,108	15,935,868
Business type activities	-	23,683,021	-	23,683,021
Total disbursements	<u>39,713,841</u>	<u>23,683,021</u>	<u>1,026,967</u>	<u>64,423,829</u>
Excess (deficiency) of receipts over (under) disbursements	(1,399,559)	(3,295,581)	(234,413)	(4,929,553)
Other financing sources, net	<u>4,110,239</u>	<u>2,505,141</u>	<u>(1,100)</u>	<u>6,614,280</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,710,680	(790,440)	(235,513)	1,684,727
Balances beginning of year	<u>18,943,512</u>	<u>10,212,272</u>	<u>523,228</u>	<u>29,679,012</u>
Balances end of year	<u>\$ 21,654,192</u>	<u>9,421,832</u>	<u>287,715</u>	<u>31,363,739</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
12,709,042	12,709,042	516,440
1,411,433	1,411,433	8,380
5,508,220	5,628,220	(697,725)
358,275	358,275	185,826
103,628	103,628	204,536
4,990,803	14,645,803	594,315
20,789,297	21,526,297	(327,606)
-	-	21,019
1,798,107	2,253,107	353,286
<u>47,668,805</u>	<u>58,635,805</u>	<u>858,471</u>
8,060,207	8,269,657	778,915
4,599,147	4,975,147	329,040
287,850	343,850	52,588
3,051,290	3,271,290	347,687
1,363,075	1,762,475	284,881
925,060	1,150,310	158,694
5,013,439	6,952,439	(31,577)
11,260,496	19,465,496	3,529,628
22,734,016	30,578,016	6,894,995
<u>57,294,580</u>	<u>76,768,680</u>	<u>12,344,851</u>
(9,625,775)	(18,132,875)	13,203,322
<u>6,130,000</u>	<u>12,787,100</u>	<u>(6,172,820)</u>
(3,495,775)	(5,345,775)	7,030,502
<u>24,649,695</u>	<u>24,649,695</u>	<u>5,029,317</u>
<u>21,153,920</u>	<u>19,303,920</u>	<u>12,059,819</u>

City of Fort Dodge, Iowa  
 Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2015

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Enterprise		
				Cash Basis	Adjust- ments	Accrual Basis
Revenues	\$ 38,314,282	991,319	39,305,601	20,387,440	2,471,651	22,859,091
Expenditures/Expenses	<u>39,713,841</u>	<u>(2,394,416)</u>	<u>37,319,425</u>	<u>23,683,021</u>	<u>(7,678,038)</u>	<u>16,004,983</u>
Net	(1,399,559)	3,385,735	1,986,176	(3,295,581)	10,149,689	6,854,108
Other financing sources (uses) (net)	4,110,239	(2,207,659)	1,902,580	2,505,141	(4,276,621)	(1,771,480)
Beginning fund balances	<u>18,943,512</u>	<u>(2,710,720)</u>	<u>16,232,792</u>	<u>10,212,272</u>	<u>39,091,061</u>	<u>49,303,333</u>
Ending fund balances	<u>\$ 21,654,192</u>	<u>(1,532,644)</u>	<u>20,121,548</u>	<u>9,421,832</u>	<u>44,964,129</u>	<u>54,385,961</u>

  

	Component Unit		
	Airport		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 792,554	1,113,859	1,906,413
Expenses	<u>1,028,067</u>	<u>162,051</u>	<u>1,190,118</u>
Net	(235,513)	951,808	716,295
Beginning fund balance	<u>523,228</u>	<u>11,893,118</u>	<u>12,416,346</u>
Ending fund balance	<u>\$ 287,715</u>	<u>12,844,926</u>	<u>13,132,641</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Funds, the Capital Projects Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted receipts by \$10,967,000, budgeted disbursements by \$19,474,100 and other financing sources by \$6,657,100. These budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements in the debt service function exceeded the amounts budgeted.

City of Fort Dodge

Schedule of City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*  
(In Thousands)

Required Supplementary Information

	<u>2015</u>
City's proportion of the net pension liability	0.083685%
City's proportionate share of the net pension liability	\$ 3,318,879
City's covered-employee payroll	\$ 5,476,004
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report

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

City of Fort Dodge  
Schedule of City's Contributions

Iowa Public Employees' Retirement System  
Last 10 Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 503,894	489,007	461,895	457,812
Contributions in relation to the statutorily required contribution	<u>503,894</u>	<u>489,007</u>	<u>461,895</u>	<u>457,812</u>
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 5,642,716	5,476,004	5,331,361	5,674,478
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.66%	8.07%

See accompanying independent auditor's report.



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
372,273	353,926	328,297	302,428	274,656	258,170
<u>373,273</u>	<u>353,926</u>	<u>328,297</u>	<u>302,428</u>	<u>274,656</u>	<u>258,170</u>
-	-	-	-	-	-
<hr/> <hr/>					
5,356,439	5,322,206	5,170,026	4,998,811	4,776,621	4,489,871
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

City of Fort Dodge

Schedule of City's Proportionate Share of the Net Pension Liability

Municipal Fire and Police Retirement System of Iowa

Last Fiscal Year\*

(In Thousands)

Required Supplementary Information

	<u>2015</u>
City's proportion of the net pension liability	1.480544%
City's proportionate share of the net pension liability	\$ 5,366,947
City's covered-employee payroll	\$ 3,780,866
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	141.95%
Plan fiduciary net position as a percentage of the total pension liability	86.27%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report

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

City of Fort Dodge  
Schedule of City's Contributions

Municipal Fire and Police Retirement System of Iowa  
Last 10 Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 1,158,672	1,138,797	975,099	958,338
Contributions in relation to the statutorily required contribution	<u>1,158,672</u>	<u>1,138,797</u>	<u>975,099</u>	<u>958,338</u>
Contribution deficiency (excess)	\$ -	-	-	-
<hr style="border-top: 3px double #000;"/>				
City's covered-employee payroll	\$ 3,810,170	3,780,866	3,721,669	3,870,512
Contributions as a percentage of covered-employee payroll	30.41%	30.12%	26.20%	24.76%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
719,561	578,406	617,557	795,662	858,934	847,043
<u>719,561</u>	<u>578,406</u>	<u>617,557</u>	<u>795,662</u>	<u>858,934</u>	<u>847,043</u>
-	-	-	-	-	-
<hr/>					
3,615,885	3,402,389	3,293,630	3,122,696	3,095,260	3,002,631
19.90%	17.00%	18.75%	25.48%	27.75%	28.21%

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

*Iowa Public Employees' Retirement System*

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriff's and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rate for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

*Municipal Fire and Police Retirement System of Iowa*

*Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions:*

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Table and 10/12 of the 1994 Group Annuity Mortality Table.

City of Fort Dodge, Iowa  
Schedule of Funding Progress For The  
Retiree Health Plan

Required Supplementary Information

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	Value as a Percentage of Covered Payroll (b-a)/c)
2010	Jul 1, 2008	---	\$1,380,817	\$1,380,817	0.00%	\$ 8,724,593	15.83%
2011	Jul 1, 2008	---	1,397,329	1,397,329	0.00%	9,013,137	15.50%
2012	Jul 1, 2010	---	1,367,450	1,367,450	0.00%	9,543,529	14.33%
2013	Jul 1, 2012	---	1,728,691	1,728,691	0.00%	9,069,969	19.05%
2014	Jul 1, 2012	---	1,686,830	1,686,830	0.00%	9,256,871	18.22%
2015	Jul 1, 2014	---	1,077,432	1,077,432	0.00%	10,953,822	9.84%

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

Schedule 1

	Special Revenue				
Assets	Road use Tax	Employee Flex Spending	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Cash, cash equivalents and pooled investments	\$ 1,454,335	-	12,508	18,180	248,857
Receivables:					
Property tax:					
Delinquent	-	-	-	-	13,272
Succeeding year	-	-	-	-	1,144,926
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	1,018	-	-	-	-
Due from other funds	-	-	-	-	-
	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,455,353</b>	<b>-</b>	<b>12,508</b>	<b>18,180</b>	<b>1,407,055</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 112,885	-	-	30,722	-
Salaries and benefits payable	53,324	-	-	-	30,493
Due to other funds	-	-	-	-	-
Total liabilities	166,209	-	-	30,722	30,493
Deferred inflows of resources:					
Succeeding year property tax	-	-	-	-	1,144,926
Other	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	1,144,926
Fund balances:					
Nonspendable:					
Prepaid expenditures	1,018	-	-	-	-
Parks Trust	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Street improvement and repairs	1,288,126	-	-	-	-
Urban renewal	-	-	-	-	-
Major repairs and construction	-	-	-	-	-
Employee benefits	-	-	-	-	-
Capital improvements	-	-	-	-	-
Other purposes	-	-	12,508	(12,542)	231,636
Unassigned	-	-	-	-	-
Total fund balances	1,289,144	-	12,508	(12,542)	231,636
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,455,353</b>	<b>-</b>	<b>12,508</b>	<b>18,180</b>	<b>1,407,055</b>

See accompanying independent auditor's report.



City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue					
	Community Development	Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents	Urban Renewal
<b>Assets</b>						
Cash, cash equivalents and pooled investments	66,423	236,080	313,067	747,582	41,161	390,778
Receivables:						
Property tax:						
Delinquent	-	-	1,710	-	-	-
Succeeding year	-	-	40,680	-	-	-
Accounts	13,217	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	50	-
Due from other funds	-	35,399	-	-	-	3,083,342
<b>Total assets</b>	<b>79,640</b>	<b>271,479</b>	<b>355,457</b>	<b>747,582</b>	<b>41,211</b>	<b>3,474,120</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable	1,313	-	1,357	-	13,091	-
Salaries and benefits payable	767	-	-	-	1,531	-
Due to other funds	100,000	-	-	-	-	-
Total liabilities	102,080	-	1,357	-	14,622	-
Deferred inflows of resources:						
Succeeding year property tax	-	-	40,680	-	-	-
Other	-	-	-	-	-	-
Total deferred inflows of resources	-	-	40,680	-	-	-
Fund balances:						
Nonspendable:						
Prepaid expenditures	-	-	-	-	50	-
Parks Trust	-	-	-	-	-	-
Restricted for:						
Debt service	-	-	-	-	-	-
Street improvement and repairs	-	-	-	-	-	-
Urban renewal	-	-	-	-	-	3,474,120
Major repairs and construction	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Other purposes	-	271,479	313,420	747,582	26,539	-
Unassigned	(22,440)	-	-	-	-	-
Total fund balances	(22,440)	271,479	313,420	747,582	26,589	3,474,120
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>79,640</b>	<b>271,479</b>	<b>355,457</b>	<b>747,582</b>	<b>41,211</b>	<b>3,474,120</b>

See accompanying independent auditor's report.

Schedule 1

Employee Benefits	City Grants	Congregate Meals	DARE/Drug Arrest	Debt Service		Capital Projects		
				Golf Course	Harlan Rogers Sinking	Capital Improvements	Vision Iowa Trail Plan	Sidewalk Improvement
1,624,125	(1,501)	5,167	16,135	5,139	279,390	2,484,928	550,727	23,407
34,523	-	-	-	-	-	-	-	-
2,978,175	-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,052	-	-
-	6,116	5,270	-	-	-	3,649	-	-
11,686	-	-	-	-	-	1,200	-	-
-	-	-	-	-	70,774	35,399	-	-
<u>4,648,509</u>	<u>4,615</u>	<u>10,437</u>	<u>16,135</u>	<u>5,139</u>	<u>350,164</u>	<u>2,532,228</u>	<u>550,727</u>	<u>23,407</u>
104,408	4,196	-	-	-	-	110,131	54,879	-
23,868	1,017	282	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>128,276</u>	<u>5,213</u>	<u>282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,131</u>	<u>54,879</u>	<u>-</u>
2,978,175	-	-	-	-	-	-	-	-
-	-	-	-	-	-	20,979	-	-
<u>2,978,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,979</u>	<u>-</u>	<u>-</u>
11,686	-	-	-	-	-	1,200	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	5,139	350,164	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,399,918	-	-
1,530,372	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	495,848	23,407
-	-	10,155	16,135	-	-	-	-	-
-	(598)	-	-	-	-	-	-	-
<u>1,542,058</u>	<u>(598)</u>	<u>10,155</u>	<u>16,135</u>	<u>5,139</u>	<u>350,164</u>	<u>2,401,118</u>	<u>495,848</u>	<u>23,407</u>
<u>4,648,509</u>	<u>4,615</u>	<u>10,437</u>	<u>16,135</u>	<u>5,139</u>	<u>350,164</u>	<u>2,532,228</u>	<u>550,727</u>	<u>23,407</u>

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

Schedule 1

	<u>Permanent Fund</u>	
	Eva Patterson	<u>Total</u>
	<u>Parks Trust</u>	
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 25,000	8,541,488
Receivables		
Property tax:		
Delinquent	-	49,505
Succeeding year	-	4,163,781
Accounts	-	20,269
Due from other governments	-	15,035
Prepaid expenses	-	13,954
Due from other funds	-	3,224,914
	<u>25,000</u>	<u>16,028,946</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	-	432,982
Salaries and benefits payable	-	111,282
Due to other funds	-	100,000
Total liabilities	<u>-</u>	<u>644,264</u>
Deferred inflows of resources:		
Succeeding year property tax	-	4,163,781
Other	-	20,979
Total deferred inflows of resources	<u>-</u>	<u>4,184,760</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	-	13,954
Parks Trust	25,000	25,000
Restricted for:		-
Debt service	-	355,303
Street improvement and repairs	-	1,288,126
Urban renewal	-	3,474,120
Major repairs and construction	-	2,399,918
Employee benefits	-	1,530,372
Capital improvements	-	519,255
Other purposes	-	1,616,912
Unassigned	-	(23,038)
Total fund balances	<u>25,000</u>	<u>11,199,922</u>
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<u>\$ 25,000</u>	<u>16,028,946</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year ended June 30, 2015

Schedule 2

	Special Revenue				
	Road Use Tax	Employee Flex Spending	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Revenues:					
Property tax	\$ -	-	-	-	1,252,958
Other city tax	-	-	-	-	-
Use of money and property	-	-	-	-	1,332
Intergovernmental	2,620,983	-	-	-	-
Charges for service	-	-	-	15,430	-
Miscellaneous	-	31,332	3,885	30,000	-
Total revenues	<u>2,620,983</u>	<u>31,332</u>	<u>3,885</u>	<u>45,430</u>	<u>1,254,290</u>
Expenditures:					
Operating:					
Public safety	-	-	-	-	1,165,491
Public works	2,459,488	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
General government	-	18,640	500	102,972	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>2,459,488</u>	<u>18,640</u>	<u>500</u>	<u>102,972</u>	<u>1,165,491</u>
Excess (deficiency) of revenues over (under) expenditures	<u>161,495</u>	<u>12,692</u>	<u>3,385</u>	<u>(57,542)</u>	<u>88,799</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	-	40,000	-
Operating transfers out	(41,479)	-	-	-	-
Total other financing sources (uses)	<u>(41,479)</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	120,016	12,692	3,385	(17,542)	88,799
Fund balances beginning of year, as restated	<u>1,169,128</u>	<u>(12,692)</u>	<u>9,123</u>	<u>5,000</u>	<u>142,837</u>
Fund balances end of year	<u>\$ 1,289,144</u>	<u>-</u>	<u>12,508</u>	<u>(12,542)</u>	<u>231,636</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year ended June 30, 2015

	Special Revenue					
	Community Development	Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents	Urban Renewal
Revenues:						
Property tax	\$ -	-	46,625	-	-	-
Other city tax	-	-	-	-	-	-
Use of money and property	79	-	3,129	-	-	67,719
Intergovernmental	25,056	-	3,710	-	173,209	-
Charges for service	-	-	-	-	-	-
Miscellaneous	91,455	1,061	22,070	65,792	14,374	133,725
Total revenues	<u>116,590</u>	<u>1,061</u>	<u>75,534</u>	<u>65,792</u>	<u>187,583</u>	<u>201,444</u>
Expenditures:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and social services	-	-	-	-	200,126	-
Culture and recreation	-	-	-	265,055	-	-
Community and economic development	126,669	22,949	30,422	-	-	117,018
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>126,669</u>	<u>22,949</u>	<u>30,422</u>	<u>265,055</u>	<u>200,126</u>	<u>117,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,079)</u>	<u>(21,888)</u>	<u>45,112</u>	<u>(199,263)</u>	<u>(12,543)</u>	<u>84,426</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	-	-	-
Operating transfers in	-	111,359	-	-	-	-
Operating transfers out	-	(85,000)	(197,926)	-	-	(100,000)
Total other financing sources (uses)	<u>-</u>	<u>26,359</u>	<u>(197,926)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(10,079)</u>	<u>4,471</u>	<u>(152,814)</u>	<u>(199,263)</u>	<u>(12,543)</u>	<u>(15,574)</u>
Fund balances beginning of year, as restated	<u>(12,361)</u>	<u>267,008</u>	<u>466,234</u>	<u>946,845</u>	<u>39,132</u>	<u>3,489,694</u>
Fund balances end of year	<u>\$ (22,440)</u>	<u>271,479</u>	<u>313,420</u>	<u>747,582</u>	<u>26,589</u>	<u>3,474,120</u>

See accompanying independent auditor's report.

Schedule 2

Employee Benefits	City Grants	Congregate Meals	DARE/Drug Arrest	Debt Service		Capital Projects		
				Golf Course	Harlan Rogers Sinking	Capital Improvements	Vision Iowa Trail Plan	Sidewalk Improvement
2,797,317	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,729	-	2	-	-	-	-	-	-
85,508	959,860	71,179	-	-	1,985	204,603	16,958	-
-	-	-	-	-	-	169,622	-	7,081
274,656	10,006	-	9,302	-	-	389,702	-	-
<u>3,165,210</u>	<u>969,866</u>	<u>71,181</u>	<u>9,302</u>	<u>-</u>	<u>1,985</u>	<u>763,927</u>	<u>16,958</u>	<u>7,081</u>
1,329,250	21,656	-	8,393	-	-	423,955	-	-
721,860	734,016	-	-	-	-	5,735	-	-
36,052	326	61,236	-	-	-	-	-	-
544,357	-	-	-	-	-	1,073,775	-	-
107,250	207,381	-	-	-	-	20,700	-	-
118,380	-	-	-	-	-	116,950	-	-
-	-	-	-	61,661	-	-	-	-
-	-	-	-	-	-	54,750	260,682	-
<u>2,857,149</u>	<u>963,379</u>	<u>61,236</u>	<u>8,393</u>	<u>61,661</u>	<u>-</u>	<u>1,695,865</u>	<u>260,682</u>	<u>-</u>
<u>308,061</u>	<u>6,487</u>	<u>9,945</u>	<u>909</u>	<u>(61,661)</u>	<u>1,985</u>	<u>(931,938)</u>	<u>(243,724)</u>	<u>7,081</u>
-	-	-	-	-	-	130,000	-	-
-	-	-	-	61,662	208,648	626,360	-	-
-	(5,000)	-	-	-	(198,400)	(80,207)	-	-
-	(5,000)	-	-	61,662	10,248	676,153	-	-
308,061	1,487	9,945	909	1	12,233	(255,785)	(243,724)	7,081
1,233,997	(2,085)	210	15,226	5,138	337,931	2,656,903	739,572	16,326
<u>1,542,058</u>	<u>(598)</u>	<u>10,155</u>	<u>16,135</u>	<u>5,139</u>	<u>350,164</u>	<u>2,401,118</u>	<u>495,848</u>	<u>23,407</u>

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year ended June 30, 2014

Schedule 2

	<u>Permanent Fund</u>	
	<u>Eva Patterson</u>	
	<u>Parks Trust</u>	<u>Totals</u>
Revenues:		
Property tax	\$ -	4,096,900
Other city tax	-	-
Use of money and property	-	79,990
Intergovernmental	-	4,163,051
Charges for service	-	192,133
Miscellaneous	-	1,077,360
Total revenues	-	9,609,434
Expenditures:		
Operating:		
Public safety	-	2,948,745
Public works	-	3,921,099
Health and social services	-	297,740
Culture and recreation	-	1,883,187
Community and economic development	-	632,389
General government	-	357,442
Debt service	-	61,661
Capital projects	-	315,432
Total expenditures	-	10,417,695
Excess (deficiency) of revenues over (under) expenditures	-	(808,261)
Other financing sources (uses):		
Bond proceeds	-	130,000
Operating transfers in	-	1,048,029
Operating transfers out	-	(708,012)
Total other financing sources (uses)	-	470,017
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(338,244)
Fund balances beginning of year, as restated	25,000	11,538,166
Fund balances end of year	\$ 25,000	11,199,922

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
June 30, 2015

	Enterprise Funds		
	Parking Meter	Solid Waste	Storm Water Utility
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 178,346	649,881	330,631
Accounts receivable	38,952	269,132	108,359
Prepaid expenses	-	5,786	-
Total current assets	<u>217,298</u>	<u>924,799</u>	<u>438,990</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets (net of accumulated depreciation)	217,210	1,020,452	6,857,882
Total noncurrent assets	<u>217,210</u>	<u>1,020,452</u>	<u>6,857,882</u>
<b>Total assets</b>	<u>434,508</u>	<u>1,945,251</u>	<u>7,296,872</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>3,703</u>	<u>41,752</u>	<u>-</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,583	41,010	-
Salaries and benefits payable	2,693	8,951	-
Compensated absences	-	74,139	-
Unearned revenue	4,930	-	-
Payable from restricted net assets:			
Consumer deposits	-	-	-
Total current liabilities	<u>9,206</u>	<u>124,100</u>	<u>-</u>
Noncurrent liabilities:			
Net pension liability	29,206	209,421	-
Net OPEB liability	-	39,093	-
Total noncurrent liabilities	<u>29,206</u>	<u>248,514</u>	<u>-</u>
<b>Total liabilities</b>	<u>38,412</u>	<u>372,614</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues:			
Pension related deferred inflows	<u>11,138</u>	<u>79,867</u>	<u>-</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	217,210	1,020,452	6,857,882
Unrestricted	<u>171,451</u>	<u>514,070</u>	<u>438,990</u>
<b>Total net position</b>	<u>\$ 388,661</u>	<u>1,534,522</u>	<u>7,296,872</u>

See accompanying independent auditor's report.



Schedule 3

<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
132,321	15,354	4,784	412,618	-	1,723,935
87,767	-	-	2,968	-	507,178
-	-	-	-	-	5,786
<u>220,088</u>	<u>15,354</u>	<u>4,784</u>	<u>415,586</u>	-	<u>2,236,899</u>
-	-	-	-	194,519	194,519
<u>191,537</u>	-	-	<u>609,203</u>	-	<u>8,896,284</u>
<u>191,537</u>	-	-	<u>609,203</u>	<u>194,519</u>	<u>9,090,803</u>
<u>411,625</u>	<u>15,354</u>	<u>4,784</u>	<u>1,024,789</u>	<u>194,519</u>	<u>11,327,702</u>
-	-	-	-	-	45,455
5,424	-	-	96,817	-	144,834
4,724	-	-	-	-	16,368
-	-	-	-	-	74,139
-	-	-	-	-	4,930
-	-	-	-	194,519	194,519
<u>10,148</u>	-	-	<u>96,817</u>	<u>194,519</u>	<u>434,790</u>
-	-	-	-	-	238,627
-	-	-	-	-	39,093
-	-	-	-	-	277,720
<u>10,148</u>	-	-	<u>96,817</u>	<u>194,519</u>	<u>712,510</u>
-	-	-	-	-	91,005
191,537	-	-	609,203	-	8,896,284
<u>209,940</u>	<u>15,354</u>	<u>4,784</u>	<u>318,769</u>	-	<u>1,673,358</u>
<u>401,477</u>	<u>15,354</u>	<u>4,784</u>	<u>927,972</u>	-	<u>10,569,642</u>

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenses, and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2015

	Enterprise Funds	
	Parking Meter	Solid Waste
Operating revenues:		
Charges for services	\$ 148,172	1,470,287
Miscellaneous	121	4,799
Total operating revenues	148,293	1,475,086
Operating expenses:		
Business type activities:		
Cost of sales and services	100,797	1,045,231
Depreciation	17,510	223,487
Total operating expenses	118,307	1,268,718
Operating income (loss)	29,986	206,368
Non-operating revenues (expenses):		
Interest and investment revenue	912	3,290
Capital contribution	-	-
Miscellaneous revenues	885	935
Total nonoperating revenue	1,797	4,225
Net income (loss) before transfers	31,783	210,593
Operating transfers in	-	-
Operating transfers out	-	(95,984)
Change in net position	31,783	114,609
Net position beginning of year, as restated	356,878	1,419,913
Net position end of year	\$ 388,661	1,534,522

See accompanying independent auditor's report.

## Schedule 4

<u>Storm Water Utility</u>	<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage Account</u>	<u>Central Garage</u>	<u>Total</u>
509,425	200,485	65,546	11,674	66,634	2,472,223
-	959	-	-	6,334	12,213
<u>509,425</u>	<u>201,444</u>	<u>65,546</u>	<u>11,674</u>	<u>72,968</u>	<u>2,484,436</u>
18,023	194,473	66,104	10,630	155,537	1,590,795
93,110	11,180	-	-	22,761	368,048
<u>111,133</u>	<u>205,653</u>	<u>66,104</u>	<u>10,630</u>	<u>178,298</u>	<u>1,958,843</u>
<u>398,292</u>	<u>(4,209)</u>	<u>(558)</u>	<u>1,044</u>	<u>(105,330)</u>	<u>525,593</u>
-	-	-	-	-	4,202
885,667	-	-	-	-	885,667
18,841	7,343	-	-	-	28,004
<u>904,508</u>	<u>7,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>917,873</u>
1,302,800	3,134	(558)	1,044	(105,330)	1,443,466
-	-	-	-	100,000	100,000
(279,744)	-	-	-	-	(375,728)
<u>1,023,056</u>	<u>3,134</u>	<u>(558)</u>	<u>1,044</u>	<u>(5,330)</u>	<u>1,167,738</u>
<u>6,273,816</u>	<u>398,343</u>	<u>15,912</u>	<u>3,740</u>	<u>933,302</u>	<u>9,401,904</u>
<u>7,296,872</u>	<u>401,477</u>	<u>15,354</u>	<u>4,784</u>	<u>927,972</u>	<u>10,569,642</u>

City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2015

	<u>Business-Type Activities</u>	
	<u>Parking Meter</u>	<u>Solid Waste</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 144,010	1,452,919
Payments to suppliers and employees	(106,452)	(1,084,957)
Other receipts	<u>121</u>	<u>4,799</u>
Net cash provided (used) by operating activities	<u>37,679</u>	<u>372,761</u>
 <b>Cash flows from noncapital financing activities</b>		
Transfers to other funds	-	(95,984)
Transfers from other funds	<u>-</u>	<u>-</u>
Net cash provided (used) in noncapital financing activities	<u>-</u>	<u>(95,984)</u>
 <b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	-	-
Intergovernmental receipts	-	-
Capital contribution	-	-
Other receipts (payments)	<u>885</u>	<u>3,290</u>
Net cash provided (used) by capital and related financing activities	<u>885</u>	<u>3,290</u>
 <b>Cash flows from investing activities</b>		
Interest and dividends	<u>912</u>	<u>935</u>
Net cash provided by investing activities	<u>912</u>	<u>935</u>
 Net increase (decrease) in cash and cash equivalents	39,476	281,002
Cash and cash equivalents - beginning of year	<u>138,870</u>	<u>368,879</u>
Cash and cash equivalents - end of year	<u>\$ 178,346</u>	<u>649,881</u>

See accompanying independent auditor's report.

Schedule 5

Storm Water Utility	Ambulance	Lakeside Beverage	Harlan Rogers Beverage	Central Garage	Consumer Deposits	Total
501,573	191,591	65,546	11,674	71,549	85,882	2,524,744
(291,266)	(186,307)	(66,104)	(10,630)	(71,816)	(78,784)	(1,896,316)
-	-	-	-	-	-	4,920
<u>210,307</u>	<u>5,284</u>	<u>(558)</u>	<u>1,044</u>	<u>(267)</u>	<u>7,098</u>	<u>633,348</u>
(279,744)	-	-	-	-	-	(375,728)
-	-	-	-	100,000	-	100,000
<u>(279,744)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(275,728)</u>
(2,326,009)	(199,439)	-	-	(79,420)	-	(2,604,868)
-	-	-	-	-	-	-
885,667	-	-	-	-	-	885,667
18,841	7,343	-	-	-	-	30,359
<u>(1,421,501)</u>	<u>(192,096)</u>	<u>-</u>	<u>-</u>	<u>(79,420)</u>	<u>-</u>	<u>(1,688,842)</u>
-	-	-	-	-	-	1,847
-	-	-	-	-	-	1,847
(1,490,938)	(186,812)	(558)	1,044	20,313	7,098	(1,329,375)
<u>1,821,569</u>	<u>319,133</u>	<u>15,912</u>	<u>3,740</u>	<u>392,305</u>	<u>187,421</u>	<u>3,247,829</u>
<u>330,631</u>	<u>132,321</u>	<u>15,354</u>	<u>4,784</u>	<u>412,618</u>	<u>194,519</u>	<u>1,918,454</u>

(continued)

City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2015

	<u>Business-Type Activities</u>	
	<u>Parking Meter</u>	<u>Solid Waste</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>		
Operating income (loss)	\$ 29,986	206,368
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	17,510	223,487
Change in assets and liabilities:		
Receivables, net	(4,162)	(17,368)
Prepaid expenses	-	(3,052)
Consumer deposits	-	-
Accounts and other payables	1,130	13,799
Salaries and benefits payable	2,021	847
Compensated absences	-	(43,960)
Net pension liability	(11,866)	(85,083)
Deferred outflows of resources	576	(10,885)
Deferred inflows of resources	11,138	79,867
Other postemployment benefits	(7,588)	8,741
Deferred revenue	(1,066)	-
Net cash provided (used) by operating activities	<u>\$ 37,679</u>	<u>372,761</u>
 <b>Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position:</b>		
Current assets:		
Cash and pooled investments	\$ 178,346	649,881
Noncurrent assets:		
Restricted cash and pooled investments	-	-
Cash and cash equivalents at year end	<u>\$ 178,346</u>	<u>649,881</u>

See accompanying independent auditor's report.

Schedule 5

<u>Storm Water Utility</u>	<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
398,292	(4,209)	(558)	1,044	(105,330)	-	525,593
93,110	11,180	-	-	22,761	-	368,048
(7,852)	(9,853)	-	-	(1,419)	-	(40,654)
-	108	-	-	360	-	(2,584)
-	-	-	-	-	7,098	7,098
(273,243)	3,334	-	-	83,361	-	(171,619)
-	4,724	-	-	-	-	7,592
-	-	-	-	-	-	(43,960)
-	-	-	-	-	-	(96,949)
-	-	-	-	-	-	(10,309)
-	-	-	-	-	-	91,005
-	-	-	-	-	-	1,153
-	-	-	-	-	-	(1,066)
<u>210,307</u>	<u>5,284</u>	<u>(558)</u>	<u>1,044</u>	<u>(267)</u>	<u>7,098</u>	<u>633,348</u>
330,631	132,321	15,354	4,784	412,618	-	1,723,935
-	-	-	-	-	194,519	194,519
<u>330,631</u>	<u>132,321</u>	<u>15,354</u>	<u>4,784</u>	<u>412,618</u>	<u>194,519</u>	<u>1,918,454</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2015

General Obligation Bonds

Year Ending June 30,	<u>Corporate Purpose</u> <u>Issued June 14, 2009</u>		<u>Corporate Purpose</u> <u>Issued April 1, 2010</u>		<u>Urban Renewal Refunding</u> <u>Issued August 26, 2010</u>	
	Interest		Interest		Interest	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	4.12	585,000	3.00	980,000	1.85	225,000
2017	4.30	595,000	3.00	1,005,000	2.10	225,000
2018	4.30	615,000	3.00	1,040,000	2.35	230,000
2019	4.63	640,000	3.13	1,070,000	2.50	225,000
2020	4.75	665,000	3.25	1,110,000	2.70	230,000
2021	5.00	695,000	-	-	2.90	225,000
2022	5.20	725,000	-	-	3.00	250,000
2023	5.25	760,000	-	-	-	-
2024	5.38	800,000	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total		<u>\$ 6,080,000</u>		<u>\$ 5,205,000</u>		<u>\$ 1,610,000</u>

Year Ending June 30,	<u>Go Refunding</u> <u>Issued May 16, 2013</u>		<u>Corporate Purpose</u> <u>Issued May 15, 2014</u>	
	Interest		Interest	
	Rate	Amount	Rate	Amount
2016	2.00	1,075,000	2.00	400,000
2017	2.00	1,090,000	2.00	285,000
2018	2.00	1,110,000	2.00	305,000
2019	2.00	1,120,000	2.00	370,000
2020	2.00	440,000	2.00	560,000
2021	2.00	340,000	3.00	570,000
2022	2.00	250,000	4.00	585,000
2023	2.00	100,000	2.00	675,000
2024	-	-	2.20	370,000
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
Total		<u>\$ 5,525,000</u>		<u>\$ 4,120,000</u>

See accompanying independent auditor's report.



Schedule 6

Year Ending June 30,	Corporate Purpose Issued June 29, 2011		Corporate Purpose Issued June 26, 2012	
	Interest Rate	Amount	Interest Rate	Amount
2016	1.40	185,000	1.00	205,000
2017	1.70	195,000	1.00	210,000
2018	1.95	200,000	1.50	215,000
2019	2.15	205,000	1.50	225,000
2020	2.35	215,000	1.75	230,000
2021	2.55	225,000	1.75	240,000
2022		-	2.00	250,000
2023		-	2.00	255,000
2024		-	2.25	265,000
2025		-	2.25	280,000
2026		-	2.50	840,000
2027		-	2.50	855,000
Total		<u>\$ 1,225,000</u>		<u>\$ 4,070,000</u>

<u>Total</u>
3,655,000
3,605,000
3,715,000
3,855,000
3,450,000
2,295,000
2,060,000
1,790,000
1,435,000
280,000
840,000
855,000
<u>\$ 27,835,000</u>

City of Fort Dodge, Iowa  
Bond Maturities - Revenue Bonds  
June 30, 2015

Year Ending <u>June 30,</u>	<u>Sewer Bond Issue</u> <u>Issued Sep 30, 1999</u>		<u>Sewer Bond Issue</u> <u>Issued Sep 30, 1999</u>		<u>Sewer Bond Issue</u> <u>Issued Dec 20, 2002</u>	
	Interest <u>Rates</u>	<u>Amount</u>	Interest <u>Rates</u>	<u>Amount</u>	Interest <u>Rates</u>	<u>Amount</u>
2016	1.75	14,000	1.75	566,000	1.75	196,000
2017	1.75	14,000	1.75	588,000	1.75	202,000
2018	1.75	15,000	1.75	611,000	1.75	208,000
2019	1.75	15,000	1.75	635,000	1.75	215,000
2020	1.75	16,000	1.75	660,000	1.75	221,000
2021	1.75	16,000	1.75	686,000	1.75	228,000
2022	1.75	17,000	1.75	713,000	1.75	235,000
2023		-		-	1.75	242,000
2024		-		-		-
2025		-		-		-
2026		-		-		-
2027		-		-		-
2028		-		-		-
2029		-		-		-
2030		-		-		-
2031		-		-		-
2032		-		-		-
2033		-		-		-
2034		-		-		-
2035		-		-		-
2036		-		-		-
Total		<u>\$ 107,000</u>		<u>\$ 4,459,000</u>		<u>\$ 1,747,000</u>

See accompanying independent auditor's report.



City of Fort Dodge, Iowa  
 Bond Maturities- Revenue Bonds  
 June 30, 2015

<u>Sewer Bond Issue</u>		<u>Water Bond Issue</u>		<u>Sewer Bond Revenue</u>	
<u>Issued Feb 28, 2014</u>		<u>Issued Oct 1, 2012</u>		<u>Issued Nov 12, 2013</u>	
<u>Interest</u>		<u>Interest</u>		<u>Interest</u>	
<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>
3.00	365,000	2.00	726,000	2.00	1,053,000
3.00	375,000	2.00	740,000	2.00	1,074,000
3.00	390,000	2.00	755,000	2.00	1,095,000
3.00	400,000	2.00	770,000	2.00	1,117,000
3.00	415,000	2.00	786,000	2.00	1,140,000
3.00	430,000	2.00	801,000	2.00	1,162,000
3.00	440,000	2.00	817,000	2.00	1,186,000
3.00	1,090,000	2.00	834,000	2.00	1,209,000
3.00	1,125,000	2.00	851,000	2.00	1,234,000
3.00	1,165,000	2.00	868,000	2.00	1,258,000
3.00	1,200,000	2.00	885,000	2.00	1,283,000
3.00	1,240,000	2.00	903,000	2.00	1,309,000
3.00	1,280,000	2.00	921,000	2.00	1,335,000
3.00	1,320,000	2.00	939,000	2.00	1,362,000
3.00	1,365,000	2.00	958,000	2.00	1,389,000
3.00	1,410,000	2.00	977,000	2.00	1,417,000
3.00	1,455,000	2.00	505,584	2.00	1,445,000
3.00	1,505,000		-	2.00	1,195,141
3.00	1,550,000		-		-
3.00	1,600,000		-		-
3.00	1,652,000		-		-
	<u>\$ 21,772,000</u>		<u>\$ 14,036,584</u>		<u>\$ 22,263,141</u>

See accompanying independent auditor's report.

Year Ending June 30,	Sewer Revenue Bond Issued June 6, 2014		Urban Renewal Tax Increment Revenue Bond Issued Jan. 20, 2012	
	Interest Rates	Amount	Interest Rates	Amount
2016	1.75	338,000	3.98	120,000
2017	1.75	344,000	3.98	125,000
2018	1.75	351,000	3.98	130,000
2019	1.75	358,000	3.98	135,000
2020	1.75	365,000		-
2021	1.75	373,000		-
2022	1.75	380,000		-
2023	1.75	388,000		-
2024	1.75	395,000		-
2025	1.75	403,000		-
2026	1.75	411,000		-
2027	1.75	420,000		-
2028	1.75	428,000		-
2029	1.75	437,000		-
2030	1.75	248,480		-
2031		-		-
2032		-		-
2033		-		-
2034		-		-
2035		-		-
2036		-		-
		<u>\$ 5,639,480</u>		<u>\$ 510,000</u>

(continued)

Golf Course Revenue NotesIssued Jan 13, 2006

## Interest

<u>Rates</u>	<u>Amount</u>	<u>Total</u>
4.65-4.70	55,500	3,911,500
4.70-4.75	58,500	4,012,500
4.75	30,500	4,093,500
	-	4,167,000
	-	4,141,000
	-	4,251,000
	-	4,359,000
	-	4,278,000
	-	4,136,000
	-	4,241,000
	-	3,779,000
	-	3,872,000
	-	3,964,000
	-	4,058,000
	-	3,960,480
	-	3,804,000
	-	3,405,584
	-	2,700,141
	-	1,550,000
	-	1,600,000
	-	1,652,000
	<u>\$ 144,500</u>	<u>75,935,705</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis				
	2015	2014	2013	2012	2011
<b>Revenues:</b>					
Property tax	\$ 13,015,564	13,114,635	11,905,700	10,695,253	9,495,874
Tax increment financing revenue	1,419,219	1,464,088	1,189,531	1,057,524	994,554
Other city tax	5,161,380	4,812,143	3,833,165	3,781,601	3,246,525
Licenses and permits	535,690	388,159	529,018	303,300	282,277
Use of money and property	315,275	344,105	326,937	344,015	372,350
Intergovernmental	15,529,733	4,390,858	5,015,006	4,772,715	5,332,928
Charges for service	1,157,031	1,322,768	1,331,738	1,251,367	965,547
Miscellaneous	<u>2,171,709</u>	<u>2,393,713</u>	<u>1,638,670</u>	<u>1,619,892</u>	<u>3,227,905</u>
<b>Total</b>	<b>\$ <u>39,305,601</u></b>	<b>\$ <u>28,230,469</u></b>	<b><u>25,769,765</u></b>	<b><u>23,825,667</u></b>	<b><u>23,917,960</u></b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety	\$ 8,024,008	7,894,979	7,422,048	7,319,101	6,462,486
Public works	4,209,980	4,155,736	3,656,007	3,336,965	3,438,283
Health & social services	297,939	686,247	301,498	340,102	347,086
Culture and recreation	4,179,152	3,442,509	3,162,789	3,459,938	3,330,371
Community and economic development	3,520,962	2,755,825	5,433,594	4,734,874	4,201,872
General government	1,192,944	1,090,281	1,518,381	1,381,422	1,279,686
Debt service	4,865,785	8,251,054	4,250,319	3,842,588	3,429,197
Capital projects	<u>11,028,655</u>	<u>6,567,146</u>	<u>6,191,055</u>	<u>6,608,042</u>	<u>12,542,416</u>
<b>Total</b>	<b>\$ <u>37,319,425</u></b>	<b><u>34,843,777</u></b>	<b><u>31,935,691</u></b>	<b><u>31,023,032</u></b>	<b><u>35,031,397</u></b>

See accompanying independent auditor's report.

## Schedule 8

2010	2009	2008	2007	2006
9,065,686	9,412,453	9,309,408	9,405,843	9,136,224
960,077	1,021,218	924,879	904,267	855,994
2,471,570	2,345,915	2,255,230	2,216,986	1,930,077
366,910	334,673	323,123	321,063	282,112
420,807	457,355	588,086	488,171	380,335
3,364,048	4,018,906	3,877,250	4,460,365	4,401,764
1,006,957	1,048,258	1,164,134	1,097,362	1,083,195
<u>1,629,822</u>	<u>1,403,703</u>	<u>1,597,706</u>	<u>1,724,939</u>	<u>1,351,395</u>
<u>19,285,877</u>	<u>20,042,481</u>	<u>20,039,816</u>	<u>20,618,996</u>	<u>19,421,096</u>
6,127,327	6,355,575	6,628,544	5,750,697	5,477,040
7,653,552	5,171,592	3,451,734	3,625,199	3,846,806
434,575	525,065	881,082	679,639	569,898
3,188,913	2,896,431	2,675,303	3,069,638	2,433,376
3,821,149	2,580,400	5,130,808	2,113,794	2,669,361
1,491,143	1,311,200	1,500,704	1,465,795	1,464,206
3,195,141	1,633,892	1,699,934	1,949,432	1,736,407
<u>5,159,378</u>	<u>2,369,971</u>	<u>902,847</u>	<u>2,170,993</u>	<u>2,974,408</u>
<u>31,071,178</u>	<u>22,844,126</u>	<u>22,870,956</u>	<u>20,825,187</u>	<u>21,171,502</u>



City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2015

Schedule 9

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Justice:			
Byrne Memorial Justice Assistance	16.738	2011-DJ-BX-2458	\$ 5,780
Byrne Memorial Justice Assistance	16.738	2012-DJ-BX-0116	5,790
Byrne Memorial Justice Assistance	16.738	2013-DJ-BX-0107	18,373
Byrne Memorial Justice Assistance	16.738	2014-DJ-BX-0198	<u>12,803</u>
			<u>42,746</u>
Bulletproof Vest Partnership Program	16.607	FY14	<u>1,138</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-27	92,077
Airport Improvement Program	20.106	3-19-0035-29	345,245
Airport Improvement Program	20.106	3-19-0035-30	886,840
Airport Improvement Program	20.106	3-19-0035-31	<u>44,357</u>
			<u>1,368,519</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	14SFNIA004	<u>173,209</u>
Environmental Protection Agency			
Brownsfield Assessment	66.818	97741101	<u>209,823</u>
U.S. Department of Homeland Security			
Assistance to Firefighters Grants	97.044	EMW-2013-FO-03221	<u>130,050</u>
Total Direct			<u>1,925,485</u>
Indirect:			
U.S. Department of Health and Human Services:			
Elderbridge Agency on Aging:			
Special programs for the Aging - Title III			
Nutrition Services	93.045	FY 2014	<u>43,962</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Non-urban Operating Assistance Project	20.509	18-0030-269-15	356,005
Federal Capital Grant	20.509	85-0034-269-13	109,364
Intercity Bus Assistance Project'	20.509	ICB CY 14/15	6,388
Transit Assistance Program	20.509	TF-2014	1,505
Transit Assistance Program	20.509	34-0003-269-14	<u>35,112</u>
			<u>508,374</u>

(continued)

City of Fort Dodge, Iowa  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2015

Schedule 9

<u>Grantor/Program</u> (continued)	<u>CFDA</u> <u>Number</u>	<u>Agency or</u> <u>Pass-Through</u> <u>Number</u>	<u>Program</u> <u>Expenditures</u>
Indirect (continued):			
U.S.Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
Disaster Grants - Public Assistance	97.036	EM-4126	20,880
			<u>20,880</u>
Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety			
Grants	20.600	FY 2015	20,277
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-2690 (619)	1,581,295
			<u>1,581,295</u>
Total Indirect			<u>2,174,788</u>
Total			<u>\$ 4,100,273</u>

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA #</u>	<u>Program</u>	<u>Amount</u>
20.509	Various Transit Assistance Programs	508,374
		<u>508,374</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Fort Dodge and is presented on the accrual or modified accrual basis of accounting. The information of this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Schedule of Expenditures of State Awards

Year ended June 30, 2015

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Air Service Development Program	9,055
Airport Infrastructure #13148	25,521
Airport Infrastructure #14127	97,119
Airport Infrastructure #15278	28,852
Traffic Safety Grant 2014-TS-013	<u>475,000</u>
	<u>635,547</u>
 Library:	
Open Access Grant	
Enrich Iowa Grant	<u>6,591</u>
	<u>6,591</u>
 Total	 <u>\$ 642,138</u>

See accompanying independent auditor's report.

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

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

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S generally accepted auditing standards 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 units, each major fund and the aggregate remaining fund information of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2016.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fort Dodge, Iowa's internal control over financial reporting to determine the audit procedures 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 Fort Dodge, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Dodge'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 a material misstatement of the City of Fort Dodge'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 which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit

we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described as item II-A-15 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fort Dodge's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### City of Fort Dodge's Responses to Findings

The City of Fort Dodge's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Fort Dodge's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the 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 of Fort Dodge during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 10, 2016

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

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### Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance Required by OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

#### Report on Compliance for Each Major Federal Program

We have audited the City of Fort Dodge, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Fort Dodge's major federal programs for the year ended June 30, 2015. The City of Fort Dodge's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Fort Dodge'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 U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 of Fort Dodge's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, the City of Fort Dodge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

### Report on Internal Control Over Compliance

The management of the City of Fort Dodge 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 Fort Dodge'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 appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Fort Dodge'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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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 a 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 10, 2016

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies 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 material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Fort Dodge qualified as a low-risk auditee.

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

- II-A-15 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). The City of Fort Dodge does not have an internal control system designed to provide for the preparation of the financial statements, including accompanying footnotes and statements of cash flows, as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in and Audit*, requires us to communicate this matter to those charged with governance.

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the City’s management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the time necessary to remain current on GAAP and GASB reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

No material weaknesses in internal control over the major programs were noted.

**Part IV: Other Findings Related to Statutory Reporting:**

IV-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – This was an oversight this year as we did not take into account the interest paid on debt refinanced.

Conclusion – Response accepted.

IV-B-15 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**Part IV: Other Findings Related to Statutory Reporting:**

IV-C-15 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-15 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Matt Bemrich, Mayor Part-Owner of Bemrich Electric	Repairs, City Repairs, Library Repairs, Airport	67 8,694 13,452
Cheryl Hurdel, Employee Owner of Cheryl's Favorite Things	Sewing	193
Rich Peterson, Employee Owner of Rich's Small Engine	Repairs	<u>384</u>
		<u>\$22,790</u>

The transactions with Bemrich Electric with the airport and the library do not appear to represent conflicts of interest as they were awarded by administrative agencies. The City repairs do not appear to represent a conflict of interest as they were under \$1,500 for the year.

The transactions with Cheryl Hurdel and Rich Peterson do not appear to represent conflicts of interest as they were under \$1,500 for the year.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- IV-E-15 Bond Coverage – Sure bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-15 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- IV-G-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-H-15 Revenue Bonds and Notes – No instances of non-compliance with the water and wastewater revenue note provisions were noted.
- IV-I-15 Financial Condition – The Special Revenue Funds, Tax Increment Financing, Comprehensive Plan, Community Development, and City Grant accounts had deficit balances of \$3,973,897, \$12,542, \$22,440 and \$598 respectively, and the Capital Projects, Construction Fund had a deficit balance of \$5,009,043 at June 30, 2015.

Recommendation – The City should investigate alternatives to eliminate these deficits.

Response – See note 9 to the financial statements to see how City officials plan to eliminate these deficits.

Conclusion – Response accepted.

- IV-J-15 Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.