

**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, 2017**

**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 2017
Andy Fritz	Council Member	Dec 2017
Jeffrey Halter	Council Member	Dec 2017
Kim Alstott	Council Member	Dec 2017
Dean Hill	Council Member	Dec 2017
Terry Moehnke	Council Member	Dec 2017
Neven Conrad	Council Member	Dec 2019
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Michelle Hefley	Treasurer	Dec 2017
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, 2017, 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, 2017, 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.

### 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 \_ through \_ and \_ through \_ 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, 2016 (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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) 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 23, 2018 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 23, 2018

## 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, 2017.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$125,343,192 at June 30, 2017.
- The City continued working on 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: HMA resurfacing of various streets in the City, reconstruction of 2<sup>nd</sup> Avenue N from 15<sup>th</sup> to 18<sup>th</sup> street, and the Cross-town Connector project on 1<sup>st</sup> Avenue S from 9<sup>th</sup> street to 13<sup>th</sup> street. A few notable continuing construction projects during the fiscal year include: the 2017 street repair project, the CSI Hydraulic Upgrades G10 & M05 project, the Municipal Building Priority 3 project, the 8<sup>th</sup> Avenue S reconstruction project, the CSI Hydraulic Upgrades G02 Basin project, the East Region Phase 3A project, the N 1<sup>st</sup> Street Bridge project, and the 2017 PCC patch project.
- \$4,855,000 of General Obligation Refunding Bonds, Series 2016B which were held in escrow retired the outstanding General Obligation Corporate Purpose Bonds Taxable Series 2009B (Taxable Build America Bonds). A \$2,389,100 planning and design loan was approved to begin a Reverse Osmosis (RO) water system project. A \$10,900,000 sewer loan was approved to continue the city's Community Sewer Initiative (CSI).

### 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, 2017**

<b>Governmental Activities</b>			
	<b>FY2017</b>	<b>FY2016</b>	<b>Increase (Decrease)</b>
<b>Current Assets</b>	\$ 33,056,473	\$ 40,096,123	\$(7,039,650)
<b>Restricted Assets</b>	\$ 0	\$ 0	\$ 0
<b>Capital Assets</b>	<u>\$ 80,641,277</u>	<u>\$ 77,002,742</u>	<u>\$ 3,638,535</u>
<b>Total Assets</b>	\$ 113,697,750	\$ 117,098,865	\$(3,401,115)
<b>Deferred Outflows of Resources</b>	<u>\$ 5,775,464</u>	<u>\$ 3,541,990</u>	<u>\$ 2,233,474</u>
 <b>Current Liabilities</b>	 \$ 1,484,998	 \$ 2,799,263	 \$(1,314,265)
<b>Long Term Liabilities</b>	<u>\$ 37,760,614</u>	<u>\$ 43,532,605</u>	<u>\$(5,771,991)</u>
<b>Total Liabilities</b>	\$ 39,245,612	\$ 46,331,868	\$(7,086,256)
<b>Deferred Inflows of Resources</b>	<u>\$ 17,562,514</u>	<u>\$ 18,086,740</u>	<u>\$ (524,226)</u>
<b>Net Position:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 58,166,277	\$ 45,668,742	\$ 12,497,535
<b>Restricted</b>	\$ 12,805,912	\$ 19,539,032	\$(6,733,120)
 <b>Unrestricted</b>	 <u>\$ (8,307,101)</u>	 <u>\$ (8,985,527)</u>	 <u>\$ 678,426</u>
<b>Total Net Position</b>	<u>\$ 62,665,088</u>	<u>\$ 56,222,247</u>	<u>\$ 6,442,841</u>

<b>Business Type Activities</b>			
	<b>FY2017</b>	<b>FY2016</b>	<b>Increase (Decrease)</b>
<b>Current Assets</b>	\$ 16,248,602	\$ 14,711,138	\$ 1,537,464
<b>Restricted Assets</b>	\$ 899,338	\$ 832,646	\$ 66,692
<b>Capital Assets</b>	<u>\$ 139,481,695</u>	<u>\$ 130,114,598</u>	<u>\$ 9,367,097</u>
<b>Total Assets</b>	\$ 156,629,635	\$ 145,658,382	\$ 10,971,253
<b>Deferred Outflows of Resources</b>	<u>\$ 836,201</u>	<u>\$ 510,875</u>	<u>\$ 325,326</u>
 <b>Current Liabilities</b>	 \$ 1,018,509	 \$ 3,201,468	 \$ (2,182,959)
<b>Long Term Liabilities</b>	<u>\$ 93,514,371</u>	<u>\$ 84,385,840</u>	<u>\$ 9,128,531</u>
<b>Total Liabilities</b>	\$ 94,532,880	\$ 87,587,308	\$ 6,945,572
<b>Deferred Inflows of Resources</b>	<u>\$ 254,852</u>	<u>\$ 343,589</u>	<u>\$ (88,737)</u>
<b>Net Position:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 48,473,986	\$ 47,819,230	\$ 654,756
<b>Restricted</b>	\$ 546,495	\$ 489,335	\$ 57,160
<b>Unrestricted</b>	<u>\$ 13,657,623</u>	<u>\$ 9,929,795</u>	<u>\$ 3,727,828</u>
<b>Total Net Position</b>	<u>\$ 62,678,104</u>	<u>\$ 58,238,360</u>	<u>\$ 4,439,744</u>

	<b>Total Net Assets</b>		<b>Increase</b>
	<b>FY2017</b>	<b>FY2016</b>	<b>(Decrease)</b>
<b>Current Assets</b>	\$ 49,305,075	\$ 54,807,261	\$ (5,502,186)
<b>Restricted Assets</b>	\$ 899,338	\$ 832,646	\$ 66,692
<b>Capital Assets</b>	<u>\$ 220,122,972</u>	<u>\$ 207,117,340</u>	<u>\$ 13,005,632</u>
<b>Total Assets</b>	\$ 270,327,385	\$ 262,757,247	\$ 7,570,138
<b>Deferred Outflows of Resources</b>	<u>\$ 6,611,665</u>	<u>\$ 4,052,865</u>	<u>\$ 2,558,800</u>
<b>Current Liabilities</b>	\$ 2,503,507	\$ 6,000,731	\$ (3,497,224)
<b>Long Term Liabilities</b>	<u>\$ 131,274,985</u>	<u>\$ 127,918,445</u>	<u>\$ 3,356,540</u>
<b>Total Liabilities</b>	\$ 133,778,492	\$ 133,919,176	\$ (140,684)
<b>Deferred Inflows of Resources</b>	<u>\$ 17,817,366</u>	<u>\$ 18,430,329</u>	<u>\$ (612,963)</u>
<b>Net Assets:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 106,640,263	\$ 93,487,972	\$ 13,152,291
<b>Restricted</b>	\$ 13,352,407	\$ 20,028,367	\$ (6,675,960)
<b>Unrestricted</b>	<u>\$ 5,350,522</u>	<u>\$ 944,268</u>	<u>\$ 4,406,254</u>
<b>Total Net Assets</b>	<u>\$ 125,343,192</u>	<u>\$ 114,460,607</u>	<u>\$ 10,882,585</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 \$125,343,192 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 \$106,640,263. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$93,487,972, an increase of \$13,152,291.

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 \$13,352,407, a decrease of \$6,675,960 from the prior year.

The remaining balance, unrestricted net position of \$5,350,522, 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 \$944,268, an increase of \$4,406,254. This is primarily due to an increase in investment in fixed assets and release of restricted assets due to pay off of Refunded Bonds. The following is a more detailed review of the years' operation.

**Statement of Activities  
City of Fort Dodge  
June 30, 2017**

**Governmental Activities**

	<b>FY2017</b>	<b>FY2016</b>	<b>(Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	1,550,973	1,650,806	(99,833)
Operating grants, contributions	4,918,942	4,738,103	180,839
Capital grants, contributions	1,287,743	2,254,702	(966,959)
<b>General Revenues:</b>			
Property tax	14,242,148	13,354,771	887,377
Other taxes	6,152,416	5,043,369	1,109,047
Interfund Transfers	1,316,266	1,098,950	217,316
Other	4,380,207	4,153,504	226,703
<b>Total Revenues</b>	<b>33,848,695</b>	<b>32,294,205</b>	<b>1,554,490</b>
 <b>Program Expenses:</b>			
Public Safety	8,742,650	7,514,303	1,228,347
Public Works	6,891,234	6,623,390	267,844
Health and Social Services	628,844	383,622	245,222
Culture and Recreation	5,360,577	4,681,866	678,711
Comm & Econ Development	2,668,720	2,558,939	109,781
General Government	1,640,304	1,269,400	370,904
Debt Service	1,065,491	917,967	147,524
Capital Projects	408,034	2,754,690	(2,346,656)
<b>Total Expenses</b>	<b>27,405,854</b>	<b>26,704,177</b>	<b>701,677</b>
 <b>Increase (decrease) in net position</b>	<b>6,442,841</b>	<b>5,590,028</b>	<b>852,813</b>
 <b>Net position at beginning of year (restated)</b>	<b>56,222,247</b>	<b>50,632,219</b>	<b>5,590,028</b>
<b>Net position at end of year</b>	<b>62,665,088</b>	<b>56,222,247</b>	<b>6,442,841</b>

Revenues for governmental funds were \$1,554,490 more in the current fiscal year as compared to the prior fiscal year. The change in revenue was due to increases in property taxes, local option sales tax, and tax increment financing.

**Statement of Activities  
City of Fort Dodge  
June 30, 2017**

**Business Type Activities**

	<b>FY2017</b>	<b>FY2016</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	22,703,067	21,231,246	1,471,821
Operating grants, contributions	-	-	-
Capital grants, contributions	-	-	-
<b>General Revenues:</b>			
Interfund Transfers	(1,148,678)	(1,215,350)	66,672
Other	<u>942,757</u>	<u>2,041,928</u>	<u>(1,099,171)</u>
<b>Total Revenues</b>	<b>22,497,146</b>	<b>22,057,824</b>	<b>439,322</b>
 <b>Program Expenses:</b>			
Water	6,141,510	5,487,771	653,739
Sewer	9,537,227	9,066,288	470,939
Other non-major business type activities	<u>2,378,665</u>	<u>2,110,787</u>	<u>267,878</u>
<b>Total Expenses</b>	<b>18,057,402</b>	<b>16,664,846</b>	<b>1,392,556</b>
 <b>Increase in net position</b>	<b>4,439,744</b>	<b>5,392,978</b>	<b>(953,234)</b>
 <b>Net position at beginning of year (as restated)</b>	<b>54,696,311</b>	<b>49,303,333</b>	<b>5,392,978</b>
<b>Net position at end of year</b>	<b>59,136,055</b>	<b>54,696,311</b>	<b>4,439,744</b>

Revenues for business type activities increased by \$439,322 or 2% more than the previous fiscal year due to increased water and sewer rates. Sewer rates increased 3% in FY17 while water rates increased 1.5% in FY17. A community sewer initiative charge (CSI) of \$15/month per billing customer commenced in January 2017.

Expenses increased \$1,392,556 from the prior year as a result of increased operational expenses, including depreciation.

**Statement of Activities  
City of Fort Dodge  
June 30, 2017**

**Total Government and Business Type Activities**

	<b>FY2017</b>	<b>FY2016</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues</b>			
Charges for service	24,254,040	22,882,052	1,371,988
Operating grants, contributions	4,918,942	4,738,103	180,839
Capital grants, contributions	1,287,743	2,254,702	(966,959)
<b>General Revenues:</b>			
Property tax	14,242,148	13,354,771	887,377
Other taxes	11,475,380	11,238,801	236,579
Interfund Transfers	167,588	(116,400)	283,988
Other	-	-	-
<b>Total Revenues</b>	<u>56,345,841</u>	<u>54,352,029</u>	<u>1,993,812</u>
<b>Program Expenses:</b>			
Public Safety	8,742,650	7,514,303	1,228,347
Public Works	6,891,234	6,623,390	267,844
Health and Social Services	628,844	383,622	245,222
Culture and Recreation	5,360,577	4,681,866	678,711
Comm & Econ Development	2,668,720	2,558,939	109,781
General Government	1,640,304	1,269,400	370,904
Debt Service	1,065,491	917,967	147,524
Capital Projects	408,034	2,754,690	(2,346,656)
Water	6,141,510	5,487,771	653,739
Sewer	9,537,227	9,066,288	470,939
Other non-major business type activities	<u>2,378,665</u>	<u>2,110,787</u>	<u>267,878</u>
<b>Total Expenses</b>	<u>45,463,256</u>	<u>43,369,023</u>	<u>2,094,233</u>
<b>Increase in net position</b>	10,882,585	10,983,006	(100,421)
<b>Net position at beginning of year (as restated)</b>	93,055,663	82,072,657	10,983,006
<b>Net position at end of year</b>	103,938,248	93,055,663	10,882,585

## **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 \$15,870,487, a decrease of \$5,836,927 from the prior year. Of this total amount there is a negative unreserved fund balance of \$(4,570,059). This is primarily due to negative balances in the TIF special revenue fund and the Capital Projects, construction fund. There is also \$7,526,198 assigned for street projects.

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 \$4,877,006, an increase of \$820,668. This increase was primarily due to a Library fund transfer and the monitoring and managing of expenses. The total general fund balance was \$4,977,672. 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 48.1% of total general fund expenditures (\$10,148,312), while total fund balance represents 49.0% 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 \$790,667, a decrease of \$5,031,545 from the prior year. The decrease was mainly due to the cross-over General Obligation Refunding Bonds, Series 2016B held in escrow, which retired the outstanding General Obligation Corporate Purpose Bonds Taxable Series 2009B (Taxable Build America Bonds).

The Jurisdictional Fund ended the year with a fund balance of \$7,526,198, a decrease of \$173,802 from last year. The decrease was because of street project work.

## **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 \$1,846,271 compared to an increase of \$1,791,429 from the previous fiscal year. A 1.5% rate increase was enacted in FY17 while operational expenses increased due primarily to the outsourcing of the operation of the water plant and corresponding system improvements.

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 \$2,708,380 compared to an increase of \$3,558,257 in the previous fiscal year. A 3% rate increase was enacted in FY17 as well as a \$15/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 \$80,641,277 and \$139,481,695 respectively, for a combined total of \$220,122,972. See Note 3 to the financial statements for additional information regarding the City's capital assets.

### **Long-term Debt**

At June 30, 2017, the City of Fort Dodge had \$22,395,000 of long-term debt outstanding in its governmental activities, compared to \$31,055,000 at June 30, 2016. The decrease of \$8,660,000 is attributable to the repayment of debt, including the retirement of the General Obligation Corporate Purpose Bonds Taxable Series 2009B (Taxable Build America Bonds). 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 \$54,563,105 for FY17 of which the City has utilized 42.22% including TIF rebate agreements.

Total long-term debt for business type activities was \$98,778,501 an increase of \$16,204,133 from the previous fiscal year which is attributable to both the issuance, refunding, and repayment of debt. New issuances were for a planning and design loan for a Reverse Osmosis (RO) water system and a sewer loan for continued Community Sewer Initiatives (CSI).



## ECONOMIC FACTORS

For the upcoming fiscal year ending June 30, 2019, the City's taxable property valuation increased by \$14,441,901 or 2.2%. 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 55.62% 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 planned the FY19 budget with the expectation that the appropriated state backfill amounts will be received. The City's tax levy rate was kept the same - being \$20.42 in FY18 and FY19. City officials 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, 2017

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 16,967,493	10,663,443	27,630,936
Receivables:			
Property tax:			
Delinquent	140,946	-	140,946
Succeeding year	13,703,313	-	13,703,313
Tax increment financing:			
Delinquent	140	-	140
Succeeding year	2,045,203	-	2,045,203
Customer accounts	-	4,118,789	4,118,789
Accounts	273,674	-	273,674
Due from other governments	1,276,009	-	1,276,009
Due from other funds	(1,459,221)	1,459,221	-
Inventories	39,323	-	39,323
Prepaid expenses	69,593	7,149	76,742
Restricted assets:			
Cash and pooled investments	-	899,338	899,338
Capital assets (net of accumulated depreciation)	80,641,277	139,481,695	220,122,972
<b>Total assets</b>	<b>113,697,750</b>	<b>156,629,635</b>	<b>270,327,385</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	5,775,464	836,201	6,611,665
<b>Liabilities</b>			
Accounts payable	824,769	503,873	1,328,642
Salaries and benefits payable	389,350	154,229	543,579
Interest payable	47,528	152,569	200,097
Liabilities payable from restricted assets:			
Customer deposits	-	200,274	200,274
Unearned revenue	223,351	7,564	230,915

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
(146,848)	4,370,510	4,223,662
2,685	-	2,685
267,365	-	267,365
-	-	-
-	-	-
-	-	-
2,439	-	2,439
208,648	-	208,648
-	-	-
-	-	-
-	-	-
-	-	-
16,405,586	-	16,405,586
16,739,875	4,370,510	21,110,385
97,644	-	97,644
176,146	-	176,146
11,840	237	12,077
-	-	-
-	-	-
-	-	-

City of Fort Dodge, Iowa  
Statement of Net Position  
June 30, 2017

	Primary Government		
	Governmental	Business-	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
		<u>Activities</u>	
<b>Liabilities (continued)</b>			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	3,970,000	15,000	3,985,000
Revenue bonds/notes payable	130,000	4,523,000	4,653,000
Compensated absences	826,196	296,910	1,123,106
Portion due or payable after one year:			
General obligation bonds/notes	18,240,000	185,000	18,425,000
Revenue bonds/notes payable	135,000	86,284,709	86,419,709
Bond premium	951,725	-	951,725
Compensated absences	396,464	-	396,464
Net pension liability	12,205,131	2,020,418	14,225,549
Net OPEB liability	906,098	189,334	1,095,432
<b>Total liabilities</b>	<b>39,245,612</b>	<b>94,532,880</b>	<b>133,778,492</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues:			
Pension related deferred inflows	1,813,998	254,852	2,068,850
Succeeding year property tax	13,703,313	-	13,703,313
Tax increment financing	2,045,203	-	2,045,203
<b>Total deferred inflows of resources</b>	<b>17,562,514</b>	<b>254,852</b>	<b>17,817,366</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	58,166,277	48,473,986	106,640,263
Restricted for:			
Nonexpendable:			
Parks Trust	25,000	-	25,000
Expendable:			
Debt service	1,276,152		1,276,152
Street improvements and repairs	2,643,255	-	2,643,255
Urban renewal	2,439,691	-	2,439,691
Major repairs and construction	3,024,907	-	3,024,907
Revenue note retirement	-	546,495	546,495
Other purposes	3,396,907	-	3,396,907
Unrestricted	(8,307,101)	13,657,623	5,350,522
<b>Total net position</b>	<b>\$ 62,665,088</b>	<b>62,678,104</b>	<b>125,343,192</b>

See notes to financial statements.

(continued)  
Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	-	-
-	-	-
80,516	-	80,516
-	-	-
-	-	-
-	-	-
-	-	-
237,580	-	-
33,810	-	33,810
<u>539,892</u>	<u>237</u>	<u>540,129</u>
32,791	-	32,791
267,365	-	267,365
-	-	-
<u>300,156</u>	<u>-</u>	<u>300,156</u>
16,405,586	-	16,405,586
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(408,115)	4,370,273	3,962,158
<u>15,997,471</u>	<u>4,370,273</u>	<u>20,367,744</u>

City of Fort Dodge, Iowa  
Statement of Activities  
Year ended June 30, 2017

		Program Revenues		
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:	Expenses	Charges for Service		
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 8,742,650	506,232	3,267,478	30,992
Public works	6,891,234	7,685	542,686	337,021
Health and social services	628,844	-	238,762	530,330
Culture and recreation	5,360,577	940,071	104,933	142,257
Community and economic development	2,668,720	42,166	153,149	121,964
General government	1,640,304	54,819	471,808	6,850
Interest on long-term debt	1,065,491	-	130,774	-
Capital projects	408,034	-	9,352	118,329
Total governmental activities	27,405,854	1,550,973	4,918,942	1,287,743
Business type activities:				
Water	6,141,510	8,430,889	-	-
Sewer	9,537,227	11,769,929	-	-
Other non-major	2,378,665	2,502,249	-	-
Total business type activities	18,057,402	22,703,067	-	-
Total primary government	\$ 45,463,256	24,254,040	4,918,942	1,287,743
<b>Component Units:</b>				
Airport Authority	\$ 1,735,366	208,742	73,861	1,055,082
Other (modified cash)	367,063	87,574	115,109	-
Total component units	\$ 2,102,429	296,316	188,970	1,055,082
<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				
Net position end of year				

See notes to financial statements.



Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
			Units
Governmental Activities	Business Type Activities	Total	
(4,937,948)	-	(4,937,948)	-
(6,003,842)	-	(6,003,842)	-
140,248	-	140,248	-
(4,173,316)	-	(4,173,316)	-
(2,351,441)	-	(2,351,441)	-
(1,106,827)	-	(1,106,827)	-
(934,717)	-	(934,717)	-
(280,353)	-	(280,353)	-
(19,648,196)	-	(19,648,196)	-
-	2,289,379	2,289,379	-
-	2,232,702	2,232,702	-
-	123,584	123,584	-
-	4,645,665	4,645,665	-
(19,648,196)	4,645,665	(15,002,531)	-
-	-	-	(397,681)
-	-	-	(164,380)
-	-	-	(562,061)
11,038,950	-	11,038,950	264,604
3,203,198	-	3,203,198	-
1,973,695	-	1,973,695	-
4,178,721	-	4,178,721	-
572,056	67,695	639,751	36,327
3,808,151	875,062	4,683,213	498,408
1,316,266	(1,148,678)	167,588	(167,588)
26,091,037	(205,921)	25,885,116	631,751
6,442,841	4,439,744	10,882,585	69,690
56,222,247	58,238,360	114,460,607	20,298,054
\$ 62,665,088	62,678,104	125,343,192	20,367,744

City of Fort Dodge, Iowa  
Balance Sheet  
Governmental Funds  
June 30, 2017

Assets	Special Revenue		
	General	Local Option Tax Increment Sales Tax	Financing
Cash, cash equivalents and pooled investments	\$ 4,870,501	859,020	898,144
Receivables:			
Property tax:			
Delinquent	67,818		1,851
Succeeding year	6,425,342	-	-
Tax increment financing:			140
Delinquent	-	-	2,045,203
Succeeding year	-	-	-
Accounts	254,063	9,575	-
Due from other funds	162,497	-	-
Due from other governments	207,694	319,929	-
Inventories	39,323	-	-
Prepaid expenses	51,343	-	-
<b>Total assets</b>	<b>\$12,078,581</b>	<b>1,188,524</b>	<b>2,945,338</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 124,064	271,013	36,632
Salaries payable and benefits payable	297,225	-	-
Due to other funds	95,888	-	4,046,468
Total liabilities	517,177	271,013	4,083,100
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,425,342	-	-
Tax increment financing	-	-	2,045,203
Other	158,390	-	-
Total deferred inflows of resources	6,583,732	-	2,045,203
Fund balances:			
Nonspendable:			
Prepaid expenditures	51,343	-	-
Inventories	39,323	-	-
Parks Trust	-	-	-
Restricted for:			
Debt service	-	-	-
Street improvement and repairs	-	917,511	-
Urban renewal	-	-	-
Major repairs and construction	-	-	-
Employee benefits	-	-	-
Capital improvements	-	-	-
Other purposes	-	-	-
Assigned	-	-	-
Unassigned	4,887,006	-	(3,182,965)
Total fund balances	4,977,672	917,511	(3,182,965)
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$12,078,581</b>	<b>\$1,188,524</b>	<b>2,945,338</b>

See notes to financial statements.

## Exhibit C

Debt Service	Capital Projects		Other Nonmajor Governmental Funds	Total
	Jurisdictional Transfer	Construction Fund		
760,163	1,677,162	(1,097,266)	8,999,769	16,967,493
30,306	-	-	40,971	140,946
3,315,727	-	-	3,962,244	13,703,313
-	-	-	-	140
-	-	-	-	2,045,203
198	436	-	9,402	273,674
-	5,848,600	-	2,033,135	8,044,232
-	-	198,188	550,198	1,276,009
-	-	-	-	39,323
-	-	-	18,250	69,593
<u>4,106,394</u>	<u>7,526,198</u>	<u>(899,078)</u>	<u>15,613,969</u>	<u>42,559,926</u>
-	-	205,710	187,350	824,769
-	-	-	92,125	389,350
-	-	5,223,600	137,497	9,503,453
-	-	5,429,310	416,972	10,717,572
3,315,727	-	-	3,962,244	13,703,313
-	-	-	-	2,045,203
-	-	-	64,961	223,351
<u>3,315,727</u>	<u>-</u>	<u>-</u>	<u>4,027,205</u>	<u>15,971,867</u>
-	-	-	18,250	69,593
-	-	-	-	39,323
-	-	-	25,000	25,000
790,667	-	-	485,485	1,276,152
-	-	-	1,725,264	2,642,775
-	-	-	2,439,691	2,439,691
-	-	-	2,249,817	2,249,817
-	-	-	276,457	276,457
-	-	-	775,090	775,090
-	-	-	3,120,450	3,120,450
-	7,526,198	-	-	7,526,198
-	-	(6,328,388)	54,288	(4,570,059)
<u>790,667</u>	<u>7,526,198</u>	<u>(6,328,388)</u>	<u>11,169,792</u>	<u>15,870,487</u>
<u>4,106,394</u>	<u>7,526,198</u>	<u>(899,078)</u>	<u>15,613,969</u>	<u>42,559,926</u>

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

June 30, 2017

**Total governmental fund balances (page 22)** \$ 15,870,487

**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.

80,641,277

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	5,775,464	
Deferred inflows of resources	<u>(1,813,998)</u>	3,961,466

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	(23,161,725)	
Revenue bonds and notes payable	(265,000)	
Compensated absences	(1,222,660)	
Accrued interest payable	(47,528)	
Net pension liability	(12,205,131)	
Net OPEB liability	<u>(906,098)</u>	

**Net Position of Governmental Activities (Page 17)** \$ 62,665,088

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, 2017

		Special Revenue	
	General	Local Option Sales Tax	Tax Increment Financing
Revenues:			
Property tax (173039)	\$ 6,364,960	-	-
Tax increment financing	-	-	2,013,315
Other city tax	633,740	4,178,721	-
Licenses and permits	418,049	-	-
Use of money and property	53,133	11,131	3,036
Intergovernmental (7335)	495,313	9,352	36,308
Charges for service	971,765	-	-
Miscellaneous	1,181,903	-	-
Total revenues	10,118,863	4,199,204	2,052,659
Expenditures:			
Operating:			
Public safety	5,679,594	-	-
Public works	328,443	-	-
Health and social services	1,792	-	-
Culture and recreation	2,500,910	-	-
Community and economic development	489,902	-	1,189,693
General government	1,147,671	-	-
Debt service	-	-	-
Capital projects	-	1,355,093	45,030
Total expenditures	10,148,312	1,355,093	1,234,723
Excess (deficiency) of revenues over (under) expenditures	(29,449)	2,844,111	817,936
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfers in	1,231,154	-	320,000
Operating transfers out	(369,199)	(2,924,147)	(578,279)
Total other financing sources (uses)	861,955	(2,924,147)	(258,279)
Change in fund balances	832,506	(80,036)	559,657
Fund balances (deficit) beginning of year	4,145,166	997,547	(3,742,622)
Fund balances (deficit) end of year	\$ 4,977,672	917,511	(3,182,965)

See notes to financial statements.

## Exhibit E

Debt Service	Capital Projects		Other Nonmajor Governmental	Total
	Jurisdictional Transfer	Construction Fund	Funds	
3,203,198	-	-	4,000,631	13,568,789
-	-	-	-	2,013,315
-	-	-	-	4,812,461
-	-	-	-	418,049
133,734	176,198	126,647	68,284	572,163
-	-	261,605	5,030,106	5,832,684
-	-	-	145,793	1,117,558
151,712	-	1,802,584	920,402	4,056,601
3,488,644	176,198	2,190,836	10,165,216	32,391,620
-	-	-	3,215,242	8,894,836
-	-	-	4,103,609	4,432,052
-	-	-	759,863	761,655
-	-	-	1,334,693	3,835,603
-	-	-	1,009,857	2,689,452
-	-	-	420,596	1,568,267
9,860,164	-	-	90,147	9,950,311
-	-	5,785,124	356,790	7,542,037
9,860,164	-	5,785,124	11,290,797	39,674,213
(6,371,520)	176,198	(3,594,288)	(1,125,581)	(7,282,593)
-	-	-	130,000	130,000
1,339,975	-	3,171,317	754,665	6,817,111
-	(350,000)	-	(1,279,220)	(5,500,845)
1,339,975	(350,000)	3,171,317	(394,555)	1,446,266
(5,031,545)	(173,802)	(422,971)	(1,520,136)	(5,836,327)
5,822,212	7,700,000	(5,905,417)	12,689,928	21,706,814
790,667	7,526,198	(6,328,388)	11,169,792	\$ 15,870,487

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

Year ended June 30, 2017

**Net Change in Fund Balances - Total Governmental Funds** **\$ (5,836,327)**  
(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	\$	8,245,022	
Depreciation expense		<u>(4,606,487)</u>	3,638,535

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	8,989,000		
Accrued interest	<u>20,820</u>		8,879,820

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

Year ended June 30, 2017

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	140,809	
Compensated absences	(64,788)	
Other postemployment benefits	(131,407)	
Pension expense	<u>(183,801)</u>	
		<u>(239,187)</u>

**Change in Net Position of Governmental Activities (Page 20)****\$ 6,442,841**

See notes to financial statements.



City of Fort Dodge, Iowa  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

Exhibit G

	Enterprise Funds			
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	Totals
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 4,387,281	4,549,962	1,726,200	10,663,443
Accounts receivable	1,388,339	2,222,957	507,493	4,118,789
Prepaid expenses	2,205	2,521	2,423	7,149
Due from other funds	-	1,459,221	-	1,459,221
Total current assets	<u>5,777,825</u>	<u>8,234,661</u>	<u>2,236,116</u>	<u>16,248,602</u>
Noncurrent assets:				
Restricted cash and cash equivalents	362,615	336,449	200,274	899,338
Capital assets (net of accumulated depreciation)	<u>33,744,356</u>	<u>96,767,326</u>	<u>8,970,013</u>	<u>139,481,695</u>
Total noncurrent assets	<u>34,106,971</u>	<u>97,103,775</u>	<u>9,170,287</u>	<u>140,381,033</u>
<b>Total assets</b>	<u>39,884,796</u>	<u>105,338,436</u>	<u>11,406,403</u>	<u>156,629,635</u>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	<u>462,485</u>	<u>232,637</u>	<u>141,079</u>	<u>836,201</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	120,972	315,248	67,653	503,873
Salaries and benefits payable	70,959	48,021	35,249	154,229
Compensated absences	141,178	81,142	74,590	296,910
Unearned revenue	-	-	7,564	7,564
Payable from restricted net assets:				
Bonds, notes and loans payable	1,200,000	3,323,000	-	4,523,000
Consumer deposits	-	-	200,274	200,274
Interest payable	<u>28,902</u>	<u>123,667</u>	<u>-</u>	<u>152,569</u>
Total current liabilities	<u>1,562,011</u>	<u>3,891,078</u>	<u>385,330</u>	<u>5,838,419</u>
Noncurrent liabilities:				
Bonds, notes and loans payable	15,369,497	70,930,212	185,000	86,484,709
Net pension liability	1,154,815	495,253	370,350	2,020,418
Net OPEB liability	<u>114,953</u>	<u>20,286</u>	<u>54,095</u>	<u>189,334</u>
Total noncurrent liabilities	<u>16,639,265</u>	<u>71,445,751</u>	<u>609,445</u>	<u>88,694,461</u>
<b>Total liabilities</b>	<u>18,201,276</u>	<u>75,336,829</u>	<u>994,775</u>	<u>94,532,880</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues:				
Pension related deferred inflows	<u>151,304</u>	<u>48,868</u>	<u>54,680</u>	<u>254,852</u>
<b>Net position</b>				
Invested in capital assets, net of related debt	17,174,859	22,514,114	8,785,013	48,473,986
Restricted for:				
Revenue note retirement	333,713	212,782	-	546,495
Unrestricted	<u>4,486,129</u>	<u>7,458,480</u>	<u>1,713,014</u>	<u>13,657,623</u>
<b>Total net position</b>	<u>\$ 21,994,701</u>	<u>30,185,376</u>	<u>10,498,027</u>	<u>62,678,104</u>

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, 2017

Exhibit H

	Enterprise Funds			
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	Totals
Operating revenues:				
Charges for services	\$ 7,413,135	11,767,940	2,487,200	21,668,275
Miscellaneous	1,017,754	1,989	15,049	1,034,792
Total operating revenues	<u>8,430,889</u>	<u>11,769,929</u>	<u>2,502,249</u>	<u>22,703,067</u>
Operating expenses:				
Business type activities:				
Cost of sales and services	4,847,389	6,122,820	1,732,948	12,703,157
Depreciation	944,957	2,696,492	645,717	4,287,166
Total operating expenses	<u>5,792,346</u>	<u>8,819,312</u>	<u>2,378,665</u>	<u>16,990,323</u>
Operating income	<u>2,638,543</u>	<u>2,950,617</u>	<u>123,584</u>	<u>5,712,744</u>
Non-operating revenues (expenses):				
Interest and investment revenue	18,582	46,385	2,728	67,695
Interest expense	(349,164)	(717,915)	-	(1,067,079)
Miscellaneous revenues	160,950	705,718	8,394	875,062
Total non-operating revenue (expenses)	<u>(169,632)</u>	<u>34,188</u>	<u>11,122</u>	<u>(124,322)</u>
Net income before transfers	2,468,911	2,984,805	134,706	5,588,422
Operating transfers in	-	25,000	100,000	125,000
Operating transfers out	<u>(622,640)</u>	<u>(301,425)</u>	<u>(349,613)</u>	<u>(1,273,678)</u>
Change in net position	1,846,271	2,708,380	(114,907)	4,439,744
Net position beginning of year	<u>20,148,430</u>	<u>27,476,996</u>	<u>10,612,934</u>	<u>58,238,360</u>
Net position end of year	<u>\$ 21,994,701</u>	<u>30,185,376</u>	<u>10,498,027</u>	<u>62,678,104</u>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2017

Exhibit I

	Enterprise Funds			Total
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 8,281,692	12,111,691	2,511,947	22,905,330
Payments to suppliers and employees	(4,937,732)	(8,188,232)	(1,824,248)	(14,950,212)
Other receipts	160,950	773,266	8,394	942,610
Net cash provided (used) by operating activities	<u>3,504,910</u>	<u>4,696,725</u>	<u>696,093</u>	<u>8,897,728</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers to other funds	(622,640)	(301,425)	(370,551)	(1,294,616)
Transfers from other funds	-	25,000	100,000	125,000
Net cash provided (used) in noncapital financing activities	<u>(622,640)</u>	<u>(276,425)</u>	<u>(270,551)</u>	<u>(1,169,616)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from capital debt	-	13,152,904	-	13,152,904
Purchase of capital assets	(857,841)	(12,572,861)	(223,561)	(13,654,263)
Principal paid on capital debt	(1,171,000)	(3,254,563)	-	(4,425,563)
Interest paid on capital debt	(351,029)	(707,727)	-	(1,058,756)
Principal received from interfund loans	-	-	-	-
New interfund loan	-	-	-	-
Other receipts	-	-	-	-
Net cash (used) by capital and related financing activities	<u>(2,379,870)</u>	<u>(3,382,247)</u>	<u>(223,561)</u>	<u>(5,985,678)</u>
<b>Cash Flows From Investing Activities</b>				
Interest and dividends	18,582	46,385	2,728	67,695
Net cash provided by investing activities	<u>18,582</u>	<u>46,385</u>	<u>2,728</u>	<u>67,695</u>
Net increase (decrease) in cash and cash equivalents	520,982	1,084,438	204,709	1,810,129
Cash and cash equivalents beginning of year	<u>4,228,914</u>	<u>3,801,973</u>	<u>1,721,765</u>	<u>9,430,831</u>
Cash and cash equivalents end of year	<u>\$ 4,749,896</u>	<u>4,886,411</u>	<u>1,926,474</u>	<u>11,562,781</u>

(continued)

City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2017

Exhibit I

	Enterprise Funds			
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	Total
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income	\$ 2,638,543	2,950,617	123,584	5,712,744
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	944,957	2,696,492	645,717	4,287,166
Change in assets and liabilities:				
Receivables, net	-	-	-	-
Prepaid expenses	-	-	-	-
Net pension liability	-	-	-	-
Deferred outflows of resources	-	-	-	-
Deferred inflows of resources	-	-	-	-
Consumer deposits	-	-	-	-
Accounts and other payables	-	-	-	-
Salaries and benefits payable	-	-	-	-
Compensated absences	-	-	-	-
Other postemployment benefits	-	-	-	-
Deferred revenue	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 3,583,500</u>	<u>5,647,109</u>	<u>769,301</u>	<u>9,999,910</u>
<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	\$ 4,387,281	4,549,962	1,726,200	10,663,443
<b>Noncurrent assets:</b>				
Cash and pooled investments	<u>362,615</u>	<u>336,449</u>	<u>200,274</u>	<u>899,338</u>
<b>Cash and cash equivalents at year end</b>	<u>\$ 4,749,896</u>	<u>4,886,411</u>	<u>1,926,474</u>	<u>11,562,781</u>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Fiduciary Net Position and Liabilities  
Fiduciary Funds  
June 30, 2017

Exhibit J

	Trust Funds Coleman Water & Sewer
<u>Assets</u>	
Cash	\$ 835
Receivables:	
Accounts	<u>1,052</u>
 Total assets	 <u>\$ 1,887</u>
 <u>Liabilities</u>	
Accounts payable	\$ <u>462</u>
 <u>Net Position</u>	
Held in trust	<u>1,425</u>
 Total liabilities and net position	 <u>\$ 1,887</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, 2017

Exhibit K

	Trust Funds <u>Coleman</u> <u>Water &amp; Sewer</u>
Additions:	
Fees collected	\$ 4,696
Deductions:	
Fees remitted	<u>4,687</u>
Change in net position	9
Net position - Beginning of year	<u>-</u>
Net position - End of year	<u><u>\$ 9</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**(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, 2017

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, 2017

Details of these component units are as follows:

	W.H. Johnston <u>Foundation</u>	Blanden Charitable <u>Foundation</u>	<u>Total</u>
Cash and pooled investments	\$ 2,077,273	2,293,237	4,370,510
Other assets	<u>---</u>	<u>(237)</u>	<u>(237)</u>
Net assets	\$ <u>2,077,273</u>	<u>2,293,000</u>	<u>4,370,273</u>
Operating grants, contributions and restricted interest	\$ 320,206	312,478	632,684
Program expenses	<u>(205,937)</u>	<u>(161,126)</u>	<u>(367,063)</u>
Net change	114,269	151,352	265,621
Beginning net assets	<u>1,963,004</u>	<u>2,141,648</u>	<u>4,104,652</u>
Ending net assets	\$ <u>2,077,273</u>	<u>2,293,000</u>	<u>4,370,273</u>

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.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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 and other projects authorized by the council.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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, 2017 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2016.

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, 2016, 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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.

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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 applicable 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, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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 year(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.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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 23, 2018 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, 2017

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

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.

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) to 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 District.

At June 30, 2017, the City had investments as follows:

	Carrying Amount	Fair Value	Maturity
FNMA, Federal Home Mortgage	<u>4,751,036</u>	<u>4,751,036</u>	Various

A reconciliation of cash, cash equivalents and investments as shown on the financial statements of the City is as follows:

Depository accounts	\$23,172,947
Certificate of deposit	25,000
IPAIT	581,291
Investments	<u>4,751,036</u>
	<u>\$ 28,530,274</u>
Cash, cash equivalents and investments	\$ 27,630,936
Restricted cash, cash equivalents and pooled investments	<u>899,338</u>
	<u>\$ 28,530,274</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements as of June 30, 2017 consist of FNMA's and Federal Home Mortgage securities of \$4,751,036 which are valued using quoted market prices (Level 1 inputs).

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$581,291 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

Credit risk- Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The investments noted above are secured by the United States Government. – The City's investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk- The City's investment policy seeks diversification to reduce overall portfolio risk while maintaining market rates of return to enable the District to meet its anticipated cash requirements. The City does not have a policy specific to concentration of credit risk. At June 30, 2017, the City had no investments subject to concentration of credit risk.

Custodial credit risk- For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned. For an investment, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of the outside party. The City's deposits in banks at June 30, 2017 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 ensure there will be no loss of public funds. The City's investments are held by a custodian in the name of the City.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**(3) Capital Assets**

Capital assets activity for the year ended June 30, 2017 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	\$ 2,492,753	-	-	2,492,753
Construction in progress	21,365,610	7,137,013	(13,709,338)	14,793,285
Works of art	<u>28,509</u>	<u>-</u>	<u>-</u>	<u>28,509</u>
Total capital assets not being depreciated	<u>23,886,872</u>	<u>7,137,013</u>	<u>(13,709,338)</u>	<u>17,314,547</u>
Capital assets being depreciated:				
Buildings	13,950,590	38,822	-	13,989,412
Improvements other than buildings	9,518,595	690,712	-	10,209,307
Machinery, equipment and vehicles	9,711,125	1,070,187	(92,568)	10,688,744
Infrastructure	<u>73,246,355</u>	<u>13,017,626</u>	<u>-</u>	<u>86,263,981</u>
Total capital assets being depreciated	<u>106,426,665</u>	<u>14,817,347</u>	<u>(92,568)</u>	<u>121,151,444</u>
Less accumulated depreciation for:				
Buildings	9,431,026	180,410	-	9,611,436
Improvements other than buildings	3,362,222	451,293	-	3,813,515
Machinery, equipment and vehicles	7,822,264	539,111	(91,653)	8,269,722
Infrastructure	<u>32,695,283</u>	<u>3,434,758</u>	<u>-</u>	<u>36,130,041</u>
Total accumulated depreciation	<u>53,310,795</u>	<u>4,605,572</u>	<u>(91,653)</u>	<u>57,824,714</u>
Total capital assets being depreciated, net	<u>53,115,870</u>	<u>10,211,775</u>	<u>(915)</u>	<u>63,326,730</u>
Governmental activities capital assets, net	<u>\$ 77,002,742</u>	<u>17,348,788</u>	<u>(13,710,253)</u>	<u>80,641,277</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2017

Capital assets activity for the year ended June 30, 2017 was as follows:

<u>Business type activities</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 52,055	-	-	52,055
Construction in progress	<u>26,272,434</u>	<u>13,342,513</u>	<u>(11,373,597)</u>	<u>28,241,350</u>
Total capital assets not being depreciated	<u>26,324,489</u>	<u>13,342,513</u>	<u>(11,373,597)</u>	<u>28,293,405</u>
Capital assets being depreciated:				
Buildings	23,504,225	422,420	-	23,504,232
Machinery and equipment	4,835,205	229,847	(95,224)	4,835,205
Infrastructure	<u>105,701,934</u>	<u>11,033,077</u>	<u>-</u>	<u>105,701,934</u>
Total capital assets being depreciated	<u>134,041,364</u>	<u>11,685,344</u>	<u>(95,224)</u>	<u>134,041,371</u>
Less accumulated depreciation for:				
Buildings	8,335,085	1,001,207	-	9,336,292
Machinery and equipment	3,206,673	565,944	(95,224)	3,677,393
Infrastructure	<u>18,709,494</u>	<u>2,720,015</u>	<u>-</u>	<u>21,429,509</u>
Total accumulated depreciation	<u>30,251,252</u>	<u>4,287,166</u>	<u>(95,224)</u>	<u>34,443,194</u>
Total capital assets being depreciated, net	<u>103,790,112</u>	<u>7,398,178</u>	<u>-</u>	<u>111,188,290</u>
Business type activities capital assets, net	<u>\$ 130,114,601</u>	<u>20,740,691</u>	<u>(11,373,597)</u>	<u>139,481,695</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements  
June 30, 2017

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

Governmental activities:	
Public safety	\$ 241,538
Public works, which includes the depreciation of general infrastructure assets	2,462,188
Culture and recreation	1,444,346
Community and economic development	396,511
General government	<u>60,979</u>
Total depreciation expense – governmental activities	\$ <u>4,605,572</u>
Business type activities:	
Water	\$ 944,957
Sewer	2,696,492
Non-major business type activities	<u>645,717</u>
Total depreciation expense – business type activities	\$ <u>4,287,166</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2017

	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	-	(18,900)	2,120,388
Construction in progress	<u>485,950</u>	<u>1,072,506</u>	<u>(678,375)</u>	<u>880,081</u>
Total capital assets not being depreciated	<u>2,625,238</u>	<u>1,072,506</u>	<u>(697,275)</u>	<u>3,000,469</u>
Capital assets being depreciated:				
Buildings	805,288	-	(149,436)	655,852
Machinery and equipment	1,769,721	16,949	(57,744)	1,728,926
Infrastructure	<u>15,769,317</u>	<u>665,095</u>		<u>16,434,412</u>
Total capital assets being depreciated	<u>18,344,326</u>	<u>682,044</u>	<u>(7,180)</u>	<u>18,819,190</u>
Less accumulated depreciation for:				
Buildings	177,511	22,393	(43,390)	156,514
Machinery and equipment	1,413,043	41,052	(50,549)	1,403,546
Infrastructure	<u>3,011,285</u>	<u>842,728</u>	<u>-</u>	<u>3,854,013</u>
Total accumulated depreciation	<u>4,601,839</u>	<u>906,173</u>	<u>(93,939)</u>	<u>5,414,073</u>
Total capital assets being depreciated, net	<u>13,742,487</u>	<u>(224,129)</u>	<u>(113,241)</u>	<u>13,405,117</u>
Business type activities capital assets, net	<u>\$ 16,367,725</u>	<u>848,377</u>	<u>(810,516)</u>	<u>16,405,586</u>
Total depreciation expense – airport authority				\$ 755,630
– other				<u>-</u>
				<u>\$ 755,630</u>



City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2017

**(4) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2017 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	\$ 30,855,000	-	8,645,000	22,210,000	3,970,000
Revenue notes	479,000	-	214,000	265,000	130,000
Compensated absences	1,157,872	959,454	894,666	1,222,660	821,196
Net pension liability	9,172,908	3,032,223	-	12,205,131	-
Net OPEB liability	<u>774,691</u>	<u>131,407</u>	<u>-</u>	<u>906,098</u>	<u>-</u>
Total	<u>\$ 42,439,471</u>	<u>4,123,084</u>	<u>9,753,666</u>	<u>36,808,889</u>	<u>4,921,196</u>
	Balance Beginning of Year	<u>Increases</u>	<u>Decreases</u>	Balance End of Year	Due Within One Year
Business type activities:					
Revenue bonds/notes:					
Water	\$ 17,740,497	-	1,171,000	16,569,497	1,200,000
Sewer	64,354,871	13,152,904	3,254,563	74,253,212	3,244,000
General obligation bonds/notes:	200,000	-	15,000	185,000	15,000
Compensated absences	392,707	173,255	269,052	296,910	296,910
Net pension liability	1,535,889	484,529	-	2,020,418	-
Net OPEB liability	<u>161,876</u>	<u>27,458</u>	<u>-</u>	<u>189,334</u>	<u>-</u>
Total	<u>\$ 84,385,840</u>	<u>13,838,146</u>	<u>4,709,615</u>	<u>93,514,371</u>	<u>4,755,910</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2017

General obligation bonds/notes

Eight issues of unmatured general obligation bonds/notes, totaling \$22,395,000, are outstanding at June 30, 2017. General obligation bonds/notes bear interest rates ranging from .40 percent to 5.38 percent per annum and mature in varying annual amounts, ranging from \$18,000 to \$1,160,000, with the final maturities due in the year ending June 30, 2026.

Details of general obligation bonds/notes payable at June 30, 2017 are as follows:

Governmental activities:	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Originally Issued</u>	<u>Outstanding June 30, 2017</u>
General obligation bonds/notes:						
Corporate purpose	Jun 29, 2011	.40-2.55%	Jun 30, 2021	160,000-225,000	1,920,000	\$ 845,000
Corporate purpose	Jun 26, 2012	1.00-2.50%	Jun 30, 2027	100,000-855,000	4,370,000	3,655,000
Urban renewal refunding Bond	Aug 26, 2010	1.00-3.00%	Jun 30, 2022	210,000-250,000	2,595,000	1,160,000
Refunding bond	May 16, 2013	2.00%	Jun 30, 2023	100,000-1,120,000	7,830,000	3,360,000
Corporate purpose	May 15, 2014	2.00%	Jun 30, 2024	310,000-675,000	4,430,000	3,435,000
Corporate purpose refund	June 01, 2016	2.00-5.00%	Jun 30, 2026	235,000-1,160,000	6,245,000	5,085,000
Refunding bond	June 20, 2016	2.00%	Jun 30, 2026	655,000-735,000	4,855,000	4,855,000
Business activities:						
Crossover refunding	June 20,, 2016	2.00%	Jun 30, 2024	655,000-735,000	4,855,000	<u>4,855,000</u>
Total Government activities						<u>\$ 22,395,000</u>

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

Year Ending

<u>June 30,</u>	<u>General Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	3,970,000	559,791	4,529,791
2019	4,020,000	443,200	4,463,200
2020	3,615,000	338,229	3,953,229
2021	2,510,000	251,641	2,761,641
2022	2,260,000	190,702	2,450,702
2023-2027	<u>6,020,000</u>	<u>348,980</u>	<u>6,368,980</u>
	<u>\$ 22,395,000</u>	<u>2,132,543</u>	<u>24,527,543</u>

As of June 30, 2017 the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$1,089,384,988</u>
Debt limit – 5% of total actual valuation	54,469,249
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(22,660,000)</u>
Legal debt margin	<u>\$ 31,809,249</u>

Revenue bonds/notes

Eleven issues of unmatured revenue bonds/notes totaling \$91,087,709 are outstanding at June 30, 2017. These bond/notes bear interest at rates of 1.00% - 3.00% and mature in varying amounts from \$15,000 to 1,652,000 with the final maturities due in the year ending June 30, 2036.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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, 2017, the City was in compliance with the revenue bond/note provisions.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$88,203,479 in sewer revenue notes with various issue dates. Proceeds from the notes provided financing for wastewater net revenue and are payable through 2046. 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 \$94,968,428. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$4,753,508 and \$5,647,109, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$23,005,685 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 \$19,368,580. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$1,511,072 and \$3,583,500, respectively.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

Details of revenue notes payable at June 30, 2017 are as follows:

Business type activities:	Date of <u>Issue</u>	Interest <u>Rates</u>	Final <u>Due Date</u>	Annual <u>Payments</u>	Originally <u>Issued</u>	Outstanding <u>June 30, 2014</u>
Revenue bonds/notes:						
Sewer revenue CW9809R	Sep 30, 1999	1.75%	Dec 1, 2021	15,000-17,000	\$ 243,597	79,000
Sewer revenue CW9116R	Sep 30, 1999	1.75%	Dec 1, 2021	611,000-713,000	10,142,403	3,305,000
Sewer revenue CW0118R	Sep 30, 2002	1.75%	Dec 1, 2021	63,000-71,000	1,331,000	335,000
Sewer revenue CW0304R	Dec 20, 2001	1.75%	Jun 30, 2023	208,000-242,000	3,705,000	1,349,000
Sewer revenue C0585RT	Feb 28, 2014	3.00%	Jun 30, 2033	355,000-1,652,000	22,467,000	21,032,000
Sewer revenue C0604RT	Jun 6, 2014	1.85%	Jun 1, 2035	351,000-918,604	5,639,479	7,549,604
Water revenue DW030224R	Dec 12, 2003	3.00%	Dec 1, 2024	130,000-229,000	3,500,000	1,652,000
Water revenue MD12R	Jun 1, 2004	1.75%	Dec 1, 2024	133,000-318,000	5,133,000	2,300,000
Water revenue D0254R	Oct 1, 2012	2.00%	Jun 1, 2033	128,685-977,000	14,372,685	12,617,497
Urban renewal tax increment	Jan 20, 2012	3.98%	Jun 1, 2019	110,000-135,000	850,000	265,000
Sewer revenue C0495R	Feb 19, 2017	1.00%	Jun 30, 2033	1,259,000-1,463,000	25,575,000	21,934,286
Sewer revenue C0720RT	Feb 16, 2017	3.00%	Jun 30, 2032	401,000-916,323	19,100,000	<u>18,669,322</u>
Total business type activities						<u>91,087,709</u>

A summary of the annual revenue note principal and interest requirements to maturity is as follows:

Year Ending

	<u>Revenue</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	4,523,000	1,978,805	6,501,805
2019	4,635,000	1,897,567	6,532,567
2020	4,745,000	1,813,055	6,558,055
2021	4,859,000	1,726,285	6,585,285
2022	4,970,000	1,637,223	6,607,223
2023-2027	23,411,000	6,817,405	30,228,405
2028-2032	23,544,497	4,439,393	27,983,890
2033-2037	12,576,890	2,021,486	14,598,376
2038-2042	3,965,000	907,350	4,872,350
2043-2046	<u>3,593,322</u>	<u>275,730</u>	<u>3,869,052</u>
	<u>\$ 90,822,709</u>	<u>23,514,298</u>	<u>114,337,007</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use	\$ 2,830
	LOST	2,830
	SSMID	15,000
	Library Memorial	658,557
	Capital Projects:	
	Capital Improvements	36,054
	Enterprise:	
	Water	185,658
	Sewer	265,225
	Solid Waste	65,000
		<u>1,231,154</u>
Special Revenue:	Special Revenue:	
TIF	Urban Renewal	<u>320,000</u>
City Grants	Capital Projects:	
	Jurisdictional Transfer	<u>100,000</u>
Hotel/Motel Tax	General	<u>97,561</u>
Debt Service:	Special Revenue	
	TIF	578,279
	Debt Service:	
	Harlan Rogers Sinking	129,100
	Enterprise:	
	Water	400,983
	Solid Waste	11,500
	Storm Water	220,113
		<u>1,339,975</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

Debt Service:		
Harlan Rogers Sinking	General	<u>181,076</u>
Golf Course Sinking	Capital Projects:	
	Capital Improvements	<u>84,978</u>
Capital Projects:		
Capital Improvements	General	90,562
	Special Revenue:	
	Road Use	7,700
	Enterprise:	
	Water	11,000
	Sewer	11,200
	Solid Waste	3,000
	Component unit:	
	Airport	<u>167,588</u>
		<u>291,050</u>
Capital Projects;	Special Revenue:	
Construction	Local Option Sales Tax	2,921,617
	Capital Projects:	
	Jurisdictional Transfer	<u>250,000</u>
		<u>3,171,617</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>
Enterprise:	Enterprise:	
Sewer	Storm Water	<u>25,000</u>
Total		\$ <u>6,942,411</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, 2017

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

The detail of interfund receivables and payables at June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Hotel/Motel Tax	General	\$ 23,972
Debt Service:		
Harlan Rogers Sinking	General	47,944
Capital Projects:		
Capital Improvements	General	23,972
General	Special Revenue:	
	TIF	75,000
	Capital Projects:	
	Capital Improvements	87,497
Special Revenue:	Special Revenue:	
Urban Renewal	TIF	1,886,641
	Community Develop	50,000
Enterprise:	Special Revenue:	
Sewer	TIF	1,459,221
Capital Projects:	Capital Projects:	
Jurisdictional Improvements	Construction Fund	5,223,600
	Special Revenue:	
	TIF	<u>625,000</u>
		<u>\$ 9,502,847</u>



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

(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).

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, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of the date 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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 the member receives benefits before the member's earliest normal retirement age. For service earned on or after 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.

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. 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 2017, 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 6.56 percent pay and the City contributed 9.84 percent for a total rate of 16.4 percent.

The City's contributions to IPERS for the year ended June 30, 2017 were \$528,811.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$5,305,370 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's collective proportion was 0.0843017 %, which was an increase of 0.001999% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$629,242. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between expected and actual experience	\$ 46,889	\$ 63,317
Changes of assumptions	80,943	-
Net difference between projected and actual earnings on pension plan investments	1,412,374	656,527
Changes in proportion and difference between City contributions and proportionate share of contributions	117,098	-
City contributions subsequent to the measurement date	<u>528,811</u>	<u>-</u>
Total	<u>\$ 2,186,115</u>	<u>\$ 719,844</u>

\$528,811 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 ending June 30, 2018. 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

Notes to Financial Statements

June 30, 2017

Year Ended

June 30,	
2018	\$ 126,714
2019	126,714
2020	426,394
2021	252,415
2022	<u>5,223</u>
Total	<u>\$ 937,460</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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 % per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% annum based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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 IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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>
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity / debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. 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, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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%, 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% lower (6.5%) or 1% higher (8.5%) than the current rate.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

	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	\$ 8,583,371	\$ 5,305,370	\$ 2,538,695

IPERS' 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 – 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 are provided with pensions through a cost-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).

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation 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% 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. When electing to participate in DROP, the member signs a contract stating 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 benefits may be either accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% 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% 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 % of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

Ordinary death benefits consist of a pension equal to 40% 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% 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 annually in accordance with Chapter 411.6 of the Code of Iowa which provides 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, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2017.

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 City's contributions rate cannot be less than 17% percent of earnable compensation. The contribution rate was 25.92 % for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 were \$1,097,213.

If approved by state legislature, state appropriation may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer 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, 2017.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

Net Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$9,157,759 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 1.46463%, which was an increase of 0.01173% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,263,267. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between expected and actual experience	\$ 236,350	\$ 8,493
Changes of assumptions	386,646	125,436
Net difference between projected and actual earnings on pension plan investments	2,867,172	1,247,868
Changes in proportion and difference between City contributions and proportionate share of contributions	(64,187)	-
City contributions subsequent to the measurement date	<u>1,097,213</u>	<u>-</u>
Total	<u>\$ 4,523,194</u>	<u>\$ 1,381,797</u>

\$1,097,213 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, 2017. 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

Notes to Financial Statements

June 30, 2017

Year Ended	
<u>June 30,</u>	
2018	\$ 303,700
2019	303,700
2020	897,783
2021	537,738
2022	<u>1,323</u>
Total	<u>\$ 2,044,244</u>

Actuarial assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Salary increases	4.50 to 15.00%, including inflation
Investment rate of return	7.50% net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2002 through June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2017

Asset Class	Long-Term Expected Real Rate of Return
Large cap	6.0%
Small cap	5.8
International large cap	7.0
Emerging markets	8.8
Emerging market debt	6.5
Private non-core real estate	9.3
Master limited partnerships	8.5
Private equity	9.8
Core plus fixed income	3.8
Private core real estate	6.8
Treasury inflation protected securities	2.8
Tactical asset allocation	6.0

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. the projection of cash flows used to determine the discount rate assumed contributions will be made at 9.4% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's 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%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of net pension liability	\$ 14,372,634	\$ 9,157,759	\$ 4,814,876

MFPRSI's Fiduciary Net Position – Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://www.mfprsi.org).

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**(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 753 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, 2017 were \$365,498.

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 \$500,000 per claim. Claims exceeding \$500,000 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

Notes to Financial Statements

June 30, 2017

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, 2017, no liability has been disclosed in the City's financial statements. As of June 30, 2017, 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, in the amounts of \$223,892. 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, 2017

**(9) Deficit Balances**

As of June 30, 2017, funds with deficit balances were as follows:

Special Revenue, Tax Increment Financing	\$ (3,182,965)
Special Revenue, City Grants	(175,431)
Capital Projects, Construction Fund	(6,328,388)

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 City Grants will be eliminated upon receipt of grant funds. The deficit in the Construction 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 \$13,347 during the year ended June 30, 2017.

**(11) Subsequent Events**

After the end of the fiscal year through the audit report date, the City accepted bids for various construction projects of approximately \$9.9 M. The City also approved issuance of \$10.9 M sewer bonds for sewer improvements and \$7.0 M GO bonds for various capital improvements through out the city.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**(12) Commitments and Contingencies**

As of June 30, 2017, the City had the following estimated commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>
1 <sup>st</sup> Ave N Reconstruction	\$ 32,000
1 <sup>st</sup> Ave S & S 42 <sup>nd</sup> St Construction	90,000
2017 Street Repairs	970,000
CSI Collection System Rehab – Phase 1	40,000
CSI Hydraulic Upgrades RO5 & R17	74,000
CSI Hydraulic Upgrades G10 & MOS	1,673,000
Cross-town Connector – Phase 1	10,000
East Region Phase 2	178,000
Municipal Building – Priority 3	600,000
8 <sup>th</sup> Ave S Reconstruction	486,000
South Central Drainage	197,000
24 <sup>th</sup> Ave N Construction	194,000
CSI Hydraulic Upgrades GO2 Basin	571,000
CSI Main Lift Station Bid 2	350,000
East Region Phase 3A	833,000
N 1 <sup>st</sup> St Bridge	235,000
2017 PCC Patch	559,000

**(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 \$4,207 for the year ended June 30, 2017. Future rentals are as follows:

FY 2018	2,532
FY 2019	<u>1,266</u>
	<u>\$ 3,798</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**(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, 2017, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 223,639
Interest on net OPEB obligation	24,137
Adjustment to annual required contribution	(66,126)
Annual OPEB cost (expense)	181,650
Contributions made	(17,881)
Increase in net OPEB obligation	163,769
Net OPEB obligation – beginning of year	965,473
Net OPEB obligation – end of year	<u>\$1,129,242</u>



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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, 2017.

For the year ended June 30, 2017, the City contributed \$17,881 to the medical plan. Plan members receiving benefits contributed \$245,526 or 9.4% 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, 2017 are summarized as follows:

Fiscal Year Ended	Percentage of Annual OPEB Cost	Net Annual OPEB Cost Contributed	OPEB Obligation
6/30/2015	155,618	12.0%	816,069
6/30/2016	168,705	11.4%	965,473
6/30/2017	181,650	9.8%	1,129,242

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017 the actuarial accrued liability was \$1,216,979, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,216,979. The covered payroll (annual payroll of active employees covered by the plan) was \$10,022,316 and the ratio of the UAAL to the covered payroll was 12.14%.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

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.

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.

Projected claim costs of the medical plan are \$531 per month for retirees less than age 65 and the same for retirees who have attained age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**(15) Tax Abatements**

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

City Tax Abatements

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

For the year ended June 30, 2017, the City abated \$167,754 of property tax under the urban renewal and economic development projects.

**(16) New Accounting Pronouncement**

The City adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the City.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

**(17) Prospective Accounting Changes**

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

The Governmental Accounting Standards Board has issued Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14. This statement will be implemented for the fiscal year ending June 30, 2018. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement enhance the comparability of financial statements among governments.

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship.

The Governmental Accounting Standards Board has issued Statement No. 85, Omnibus 2017. This statement will be implemented for the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2017

The Governmental Accounting Standards Board has issued Statement No. 86, Certain Debt Extinguishment Issues. This statement will be implemented for the fiscal year ending June 30, 2018. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also requires the inclusion of any remaining prepaid insurance related to extinguished debt in the net carrying amount of the debt when calculating the difference between the reacquisition price and the net carrying amount of the debt for debt that is extinguished through a legal extinguishment or an in-substance defeasance. This Statement also improves notes to financial statements for debt that is defeased in substance.

The Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statements users by requiring notes to financial statement related to the timing, significance, and purpose of a government's leasing arrangements.

The City's management has not yet determined the effect these pronouncements will have on the City's 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, 2017

	Governmental <u>Fund Types</u>	Proprietary Fund Type - <u>Enterprise</u>	Component Unit - Airport <u>Authority</u>	<u>Total</u>
Receipts:				
Property tax	\$ 12,945,439	-	263,898	13,209,337
Tax increment financing	2,012,562	-	-	2,012,562
Other city tax	5,560,648	-	-	5,560,648
Licenses and permits	415,787	-	-	415,787
Use of money and property	182,922	66,171	63,755	312,848
Intergovernmental	6,515,727	-	946,484	7,462,211
Charges for service	1,036,687	22,442,728	145,565	23,624,980
Special assessments	-	18,163	-	18,163
Miscellaneous	2,681,127	1,202,302	104,993	3,988,422
Total receipts	<u>31,350,899</u>	<u>23,729,364</u>	<u>1,524,695</u>	<u>56,604,958</u>
Disbursements:				
Public safety	8,178,324	-	-	8,178,324
Public works	4,510,284	-	530,121	5,040,405
Health and social services	309,649	-	-	309,649
Culture and recreation	3,369,212	-	-	3,369,212
Community and economic development	2,034,890	-	-	2,034,890
General government	1,031,590	-	-	1,031,590
Debt service	10,195,238	-	-	10,195,238
Capital projects	11,515,254	-	1,138,056	12,653,310
Business type activities	-	33,499,530	-	33,499,530
Total disbursements	<u>41,144,441</u>	<u>33,499,530</u>	<u>1,668,177</u>	<u>76,312,148</u>
Excess (deficiency) of receipts over (under) disbursements	(9,793,542)	(9,770,166)	(143,482)	(19,707,190)
Other financing sources, net	<u>1,989,656</u>	<u>11,580,296</u>	<u>(167,588)</u>	<u>13,402,364</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(7,803,886)	1,810,130	(311,070)	(6,304,826)
Balances beginning of year	<u>24,992,422</u>	<u>9,752,653</u>	<u>164,222</u>	<u>34,909,297</u>
Balances end of year	<u>\$ 17,188,536</u>	<u>11,562,783</u>	<u>(146,848)</u>	<u>28,604,471</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Variance</u>
13,205,181	13,205,181	4,156
2,103,044	2,103,044	(90,482)
5,539,099	5,794,199	(233,551)
358,275	418,275	(2,488)
186,570	186,570	126,278
6,132,339	13,515,139	(6,052,928)
23,258,442	23,293,442	331,538
-	-	18,163
<u>1,751,641</u>	<u>5,275,641</u>	<u>(1,287,219)</u>
<u>52,534,591</u>	<u>63,791,491</u>	<u>(7,186,533)</u>
8,025,680	8,545,580	367,256
5,194,979	5,755,879	715,474
355,700	405,700	96,051
3,370,657	3,792,557	423,345
1,568,052	2,388,952	354,062
1,020,521	1,387,721	356,131
4,827,913	10,208,013	12,775
8,082,990	17,876,490	5,223,180
<u>30,754,925</u>	<u>40,716,025</u>	<u>7,216,495</u>
<u>63,201,417</u>	<u>91,076,917</u>	<u>14,764,769</u>
(10,666,826)	(27,285,426)	7,578,236
<u>10,330,000</u>	<u>18,110,000</u>	<u>(10,330,000)</u>
(336,826)	(9,175,426)	(2,751,764)
<u>21,642,917</u>	<u>21,642,917</u>	<u>26,467,393</u>
<u>21,306,091</u>	<u>12,467,491</u>	<u>23,715,629</u>



City of Fort Dodge, Iowa

Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds			Proprietary Funds		
	Enterprise					
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Cash Basis	Accrual Adjust- ments	Accrual Basis
Revenues	\$ 31,350,899	1,040,721	32,391,620	23,729,364	(83,540)	23,645,824
Expenditures/Expenses	41,144,441	(1,470,228)	39,674,213	33,499,530	(15,442,128)	18,057,402
Net	(9,793,542)	2,510,949	(7,282,593)	(9,770,166)	15,358,588	5,588,422
Other financing sources (uses) (net)	1,989,656	(543,390)	1,446,266	11,580,296	(12,728,974)	(1,148,678)
Beginning fund balances	24,992,422	(3,285,608)	21,706,814	9,752,653	48,485,707	58,238,360
Ending fund balances	\$ 17,188,536	(1,318,049)	15,870,487	11,562,783	51,115,321	62,678,104

	Component Unit		
	Airport		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 1,524,695	2,817,005	4,341,700
Expenses	1,668,177	67,189	1,735,366
Net	(143,482)	2,749,816	2,606,334
Other financing sources (uses)	(167,588)	-	116,400
Beginning fund balance	164,222	12,968,419	13,132,641
Ending fund balance	\$ (146,848)	15,718,235	15,855,375

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2017

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 \$11,256,900, budgeted disbursements by \$27,875,500 and other financing sources by \$7,780,000. These budget amendments are reflected in the final budgeted amounts.

City of Fort Dodge

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

Iowa Public Employees' Retirement System  
Last 3 Fiscal Years\*  
(In Thousands)

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.084302%	0.081790%	0.083685%
City's proportionate share of the net pension liability	\$ 5,305,370	4,066,168	\$ 3,318,879
City's covered-employee payroll	\$ 5,921,731	5,642,716	\$ 5,476,004
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.59%	72.06%	60.61%
Plan fiduciary net position as a percentage of the total pension liability	81.82%	85.19%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 528,811	540,557	503,894	489,007
Contributions in relation to the statutorily required contribution	<u>528,811</u>	<u>540,557</u>	<u>503,894</u>	<u>489,007</u>
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 5,921,731	6,053,274	5,642,716	5,476,004
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
461,895	457,812	372,273	353,926	328,297	302,428
<u>461,895</u>	<u>457,812</u>	<u>373,273</u>	<u>353,926</u>	<u>328,297</u>	<u>302,428</u>
-	-	-	-	-	-
<hr/>					
5,331,361	5,674,478	5,356,439	5,322,206	5,170,026	4,998,811
8.66%	8.07%	6.95%	6.65%	6.35%	6.05%

City of Fort Dodge

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

Municipal Fire and Police Retirement System of Iowa  
Last 3 Fiscal Years\*  
(In Thousands)

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.464630%	1.452900%	1.480544%
City's proportionate share of the net pension liability	\$9,157,757	6,825,932	\$5,366,947
City's covered-employee payroll	\$4,233,075	3,810,170	\$3,780,866
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.34%	179.15%	141.95%
Plan fiduciary net position as a percentage of the total pension liability	78.20%	78.20%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 1,097,213	1,102,203	1,158,672	1,138,797
Contributions in relation to the statutorily required contribution	<u>1,097,213</u>	<u>1,102,203</u>	<u>1,158,672</u>	<u>1,138,797</u>
Contribution deficiency (excess)	\$ -	-	-	-
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
City's covered-employee payroll	\$ 4,233,075	3,969,042	3,810,170	3,780,866
Contributions as a percentage of covered-employee payroll	25.92%	27.77%	30.41%	30.12%

See accompanying independent auditor's report.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
975,099	958,338	719,561	578,406	617,557	795,662
<u>975,099</u>	<u>958,338</u>	<u>719,561</u>	<u>578,406</u>	<u>617,557</u>	<u>795,662</u>
-	-	-	-	-	-
<u><u>3,721,669</u></u>	<u><u>3,870,512</u></u>	<u><u>3,615,885</u></u>	<u><u>3,402,389</u></u>	<u><u>3,293,630</u></u>	<u><u>3,122,696</u></u>
26.20%	24.76%	19.90%	17.00%	18.75%	25.48%



City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

*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% per year measured from the member's first unreduced retirement age to a 6% 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.

*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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% 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, 2017

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.

*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 <u>Ended</u>	Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>( a )</u>	Actuarial Accrued Liability (AAL) <u>( b )</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>( c )</u>	Value as a Percentage of Covered Payroll <u>(b-a)/c)</u>
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%
2016	Jul 1, 2014	---	1,295,729	1,295,729	0.00%	10,022,316	12.93%
2017	Jul 1, 2014	---	1,216,979	1,216,979	0.00%	10,154,806	11.98%

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.

## **Supplementary Information**

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

Schedule 1

	Special Revenue				
	Road use Tax	Employee Benefits	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$1,789,579	2,386,517	8,346	42,477	306,852
Receivables:					
Property tax:	-				
Delinquent	-	29,001	-	-	11,204
Succeeding year	-	2,800,619	-	-	1,120,332
Accounts	-	621	-	-	80
Due from other governments	-	4,950	-	-	-
Prepaid expenses	403	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$1,789,982</b>	<b>5,221,708</b>	<b>8,346</b>	<b>42,477</b>	<b>1,438,468</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 8,326	3,477	6,736	-	-
Salaries and benefits payable	55,989	30,722	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>64,315</u>	<u>34,199</u>	<u>6,736</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Succeeding year property tax	-	2,800,619	-	-	1,120,332
Other	-	-	-	-	41,679
Total deferred inflows of resources	<u>-</u>	<u>2,800,619</u>	<u>-</u>	<u>-</u>	<u>1,162,011</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	403	-	-	-	-
Parks Trust	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Street improvement and repairs	1,725,264	-	-	-	-
Urban renewal	-	-	-	-	-
Major repairs and construction	-	-	-	-	-
Employee benefits	-	-	-	-	276,457
Capital improvements	-	-	-	-	-
Other purposes	-	2,386,890	1,610	42,477	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,725,667</u>	<u>2,386,890</u>	<u>1,610</u>	<u>42,477</u>	<u>276,457</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$1,789,982</b>	<b>5,221,708</b>	<b>8,346</b>	<b>42,477</b>	<b>1,438,468</b>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	Special Revenue					
	Community Development	Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents	Urban Renewal
<b>Assets</b>						
Cash, cash equivalents and pooled investments	105,459	299,809	411,234	97,427	13,723	503,105
Receivables:						
Property tax:						
Delinquent	-	-	766	-	-	-
Succeeding year	-	-	41,293	-	-	-
Accounts	10	-	107	-	-	131
Due from other governments	-	-	-	-	-	-
Prepaid expenses	-	171	-	-	100	-
Due from other funds	-	23,972	-	-	-	1,937,247
<b>Total assets</b>	<b>105,469</b>	<b>323,952</b>	<b>453,400</b>	<b>97,427</b>	<b>13,823</b>	<b>2,440,483</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable	1,181	13,675	4,007	-	2,323	792
Salaries and benefits payable	-	-	-	-	2,555	-
Due to other funds	50,000	-	-	-	-	-
Total liabilities	<u>51,181</u>	<u>13,675</u>	<u>4,007</u>	<u>-</u>	<u>4,878</u>	<u>792</u>
Deferred inflows of resources:						
Succeeding year property tax	-	-	41,293	-	-	-
Other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>41,293</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Prepaid expenditures	-	171	-	-	100	-
Parks Trust	-	-	-	-	-	-
Restricted for:						
Debt service	-	-	-	-	-	-
Street improvement and repairs	-	-	-	-	-	-
Urban renewal	-	-	-	-	-	2,439,691
Major repairs and construction	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Other purposes	-	310,106	408,100	97,427	8,845	-
Unassigned	54,288	-	-	-	-	-
Total fund balances	<u>54,288</u>	<u>310,277</u>	<u>408,100</u>	<u>97,427</u>	<u>8,945</u>	<u>2,439,691</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>105,469</b>	<b>323,952</b>	<b>453,400</b>	<b>97,427</b>	<b>13,823</b>	<b>2,440,483</b>

See accompanying independent auditor's report.

## Schedule 1

<u>City Grants</u>	<u>Congregate Meals</u>	<u>DARE/Drug Arrest</u>	<u>Debt Service</u>		<u>Capital Projects</u>		
			<u>Golf Course</u>	<u>Harlan Rogers Sinking</u>	<u>Capital Improvement</u>	<u>Vision Iowa Trail Plan</u>	<u>Sidewalk Improvement</u>
(615,653)	4,774	34,746	1	437,426	2,373,857	750,347	24,743
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	114	8,339	-	-
535,323	5,784	-	-	-	4,141	-	-
-	-	-	-	-	17,576	-	-
-	-	-	-	47,944	23,972	-	-
<u>(80,330)</u>	<u>10,558</u>	<u>34,746</u>	<u>1</u>	<u>485,484</u>	<u>2,427,885</u>	<u>750,347</u>	<u>24,743</u>
92,998	4,122	-	-	-	49,713	-	-
2,103	756	-	-	-	-	-	-
-	-	-	-	-	87,497	-	-
<u>95,101</u>	<u>4,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,210</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	23,282	-	-
-	-	-	-	-	23,282	-	-
-	-	-	-	-	17,576	-	-
-	-	-	-	-	-	-	-
-	-	-	1	485,484	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,249,817	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	750,347	24,743
(175,431)	5,680	34,746	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(175,431)</u>	<u>5,680</u>	<u>34,746</u>	<u>1</u>	<u>485,484</u>	<u>2,267,393</u>	<u>750,347</u>	<u>24,743</u>
<u>(80,330)</u>	<u>10,558</u>	<u>34,746</u>	<u>1</u>	<u>485,484</u>	<u>2,427,885</u>	<u>750,347</u>	<u>24,743</u>

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

Schedule 1

	Permanent Fund Eva Patterson Parks Trust	Total
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 25,000	8,999,769
Receivables		
Property tax:		
Delinquent	-	40,971
Succeeding year	-	3,962,244
Accounts	-	9,402
Due from other governments	-	550,198
Prepaid expenses	-	18,250
Due from other funds	-	2,033,135
	<u>25,000</u>	<u>15,613,969</u>
<b>Total assets</b>		
	<u>25,000</u>	<u>15,613,969</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	-	187,350
Salaries and benefits payable	-	92,125
Due to other funds	-	137,497
Total liabilities	<u>-</u>	<u>416,972</u>
Deferred inflows of resources:		
Succeeding year property tax	-	3,962,244
Other	-	64,961
Total deferred inflows of resources	<u>-</u>	<u>4,027,205</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	-	18,250
Parks Trust	25,000	25,000
Restricted for:		-
Debt service	-	485,485
Street improvement and repairs	-	1,725,264
Urban renewal	-	2,439,691
Major repairs and construction	-	2,249,817
Employee benefits	-	276,457
Capital improvements	-	775,090
Other purposes	-	3,120,450
Unassigned	-	54,288
Total fund balances	<u>25,000</u>	<u>11,169,792</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 25,000</u>	<u>15,613,969</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, 2017

Schedule 2

	Special Revenue				
	Road Use Tax	Employee Benefits	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Revenues:					
Property tax	\$ -	\$ 2,857,775	-	-	1,104,000
Other city tax	-	-	-	-	-
Use of money and property	-	9,247	-	-	1,372
Intergovernmental	3,129,165	173,534	21,019	33,953	-
Charges for service	-	-	-	-	-
Miscellaneous	-	248,272	6,850	-	-
Total revenues	<u>3,129,165</u>	<u>3,288,828</u>	<u>27,869</u>	<u>33,953</u>	<u>1,105,372</u>
Expenditures:					
Operating:					
Public safety	-	1,292,753	-	-	1,103,492
Public works	2,697,983	743,476	-	-	-
Health and social services	-	33,801	-	-	-
Culture and recreation	-	583,188	-	-	-
Community and economic development	-	175,645	3,850	-	-
General government	-	98,828	34,770	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>2,697,983</u>	<u>2,927,691</u>	<u>38,620</u>	<u>-</u>	<u>1,103,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>431,182</u>	<u>361,137</u>	<u>(10,751)</u>	<u>33,953</u>	<u>1,880</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(35,530)	-	-	-	-
Total other financing sources (uses)	<u>(35,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>395,652</u>	<u>361,137</u>	<u>(10,751)</u>	<u>33,953</u>	<u>1,880</u>
Fund balances beginning of year	<u>1,330,015</u>	<u>2,025,753</u>	<u>12,361</u>	<u>8,524</u>	<u>274,577</u>
Fund balances end of year	<u>\$ 1,725,667</u>	<u>\$ 2,386,890</u>	<u>1,610</u>	<u>42,477</u>	<u>276,457</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, 2017

	Special Revenue					
	Community Development	Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents	Urban Renewal
Revenues:						
Property tax	\$ -	-	38,856	-	-	-
Other city tax	-	-	-	-	-	-
Use of money and property	107	-	1,768	-	-	53,739
Intergovernmental	73,826	-	-	-	162,514	6,350
Charges for service	-	-	-	-	-	-
Miscellaneous	67,346	4,536	30,246	86,525	13,505	12,111
Total revenues	<u>141,279</u>	<u>4,536</u>	<u>70,870</u>	<u>86,525</u>	<u>176,019</u>	<u>72,200</u>
Expenditures:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and social services	-	-	-	-	184,176	-
Culture and recreation	-	116,777	-	118,275	-	-
Community and economic development	40,253	-	6,755	-	-	345,029
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>40,253</u>	<u>116,777</u>	<u>6,755</u>	<u>118,275</u>	<u>184,176</u>	<u>345,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>101,026</u>	<u>(112,241)</u>	<u>64,115</u>	<u>(31,750)</u>	<u>(8,157)</u>	<u>(272,829)</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	-	-	-
Operating transfers in	-	97,561	-	-	-	-
Operating transfers out	-	-	(15,000)	(658,557)	-	(320,000)
Total other financing sources (uses)	<u>-</u>	<u>97,561</u>	<u>(15,000)</u>	<u>(658,557)</u>	<u>-</u>	<u>(320,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>101,026</u>	<u>(14,680)</u>	<u>49,115</u>	<u>(690,307)</u>	<u>(8,157)</u>	<u>(592,829)</u>
Fund balances beginning of year	<u>(46,738)</u>	<u>324,957</u>	<u>358,985</u>	<u>787,734</u>	<u>17,102</u>	<u>3,032,520</u>
Fund balances end of year	<u>\$ 54,288</u>	<u>310,277</u>	<u>408,100</u>	<u>97,427</u>	<u>8,945</u>	<u>2,439,691</u>

See accompanying independent auditor's report.

## Schedule 2

City Grants	Congregate Meals	DARE/Drug Arrest	Debt Service		Capital Projects		
			Golf Course	Harlan Rogers Sinking	Capital Improvement	Vision Iowa Trail Plan	Sidewalk Improvement
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2	-	-	1,811	238	-	-
1,288,853	62,743	-	-	-	78,149	-	-
-	-	-	-	-	145,793	-	-
13,937	-	16,849	-	-	345,225	75,000	-
<u>1,302,790</u>	<u>62,745</u>	<u>16,849</u>	<u>-</u>	<u>1,811</u>	<u>569,405</u>	<u>75,000</u>	<u>-</u>
25,831	-	22,657	-	-	770,509	-	-
658,812	-	-	-	-	3,338	-	-
474,851	67,035	-	-	-	-	-	-
-	-	-	-	-	516,453	-	-
438,325	-	-	-	-	-	-	-
-	-	-	-	-	286,998	-	-
-	-	-	90,147	-	-	-	-
-	-	-	-	-	279,090	77,700	-
<u>1,597,819</u>	<u>67,035</u>	<u>22,657</u>	<u>90,147</u>	<u>-</u>	<u>1,856,388</u>	<u>77,700</u>	<u>-</u>
<u>(295,029)</u>	<u>(4,290)</u>	<u>(5,808)</u>	<u>(90,147)</u>	<u>1,811</u>	<u>(1,286,983)</u>	<u>(2,700)</u>	<u>-</u>
-	-	-	-	-	130,000	-	-
100,000	-	-	84,978	181,076	291,050	-	-
-	-	-	-	(129,100)	(121,033)	-	-
<u>100,000</u>	<u>-</u>	<u>-</u>	<u>84,978</u>	<u>51,976</u>	<u>300,017</u>	<u>-</u>	<u>-</u>
(195,029)	(4,290)	(5,808)	(5,169)	53,787	(986,966)	(2,700)	-
<u>19,598</u>	<u>9,970</u>	<u>40,554</u>	<u>5,170</u>	<u>431,697</u>	<u>3,254,359</u>	<u>753,047</u>	<u>24,743</u>
<u>(175,431)</u>	<u>5,680</u>	<u>34,746</u>	<u>1</u>	<u>485,484</u>	<u>2,267,393</u>	<u>750,347</u>	<u>24,743</u>

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year ended June 30, 2017

Schedule 2

	Permanent Fund Eva Patterson Parks Trust	Totals
Revenues:		
Property tax	\$ -	4,000,631
Other city tax	-	-
Use of money and property	-	68,284
Intergovernmental	-	5,030,106
Charges for service	-	145,793
Miscellaneous	-	920,402
Total revenues	<u>-</u>	<u>10,165,216</u>
Expenditures:		
Operating:		
Public safety	-	3,215,242
Public works	-	4,103,609
Health and social services	-	759,863
Culture and recreation	-	1,334,693
Community and economic development	-	1,009,857
General government	-	420,596
Debt service	-	90,147
Capital projects	-	356,790
Total expenditures	<u>-</u>	<u>11,290,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,125,581)</u>
Other financing sources (uses):		
Bond proceeds	-	130,000
Operating transfers in	-	754,665
Operating transfers out	-	(1,279,220)
Total other financing sources (uses)	<u>-</u>	<u>(394,555)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>(1,520,136)</u>
Fund balances beginning of year	<u>25,000</u>	<u>12,689,928</u>
Fund balances end of year	<u>\$ 25,000</u>	<u>11,169,792</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
June 30, 2017

	Enterprise Funds		
	Parking Meter	Solid Waste	Storm Water Utility
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 104,359	794,066	418,698
Accounts receivable	34,270	256,593	116,962
Prepaid expenses	-	1,890	-
Total current assets	<u>138,629</u>	<u>1,052,549</u>	<u>535,660</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets (net of accumulated depreciation)	<u>313,665</u>	<u>879,840</u>	<u>7,004,027</u>
Total noncurrent assets	<u>313,665</u>	<u>879,840</u>	<u>7,004,027</u>
<b>Total assets</b>	<u>452,294</u>	<u>1,932,389</u>	<u>7,539,687</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>10,573</u>	<u>130,506</u>	<u>-</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	371	44,188	1,817
Salaries and benefits payable	4,015	23,714	-
Compensated absences	-	74,590	-
Unearned revenue	7,564	-	-
Payable from restricted net assets:			
Consumer deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>11,950</u>	<u>142,492</u>	<u>1,817</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	-	-	-
Net pension liability	38,271	332,079	-
Net OPEB liability	<u>-</u>	<u>54,095</u>	<u>-</u>
Total noncurrent liabilities	<u>38,271</u>	<u>386,174</u>	<u>-</u>
<b>Total liabilities</b>	<u>50,221</u>	<u>528,666</u>	<u>1,817</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues:			
Pension related deferred inflows	<u>8,567</u>	<u>46,113</u>	<u>-</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	313,665	879,840	7,004,027
Unrestricted	<u>90,414</u>	<u>608,276</u>	<u>533,843</u>
<b>Total net position</b>	<u>\$ 404,079</u>	<u>1,488,116</u>	<u>7,537,870</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>
27,135	14,310	4,959	362,673	-	1,726,200
85,278	1,587	469	12,334	-	507,493
-	-	-	533	-	2,423
<u>112,413</u>	<u>15,897</u>	<u>5,428</u>	<u>375,540</u>	<u>-</u>	<u>2,236,116</u>
-	-	-	-	200,274	200,274
<u>194,238</u>	<u>-</u>	<u>-</u>	<u>578,243</u>	<u>-</u>	<u>8,970,013</u>
<u>194,238</u>	<u>-</u>	<u>-</u>	<u>578,243</u>	<u>200,274</u>	<u>9,170,287</u>
<u>306,651</u>	<u>15,897</u>	<u>5,428</u>	<u>953,783</u>	<u>200,274</u>	<u>11,406,403</u>
-	-	-	-	-	141,079
7,193	-	-	14,084	-	67,653
7,520	-	-	-	-	35,249
-	-	-	-	-	74,590
-	-	-	-	-	7,564
-	-	-	-	200,274	200,274
<u>14,713</u>	<u>-</u>	<u>-</u>	<u>14,084</u>	<u>200,274</u>	<u>385,330</u>
185,000	-	-	-	-	185,000
-	-	-	-	-	370,350
-	-	-	-	-	54,095
<u>185,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,445</u>
<u>199,713</u>	<u>-</u>	<u>-</u>	<u>14,084</u>	<u>200,274</u>	<u>994,775</u>
-	-	-	-	-	54,680
194,238	-	-	578,243	-	8,970,013
<u>(87,300)</u>	<u>15,897</u>	<u>5,428</u>	<u>361,456</u>	<u>-</u>	<u>1,528,014</u>
<u>106,938</u>	<u>15,897</u>	<u>5,428</u>	<u>939,699</u>	<u>-</u>	<u>10,498,027</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, 2017

	Enterprise Funds		
	Parking Meter	Solid Waste	Storm Water Utility
Operating revenues:			
Charges for services	\$ 145,866	1,455,831	508,427
Miscellaneous	143	6,135	-
Total operating revenues	<u>146,009</u>	<u>1,461,966</u>	<u>508,427</u>
Operating expenses:			
Business type activities:			
Cost of sales and services	116,696	1,083,677	108,402
Depreciation	24,430	283,124	97,194
Total operating expenses	<u>141,126</u>	<u>1,366,801</u>	<u>205,596</u>
Operating income (loss)	<u>4,883</u>	<u>95,165</u>	<u>302,831</u>
Non-operating revenues (expenses):			
Interest and investment revenue	377	2,351	-
Capital contribution	-	-	-
Miscellaneous revenues	-	1,417	421
Total nonoperating revenue	<u>377</u>	<u>3,768</u>	<u>421</u>
Net income (loss) before transfers	<u>5,260</u>	<u>98,933</u>	<u>303,252</u>
Operating transfers in	-	-	-
Operating transfers out	-	(104,500)	(245,113)
Change in net position	<u>5,260</u>	<u>(5,567)</u>	<u>58,139</u>
Net position beginning of year	<u>398,819</u>	<u>1,493,683</u>	<u>7,479,731</u>
Net position end of year	<u>\$ 404,079</u>	<u>1,488,116</u>	<u>7,537,870</u>

See accompanying independent auditor's report.

## Schedule 4

<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage Account</u>	<u>Central Garage</u>	<u>Total</u>
221,741	59,325	6,011	89,999	2,487,200
1,207	-	-	7,564	15,049
<u>222,948</u>	<u>59,325</u>	<u>6,011</u>	<u>97,563</u>	<u>2,502,249</u>
220,945	56,744	4,654	141,830	1,732,948
208,512	-	-	32,457	645,717
<u>429,457</u>	<u>56,744</u>	<u>4,654</u>	<u>174,287</u>	<u>2,378,665</u>
<u>(206,509)</u>	<u>2,581</u>	<u>1,357</u>	<u>(76,724)</u>	<u>123,584</u>
-	-	-	-	2,728
-	-	-	-	-
<u>6,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,394</u>
<u>6,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,122</u>
<u>(199,953)</u>	<u>2,581</u>	<u>1,357</u>	<u>(76,724)</u>	<u>134,706</u>
-	-	-	100,000	100,000
-	-	-	-	(349,613)
<u>(199,953)</u>	<u>2,581</u>	<u>1,357</u>	<u>23,276</u>	<u>(114,907)</u>
<u>306,891</u>	<u>13,316</u>	<u>4,071</u>	<u>916,423</u>	<u>10,612,934</u>
<u>106,938</u>	<u>15,897</u>	<u>5,428</u>	<u>939,699</u>	<u>10,498,027</u>



City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2017

	<u>Business-Type Activities</u>	
	<u>Parking</u>	<u>Solid</u>
	<u>Meter</u>	<u>Waste</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 149,458	1,465,711
Payments to suppliers and employees	(138,891)	(1,061,618)
Other receipts	-	1,417
Net cash provided (used) by operating activities	<u>10,567</u>	<u>405,510</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers to other funds	-	(104,500)
Transfers from other funds	-	-
Net cash provided (used) in noncapital financing activities	<u>-</u>	<u>(104,500)</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	-	(7,401)
Intergovernmental receipts	-	-
Bond proceeds	-	-
Other receipts (payments)	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(7,401)</u>
<b>Cash flows from investing activities</b>		
Interest and dividends	<u>377</u>	<u>2,351</u>
Net cash provided by investing activities	<u>377</u>	<u>2,351</u>
Net increase (decrease) in cash and cash equivalents	10,944	295,960
Cash and cash equivalents - beginning of year	<u>93,415</u>	<u>498,106</u>
Cash and cash equivalents - end of year	<u>\$ 104,359</u>	<u>794,066</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>
505,207	165,391	57,738	5,542	87,226	75,674	2,511,947
(106,585)	(216,937)	(56,744)	(4,654)	(164,354)	(74,465)	(1,824,248)
421	6,556	-	-	-	-	8,394
<u>399,043</u>	<u>(44,990)</u>	<u>994</u>	<u>888</u>	<u>(77,128)</u>	<u>1,209</u>	<u>696,093</u>
(245,113)	(20,938)	-	-	-	-	(370,551)
-	-	-	-	100,000	-	100,000
<u>(245,113)</u>	<u>(20,938)</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(270,551)</u>
-	(216,160)	-	-	-	-	(223,561)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>(216,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,561)</u>
-	-	-	-	-	-	2,728
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,728</u>
153,930	(282,088)	994	888	22,872	1,209	204,709
<u>264,768</u>	<u>309,223</u>	<u>13,316</u>	<u>4,071</u>	<u>339,801</u>	<u>199,065</u>	<u>1,721,765</u>
<u>418,698</u>	<u>27,135</u>	<u>14,310</u>	<u>4,959</u>	<u>362,673</u>	<u>200,274</u>	<u>1,926,474</u>

(continued)

City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2017

	<u>Business-Type Activities</u>	
	<u>Parking</u>	<u>Solid</u>
	<u>Meter</u>	<u>Waste</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>		
Operating income (loss)	\$ 4,883	95,165
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	24,430	283,124
Change in assets and liabilities:		
Receivables, net	-	-
Prepaid expenses	-	-
Consumer deposits	-	-
Accounts and other payables	-	-
Salaries and benefits payable	-	-
Compensated absences	-	-
Net pension liability	-	-
Deferred outflows of resources	-	-
Deferred inflows of resources	-	-
Other postemployment benefits	-	-
Deferred revenue	-	-
Net cash provided (used) by operating activities	<u>\$ 29,313</u>	<u>378,289</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	\$ 104,359	794,066
Noncurrent assets:		
Restricted cash and pooled investments	<u>-</u>	<u>-</u>
Cash and cash equivalents at year end	<u>\$ 104,359</u>	<u>794,066</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>
302,831	(206,509)	2,581	1,357	(76,724)	-	123,584
97,194	208,512	-	-	32,457	-	645,717
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>400,025</u>	<u>2,003</u>	<u>2,581</u>	<u>1,357</u>	<u>(44,267)</u>	<u>-</u>	<u>769,301</u>
418,698	27,135	14,310	4,959	362,673	-	1,726,200
-	-	-	-	-	200,274	200,274
<u>418,698</u>	<u>27,135</u>	<u>14,310</u>	<u>4,959</u>	<u>362,673</u>	<u>200,274</u>	<u>1,926,474</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2017

General Obligation Bonds

Year Ending June 30,	Corporate Purpose & Refunding Issued May 16, 2016		Urban Renewal Refunding Issued August 26, 2010		Corporate Purpose Issued June 29, 2011	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rate	Amount
2018	5.00	1,255,000	2.35	230,000	1.95	200,000
2019	4.00	1,210,000	2.50	225,000	2.15	205,000
2020	3.00	1,260,000	2.70	230,000	2.35	215,000
2021	3.00	215,000	2.90	225,000	2.55	225,000
2022	3.00	220,000	3.00	250,000		-
2023	2.00	225,000		-		-
2024	2.00	230,000		-		-
2025	2.00	235,000		-		-
2026	2.00	235,000		-		-
2027		-		-		-
		<u>\$ 5,085,000</u>		<u>\$ 1,160,000</u>	Total	<u>\$ 845,000</u>

Year Ending June 30,	Go Refunding Issued May 16, 2013		Corporate Purpose Issued May 15, 2014		GO Crossover Refunding Issued June 20, 2016	
	Interest		Interest		Interest	
	Rate	Amount	Rate	Amount	Rate	Amount
2018	2.00	1,110,000	2.00	305,000	2.00	655,000
2019	2.00	1,120,000	2.00	370,000	2.00	665,000
2020	2.00	440,000	2.00	560,000	2.00	680,000
2021	2.00	340,000	3.00	570,000	2.00	695,000
2022	2.00	250,000	4.00	585,000	2.00	705,000
2023	2.00	100,000	2.00	675,000	2.00	720,000
2024		-	2.20	370,000	2.00	735,000
2025		-		-		-
2026		-		-		-
2027		-		-		-
Total		<u>\$ 3,360,000</u>		<u>\$ 3,435,000</u>		<u>\$ 4,855,000</u>

See accompanying independent auditor's report.

Schedule 6

Year Ending June 30,	Corporate Purpose Issued June 26, 2012	
	Interest Rate	Amount
2018	1.50	215,000
2019	1.50	225,000
2020	1.75	230,000
2021	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>\$ 3,655,000</u>

Total  
 3,970,000  
 4,020,000  
 3,615,000  
 2,510,000  
 2,260,000  
 1,975,000  
 1,600,000  
 515,000  
 1,075,000  
855,000  
\$ 22,395,000

City of Fort Dodge, Iowa  
Bond Maturities - Revenue Bonds  
June 30, 2016

Year Ending <u>June 30,</u>	<u>Sewer Bond Issue</u>		<u>Sewer Bond Issue</u>		<u>Sewer Bond Issue</u>		Year Ending <u>June 30,</u>
	<u>Issued Sep 30, 1999</u>		<u>Issued Sep 30, 1999</u>		<u>Issued Dec 20, 2002</u>		
	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	
2018	1.75	15,000	1.75	611,000	1.75	208,000	2018
2019	1.75	15,000	1.75	635,000	1.75	215,000	2019
2020	1.75	16,000	1.75	660,000	1.75	221,000	2020
2021	1.75	16,000	1.75	686,000	1.75	228,000	2021
2022	1.75	17,000	1.75	713,000	1.75	235,000	2022
2023		-		-	1.75	242,000	2023
2024		-		-		-	2024
2025		-		-		-	2025
2026		-		-		-	
2027		-		-		-	
2028		-		-		-	
2029		-		-		-	
2030		-		-		-	
2031		-		-		-	
2032		-		-		-	
2033		-		-		-	
2034		-		-		-	
2035		-		-		-	
2036		-		-		-	
2037		-		-		-	
2038		-		-		-	
2039		-		-		-	
2040		-		-		-	
2041		-		-		-	
<u>2042</u>		-		-		-	
2043		-		-		-	
2044		-		-		-	
2045		-		-		-	
2046		-		-		-	
Total		<u>\$ 79,000</u>		<u>\$ 3,305,000</u>		<u>\$ 1,349,000</u>	

See accompanying independent auditor's report.

<u>Sewer Bond Issue</u>		<u>Water Bond Issue</u>		<u>Water Bond Issue</u>		<u>Sewer Bond Issue</u>	
<u>Issued June 30, 2002</u>		<u>Issued Dec 12, 2003</u>		<u>Issued June 1, 2004</u>		<u>Issued Feb 28, 2014</u>	
<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
1.75	63,000	3.00	186,000	3.00	259,000	3.00	390,000
1.75	65,000	3.00	191,000	3.00	266,000	3.00	400,000
1.75	67,000	3.00	197,000	3.00	274,000	3.00	415,000
1.75	69,000	3.00	203,000	3.00	283,000	3.00	430,000
1.75	71,000	3.00	209,000	3.00	291,000	3.00	440,000
-	-	3.00	215,000	3.00	300,000	3.00	1,090,000
-	-		222,000	3.00	309,000	3.00	1,125,000
-	-		229,000	3.00	318,000	3.00	1,165,000
-	-		-		-	3.00	1,200,000
-	-		-		-	3.00	1,240,000
-	-		-		-	3.00	1,280,000
-	-		-		-	3.00	1,320,000
-	-		-		-	3.00	1,365,000
-	-		-		-	3.00	1,410,000
-	-		-		-	3.00	1,455,000
-	-		-		-	3.00	1,505,000
-	-		-		-	3.00	1,550,000
-	-		-		-	3.00	1,600,000
-	-		-		-	3.00	1,652,000
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
-	-		-		-		-
Total	\$ 335,000		\$ 1,652,000		\$ 2,300,000		\$ 21,032,000

(continued) See accompanying independent auditor's report.



City of Fort Dodge, Iowa  
Bond Maturities - Revenue Bonds  
June 30, 2017

Water Bond Issue		Sewer Improvement & Refunding		Sewer Revenue Bond		Sewer Revenue Bond	
Issued Oct 1, 2012		Issued Feb 19, 2016		Issued June 6, 2014		Issued Feb 16, 2016	
Interest		Interest		Interest		Interest	
<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>
2.00	755,000	1.00	1,272,000	1.85	351,000	3.00	413,000
2.00	770,000	1.00	1,285,000	1.85	367,000	3.00	426,000
2.00	786,000	1.00	1,296,000	1.85	374,000	3.00	439,000
2.00	801,000	1.00	1,310,000	1.85	381,000	3.00	452,000
2.00	817,000	1.00	1,324,000	1.85	388,000	3.00	465,000
2.00	834,000	1.00	1,338,000	1.85	395,000	3.00	479,000
2.00	851,000	1.00	1,351,000	1.85	403,000	3.00	494,000
2.00	868,000	1.00	1,364,000	1.85	410,000	3.00	509,000
2.00	885,000	1.00	1,376,000	1.85	417,000	3.00	524,000
2.00	903,000	1.00	1,390,000	1.85	425,000	3.00	540,000
2.00	921,000	1.00	1,405,000	1.85	433,000	3.00	556,000
2.00	939,000	1.00	1,420,000	1.85	441,000	3.00	572,000
2.00	958,000	1.00	1,434,000	1.85	449,000	3.00	590,000
2.00	977,000	1.00	1,449,000	1.85	457,000	3.00	607,000
2.00	552,497	1.00	1,463,000	1.85	466,000	3.00	625,000
-	-	1.00	1,457,286	1.85	474,000	3.00	644,000
-	-	-	-	1.85	918,604	3.00	664,000
-	-	-	-	-	-	3.00	683,000
-	-	-	-	-	-	3.00	704,000
-	-	-	-	-	-	3.00	725,000
-	-	-	-	-	-	3.00	747,000
-	-	-	-	-	-	3.00	769,000
-	-	-	-	-	-	3.00	792,000
-	-	-	-	-	-	3.00	816,000
-	-	-	-	-	-	3.00	841,000
-	-	-	-	-	-	3.00	866,000
-	-	-	-	-	-	3.00	892,000
-	-	-	-	-	-	3.00	919,000
-	-	-	-	-	-	3.00	916,323
	<u>\$ 12,617,497</u>		<u>\$ 21,934,286</u>		<u>\$ 7,549,604</u>		<u>\$ 18,669,323</u>

(continued)

See accompanying independent auditor's report.

Schedule 7

<u>Urban Renewal Tax Increment</u>		
<u>Issued June 20, 2012</u>		
Interest		
<u>Rates</u>	<u>Amount</u>	<u>Total</u>
3.98	130,000	4,653,000
3.98	135,000	4,770,000
	-	4,745,000
	-	4,859,000
	-	4,970,000
	-	4,893,000
	-	4,755,000
	-	4,863,000
	-	4,402,000
	-	4,498,000
	-	4,595,000
	-	4,692,000
	-	4,796,000
	-	4,900,000
	-	4,561,497
	-	4,080,286
	-	3,132,604
	-	2,283,000
	-	2,356,000
	-	725,000
	-	747,000
	-	769,000
	-	792,000
	-	816,000
	-	841,000
	-	866,000
	-	892,000
	-	919,000
	-	916,323
	<u>\$ 265,000</u>	<u>91,087,710</u>

Year Ending <u>June 30,</u>	Sewer Revenue Bond Issued June 6, 2014		Sewer Revenue Bond Issued Feb 16, 2016	
	Interest <u>Rates</u>	<u>Amount</u>	Interest <u>Rates</u>	
2018	1.85	351,000	3.00	560,970
2019	1.85	367,000	3.00	548,580
2020	1.85	374,000	3.00	535,800
2021	1.85	381,000	3.00	522,630
2022	1.85	388,000	3.00	509,070
2023	1.85	395,000	3.00	495,120
2024	1.85	403,000	3.00	480,750
2025	1.85	410,000	3.00	465,930
2026	1.85	417,000	3.00	450,660
2027	1.85	425,000	3.00	434,940
2028	1.85	433,000	3.00	418,740
2029	1.85	441,000	3.00	402,060
2030	1.85	449,000	3.00	384,900
2031	1.85	457,000	3.00	367,200
2032	1.85	466,000	3.00	348,990
2033		474,000	3.00	330,240
2034		918,604	3.00	310,920
2035		-	3.00	291,000
2036		-	3.00	270,510
2037		-	3.00	249,390
2038		-	3.00	227,640
2039		-	3.00	205,230
2040		-	3.00	182,160
2041		-	3.00	158,400
2042		-	3.00	133,920
2043		-	3.00	108,690
2044		-	3.00	82,710
2045		-	3.00	55,950
2046		-	3.00	28,380
		<u>\$ 7,549,604</u>		<u>\$ 9,561,480</u>

[illegible]

<u>Golf Course Revenue Notes</u>		
<u>Issued Jan 13, 2006</u>		
Interest		
<u>Rates</u>	<u>Amount</u>	<u>Total</u>
4.75	30,500	5,725,470
	-	5,820,580
	-	5,654,800
	-	5,762,630
	-	5,867,070
	-	5,783,120
	-	5,638,750
	-	5,738,930
	-	5,269,660
	-	5,357,940
	-	5,446,740
	-	5,535,060
	-	5,629,900
	-	5,724,200
	-	5,376,487
	-	4,884,526
	-	4,362,128
	-	2,574,000
	-	2,626,510
	-	974,390
	-	974,640
	-	974,230
	-	974,160
	-	974,400
	-	974,920
	-	974,690
	-	974,710
	-	974,950
	-	944,703
	<u>\$ 30,500</u>	<u>98,778,501</u>

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				
	2017	2016	2015	2014	2013
Revenues:					
Property tax	\$ 13,568,789	13,354,771	13,015,564	13,114,635	11,905,700
Tax increment financing revenue	2,013,315	1,569,976	1,419,219	1,464,088	1,189,531
Other city tax	4,812,461	4,195,742	5,161,380	4,812,143	3,833,165
Licenses and permits	418,049	465,372	535,690	388,159	529,018
Use of money and property	572,163	471,712	315,275	344,105	326,937
Intergovernmental	5,832,684	6,755,827	15,529,733	4,390,858	5,015,006
Charges for service	1,117,558	1,186,770	1,157,031	1,322,768	1,331,738
Miscellaneous	<u>4,056,601</u>	<u>3,114,194</u>	<u>2,171,709</u>	<u>2,393,713</u>	<u>1,638,670</u>
Total	<u>\$ 32,391,620</u>	<u>31,114,364</u>	<u>39,305,601</u>	<u>28,230,469</u>	<u>25,769,765</u>
Expenditures:					
Operating:					
Public safety	\$ 8,894,836	8,119,845	8,024,008	7,894,979	7,422,048
Public works	4,432,052	4,460,339	4,209,980	4,155,736	3,656,007
Health & social services	761,655	298,890	297,939	686,247	301,498
Culture and recreation	3,835,603	3,623,516	4,179,152	3,442,509	3,162,789
Community and economic development	2,689,452	2,285,527	3,520,962	2,755,825	5,433,594
General government	1,568,267	1,198,535	1,192,944	1,090,281	1,518,381
Debt service	9,950,311	8,956,543	4,865,785	8,251,054	4,250,319
Capital projects	<u>7,542,037</u>	<u>13,319,514</u>	<u>11,028,655</u>	<u>6,567,146</u>	<u>6,191,055</u>
Total	<u>\$ 39,674,213</u>	<u>42,262,709</u>	<u>37,319,425</u>	<u>34,843,777</u>	<u>31,935,691</u>

See accompanying independent auditor's report.

2012	2011	2010	2009	2008
10,695,253	9,495,874	9,065,686	9,412,453	9,309,408
1,057,524	994,554	960,077	1,021,218	924,879
3,781,601	3,246,525	2,471,570	2,345,915	2,255,230
303,300	282,277	366,910	334,673	323,123
344,015	372,350	420,807	457,355	588,086
4,772,715	5,332,928	3,364,048	4,018,906	3,877,250
1,251,367	965,547	1,006,957	1,048,258	1,164,134
<u>1,619,892</u>	<u>3,227,905</u>	<u>1,629,822</u>	<u>1,403,703</u>	<u>1,597,706</u>
<u>23,825,667</u>	<u>23,917,960</u>	<u>19,285,877</u>	<u>20,042,481</u>	<u>20,039,816</u>
7,319,101	6,462,486	6,127,327	6,355,575	6,628,544
3,336,965	3,438,283	7,653,552	5,171,592	3,451,734
340,102	347,086	434,575	525,065	881,082
3,459,938	3,330,371	3,188,913	2,896,431	2,675,303
4,734,874	4,201,872	3,821,149	2,580,400	5,130,808
1,381,422	1,279,686	1,491,143	1,311,200	1,500,704
3,842,588	3,429,197	3,195,141	1,633,892	1,699,934
<u>6,608,042</u>	<u>12,542,416</u>	<u>5,159,378</u>	<u>2,369,971</u>	<u>902,847</u>
<u>31,023,032</u>	<u>35,031,397</u>	<u>31,071,178</u>	<u>22,844,126</u>	<u>22,870,956</u>

City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2017

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	2015-DJ-BX-0459	3,214
Byrne Memorial Justice Assistance	16.738	2016-DJ-BX-0585	4,141
			<u>7,355</u>
Bulletproof Vest Partnership Program	16.607	FY 17	<u>1,715</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-30	223,975
Airport Improvement Program	20.106	3-19-0035-31	16,114
Airport Improvement Program	20.106	3-19-0035-32	594,119
Airport Improvement Program	20.106	3-19-0035-33	162,787
			<u>996,995</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	14SFNIA004	<u>162,514</u>
Environmental Protection Agency			
Brownsfield Assessment	66.818	97741101	<u>39,574</u>
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2015-FH-00406	<u>44,889</u>
Total Direct			<u>1,253,042</u>
Indirect:			
U.S. Department of Health and Human Services:			
Elderbridge Agency on Aging:			
Special programs for the Aging - Title IIIC			
Nutrition Services	93.045	FY 2017	<u>48,371</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Non-urban Operating Assistance Project	20.509	2016-018-269-17	367,220
Federal Capital Grant	20.509	85-0034-269-15	815
Intercity Bus Assistance Project	20.509	ICB CY 16	4,712
Transit Assistance Program	20.509	TF-2016/17	<u>2,746</u>
			<u>375,493</u>
Transit Assistance Program	20.526	2016-019-269-16	<u>62,972</u>

(continued)

City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2017

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 Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety Grants	20.600	16-402-M0PT	3,885
State and Community Highway Safety Grants	20.600	17-402-M0PT	19,500
			<u>23,385</u>
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grant/ State's	14.228	16-WS-006	530,330
Program and Non-Entitlement Grants to Hawaii			
 Total Indirect			<u>1,040,551</u>
 Total			<u>\$ 2,293,593</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	375,493
20.526	Transist Assistance Program	62,972
		<u>438,465</u>

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Fort Dodge under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Fort Dodge, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Fort Dodge.

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Fort Dodge has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



## Schedule of Expenditures of State Awards

Year ended June 30, 2017

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Air Service Development Program	18,735
Airport Infrastructure #15278	69,306
Traffic Safety Grant 2015-TS-004	192,864
RISE Grant RM-2690(617) -9D-94	<u>1,067,616</u>
	<u>1,348,521</u>
 Library:	
Open Access Grant	5,617
Enrich Iowa Grant	<u>5,999</u>
	<u>11,616</u>
 Total	 <u><u>\$ 1,360,137</u></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, 2017, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2018.

### 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-17 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, 2017 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 23, 2018

# 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 the Uniform Guidance

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) Compliance Supplement that could have a direct and material effect on the City of Fort Dodge's major federal program for the year ended June 30, 2017. 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 program 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 the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether 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 the 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, 2017.

### 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of 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 23, 2018

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

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

- (a) Unqualified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No 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 the Uniform Guidance Section 20.515.
- (g) The major program was CFDA Number 14.288 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (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, 2017

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

**SIGNIFICANT DEFICIENCIES:**

**II-A-17 Preparation of Financial Statements**

Criteria – 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).

Condition - The City does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes and statement of cash flows, as required by generally accepted accounting principles.

Cause - The staff has not obtained the expertise necessary to prepare the financial statements, including the accompanying footnotes.

Effect –The audit firm was requested to draft the financial statements and accompanying notes to the financial statements, which 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 and Corrective Action Plan – Management feels that committing the resources necessary to remain current on GAAP 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, 2017

**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-17     Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.
- IV-B-17     Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-17     Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

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

IV-D-17     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	6,744
	Repairs, Library	5,835
	Repairs, Airport	491
Cheryl Hurdel, Employee Owner of Cheryl's Favorite Things	Sewing	277
		<u>\$13,347</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 entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

The transactions with the rest of employees do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

IV-E-17     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.

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

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

- IV-F-17 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- IV-G-17 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-17 Revenue Bonds and Notes – No instances of non-compliance with the water and wastewater revenue note provisions were noted.
- IV-I-17 Financial Condition – The Special Revenue Funds, Tax Increment Financing, and City Grants had deficit balances of \$3,182,965 and \$175,431 respectively, and the Capital Projects, Construction Fund had a deficit balance of \$6,328,388 at June 30, 2017.

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-17 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.

City of Fort Dodge  
Summary Schedule of Prior Audit Findings  
Year ended June 30, 2017

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned correction action or other explanation
II-A-16	Preparation of financial statements	Not corrected.	See explanation and corrective action plan at II-A-17
IV-B-16	Questionable Disbursements	Corrected	N/A
IV-F-16	Council Minutes	Corrected	N/A
IV-I-16	Financial Condition	Not corrected	See explanation and corrective action plan at IV-I-17

City of Fort Dodge

Corrective Action Plan

Year Ended June 30, 2017

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
II-A-17	Preparation of financial statements	See response and corrective action plan at II-A-17	Jeff Nemmers City Clerk 515-576-4551	N/A
IV-B-17	Financial Condition	See response and corrective action plan at IV-B-17	Jeff Nemmers City Clerk 515-576-4551	06/30/2018