

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, 2014

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

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City of Fort Dodge, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2014)		
Matt Bemrich	Mayor	Dec 2013
Don Wilson	Mayor Pro Tem	Dec 2013
Barney Patterson	Council Member	Dec 2013
Andy Fritz	Council Member	Dec 2013
Dean Hill	Council Member	Dec 2015
David Flattery	Council Member	Dec 2013
Kim Alstott	Council Member	Dec 2013
Mark Taylor	Council Member	Dec 2013
David Fierke	City Manager	Indefinite
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Michelle Hefley	Treasurer	Indefinite
Mark Crimmins	City Attorney	Indefinite
(After January 2014)		
Matt Bemrich	Mayor	Dec 2017
Dave Flattery	Mayor Pro-Tem	Dec 2015
Kim Alstott	Council Member	Dec 2015
Dean Hill	Council Member	Dec 2015
Terry Moehnke	Council Member	Dec 2015
Don Wilson	Council Member	Dec 2015
Andy Fritz	Council Member	Dec 2017
Jeffrey Halter	Council Member	Dec 2017
David Fierke	Council Member	Indefinite
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Michelle Hefley	Treasurer	Indefinite
Mark Crimmins	City Attorney	Indefinite

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

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2014, 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 reasonable basis for our 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, 2014, and the respective changes in financial position and, where applicable, 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 and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 68 through 72 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, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated March 12, 2015 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 12, 2015

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, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$92,327,487 at June 30, 2014.
- The City issued \$4,430,000 in general obligation corporate purpose bonds which were partially abated by water revenue, tax increment financing revenue, and sanitation revenue. The bonds were issued to provide for funds to pay for improvements and a tractor at the municipal airport, acquiring ambulances, constructing improvements to the municipal waterworks system, constructing storm water management improvements, acquiring lawn mowers and police vehicles, constructing improvements at the Blanden Memorial Art Museum, constructing improvements at City Hall, constructing municipal fire station improvements, constructing improvements to the Harlan Rogers Sports Complex, acquiring and installing telecommunications equipment, computer equipment and computer software, and acquiring an inspection vehicle.
- The City had numerous construction projects that were either completed during the fiscal year or were just getting started as the fiscal year ended. Completed projects included: Wraywood Drive, Feelhaver St. Reconstruction, 10th Ave. N. Storm Sewers, and 2012 Street Repairs. A few notable projects started construction during this fiscal year including: East Region Storm Sewers – Phase 1 & 1B, Cross-town Connector Phase 2, Sanitary Sewer Immediate Needs (S. 19th St.), and 1st Ave. N. Reconstruction. Work on the Ag Park Water & Sewer Improvements projects continues.

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 Unit – This includes operations that are legally separate from the City but for which the City is financially accountable. The City's discretely presented component unit is the Fort Dodge Regional Airport.

**Statement of Net Position
City of Fort Dodge
June 30, 2014**

Governmental Activities			
	FY2014	FY2013	Increase (Decrease)
Current Assets	\$ 32,977,668	\$ 33,023,550	\$ (45,882)
Restricted Assets	\$ 0	\$ 0	\$ 0
Capital Assets	<u>\$ 62,833,188</u>	<u>\$ 62,490,936</u>	<u>\$ 342,252</u>
Total Assets	\$ 95,810,856	\$ 95,514,486	\$ 296,370
 Current Liabilities	 \$ 7,896,671	 \$ 15,551,869	 \$ (7,655,198)
Long Term Liabilities	<u>\$ 31,741,594</u>	<u>\$ 39,226,512</u>	<u>\$ (7,484,918)</u>
Total Liabilities	\$ 39,638,265	\$ 54,778,381	\$ (15,140,116)
Deferred Inflows of Resources	<u>\$ 14,704,853</u>	<u>-</u>	<u>\$14,704,853</u>
Net Position:			
Invested in Capital Assets			
Net of related debt	\$ 28,565,688	\$ 25,262,936	\$ 3,302,752
Restricted	\$ 11,874,578	\$ 16,466,319	\$ (4,591,741)
 Unrestricted	 <u>\$ 1,027,472</u>	 <u>\$ (993,150)</u>	 <u>\$ 2,020,622</u>
Total Net Position	<u>\$ 41,467,738</u>	<u>\$ 40,736,105</u>	<u>\$ 731,633</u>

Business Type Activities			
	FY2014	FY2013	Increase (Decrease)
Current Assets	\$ 14,083,492	\$ 12,523,906	\$ 1,559,586
Restricted Assets	\$ 821,002	\$ 831,350	\$ (10,348)
Capital Assets	<u>\$ 111,900,839</u>	<u>\$ 95,252,200</u>	<u>\$ 16,648,639</u>
Total Assets	\$ 126,805,333	\$ 108,607,456	\$ 18,197,877
 Current Liabilities	 \$ 2,124,002	 \$ 3,958,071	 \$ (1,834,069)
Long Term Liabilities	<u>\$ 73,821,582</u>	<u>\$ 58,311,470</u>	<u>\$ 15,510,112</u>
Total Liabilities	\$ 75,945,584	\$ 62,269,541	\$ 13,676,043
Net Position:			
Invested in Capital Assets			

Net of related debt	\$ 38,223,429	\$ 37,364,937	\$ 858,492
Restricted	\$ 491,201	\$ 647,211	\$ (156,010)
Unrestricted	<u>\$ 12,145,119</u>	<u>\$ 8,325,767</u>	<u>\$ 3,819,352</u>
Total Net Position	<u>\$ 50,859,749</u>	<u>\$ 46,337,915</u>	<u>\$ 4,521,834</u>

	Total Net Assets		Increase
	FY2014	FY2013	(Decrease)
Current Assets	\$ 47,061,160	\$ 45,547,456	\$ 8,707,941
Restricted Assets	\$ 821,002	\$ 831,350	\$ 16,241
Capital Assets	<u>\$ 174,734,027</u>	<u>\$ 157,743,136</u>	<u>\$ 22,200,488</u>
Total Assets	\$ 222,616,189	\$ 204,121,942	\$ 30,924,670
 Current Liabilities	 \$ 10,020,673	 \$ 19,509,940	 \$ 2,860,997
Long Term Liabilities	<u>\$ 105,563,176</u>	<u>\$ 97,537,982</u>	<u>\$ 18,843,709</u>
Total Liabilities	\$ 115,583,849	\$ 117,047,922	\$ 21,704,706
Deferred Inflows of Resources	\$ <u>14,704,853</u>	<u>-</u>	<u>\$ 14,704,853</u>
Net Assets:			
Invested in Capital Assets			
Net of related debt	\$ 66,789,117	\$ 62,627,873	\$ 4,161,244
Restricted	\$ 12,365,779	\$ 17,113,530	\$ (4,747,751)
Unrestricted	<u>\$ 13,172,591</u>	<u>\$ 7,332,617</u>	<u>\$ 5,839,974</u>
Total Net Assets	<u>\$ 92,327,487</u>	<u>\$ 87,074,020</u>	<u>\$ 5,253,467</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 \$92,327,487 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 \$66,789,117. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$62,627,873, an increase of \$4,161,244.

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 \$12,365,779, a decrease of \$4,747,751 from the prior year.

The remaining balance, unrestricted net position of \$13,172,591, 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 \$7,332,617, an increase of \$5,839,974. The following is a more detailed review of the years' operation.

**Statement of Activities
City of Fort Dodge
June 30, 2014**

Governmental Activities

	FY2014	FY2013	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	1,676,776	1,647,499	29,277
Operating grants, contributions	3,546,784	2,980,535	566,249
Capital grants, contributions	1,101,129	871,966	229,163
General Revenues:			
Property tax	13,805,723	14,152,725	(347,002)
Other taxes	5,584,048	3,910,308	1,673,740
Interfund Transfers	1,378,355	1,445,132	(66,777)
Other	2,728,089	1,969,282	758,807
Total Revenues	29,820,904	26,977,447	2,843,457
 Program Expenses:			
Public Safety	8,041,439	7,842,462	198,977
Public Works	5,681,231	5,275,978	405,253
Health and Social Services	672,012	314,076	357,936
Culture and Recreation	4,554,241	4,310,236	244,005
Comm & Econ Development	2,609,924	1,099,680	1,510,244
General Government	1,180,850	1,270,052	(89,202)
Debt Service	1,093,924	1,060,596	33,328
Capital Projects	5,197,497	378,640	4,818,857
Total Expenses	29,031,118	21,551,720	7,479,398
 Increase (decrease) in net position	789,786	5,425,727	(4,635,941)
 Net position at beginning of year (restated)	40,677,952	35,310,378	5,367,574
Net position at end of year	41,467,738	40,736,105	731,633

Revenues for governmental funds were \$2,843,457 more in the current fiscal year as compared to the prior fiscal year. The major changes in revenue were due to grants related to the operation of a city transit bus system, more revenue in tax increment and local option sales taxes, and increases in miscellaneous income.

**Statement of Activities
City of Fort Dodge
June 30, 2014**

Business Type Activities

	FY2014	FY2013	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	18,213,147	14,268,653	3,944,494
Operating grants, contributions	-	-	-
Capital grants, contributions	2,097,645	-	2,097,645
General Revenues:			
Interfund Transfers	(1,377,255)	(1,444,032)	66,777
Other	<u>108,176</u>	<u>3,141,480</u>	<u>(3,033,304)</u>
Total Revenues	19,041,713	15,966,101	3,075,612
 Program Expenses:			
Water	5,070,544	3,754,621	1,315,923
Sewer	7,068,951	6,415,011	653,940
Other non-major business type activities	<u>2,122,704</u>	<u>2,002,232</u>	<u>120,472</u>
Total Expenses	14,262,199	12,171,864	2,090,335
 Increase in net position	4,779,514	3,794,237	985,277
 Net position at beginning of year (as restated)	46,080,235	42,543,678	3,536,557
Net position at end of year	50,859,749	46,337,915	4,521,834

Revenues for business type activities increased by \$3,075,612 or 19% more than the previous fiscal year due increased revenues in water and sewer as a result of increased sales to large customers in the Iowa Crossroads of Global Innovation Agricultural Park. Sewer rates increased 3% in FY14 while water remained the same as in FY13.

Expenses increased \$2,090,335 from the prior year as a result of increased operational expenses associated with the increased sales volume.

**Statement of Activities
City of Fort Dodge
June 30, 2014**

Total Government and Business Type Activities

	FY2014	FY2013	Increase (Decrease)
Revenues:			
Program Revenues			
Charges for service	19,889,923	15,916,152	3,973,771
Operating grants, contributions	3,546,784	2,980,535	566,249
Capital grants, contributions	3,198,774	871,966	2,326,808
General Revenues:			
Property tax	13,805,723	14,152,725	(347,002)
Other taxes	5,584,048	3,910,308	1,673,740
Interfund Transfers	1,100	1,100	-
Other	<u>2,836,265</u>	<u>5,110,762</u>	<u>(2,274,497)</u>
Total Revenues	48,862,617	42,943,548	5,919,069
 Program Expenses:			
Public Safety	8,041,439	7,842,462	198,977
Public Works	5,681,231	5,275,978	405,253
Health and Social Services	672,012	314,076	357,936
Culture and Recreation	4,554,241	4,310,236	244,005
Comm & Econ Development	2,609,924	1,099,680	1,510,244
General Government	1,180,850	1,270,052	(89,202)
Debt Service	1,093,924	1,060,596	33,328
Capital Projects	5,197,497	378,640	4,818,857
Water	5,070,544	3,754,621	1,315,923
Sewer	7,068,951	6,415,011	653,940
Other non-major business type activities	<u>2,122,704</u>	<u>2,002,232</u>	<u>120,472</u>
Total Expenses	43,293,317	33,723,584	9,569,733
 Increase in net position	5,569,300	9,219,964	(3,650,664)
 Net position at beginning of year (as restated)	86,758,187	77,854,056	8,904,131
Net position at end of year	92,327,487	87,074,020	5,253,467

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

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

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$15,393,464, a decrease of \$2,098,473 from the prior year. Of this total amount \$160,602 is in unreserved fund balance.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, unreserved fund balance of the general fund was \$2,342,195 an increase of \$329,561. This increase was due to increased hotel/motel tax revenue and monitoring and managing expenses. The total general fund balance was \$2,421,111. 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 26.1% of total general fund expenditures (\$8,959,099), while total fund balance represents 27.0% of that same amount.

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

The Debt Service Fund ended the year with a fund balance of \$637,358, a decrease of \$5,882,242 from the prior year. The decrease was due to a GO refunding bond escrow payment made in June 2014.

The Employee Benefits Fund ended the year with a fund balance of \$1,233,997, an increase of \$309,122. The planned increase in fund balance was to better position the City for anticipated healthcare cost increases.

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 \$2,257,349 compared to an increase of \$502,468 from the previous fiscal year. \$737,724 of GO bonds proceeds were received to pay for water expansion and improvement projects.

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 \$1,435,932 compared to an increase of \$2,811,433 in the previous fiscal year. A 3% rate increase was enacted in FY14 while operational expenses increased as major users in the Iowa Crossroads of Global Innovation Agricultural Park increased their usage volumes.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment and infrastructure represent the value of resources used to provide services to citizens. At fiscal year end, the City's investment in capital assets for governmental and business type activities (net of depreciation) totaled \$62,833,188 and \$111,900,839 respectively, for a combined total of \$174,734,027. See Note 3 to the financial statements for additional information regarding the City's capital assets.

Long-term Debt

At June 30, 2014, the City of Fort Dodge had \$34,267,500 of long-term debt outstanding in its governmental activities, compared to \$37,228,000 at June 30, 2013. The decrease of \$2,960,500 is attributable to the both the issuance and repayment of debt. During the year, the City of Fort Dodge issued \$4,430,000 in General Obligation Bonds to pay for various projects and equipment (see financial highlights). 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 \$50,389,725 for FY14 of which the City has utilized 68%.

Total long-term debt for business type activities was \$73,677,410 an increase of \$17,844,141 from the previous fiscal year which is attributable to both the issuance and repayment of debt. Most improvements were at the Iowa Crossroads of Global Innovation Agricultural Park.

ECONOMIC FACTORS

For the upcoming fiscal year ending June 30, 2016, the City's taxable property valuation decreased by \$5,071,390 or .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 55.7335% of Actual Value), or the reduction in the percentage of telecommunications property that is subject to taxation. Given the wide scope of the statutory changes, and the State of Iowa’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal year 2017-18, the impact of the Act on the City’s future property tax collections is uncertain and the City is unable to accurately articulate the true financial impact of the Act’s provisions on the City’s future operations. The City has conservatively planned for the State’s annual replacement amount to be reduced if not all together eliminated. The City’s tax levy rate increased from \$20.47 in FY15 to \$20.94 in FY16 due to an increased levy for emergency management which had been partially funded in the general fund . City officials would prefer to keep a consistent tax levy rate in future years but recognize that many City costs are mandatorily imposed that are outside their control.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

These financial statements are designed to provide a general overview of the City’s finances and operating activities for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to: City Manager or City Clerk, City of Fort Dodge, 819 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, 2014

	Primary Government		
	Governmental	Business-	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$ 18,686,518	9,391,271	28,077,789
Receivables:			
Property tax:			
Delinquent	164,805	-	164,805
Succeeding year	14,704,853	-	14,704,853
Customer accounts	1,480	3,196,082	3,197,562
Accounts	286,913	-	286,913
Accrued interest	24,515	-	24,515
Due from other governments	501,958	-	501,958
Due from other funds	(1,482,914)	1,482,917	3
Inventories	27,567	-	27,567
Prepaid expenses	61,973	13,222	75,195
Restricted assets:			
Cash and pooled investments	-	821,002	821,002
Capital assets (net of accumulated depreciation)	<u>62,833,188</u>	<u>111,900,839</u>	<u>174,734,027</u>
Total assets	<u>95,810,856</u>	<u>126,805,333</u>	<u>222,616,189</u>
Liabilities			
Accounts payable	2,386,743	1,360,011	3,746,754
Salaries payable	219,500	40,554	260,054
Benefits payable	45,304	6,483	51,787
Interest payable	86,112	142,380	228,492
Liabilities payable from restricted assets:			
Customer deposits	-	187,421	187,421
Unearned revenue	227,804	5,996	233,800

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
523,226	4,251,911	4,775,137
2,401	-	2,401
207,673	-	207,673
-	-	-
3,588	-	3,588
-	-	-
100,591	-	100,591
-	-	-
-	-	-
-	-	-
-	-	-
12,085,196	115,363	12,200,559
12,922,675	4,367,274	17,289,949
42,014	-	42,014
5,609	-	5,609
907	275	1,182
-	-	-
-	-	-

(continued)

City of Fort Dodge, Iowa
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental	Business-	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Liabilities (continued)			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	3,760,000	-	3,760,000
Revenue bonds/notes payable	378,000	-	378,000
Compensated absences	793,208	381,157	1,174,365
Portion due or payable after one year:			
General obligation bonds/notes	27,835,000	-	27,835,000
Revenue bonds/notes payable	2,294,500	73,677,410	75,971,910
Bond premium	610,604	-	610,604
Compensated absences	485,507	-	485,507
Net OPEB liability	515,983	144,172	660,155
Total liabilities	39,638,265	75,945,584	115,583,849
Deferred Inflows of Resources			
Unavailable revenues:			
Succeeding year property tax	14,704,853	-	14,704,853
Total deferred inflows of resources	14,704,853	-	14,704,853
Net Position			
Invested in capital assets, net of related debt	28,565,688	38,223,429	66,789,117
Restricted for:			
Nonexpendable:			
Parks Trust	25,000	-	25,000
Expendable:			
Debt service	980,427	-	980,427
Street improvements and repairs	3,670,417	-	3,670,417
Urban renewal	3,489,694	-	3,489,694
Major repairs and construction	2,656,903	-	2,656,903
Revenue note retirement	-	491,201	491,201
Other purposes	1,052,137	-	1,052,137
Unrestricted	1,027,472	12,145,119	13,172,591
Total net position	\$ 41,467,738	50,859,749	92,327,487

See notes to financial statements.

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	-	-
-	-	-
42,714	-	42,714
-	-	-
-	-	-
-	-	-
-	-	-
18,970	-	18,970
110,214	275	110,489
207,673	-	207,673
207,673	-	207,673
12,085,196	115,363	12,200,559
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	1,516,390	1,516,390
519,592	2,735,246	3,254,838
12,604,788	4,366,999	16,971,787

City of Fort Dodge, Iowa
Statement of Activities
Year ended June 30, 2014

Functions/Programs:	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Primary Government:				
Governmental activities:				
Public safety	\$ 8,041,439	499,518	119,826	35,026
Public works	5,681,231	14,538	3,047,637	61,043
Health and social services	672,012	-	257,690	419,999
Culture and recreation	4,554,241	1,090,678	100,967	144,405
Community and economic development	2,609,924	26,950	-	147,285
General government	1,180,850	45,092	2,877	-
Interest on long-term debt	1,093,924	-	17,312	-
Capital projects	5,197,497	-	475	293,371
Total governmental activities	29,031,118	1,676,776	3,546,784	1,101,129
Business type activities:				
Water	5,070,544	7,297,784	-	737,734
Sewer	7,068,951	8,469,355	-	174,911
Other non-major	2,122,704	2,446,008	-	1,185,000
Total business type activities	14,262,199	18,213,147	-	2,097,645
Total primary government	\$ 43,293,317	19,889,923	3,546,784	3,198,774
Component Units:				
Airport Authority	\$ 1,038,359	8,178	-	1,153,570
Other (modified cash)	354,323	-	797,659	-
Total component units	\$ 1,392,682	8,178	797,659	1,153,570
General Revenues:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
			Units
Governmental Activities	Business Type Activities	Total	
(7,387,069)	-	(7,387,069)	-
(2,558,013)	-	(2,558,013)	-
5,677	-	5,677	-
(3,218,191)	-	(3,218,191)	-
(2,435,689)	-	(2,435,689)	-
(1,132,881)	-	(1,132,881)	-
(1,076,612)	-	(1,076,612)	-
(4,903,651)	-	(4,903,651)	-
(22,706,429)	-	(22,706,429)	-
-	2,964,974	2,964,974	-
-	1,575,315	1,575,315	-
-	1,508,304	1,508,304	-
-	6,048,593	6,048,593	-
(22,706,429)	6,048,593	(16,657,836)	-
-	-	-	123,389
-	-	-	443,336
-	-	-	566,725
11,005,903	-	11,005,903	182,166
2,799,820	-	2,799,820	-
1,464,086	-	1,464,086	-
4,119,962	-	4,119,962	-
359,527	106,300	465,827	114,241
2,207,880	1,873	2,209,753	1,061,216
160,682	-	160,682	-
1,378,355	(1,377,255)	1,100	(1,100)
23,496,215	(1,269,082)	22,227,133	1,356,523
789,786	4,779,511	5,569,297	1,923,248
40,677,952	46,080,235	86,758,187	15,048,539
\$ 41,467,738	50,859,746	92,327,484	16,971,787

City of Fort Dodge, Iowa
Balance Sheet
Governmental Funds
June 30, 2014

	Assets	Special Revenue			
		General	Employee Benefits	Local Option Sales Tax	Tax Increment Financing
Cash, cash equivalents and pooled investments		\$ 2,370,254	1,214,072	3,315,050	2,205,006
Receivables:					
Property tax:					
Delinquent		76,655	35,205		2,106
Succeeding year		5,934,232	2,835,675	-	1,565,264
Accounts		208,004	-	-	-
Accrued interest		24,458	-	-	-
Due from other funds		95,514	-	-	-
Due from other governments		169,143	-	308,801	-
Inventories		27,567	-	-	-
Prepaid insurance		43,924	8,281	-	-
Prepaid expenses		7,425	-	-	-
Total assets		\$ 8,957,176	4,093,233	3,623,851	3,772,376
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable		\$ 132,249	5,823	1,122,089	30,965
Salaries payable		190,658	-	-	-
Benefits payable		-	17,738	-	-
Early retirement		-	-	-	-
Due to other funds		96,665	-	-	4,328,882
Total liabilities		419,572	23,561	1,122,089	4,359,847
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax		5,934,232	2,835,675	-	1,565,264
Other		182,261	-	-	-
Total deferred inflows of resources		6,116,493	2,835,675	-	1,565,264
Fund balances:					
Nonspendable:					
Prepaid expenditures		51,349	8,281	-	-
Inventories		27,567	-	-	-
Parks Trust		-	-	-	-
Restricted for:					
Debt service		-	-	-	-
Street improvement and repairs		-	-	2,501,762	-
Urban renewal		-	-	-	-
Major repairs and construction		-	-	-	-
Employee benefits		-	1,225,716	-	-
Capital improvements		-	-	-	-
Other purposes		-	-	-	-
Unassigned		2,342,195	-	-	(2,152,735)
Total fund balances		2,421,111	1,233,997	2,501,762	(2,152,735)
Total liabilities, deferred inflows of resources and fund balances		\$ 8,957,176	4,069,672	2,501,762	3,772,376

See notes to financial statements.

Exhibit C

Debt <u>Service</u>	Other Nonmajor Governmental <u>Funds</u>	<u>Total</u>
615,559	8,966,577	18,686,518
32,651	18,188	164,805
3,070,057	1,299,625	14,704,853
-	80,389	288,393
-	57	24,515
-	2,967,633	3,063,147
-	24,014	501,958
-	-	27,567
-	-	52,205
-	2,343	9,768
<u>3,718,267</u>	<u>13,358,826</u>	<u>37,523,729</u>
10,852	1,084,765	2,386,743
-	28,842	219,500
-	27,566	45,304
-	-	-
-	120,514	4,546,061
<u>10,852</u>	<u>1,261,687</u>	<u>7,197,608</u>
3,070,057	1,299,625	14,704,853
-	45,543	227,804
<u>3,070,057</u>	<u>1,345,168</u>	<u>14,932,657</u>
-	2,343	61,973
-	-	27,567
-	25,000	25,000
637,358	343,069	980,427
-	1,168,655	3,670,417
-	3,489,694	3,489,694
-	2,656,903	2,656,903
-	-	1,225,716
-	2,043,028	2,043,028
-	1,052,137	1,052,137
-	(28,858)	160,602
<u>637,358</u>	<u>10,751,971</u>	<u>15,393,464</u>
<u>3,718,267</u>	<u>13,358,826</u>	<u>36,378,079</u>

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

June 30, 2014

Total governmental fund balances (page 22) \$ 15,393,464

**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 \$104,397,789 and the accumulated depreciation is \$41,906,853. 62,833,188

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	(32,205,604)
Revenue bonds and notes payable	(2,672,500)
Compensated absences	(1,278,715)
Accrued interest payable	(86,112)
Net OPEB liability	<u>(515,983)</u>

Net Position of Governmental Activities (Page 17) \$ 41,467,738

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, 2014

		Special Revenue		
	<u>General</u>	<u>Employee Benefits</u>	<u>Local Option Sales Tax</u>	<u>Tax Increment Financing</u>
Revenues:				
Property tax	\$ 5,911,877	3,137,164	-	-
Tax increment financing	-			1,464,088
Other city tax	691,088	-	4,119,962	-
Licenses and permits	388,159			-
Use of money and property	26,642	4,536	15,010	1,735
Intergovernmental	185,605	962	475	-
Charges for service	1,129,824			-
Miscellaneous	869,589	243,094	10,190	-
Total revenues	<u>9,202,784</u>	<u>3,385,756</u>	<u>4,145,637</u>	<u>1,465,823</u>
Expenditures:				
Operating:				
Public safety	5,084,753	1,428,357	-	-
Public works	338,293	831,870	-	-
Health and social services	2,297	33,063	-	-
Culture and recreation	2,332,978	533,744	-	-
Community and economic development	420,428	136,156	-	2,068,138
General government	780,350	113,444	-	-
Debt service	-	-	-	-
Capital projects	-	-	3,003,668	-
Total expenditures	<u>8,959,099</u>	<u>3,076,634</u>	<u>3,003,668</u>	<u>2,068,138</u>
Excess (deficiency) of revenues over (under) expenditures	243,685	309,122	1,141,969	(602,315)
Other financing sources (uses):				
Bond proceeds	-	-	-	1,120,000
Sale of capital assets	1,073	-	-	-
Operating transfers in	480,640	-	-	2,190,728
Operating transfers out	(404,599)	-	(1,109,856)	(594,057)
Total other financing sources (uses)	<u>77,114</u>	<u>-</u>	<u>(1,109,856)</u>	<u>2,716,671</u>
Net change in fund balances	320,799	309,122	32,113	2,114,356
Fund balances (deficit) beginning of year	<u>2,100,312</u>	<u>924,875</u>	<u>2,469,649</u>	<u>(4,267,091)</u>
Fund balances (deficit) end of year	<u>\$ 2,421,111</u>	<u>1,233,997</u>	<u>2,501,762</u>	<u>(2,152,735)</u>

See notes to financial statements.

Exhibit E

Debt <u>Service</u>	Other Nonmajor Governmental <u>Funds</u>	<u>Total</u>
2,799,820	1,265,774	13,114,635
-	-	1,464,088
-	1,093	4,812,143
-	-	388,159
152,342	143,840	344,105
-	4,203,816	4,390,858
-	192,944	1,322,768
36,922	1,233,918	2,393,713
<u>2,989,084</u>	<u>7,041,385</u>	<u>28,230,469</u>
-	1,381,869	7,894,979
-	2,985,573	4,155,736
-	650,887	686,247
-	575,787	3,442,509
-	131,103	2,755,825
-	196,487	1,090,281
8,185,912	65,142	8,251,054
-	3,563,478	6,567,146
<u>8,185,912</u>	<u>9,550,326</u>	<u>34,843,777</u>
(5,196,828)	(2,508,941)	(6,613,308)
55,000	1,781,973	2,956,973
-	178,434	179,507
1,147,294	2,185,119	6,003,781
<u>(1,887,708)</u>	<u>(629,206)</u>	<u>(4,625,426)</u>
<u>(685,414)</u>	<u>3,516,320</u>	<u>4,514,835</u>
(5,882,242)	1,007,379	(2,098,473)
<u>6,519,600</u>	<u>9,744,592</u>	<u>17,491,937</u>
<u>637,358</u>	<u>10,751,971</u>	<u>\$ 15,393,464</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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	(2,098,473)
(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	\$ 4,000,811	
Depreciation expense	<u>(3,658,559)</u>	342,252

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	(4,430,000)	
Bond premium received	(209,132)	
Long-term debt principal repaid	7,390,500	
Accrued interest	<u>(2,835)</u>	2,748,533

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

Year ended June 30, 2014

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	51,398	
Compensated absences	(138,297)	
Other postemployment benefits	(129,580)	
Early retirement	<u>13,953</u>	
		<u>(202,526)</u>

Change in Net Position of Governmental Activities (Page 20)**\$ 789,786**

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit G

	Enterprise Funds			
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	Totals
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,405,890	2,924,973	3,060,408	9,391,271
Accounts receivable	1,166,288	1,563,269	466,525	3,196,082
Prepaid insurance	3,662	4,644	2,734	11,040
Prepaid expenses	1,714	-	468	2,182
Due from other funds	-	1,482,917	-	1,482,917
Total current assets	<u>4,577,554</u>	<u>5,975,803</u>	<u>3,530,135</u>	<u>14,083,492</u>
Noncurrent assets:				
Restricted cash and cash equivalents	362,615	270,966	187,421	821,002
Capital assets (net of accumulated depreciation)	<u>33,062,746</u>	<u>72,178,629</u>	<u>6,659,464</u>	<u>111,900,839</u>
Total noncurrent assets	<u>33,425,361</u>	<u>72,449,595</u>	<u>6,846,885</u>	<u>112,721,841</u>
Total assets	<u>38,002,915</u>	<u>78,425,398</u>	<u>10,377,020</u>	<u>126,805,333</u>
Liabilities				
Current liabilities:				
Accounts payable	94,375	949,183	316,453	1,360,011
Salaries payable	26,391	6,614	7,549	40,554
Compensated absences	203,378	59,680	118,099	381,157
Benefits payable	4,214	1,041	1,228	6,483
Unearned revenue	-	-	5,996	5,996
Payable from restricted net assets:				
Bonds, notes and loans payable	-	-	-	-
Consumer deposits	-	-	187,421	187,421
Interest payable	<u>35,166</u>	<u>107,214</u>	<u>-</u>	<u>142,380</u>
Total current liabilities	<u>363,524</u>	<u>1,123,732</u>	<u>636,746</u>	<u>2,124,002</u>
Noncurrent liabilities:				
Bonds, notes and loans payable	19,580,685	54,096,725	-	73,677,410
Net OPEB liability	<u>83,468</u>	<u>22,764</u>	<u>37,940</u>	<u>144,172</u>
Total noncurrent liabilities	<u>19,664,153</u>	<u>54,119,489</u>	<u>37,940</u>	<u>73,821,582</u>
Total liabilities	<u>20,027,677</u>	<u>55,243,221</u>	<u>674,686</u>	<u>75,945,584</u>
Net position				
Invested in capital assets, net of related debt	13,482,061	18,081,904	6,659,464	38,223,429
Restricted for:				
Revenue note retirement	327,449	163,752	-	491,201
Unrestricted	<u>4,165,728</u>	<u>4,936,521</u>	<u>3,042,870</u>	<u>12,145,119</u>
Total net position	<u>\$ 17,975,238</u>	<u>23,182,177</u>	<u>9,702,334</u>	<u>50,859,749</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, 2014

Exhibit H

	Enterprise Funds			
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	Totals
Operating revenues:				
Charges for services	\$ 6,424,684	8,307,067	2,435,687	17,167,438
Miscellaneous	873,100	162,288	10,321	1,045,709
Total operating revenues	<u>7,297,784</u>	<u>8,469,355</u>	<u>2,446,008</u>	<u>18,213,147</u>
Operating expenses:				
Business type activities:				
Cost of sales and services	4,091,649	3,733,308	1,874,464	9,699,421
Depreciation	539,026	2,051,252	248,240	2,838,518
Total operating expenses	<u>4,630,675</u>	<u>5,784,560</u>	<u>2,122,704</u>	<u>12,537,939</u>
Operating income	<u>2,667,109</u>	<u>2,684,795</u>	<u>323,304</u>	<u>5,675,208</u>
Non-operating revenues (expenses):				
Interest and investment revenue	13,264	87,372	5,664	106,300
Interest expense	(439,869)	(1,284,391)	-	(1,724,260)
Capital contribution	737,724	174,911	1,185,000	2,097,635
Miscellaneous revenues	-	-	1,886	1,886
Total non-operating revenue (expenses)	<u>311,119</u>	<u>(1,022,108)</u>	<u>1,192,550</u>	<u>481,561</u>
Net income before transfers	<u>2,978,228</u>	<u>1,662,687</u>	<u>1,515,854</u>	<u>6,156,769</u>
Operating transfers in	-	34,445	158,065	192,510
Operating transfers out	<u>(720,879)</u>	<u>(261,200)</u>	<u>(587,686)</u>	<u>(1,569,765)</u>
Change in net position	2,257,349	1,435,932	1,086,233	4,779,514
Net position beginning of year, as restated	<u>15,717,889</u>	<u>21,746,245</u>	<u>8,616,101</u>	<u>46,080,235</u>
Net position end of year	<u>\$ 17,975,238</u>	<u>23,182,177</u>	<u>9,702,334</u>	<u>50,859,749</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2014

Exhibit I

	Enterprise Funds			Total
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Cash Flows From Operating Activities				
Receipts from customers	\$ 6,701,858	7,844,695	2,611,556	17,158,109
Payments to suppliers and employees	(5,673,568)	(4,692,920)	(1,585,548)	(11,952,036)
Other receipts	163,388	162,288	23,500	349,176
Net cash provided (used) by operating activities	<u>1,191,678</u>	<u>3,314,063</u>	<u>1,049,508</u>	<u>5,555,249</u>
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	(720,879)	(261,200)	(587,686)	(1,569,765)
Transfers from other funds	-	34,445	158,065	192,510
Net cash provided (used) in noncapital financing activities	<u>(720,879)</u>	<u>(226,755)</u>	<u>(429,621)</u>	<u>(1,377,255)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from capital debt	5,259,842	36,839,221	-	42,099,063
Purchase of capital assets	(4,264,139)	(11,752,142)	(3,470,906)	(19,487,187)
Intergovernmental receipts	-	-	241,597	241,597
Principal paid on capital debt	(396,000)	(25,912,916)	-	(26,308,916)
Interest paid on capital debt	(418,219)	(1,244,959)	-	(1,663,178)
Capital contribution	737,724	174,911	1,185,000	2,097,635
Other receipts (payments)	-	17,083	1,886	18,969
Net cash (used) by capital and related financing activities	<u>919,208</u>	<u>(1,878,802)</u>	<u>(2,042,423)</u>	<u>(3,002,017)</u>
Cash Flows From Investing Activities				
Interest and dividends	13,264	87,372	5,664	106,300
Net cash provided by investing activities	<u>13,264</u>	<u>87,372</u>	<u>5,664</u>	<u>106,300</u>
Net increase (decrease) in cash and cash equivalents	1,403,271	1,295,878	(1,416,872)	1,282,277
Cash and cash equivalents beginning of year	<u>2,365,234</u>	<u>1,900,061</u>	<u>4,664,701</u>	<u>8,929,996</u>
Cash and cash equivalents end of year	<u>\$ 3,768,505</u>	<u>3,195,939</u>	<u>3,247,829</u>	<u>10,212,273</u>

(continued)

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2014

Exhibit I

	Enterprise Funds			
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	Total
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income	\$ 2,667,109	2,684,795	323,304	5,675,208
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	539,026	2,051,252	248,240	2,838,518
Change in assets and liabilities:				
Receivables, net	(432,538)	(462,372)	102,041	(792,869)
Prepaid expenses	4,111	2,757	2,680	9,548
Due from other governments	-	-	-	-
Consumer deposits	-	-	3,282	3,282
Accounts and other payables	(1,602,193)	(953,627)	263,097	(2,292,723)
Salaries and benefits payable	7,710	885	1,472	10,067
Compensated absences	(12,509)	(15,344)	92,768	64,915
Other postemployment benefits	20,962	5,717	9,528	36,207
Deferred revenue	-	-	3,096	3,096
Net cash provided (used) by operating activities	<u>\$ 1,191,678</u>	<u>3,314,063</u>	<u>1,049,508</u>	<u>5,555,249</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	\$ 3,405,890	2,924,973	3,060,408	9,391,271
Noncurrent assets:				
Cash and pooled investments	<u>362,615</u>	<u>270,966</u>	<u>187,421</u>	<u>821,002</u>
Cash and cash equivalents at year end	<u>\$ 3,768,505</u>	<u>3,195,939</u>	<u>3,247,829</u>	<u>10,212,273</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Fiduciary Net Position and Liabilities
Fiduciary Funds
June 30, 2014

Exhibit J

	Trust Funds Coleman Water & Sewer
<u>Assets</u>	
Cash	\$ 376
Receivables:	
Accounts	<u>1,217</u>
 Total assets	 <u>\$ 1,593</u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 376</u>
 <u>Net Position</u>	
Held in trust	<u>1,217</u>
 Total liabilities and net position	 <u>\$ 1,593</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, 2014

Exhibit K

	Trust Funds <u>Coleman Water & Sewer</u>
Additions:	
Fees collected	\$ 4,729
Deductions:	
Fees remitted	<u>4,686</u>
Change in net position	43
Net position - Beginning of year	<u>1,174</u>
Net position - End of year	<u><u>\$ 1,217</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

(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, 2014

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, 2014

Details of these component units are as follows:

	W.H. Johnston <u>Foundation</u>	Blanden Charitable <u>Foundation</u>	<u>Total</u>
Cash and pooled investments	\$ 2,063,932	2,123,193	4,187,125
Other assets	---	180,149	180,149
Net assets	\$ <u>2,063,932</u>	<u>2,303,342</u>	<u>4,367,274</u>
Operating grants, contributions and restricted interest	\$ 424,503	373,156	797,659
Program expenses	(209,124)	(145,199)	(354,323)
Net change	215,379	227,957	443,336
Beginning net assets	<u>1,848,553</u>	<u>2,075,110</u>	<u>3,923,663</u>
Ending net assets	\$ <u>2,063,932*</u>	<u>2,303,067</u>	<u>4,366,999</u>

*The ending net assets of the W.H. Johnston Foundation does not include \$889,714 of cash and pooled investments that are assets of the City of Fort Dodge per a 28E agreement between the City of Fort Dodge and the W.H Johnston Foundation. This amount is included as a liability of funds held in custody of others of the W.H Johnston Foundation.

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

Jointly Governed Organizations

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

Related Organizations

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

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

The City reports the following major governmental funds:

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

Special Revenue:

The 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 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 Payroll Tax Levy Fund is used to account for property tax levied to finance the payment of employee benefits.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

The City reports the following major proprietary funds:

Enterprise:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

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

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2014 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2013.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

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

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

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 on rates of pay in effect at June 30, 2014. 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.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied.

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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 12, 2015, 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.

(2) Cash, Cash Equivalents and Pooled Investments

The City's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City's investments at June 30, 2014 (at fair value) are as follows:

<u>Type</u>	
U.S. Treasury securities	\$ 3,835,293
GNMA securities	<u>8,658</u>
Total	\$ <u>3,843,951</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,113,621 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

The City also invested its excess cash in money market savings accounts and certificates of deposit during the year ended June 30, 2014.

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

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

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2014

(3) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

Primary Government	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,402,360	-	-	2,402,360
Construction in progress	15,145,818	3,687,031	(9,257,330)	9,575,519
Works of art	<u>28,509</u>	<u>-</u>	<u>-</u>	<u>28,509</u>
Total capital assets not being depreciated	<u>17,576,687</u>	<u>3,687,031</u>	<u>(9,257,330)</u>	<u>12,006,388</u>
Capital assets being depreciated:				
Buildings	13,950,590	-	-	13,950,590
Improvements other than buildings	8,118,126	702,531	-	8,820,657
Machinery, equipment and vehicles	8,602,823	313,780	(186,298)	8,730,305
Infrastructure	<u>56,149,563</u>	<u>8,554,799</u>	<u>-</u>	<u>64,704,362</u>
Total capital assets being depreciated	<u>86,821,102</u>	<u>9,571,110</u>	<u>(186,298)</u>	<u>96,205,914</u>
Less accumulated depreciation for:				
Buildings	8,845,504	200,661	-	9,046,165
Improvements other than buildings	2,131,026	387,890	-	2,518,916
Machinery, equipment and vehicles	6,630,405	453,404	(167,473)	6,916,336
Infrastructure	<u>24,299,918</u>	<u>2,597,779</u>	<u>-</u>	<u>26,897,697</u>
Total accumulated depreciation	<u>41,906,853</u>	<u>3,639,734</u>	<u>(167,473)</u>	<u>45,379,114</u>
Total capital assets being depreciated, net	<u>44,914,249</u>	<u>5,931,376</u>	<u>(18,825)</u>	<u>50,826,800</u>
Governmental activities capital assets, net	<u>\$ 62,490,936</u>	<u>9,618,407</u>	<u>(9,276,155)</u>	<u>62,833,188</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

Capital assets activity for the year ended June 30, 2014 was as follows:

<u>Business type activities</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 52,075	-	-	52,075
Construction in progress	<u>26,722,533</u>	<u>18,027,136</u>	<u>(3,983,838)</u>	<u>40,765,831</u>
Total capital assets not being depreciated	<u>26,774,608</u>	<u>18,027,136</u>	<u>(3,983,838)</u>	<u>40,817,906</u>
Capital assets being depreciated:				
Buildings	23,504,225	-	-	23,504,225
Machinery and equipment	2,803,628	1,460,351	-	4,263,979
Infrastructure	<u>62,575,201</u>	<u>3,983,508</u>	-	<u>66,558,709</u>
Total capital assets being depreciated	<u>88,883,054</u>	<u>5,443,859</u>	-	<u>94,326,913</u>
Less accumulated depreciation for:				
Buildings	5,348,563	995,507	-	6,344,070
Machinery and equipment	2,674,291	162,495	-	2,836,786
Infrastructure	<u>12,382,608</u>	<u>1,680,516</u>	-	<u>14,063,124</u>
Total accumulated depreciation	<u>20,405,462</u>	<u>2,838,518</u>	-	<u>23,243,980</u>
Total capital assets being depreciated, net	<u>68,477,592</u>	<u>2,605,341</u>	-	<u>71,082,933</u>
Business type activities capital assets, net	<u>\$ 95,252,200</u>	<u>20,632,507</u>	<u>(3,983,838)</u>	<u>111,900,839</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2014

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

Governmental activities:

Public safety	\$ 187,774
Public works, which includes the depreciation of general infrastructure assets	2,138,960
Culture and recreation	1,087,395
Community and economic development	198,814
General government	<u>26,791</u>
Total depreciation expense – governmental activities	\$ <u>3,639,734</u>

Business type activities:

Water	\$ 539,026
Sewer	2,051,252
Non-major business type activities	<u>248,240</u>
Total depreciation expense – business type activities	\$ <u>2,838,518</u>

June 30, 2014

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City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes:					
General and corporate purpose	\$ 34,160,000	4,430,000	6,995,000	31,595,000	3,760,000
Revenue notes	3,068,000	-	395,500	2,672,500	378,000
Compensated absences	1,140,418	938,385	800,088	1,278,715	793,208
Net OPEB liability	386,403	129,580	-	515,983	-
Early Retirement	18,821	-	18,821	-	-
Total	<u>\$ 38,773,642</u>	<u>5,497,965</u>	<u>8,209,409</u>	<u>36,062,198</u>	<u>4,931,208</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Business type activities:					
Revenue bonds/notes:					
Water	\$ 14,716,844	5,259,842	396,000	19,580,686	1,119,000
Sewer	43,175,419	12,040,305	1,119,000	54,096,724	2,194,000
Compensated absences	314,611	381,157	314,611	381,157	262,585
Net OPEB liability	107,965	36,207	-	144,172	-
Total	<u>\$ 58,314,839</u>	<u>17,717,511</u>	<u>1,829,611</u>	<u>74,202,739</u>	<u>3,575,585</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

Bonded Debt

General obligation bonds/notes:

Seven issues of unmatured general obligation bonds/notes, totaling \$31,595,000, are outstanding at June 30, 2014. General obligation bonds bear interest with rates ranging from .8% to 5.38% and mature in varying annual amounts ranging from \$100,000 to \$1,490,000, with the final maturities due in the year ending June 30, 2027.

Revenue bonds/notes:

Thirteen issues of unmatured revenue bonds/notes, totaling \$76,349,910 are outstanding at June 30, 2014. These bonds/notes bear interest at rates of 1.75% to 4.75% and mature in varying annual amounts ranging from \$9,000 to \$1,652,000, with the final maturities due in the year ending June 30, 2035.

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, 2014, the City was in compliance with the revenue bond/note provisions.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

Details of bond/notes payable at June 30, 2014 are as follows:

	Date of <u>Issue</u>	Interest <u>Rates</u>	Final <u>Due Date</u>	Annual <u>Payments</u>	Amount Originally <u>Issued</u>	Outstanding <u>June 30, 2014</u>
Governmental activities:						
General obligation bonds/notes:						
Corporate purpose	Jun 15, 2009	3.55-5.38%	Jun 30, 2024	535,000-800,000	\$ 8,950,000	6,580,000
Corporate purpose	Apr 1, 2010	3.00-3.25%	Jun 30, 2020	890,000-1,110,000	9,825,000	6,165,000
Corporate purpose	Jun 29, 2011	.80-2.55%	Jun 30, 2021	160,000-225,000	1,920,000	1,405,000
Corporate purpose	Jun 26, 2012	1.00-2.50%	Jun 30, 2027	100,000-855,000	4,370,000	4,170,000
Urban renewal Refunding Bond	Aug 26, 2010	1.25-3.00%	Jun 30, 2022	215,000-250,000	2,595,000	1,830,000
Refunding bond	May 16, 2013	2.00%	Jun 30, 2023	100,000-1,490,000	7,830,000	7,015,000
Corporate purpose	May 15, 2014	2.00-4.00%	Jun 30, 2024	310,000-675,000	4,430,000	4,430,000
Revenue notes:						
Golf course revenue note	Jan 13, 2006	3.95-4.75%	Dec 1, 2025	18,000-58,500	560,000	197,500
Urban renewal tax increment revenue bond	Nov 16, 2006	4.75%	Dec 1, 2022	180,000-260,000	3,000,000	1,850,000
Urban renewal tax increment revenue bond	Jan 20, 2012	3.98%	Jun 1, 2019	110,000-135,000	850,000	<u>625,000</u>
Total Government activities						<u>\$ 34,267,500</u>
Business type activities:						
Revenue bonds/notes:						
Sewer revenue CW9809R	Sep 30, 1999	1.75%	Dec 1, 2021	9,000-17,000	\$ 243,597	120,000
Sewer revenue CW9116R	Sep 30, 1999	1.75%	Dec 1, 2021	385,000-713,000	10,142,403	5,004,000
Sewer revenue CW0118R	Sep 30, 2002	1.75%	Dec 1, 2021	54,000-71,000	1,331,000	513,000
Sewer revenue CW0304R	Dec 20, 2001	1.75%	Jun 30, 2023	146,000-242,000	3,705,000	1,938,000
Sewer revenue C0495R	Nov 12, 2012	2.00%	Jun 1, 2033	1,000-1,474,000	21,928,467	21,927,467
Sewer revenue C0585RT	Feb 28, 2014	3.00%	Jun 30, 2033	355,000-1,652,000	22,467,000	22,127,000
Sewer revenue CS192646	Jun 6, 2014	1.75%	Jun 1, 2035	338,000-373,000	2,467,258	2,467,258
Water revenue DW030224R	Dec 12, 2003	3.00%	Dec 1, 2024	130,000-229,000	3,500,000	2,177,000
Water revenue MD12R	Jun 1, 2004	3.00%	Dec 1, 2024	133,000-318,000	5,133,000	3,032,000
Water revenue D0254R	Oct 1, 2012	2.00%	Jun 1, 2033	128,685-977,000	14,372,685	<u>14,371,685</u>
Total business type activities						<u>73,677,410</u>
Total						<u>\$ 107,944,910</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

Year Ending June 30,	General Obligation		
	Principal	Interest	Total
2015	\$ 3,760,000	794,941	4,554,941
2016	3,655,000	710,546	4,365,546
2017	3,605,000	626,691	4,231,691
2018	3,715,000	539,045	4,254,045
2019	3,855,000	446,759	4,301,759
2020-2024	11,030,000	1,044,292	12,074,292
2025-2029	1,975,000	112,425	2,087,425
Total	<u>\$ 31,595,000</u>	<u>4,274,699</u>	<u>35,869,699</u>

Year Ending June 30,	Revenue			Total
	Principal	Interest	Total	
2015	\$ 3,691,000	1,790,465	5,481,465	10,036,406
2016	4,131,500	1,732,130	5,863,630	10,229,176
2017	4,232,500	1,643,117	5,875,617	10,107,308
2018	4,323,500	1,551,956	5,875,456	10,129,501
2019	4,397,000	1,460,198	5,857,198	10,158,957
2020-2024	21,080,258	5,935,960	27,016,218	39,090,510
2025-2029	17,815,000	3,796,778	21,611,778	23,699,203
2030-2034	13,427,152	1,645,820	15,072,972	15,072,972
2035-2039	3,252,000	147,120	3,399,120	3,399,120
Total	<u>\$ 76,349,910</u>	<u>19,703,544</u>	<u>96,053,454</u>	<u>131,923,153</u>

As of June 30, 2014 the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$1,007,794,497</u>
Debt limit - 5% of total actual valuation	50,389,725
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(34,267,500)</u>
Legal debt margin	<u>\$ 16,122,225</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$62,284,725 in sewer revenue notes with various issue dates. Proceeds from the notes provided financing for wastewater net revenue and are payable through 2035. 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 \$69,205,850. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$2,257,172 and \$4,736,047, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$23,005,685 in water revenue notes with various issue dates. Proceeds from the notes provided financing for water improvement projects. The notes are payable solely from water net revenue and are payable through 2033. Annual interest and principle on the notes are expected to require less than 90 percent of net revenues. The total principle and interest remaining to be paid on the notes is \$23,693,818. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$792,971 and \$3,206,135, respectively.

Other Than Bonded Debt

Early Retirement

The City offered a one-time early retirement incentive effective July 1, 2003 and ending December 15, 2003 to any employee who had a combination of age and years of service with the City equaling a minimum of 74 years. The employee must sign a statement of intent to participate in this program with their last day of employment prior to March 15, 2004. All participating employees are eligible for individual medical coverage at no cost to them until they reach the age of eligibility for Medicare. Early retirement expenditures for the year ended June 30, 2014 totaled \$18,821.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2014

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use	\$ 1,880
	LOST	1,880
	SSMID	6,880
	Enterprise:	
	Water	150,000
	Sewer	225,000
	Solid Waste	55,000
	Storm Water Utility	<u>40,000</u>
		<u>480,640</u>
Special Revenue:		
TIF	Debt Service	1,887,708
	General	75,000
	Urban Renewal	<u>228,020</u>
		<u>2,190,728</u>
Urban Renewal	TIF	<u>8,524</u>
SSMID	TIF	<u>23,020</u>
Comprehensive Plan	City Grants	<u>5,000</u>
Hotel/Motel Tax	General	<u>106,417</u>
Debt Service:		
Debt Service	Special Revenue:	
	Tax Increment Financing	259,495
	Debt Service:	
	Harlan Rogers Sinking	121,250
	Enterprise:	
	Water	534,879
	Storm Water Utility	<u>231,670</u>
		<u>1,147,294</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

Golf Course Sinking	Capital Projects:	
	Capital Improvements	<u>61,496</u>
Harlan Rogers Sinking	General	<u>198,765</u>
Capital Projects:		
Capital Improvements	General	99,417
	Special Revenue:	
	Road Use	7,700
	Enterprise:	
	Water	11,000
	Sewer	11,200
	Solid Waste	3,000
	Component unit:	
	Airport	<u>1,100</u>
		<u>133,417</u>
Construction	Special Revenue:	
	SSMID	400,000
	Local Option Sales Tax	1,073,531
	Enterprise:	
	Storm Sewer	<u>149,949</u>
		<u>1,623,480</u>
Sidewalk Improvement	Enterprise:	
	Central Garage	<u>25,000</u>
Enterprise:		
Sewer	Special Revenue:	
	LOST	<u>34,445</u>
Solid Waste	Enterprise:	
	Recycling	<u>58,065</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

Central Garage:	Special Revenue:	
	Road Use	25,000
	Enterprise:	
	Water	25,000
	Sewer	25,000
	Solid Waste	<u>25,000</u>
		<u>100,000</u>
Total		\$ <u>6,196,291</u>

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

(6) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Hotel/Motel Tax	General	\$ 24,171
Debt Service:		
Harlan Rogers Sinking	General	48,324
Capital Projects:		
Capital Improvements	General	24,170
General	Special Revenue:	
	TIF	75,000
General	Capital Projects:	
	Capital Improvements	20,514

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

Special Revenue: Urban Renewal	Special Revenue: TIF	2,770,965
Special Revenue: Urban Renewal	Special Revenue: Community Develop	100,000
Enterprise: Special Revenue: Sewer	TIF	<u>1,482,917</u>
		<u>\$ 4,546,061</u>

(7) Pension and Retirement Benefits

A. The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$489,007, \$462,228 and \$457,841, respectively, equal to the required contributions for each year.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

- B. The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report which includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, is 30.12% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2014, 2013 and 2012 were \$1,138,797, \$972,099 and \$958,338 respectively, which met the required contribution for each year.

- C. Effective June 28, 2010, the City adopted a Vantagecare Retirement Health Savings Plan (the Plan). Covered plan members are all non-union employees. Participation is mandatory for all employees in the covered group. A participant is eligible to receive benefits from the Plan at retirement. The Plan provides eligible participants reimbursement of all medical expenses eligible under IRC Section 213. The City will make mandatory contributions of accrued leave consisting of 100% of accrued sick leave and 50% of accrued vacation leave at the time of the covered member's retirement. The City's contribution to the Plan for the years ended June 30, 2014, 2013 and 2012 were \$0, \$55,315 and \$44,556, respectively.

(8) Risk Management

The City of Fort Dodge is exposed to various risks of loss related torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims 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, 2014

(9) Deficit Balances

As of June 30, 2014, funds with deficit balances were as follows:

Special Revenue, Tax Increment Financing	\$ (2,152,735)
Special Revenue, Employee Flex Spending	(12,692)
Special Revenue, Community Development	(12,361)
Special Revenue, City Grants	(2,085)

The deficit balances are a result of costs exceeding the revenues. The deficit in the Tax Increment Financing fund will be eliminated upon collection of tax increment financing revenues. The deficit in Employee Flex Spending fund will be eliminated upon receipt of payroll deductions. The deficit in Community Development will be eliminated upon sale of property. The deficit in the City Grants fund will be eliminated upon receipt of grant funds.

(10) Related Parties

The City had business transactions between the City and City officials totaling \$8,262 during the year ended June 30, 2014.

(11) Subsequent Events

After the end of the fiscal year, the City accepted bids for \$73,000 for a trail project, \$622,000 for storm sewer repairs, \$590,000 for bleachers at Harlan Rogers, \$1.1 M for water project and \$1.1M for street projects. The City was also awarded a \$1.4M RISE grant to pay for street improvements. The city received \$9 M in funds in exchange for transfer of a road, Iowa 926. The City entered into several TIF development agreements for approximately \$5M. The City approved a \$2.3 M interim loan, along with engineering fees for the same amount for the Community Sewer Initiative.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

(12) Commitments and Contingencies

As of June 30, 2014, the City had the following estimated commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>
Vision Iowa Trails Project	\$ 625,000
4 th Ave. N. Storm Sewer	1,600
Sanitary Sewer Immediate Needs Projects	3,675,000
6 th Ave. NW Reconstruction	13,000
Ave. C Rehabilitation	23,000
Menards Traffic Signals	60,000
N. 23 rd St. Reconstruction	12,000
1 st Ave. N. Reconstruction	2,750,000
2013 Street Repair	126,000
2014 Street Repair	1,663,000
3 rd St. Bridge Repair	15,000
N. 23 rd St. Reconstruction	12,000
East Region Storm Sewer – Phase 1	354,000
Cross-town Connector – Phase	3,807,000
2012 Ag Park Expansion	1,231,000

Contingencies

The City has some outstanding claims against it that management anticipates will be covered by insurance, except for the deductible.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

(13) Operating Leases

The City of Fort Dodge has entered into two operating lease agreements for two copiers. The first lease is for a term of 60 months with monthly payments of \$210. The second lease is for a term of 36 months with monthly payments of \$335. Current year payments on these leases totaled \$3,611 for the year ended June 30, 2014. Future rentals are as follows:

FY 2015	\$ 6,552
FY 2016	6,552
FY 2017	4,207
FY 2018	2,532
FY 2019	<u>1,266</u>
	\$ <u>21,109</u>

(14) Other Postemployment Benefits (OPEB)

Plan Description - The City of Fort Dodge operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 179 active and 21 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 248,857
Interest on net OPEB obligation	12,714
Adjustment to annual required contribution	<u>(43,355)</u>
Annual OPEB cost (expense)	218,216
Contributions made	<u>(47,667)</u>
Increase in net OPEB obligation	170,549
Net OPEB obligation – beginning of year	<u>508,574</u>
Net OPEB obligation – end of year	\$ <u>679,123</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2014.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

For the year ended June 30, 2014, the City contributed \$47,667 to the medical plan. Plan members receiving benefits contributed \$164,180 or 77.5% of the premium costs.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 145,329	18.5%	339,507
6/30/2013	231,102	26.8%	508,574
6/30/2014	218,216	21.8%	679,123

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014 the actuarial accrued liability was \$1,686,830, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,686,830. The covered payroll (annual payroll of active employees covered by the plan) was \$9,256,871 and the ratio of the UAAL to the covered payroll was 18.22%.

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions included a 2.50% discount rate based on the City's funding policy. The projected annual medical trend rate is 6%.

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

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

(15) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions- an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2014

(16) Prior Period Adjustment – Accounting Change

During the year ended June 30, 2014, the City implemented Governmental Accounting Standards Board Statement No. 65 and the City has restated the beginning net position in the Statement of Activities. In previous years, bond issuance costs were to be deferred and amortized over the term of the bonds. GASB65 now requires these costs to be recognized in the period the loan originated. This results in decreasing the July 1, 2013 beginning net position by the following amounts:

Government-Wide Statement of Activities – Governmental Activities

Beginning Net Position, as previously reported	\$ 40,736,105
Accounting Change – Bond Costs	<u>(58,153)</u>
Beginning Net Positions, as restated	<u>40,677,952</u>

Government-Wide Statement of Activities – Business Type Activities and Proprietary
Fund Statement of Revenue:

Beginning Net Position as previously reported	\$ 46,337,915
Accounting Change – Bond Costs	<u>(257,680)</u>
Beginning Net Position, as restated	<u>46,080,235</u>

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, 2014

	Governmental <u>Fund Types</u>	Proprietary Fund Type - <u>Enterprise</u>	Component Unit - Airport <u>Authority</u>	<u>Total</u>
Receipts:				
Property tax	\$ 13,094,848	-	181,716	13,276,564
Tax increment financing	1,462,870	-	-	1,462,870
Other city tax	4,993,955	-	-	4,993,955
Licenses and permits	436,518	-	-	436,518
Use of money and property	219,075	106,300	188,118	513,493
Intergovernmental	4,368,564	203,386	1,437,293	6,009,243
Charges for service	1,118,429	17,324,147	7,711	18,450,287
Special assessments	22,755	8,316	-	31,071
Miscellaneous	3,784,230	131,715	118,692	4,034,637
Total receipts	<u>29,501,244</u>	<u>17,773,864</u>	<u>1,933,530</u>	<u>49,208,638</u>
Disbursements:				
Public safety	7,681,027	-	-	7,681,027
Public works	4,090,928	-	518,277	4,609,205
Health and social services	707,825	-	-	707,825
Culture and recreation	3,008,686	-	-	3,008,686
Community and economic development	956,870	-	-	956,870
General government	930,006	-	-	930,006
Debt service	8,961,111	-	-	8,961,111
Capital projects	8,784,989	-	1,269,562	10,054,551
Business type activities	-	32,343,672	-	32,343,672
Total disbursements	<u>35,121,442</u>	<u>32,343,672</u>	<u>1,787,839</u>	<u>69,252,953</u>
Excess (deficiency) of receipts over (under) disbursements	(5,620,198)	(14,569,808)	145,691	(20,044,315)
Other financing sources, net	<u>5,287,860</u>	<u>15,852,084</u>	<u>872,800</u>	<u>22,012,744</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(332,338)	1,282,276	1,018,491	1,968,429
Balances beginning of year	<u>19,275,852</u>	<u>8,929,996</u>	<u>(495,265)</u>	<u>27,710,583</u>
Balances end of year	<u>\$ 18,943,514</u>	<u>10,212,272</u>	<u>523,226</u>	<u>29,679,012</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
<u>Original</u>	<u>Final</u>	Actual <u>Variance</u>
12,784,515	12,784,515	492,049
1,266,304	1,266,304	196,566
4,701,432	5,636,432	(642,477)
420,775	420,775	15,743
126,438	126,438	387,055
7,071,937	7,846,937	(1,837,694)
18,278,863	18,895,863	(445,576)
		31,071
<u>1,879,785</u>	<u>2,091,785</u>	<u>1,942,852</u>
<u>46,530,049</u>	<u>49,069,049</u>	<u>139,589</u>
7,917,376	8,043,376	362,349
4,296,050	4,807,050	197,845
287,775	739,775	31,950
3,017,515	3,274,515	265,829
1,271,501	1,493,501	536,631
992,542	1,089,492	159,486
4,737,568	10,655,568	1,694,457
11,823,235	16,038,235	5,983,684
<u>16,198,192</u>	<u>44,790,192</u>	<u>12,446,520</u>
<u>50,541,754</u>	<u>90,931,704</u>	<u>21,678,751</u>
(4,011,705)	(41,862,655)	21,818,340
<u>130,000</u>	<u>32,205,000</u>	<u>(10,192,256)</u>
(3,881,705)	(9,657,655)	11,626,084
<u>14,941,549</u>	<u>14,941,549</u>	<u>12,769,034</u>
<u>11,059,844</u>	<u>5,283,894</u>	<u>24,395,118</u>

City of Fort Dodge, Iowa

Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds			Proprietary Funds		
				Enterprise		
	Cash <u>Basis</u>	Accrual Adjust- ments	Modified Accrual <u>Basis</u>	Cash <u>Basis</u>	Accrual Adjust- ments	Accrual <u>Basis</u>
Revenues	\$ 29,501,244	(1,270,775)	28,230,469	17,773,864	2,645,104	20,418,968
Expenditures/Expenses	<u>35,121,442</u>	<u>(277,665)</u>	<u>34,843,777</u>	<u>32,343,672</u>	<u>(18,081,473)</u>	<u>14,262,199</u>
Net	(5,620,198)	(993,110)	(6,613,308)	(14,569,808)	20,726,577	6,156,769
Other financing sources (uses) (net)	5,287,860	(773,025)	4,514,835	15,852,084	(17,229,339)	(1,377,255)
Beginning fund balances	<u>19,275,852</u>	<u>(1,783,915)</u>	<u>17,491,937</u>	<u>8,929,996</u>	<u>37,150,239</u>	<u>46,080,235</u>
Ending fund balances	<u>\$ 18,943,514</u>	<u>(3,550,050)</u>	<u>15,393,464</u>	<u>10,212,272</u>	<u>40,647,477</u>	<u>50,859,749</u>

	Component Unit		
	Airport		
	Cash <u>Basis</u>	Accrual <u>Adjustments</u>	Accrual <u>Basis</u>
Revenues	\$ 1,933,530	585,841	2,519,371
Expenses	<u>915,039</u>	<u>124,420</u>	<u>1,039,459</u>
Net	1,018,491	461,421	1,479,912
Beginning fund balance	<u>(495,265)</u>	<u>11,620,141</u>	<u>11,124,876</u>
Ending fund balance	<u>\$ 523,226</u>	<u>12,081,562</u>	<u>12,604,788</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2014

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 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 \$212,000, budgeted disbursements by \$28,592,000 and other financing sources by \$35,828,000. These budget amendments are reflected in the final budgeted amounts.

The City of Fort Dodge prepares its budget on the cash basis. The Budgetary Comparison Schedule is a comparison of the cash basis receipts and disbursements with the budget adopted and amended by the City Council.

City of Fort Dodge, Iowa

Schedule of Funding Progress For The

Retiree Health Plan

Required Supplementary Information

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

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

Supplementary Information

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Schedule 1

	Special Revenue				
	Road use Tax	Employee Flex Spending	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Assets					
Cash, cash equivalents and pooled investments	\$ 1,246,090	(14,201)	9,123	5,000	155,313
Receivables:					
Property tax:					
Delinquent	-	-	-	-	15,556
Succeeding year	-	-	-	-	1,253,000
Accounts	-	1,509	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	473	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 1,246,563</u>	<u>(12,692)</u>	<u>9,123</u>	<u>5,000</u>	<u>1,423,869</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 49,301	-	-	-	466
Salaries payable	28,134	-	-	-	-
Benefits payable	-	-	-	-	27,566
Due to other funds	-	-	-	-	-
Total liabilities	<u>77,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,032</u>
Deferred inflows of resources:					
Succeeding year property tax	-	-	-	-	1,253,000
Other	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,253,000</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	473	-	-	-	-
Parks Trust	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Street improvement and repairs	1,168,655	-	-	-	-
Urban renewal	-	-	-	-	-
Major repairs and construction	-	-	-	-	-
Capital improvements	-	-	-	-	-
Other purposes	-	-	9,123	5,000	142,837
Unassigned	-	(12,692)	-	-	-
Total fund balances	<u>1,169,128</u>	<u>(12,692)</u>	<u>9,123</u>	<u>5,000</u>	<u>142,837</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,246,563</u>	<u>(12,692)</u>	<u>9,123</u>	<u>5,000</u>	<u>1,423,869</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue					
	Community Development	Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents	Urban Renewal
Assets						
Cash, cash equivalents and pooled investments	85,806	243,142	465,919	107,517	41,103	619,916
Receivables:						
Property tax:						
Delinquent	-	-	2,632	-	-	-
Succeeding year	-	-	46,625	-	-	-
Accounts	253	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid expenses	1,720	-	-	-	150	-
Due from other funds	-	24,171	-	-	-	2,870,968
Total assets	87,779	267,313	515,176	107,517	41,253	3,490,884
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	140	305	2,317	-	2,121	1,190
Salaries payable	-	-	-	-	-	-
Benefits payable	-	-	-	-	-	-
Due to other funds	100,000	-	-	-	-	-
Total liabilities	<u>100,140</u>	<u>305</u>	<u>2,317</u>	<u>-</u>	<u>2,121</u>	<u>1,190</u>
Deferred inflows of resources:						
Succeeding year property tax	-	-	46,625	-	-	-
Other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>46,625</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Prepaid expenditures	1,720	-	-	-	150	-
Parks Trust	-	-	-	-	-	-
Restricted for:						
Debt service	-	-	-	-	-	-
Street improvement and repairs	-	-	-	-	-	-
Urban renewal	-	-	-	-	-	3,489,694
Major repairs and construction	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Other purposes	-	267,008	466,234	107,517	38,982	-
Unassigned	(14,081)	-	-	-	-	-
Total fund balances	<u>(12,361)</u>	<u>267,008</u>	<u>466,234</u>	<u>107,517</u>	<u>39,132</u>	<u>3,489,694</u>
Total liabilities, deferred inflows of resources and fund balances	87,779	267,313	515,176	107,517	41,253	3,490,884

See accompanying independent auditor's report.

<u>DARE</u>	<u>City Grants</u>	<u>Congregate Meals</u>	<u>Drug Arrest</u>	<u>Debt Service</u>		<u>Capital Projects</u>			
				<u>Golf Course</u>	<u>Harlan Rogers Sinking</u>	<u>Capital Improvements</u>	<u>Construction</u>	<u>Vision Iowa Trail Plan</u>	<u>Sidewalk Improvement</u>
4,857	1,221	1,453	10,394	5,138	289,607	2,696,424	2,169,379	782,050	16,326
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,578	71,049	-	-
-	-	-	-	-	-	57	-	-	-
-	9,719	3,639	-	-	-	10,656	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	48,324	24,170	-	-	-
<u>4,857</u>	<u>10,940</u>	<u>5,092</u>	<u>10,394</u>	<u>5,138</u>	<u>337,931</u>	<u>2,738,885</u>	<u>2,240,428</u>	<u>782,050</u>	<u>16,326</u>
-	13,025	4,174	25	-	-	36,805	953,298	21,598	-
-	-	708	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	20,514	-	-	-
<u>-</u>	<u>13,025</u>	<u>4,882</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>57,319</u>	<u>953,298</u>	<u>21,598</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	24,663	-	20,880	-
-	-	-	-	-	-	24,663	-	20,880	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	5,138	337,931	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,656,903	-	-	-
-	-	-	-	-	-	-	1,287,130	739,572	16,326
4,857	-	210	10,369	-	-	-	-	-	-
-	(2,085)	-	-	-	-	-	-	-	-
<u>4,857</u>	<u>(2,085)</u>	<u>210</u>	<u>10,369</u>	<u>5,138</u>	<u>337,931</u>	<u>2,656,903</u>	<u>1,287,130</u>	<u>739,572</u>	<u>16,326</u>
<u>4,857</u>	<u>10,940</u>	<u>5,092</u>	<u>10,394</u>	<u>5,138</u>	<u>337,931</u>	<u>2,738,885</u>	<u>2,240,428</u>	<u>782,050</u>	<u>16,326</u>

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Schedule 1

	<u>Permanent Fund</u>	
	Eva Patterson	
	<u>Parks Trust</u>	<u>Total</u>
Assets		
Cash, cash equivalents and pooled investments	\$ 25,000	8,966,577
Receivables		
Property tax:		
Delinquent	-	18,188
Succeeding year	-	1,299,625
Accounts	-	80,389
Accrued interest	-	57
Due from other governments	-	24,014
Prepaid expenses	-	2,343
Due from other funds	-	2,967,633
Total assets	<u>25,000</u>	<u>13,358,826</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	-	1,084,765
Salaries payable	-	28,842
Benefits payable	-	27,566
Due to other funds	-	120,514
Total liabilities	<u>-</u>	<u>1,261,687</u>
Deferred inflows of resources:		
Succeeding year property tax	-	1,299,625
Other	-	45,543
Total deferred inflows of resources	<u>-</u>	<u>1,345,168</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	-	2,343
Parks Trust	25,000	25,000
Restricted for:		
Debt service	-	343,069
Street improvement and repairs	-	1,168,655
Urban renewal	-	3,489,694
Major repairs and construction	-	2,656,903
Capital improvements	-	2,043,028
Other purposes	-	1,052,137
Unassigned	-	(28,858)
Total fund balances	<u>25,000</u>	<u>10,751,971</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,000</u>	<u>13,358,826</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, 2014

Schedule 2

	Special Revenue				
	Road Use Tax	Employee Flex Spending	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Revenues:					
Property tax	\$ -	-	-	-	1,215,618
Other city tax	-	-	-	-	-
Use of money and property	-	-	-	-	561
Intergovernmental	2,543,753	-	2,452	-	-
Charges for service	-	-	-	-	-
Miscellaneous	-	51,911	759	-	-
Total revenues	<u>2,543,753</u>	<u>51,911</u>	<u>3,211</u>	<u>-</u>	<u>1,216,179</u>
Expenditures:					
Operating:					
Public safety	-	-	-	-	1,149,735
Public works	2,428,263	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
General government	-	64,823	9,661	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>2,428,263</u>	<u>64,823</u>	<u>9,661</u>	<u>-</u>	<u>1,149,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,490</u>	<u>(12,912)</u>	<u>(6,450)</u>	<u>-</u>	<u>66,444</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Operating transfers in	-	-	-	5,000	-
Operating transfers out	(34,580)	-	-	-	-
Total other financing sources (uses)	<u>(34,580)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>80,910</u>	<u>(12,912)</u>	<u>(6,450)</u>	<u>5,000</u>	<u>66,444</u>
Fund balances beginning of year	<u>1,088,218</u>	<u>220</u>	<u>15,573</u>	<u>-</u>	<u>76,393</u>
Fund balances end of year	<u>\$ 1,169,128</u>	<u>(12,692)</u>	<u>9,123</u>	<u>5,000</u>	<u>142,837</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, 2014

	Special Revenue					
	Community <u>Development</u>	Hotel/ <u>Motel Tax</u>	<u>SSMID</u>	Library <u>Memorial</u>	Foster <u>Grandparents</u>	Urban <u>Renewal</u>
Revenues:						
Property tax	\$ -	-	50,156	-	-	-
Other city tax	-	1,093	-	-	-	-
Use of money and property	89	-	4,147	-	-	123,862
Intergovernmental	112,763	-	-	-	178,140	-
Charges for service	-	-	-	-	-	-
Miscellaneous	33,632	-	-	95,004	12,671	39,810
Total revenues	<u>146,484</u>	<u>1,093</u>	<u>54,303</u>	<u>95,004</u>	<u>190,811</u>	<u>163,672</u>
Expenditures:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and social services	-	-	-	-	159,430	-
Culture and recreation	-	33,705	-	107,507	-	-
Community and economic development	96,007	-	26,700	-	-	8,396
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>96,007</u>	<u>33,705</u>	<u>26,700</u>	<u>107,507</u>	<u>159,430</u>	<u>8,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,477</u>	<u>(32,612)</u>	<u>27,603</u>	<u>(12,503)</u>	<u>31,381</u>	<u>155,276</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	163,434
Operating transfers in	-	106,417	23,020	-	-	8,524
Operating transfers out	-	-	(406,880)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>106,417</u>	<u>(383,860)</u>	<u>-</u>	<u>-</u>	<u>171,958</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>50,477</u>	<u>73,805</u>	<u>(356,257)</u>	<u>(12,503)</u>	<u>31,381</u>	<u>327,234</u>
Fund balances beginning of year	<u>(62,838)</u>	<u>193,203</u>	<u>822,491</u>	<u>120,020</u>	<u>7,751</u>	<u>3,162,460</u>
Fund balances end of year	<u>\$ (12,361)</u>	<u>267,008</u>	<u>466,234</u>	<u>107,517</u>	<u>39,132</u>	<u>3,489,694</u>

See accompanying independent auditor's report.

Schedule 2

<u>DARE</u>	<u>City Grants</u>	<u>Congregate Meals</u>	<u>Drug Arrest</u>	<u>Debt Service</u>		<u>Capital Projects</u>			
				<u>Golf Course</u>	<u>Harlan Rogers Sinking</u>	<u>Capital Improvements</u>	<u>Construction</u>	<u>Vision Iowa Trail Plan</u>	<u>Sidewalk Improvement</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	2	9,303	-	1,151	77	4,648	-	-
-	973,343	66,879	3,245	-	-	29,870	780	292,591	-
-	-	-	-	-	-	187,501	-	-	5,443
-	61,000	-	-	-	-	314,853	11,057	613,221	-
-	<u>1,034,343</u>	<u>66,881</u>	<u>12,548</u>	<u>-</u>	<u>1,151</u>	<u>532,301</u>	<u>16,485</u>	<u>905,812</u>	<u>5,443</u>
6,112	17,705	-	8,622	-	-	199,695	-	-	-
-	556,463	-	-	-	-	847	-	-	-
-	419,674	71,783	-	-	-	-	-	-	-
-	37,586	-	-	-	-	396,989	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	122,003	-	-	-
-	-	-	-	61,502	3,640	-	-	-	-
-	-	-	-	-	-	37,879	2,344,956	1,166,526	14,117
<u>6,112</u>	<u>1,031,428</u>	<u>71,783</u>	<u>8,622</u>	<u>61,502</u>	<u>3,640</u>	<u>757,413</u>	<u>2,344,956</u>	<u>1,166,526</u>	<u>14,117</u>
<u>(6,112)</u>	<u>2,915</u>	<u>(4,902)</u>	<u>3,926</u>	<u>(61,502)</u>	<u>(2,489)</u>	<u>(225,112)</u>	<u>(2,328,471)</u>	<u>(260,714)</u>	<u>(8,674)</u>
-	-	-	-	-	-	1,781,973	-	-	-
-	-	-	-	-	-	-	15,000	-	-
-	-	-	-	61,496	198,765	133,417	1,623,480	-	25,000
-	(5,000)	-	-	-	(121,250)	(61,496)	-	-	-
-	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>61,496</u>	<u>77,515</u>	<u>1,853,894</u>	<u>1,638,480</u>	<u>-</u>	<u>25,000</u>
(6,112)	(2,085)	(4,902)	3,926	(6)	75,026	1,628,782	(689,991)	(260,714)	16,326
<u>10,969</u>	<u>-</u>	<u>5,112</u>	<u>6,443</u>	<u>5,144</u>	<u>262,905</u>	<u>1,028,121</u>	<u>1,977,121</u>	<u>1,000,286</u>	<u>-</u>
<u>4,857</u>	<u>(2,085)</u>	<u>210</u>	<u>10,369</u>	<u>5,138</u>	<u>337,931</u>	<u>2,656,903</u>	<u>1,287,130</u>	<u>739,572</u>	<u>16,326</u>

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

Schedule 2

	<u>Permanent Fund</u>	
	<u>Eva Patterson</u>	
	<u>Parks Trust</u>	<u>Totals</u>
Revenues:		
Property tax	\$ -	1,265,774
Other city tax	-	1,093
Use of money and property	-	143,840
Intergovernmental	-	4,203,816
Charges for service	-	192,944
Miscellaneous	-	1,233,918
Total revenues	<u>-</u>	<u>7,041,385</u>
Expenditures:		
Operating:		
Public safety	-	1,381,869
Public works	-	2,985,573
Health and social services	-	650,887
Culture and recreation	-	575,787
Community and economic development	-	131,103
General government	-	196,487
Debt service	-	65,142
Capital projects	-	3,563,478
Total expenditures	<u>-</u>	<u>9,550,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,508,941)</u>
Other financing sources (uses):		
Bond proceeds	-	1,781,973
Sale of capital assets	-	178,434
Operating transfers in	-	2,185,119
Operating transfers out	-	(629,206)
Total other financing sources (uses)	<u>-</u>	<u>3,516,320</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>1,007,379</u>
Fund balances beginning of year	<u>25,000</u>	<u>9,744,592</u>
Fund balances end of year	<u>\$ 25,000</u>	<u>10,751,971</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2014

	Enterprise Funds		
	Parking Meter	Solid Waste	Storm Water Utility
Assets			
Current assets:			
Cash and cash equivalents	\$ 138,870	368,879	1,821,569
Accounts receivable	34,791	251,764	100,507
Prepaid insurance	-	2,734	-
Prepaid expenses	-	-	-
Total current assets	<u>173,661</u>	<u>623,377</u>	<u>1,922,076</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets (net of accumulated depreciation)	<u>234,720</u>	<u>1,243,939</u>	<u>4,624,983</u>
Total noncurrent assets	<u>234,720</u>	<u>1,243,939</u>	<u>4,624,983</u>
Total assets	<u>408,381</u>	<u>1,867,316</u>	<u>6,547,059</u>
Liabilities			
Current liabilities:			
Accounts payable	453	27,211	273,243
Salaries payable	577	6,972	-
Compensated absences	-	118,099	-
Benefits payable	96	1,132	-
Unearned revenue	5,996	-	-
Payable from restricted net assets:			
Consumer deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>7,122</u>	<u>153,414</u>	<u>273,243</u>
Noncurrent liabilities:			
Net OPEB liability	<u>7,588</u>	<u>30,352</u>	<u>-</u>
Total noncurrent liabilities	<u>7,588</u>	<u>30,352</u>	<u>-</u>
Total liabilities	<u>14,710</u>	<u>183,766</u>	<u>273,243</u>
Net position			
Invested in capital assets, net of related debt	234,720	1,243,939	4,624,983
Unrestricted	<u>158,951</u>	<u>439,611</u>	<u>1,648,833</u>
Total net position	<u>\$ 393,671</u>	<u>1,683,550</u>	<u>6,273,816</u>

See accompanying independent auditor's report.

Schedule 3

<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
319,133	15,912	3,740	392,305	-	3,060,408
77,914	-	-	1,549	-	466,525
-	-	-	-	-	2,734
108	-	-	360	-	468
<u>397,155</u>	<u>15,912</u>	<u>3,740</u>	<u>394,214</u>	<u>-</u>	<u>3,530,135</u>
-	-	-	-	187,421	187,421
<u>3,278</u>	<u>-</u>	<u>-</u>	<u>552,544</u>	<u>-</u>	<u>6,659,464</u>
<u>3,278</u>	<u>-</u>	<u>-</u>	<u>552,544</u>	<u>187,421</u>	<u>6,846,885</u>
<u>400,433</u>	<u>15,912</u>	<u>3,740</u>	<u>946,758</u>	<u>187,421</u>	<u>10,377,020</u>
2,090	-	-	13,456	-	316,453
-	-	-	-	-	7,549
-	-	-	-	-	118,099
-	-	-	-	-	1,228
-	-	-	-	-	5,996
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,421</u>	<u>187,421</u>
<u>2,090</u>	<u>-</u>	<u>-</u>	<u>13,456</u>	<u>187,421</u>	<u>636,746</u>
-	-	-	-	-	37,940
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,940</u>
<u>2,090</u>	<u>-</u>	<u>-</u>	<u>13,456</u>	<u>187,421</u>	<u>674,686</u>
3,278	-	-	552,544	-	6,659,464
<u>395,065</u>	<u>15,912</u>	<u>3,740</u>	<u>380,758</u>	<u>-</u>	<u>3,042,870</u>
<u>398,343</u>	<u>15,912</u>	<u>3,740</u>	<u>933,302</u>	<u>-</u>	<u>9,702,334</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, 2014

	Enterprise Funds		
	<u>Parking Meter</u>	<u>Solid Waste</u>	<u>Recycling</u>
Operating revenues:			
Charges for services	\$ 149,377	1,452,407	-
Miscellaneous	86	3,622	-
Total operating revenues	<u>149,463</u>	<u>1,456,029</u>	<u>-</u>
Operating expenses:			
Business type activities:			
Cost of sales and services	114,241	1,129,626	-
Depreciation	17,510	106,146	-
Total operating expenses	<u>131,751</u>	<u>1,235,772</u>	<u>-</u>
Operating income (loss)	<u>17,712</u>	<u>220,257</u>	<u>-</u>
Non-operating revenues (expenses):			
Interest and investment revenue	566	5,098	-
Capital contribution	-	-	-
Miscellaneous revenues	-	-	-
Total nonoperating revenue	<u>566</u>	<u>5,098</u>	<u>-</u>
Net income (loss) before transfers	<u>18,278</u>	<u>225,355</u>	<u>-</u>
Operating transfers in	-	58,065	-
Operating transfers out	-	(83,000)	(58,065)
Change in net position	<u>18,278</u>	<u>200,420</u>	<u>(58,065)</u>
Net position beginning of year	<u>375,393</u>	<u>1,483,130</u>	<u>58,065</u>
Net position end of year	<u>\$ 393,671</u>	<u>1,683,550</u>	<u>-</u>

See accompanying independent auditor's report.

Enterprise Funds					
<u>Storm Water Utility</u>	<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage Account</u>	<u>Central Garage</u>	<u>Total</u>
500,799	198,253	72,851	11,372	50,628	2,435,687
-	914	-	-	5,699	10,321
<u>500,799</u>	<u>199,167</u>	<u>72,851</u>	<u>11,372</u>	<u>56,327</u>	<u>2,446,008</u>
228,791	153,691	67,239	10,565	170,311	1,874,464
88,880	12,667	-	-	23,037	248,240
<u>317,671</u>	<u>166,358</u>	<u>67,239</u>	<u>10,565</u>	<u>193,348</u>	<u>2,122,704</u>
<u>183,128</u>	<u>32,809</u>	<u>5,612</u>	<u>807</u>	<u>(137,021)</u>	<u>323,304</u>
-	-	-	-	-	5,664
1,000,000	185,000	-	-	-	1,185,000
868	1,018	-	-	-	1,886
<u>1,000,868</u>	<u>186,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,192,550</u>
<u>1,183,996</u>	<u>218,827</u>	<u>5,612</u>	<u>807</u>	<u>(137,021)</u>	<u>1,515,854</u>
-	-	-	-	100,000	158,065
<u>(421,621)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(587,686)</u>
<u>762,375</u>	<u>218,827</u>	<u>5,612</u>	<u>807</u>	<u>(62,021)</u>	<u>1,086,233</u>
<u>5,511,441</u>	<u>179,516</u>	<u>10,300</u>	<u>2,933</u>	<u>995,323</u>	<u>8,616,101</u>
<u>6,273,816</u>	<u>398,343</u>	<u>15,912</u>	<u>3,740</u>	<u>933,302</u>	<u>9,702,334</u>

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2014

	Business-Type Activities		
	Parking Meter	Solid Waste	Recycling
Cash flows from operating activities			
Receipts from customers	\$ 152,609	1,464,412	-
Payments to suppliers and employees	(109,388)	(1,021,044)	-
Other receipts	86	3,622	-
Net cash provided (used) by operating activities	43,307	446,990	-
Cash flows from noncapital financing activities			
Transfers to other funds	-	(83,000)	(58,065)
Transfers from other funds	-	58,065	-
Net cash provided (used) in noncapital financing activities	-	(24,935)	(58,065)
Cash flows from capital and related financing activities			
Purchases of capital assets	-	(1,340,921)	-
Intergovernmental receipts	-	-	-
Capital contribution	-	-	-
Other receipts (payments)	-	-	-
Net cash provided (used) by capital and related financing activities	-	(1,340,921)	-
Cash flows from investing activities			
Interest and dividends	566	5,098	-
Net cash provided by investing activities	566	5,098	-
Net increase (decrease) in cash and cash equivalents	43,873	(913,768)	(58,065)
Cash and cash equivalents - beginning of year	94,997	1,282,647	58,065
Cash and cash equivalents - end of year	\$ 138,870	368,879	-

See accompanying independent auditor's report.

Schedule 5

Business-Type Activities						
Storm Water Utility	Ambulance	Lakeside Beverage	Harlan Rogers Beverage	Central Garage	Consumer Deposits	Total
503,160	269,517	72,851	11,372	50,628	87,007	2,611,556
25,576	(158,702)	(67,239)	(10,565)	(160,461)	(83,725)	(1,585,548)
-	914	-	-	18,878	-	23,500
<u>528,736</u>	<u>111,729</u>	<u>5,612</u>	<u>807</u>	<u>(90,955)</u>	<u>3,282</u>	<u>1,049,508</u>
(421,621)	-	-	-	(25,000)	-	(587,686)
-	-	-	-	100,000	-	158,065
<u>(421,621)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>(429,621)</u>
(2,129,985)	-	-	-	-	-	(3,470,906)
241,597	-	-	-	-	-	241,597
1,000,000	185,000	-	-	-	-	1,185,000
868	1,018	-	-	-	-	1,886
<u>(887,520)</u>	<u>186,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,042,423)</u>
-	-	-	-	-	-	5,664
-	-	-	-	-	-	5,664
(780,405)	297,747	5,612	807	(15,955)	3,282	(1,416,872)
<u>2,601,974</u>	<u>21,386</u>	<u>10,300</u>	<u>2,933</u>	<u>408,260</u>	<u>184,139</u>	<u>4,664,701</u>
<u>1,821,569</u>	<u>319,133</u>	<u>15,912</u>	<u>3,740</u>	<u>392,305</u>	<u>187,421</u>	<u>3,247,829</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2014

	Business-Type Activities		
	Parking Meter	Solid Waste	Recycling
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 17,712	220,257	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	17,510	106,146	-
Change in assets and liabilities:			
Receivables, net	3,232	12,005	-
Prepaid expenses	-	2,951	-
Consumer deposits	-	-	-
Accounts and other payables	(296)	3,916	-
Salaries and benefits payable	147	1,325	-
Compensated absences	-	92,768	-
Other postemployment benefits	1,906	7,622	-
Deferred revenue	3,096	-	-
Net cash provided (used) by operating activities	<u>\$ 43,307</u>	<u>446,990</u>	<u>-</u>
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	\$ 138,870	368,879	-
Noncurrent assets:			
Restricted cash and pooled investments	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at year end	<u>\$ 138,870</u>	<u>368,879</u>	<u>-</u>

See accompanying independent auditor's report.

Schedule 5

Business-Type Activities						
<u>Storm Water Utility</u>	<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
183,128	32,809	5,612	807	(137,021)	-	323,304
88,880	12,667	-	-	23,037	-	248,240
2,361	71,264	-	-	13,179	-	102,041
	(108)	-	-	(163)	-	2,680
	-	-	-	-	3,282	3,282
254,367	(4,903)	-	-	10,013	-	263,097
		-	-	-	-	1,472
-	-	-	-	-	-	92,768
		-	-	-	-	9,528
-	-	-	-	-	-	3,096
<u>528,736</u>	<u>111,729</u>	<u>5,612</u>	<u>807</u>	<u>(90,955)</u>	<u>3,282</u>	<u>1,049,508</u>
1,821,569	319,133	15,912	3,740	392,305	-	3,060,408
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,421</u>	<u>187,421</u>
<u>1,821,569</u>	<u>319,133</u>	<u>15,912</u>	<u>3,740</u>	<u>392,305</u>	<u>187,421</u>	<u>3,247,829</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2014

General Obligation Bonds

Year Ending June 30,	Corporate Purpose		Corporate Purpose		Urban Renewal Refunding	
	Issued June 14, 2009		Issued April 1, 2010		Issued August 26, 2010	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rate	Amount
2015	3.88 %	\$ 500,000	3.00 %	\$ 960,000	1.55 %	\$ 220,000
2016	4.12	585,000	3.00	980,000	1.85	225,000
2017	4.30	595,000	3.00	1,005,000	2.10	225,000
2018	4.30	615,000	3.00	1,040,000	2.35	230,000
2019	4.63	640,000	3.13	1,070,000	2.50	225,000
2020	4.75	665,000	3.25	1,110,000	2.70	230,000
2021	5.00	695,000	-	-	2.90	225,000
2022	5.20	725,000	-	-	3.00	250,000
2023	5.25	760,000	-	-	-	-
2024	5.38	800,000	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total		<u>\$ 6,580,000</u>		<u>\$ 6,165,000</u>		<u>\$ 1,830,000</u>

Year Ending June 30,	Go Refunding		Corporate Purpose	
	Issued May 16, 2013		Issued May 15, 2014	
	Interest Rate	Amount	Interest Rate	Amount
2015	2.00 %	\$ 1,490,000	2.00 %	\$ 310,000
2016	2.00	1,075,000	2.00	400,000
2017	2.00	1,090,000	2.00	285,000
2018	2.00	1,110,000	2.00	305,000
2019	2.00	1,120,000	2.00	370,000
2020	2.00	440,000	2.00	560,000
2021	2.00	340,000	3.00	570,000
2022	2.00	250,000	4.00	585,000
2023	2.00	100,000	2.00	675,000
2024	-	-	2.20	370,000
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
Total		<u>\$ 7,015,000</u>		<u>\$ 4,430,000</u>

See accompanying independent auditor's report.

Schedule 6

Year Ending June 30,	Corporate Purpose Issued June 29, 2011		Corporate Purpose Issued June 26, 2012	
	Interest Rate	Amount	Interest Rate	Amount
2015	1.10 %	\$ 180,000	1.00 %	\$ 100,000
2016	1.40	185,000	1.00	205,000
2017	1.70	195,000	1.00	210,000
2018	1.95	200,000	1.50	215,000
2019	2.15	205,000	1.50	225,000
2020	2.35	215,000	1.75	230,000
2021	2.55	225,000	1.75	240,000
2022		-	2.00	250,000
2023		-	2.00	255,000
2024		-	2.25	265,000
2025		-	2.25	280,000
2026		-	2.50	840,000
2027		-	2.50	855,000
Total		<u>\$ 1,405,000</u>		<u>\$ 4,170,000</u>

	<u>Total</u>
\$	3,760,000
	3,655,000
	3,605,000
	3,715,000
	3,855,000
	3,450,000
	2,295,000
	2,060,000
	1,790,000
	1,435,000
	280,000
	840,000
	855,000
\$	<u>31,595,000</u>

City of Fort Dodge, Iowa
Bond Maturities - Revenue Bonds
June 30, 2014

Schedule 7

Year Ending <u>June 30,</u>	Sewer Bond Issue			Sewer Bond Issue			Sewer Bond Issue		
	Issued Sep 30, 1999			Issued Sep 30, 1999			Issued Dec 20, 2002		
	Interest <u>Rates</u>	<u>Amount</u>		Interest <u>Rates</u>	<u>Amount</u>		Interest <u>Rates</u>	<u>Amount</u>	
2015	1.75 %	\$	13,000	1.75 %	\$	545,000	1.75 %	\$	191,000
2016	1.75		14,000	1.75		566,000	1.75		196,000
2017	1.75		14,000	1.75		588,000	1.75		202,000
2018	1.75		15,000	1.75		611,000	1.75		208,000
2019	1.75		15,000	1.75		635,000	1.75		215,000
2020	1.75		16,000	1.75		660,000	1.75		221,000
2021	1.75		16,000	1.75		686,000	1.75		228,000
2022	1.75		17,000	1.75		713,000	1.75		235,000
2023			-			-	1.75		242,000
2024			-			-			-
2025			-			-			-
2026			-			-			-
2027			-			-			-
2028			-			-			-
2029			-			-			-
2030			-			-			-
2031			-			-			-
2032			-			-			-
2033			-			-			-
2034			-			-			-
2035			-			-			-
2036			-			-			-
Total		\$	<u>120,000</u>		\$	<u>5,004,000</u>		\$	<u>1,938,000</u>

Year Ending <u>June 30,</u>	Sewer Bond Issue		
	Issued June 6, 2014		
	Interest <u>Rates</u>	<u>Amount</u>	
2015	1.75 %	\$	-
2016	1.75		338,000
2017	1.75		344,000
2018	1.75		351,000
2019	1.75		358,000
2020	1.75		365,000
2021	1.75		373,000
2022	1.75		<u>338,258</u>
			<u>2,467,258</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Bond Maturities - Revenue Bonds
June 30, 2014

	Sewer Bond Issue				Water Bond Issue				Water Bond Issue			
	Issued June 30, 2002				Issued Dec 12, 2003				Issued June 1, 2004			
Year Ending June 30,	Interest Rates		Amount		Interest Rates		Amount		Interest Rates		Amount	
2015	1.75 %	\$	58,000		3.00 %	\$	170,000		3.00 %	\$	237,000	
2016	1.75		59,000		3.00		175,000		3.00		244,000	
2017	1.75		61,000		3.00		180,000		3.00		251,000	
2018	1.75		63,000		3.00		186,000		3.00		259,000	
2019	1.75		65,000		3.00		191,000		3.00		266,000	
2020	1.75		67,000		3.00		197,000		3.00		274,000	
2021	1.75		69,000		3.00		203,000		3.00		283,000	
2022	1.75		71,000		3.00		209,000		3.00		291,000	
2023			-		3.00		215,000		3.00		300,000	
2024			-				222,000		3.00		309,000	
2025			-				229,000		3.00		318,000	
			-				-				-	
			-				-				-	
			-				-				-	
			-				-				-	
			-				-				-	
			-				-				-	
			-				-				-	
			-				-				-	
			-				-				-	
			-				-				-	
Total		\$	513,000			\$	2,177,000			\$	3,032,000	

See accompanying independent auditor's report.

Schedule 7

Sewer Bond Issue			Water Bond Issue			Sewer Bond Revenue		
Issued Feb 28, 2014			Issued Oct 1, 2012			Issued Nov 12, 2013		
Interest			Interest			Interest		
Rates		Amount	Rates		Amount	Rates		Amount
3.00 %	\$	355,000	2.00 %	\$	712,000	2.00 %	\$	1,032,000
3.00		365,000	2.00		726,000	2.00		1,053,000
3.00		375,000	2.00		740,000	2.00		1,074,000
3.00		390,000	2.00		755,000	2.00		1,095,000
3.00		400,000	2.00		770,000	2.00		1,117,000
3.00		415,000	2.00		786,000	2.00		1,140,000
3.00		430,000	2.00		801,000	2.00		1,162,000
3.00		440,000	2.00		817,000	2.00		1,186,000
3.00		1,090,000	2.00		834,000	2.00		1,209,000
3.00		1,125,000	2.00		851,000	2.00		1,234,000
3.00		1,165,000	2.00		868,000	2.00		1,258,000
3.00		1,200,000	2.00		885,000	2.00		1,283,000
3.00		1,240,000	2.00		903,000	2.00		1,309,000
3.00		1,280,000	2.00		921,000	2.00		1,335,000
3.00		1,320,000	2.00		939,000	2.00		1,362,000
3.00		1,365,000	2.00		958,000	2.00		1,389,000
3.00		1,410,000	2.00		977,000	2.00		1,417,000
3.00		1,455,000	2.00		128,685	2.00		1,272,467
3.00		1,505,000			-			-
3.00		1,550,000			-			-
3.00		1,600,000			-			-
3.00		1,652,000			-			-
		<u>\$ 22,127,000</u>			<u>\$ 14,371,685</u>			<u>\$ 21,927,467</u>

City of Fort Dodge, Iowa
Bond Maturities - Revenue Bonds
June 30, 2014

Year Ending June 30,	Urban Renewal Tax Increment Revenue Bond Issued Nov. 15, 2006		Urban Renewal Tax Increment Revenue Bond Issued Jan. 20, 2012	
	Interest Rates	Amount	Interest Rates	Amount
2015	4.75 %	\$ 210,000	3.98 %	\$ 115,000
2016	4.75	220,000	3.98	120,000
2017	4.75	220,000	3.98	125,000
2018	4.75	230,000	3.98	130,000
2019	4.75	230,000	3.98	135,000
2020	4.75	240,000		-
2021	4.75	240,000		-
2022	4.75	260,000		-
2023		-		-
2024		-		-
2025		-		-
2026		-		-
2027		-		-
2028		-		-
2029		-		-
2030		-		-
2031		-		-
2032		-		-
2033		-		-
2034		-		-
2035		-		-
2036		-		-
		<u>\$ 1,850,000</u>		<u>\$ 625,000</u>

See accompanying independent auditor's report.

Golf Course Revenue NotesIssued Jan 13, 2006

Interest

<u>Rates</u>	<u>Amount</u>	<u>Total</u>
4.60-4.65 % \$	53,000	3,691,000
4.65-4.70	55,500	4,131,500
4.70-4.75	58,500	4,232,500
4.75	30,500	4,323,500
	-	4,397,000
	-	4,381,000
	-	4,491,000
	-	4,577,258
	-	3,890,000
	-	3,741,000
	-	3,838,000
	-	3,368,000
	-	3,452,000
	-	3,536,000
	-	3,621,000
	-	3,712,000
	-	3,804,000
	-	2,856,152
	-	1,505,000
	-	1,550,000
	-	1,600,000
	-	1,652,000
	<u>\$ 197,500</u>	<u>76,349,910</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			
	2013	2012	2011	2010
Revenues:				
Property tax	\$ 13,114,635	11,905,700	10,695,253	9,495,874
Tax increment financing revenue	1,464,088	1,189,531	1,057,524	994,554
Other city tax	4,812,143	3,833,165	3,781,601	3,246,525
Licenses and permits	388,159	529,018	303,300	282,277
Use of money and property	344,105	326,937	344,015	372,350
Intergovernmental	4,390,858	5,015,006	4,772,715	5,332,928
Charges for service	1,322,768	1,331,738	1,251,367	965,547
Miscellaneous	<u>2,393,713</u>	<u>1,638,670</u>	<u>1,619,892</u>	<u>3,227,905</u>
Total	<u>\$ 28,230,469</u>	<u>25,769,765</u>	<u>23,825,667</u>	<u>23,917,960</u>
Expenditures:				
Operating:				
Public safety	\$ 7,894,979	7,422,048	7,319,101	6,462,486
Public works	4,155,736	3,656,007	3,336,965	3,438,283
Health & social services	686,247	301,498	340,102	347,086
Culture and recreation	3,442,509	3,162,789	3,459,938	3,330,371
Community and economic development	2,755,825	5,433,594	4,734,874	4,201,872
General government	1,090,281	1,518,381	1,381,422	1,279,686
Debt service	8,251,054	4,250,319	3,842,588	3,429,197
Capital projects	<u>6,567,146</u>	<u>6,191,055</u>	<u>6,608,042</u>	<u>12,542,416</u>
Total	<u>\$ 34,843,777</u>	<u>31,935,691</u>	<u>31,023,032</u>	<u>35,031,397</u>

See accompanying independent auditor's report.

Schedule 8

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
9,065,686	9,412,453	9,309,408	9,405,843	9,136,224	9,245,696
960,077	1,021,218	924,879	904,267	855,994	793,770
2,471,570	2,345,915	2,255,230	2,216,986	1,930,077	2,187,327
366,910	334,673	323,123	321,063	282,112	371,137
420,807	457,355	588,086	488,171	380,335	318,211
3,364,048	4,018,906	3,877,250	4,460,365	4,401,764	5,384,061
1,006,957	1,048,258	1,164,134	1,097,362	1,083,195	1,006,126
<u>1,629,822</u>	<u>1,403,703</u>	<u>1,597,706</u>	<u>1,724,939</u>	<u>1,351,395</u>	<u>1,158,090</u>
<u>19,285,877</u>	<u>20,042,481</u>	<u>20,039,816</u>	<u>20,618,996</u>	<u>19,421,096</u>	<u>20,471,479</u>
6,127,327	6,355,575	6,628,544	5,750,697	5,477,040	5,365,446
7,653,552	5,171,592	3,451,734	3,625,199	3,846,806	3,534,608
434,575	525,065	881,082	679,639	569,898	635,244
3,188,913	2,896,431	2,675,303	3,069,638	2,433,376	2,410,541
3,821,149	2,580,400	5,130,808	2,113,794	2,669,361	3,066,341
1,491,143	1,311,200	1,500,704	1,465,795	1,464,206	1,358,687
3,195,141	1,633,892	1,699,934	1,949,432	1,736,407	3,638,927
<u>5,159,378</u>	<u>2,369,971</u>	<u>902,847</u>	<u>2,170,993</u>	<u>2,974,408</u>	<u>3,066,222</u>
<u>31,071,178</u>	<u>22,844,126</u>	<u>22,870,956</u>	<u>20,825,187</u>	<u>21,171,502</u>	<u>23,076,016</u>

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Schedule 9

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Justice:			
Byrne Memorial Justice Assistance	16.738	2011-DJ-BX-2458	\$ 11,561
Byrne Memorial Justice Assistance	16.738	2012-DJ-BX-0116	5,250
			<u>16,811</u>
Community Oriented Policing Services	16.710	2010-UMUX0096	51,831
Bulletproof Vest Partnership Program	16.607	FY14	1,047
			<u>52,878</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-27	1,035,000
Airport Improvement Program	20.106	3-19-0035-29	88,988
			<u>1,123,988</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	11SGNIA002	178,140
			<u>178,140</u>
Total Direct			<u>1,371,817</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 2014	47,480
			<u>47,480</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Non-urban Operating Assistance Project	20.509	18-0030-269-12	339,639
Intercity Bus Assistance Project'	20.509	ICB CY13	4,558
Intercity Bus Assistance Project'	20.509	ICB CY14	1,231
Transit Assistance Program	20.509	TF - 2014	1,860
			<u>347,288</u>

(continued)

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Schedule 9

<u>Grantor/Program</u> (continued)	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S.Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
Disaster Grants - Public Assistance	96.036	EM-4126	2,028
			<u>2,028</u>
Environmental Protection Agency:			
Iowa Finance Authority:			
Capitalization Grants for Drinking Water State			
Revolving Funds	66.468	FY 2014	2,060,337
Capitalization Grants for Clean Water State			
Revolving Funds	66.458	FY 2014	2,760,123
U.S. Department of Housing & Urban Development:			
Iowa Economic Development Authority:			
CDBG Community Facilities			
and Services	12.288	13-CF-001	420,000
Total Indirect			<u>5,637,256</u>
Total			<u>\$ 7,009,073</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	347,288
		<u>347,288</u>

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

See accompanying independent auditor's report.

Schedule of Expenditures of State Awards

Year ended June 30, 2014

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Airport Infrastructure #13148	10,408
Air Service Development Program	<u>31,179</u>
	<u>41,587</u>
Iowa Department of Transportation:	
RISE Grant #2012-R-001	<u>7,664</u>
Library:	
Enrich Iowa Grant	<u>6,591</u>
	<u>6,591</u>
Iowa Department of Economic Development:	
Community Attraction and Tourism Program # 11-CAT-013	<u>199,330</u>
Iowa Department of Public Safety:	
Governor's Traffic Safety Bureau FY 2014	<u>22,172</u>
Total	<u>\$ 277,344</u>

See accompanying independent auditor's report.

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

Certified Public Accountants

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

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2014, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 12, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control we consider to be a significant deficiency.

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. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fort Dodge's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 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 12, 2015

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

Certified Public Accountants

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

To the Honorable Mayor and
Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Fort Dodge, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Fort Dodge's major federal programs for the year ended June 30, 2014. The City of Fort Dodge's major federal programs is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Fort Dodge's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Fort Dodge's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Fort Dodge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

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 a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Dodge's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal 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 12, 2015

City of Fort Dodge, Iowa
Schedule of Findings and Questioned Costs
Year ended June 30, 2014

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Number 66.458 Capitalization Grants for Clean Water State Revolving Funds, CFDA Number 14.288 CDBG Community Facilities and Services, and CFDA 20.106 Airport Improvement Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Fort Dodge qualified as a low-risk auditee.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- II-A-14 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). The City of Fort Dodge does not have an internal control system designed to provide for the preparation of the financial statements, including accompanying footnotes and statements of cash flows, as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in and Audit*, requires us to communicate this matter to those charged with governance.

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

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

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

Conclusion – Response accepted.

City of Fort Dodge, Iowa
Schedule of Findings and Questioned Costs
Year ended June 30, 2014

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-14 Certified Budget -- Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.
- IV-B-14 Questionable Disbursements -- No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-14 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, 2014

Part IV: Other Findings Related to Statutory Reporting:

IV-D-14 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>
Nancy Rork, Employee Spouse owns Rork's Northwest Furnace	Repairs	\$1,750
Matt Bemrich, Mayor Part-Owner of Bemrich Electric	Repairs	456
Cheryl Hurdel, Employee Owner of Cheryl's Favorite Things	Sewing	641
Rich Peterson, Employee Owner of Rich's Small Engine	Repairs	196
Robert Patterson, Council Member Part-Owner of Midstate Plumbing & Heating, Inc.	Library Repairs City Repairs	2,898 <u>2,321</u> <u>\$8,262</u>

The transactions with Rork's Northwest Furnace does not appear to represent a conflict of interest as they were awarded with competitive bids.

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

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

The transactions with Midstate Plumbing & Heating, Inc. with the airport does not appear to represent a conflict of interest as they were awarded by administrative agencies. The City repairs do not represent a conflict of interest as they were awarded with competitive bids.

IV-E-14 Bond Coverage – Sure bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.

IV-F-14 Council Minutes -- We noted that the June bill run was not published in the paper, however the May bill run was published twice instead.

Recommendation – The City should review their procedures to insure the bills are published correctly.

Conclusion – Response accepted.

IV-G-14 Deposits and Investments – It was noted that the cash in one of the City's depositories exceeded the amount on the Depository Resolution.

Recommendation – The City should increase their authorized amounts to keep in compliance with Chapter 12 of the Code of Iowa.

Response – This was overlooked this year. We will increase our depository amounts at the next council meeting.

Conclusion – Response accepted.

IV-H-14 Revenue Bonds and Notes – No instances of non-compliance with the water and wastewater revenue note provisions were noted.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

- IV-I-14 Financial Condition – The Special Revenue Funds, Tax Increment Financing, Employee Flex Spending, Community Development, and City Grant accounts had deficit balances of \$4,267,091, \$12,692, \$12,361 and \$2,085 respectively at June 30, 2014.

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

Response – See note 16 to the financial statements to see how City officials plan to eliminate these deficits.

Conclusion – Response accepted.

- IV-J-14 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.