

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, 2019

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor’s Report		2-4
Management’s Discussion and Analysis		5-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	16-19
Statement of Activities	B	20-21
Governmental Funds Financial Statements:		
Balance Sheet	C	22-23
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	24
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	E	25-26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Governmental Funds to the Statement of Activities	F	27-28
Proprietary Funds Financial Statements:		
Statement of Net Position	G	29
Statement of Revenues, Expenses and Changes in Fund Net Position	H	30
Statement of Cash Flows	I	31-32
Fiduciary Funds Financial Statements:		
Statement of Fiduciary Net Position and Liabilities	J	33
Statement of Changes in Fiduciary Net Position	K	34
Notes to Financial Statements		35-85
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, Proprietary Funds and the Airport Authority		86-87
Budget to GAAP Reconciliation		88
Notes to Required Supplementary Information – Budgetary Reporting		89
Schedule of the City’s Proportionate Share of the Net Pension Liability- Iowa Public Employee’s Retirement System		90-91
Schedule of City Contributions – Iowa Public Employee’s Retirement System		92-93

Table of Contents (continued)

	<u>Page</u>
Required Supplementary Information (continued)	
Schedule of the City's Proportionate Share of the Net Pension Liability- Municipal Fire and Police Retirement System of Iowa	94-95
Schedule of City Contributions- Municipal Fire and Police Retirement System of Iowa	96-97
Notes to Required Supplementary Information – Pension Liability	98-100
Schedule of Changes in the City's IPERS Members OPEB Liability, Related Ratios and Notes	101
Schedule of Changes in the City's MFPRSI Members OPEB Liability, Related Ratios and Notes	102
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 103-106
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)	2 107-110
Nonmajor Proprietary Funds:	
Combining Statement of Net Position	3 111-112
Combining Schedule of Revenues, Expenses and Changes in Net Position	4 113-114
Combining Schedule of Cash Flows	5 115-118
Bond/Note Maturities:	
General Obligation Bonds	6 119-120
Revenue Bonds	7 121-124
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	8 125-126
Schedule of Expenditures of Federal Awards	9 127-129
Schedule of Expenditures of State Awards	10 130
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 <u>Government Auditing Standards</u>	131-132
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	133-134
Schedule of Findings and Questioned Costs	135-139
Summary Schedule of Prior Audit Findings	140
Corrective Action Plan	141

**City of Fort Dodge, Iowa
Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Matt Bemrich	Mayor	Dec 2021
Dave Flattery	Mayor Pro-Tem	Dec 2019
Lydia Schuur	Council Member	Dec 2021
Jeffrey Halter	Council Member	Dec 2021
Kim Alstott	Council Member	Dec 2019
Dean Hill	Council Member	Dec 2019
Terry Moehnke	Council Member	Dec 2019
Neven Conrad	Council Member	Dec 2019
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Mark Crimmins	City Attorney	Indefinite

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

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

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, 2019, 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, 2019, 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 Changes in the City's Total OPEB Liability on pages 5 through 15 and 86 through 102 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, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules I 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 25, 2020 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 25, 2020

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, 2019.

FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$143,413,189 at June 30, 2019
- 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. Notable completed projects included: HMA resurfacing of various streets in the City, 24th Ave N from North 15th St to Williams Drive, and PCC patching of various streets in the City. A few notable continuing construction projects during the fiscal year include: 8th Ave S Reconstruction, Fire Station Renovation, Ave B water main project, various trail improvement projects, and improvements to the 5th Ave N corridor.
- \$11,255,000 of General Obligation Bonds, Series 2019A was issued to fund street and storm water improvements, park improvements, city hall renovation, fire station improvements, trail improvements, building demolition, airport projects and equipment, police and fire equipment, and new ambulances.
- \$25,286,000 of State Revolving Fund (SRF) debt was issued to fund upgrades to the water treatment plant, providing RO water to our customers. An additional \$1,250,000 planning and design loan was approved by SRF to fund the Consumer Sewer Initiative Phase 2 projects which are estimated to be constructed for \$15,500,000.

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, 2019**

	Governmental Activities		Increase (Decrease)
	FY2019	FY2018	
Current Assets	\$ 47,841,425	\$ 39,727,980	\$ 8,113,445
Restricted Assets	\$ 0	\$ 0	\$ 0
Capital Assets	<u>\$ 89,386,053</u>	<u>\$ 83,430,717</u>	<u>\$ 5,955,336</u>
Total Assets	\$ 137,227,478	\$ 123,158,697	\$ 14,068,781
Deferred Outflows of Resources	<u>\$ 5,214,716</u>	<u>\$ 5,920,929</u>	<u>\$ 706,213</u>
Current Liabilities	\$ 4,077,337	\$ 2,337,593	\$ 1,739,744
Long Term Liabilities	<u>\$ 49,131,758</u>	<u>\$ 41,110,793</u>	<u>\$ 8,020,965</u>
Total Liabilities	\$ 53,209,095	\$ 43,448,386	\$ 9,760,709
Deferred Inflows of Resources	<u>\$ 18,657,280</u>	<u>\$ 19,169,471</u>	<u>\$ (512,191)</u>
Net Position:			
Invested in Capital Assets			
Net of related debt	\$ 56,511,053	\$ 56,825,717	\$ (314,664)
Restricted	\$ 18,589,382	\$ 14,677,722	\$ 3,911,660
Unrestricted	<u>\$ (4,524,616)</u>	<u>\$ (5,041,670)</u>	<u>\$ 517,054</u>
Total Net Position	<u>\$ 70,575,819</u>	<u>\$ 66,461,769</u>	<u>\$ 4,114,050</u>

Business Type Activities

	FY2019	FY2018	Increase (Decrease)
Current Assets	\$ 24,811,129	\$ 20,010,672	\$ 4,800,457
Restricted Assets	\$ 901,461	\$ 902,313	\$ (852)
Capital Assets	<u>\$ 153,037,069</u>	<u>\$ 146,094,320</u>	<u>\$ 6,942,749</u>
Total Assets	\$ 178,749,659	\$ 167,007,305	\$ 11,742,354
Deferred Outflows of Resources	<u>\$ 832,078</u>	<u>\$ 972,598</u>	<u>\$ (140,520)</u>
Current Liabilities	\$ 2,676,616	\$ 2,594,690	\$ 81,926
Long Term Liabilities	<u>\$ 103,686,313</u>	<u>\$ 98,178,765</u>	<u>\$ 5,507,548</u>
Total Liabilities	\$ 106,362,929	\$ 100,773,455	\$ 5,589,474
Deferred Inflows of Resources	<u>\$ 381,438</u>	<u>\$ 461,712</u>	<u>\$ (80,274)</u>
Net Position:			
Invested in Capital Assets			
Net of related debt	\$ 51,784,515	\$ 50,446,754	\$ 1,337,761
Restricted	\$ 548,648	\$ 543,731	\$ 4,917
Unrestricted	<u>\$ 20,504,207</u>	<u>\$ 15,754,251</u>	<u>\$ 4,749,956</u>
Total Net Position	<u>\$ 72,837,370</u>	<u>\$ 66,744,736</u>	<u>\$ 6,092,634</u>

Total Net Assets

	FY2019	FY2018	Increase (Decrease)
Current Assets	\$ 72,652,554	\$ 59,738,652	\$ 12,913,902
Restricted Assets	\$ 901,461	\$ 902,313	\$ (852)
Capital Assets	<u>\$ 242,423,122</u>	<u>\$ 229,525,037</u>	<u>\$ 12,898,085</u>
Total Assets	\$ 315,977,137	\$ 290,166,002	\$ 25,811,135
Deferred Outflows of Resources	<u>\$ 6,046,794</u>	<u>\$ 6,893,527</u>	<u>\$ (846,733)</u>
Current Liabilities	\$ 6,753,953	\$ 4,932,283	\$ 1,821,670
Long Term Liabilities	<u>\$ 152,818,071</u>	<u>\$ 139,289,558</u>	<u>\$ 13,528,513</u>
Total Liabilities	\$ 159,572,024	\$ 144,221,841	\$ 15,350,183
Deferred Inflows of Resources	<u>\$ 19,038,718</u>	<u>\$ 19,631,183</u>	<u>\$ (592,465)</u>
Net Assets:			
Invested in Capital Assets			
Net of related debt	\$ 108,295,568	\$ 107,272,471	\$ 1,023,097
Restricted	\$ 19,138,030	\$ 15,221,453	\$ 3,916,577
Unrestricted	<u>\$ 15,979,591</u>	<u>\$ 10,712,581</u>	<u>\$ 5,267,010</u>
Total Net Assets	<u>\$ 143,413,189</u>	<u>\$ 133,206,505</u>	<u>\$ 10,206,684</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 \$143,413,189 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 \$108,295,568. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$107,272,471, an increase of \$1,023,097.

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 \$19,138,030, an increase of \$3,916,577 from the prior year.

The remaining balance, unrestricted net position of \$15,979,591, 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 \$10,712,581, an increase of \$5,267,010. This is primarily due to an increase in capital expenditures and an increase of capital grants. The following is a more detailed review of the years' operation.

**Statement of Activities
City of Fort Dodge
June 30, 2019**

Governmental Activities

	FY2019	FY2018	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	3,228,461	2,073,567	1,154,894
Operating grants, contributions	5,110,502	5,406,775	(296,273)
Capital grants, contributions	3,442,533	1,099,169	2,343,364
General Revenues:			
Property tax	14,886,385	14,236,558	649,827
Other taxes	6,165,992	5,815,476	350,516
Interfund Transfers	581,288	2,050,878	(1,469,590)
Other	<u>2,871,636</u>	<u>2,649,712</u>	<u>221,924</u>
Total Revenues	36,286,797	33,332,135	2,954,662
Program Expenses:			
Public Safety	10,742,173	9,356,815	1,385,358
Public Works	7,616,475	7,498,828	117,647
Health and Social Services	109,881	579,879	(469,998)
Culture and Recreation	5,454,470	5,379,254	75,216
Comm & Econ Development	3,494,279	2,489,099	1,005,180
General Government	1,802,084	1,767,002	35,082
Debt Service	761,029	696,090	64,939
Capital Projects	<u>2,127,079</u>	<u>2,183,713</u>	<u>(56,634)</u>
Total Expenses	32,107,470	29,950,680	2,156,790
Increase (decrease) in net position	4,179,327	3,381,455	797,872
Net position at beginning of year (restated)	66,396,492	63,080,314	3,316,178
Net position at end of year	70,575,819	66,461,769	4,114,050

Revenues for governmental funds were \$2,954,662 more in the current fiscal year as compared to the prior fiscal year. The change in revenue was due to an increase in charges for service, capital grants and contributions, property taxes, local option sales tax, and miscellaneous receipts.

**Statement of Activities
City of Fort Dodge
June 30, 2019**

Business Type Activities

	FY2019	FY2018	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	23,220,564	22,063,121	1,157,443
Operating grants, contributions	-	-	-
Capital grants, contributions	-	-	-
General Revenues:			
Interfund Transfers	(1,221,188)	(2,049,778)	828,590
Other	<u>2,149,925</u>	<u>1,957,558</u>	<u>192,367</u>
Total Revenues	24,149,301	21,970,901	2,178,400
Program Expenses:			
Water	6,150,180	5,998,467	151,713
Sewer	10,243,965	9,834,996	408,969
Other non-major business type activities	<u>2,129,398</u>	<u>2,187,559</u>	<u>(58,161)</u>
Total Expenses	18,523,543	18,021,022	502,521
Increase in net position	5,625,758	3,949,879	1,675,879
Net position at beginning of year (as restated)	67,211,612	62,794,857	4,416,755
Net position at end of year	72,837,370	66,744,736	6,092,634

Revenues for business type activities increased by \$2,178,400 or 9.9% more than the previous fiscal year due to decreased interfund outflow transfers. Sewer rates increased 2% in FY19 while water rates increased 9% in FY19. A fixed rate charge was added to the water fund rate in January 2019 to fund a Reverse Osmosis (RO) water system project.

Expenses increased \$502,521 from the prior year as a result of increased operational expenses in both the water and sewer plant operations.

**Statement of Activities
City of Fort Dodge
June 30, 2019**

Total Government and Business Type Activities

	FY2019	FY2018	Increase (Decrease)
Revenues:			
Program Revenues			
Charges for service	26,449,025	24,136,688	2,312,337
Operating grants, contributions	5,110,502	5,406,775	(296,273)
Capital grants, contributions	3,442,533	1,099,169	2,343,364
General Revenues:			
Property tax	14,886,385	14,236,558	649,827
Other taxes	6,165,992	5,815,476	350,516
Interfund Transfers	(639,900)	1,100	(641,000)
Other	<u>5,021,561</u>	<u>4,607,270</u>	<u>414,291</u>
Total Revenues	60,436,098	55,303,036	5,133,062
Program Expenses:			
Public Safety	10,742,173	9,356,815	1,385,358
Public Works	7,616,475	7,498,828	117,647
Health and Social Services	109,881	579,879	(469,998)
Culture and Recreation	5,454,470	5,379,254	75,216
Comm & Econ Development	3,494,279	2,489,099	1,005,180
General Government	1,802,084	1,767,002	35,082
Debt Service	761,029	696,090	64,939
Capital Projects	2,127,079	2,183,713	(56,634)
Water	6,150,180	5,998,467	151,713
Sewer	10,243,965	9,834,996	408,969
Other non-major business type activities	<u>2,129,398</u>	<u>2,187,559</u>	<u>(58,161)</u>
Total Expenses	50,631,013	47,971,702	2,659,311
Increase in net position	9,805,085	7,331,334	2,473,751
Net position at beginning of year (as restated)	133,608,104	125,875,171	7,732,933
Net position at end of year	143,413,189	133,206,505	10,206,684

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 \$26,967,014, an increase of \$6,070,215 from the prior year. Of this total amount there is unreserved fund balance of \$743,263. This is primarily due a general fund positive balance with negative balances in the TIF special revenue fund and the capital projects, construction fund. There is also \$7,518,103 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 \$5,061,356, an increase of \$43,099. This increase was primarily due to the monitoring and managing of expenses. The total general fund balance was \$5,826,250. 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 43.9% of total general fund expenditures (\$11,520,634), while total fund balance represents 50.6% 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 \$4,356,543 a decrease of \$12,907 from the prior year. The decrease was due to additional professional bonding fees above tax receipt income.

The Jurisdictional Fund ended the year with a fund balance of \$7,518,103, an increase of \$177,563 from last year. The increase was due to interest income from internal loans.

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 \$2,705,974 compared to an increase of \$1,398,284 from the previous fiscal year. Water rates increased 9% in FY19. A fixed rate charge was added to the water fund rate in January 2019 to fund a Reverse Osmosis (RO) water system project. Expenses increased slightly from the prior year as a result of increased operational costs in water plant operations.

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 \$2,708,353 compared to an increase of \$2,724,211 in the previous fiscal year. A 2% rate increase was enacted in FY19 as well as a continued \$15/month per customer community sewer infinitive (CSI) charge. Operational expenses decreased because of plant operational efficiencies.

BUDGETARY HIGHLIGHTS

During the current fiscal year, the City of Fort Dodge amended the budget twice to account for a new ambulance service as well as 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 \$89,386,053 and \$153,037,069 respectively, for a combined total of \$242,423,122. See Note 3 to the financial statements for additional information regarding the City's capital assets.

Long-term Debt

At June 30, 2019, the City of Fort Dodge had \$34,910,00 of long-term debt outstanding in its governmental activities, compared to \$27,675,000 at June 30, 2018. The increase of \$7,235,000 is attributable to the repayment of debt and the issuance of General Obligation Bonds, Series 2019A. 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 \$57,192,262 for FY19 of which the City has utilized 61% including TIF rebate agreements.

Total long-term debt for business type activities was \$99,232,554 an increase of \$5,835,942 from the previous fiscal year which is attributable to both the issuance and repayment of debt. New issuances were for a construction loan for a Reverse Osmosis (RO) water system and a planning and a design loan sewer loan for another phase of the Community Sewer Initiatives (CSI).

ECONOMIC FACTORS

For the upcoming fiscal year ending June 30, 2021, the City's taxable property valuation increased by \$33,768,758 or 4.8%. 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 55.0743% 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 FY21 budget with the expectation that the appropriated state backfill amounts will be received. The City's tax levy rate was reduced in FY21 to \$20.17 from \$20.42 in FY20 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 1st 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, 2019

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 32,077,712	16,220,194	48,297,906
Receivables:			
Property tax:			
Delinquent	140,424	-	140,424
Succeeding year	14,562,015	-	14,562,015
Tax increment financing:			
Delinquent	15,702	-	15,702
Succeeding year	2,329,267	-	2,329,267
Customer accounts	-	4,915,550	4,915,550
Accounts	504,193	-	504,193
Due from other governments	1,759,342	-	1,759,342
Due from other funds	(3,663,496)	3,663,496	-
Inventories	27,320	-	27,320
Prepaid expenses	88,946	11,889	100,835
Restricted assets:			
Cash and pooled investments	-	901,461	901,461
Capital assets (net of accumulated depreciation)	<u>89,386,053</u>	<u>153,037,069</u>	<u>242,423,122</u>
Total assets	<u>137,227,478</u>	<u>178,749,659</u>	<u>315,977,137</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>5,214,716</u>	<u>832,078</u>	<u>6,046,794</u>
Liabilities			
Accounts payable	3,239,099	2,139,086	5,378,185
Salaries and benefits payable	513,918	180,126	694,044
Interest payable	94,208	153,729	247,937
Liabilities payable from restricted assets:			
Customer deposits	-	199,084	199,084
Unearned revenue	230,112	4,591	234,703

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
116,371	4,584,136	4,700,507
2,341	-	2,341
260,335	-	260,335
-	-	-
-	-	-
3,020	-	3,020
9,482	-	9,482
-	-	-
-	-	-
-	-	-
<u>17,998,121</u>	<u>-</u>	<u>17,998,121</u>
<u>18,389,670</u>	<u>4,584,136</u>	<u>22,973,806</u>
<u>97,214</u>	<u>-</u>	<u>97,214</u>
-	298	298
13,260	-	13,260
-	-	-
-	-	-
-	-	-

City of Fort Dodge, Iowa
Statement of Net Position
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business- Type Activities	
Liabilities (continued)			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	4,215,000	-	4,215,000
Revenue bonds/notes payable	-	5,120,000	5,120,000
Compensated absences	938,888	376,103	1,314,991
Portion due or payable after one year:			
General obligation bonds/notes	28,660,000	2,020,000	30,680,000
Revenue bonds/notes payable	-	94,112,554	94,112,554
Bond premium	2,320,688	-	2,320,688
Compensated absences	297,085	-	297,085
Net pension liability	12,192,943	1,993,239	14,186,182
Net OPEB liability	507,154	70,930	578,084
Total liabilities	<u>53,209,095</u>	<u>106,369,442</u>	<u>159,578,537</u>
Deferred Inflows of Resources			
Unavailable revenues:			
Deferred inflows	1,765,998	374,925	2,140,923
Succeeding year property tax	14,562,015	-	14,562,015
Tax increment financing	2,329,267	-	2,329,267
Total deferred inflows of resources	<u>18,657,280</u>	<u>374,925</u>	<u>19,032,205</u>
Net Position			
Invested in capital assets, net of related debt	56,511,053	51,784,515	108,295,568
Restricted for:			
Nonexpendable:			
Parks Trust	25,000	-	25,000
Expendable:			
Debt service	1,395,071	-	1,395,071
Street improvements and repairs	3,980,473	-	3,980,473
Urban renewal	2,422,325	-	2,422,325
Major repairs and construction	6,796,708	-	6,796,708
Revenue note retirement	-	548,648	548,648
Other purposes	3,969,805	-	3,969,805
Unrestricted	(4,524,616)	20,504,207	15,979,591
Total net position	<u>\$ 70,575,819</u>	<u>72,837,370</u>	<u>143,413,189</u>

See notes to financial statements.

(continued)
Exhibit A

Component Units		
Airport Authority	Other (Modified Cash)	Total
-	-	-
-	-	-
52,045	-	52,045
15,000	-	15,000
-	-	-
-	-	-
-	-	-
233,925	-	233,925
8,867	-	8,867
<u>323,097</u>	<u>298</u>	<u>323,395</u>
49,979	-	49,979
260,335	-	260,335
-	-	-
<u>310,314</u>	<u>-</u>	<u>310,314</u>
17,983,121	-	17,983,121
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(129,648)	4,583,838	4,454,190
<u>17,853,473</u>	<u>4,583,838</u>	<u>22,437,311</u>

City of Fort Dodge, Iowa
Statement of Activities
Year ended June 30, 2019

		Program Revenues		
Functions/Programs:	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Primary Government:				
Governmental activities:				
Public safety	\$ 10,742,173	2,099,289	260,575	79,530
Public works	7,616,475	8,130	3,902,096	115,286
Health and social services	109,881	-	246,693	-
Culture and recreation	5,454,470	986,719	122,121	128,267
Community and economic development	3,494,279	81,180	54,895	201,312
General government	1,802,084	53,143	397,696	500
Interest on long-term debt	761,029	-	126,426	-
Capital projects	2,127,079	-	-	2,917,638
Total governmental activities	32,107,470	3,228,461	5,110,502	3,442,533
Business type activities:				
Water	6,150,180	8,292,599	-	-
Sewer	10,243,965	12,452,353	-	-
Other non-major	2,129,398	2,475,612	-	-
Total business type activities	18,523,543	23,220,564	-	-
Total primary government	\$ 50,631,013	26,449,025	5,110,502	3,442,533
Component Units:				
Airport Authority	\$ 1,567,385	158,948	33,521	1,908,773
Other (modified cash)	289,280	69,379	94,620	-
Total component units	\$ 1,856,665	228,327	128,141	1,908,773
General Revenues:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted investment earnings, operating grants				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year (as restated)				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
Governmental	Business Type		Units
<u>Activities</u>	<u>Activities</u>	<u>Total</u>	
(8,302,779)	-	(8,302,779)	-
(3,590,963)	-	(3,590,963)	-
136,812	-	136,812	-
(4,217,363)	-	(4,217,363)	-
(3,156,892)	-	(3,156,892)	-
(1,350,745)	-	(1,350,745)	-
(634,603)	-	(634,603)	-
790,559	-	790,559	-
<u>(20,325,974)</u>	<u>-</u>	<u>(20,325,974)</u>	<u>-</u>
-	2,142,419	2,142,419	-
-	2,208,388	2,208,388	-
-	346,214	346,214	-
-	4,697,021	4,697,021	-
<u>(20,325,974)</u>	<u>4,697,021</u>	<u>(15,628,953)</u>	<u>-</u>
-	-	-	533,857
-	-	-	(125,281)
-	-	-	408,576
11,348,195	-	11,348,195	251,623
3,538,190	-	3,538,190	-
2,374,694	-	2,374,694	-
3,791,298	-	3,791,298	-
694,354	259,680	954,034	215,009
2,177,282	1,890,245	4,067,527	169,407
581,288	(1,221,188)	(639,900)	639,900
<u>24,505,301</u>	<u>928,737</u>	<u>25,434,038</u>	<u>1,275,939</u>
4,179,327	5,625,758	9,805,085	1,684,515
<u>66,396,492</u>	<u>67,211,612</u>	<u>133,206,505</u>	<u>20,752,796</u>
<u>\$ 70,575,819</u>	<u>72,837,370</u>	<u>143,413,189</u>	<u>22,437,311</u>

City of Fort Dodge, Iowa
Balance Sheet
Governmental Funds
June 30, 2019

Assets	Special Revenue		
	General	Local Option Tax Sales Tax	Tax Increment Financing
Cash, cash equivalents and pooled investments	\$ 5,541,901	1,309,188	5,371,614
Receivables:			
Property tax:			
Delinquent	69,275	-	-
Succeeding year	6,864,677	-	-
Tax increment financing:			
Delinquent	-	-	15,702
Succeeding year	-	-	2,329,267
Accounts	458,022	1,304	532
Due from other funds	146,200	-	-
Due from other governments	293,163	344,810	-
Inventories	27,320	-	-
Prepaid expenses	69,107	-	-
	<u>\$13,469,665</u>	<u>1,655,302</u>	<u>7,717,115</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 172,958	318,955	478,067
Salaries payable and benefits payable	401,714	-	-
Due to other funds	145,021	-	8,532,504
Total liabilities	<u>719,693</u>	<u>318,955</u>	<u>9,010,571</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,864,677	-	-
Tax increment financing	-	-	2,329,267
Other	59,045	-	-
Total deferred inflows of resources	<u>6,923,722</u>	<u>-</u>	<u>2,329,267</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	69,107	-	-
Inventories	27,320	-	-
Parks Trust	-	-	-
Restricted for:			
Debt service	-	-	-
Street improvement and repairs	-	1,336,347	-
Urban renewal	-	-	-
Employee benefits	-	-	-
Capital improvements	-	-	-
Other purposes	668,467	-	-
Assigned	-	-	-
Unassigned	5,061,356	-	(3,622,723)
Total fund balances	<u>5,826,250</u>	<u>1,336,347</u>	<u>(3,622,723)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$13,469,665</u>	<u>\$1,655,302</u>	<u>7,717,115</u>

See notes to financial statements.

Exhibit C

Debt Service	Capital Projects			Other Nonmajor Governmental Funds	Total
	Jurisdictional Transfer	Capital Improvement	Construction Fund		
789,512	1,131,668	6,272,109	3,493,744	8,167,976	32,077,712
33,207	-	-	-	37,942	140,424
3,533,038	-	-	-	4,164,300	14,562,015
-	-	-	-	-	15,702
-	-	-	-	-	2,329,267
786	1,127	34,673	3,480	4,269	504,193
-	6,385,308	36,262	750,000	1,903,136	9,220,906
-	-	61,247	666,056	394,066	1,759,342
-	-	-	-	-	27,320
-	-	19,252	-	587	88,946
<u>4,356,543</u>	<u>7,518,103</u>	<u>6,423,543</u>	<u>4,913,280</u>	<u>14,672,276</u>	<u>60,725,827</u>
20,531	-	474,693	1,422,973	350,922	3,239,099
-	-	-	-	112,204	513,918
-	-	21,200	4,185,677	-	12,884,402
<u>20,531</u>	<u>-</u>	<u>495,893</u>	<u>5,608,650</u>	<u>463,126</u>	<u>16,637,419</u>
3,533,038	-	-	-	4,164,300	14,562,015
-	-	-	-	-	2,329,267
-	-	110,559	-	60,508	230,112
<u>3,533,038</u>	<u>-</u>	<u>110,559</u>	<u>-</u>	<u>4,224,808</u>	<u>17,121,394</u>
-	-	19,252	-	587	88,946
-	-	-	-	-	27,320
-	-	-	-	25,000	25,000
802,974	-	-	-	592,097	1,395,071
-	-	-	-	2,644,126	3,980,473
-	-	-	-	2,422,325	2,422,325
-	-	-	-	2,663,954	2,663,954
-	-	5,797,839	-	998,869	6,796,708
-	-	-	-	637,384	1,305,851
-	7,518,103	-	-	-	7,518,103
-	-	-	(695,370)	-	743,263
<u>802,974</u>	<u>7,518,103</u>	<u>5,817,091</u>	<u>(695,370)</u>	<u>9,984,342</u>	<u>26,967,014</u>
<u>4,356,543</u>	<u>7,518,103</u>	<u>6,423,543</u>	<u>4,913,280</u>	<u>14,672,276</u>	<u>60,725,827</u>

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

June 30, 2019

Total governmental fund balances (page 22) \$ 26,967,014

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. 89,386,053

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	5,214,716	
Deferred inflows of resources	<u>(1,765,998)</u>	3,448,718

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	(35,195,688)
Compensated absences	(1,235,973)
Accrued interest payable	(94,208)
Net pension liability	(12,192,943)
Net OPEB liability	<u>(507,154)</u>

Net Position of Governmental Activities (Page 17) \$ 70,575,819

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, 2019

	General	Special Revenue	
		Local Option Sales Tax	Tax Increment Financing
Revenues:			
Property tax (173039)	\$ 6,623,472	-	-
Tax increment financing	-	-	2,404,046
Other city tax	764,488	3,791,298	-
Licenses and permits	468,913	-	-
Use of money and property	368,448	22,048	9,722
Intergovernmental (7335)	591,586	-	41,031
Charges for service	2,295,469	-	-
Miscellaneous	1,141,455	-	61,896
Total revenues	<u>12,253,831</u>	<u>3,813,346</u>	<u>2,516,695</u>
Expenditures:			
Operating:			
Public safety	7,075,098	-	-
Public works	290,462	-	-
Health and social services	2,985	-	-
Culture and recreation	2,609,555	-	-
Community and economic development	544,703	-	4,377,421
General government	997,831	-	-
Debt service	-	-	-
Capital projects	-	2,420,472	38,276
Total expenditures	<u>11,520,634</u>	<u>2,420,472</u>	<u>4,415,697</u>
Excess (deficiency) of revenues over (under) expenditures	733,197	1,392,874	(1,899,002)
Other financing sources (uses):			
Bond proceeds	-	-	4,065,000
Operating transfers in	1,005,570	-	21,178
Operating transfers out	(1,014,208)	(1,253,940)	(644,332)
Total other financing sources (uses)	<u>(8,638)</u>	<u>(1,253,940)</u>	<u>3,441,846</u>
Change in fund balances	724,559	138,934	1,542,844
Fund balances (deficit) beginning of year	<u>5,101,691</u>	<u>1,197,413</u>	<u>(5,165,567)</u>
Fund balances (deficit) end of year	<u>\$ 5,826,250</u>	<u>1,336,347</u>	<u>(3,622,723)</u>

See notes to financial statements.

Exhibit E

Debt Service	Capital Projects			Other Nonmajor Governmental Funds	Total
	Jurisdictional Transfer	Capital Improvement	Construction Fund		
3,538,190	-	-	-	3,924,216	14,085,878
-	-	-	-	-	2,404,046
-	-	-	-	6,667	4,562,453
-	-	-	-	-	468,913
366	176,105	-	33,364	84,276	694,329
-	-	159,169	2,716,312	4,748,571	8,256,669
-	-	407,079	-	-	2,702,548
143,059	-	516,574	70,000	561,882	2,494,866
<u>3,681,615</u>	<u>176,105</u>	<u>1,082,822</u>	<u>2,819,676</u>	<u>9,325,612</u>	<u>35,669,702</u>
-	-	1,191,889	-	2,998,281	11,265,268
-	-	162,596	-	4,527,022	4,980,080
-	-	-	-	97,719	100,704
-	-	939,572	-	960,737	4,509,864
-	-	40,000	-	506,361	5,468,485
-	-	266,022	-	303,915	1,567,768
5,295,282	-	-	-	-	5,295,282
-	-	272,719	5,793,778	669,885	9,195,130
<u>5,295,282</u>	<u>-</u>	<u>2,872,798</u>	<u>5,793,778</u>	<u>10,063,920</u>	<u>42,382,581</u>
(1,613,667)	176,105	(1,789,976)	(2,974,102)	(738,308)	(6,712,879)
153,967	-	4,401,999	2,239,843	700,000	11,560,809
1,465,749	22,636	439,354	1,253,940	681,951	4,890,378
-	(21,178)	(462,262)	-	(272,172)	(3,668,092)
<u>1,619,716</u>	<u>1,458</u>	<u>4,379,091</u>	<u>3,493,783</u>	<u>1,109,779</u>	<u>12,783,095</u>
6,049	177,563	2,589,115	519,681	371,471	6,070,216
<u>796,925</u>	<u>7,340,540</u>	<u>3,227,976</u>	<u>(1,215,051)</u>	<u>9,612,871</u>	<u>20,896,798</u>
<u>802,974</u>	<u>7,518,103</u>	<u>5,817,091</u>	<u>(695,370)</u>	<u>9,984,342</u>	<u>\$ 26,967,014</u>

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

Year ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 6,070,216
(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	\$ 10,954,719	
Depreciation expense	<u>(5,709,154)</u>	5,245,565

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	(11,560,952)	
Long-term debt principal repaid	4,567,000	
Accrued interest	<u>(56,827)</u>	(7,050,779)

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

Year ended June 30, 2019

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	159,080	
Compensated absences	1,688	
Other postemployment benefits	(13,379)	
Pension expense	<u>(233,064)</u>	
		<u>(85,675)</u>

Change in Net Position of Governmental Activities (Page 20) \$ 4,179,327

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit G

	Enterprise Funds			Totals
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,791,782	7,777,588	2,650,824	16,220,194
Accounts receivable	1,690,206	2,703,240	522,104	4,915,550
Prepaid expenses	3,991	4,495	3,403	11,889
Due from other funds	934,225	2,729,271	-	3,663,496
Total current assets	<u>8,420,204</u>	<u>13,214,594</u>	<u>3,176,331</u>	<u>24,811,129</u>
Noncurrent assets:				
Restricted cash and cash equivalents	362,615	339,762	199,084	901,461
Capital assets (net of accumulated depreciation)	42,454,449	100,589,491	9,993,129	153,037,069
Total noncurrent assets	<u>42,817,064</u>	<u>100,929,253</u>	<u>10,192,213</u>	<u>153,938,530</u>
Total assets	<u>51,237,268</u>	<u>114,143,847</u>	<u>13,368,544</u>	<u>178,749,659</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>450,153</u>	<u>236,933</u>	<u>144,992</u>	<u>832,078</u>
Liabilities				
Current liabilities:				
Accounts payable	1,788,467	306,231	44,388	2,139,086
Salaries and benefits payable	94,795	49,086	36,245	180,126
Compensated absences	226,230	46,782	103,091	376,103
Unearned revenue	-	-	4,591	4,591
Payable from restricted net assets:				
Bonds, notes and loans payable	1,398,000	3,722,000	-	5,120,000
Consumer deposits	-	-	199,084	199,084
Interest payable	27,467	126,262	-	153,729
Total current liabilities	<u>3,534,959</u>	<u>4,250,361</u>	<u>387,399</u>	<u>8,172,719</u>
Noncurrent liabilities:				
Bonds, notes and loans payable	20,188,580	73,923,974	2,020,000	96,132,554
Net pension liability	1,140,907	486,170	366,162	1,993,239
Net OPEB liability	47,286	8,867	14,777	70,930
Total noncurrent liabilities	<u>21,376,773</u>	<u>74,419,011</u>	<u>2,400,939</u>	<u>98,196,723</u>
Total liabilities	<u>24,911,732</u>	<u>78,669,372</u>	<u>2,788,338</u>	<u>106,369,442</u>
Deferred Inflows of Resources				
Unavailable revenues:				
Pension related deferred inflows	<u>209,986</u>	<u>82,255</u>	<u>82,684</u>	<u>374,925</u>
Total deferred inflows of resources	<u>209,986</u>	<u>82,255</u>	<u>82,684</u>	<u>374,925</u>
Net position				
Invested in capital assets, net of related debt	20,867,869	22,943,517	7,973,129	51,784,515
Restricted for:				
Revenue note retirement	335,148	213,500	-	548,648
Unrestricted	<u>5,362,686</u>	<u>12,472,136</u>	<u>2,669,385</u>	<u>20,504,207</u>
Total net position	<u>\$ 26,565,703</u>	<u>35,629,153</u>	<u>10,642,514</u>	<u>72,837,370</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, 2019

Exhibit H

	Enterprise Funds			<u>Totals</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
Operating revenues:				
Charges for services	\$ 8,292,599	12,452,353	2,567,543	23,312,495
Miscellaneous	1,131,064	635,714	19,926	1,786,704
Total operating revenues	<u>9,423,663</u>	<u>13,088,067</u>	<u>2,587,469</u>	<u>25,099,199</u>
Operating expenses:				
Business type activities:				
Cost of sales and services	4,697,961	5,444,173	1,659,900	11,802,034
Depreciation	991,254	2,962,726	469,498	4,423,478
Total operating expenses	<u>5,689,215</u>	<u>8,406,899</u>	<u>2,129,398</u>	<u>16,225,512</u>
Operating income	<u>3,734,448</u>	<u>4,681,168</u>	<u>458,071</u>	<u>8,873,687</u>
Non-operating revenues (expenses):				
Interest and investment revenue	77,405	158,024	24,251	259,680
Interest expense	(460,965)	(1,837,066)	-	(2,298,031)
Miscellaneous revenues	-	-	11,610	11,610
Total non-operating revenue (expenses)	<u>(383,560)</u>	<u>(1,679,042)</u>	<u>35,861</u>	<u>(2,026,741)</u>
Net income before transfers	3,350,888	3,002,126	493,932	6,846,946
Operating transfers in	4,008	27,604	101,759	133,371
Operating transfers out	(648,922)	(321,377)	(384,260)	(1,354,559)
Change in net position	2,705,974	2,708,353	211,431	5,625,758
Net position beginning of year (as restated)	<u>23,859,729</u>	<u>32,920,800</u>	<u>10,431,083</u>	<u>67,211,612</u>
Net position end of year	<u>\$ 26,565,703</u>	<u>35,629,153</u>	<u>10,642,514</u>	<u>72,837,370</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2019

Exhibit I

	Enterprise Funds			Total
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Cash Flows From Operating Activities				
Receipts from customers	\$ 9,162,464	12,975,772	2,591,234	24,729,470
Payments to suppliers and employees	(3,533,291)	(6,178,017)	(1,704,958)	(11,416,266)
Other receipts	-	-	4,574	4,574
	<u>5,629,173</u>	<u>6,797,755</u>	<u>890,850</u>	<u>13,317,778</u>
Net cash provided (used) by operating activities				
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	(648,922)	(321,377)	(384,260)	(1,354,559)
Transfers from other funds	4,008	27,604	101,759	133,371
	<u>(644,914)</u>	<u>(293,773)</u>	<u>(282,501)</u>	<u>(1,221,188)</u>
Net cash provided (used) in noncapital financing activities				
Cash Flows From Capital and Related Financing Activities				
Proceeds from capital debt	4,100,008	5,570,080	1,000,000	10,670,088
Purchase of capital assets	(5,581,514)	(4,289,441)	(1,600,015)	(11,470,970)
Principal paid on capital debt	(1,362,100)	(3,633,000)	-	(4,995,100)
Interest paid on capital debt	(358,763)	(1,842,617)	-	(2,201,380)
Principal received from interfund loans	-	311,368	-	311,368
New interfund loan	(934,225)	(580,734)	11,610	(1,503,349)
	<u>(4,136,594)</u>	<u>(4,464,344)</u>	<u>(588,405)</u>	<u>(9,189,343)</u>
Net cash (used) by capital and related financing activities				
Cash Flows From Investing Activities				
Interest and dividends	77,405	158,024	24,251	259,680
Net cash provided by investing activities	<u>77,405</u>	<u>158,024</u>	<u>24,251</u>	<u>259,680</u>
Net increase (decrease) in cash and cash equivalents	925,070	2,197,662	44,195	3,166,927
Cash and cash equivalents beginning of year	<u>5,229,327</u>	<u>5,919,688</u>	<u>2,805,714</u>	<u>13,954,729</u>
Cash and cash equivalents end of year	<u>\$ 6,154,397</u>	<u>8,117,350</u>	<u>2,849,909</u>	<u>17,121,656</u>

(continued)

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2019

Exhibit I

	Enterprise Funds			<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income	\$ 3,734,448	4,681,168	458,071	8,873,687
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	991,254	2,962,726	469,498	4,423,478
Change in assets and liabilities:				
Receivables, net	(261,199)	(112,295)	(55,524)	(429,018)
Prepaid expenses	(521)	(1,092)	686	(927)
Net pension liability	(10,152)	(6,787)	(2,727)	(19,666)
Deferred outflows of resources	79,120	43,566	17,834	140,520
Deferred inflows of resources	(40,963)	(28,402)	(10,909)	(80,274)
Consumer deposits	-	-	(2,420)	(2,420)
Accounts and other payables	1,173,213	(748,903)	(11,545)	412,765
Salaries and benefits payable	46,883	13,145	18,746	78,774
Compensated absences	(81,005)	(5,034)	11,122	(74,917)
Other postemployment benefits	(1,905)	(337)	(595)	(2,837)
Deferred revenue	-	-	(1,387)	(1,387)
Net cash provided (used) by operating activities	<u>\$ 5,629,173</u>	<u>6,797,755</u>	<u>890,850</u>	<u>13,317,778</u>
Reconciliation of cash and cash equivalents at year end to specific assets included in the statement of net position:				
Current assets:				
Cash and pooled investments	\$ 5,791,782	7,777,588	2,650,824	16,220,194
Noncurrent assets:				
Cash and pooled investments	<u>362,615</u>	<u>339,762</u>	<u>199,084</u>	<u>901,461</u>
Cash and cash equivalents at year end	<u>\$ 6,154,397</u>	<u>8,117,350</u>	<u>2,849,908</u>	<u>17,121,655</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Fiduciary Net Position and Liabilities
Fiduciary Funds
June 30, 2019

Exhibit J

	Trust Funds <u> </u> Coleman <u>Water & Sewer</u>
<u>Assets</u>	
Cash	\$ 369
Receivables:	
Accounts	<u>1,138</u>
Total assets	<u>\$ 1,507</u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 370</u>
 <u>Net Position</u>	
Held in trust	<u>1,137</u>
Total liabilities and net position	<u>\$ 1,507</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, 2019

Exhibit K

	Trust Funds <u> </u> Coleman <u>Water & Sewer</u>
Additions:	
Fees collected	<u>\$ 4,466</u>
Deductions:	
Fees remitted	<u>4,892</u>
Change in net position	(426)
Net position - Beginning of year	<u>1,563</u>
Net position - End of year	<u><u>\$ 1,137</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

(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, 2019

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, 2019

Details of these component units are as follows:

	W.H. Johnston Foundation	Blanden Charitable Foundation	Total
Cash and pooled investments	\$ 2,139,476	2,444,660	4,584,136
Other liabilities	---	(298)	(298)
Net assets	<u>\$ 2,139,476</u>	<u>2,444,362</u>	<u>4,583,838</u>
Operating grants, contributions and restricted interest	\$ 181,329	194,898	376,227
Program expenses	<u>(139,753)</u>	<u>(149,527)</u>	<u>(289,280)</u>
Net change	41,576	45,371	86,947
Beginning net assets	<u>2,097,900</u>	<u>2,398,991</u>	<u>4,496,891</u>
Ending net assets	<u>\$ 2,139,476</u>	<u>2,444,362</u>	<u>4,583,838</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, 2019

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, 2019

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.

Capital Projects:

The Construction and Capital Improvement Funds are 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, 2019

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, 2019

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, 2019

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 and tax increment financing receivables are 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 and tax increment financing receivables represents taxes collected by the County but not remitted to the City at June 30, 2019 and unpaid taxes. The succeeding year property tax and tax increment financing receivables 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 and tax increment financing receivables have 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2018.

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, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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

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

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

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

<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, 2019

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 year(s) which 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 and OPEB 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, 2019. 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, 2019

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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Fort Dodge's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned – All amounts not included in the preceding classifications.

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

Subsequent Events – Subsequent events have been evaluated through March 25, 2020 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, 2019

(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, 2019, the City had investments as follows:

	Carrying Amount	Fair Value	Maturity
FNMA, Federal Home Mortgage	<u>5,379,795</u>	<u>5,298,774</u>	Various

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

Depository accounts	\$33,106,527
Certificate of deposit	25,000
IPAIT	10,769,435
Investments	<u>5,298,774</u>
	<u>\$ 49,199,736</u>
Cash, cash equivalents and investments	\$ 48,297,906
Trust and agency fund cash	369
Restricted cash, cash equivalents and pooled investments	<u>901,461</u>
	<u>\$ 49,199,736</u>

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2019

Deposits and investments for the discretely presented units is as follows:

Depository accounts	\$ 355,328
Mutual funds	4,262,349
Alternative investments	<u>82,830</u>
	<u>\$ 4,700,507</u>

Included in the statement of net position captions as follows:

Cash, cash equivalents and pooled investments	<u>\$ 4,700,507</u>
---	---------------------

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, 2019 consist of FNMA's and Federal Home Mortgage securities of \$5,298,774 which are valued using quoted market prices (Level 1 inputs). The component units' mutual funds and alternative investments of \$4,345,179 are valued at significant observable inputs (Level 2 inputs).

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$10,769,435 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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 City to meet its anticipated cash requirements. The City does not have a policy specific to concentration of credit risk. At June 30, 2019, 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, 2019 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, 2019

(3) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

Primary Government	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,492,753	-	-	2,492,753
Construction in progress	9,802,794	10,131,929	(385,867)	19,548,856
Works of art	<u>28,509</u>	<u>-</u>	<u>-</u>	<u>28,509</u>
Total capital assets not being depreciated	<u>12,324,056</u>	<u>10,131,929</u>	<u>(385,867)</u>	<u>22,070,118</u>
Capital assets being depreciated:				
Buildings	14,054,087	30,548	-	14,084,635
Improvements other than buildings	11,419,077	385,867	-	11,804,944
Machinery, equipment and vehicles	11,627,302	1,397,292	(509,961)	12,514,633
Infrastructure	<u>97,356,533</u>	<u>-</u>	<u>-</u>	<u>97,356,533</u>
Total capital assets being depreciated	<u>134,456,999</u>	<u>1,813,707</u>	<u>(509,961)</u>	<u>135,760,745</u>
Less accumulated depreciation for:				
Buildings	9,795,030	182,613	-	10,003,395
Improvements other than buildings	4,286,414	517,880	-	4,778,542
Machinery, equipment and vehicles	9,075,789	775,812	(495,402)	9,356,199
Infrastructure	<u>40,088,384</u>	<u>4,218,290</u>	<u>-</u>	<u>44,306,674</u>
Total accumulated depreciation	<u>63,245,617</u>	<u>5,694,595</u>	<u>(495,402)</u>	<u>68,444,810</u>
Total capital assets being depreciated, net	<u>71,211,382</u>	<u>(3,880,888)</u>	<u>(14,559)</u>	<u>67,315,935</u>
Governmental activities capital assets, net	<u>\$ 83,535,438</u>	<u>6,251,041</u>	<u>(400,426)</u>	<u>89,386,053</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

Capital assets activity for the year ended June 30, 2019 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	214,800	-	266,855
Construction in progress	<u>37,039,764</u>	<u>11,021,377</u>	<u>-</u>	<u>48,061,141</u>
Total capital assets not being depreciated	<u>37,091,819</u>	<u>11,236,177</u>	<u>-</u>	<u>48,327,996</u>
Capital assets being depreciated:				
Buildings	23,926,645	-	-	23,926,645
Machinery and equipment	5,896,359	234,770	(698,588)	5,432,541
Infrastructure	<u>118,088,745</u>	<u>-</u>	<u>-</u>	<u>118,088,745</u>
Total capital assets being depreciated	<u>147,911,749</u>	<u>234,770</u>	<u>(698,588)</u>	<u>147,447,931</u>
Less accumulated depreciation for:				
Buildings	10,342,632	1,006,338	-	11,348,970
Machinery and equipment	4,220,383	479,205	(593,865)	4,105,723
Infrastructure	<u>24,346,230</u>	<u>2,937,935</u>	<u>-</u>	<u>27,284,165</u>
Total accumulated depreciation	<u>38,909,245</u>	<u>4,423,478</u>	<u>(593,865)</u>	<u>42,738,858</u>
Total capital assets being depreciated, net	<u>109,002,504</u>	<u>(4,188,708)</u>	<u>(104,723)</u>	<u>104,709,073</u>
Business type activities capital assets, net	<u>\$ 146,094,323</u>	<u>7,047,469</u>	<u>(104,723)</u>	<u>153,037,069</u>

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2019

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

Governmental activities:	
Public safety	\$ 427,922
Public works, which includes the depreciation of general infrastructure assets	3,248,321
Culture and recreation	1,453,155
Community and economic development	413,383
General government	<u>151,814</u>
Total depreciation expense – governmental activities	<u>\$ 5,694,595</u>
Business type activities:	
Water	\$ 991,254
Sewer	2,962,726
Non-major business type activities	<u>469,498</u>
Total depreciation expense – business type activities	<u>\$ 4,423,478</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

<u>Discretely presented component units</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 2,120,388	-	-	2,120,388
Construction in progress	<u>1,299,044</u>	<u>2,042,467</u>	<u>(697,747)</u>	<u>2,643,764</u>
Total capital assets not being depreciated	<u>3,419,432</u>	<u>2,042,467</u>	<u>(697,747)</u>	<u>4,764,152</u>
Capital assets being depreciated:				
Buildings	655,852	697,747	-	1,353,599
Machinery and equipment	1,739,425	199,137	(7,400)	1,931,162
Infrastructure	<u>17,275,797</u>	<u>-</u>	<u>-</u>	<u>17,275,797</u>
Total capital assets being depreciated	<u>19,671,074</u>	<u>896,884</u>	<u>(7,400)</u>	<u>20,560,558</u>
Less accumulated depreciation for:				
Buildings	178,906	35,811	-	214,717
Machinery and equipment	1,443,789	75,735	(7,400)	1,512,124
Infrastructure	<u>4,707,598</u>	<u>892,150</u>	<u>-</u>	<u>5,599,748</u>
Total accumulated depreciation	<u>6,330,293</u>	<u>1,003,696</u>	<u>(7,400)</u>	<u>7,326,589</u>
Total capital assets being depreciated, net	<u>13,340,781</u>	<u>(106,812)</u>	<u>-</u>	<u>13,233,969</u>
Business type activities capital assets, net	<u>\$ 16,760,213</u>	<u>1,935,655</u>	<u>(697,747)</u>	<u>17,998,121</u>
Total depreciation expense – airport authority				\$ 1,003,696

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 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	\$ 26,640,000	10,255,000	4,020,000	32,875,000	4,215,000
Revenue notes	135,000	-	135,000	-	-
Compensated absences	1,237,490	945,773	947,290	1,235,973	938,888
Net pension liability	11,800,597	392,346	-	12,192,943	-
Net OPEB liability	<u>486,937</u>	<u>20,217</u>	<u>-</u>	<u>507,154</u>	<u>-</u>
Total	<u>\$ 40,300,024</u>	<u>11,613,336</u>	<u>5,102,290</u>	<u>46,811,070</u>	<u>5,153,888</u>

	Balance Beginning of Year, <u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance End of Year	Due Within One Year
Business type activities:					
Revenue bonds/notes:					
Water	\$ 17,552,717	5,395,963	1,362,100	21,586,580	1,398,000
Sewer	75,708,895	5,570,079	3,633,000	77,645,974	3,722,000
General obligation bonds/notes:	1,020,000	1,000,000	-	2,020,000	-
Compensated absences	451,020	244,655	319,572	376,103	376,103
Net pension liability	2,012,905	-	19,666	1,993,239	-
Net OPEB liability	<u>67,274</u>	<u>-</u>	<u>2,857</u>	<u>64,417</u>	<u>-</u>
Total	<u>\$ 96,812,811</u>	<u>12,210,697</u>	<u>5,337,195</u>	<u>103,686,313</u>	<u>5,496,103</u>

The sewer revenue note the balance noted above includes interim financing of \$885,770.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

	Balance Beginning <u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	Balance End <u>of Year</u>	Due Within <u>One Year</u>
Component Unit – Airport					
General obligation bond	15,000	-	-	15,000	-
Net pension liability	236,536	-	2,614	233,922	-
Net OPEB liability	<u>8,410</u>	<u>457</u>	<u>-</u>	<u>8,867</u>	<u>-</u>
Total	<u>259,946</u>	<u>457</u>	<u>2,614</u>	<u>257,789</u>	<u>-</u>

General obligation bonds/notes

Ten issues of unmatured general obligation bonds/notes, totaling \$27,675,000, are outstanding at June 30, 2019. General obligation bonds/notes bear interest rates ranging from .40 percent to 5.00 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, 2038.

Details of general obligation bonds/notes payable at June 30, 2019 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, 2019</u>
General obligation bonds/notes:						
Corporate purpose	Jun 29, 2011	.40-2.55%	Jun 30, 2021	160,000-225,000	1,920,000	\$ 440,000
Corporate purpose	Jun 26, 2012	1.00-2.50%	Jun 30, 2027	100,000-855,000	4,370,000	3,215,000
Urban renewal refunding Bond	Aug 26, 2010	1.00-3.00%	Jun 30, 2022	210,000-250,000	2,595,000	705,000
Refunding bond	May 16, 2013	2.00%	Jun 30, 2023	100,000-1,120,000	7,830,000	1,130,000
Corporate purpose	May 15, 2014	2.00%	Jun 30, 2024	310,000-675,000	4,430,000	2,760,000
Corporate purpose refund	June 01, 2016	2.00-5.00%	Jun 30, 2026	235,000-1,160,000	6,245,000	2,620,000
Refunding bond	June 20, 2016	2.00%	Jun 30, 2026	655,000-735,000	4,855,000	3,535,000
Business activities:						
Corporate purpose	June 26, 2018	3.00-4.00%	Jun 30, 2029	315,000-570,000	4,880,000	4,880,000
Corporate purpose	June 26, 2018	3.00-4.20%	Jun 30, 2038	165,000-620,000	4,370,000	4,370,000
Corporate purpose	June 27, 2019	3.00-5.00%	Jun 30, 2030	120,000-1,260,000	11,255,000	<u>11,255,000</u>
Total Government activities						<u>\$ 34,910,000</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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

Year Ending	General Obligation			
	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020		4,215,000	1,130,488	5,345,488
2021		4,205,000	1,056,425	5,261,425
2022		3,920,000	918,413	4,838,413
2023		3,595,000	783,350	4,378,350
2024		3,275,000	674,950	3,949,950
2025-2029		11,960,000	1,915,148	13,875,148
2030-2034		2,545,000	439,235	2,984,235
2035-3038		<u>1,195,000</u>	<u>127,020</u>	<u>1,322,020</u>
		<u>\$ 34,910,000</u>	<u>7,045,029</u>	<u>41,955,029</u>

As of June 30, 2019, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	\$ <u>1,143,853,238</u>
Debt limit – 5% of total actual valuation	57,192,662
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(34,910,000)</u>
Legal debt margin	\$ <u>22,282,662</u>

Revenue bonds/notes

Fourteen issues of unmatured revenue bonds/notes totaling \$98,346,784 are outstanding at June 30, 2019. These bond/notes bear interest at rates of .75 - 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, 2046.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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, 2019, 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 \$76,760,204 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 \$97,302,353. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$5,349,460 and \$7,323,394, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$21,588,580 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 \$23,986,347. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$1,682,245 and \$4,725,702, respectively.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

Details of revenue notes payable at June 30, 2019 are as follows:

Business type activities:	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Originally Issued	Outstanding June 30, 2019
Revenue bonds/notes:						
Sewer revenue CW9809R	Sep 30, 1999	1.75%	Dec 1, 2021	15,000-17,000	\$ 243,597	49,000
Sewer revenue CW9116R	Sep 30, 1999	1.75%	Dec 1, 2021	611,000-713,000	10,142,403	2,059,000
Sewer revenue CW0118R	Sep 30, 2002	1.75%	Dec 1, 2021	63,000-71,000	1,331,000	207,000
Sewer revenue CW0304R	Dec 20, 2001	1.75%	Jun 30, 2023	208,000-242,000	3,705,000	926,000
Sewer revenue C0585RT	Feb 28, 2014	3.00%	Jun 30, 2033	355,000-1,652,000	22,467,000	20,242,000
Sewer revenue C0604RT	Jun 6, 2014	1.85%	Jun 1, 2035	351,000-918,604	5,639,479	6,828,000
Water revenue DW030224R	Dec 12, 2003	3.00%	Dec 1, 2024	130,000-229,000	3,500,000	1,275,000
Water revenue MD12R	Jun 1, 2004	1.75%	Dec 1, 2024	133,000-318,000	5,133,000	1,775,000
Water revenue D0254R	Oct 1, 2012	2.00%	Jun 1, 2033	128,685-977,000	14,372,685	11,250,000
Sewer revenue C0495R	Feb 19, 2016	1.00%	Jun 30, 2033	1,259,000-1,463,000	25,575,000	19,380,000
Sewer revenue C0720RT	Feb 16, 2016	3.00%	Jun 30, 2032	401,000-916,323	19,100,000	17,860,000
Sewer revenue C0845RT	May 2, 2018	3.00%	June 30, 2035	148,895-357,000	4,755,895	9,209,204
Water revenue	April 26, 2018	1.75%	June 30, 2028	215,100-251,000	2,105,717	2,924,097
Water revenue	Jun 10, 2019	2.00%	June 30, 2027	435,000-1,105,000	4,362,483	4,362,483
Total business type activities						<u>98,346,784</u>

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

Year Ending

June 30,	Revenue		
	Principal	Interest	Total
2020	5,120,100	2,054,425	7,174,425
2021	5,757,000	1,964,829	7,721,829
2022	5,883,000	1,862,295	7,745,295
2023	5,826,000	1,764,570	7,590,570
2024	5,602,000	1,654,743	7,256,743
2025-2029	28,126,580	6,674,526	34,801,106
2030-2034	23,761,000	4,050,743	27,811,743
2035-2039	9,321,000	1,906,001	11,227,001
2040-2044	6,470,000	910,391	7,380,391
2045-2046	<u>2,480,204</u>	<u>99,395</u>	<u>2,579,599</u>
	<u>\$98,346,784</u>	<u>22,941,916</u>	<u>121,288,700</u>

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2019

5) Interim Financing

The City received a \$1,250,000 planning and design loan for the sewer utility to design a sewer improvement project. This loan has zero percent interest for up to three years and the balance will be added to the project loan when construction is started. The balance at June 30, 2019 was \$885,770.

6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use	\$ 5,336
	SSMID	3,000
	Capital Projects:	
	Capital Improvements	453,893
	Enterprise:	
	Water	196,964
	Sewer	281,377
	Solid Waste	<u>65,000</u>
		<u>1,005,570</u>
Special Revenue:	Capital Projects:	
TIF	Jurisdictional Transfer	<u>21,178</u>
Employee Benefits	General	346,873
	Capital Projects:	
	Capital Improvements	<u>997</u>
		<u>347,870</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

Special Revenue:		
Hotel/Motel Tax	General	<u>116,053</u>
Debt Service:	General	24,200
	Special Revenue:	
	TIF	644,332
	Debt Service:	
	Harlan Rogers Sinking	124,500
	Enterprise:	
	Water	411,957
	Solid Waste	11,100
	Storm Water	<u>249,660</u>
		<u>1,465,749</u>
Debt Service:		
Harlan Rogers Sinking	General	<u>218,028</u>
Capital Projects:		
Capital Improvements	General	309,054
	Special Revenue:	
	Road Use	58,700
	Debt Service	
	Harlan Rogers Sinking	33,000
	Enterprise:	
	Water	15,000
	Sewer	15,000
	Solid Waste	7,500
	Component unit:	
	Airport	<u>1,100</u>
		<u>439,354</u>
Jurisdictional Transfer	Special Revenue:	
	City Grants	<u>22,636</u>
Construction Fund	Special Revenue:	
	LOST	<u>1,253,940</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

Central Garage:	Special Revenue:	
	Road Use	25,000
	Enterprise:	
	Water	25,000
	Sewer	25,000
	Solid Waste	25,000
	Capital Projects:	
	Capital Improvements	<u>1,759</u>
		<u>101,759</u>
Enterprise:	Capital Projects:	
Water	Capital Improvements	<u>4,008</u>
Sewer	Capital Projects:	
	Capital Improvements	1,604
	Enterprise:	
	Storm Water	<u>26,000</u>
		<u>27,604</u>
Total		\$ <u>5,023,749</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, 2019

(7) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Hotel/Motel Tax	General	\$ 36,262
Debt Service: Harlan Rogers Sinking	General	72,497
Capital Projects: Capital Improvements Construction Fund	General Special Revenue: TIF	36,262 750,000
General	Special Revenue: TIF Capital Projects: Capital Improvements	125,000 21,200
Special Revenue: Urban Renewal Community Development	Special Revenue: TIF TIF	1,664,377 130,000
Enterprise: Sewer Water	Special Revenue: TIF TIF	2,729,271 934,225
Capital Projects: Jurisdictional Improvements	Capital Projects: Construction Fund Special Revenue: TIF	4,185,677 <u>2,199,631</u>
		<u>\$ 12,884,402</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

(8) 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.

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 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% 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, 2019

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

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the City contributed 9.44 percent for a total rate of 15.73 percent. Protective occupation members contributed 6.81 percent pay and the City contributed 10.21 percent for a total rate of 17.02 percent.

The City's contributions to IPERS for the year ended June 30, 2019 were \$639,450.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$5,226,488 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City’s collective proportion was 0.082616 %, which was an increase of 0.002568% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$708,147. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 28,656	\$ 118,127
Changes of assumptions	745,591	752,582
Net difference between projected and actual earnings on pension plan investments	608,975	168,311
Changes in proportion and difference between City contributions and proportionate share of contributions	186,359	-
City contributions subsequent to the measurement date	<u>636,025</u>	<u>-</u>
Total	<u>\$ 2,205,606</u>	<u>\$ 1,039,020</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

\$554,320 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2020	\$ 363,155
2021	194,279
2022	(46,364)
2023	14,785
2024	<u>4,706</u>
Total	<u>\$ 530,561</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 % per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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 investment expense and inflation) are developed for each major asset class.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	<u>3.0</u>	3.11
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.0%. 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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City’s proportionate share of net pension liability	\$ 8,870,400	\$ 5,226,488	\$ 2,169,787

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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. 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.

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

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

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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. 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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, 2019.

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 26.02 % for the year ended June 30, 2019.

The City's contributions to MFPRSI for the year ended June 30, 2019 were \$1,231,913.

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 non-employer contributing entity in accordance with the provisions of GASB Statement No. 67 – Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2019.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

Net Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$9,193,619 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City’s proportion was 1.544099%, which was an increase of 0.049485% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$1,386,601. At June 30, 2019, 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	\$ 246,804	\$ 124,716
Changes of assumptions	785,229	73,468
Net difference between projected and actual earnings on pension plan investments	1,358,038	908,338
Changes in proportion and difference between City contributions and proportionate share of contributions	316,423	45,360
City contributions subsequent to the measurement date	<u>1,231,908</u>	<u>-</u>
Total	<u>\$ 3,938,402</u>	<u>\$ 1,151,882</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

\$1,231,913 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2020	\$ 902,752
2021	523,246
2022	(42,880)
2023	140,099
2024	<u>31,395</u>
Total	<u>\$ 1,554,612</u>

Actuarial assumptions – The total pension liability in the June 30, 2018 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2017.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set-back zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50 percent of Scale BB beginning in 2017.

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, 2019

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

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 <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City’s proportionate share of net pension liability	\$ 13,339,240	\$ 9,193,619	\$ 4,105,252

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

(9) 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 778 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, 2019 were \$452,409.

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, 2019

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, 2019, no liability has been disclosed in the City's financial statements. As of June 30, 2019, 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, 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 amount of \$177,938. 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, 2019

(10) Deficit Balances

As of June 30, 2019, funds with deficit balances were as follows:

Special Revenue, Tax Increment Financing	\$ (3,622,723)
Capital Projects, Construction Fund	(695,370)

The deficit balances are a result of costs exceeding the revenues. 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.

(11) Related Parties

The City had business transactions between the City and City officials totaling \$10,150 during the year ended June 30, 2019.

(12) Subsequent Events

After the end of the fiscal year through the audit report date, March 25, 2020 the City accepted bid for a sewer construction project of approximately \$2.4 million to be paid from issuance of revenue bonds. The City also approved issuance of \$3.5 million of a G.O. urban renewal bond and \$344,000 one day loan for various projects and equipment.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

(13) Commitments and Contingencies

As of June 30, 2019, the City had the following estimated commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitments</u>
CSI Hydraulic Upgrades G10 & MOS	\$ 1,680,000
Municipal Building – Tuckpointing	50,000
8 th Ave S Reconstruction	1,997,000
South Central Drainage	54,000
5 th Ave South Corridor	219,000
N 1 st St Bridge	191,000
Hydro Dam Removal	792,000
Little Dam Removal	135,000
Miscellaneous Trail Projects	755,000
Avenue B Water Main	28,000
Water Softening Project	16,960,000
Fire Station Renovation	1,050,000
Miscellaneous Street Projects	176,000

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2019

(14) Other Postemployment Benefits (OPEB)

Iowa Public Employees Eligible Participants

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	112
Total	<u>123</u>

Total OPEB Liability - The City's total OPEB liability of \$276,450 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rate of salary increase (effective June 30, 2019)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	8.50% initial rate decreasing by .5% annually to an ultimate rate of 5.0%

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

Discount Rate - The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH -2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>288,716</u>
Changes for the year:	
Service cost	17,054
Interest	10,949
Recognition of deferred inflows/outflows	(17,654)
Benefit payments	<u>(22,615)</u>
Net changes	<u>(12,266)</u>
Total OPEB liability end of year	\$ <u>276,450</u>

There were no change of assumptions from 2018 to 2019.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	<u>1% Decrease (2.72%)</u>	<u>Discount Rate (3.72%)</u>	<u>1% Increase (4.72%)</u>
Total OPEB liability	\$ 246,073	276,450	311,765

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	<u>1%</u> <u>Decrease</u> <u>(5.00%)</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rate</u> <u>(6.00%)</u>	<u>1%</u> <u>Increase</u> <u>(7.00%)</u>
Total OPEB liability	\$ 267,090	276,450	257,454

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$23,944. At June 30, the City reported deferred inflows of \$27,953 due to demographic/economic changes

The amount reported as deferred inflows of resources related to OPEB will be recognized as a decrease in OPEB expense as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2020	4,059
2021	4,059
2022	4,059
2023	2,156
Thereafter	<u>13,620</u>
	<u>27,953</u>

Municipal Fire and Police Eligible Participants

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>75</u>
Total	<u>84</u>

Total OPEB Liability - The City's total OPEB liability of \$291,003 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	3.0% per annum.
Rate of salary increase (effective June 30, 2019)	3.0% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	8.50% initial rate decreasing by .5% annually to an ultimate rate of 5.0%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH -2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>273,905</u>
Changes for the year:	
Service cost	17,379
Interest	10,539
Recognition of deferred inflows	5,196
Benefit payments	<u>(16,016)</u>
Net changes	<u>17,098</u>
Total OPEB liability end of year	\$ <u>291,003</u>

There were no change of assumptions from 2018 to 2019.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	<u>1% Decrease (2.72%)</u>	<u>Discount Rate (3.72%)</u>	<u>1% Increase (4.72%)</u>
Total OPEB liability	\$ 324,588	291,003	261,674

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.00%)</u>	<u>Healthcare Cost Trend Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Total OPEB liability	\$ 249,812	291,003	341,395

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$28,415. At June 30, the City reported deferred outflows of \$8,455 due to demographic/economic changes

The amount reported as deferred inflows of resources related to OPEB will be recognized as a decrease in OPEB expense as follows:

Year ending June 30,	Amount
2020	497
2021	497
2022	497
2023	284
Thereafter	<u>6,680</u>
	<u>8,455</u>

(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, 2019, the City abated \$109,684 of property tax under the urban renewal and economic development projects.

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2019

(16) Restatement

As of the beginning of the fiscal year, the Ambulance was transferred from an enterprise activity to the general fund. This resulted in the fixed assets and bonds being transferred from enterprise to the entity wide statement. The business type activities, Water Fund was also restated to reclassify capital projects expensed in a prior year:

	Governmental Activities	Business Type Activities
Net Position June 30, 2018, as previously reported	\$ 66,461,769	66,744,736
Transfer Ambulance Net assets	(65,277)	65,277
Reclassify Capital Asset	_____ -	_____ 401,599
Net position July 1, 2017 as restated	\$ <u>66,396,492</u>	<u>67,211,612</u>

(17) Prospective Accounting Changes

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 enhance 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.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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2019

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 Governmental Accounting Standards Board has issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This statement will be implemented for the fiscal year ending June 30, 2019. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement will improve financial reporting to users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

The Governmental Accounting Standards Board has issued Statement No.89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement will be implemented for the fiscal year ending June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period.

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, 2019

	Governmental Fund Types	Proprietary Fund Type - Enterprise	Component Unit - Airport Authority	Total
Receipts:				
Property tax	\$ 13,517,945	-	251,610	13,769,555
Tax increment financing	2,394,720	-	-	2,394,720
Other city tax	5,187,759	-	-	5,187,759
Licenses and permits	480,163	-	-	480,163
Use of money and property	444,157	223,353	60,616	728,126
Intergovernmental	7,622,903	-	2,303,381	9,926,284
Charges for service	2,107,717	23,769,258	158,953	26,035,928
Special assessments	16,632	4,222	-	20,854
Miscellaneous	6,673,664	979,865	110,854	7,764,383
Total receipts	<u>38,445,660</u>	<u>24,976,698</u>	<u>2,885,414</u>	<u>66,307,772</u>
Disbursements:				
Public safety	9,898,499	-	-	9,898,499
Public works	4,632,472	-	755,865	5,388,337
Health and social services	284,115	-	-	284,115
Culture and recreation	3,494,605	-	-	3,494,605
Community and economic development	5,222,109	-	-	5,222,109
General government	1,108,275	-	-	1,108,275
Debt service	5,548,082	-	-	5,548,082
Capital projects	12,570,704	-	2,242,506	14,813,210
Business type activities	-	28,130,405	-	28,130,405
Total disbursements	<u>42,758,861</u>	<u>28,130,405</u>	<u>2,998,371</u>	<u>73,887,637</u>
Excess (deficiency) of receipts over (under) disbursements	(4,313,201)	(3,153,707)	(112,957)	(7,579,865)
Other financing sources, net	<u>11,110,396</u>	<u>3,200,138</u>	<u>639,900</u>	<u>14,950,434</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	6,797,195	46,431	526,943	7,370,569
Balances beginning of year	<u>25,361,533</u>	<u>13,255,672</u>	<u>(410,575)</u>	<u>38,206,630</u>
Balances end of year	<u>\$ 32,158,728</u>	<u>13,302,103</u>	<u>116,368</u>	<u>45,577,199</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
13,776,388	13,776,388	(6,833)
2,451,394	2,451,394	(56,674)
5,246,394	5,361,394	(173,635)
427,650	427,650	52,513
373,684	373,684	354,442
8,069,600	8,269,600	1,656,684
25,163,364	26,184,307	(148,379)
-	-	20,854
<u>2,039,270</u>	<u>2,294,270</u>	<u>5,470,113</u>
<u>57,547,744</u>	<u>59,138,687</u>	<u>7,169,085</u>
8,712,453	12,167,396	2,268,897
5,447,199	6,479,199	1,090,862
304,815	604,815	320,700
3,443,082	4,816,082	1,321,477
2,102,480	7,812,980	2,590,871
1,071,104	2,126,604	1,018,329
5,538,883	6,462,883	914,801
16,359,166	19,059,166	4,245,956
<u>38,010,442</u>	<u>45,070,442</u>	<u>16,940,037</u>
<u>80,989,624</u>	<u>104,599,567</u>	<u>30,711,930</u>
(23,441,880)	(45,460,880)	37,881,015
<u>17,841,000</u>	<u>38,360,000</u>	<u>(23,409,566)</u>
(5,600,880)	(7,100,880)	14,471,449
<u>34,998,425</u>	<u>34,998,425</u>	<u>3,208,205</u>
<u>29,397,545</u>	<u>27,897,545</u>	<u>17,679,654</u>

City of Fort Dodge, Iowa
 Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2019

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Enterprise		
				Cash Basis	Accrual Adjust- ments	Accrual Basis
Revenues	\$ 38,445,660	(2,775,958)	35,669,702	24,976,698	393,791	25,370,489
Expenditures/Expenses	<u>42,758,861</u>	<u>(376,280)</u>	<u>42,382,581</u>	<u>28,130,405</u>	<u>(9,606,862)</u>	<u>18,523,543</u>
Net	(4,313,201)	(2,399,678)	(6,712,879)	(3,153,707)	10,000,653	6,846,946
Other financing sources (uses) (net)	11,110,396	1,672,699	12,783,095	3,200,138	(4,421,326)	(1,221,188)
Beginning fund balances	<u>25,361,533</u>	<u>(4,464,735)</u>	<u>20,896,798</u>	<u>13,255,672</u>	<u>53,955,940</u>	<u>67,211,612</u>
Ending fund balances	<u>\$ 32,158,728</u>	<u>(5,191,714)</u>	<u>26,967,014</u>	<u>13,302,103</u>	<u>59,535,267</u>	<u>72,837,370</u>

	Component Unit		
	Airport		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 2,885,414	(360,361)	2,525,053
Expenses	<u>2,998,371</u>	<u>(1,430,986)</u>	<u>1,567,385</u>
Net	(112,957)	1,070,625	957,668
Other financing sources (uses)	639,900	-	639,900
Beginning fund balance	<u>(410,575)</u>	<u>16,681,480</u>	<u>16,255,905</u>
Ending fund balance	<u>\$ 116,368</u>	<u>17,752,105</u>	<u>17,853,473</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2019

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 \$19,630,000 and budgeted disbursements by \$19,630,000. The 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 4 Fiscal Years*
(In Thousands)

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.082616%	0.080048%	0.084302%
City's proportionate share of the net pension liability	\$ 5,226,488	5,284,500	5,305,370
City's covered-employee payroll	\$ 6,773,838	6,207,395	5,921,731
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.16%	85.13%	89.59%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%

* 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.

<u>2016</u>	<u>2015</u>
0.081790%	0.083685%
4,066,168	3,318,879
5,642,716	5,476,004
72.06%	60.61%
85.19%	87.61%

City of Fort Dodge
Schedule of City's Contributions

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

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 639,450	554,320	528,811
Contributions in relation to the statutorily required contribution	<u>639,450</u>	<u>554,320</u>	<u>528,811</u>
Contribution deficiency (excess)	\$ -	-	-
	<u><u>6,773,838</u></u>	<u><u>6,207,395</u></u>	<u><u>5,921,731</u></u>
City's covered-employee payroll	\$ 6,773,838	6,207,395	5,921,731
Contributions as a percentage of covered-employee payroll	9.44%	8.93%	8.93%

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
540,557	503,894	489,007	461,895	457,812	372,273	353,926
<u>540,557</u>	<u>503,894</u>	<u>489,007</u>	<u>461,895</u>	<u>457,812</u>	<u>373,273</u>	<u>353,926</u>
-	-	-	-	-	-	-
<u><u>6,053,274</u></u>	<u><u>5,642,716</u></u>	<u><u>5,476,004</u></u>	<u><u>5,331,361</u></u>	<u><u>5,674,478</u></u>	<u><u>5,356,439</u></u>	<u><u>5,322,206</u></u>
8.93%	8.93%	8.93%	8.66%	8.07%	6.95%	6.65%

City of Fort Dodge

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

Municipal Fire and Police Retirement System of Iowa
Last 5 Fiscal Years*
(In Thousands)

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	1.544099%	1.494614%	1.464630%
City's proportionate share of the net pension liability	\$9,193,619	8,765,538	9,157,757
City's covered-employee payroll	4,734,485	4,488,092	4,233,075
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	194.18%	195.31%	216.34%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	80.60%	78.20%

* 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.

<u>2016</u>	<u>2015</u>
1.452900%	1.480544%
6,825,932	5,366,947
3,810,170	3,780,866
179.15%	141.95%
78.20%	86.27%

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

	2019	2018	2017
Statutorily required contribution	\$ 1,231,913	1,152,542	1,097,213
Contributions in relation to the statutorily required contribution	1,231,913	1,152,542	1,097,213
Contribution deficiency (excess)	\$ -	-	-
	\$ 4,734,485	4,488,092	4,233,075
Contributions as a percentage of covered-employee payroll	26.02%	25.68%	25.92%

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
1,102,203	1,158,672	1,138,797	975,099	958,338	719,561	578,406
<u>1,102,203</u>	<u>1,158,672</u>	<u>1,138,797</u>	<u>975,099</u>	<u>958,338</u>	<u>719,561</u>	<u>578,406</u>
-	-	-	-	-	-	-
<u><u>3,969,042</u></u>	<u><u>3,810,170</u></u>	<u><u>3,780,866</u></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>
27.77%	30.41%	30.12%	26.20%	24.76%	19.90%	17.00%

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

Iowa Public Employees' Retirement System

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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.

Changes of assumptions:

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

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

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

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

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

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 rates 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 (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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 increases assumptions based on various service duration.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

Municipal Fire and Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Change of assumptions:

The 2018 valuation changed postretirement mortality were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvements with Scale BB.

The 2016 valuation changed postretirement retirement mortality rates to 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 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1995 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Table.

City of Fort Dodge

Schedule of Changes in the City of Fort Dodge's
 Ipers Plan Members
 Total Liability, Related Ratios and Notes

June 30, 2019

Required Supplementary Information

	<u>2019</u>	<u>2018</u>
Service cost	\$ 17,054	\$ 17,054
Interest cost	10,949	11,560
Recognition of Deferred Inflows	(17,654)	(16,441)
Benefit payments	<u>(22,615)</u>	<u>(34,949)</u>
Net change in total OPEB liability	(12,266)	(22,776)
Total OPEB liability beginning of year, as restated	<u>288,716</u>	<u>311,492</u>
Total OPEB liability end of year	<u>276,450</u>	<u>288,716</u>
Covered-employee payroll	\$ 6,171,854	\$ 6,207,395
Total OPEB liability as a percentage of covered-employee payroll	4.5%	4.7%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2018	3.72%
Year ended June 30, 2017	3.72%

City of Fort Dodge

Schedule of Changes in the City of Fort Dodge's
MFPRSI Members
Total Liability, Related Ratios and Notes

June 30, 2019
Required Supplementary Information

	<u>2019</u>	<u>2018</u>
Service cost	\$ 17,379	\$ 17,379
Interest cost	10,539	10,059
Recognition of deferred inflows	5,196	3,969
Benefits payments	<u>(16,016)</u>	<u>(18,536)</u>
Net change in total OPEB liability	17,098	12,871
Total OPEB liability beginning of year, as restated	<u>273,905</u>	<u>261,034</u>
Total OPEB liability end of year	<u>291,003</u>	<u>273,905</u>
Covered-employee payroll	\$ 4,873,307	\$ 4,488,092
Total OPEB liability as a percentage of covered-employee payroll	6.0%	6.1%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2018	3.72%
Year ended June 30, 2017	3.72%

Supplementary Information

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Schedule 1

	Special Revenue				
	Road use Tax	Employee Benefits	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Assets					
Cash, cash equivalents and pooled investments	\$2,511,070	2,593,084	14,144	10,511	258,308
Receivables:					
Property tax:	-				
Delinquent	-	25,520	-	-	11,423
Succeeding year	-	2,828,470	-	-	1,266,000
Accounts	-	2,581	-	-	257
Due from other governments	260,195	21,050	-	-	-
Prepaid expenses	466	-	-	-	-
Due from other funds	-	-	-	-	-
	<u>\$2,771,731</u>	<u>5,470,705</u>	<u>14,144</u>	<u>10,511</u>	<u>1,535,988</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 57,172	149,156	287	5,476	-
Salaries and benefits payable	69,967	38,605	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>127,139</u>	<u>187,761</u>	<u>287</u>	<u>5,476</u>	<u>-</u>
Deferred inflows of resources:					
Succeeding year property tax	-	2,828,470	-	-	1,266,000
Other	-	-	-	-	60,508
Total deferred inflows of resources	<u>-</u>	<u>2,828,470</u>	<u>-</u>	<u>-</u>	<u>1,326,508</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	466	-	-	-	-
Parks Trust	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Street improvement and repairs	2,644,126	-	-	-	-
Urban renewal	-	-	-	-	-
Employee benefits	-	2,454,474	-	-	209,480
Capital improvements	-	-	-	-	-
Other purposes	-	-	13,857	5,035	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,644,592</u>	<u>2,454,474</u>	<u>13,857</u>	<u>5,035</u>	<u>209,480</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,771,731</u>	<u>5,470,705</u>	<u>14,144</u>	<u>10,511</u>	<u>1,535,988</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue					
	Community Development	Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents	Urban Renewal
Assets						
Cash, cash equivalents and pooled investment	74,395	140,676	32,468	118,800	41,242	760,145
Receivables:						
Property tax:						
Delinquent	-	-	999	-	-	-
Succeeding year	-	-	69,830	-	-	-
Accounts	34	-	-	15	-	832
Due from other governments	-	-	-	-	-	-
Prepaid expenses	-	121	-	-	-	-
Due from other funds	130,000	36,262	-	-	-	1,664,377
Total assets	<u>204,429</u>	<u>177,059</u>	<u>103,297</u>	<u>118,815</u>	<u>41,242</u>	<u>2,425,354</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	383	42,489	-	-	10,582	3,029
Salaries and benefits payable	250	-	-	-	2,714	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>633</u>	<u>42,489</u>	<u>-</u>	<u>-</u>	<u>13,296</u>	<u>3,029</u>
Deferred inflows of resources:						
Succeeding year property tax	-	-	69,830	-	-	-
Other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>69,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Prepaid expenditures	-	121	-	-	-	-
Parks Trust	-	-	-	-	-	-
Restricted for:						
Debt service	-	-	-	-	-	-
Street improvement and repairs	-	-	-	-	-	-
Urban renewal	-	-	-	-	-	2,422,325
Employee benefits	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Other purposes	203,796	134,449	33,467	118,815	27,946	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>203,796</u>	<u>134,570</u>	<u>33,467</u>	<u>118,815</u>	<u>27,946</u>	<u>2,422,325</u>
Total liabilities, deferred inflows of resources and fund balances	<u>204,429</u>	<u>177,059</u>	<u>103,297</u>	<u>118,815</u>	<u>41,242</u>	<u>2,425,354</u>

See accompanying independent auditor's report.

Schedule 1

City Grants	Congregate Meals	DARE/Drug Arrest	Harlan Sinking	Des Moines River	Capital Projects	
					Vision Iowa Trail Plan	Sidewalk Improvement
49,409	6,064	43,062	519,050	502	945,303	24,743
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	550	-	-	-
3,228	4,823	-	-	-	104,770	-
-	-	-	-	-	-	-
-	-	-	72,497	-	-	-
<u>52,637</u>	<u>10,887</u>	<u>43,062</u>	<u>592,097</u>	<u>502</u>	<u>1,050,073</u>	<u>24,743</u>
27	4,405	1,969	-	-	75,947	-
668	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>695</u>	<u>4,405</u>	<u>1,969</u>	-	-	<u>75,947</u>	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	592,097	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	974,126	24,743
51,942	6,482	41,093	-	502	-	-
-	-	-	-	-	-	-
<u>51,942</u>	<u>6,482</u>	<u>41,093</u>	<u>592,097</u>	<u>502</u>	<u>974,126</u>	<u>24,743</u>
<u>52,637</u>	<u>10,887</u>	<u>43,062</u>	<u>592,097</u>	<u>502</u>	<u>1,050,073</u>	<u>24,743</u>

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Schedule 1

	<u>Permanent Fund</u>	
	<u>Eva Patterson</u>	
	<u>Parks Trust</u>	<u>Total</u>
Assets		
Cash, cash equivalents and pooled investments	\$ 25,000	8,167,976
Receivables		
Property tax:		
Delinquent	-	37,942
Succeeding year	-	4,164,300
Accounts	-	4,269
Due from other governments	-	394,066
Prepaid expenses	-	587
Due from other funds	-	1,903,136
	<u>25,000</u>	<u>14,672,276</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	-	350,922
Salaries and benefits payable	-	112,204
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>463,126</u>
Deferred inflows of resources:		
Succeeding year property tax	-	4,164,300
Other	-	60,508
Total deferred inflows of resources	<u>-</u>	<u>4,224,808</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	-	587
Parks Trust	25,000	25,000
Restricted for:		
Debt service	-	592,097
Street improvement and repairs	-	2,644,126
Urban renewal	-	2,422,325
Employee benefits	-	2,663,954
Capital improvements	-	998,869
Other purposes	-	637,384
Unassigned	-	-
Total fund balances	<u>25,000</u>	<u>9,984,342</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,000</u>	<u>14,672,276</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, 2019

Schedule 2

	Special Revenue				
	Road Use Tax	Employee Benefits	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Revenues:					
Property tax	\$ -	2,635,008	-	-	1,219,172
Other city tax	-	-	-	-	-
Use of money and property	-	31,082	-	-	2,759
Intergovernmental	3,276,066	197,887	500	-	-
Charges for service	-	-	-	-	-
Miscellaneous	-	268,161	675	-	-
Total revenues	<u>3,276,066</u>	<u>3,132,138</u>	<u>1,175</u>	<u>-</u>	<u>1,221,931</u>
Expenditures:					
Operating:	-	-	-	-	-
Public safety	-	1,699,985	-	-	1,246,016
Public works	2,933,997	892,667	-	-	-
Health and social services	-	35,905	-	-	-
Culture and recreation	-	648,816	-	-	-
Community and economic development	-	205,981	-	5,476	-
General government	-	118,138	845	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>2,933,997</u>	<u>3,601,492</u>	<u>845</u>	<u>5,476</u>	<u>1,246,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>342,069</u>	<u>(469,354)</u>	<u>330</u>	<u>(5,476)</u>	<u>(24,085)</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	347,870	-	-	-
Operating transfers out	(89,036)	-	-	-	-
Total other financing sources (uses)	<u>(89,036)</u>	<u>347,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	253,033	(121,484)	330	(5,476)	(24,085)
Fund balances beginning of year	2,391,559	2,575,958	13,527	10,511	233,565
Fund balances end of year	<u>\$ 2,644,592</u>	<u>\$ 2,454,474</u>	<u>13,857</u>	<u>5,035</u>	<u>209,480</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, 2019

	Special Revenue				
	Community Development	Des Moines River	Hotel/ Motel Tax	SSMID	Library Memorial
Revenues:					
Property tax	\$ -	\$ -	-	70,036	-
Other city tax	-	-	-	-	-
Use of money and property	820	2	-	-	156
Intergovernmental	44,135	-	-	-	-
Charges for service	-	-	-	-	-
Miscellaneous	55,514	500	19,430	51,889	66,116
Total revenues	<u>100,469</u>	<u>502</u>	<u>19,430</u>	<u>121,925</u>	<u>66,272</u>
Expenditures:					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	247,039	-	64,882
Community and economic development	51,457	-	-	78,212	-
General government	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>51,457</u>	<u>-</u>	<u>247,039</u>	<u>78,212</u>	<u>64,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,012</u>	<u>502</u>	<u>(227,609)</u>	<u>43,713</u>	<u>1,390</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	116,053	-	-
Operating transfers out	-	-	-	(3,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>116,053</u>	<u>(3,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	49,012	502	(111,556)	40,713	1,390
Fund balances beginning of year	154,784	-	246,126	(7,246)	117,425
Fund balances end of year	<u>\$ 203,796</u>	<u>\$ 502</u>	<u>134,570</u>	<u>33,467</u>	<u>118,815</u>

See accompanying independent auditor's report.

Schedule 2

						Capital Projects	
Foster Grandparents	Urban Renewal	City Grants	Congregate Meals	DARE/Drug Arrest	Harlan Rogers Sinking	Vision Iowa Trail Plan	Sidewalk Improvement
-	-	-	-	-	-	-	-
-	-	-	-	-	6,667	-	-
-	49,156	-	2	-	299	-	-
184,165	3,450	887,862	49,736	-	-	104,770	-
-	-	-	-	-	-	-	-
13,132	57,000	16,500	8,435	4,530	-	-	-
<u>197,297</u>	<u>109,606</u>	<u>904,362</u>	<u>58,173</u>	<u>4,530</u>	<u>6,966</u>	<u>104,770</u>	<u>-</u>
-	-	30,168	-	22,112	-	-	-
-	-	700,358	-	-	-	-	-
4,336	-	-	57,478	-	-	-	-
-	-	-	-	-	-	-	-
-	28,467	136,768	-	-	-	-	-
184,932	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	669,885	-
<u>189,268</u>	<u>28,467</u>	<u>867,294</u>	<u>57,478</u>	<u>22,112</u>	<u>-</u>	<u>669,885</u>	<u>-</u>
<u>8,029</u>	<u>81,139</u>	<u>37,068</u>	<u>695</u>	<u>(17,582)</u>	<u>6,966</u>	<u>(565,115)</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	700,000	-
-	-	-	-	-	218,028	-	-
-	-	(22,636)	-	-	(157,500)	-	-
-	-	(22,636)	-	-	60,528	700,000	-
8,029	81,139	14,432	695	(17,582)	67,494	134,885	-
19,917	2,341,186	37,510	5,787	58,675	524,603	839,241	24,743
<u>27,946</u>	<u>2,422,325</u>	<u>51,942</u>	<u>6,482</u>	<u>41,093</u>	<u>592,097</u>	<u>974,126</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, 2019

Schedule 2

	Permanent Fund	
	Eva Patterson	
	<u>Parks Trust</u>	<u>Totals</u>
Revenues:		
Property tax	\$ -	3,924,216
Other city tax	-	6,667
Use of money and property	-	84,276
Intergovernmental	-	4,748,571
Charges for service	-	-
Miscellaneous	-	561,882
Total revenues	<u>-</u>	<u>9,325,612</u>
Expenditures:		
Operating:		
Public safety	-	2,998,281
Public works	-	4,527,022
Health and social services	-	97,719
Culture and recreation	-	960,737
Community and economic development	-	506,361
General government	-	303,915
Debt service	-	-
Capital projects	-	669,885
Total expenditures	<u>-</u>	<u>10,063,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(738,308)</u>
Other financing sources (uses):		
Bond proceeds	-	700,000
Operating transfers in	-	681,951
Operating transfers out	-	(272,172)
Total other financing sources (uses)	<u>-</u>	<u>1,109,779</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	371,471
Fund balances beginning of year	<u>25,000</u>	<u>9,612,871</u>
Fund balances end of year	<u>\$ 25,000</u>	<u>9,984,342</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2019

	Enterprise Funds			
	Parking Meter	Solid Waste	Storm Water Utility	Lakeside Beverage
Assets				
Current assets:				
Cash and cash equivalents	\$ 160,099	1,314,299	796,142	13,052
Accounts receivable	51,365	270,763	185,879	4,230
Prepaid expenses	-	3,403	-	-
Total current assets	<u>211,464</u>	<u>1,588,465</u>	<u>982,021</u>	<u>17,282</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	-
Capital assets (net of accumulated depreciation)	315,100	349,153	8,771,255	-
Total noncurrent assets	<u>315,100</u>	<u>349,153</u>	<u>8,771,255</u>	<u>-</u>
Total assets	<u>526,564</u>	<u>1,937,618</u>	<u>9,753,276</u>	<u>17,282</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>12,619</u>	<u>132,373</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	2,834	37,041	-	-
Salaries and benefits payable	4,650	31,595	-	-
Compensated absences	-	103,091	-	-
Unearned revenue	4,591	-	-	-
Payable from restricted net assets:				
Consumer deposits	-	-	-	-
Total current liabilities	<u>12,075</u>	<u>171,727</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:				
Bonds, notes and loans payable	-	-	2,020,000	-
Net pension liability	37,772	328,390	-	-
Net OPEB liability	-	14,777	-	-
Total noncurrent liabilities	<u>37,772</u>	<u>343,167</u>	<u>2,020,000</u>	<u>-</u>
Total liabilities	<u>49,847</u>	<u>514,894</u>	<u>2,020,000</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues:				
Pension related deferred inflows	<u>12,990</u>	<u>69,694</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>12,990</u>	<u>69,694</u>	<u>-</u>	<u>-</u>
Net position				
Invested in capital assets, net of related debt	315,100	349,153	6,751,255	-
Unrestricted	<u>161,246</u>	<u>1,136,250</u>	<u>982,021</u>	<u>17,282</u>
Total net position	<u>\$ 476,346</u>	<u>1,485,403</u>	<u>7,733,276</u>	<u>17,282</u>

See accompanying independent auditor's report.

Schedule 3

<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
3,998	363,234	-	2,650,824
90	9,777	-	522,104
-	-	-	3,403
<u>4,088</u>	<u>373,011</u>	<u>-</u>	<u>3,176,331</u>
-	-	199,084	199,084
-	<u>557,621</u>	-	<u>9,993,129</u>
-	<u>557,621</u>	<u>199,084</u>	<u>10,192,213</u>
<u>4,088</u>	<u>930,632</u>	<u>199,084</u>	<u>13,368,544</u>
-	-	-	<u>144,992</u>
-	4,513	-	44,388
-	-	-	36,245
-	-	-	103,091
-	-	-	4,591
-	-	<u>199,084</u>	<u>199,084</u>
-	<u>4,513</u>	<u>199,084</u>	<u>387,399</u>
-	-	-	2,020,000
-	-	-	366,162
-	-	-	14,777
-	-	-	<u>2,400,939</u>
-	<u>4,513</u>	<u>199,084</u>	<u>2,788,338</u>
-	-	-	<u>82,684</u>
-	-	-	<u>82,684</u>
-	557,621	-	7,973,129
<u>4,088</u>	<u>368,498</u>	-	<u>2,669,385</u>
<u>4,088</u>	<u>926,119</u>	<u>-</u>	<u>10,642,514</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, 2019

	Enterprise Funds		
	Parking Meter	Solid Waste	Storm Water Utility
Operating revenues:			
Charges for services	\$ 153,053	1,449,307	796,988
Miscellaneous	222	9,489	982
Total operating revenues	<u>153,275</u>	<u>1,458,796</u>	<u>797,970</u>
Operating expenses:			
Business type activities:			
Cost of sales and services	109,659	1,194,716	105,987
Depreciation	16,115	290,299	129,231
Total operating expenses	<u>125,774</u>	<u>1,485,015</u>	<u>235,218</u>
Operating income (loss)	<u>27,501</u>	<u>(26,219)</u>	<u>562,752</u>
Non-operating revenues (expenses):			
Interest and investment revenue	1,981	10,678	11,592
Miscellaneous revenues	11,610	-	-
Total nonoperating revenue	<u>13,591</u>	<u>10,678</u>	<u>11,592</u>
Net income (loss) before transfers	41,092	(15,541)	574,344
Operating transfers in	-	-	-
Operating transfers out	-	(108,600)	(275,660)
Change in net position	<u>41,092</u>	<u>(124,141)</u>	<u>298,684</u>
Net position beginning of year	<u>435,254</u>	<u>1,609,544</u>	<u>7,434,592</u>
Net position end of year	<u>476,346</u>	<u>1,485,403</u>	<u>7,733,276</u>

See accompanying independent auditor's report.

Schedule 4

<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage Account</u>	<u>Central Garage</u>	<u>Total</u>
72,357	3,907	91,931	2,567,543
-	-	9,233	19,926
<u>72,357</u>	<u>3,907</u>	<u>101,164</u>	<u>2,587,469</u>
71,091	5,058	173,389	1,659,900
-	-	33,853	469,498
<u>71,091</u>	<u>5,058</u>	<u>207,242</u>	<u>2,129,398</u>
<u>1,266</u>	<u>(1,151)</u>	<u>(106,078)</u>	<u>458,071</u>
-	-	-	24,251
-	-	-	11,610
-	-	-	35,861
1,266	(1,151)	(106,078)	493,932
-	-	101,759	101,759
-	-	-	(384,260)
<u>1,266</u>	<u>(1,151)</u>	<u>(4,319)</u>	<u>211,431</u>
<u>16,016</u>	<u>5,239</u>	<u>930,438</u>	<u>10,431,083</u>
<u>17,282</u>	<u>4,088</u>	<u>926,119</u>	<u>10,642,514</u>

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2019

	Business-Type Activities	
	Parking Meter	Solid Waste
Cash flows from operating activities		
Receipts from customers	\$ 144,849	1,455,496
Payments to suppliers and employees	(107,597)	(1,161,136)
Other receipts	-	3,592
Net cash provided (used) by operating activities	37,252	297,952
Cash flows from noncapital financing activities		
Transfers to other funds	-	(108,600)
Transfers from other funds	-	-
Net cash provided (used) in noncapital financing activities	-	(108,600)
Cash flows from capital and related financing activities		
Purchases of capital assets	(18,856)	(16,300)
Intergovernmental receipts	-	-
Bond proceeds (principal payments)	-	-
Other receipts (payments)	11,610	-
Net cash provided (used) by capital and related financing activities	(7,246)	(16,300)
Cash flows from investing activities		
Interest and dividends	1,981	10,678
Net cash provided by investing activities	1,981	10,678
Net increase (decrease) in cash and cash equivalents	31,987	183,730
Cash and cash equivalents - beginning of year	128,112	1,130,569
Cash and cash equivalents - end of year	\$ 160,099	1,314,299

See accompanying independent auditor's report.

Schedule 5

<u>Storm Water Utility</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
747,435	70,553	4,218	104,820	63,863	2,591,234
(105,920)	(71,091)	(5,058)	(187,873)	(66,283)	(1,704,958)
982	-	-	-	-	4,574
<u>642,497</u>	<u>(538)</u>	<u>(840)</u>	<u>(83,053)</u>	<u>(2,420)</u>	<u>890,850</u>
(275,660)	-	-	-	-	(384,260)
-	-	-	101,759	-	101,759
<u>(275,660)</u>	<u>-</u>	<u>-</u>	<u>101,759</u>	<u>-</u>	<u>(282,501)</u>
(1,519,170)	-	-	(45,689)	-	(1,600,015)
-	-	-	-	-	-
1,000,000	-	-	-	-	1,000,000
-	-	-	-	-	11,610
<u>(519,170)</u>	<u>-</u>	<u>-</u>	<u>(45,689)</u>	<u>-</u>	<u>(588,405)</u>
11,592	-	-	-	-	24,251
<u>11,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,251</u>
(140,741)	(538)	(840)	(26,983)	(2,420)	44,195
<u>936,883</u>	<u>13,590</u>	<u>4,838</u>	<u>390,217</u>	<u>201,504</u>	<u>2,805,714</u>
<u>796,142</u>	<u>13,052</u>	<u>3,998</u>	<u>363,234</u>	<u>199,084</u>	<u>2,849,908</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2019

	Business-Type Activities	
	Parking Meter	Solid Waste
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 27,501	(26,219)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	16,115	290,299
Change in assets and liabilities:		
Receivables, net	(8,426)	292
Prepaid expenses	-	-
Consumer deposits	-	-
Accounts and other payables	2,438	1,120
Salaries and benefits payable	384	18,362
Compensated absences	-	11,122
Net pension liability	(290)	(2,437)
Deferred outflows of resources	2,148	15,686
Deferred inflows of resources	(1,231)	(9,678)
Other postemployment benefits	-	(595)
Deferred revenue	(1,387)	-
Net cash provided (used) by operating activities	\$ 37,252	297,952
 Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position:		
Current assets:		
Cash and pooled investments	\$ 160,099	1,314,299
Noncurrent assets:		
Restricted cash and pooled investments	-	-
Cash and cash equivalents at year end	\$ 160,099	1,314,299

See accompanying independent auditor's report.

Schedule 5

<u>Storm Water Utility</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
562,752	1,266	(1,151)	(106,078)	-	458,071
129,231	-	-	33,853	-	469,498
(49,553)	(1,804)	311	3,656	-	(55,524)
67	-	-	619	-	686
-	-	-	-	(2,420)	(2,420)
-	-	-	(15,103)	-	(11,545)
-	-	-	-	-	18,746
-	-	-	-	-	11,122
-	-	-	-	-	(2,727)
-	-	-	-	-	17,834
-	-	-	-	-	(10,909)
-	-	-	-	-	(595)
-	-	-	-	-	(1,387)
<u>642,497</u>	<u>(538)</u>	<u>(840)</u>	<u>(83,053)</u>	<u>(2,420)</u>	<u>890,850</u>
796,142	13,052	3,998	363,234	-	2,650,824
-	-	-	-	199,084	199,084
<u>796,142</u>	<u>13,052</u>	<u>3,998</u>	<u>363,234</u>	<u>199,084</u>	<u>2,849,908</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2019

General Obligation Bonds

Year Ending <u>June 30,</u>	<u>Corporate Purpose & Refunding</u> <u>Issued May 16, 2016</u>		<u>Urban Renewal Refunding</u> <u>Issued August 26, 2010</u>		<u>Corporate Purpose</u> <u>Issued June 29, 2011</u>	
	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
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		-		-		-
2028		-		-		-
2029		-		-		-
		<u>\$ 2,620,000</u>		<u>\$ 705,000</u>	Total	<u>\$ 440,000</u>

Year Ending <u>June 30,</u>	<u>Go Refunding</u> <u>Issued May 16, 2013</u>		<u>Corporate Purpose</u> <u>Issued May 15, 2014</u>		<u>GO Crossover Refunding</u> <u>Issued June 20, 2016</u>	
	<u>Interest</u> <u>Rate</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
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		-		-		-
2028		-		-		-
2029		-		-		-
2030		-		-		-
2031		-		-		-
2032		-		-		-
2033		-		-		-
2034		-		-		-
2035		-		-		-
2036		-		-		-
2037		-		-		-
2038		-		-		-
Total		<u>\$ 1,130,000</u>		<u>\$ 2,760,000</u>		<u>\$ 3,535,000</u>

See accompanying independent auditor's report.

Year Ending June 30,	Corporate Purpose Issued June 26, 2012		Corporate Purpose Issued June 26, 2018	
	Interest Rate	Amount	Interest Rate	Amount
2020	1.75	230,000	4.00	315,000
2021	1.75	240,000	4.00	470,000
2022	2.00	250,000	4.00	460,000
2023	2.00	255,000	3.00	470,000
2024	2.25	265,000	3.00	490,000
2025	2.25	280,000	3.00	505,000
2026	2.50	840,000	3.00	515,000
2027	2.50	855,000	3.25	535,000
		-	3.25	550,000
		-	3.25	570,000
Total		<u>\$ 3,215,000</u>		<u>\$ 4,880,000</u>

Year Ending June 30,	GO Taxable Corporate Purpose Issued June 26, 2018			Interest Rate	Amount	Total
	Interest Rate	Amount				
2020	3.00	165,000		5.00	120,000	4,215,000
2021	3.25	170,000		5.00	1,055,000	4,205,000
2022	3.25	175,000		5.00	1,025,000	3,920,000
2023	3.50	180,000		5.00	970,000	3,595,000
2024	3.50	190,000		5.00	995,000	3,275,000
2025	3.60	195,000		5.00	1,050,000	2,265,000
2026	3.60	200,000		5.00	1,110,000	2,900,000
2027	3.60	210,000		5.00	1,160,000	2,760,000
2028	3.60	215,000		4.00	1,215,000	1,980,000
2029	3.80	225,000		3.00	1,260,000	2,055,000
2030	3.80	230,000		3.00	1,295,000	1,525,000
2031	3.90	240,000			-	240,000
2032	3.90	250,000			-	250,000
2033	4.00	260,000			-	260,000
2034	4.00	270,000			-	270,000
2034	4.10	280,000			-	280,000
2036	4.10	295,000			-	295,000
2037	4.20	305,000			-	305,000
2038	4.20	315,000			-	315,000
Total		<u>\$ 4,370,000</u>			<u>\$ 11,255,000</u>	<u>\$ 34,910,000</u>

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2018

Year Ending June 30,	Sewer Bond Issue Issued Sep 30, 1999		Sewer Bond Issue Issued Sep 30, 1999		Sewer Bond Issue Issued Dec 20, 2002		Year Ending June 30,
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
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		-		-		-	
2042		-		-		-	
2043		-		-		-	
2044		-		-		-	
2045		-		-		-	
2046		-		-		-	
Total		<u>\$ 49,000</u>		<u>\$ 2,059,000</u>		<u>\$ 926,000</u>	

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2019

<u>Water Bond Issue</u> <u>Issued Nov 16, 2012</u>		<u>Water Bond Issue</u> <u>Issued June 6, 2014</u>		<u>Sewer Improvement & Refunding</u> <u>Issued Feb 19, 2016</u>		<u>Sewer Revenue Bond</u> <u>Issued Feb 16, 2016</u>	
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	704,000	1.60	371,000	0.75	1,297,000	3.00	439,000
2.00	718,000	1.60	378,000	0.75	1,309,000	3.00	452,000
2.00	733,000	1.60	384,000	0.75	1,323,000	3.00	465,000
2.00	747,000	1.60	392,000	0.75	1,336,000	3.00	479,000
2.00	762,000	1.60	399,000	0.75	1,349,000	3.00	494,000
2.00	778,000	1.60	406,000	0.75	1,363,000	3.00	509,000
2.00	793,000	1.60	414,000	0.75	1,376,000	3.00	524,000
2.00	809,000	1.60	421,000	0.75	1,390,000	3.00	540,000
2.00	825,000	1.60	429,000	0.75	1,404,000	3.00	556,000
2.00	842,000	1.60	437,000	0.75	1,418,000	3.00	572,000
2.00	859,000	1.60	445,000	0.75	1,432,000	3.00	590,000
2.00	876,000	1.60	453,000	0.75	1,446,000	3.00	607,000
2.00	893,000	1.60	462,000	0.75	1,461,000	3.00	625,000
2.00	911,000	1.60	470,000	0.75	1,476,000	3.00	644,000
-	-	1.60	479,000	-	-	3.00	664,000
-	-	1.60	488,000	-	-	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	946,000
	<u>\$ 11,250,000</u>		<u>\$ 6,828,000</u>		<u>\$ 19,380,000</u>		<u>\$ 17,860,000</u>

Schedule 7

Sewer Revenue Bond		Water Revenue Bond		Water Revenue Bond		Total
Issued July 28, 2017		Issued Oct 13, 2017		Issued June 10, 2019		
Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	
3.00	236,000	2.00	223,000		-	5,120,000
3.00	243,000	2.00	227,000	2.00	515,000	5,757,000
3.00	250,000	2.00	232,000	2.00	520,000	5,883,000
3.00	258,000	2.00	237,000	2.00	530,000	5,826,000
3.00	266,000	2.00	241,000	2.00	435,000	5,602,000
3.00	273,000	2.00	246,000	2.00	540,000	5,827,000
3.00	272,000	2.00	251,000	2.00	1,105,000	5,935,000
3.00	290,000	2.00	256,000	2.00	717,483	5,663,483
3.00	299,000	2.00	261,000		-	5,054,000
3.00	308,000	0.00	750,097		-	5,647,097
3.00	317,000		-		-	5,008,000
3.00	327,000		-		-	5,119,000
3.00	336,000		-		-	5,232,000
3.00	346,000		-		-	5,352,000
3.00	357,000		-		-	3,050,000
3.00	368,000		-		-	3,139,000
3.00	379,000		-		-	2,735,000
3.00	390,000		-		-	1,115,000
3.00	402,000		-		-	1,149,000
3.00	414,000		-		-	1,183,000
3.00	426,000		-		-	1,218,000
3.00	439,000		-		-	1,255,000
3.00	452,000		-		-	1,293,000
3.00	466,000		-		-	1,332,000
3.00	480,000		-		-	1,372,000
3.00	494,000		-		-	1,413,000
3.00	121,204		-		-	1,067,204
	<u>\$ 9,209,204</u>		<u>\$ 2,924,097</u>		<u>\$ 4,362,483</u>	<u>98,346,784</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				
	2019	2018	2017	2016	2015
Revenues:					
Property tax	\$ 14,085,878	9,691,770	13,568,789	13,354,771	13,015,564
Tax increment financing revenue	2,404,046	2,020,890	2,013,315	1,569,976	1,419,219
Other city tax	4,562,453	4,407,030	4,812,461	4,195,742	5,161,380
Licenses and permits	468,913	578,064	418,049	465,372	535,690
Use of money and property	694,329	240,683	572,163	471,712	315,275
Intergovernmental	8,256,669	633,039	5,832,684	6,755,827	15,529,733
Charges for service	2,702,548	1,027,147	1,117,558	1,186,770	1,157,031
Miscellaneous	2,494,866	1,497,702	4,056,601	3,114,194	2,171,709
Total	\$ 35,669,702	20,096,325	32,391,620	31,114,364	39,305,601
Expenditures:					
Operating:					
Public safety	\$ 11,265,268	5,896,034	8,894,836	8,119,845	8,024,008
Public works	4,980,080	316,478	4,432,052	4,460,339	4,209,980
Health & social services	100,704	2,278	761,655	298,890	297,939
Culture and recreation	4,509,864	2,595,826	3,835,603	3,623,516	4,179,152
Community and economic development	5,468,485	4,200,895	2,689,452	2,285,527	3,520,962
General government	1,567,768	1,212,497	1,568,267	1,198,535	1,192,944
Debt service	5,295,282	4,961,237	9,950,311	8,956,543	4,865,785
Capital projects	9,195,130	5,373,373	7,542,037	13,319,514	11,028,655
Total	\$ 42,382,581	24,558,618	39,674,213	42,262,709	37,319,425

See accompanying independent auditor's report.

2014	2013	2012	2011	2010
13,114,635	11,905,700	10,695,253	9,495,874	9,065,686
1,464,088	1,189,531	1,057,524	994,554	960,077
4,812,143	3,833,165	3,781,601	3,246,525	2,471,570
388,159	529,018	303,300	282,277	366,910
344,105	326,937	344,015	372,350	420,807
4,390,858	5,015,006	4,772,715	5,332,928	3,364,048
1,322,768	1,331,738	1,251,367	965,547	1,006,957
<u>2,393,713</u>	<u>1,638,670</u>	<u>1,619,892</u>	<u>3,227,905</u>	<u>1,629,822</u>
<u>28,230,469</u>	<u>25,769,765</u>	<u>23,825,667</u>	<u>23,917,960</u>	<u>19,285,877</u>
7,894,979	7,422,048	7,319,101	6,462,486	6,127,327
4,155,736	3,656,007	3,336,965	3,438,283	7,653,552
686,247	301,498	340,102	347,086	434,575
3,442,509	3,162,789	3,459,938	3,330,371	3,188,913
2,755,825	5,433,594	4,734,874	4,201,872	3,821,149
1,090,281	1,518,381	1,381,422	1,279,686	1,491,143
8,251,054	4,250,319	3,842,588	3,429,197	3,195,141
<u>6,567,146</u>	<u>6,191,055</u>	<u>6,608,042</u>	<u>12,542,416</u>	<u>5,159,378</u>
<u>34,843,777</u>	<u>31,935,691</u>	<u>31,023,032</u>	<u>35,031,397</u>	<u>31,071,178</u>

City of Fort Dodge, Iowa
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2019

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	2017-DJ-BX-365	10,239
Byrne Memorial Justice Assistance	16.738	2018-DJ-BX-0768	8,357
			<u>18,596</u>
Bulletproof Vest Partnership Program	16.607	FY 19	<u>4,825</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-33	1,592,989
Airport Improvement Program	20.106	3-19-0035-34	18,132
			<u>1,611,121</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	14SFNIA004	<u>183,965</u>
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2015-FH-00406	188,146
Total Direct			<u>2,006,653</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 2019	<u>49,421</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Non-urban Operating Assistance Project	20.509	2016-018-269-18	338,907
Federal Capital Grant	20.509	2016-027-269-16	7,500
Intercity Bus Assistance Project	20.509	ICB CY 17	2,180
Transit Assistance Program	20.509	TF-2017-18	2,328
			<u>350,915</u>
Bus and Facilities Project	20.526	2016-019-01-269	<u>64,310</u>
Highway Planning and Construction	20.205	BRM-2690(628)	680,078
Highway Planning and Construction	20.205	STP-U-2690(624)	609,391
Iowa Clean Air Attainment Program	20.205	STP-A-2690(632)-22-94	199,106
			<u>1,488,575</u>

City of Fort Dodge, Iowa
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2019

Schedule 9

<u>Grantor/Program</u> (continued)	<u>CFDA</u>	<u>Agency or</u>	<u>Program</u>
Indirect (continued):	<u>Number</u>	<u>Pass-Through</u>	<u>Expenditures</u>
		<u>Number</u>	
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety Grants	20.600	18-402-M0PT	7,750
State and Community Highway Safety Grants	20.600	19-402-M0PT	<u>21,191</u>
			<u>28,941</u>
U.S. Department of Homeland Security			
Iowa Department of Homeland Security and			
Emergency Management:			
Disaster Grants - Public Assistance	97.036	FEMA-4386-DRIA	<u>72,644</u>
Total Indirect			<u>2,054,806</u>
Total			<u>\$ 4,061,459</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	350,915
20.526	Bus and Facilities Project	<u>64,310</u>
		<u>415,225</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, 2019. 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, 2019

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Air Service Development Program	33,521
Airport Infrastructure #16606	36,602
Airport Infrastructure #17484	9,589
Airport Infrastructure # 18512	93,901
Airport Infrastructure # 19555	28,702
Airport Infrastructure # 19530	44,240
Airport Infrastructure #19532	74,879
	<u>321,434</u>
Library:	
Open Access Grant	4,672
Enrich Iowa Grant	7,501
	<u>12,173</u>
Total	<u>\$ 333,607</u>

See accompanying independent auditor's report.

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

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

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, 2019, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2020.

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-19 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 an immaterial instance 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, 2019 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 25, 2020

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

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

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, 2019. 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, 2019.

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 25, 2020

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

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 20.106 – Airport Improvement Program.
- (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, 2019

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-19 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, 2019

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-19 Certified Budget – Disbursements during the year ended June 30, 2019, did not exceed the amounts budgeted.
- IV-B-19 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-19 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, 2019

Part IV: Other Findings Related to Statutory Reporting:

IV-D-19 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Matt Bemrich, Mayor Part-Owner of Bemrich Electric	Repairs, City Repairs, Library Repairs, Airport	\$ 3,427 5,614 <u>144</u> 9,185
Nancy Rork, Employee Spouse owns Rork’s Northwest Furnace	Repairs	<u>965</u> \$ <u>10,150</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 other transaction does not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

IV-E-19 Bond Coverage – Sure bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure that the coverage is adequate for current operations.

IV-F-19 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

Part IV: Other Findings Related to Statutory Reporting:

IV-G-19 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-19 Revenue Bonds and Notes – No instances of non-compliance with the water and wastewater revenue note provisions were noted.

IV-I-19 Financial Condition – The Special Revenue Funds, Tax Increment Financing, had a deficit balances of \$3,622,723 and the Capital Projects, Construction Fund had a deficit balance of \$695,370 at June 30, 2019.

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-19 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, 2019

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned correction action or other explanation
II-A-18	Preparation of financial statements	Not corrected.	See explanation and corrective action plan at II-A-19
IV-I-18	Financial Condition	Not corrected	See explanation and corrective action plan at IV-I-19

City of Fort Dodge

Corrective Action Plan

Year Ended June 30, 2019

<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-19	Preparation of financial statements	See response and corrective action plan at II-A-19	Jeff Nemmers City Clerk 515-576-4551	N/A
IV-B-19	Financial Condition	See response and corrective action plan at IV-B-19	Jeff Nemmers City Clerk 515-576-4551	06/30/2020