

**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, 2009**

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## City of Fort Dodge, Iowa

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Terry Lutz	Mayor	Dec 2009
Cindy Litwiller	Mayor Pro Tem	Dec 2009
Dan Payne	Dean of the Council	Dec 2009
Curt Olson	Council Member	Dec 2009
Don Wilson	Council Member	Dec 2009
Matt Bemrich	Council Member	Dec 2009
Richard Inman	Council Member	Dec 2009
Dave Flattery	Council Member	Dec 2011
David Fierke	City Manager	Indefinite
Penny Clayton	City Clerk	Jun 2009
Michelle Hefley	Deputy Clerk/Treasurer	Indefinite
Maurice Breen	City Attorney	Indefinite

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

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, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Fort Dodge's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the financial statements of the discretely presented component units, other than the Airport Authority, were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than 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 assets, liabilities, and net assets of the modified cash discretely presented component units and their receipts and disbursements for the year then ended on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our reports dated March 29, 2010 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 and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 65 through 69 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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 second paragraph of this report, the financial statements for the six years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Information presented on Schedule 11 is also presented as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

March 29, 2010

## 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, 2009.

## FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$66,927,918 at June 30, 2009.
- The City began construction of an \$8.9 million Aquatic Center.
- The City continued the construction of a \$4.3 new well for the Water System.
- The City continued improvements and expansion of the Wastewater Treatment Plant to accommodate future City growth.
- The City began the first phase of Business 20 Corridor improvements, with a projected total project cost of \$6.5 million

## 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 Assets 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.

*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, Schedule of Passenger Facility Charges Collected and Expended provide details of various federal and state programs benefiting the City.

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

### **The Statement of Net Assets 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 Assets 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 Assets 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 assets, 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 Assets 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 Assets**  
**City of Fort Dodge**  
**June 30, 2009**

**Governmental Activities**

	<b>FY2009</b>	<b>FY2008</b>	<b>Increase (Decrease)</b>
<b>Current Assets</b>	\$ 29,878,683	\$ 29,841,732	\$ 41,571
<b>Restricted Assets</b>	\$ 4,620	\$ -	\$ -
<b>Capital Assets</b>	<u>\$ 46,104,183</u>	<u>\$ 40,126,777</u>	<u>\$ 5,977,406</u>
<b>Total Assets</b>	\$ 75,987,486	\$ 69,968,509	\$ 6,018,977
 <b>Current Liabilities</b>	 \$ 12,948,696	 \$ 12,431,545	 \$ 517,151
<b>Long Term Liabilities</b>	<u>\$ 25,270,313</u>	<u>\$ 17,501,198</u>	<u>\$ 7,769,115</u>
<b>Total Liabilities</b>	\$ 38,219,009	\$ 29,932,743	\$ 8,286,266
 <b>Net Assets:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 22,002,183	\$ 23,725,277	\$ (1,723,094)
<b>Restricted</b>	\$ 3,367,340	\$ 7,010,924	\$ (3,643,584)
 <b>Unrestricted</b>	 <u>\$ 12,398,954</u>	 <u>\$ 9,299,565</u>	 <u>\$ 3,099,389</u>
<b>Total Net Assets</b>	<u>\$ 37,768,477</u>	<u>\$ 40,035,766</u>	<u>\$ (2,267,289)</u>

**Business Type Activities**

	<b>FY2009</b>	<b>FY2008</b>	<b>Increase (Decrease)</b>
<b>Current Assets</b>	\$ 10,250,684	\$ 1,145,019	\$ 9,105,665
<b>Restricted Assets</b>	\$ 1,133,287	\$ 684,476	\$ 448,811
<b>Capital Assets</b>	<u>\$ 59,611,634</u>	<u>\$ 52,763,851</u>	<u>\$ 6,847,783</u>
<b>Total Assets</b>	\$ 70,995,605	\$ 54,593,346	\$ 16,402,259
 <b>Current Liabilities</b>	 \$ 1,193,303	 \$ 1,268,680	 \$ (75,377)
<b>Long Term Liabilities</b>	<u>\$ 40,642,861</u>	<u>\$ 32,352,779</u>	<u>\$ 8,290,082</u>
<b>Total Liabilities</b>	\$ 41,836,164	\$ 33,621,459	\$ 8,214,705
 <b>Net Assets:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 19,190,129	\$ 20,644,535	\$ (1,454,406)
<b>Restricted</b>	\$ -	\$ -	\$ -
<b>Unrestricted</b>	<u>\$ 9,969,312</u>	<u>\$ 327,352</u>	<u>\$ 9,641,960</u>
<b>Total Net Assets</b>	<u>\$ 29,159,441</u>	<u>\$ 20,971,887</u>	<u>\$ 8,187,554</u>

	<b>Total Net Assets</b>		<b>Increase (Decrease)</b>
	<b>FY2009</b>	<b>FY2008</b>	
<b>Current Assets</b>	\$ 40,129,367	\$ 30,986,751	\$ 9,142,616
<b>Restricted Assets</b>	\$ 1,137,907	\$ 684,476	\$ 453,431
<b>Capital Assets</b>	<u>\$ 105,715,817</u>	<u>\$ 92,890,628</u>	<u>\$ 12,825,189</u>
<b>Total Assets</b>	\$ 146,983,091	\$ 124,561,855	\$ 22,421,236
 <b>Current Liabilities</b>	 \$ 14,141,999	 \$ 13,700,225	 \$ 441,774
<b>Long Term Liabilities</b>	<u>\$ 65,913,174</u>	<u>\$ 49,853,977</u>	<u>\$ 16,059,197</u>
<b>Total Liabilities</b>	\$ 80,055,173	\$ 63,554,202	\$ 16,500,971
 <b>Net Assets:</b>			
<b>Invested in Capital Assets</b>			
<b>Net of related debt</b>	\$ 41,192,312	\$ 44,369,812	\$ (3,177,500)
<b>Restricted</b>	\$ 3,367,340	\$ 7,010,924	\$ (3,643,584)
<b>Unrestricted</b>	<u>\$ 22,368,266</u>	<u>\$ 9,626,917</u>	<u>\$ 12,741,349</u>
<b>Total Net Assets</b>	<u>\$ 66,927,918</u>	<u>\$ 61,007,653</u>	<u>\$ 5,920,265</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Fort Dodge, assets exceeded liabilities by \$66,927,918 at the close of the most recent fiscal year.

The largest portion of the City's net assets is in capital assets (ie: land, buildings, machinery, equipment and infrastructure) less depreciation and related debt of \$41,192,312. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$44,369,812, a decrease of \$3,177,500.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or legislation on how they can be used. The City has restricted net assets of \$3,367,340, this is a decrease of \$3,643,584 from the prior year.

The remaining balance, unrestricted net assets of \$22,368,266, 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 \$9,626,917, an increase of \$12,741,349 largely representing the proceeds of debt to finance capital projects.

The following is a more detailed review of the years' operation.

**Statement of Activities  
City of Fort Dodge  
June 30, 2009**

**Governmental Activities**

	<b>FY2009</b>	<b>FY2008</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	1,345,082	1,367,429	(22,347)
Operating grants, contributions	3,198,736	3,033,426	165,310
Capital grants, contributions	516,347	1,207,324	(690,977)
<b>General Revenues:</b>			
Property tax	10,805,164	10,173,468	631,696
Other taxes	1,721,916	2,620,412	(898,496)
Interfund Transfers	769,215	(174,932)	944,147
Other	<u>1,733,466</u>	<u>1,652,302</u>	<u>81,164</u>
<b>Total Revenues</b>	<b>20,089,926</b>	<b>19,879,429</b>	<b>210,497</b>
 <b>Program Expenses:</b>			
Public Safety	6,220,418	6,146,772	73,646
Public Works	7,792,059	5,593,445	2,198,614
Health and Social Services	432,179	525,247	(93,068)
Culture and Recreation	3,318,644	3,117,658	200,986
Comm & Econ Development	2,518,936	2,545,772	(26,836)
General Government	1,356,951	1,302,952	53,999
Debt Service	597,239	369,791	227,448
Capital Projects	<u>120,789</u>	<u>19,547</u>	<u>101,242</u>
<b>Total Expenses</b>	<b>22,357,215</b>	<b>19,621,184</b>	<b>2,736,031</b>
 <b>Increase in net assets</b>	<b>(2,267,289)</b>	<b>258,245</b>	<b>(2,252,534)</b>
 <b>Net assets at beginning of year</b>	<b>40,035,766</b>	<b>39,777,521</b>	<b>258,254</b>
 <b>Net assets at end of year</b>	<b>37,768,477</b>	<b>40,035,766</b>	<b>(2,267,289)</b>

Revenues for governmental funds were \$210,497 more in the current fiscal year as compared to the prior fiscal year. The biggest decrease was in capital grants and contributions due to reduced receipts from the Lincoln Neighborhood grant and the close-out of a CDBG grant.

Expenses had minor fluctuations, with the exception of the Public Works program being significantly increased due to additional capital projects funded from Local Option Sales Tax.

**Statement of Activities**  
**City of Fort Dodge**  
**June 30, 2009**

**Business Type Activities**

	<b>FY2009</b>	<b>FY2008</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	10,176,693	8,306,530	1,870,163
Operating grants, contributions		-	-
Capital grants, contributions	812,566	1,158,728	(346,162)
<b>General Revenues:</b>			
Interfund Transfers	(769,215)	49,932	(819,147)
Other	<u>7,024,876</u>	<u>133,789</u>	<u>6,891,087</u>
<b>Total Revenues</b>	<b>17,244,920</b>	<b>9,648,979</b>	<b>7,595,941</b>
 <b>Program Expenses:</b>			
Water	3,388,442	3,302,437	86,005
Sewer	4,313,417	3,416,410	897,007
Other non-major business type activities	<u>1,355,506</u>	<u>1,402,172</u>	<u>(46,666)</u>
<b>Total Expenses</b>	<b>9,057,365</b>	<b>8,121,019</b>	<b>936,346</b>
 <b>Increase in net assets</b>	<b>8,187,555</b>	<b>1,527,957</b>	<b>6,659,598</b>
 <b>Net assets at beginning of year</b>	<b>20,971,887</b>	<b>19,443,930</b>	<b>1,527,957</b>
 <b>Net assets at end of year</b>	<b>29,159,442</b>	<b>20,971,887</b>	<b>8,187,555</b>

Revenues for business type activities increased by \$7,595,941 or 78.71% more than the previous fiscal year due. Charges for services increased \$1,870,163 or 22.5%, the result of a rate increase in both the water and sewer funds. Other General Revenues increased significantly due to payments made by a large manufacturer who had originally agreed to a minimum water and sewer usage to help defray the costs of infrastructure in running city water and sewer to the place of business outside of the city limits. When the manufacturer made the decision to delay the start of business, an agreement was reached wherein the manufacturer would continue to make the payments associated with the infrastructure costs.

Expenses increased \$936,346 from the prior year as a result of increased operational expenses.

**Total Government and Business Type Activities**  
**City of Fort Dodge**  
**June 30, 2009**

	<b>FY2009 Total</b>	<b>FY2008 Total</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	11,521,775	9,673,959	1,847,816
Operating grants, contributions	3,198,736	3,033,426	165,310
Capital grants, contributions	1,328,913	2,366,052	(1,037,139)
<b>General Revenues:</b>			
Property tax	10,805,164	10,173,468	631,696
Other taxes	1,721,916	2,620,412	(898,496)
Interfund Transfers	---	(125,000)	125,000
Other	<u>8,758,342</u>	<u>1,786,088</u>	<u>6,972,254</u>
<b>Total Revenues</b>	<b>37,334,846</b>	<b>29,528,405</b>	<b>7,806,441</b>
			-
<b>Program Expenses:</b>			
Public Safety	6,220,418	6,146,772	73,646
Public Works	7,792,059	5,593,445	2,198,614
Health and Social Services	432,179	525,247	(93,068)
Culture and Recreation	3,318,644	3,117,658	200,986
Comm & Econ Development	2,518,936	2,545,772	(26,836)
General Government	1,356,951	1,302,952	53,999
Debt Service	597,239	369,791	227,448
Capital Projects	120,789	19,547	101,242
Water	3,388,442	3,302,437	86,005
Sewer	4,313,417	3,416,410	897,007
Other non-major business type activities	<u>1,355,506</u>	<u>1,402,172</u>	<u>(46,666)</u>
<b>Total Expenses</b>	<b>31,414,580</b>	<b>27,742,203</b>	<b>3,672,377</b>
<b>Increase in net assets</b>	<b>5,920,266</b>	<b>1,786,202</b>	<b>4,134,064</b>
<b>Net assets at beginning of year</b>	<b>61,007,653</b>	<b>59,221,451</b>	<b>1,786,202</b>
<b>Net assets at end of year</b>	<b>66,927,919</b>	<b>61,007,653</b>	<b>5,920,266</b>



## **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 \$16,980,778, a decrease of \$446,514 over the prior year. Of this total amount \$15,919,605, a decrease of \$180,226, 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 \$2,775,443 a decrease of \$495,983 as the result of a planned use of reserves. The total general fund balance was \$2,850,985. 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 31.9% of total general fund expenditures (\$8,713,830), while total fund balance represents 32.7% of that same amount. This represents a decrease of approximately 15.2% as the result of a planned reduction in general fund balance.

The Road Use Tax Fund is apportioned to the City from the state gasoline tax, vehicle registration fees and use tax on vehicle sales to be used solely for street related purposes. The City ended the fiscal year with a fund balance of \$767,480 a decrease in fund balance of \$227,526 from the previous year. Snow and ice removal is the most significant variable for this fund. Market demand for salt can become an issue during a particularly harsh winter. To that end, we bid salt in late summer to ensure availability and price. Fund balance represents 32.28% of total road use tax fund expenditures (\$2,377,269), a decrease of 22.87% from the prior year. Fund balance policy would indicate that we should be at 25%, future use of reserves is likely.

The Local Option Sales Tax Fund is comprised of revenues from the half cent local option sales tax to be used 100% for street and related infrastructure improvements. The half cent local option sales tax ended on June 20, 2009 and was replaced with a one cent local option sales tax. This new tax does not have a sunset clause. The capital improvement plan will fully utilize the tax on street improvements.

## **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 a decrease in net assets of \$181,892 from the previous fiscal year. The City of Fort Dodge continued a well project for the water utility that consists of drilling a new Jordan well to replace obsolete wells and ensure the

availability of water for major industrial users and our residential customers. The Water Fund unrestricted balance at year end was \$1,620,997.

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 \$7,835,167 as compared to the prior year. The Sewer fund unrestricted balance at year end was \$6,729,654.

## **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. Actual expenses in the Public Works, Community and Economic Development, Capital Projects and Business Type Programs had significant variances in final budget to actual comparisons due to project timing issues and a cautious approach to budget amendments to ensure compliance. However, actual expenses in Debt Service exceeded final budget amounts by \$261,496 or 7.8% due to the refunding and refinancing of an existing GO debt for the purposes of a lower interest rate.

## **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 \$46,104,183 and \$59,611,634 respectively, for a combined total of \$105,712,817. See Note 3 to the financial statements for additional information regarding the City's capital assets.

### **Long-term Debt**

At June 30, 2009, the City of Fort Dodge had \$24,102,000 of long-term debt outstanding in its governmental activities, compared to \$16,401,500 at June 30, 2008. This increase of \$7,700,500 is attributable to the both the issuance and repayment of debt. During the year, the City of Fort Dodge issued \$10,545,000 in General Obligation bonds for various capital projects, including an 8.95 million issue for the city's new aquatic center. The City maintained its A1 rating from Moody's Investor Services. The City's statutory debt limit, which is limited to 5% of the assessed valuation, was \$48,732,199, of which the City has utilized 49%. The Golf Course Revenue Note (\$466,500) is not repayable from taxes and therefore not included in the statutory debt calculation.

Total long-term debt for business type activities was \$37,876,505, an increase of \$5,575,189 from the previous fiscal year attributable to debt issuance for continuation of a major capital project at the Sewage Treatment Plant and collection system improvements to the agricultural park.

## **ECONOMIC FACTORS**

For the upcoming fiscal year ending June 30, 2010, the City's assessed (100%) valuation increased \$9,691,412 (.99%) from the previous year and taxable property valuation increased by \$11,489,405 (2.03%). The tax levy rate will increase from \$16.45 in FY09 to \$17.04 in FY10, an increase of 3.59%.

## **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 Clerk, City of Fort Dodge, 819 1<sup>st</sup> Avenue South, Fort Dodge, IA 50501 or call (515) 576-4551.



## **Basic Financial Statements**

City of Fort Dodge, Iowa  
Statement of Net Assets  
June 30, 2009

	Primary Government		
	Governmental	Business-	
	<u>Activities</u>	<u>Type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 18,803,570	8,288,673	27,092,243
Receivables:			
Property tax:			
Delinquent	215,810	-	215,810
Succeeding year	10,243,265	-	10,243,265
Customer accounts	22,567	707,223	729,790
Accounts	254,749	-	254,749
Accrued interest	50,096	39	50,135
Due from other governments	187,559	793,678	981,237
Inventories	25,121	-	25,121
Prepaid expenses	59,404	122,711	182,115
Restricted assets:			
Cash and pooled investments	4,620	1,133,287	1,137,907
Capital assets (net of accumulated depreciation)	46,104,183	59,611,634	105,715,817
Bond issuance costs	16,542	338,360	354,902
<b>Total assets</b>	<u>75,987,486</u>	<u>70,995,605</u>	<u>146,983,091</u>
<b>Liabilities</b>			
Warrants issued in excess of cash balances	-	-	-
Accounts payable	2,009,819	879,012	2,888,831
Salaries payable	376,764	76,348	453,112
Benefits payable	56,558	36,409	92,967
Interest payable	71,152	98,930	170,082
Deferred revenue:			
Succeeding year property tax	10,243,265	-	10,243,265
Other	191,138	6,675	197,813
Liabilities payable from restricted assets:			
Customer deposits	-	95,929	95,929

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	3,257,220	3,257,220
3,561	-	3,561
205,746	-	205,746
-	-	-
18,290	-	18,290
3	-	3
-	-	-
-	-	-
-	-	-
-	-	-
6,437,935	131,814	6,569,749
-	-	-
<u>6,665,535</u>	<u>3,389,034</u>	<u>10,054,569</u>
185,208	-	185,208
642	-	642
10,306	83	10,389
1,465	-	1,465
-	-	-
205,746	-	205,746
-	-	-
-	-	-

(continued)

City of Fort Dodge, Iowa  
Statement of Net Assets  
June 30, 2009

	Primary Government		
	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<b>Liabilities (continued)</b>			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	1,815,000	-	1,815,000
Revenue bonds/notes payable	336,500	2,210,000	2,546,500
Interim financing		2,545,000	2,545,000
Compensated absences	819,769	189,777	1,009,546
Early retirement	55,595	4,654	60,249
Portion due or payable after one year:			
General obligation bonds/notes	17,485,000	-	17,485,000
Revenue bonds/notes payable	4,465,500	35,666,505	40,132,005
Compensated absences	116,673	-	116,673
Net OPEB liability	81,473	20,089	101,562
Early retirement	94,803	6,836	101,639
<b>Total liabilities</b>	<u>38,219,009</u>	<u>41,836,164</u>	<u>80,055,173</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	22,002,183	19,190,129	41,192,312
Restricted for:			
Debt service	972,165	-	972,165
Other purposes	2,395,175	-	2,395,175
Unrestricted	12,398,954	9,969,312	22,368,266
<b>Total net assets</b>	<u>\$ 37,768,477</u>	<u>\$ 29,159,441</u>	<u>66,927,918</u>

See notes to financial statements.

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	-	-
-	-	-
-	-	-
13,795	-	13,795
-	-	-
-	-	-
-	-	-
-	-	-
2,790	-	2,790
-	-	-
<u>419,952</u>	<u>83</u>	<u>420,035</u>
6,437,935	131,814	6,569,749
-	-	-
-	593,307	593,307
<u>(192,352)</u>	<u>2,663,830</u>	<u>2,471,478</u>
<u>6,245,583</u>	<u>3,388,951</u>	<u>9,634,534</u>

City of Fort Dodge, Iowa  
Statement of Activities  
Year ended June 30, 2009

		Program Revenues		
			Operating Grants, Contributions and Restricted <u>Interest</u>	Capital Grants, Contributions and Restricted <u>Interest</u>
Functions/Programs:	<u>Expenses</u>	Charges for <u>Service</u>		
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 6,220,418	402,416	70,696	152,659
Public works	7,792,059	22,687	2,546,378	2,270
Health and social services	432,179	-	283,525	21,512
Culture and recreation	3,318,644	839,012	86,549	168,849
Community and economic development	2,518,936	21,300	200,000	149,044
General government	1,356,951	52,217	11,588	-
Interest on long-term debt	597,239	-	-	-
Other debt service	-	7,450	-	-
Capital projects	120,789	-	-	22,013
Total governmental activities	<u>22,357,215</u>	<u>1,345,082</u>	<u>3,198,736</u>	<u>516,347</u>
Business type activities:				
Water	3,388,442	3,715,753	-	-
Sewer	4,313,417	4,556,644	-	793,678
Other non-major	1,355,506	1,904,296	-	18,888
Total business type activities	<u>9,057,365</u>	<u>10,176,693</u>	<u>-</u>	<u>812,566</u>
<b>Total primary government</b>	<u>\$ 31,414,580</u>	<u>11,521,775</u>	<u>3,198,736</u>	<u>1,328,913</u>
<b>Component Units:</b>				
Airport Authority	\$ 814,923	-	-	531,048
Other (modified cash)	348,456	6,091	(481,495)	-
<b>Total component units</b>	<u>\$ 1,163,379</u>	<u>6,091</u>	<u>(481,495)</u>	<u>531,048</u>
<b>General Revenues:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component
			Units
Governmental Activities	Business Type Activities	Total	
(5,594,647)	-	(5,594,647)	-
(5,220,724)	-	(5,220,724)	-
(127,142)	-	(127,142)	-
(2,224,234)	-	(2,224,234)	-
(2,148,592)	-	(2,148,592)	-
(1,293,146)	-	(1,293,146)	-
(597,239)	-	(597,239)	-
7,450	-	7,450	-
(98,776)	-	(98,776)	-
(17,297,050)	-	(17,297,050)	-
-	327,311	327,311	-
-	1,036,905	1,036,905	-
-	567,678	567,678	-
-	1,931,894	1,931,894	-
(17,297,050)	1,931,894	(15,365,156)	-
-	-	-	(283,875)
-	-	-	(823,860)
-	-	-	(1,107,735)
8,405,362	-	8,405,362	183,138
1,439,725	-	1,439,725	-
960,077	-	960,077	-
1,721,916	-	1,721,916	-
420,806	473,876	894,682	4,220
1,312,660	6,551,000	7,863,660	344,476
769,215	(769,215)	-	-
15,029,761	6,255,661	21,285,422	531,834
(2,267,289)	8,187,555	5,920,266	(575,901)
40,035,766	20,971,886	61,007,652	10,210,435
\$ 37,768,477	29,159,441	66,927,918	9,634,534

City of Fort Dodge, Iowa  
Balance Sheet  
Governmental Funds  
June 30, 2009

Assets	General	Special Revenue	Capital Projects
		Local Option Sales Tax	Construction
Cash and pooled investments	\$ 2,856,365	533,870	8,478,400
Receivables:			
Property tax:			
Delinquent	103,819	-	-
Succeeding year	4,902,152	-	-
Accounts	273,025	-	-
Accrued interest	49,640	-	159
Due from other funds	58,876	-	-
Due from other governments	100,387	-	-
Inventories	25,121	-	-
Prepaid insurance	45,938	-	-
Prepaid expenses	4,483	-	-
<b>Total assets</b>	<b>\$ 8,419,806</b>	<b>533,870</b>	<b>8,478,559</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 134,071	34,211	1,437,752
Salaries payable	326,479	-	-
Benefits payable	-	-	-
Early retirement	-	-	-
Deferred revenue:			
Succeeding year property tax	4,902,152	-	-
Other	135,871	-	-
Due to other funds	70,248	-	-
Total liabilities	<b>5,568,821</b>	<b>34,211</b>	<b>1,437,752</b>
Fund balances:			
Reserved for:			
Prepaid expenditures	50,421	-	-
Inventories	25,121	-	-
Debt service	-	-	-
Unreserved, reported in:			
General fund	2,775,443	-	-
Special revenue funds	-	499,659	-
Capital projects fund	-	-	7,040,807
Total fund balances	<b>2,850,985</b>	<b>499,659</b>	<b>7,040,807</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,419,806</b>	<b>533,870</b>	<b>8,478,559</b>

See notes to financial statements.



# Exhibit C

Other Nonmajor Governmental		
<u>Funds</u>	<u>Total</u>	
6,934,935	18,803,570	
111,991	215,810	
5,341,113	10,243,265	
4,291	277,316	
297	50,096	
180,354	239,230	
87,172	187,559	
-	25,121	
13,466	59,404	
137	4,620	
<u>12,673,756</u>	<u>30,105,991</u>	
403,785	2,009,819	
50,285	376,764	
56,558	56,558	
8,439	8,439	
5,341,113	10,243,265	
55,267	191,138	
168,982	239,230	
<u>6,084,429</u>	<u>13,125,213</u>	
13,466	63,887	
-	25,121	
972,165	972,165	
-	2,775,443	
4,607,839	5,107,498	
995,857	8,036,664	
<u>6,589,327</u>	<u>16,980,778</u>	
<u>12,673,756</u>	<u>30,105,991</u>	

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

June 30, 2009

**Total governmental fund balances (page 21)** \$ 16,980,778

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

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported as  
assets in the governmental funds 46,104,183

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	(19,283,458)
Hotel/motel tax revenue bonds payable	(1,375,000)
Other bonds and notes payable	(3,427,000)
Compensated absences	(936,442)
Accrued interest payable	(71,152)
Net OPEB liability	(81,473)
Early retirement	<u>(141,959)</u>

**Net Assets of Governmental Activities (Page 16)** \$ 37,768,477

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2009

	<u>General</u>	<u>Special Revenue Local Option Sales Tax</u>
Revenues:		
Property tax	\$ 4,865,784	-
Tax increment financing	-	-
Other city tax	757,316	1,721,916
Licenses and permits	366,910	-
Use of money and property	205,664	26,553
Intergovernmental	445,962	-
Charges for service	728,353	-
Miscellaneous	632,817	-
Total revenues	<u>8,002,806</u>	<u>1,748,469</u>
Expenditures:		
Operating:		
Public safety	4,295,786	-
Public works	611,017	4,074,399
Health and social services	87,070	-
Culture and recreation	2,064,975	-
Community and economic development	604,907	-
General government	1,050,075	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>8,713,830</u>	<u>4,074,399</u>
Excess (deficiency) of revenues over (under) expenditures	(711,024)	(2,325,930)
Other financing sources (uses):		
Bond proceeds	-	-
Sale of capital assets	6,100	-
Operating transfers in	586,329	-
Operating transfers out	(358,486)	-
Total other financing sources (uses)	<u>233,943</u>	<u>-</u>
Net change in fund balances	(477,081)	(2,325,930)
Fund balances beginning of year	<u>3,328,066</u>	<u>2,825,589</u>
Fund balances end of year	<u>\$ 2,850,985</u>	<u>499,659</u>
See notes to financial statements.		

Exhibit E

<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Construction</u>		
-	4,199,902	9,065,686
-	960,077	960,077
-	(7,662)	2,471,570
-	-	366,910
39,542	149,048	420,807
	2,918,086	3,364,048
-	278,604	1,006,957
55	996,950	1,629,822
<u>39,597</u>	<u>9,495,005</u>	<u>19,285,877</u>
-	1,831,541	6,127,327
-	2,968,136	7,653,552
-	347,505	434,575
-	1,123,938	3,188,913
-	3,216,242	3,821,149
-	441,068	1,491,143
-	3,195,141	3,195,141
5,030,368	129,010	5,159,378
<u>5,030,368</u>	<u>13,252,581</u>	<u>31,071,178</u>
(4,990,771)	(3,757,576)	(11,785,301)
9,406,711	1,156,760	10,563,471
-	-	6,100
-	962,701	1,549,030
-	(421,329)	(779,815)
<u>9,406,711</u>	<u>1,698,132</u>	<u>11,338,786</u>
4,415,940	(2,059,444)	(446,515)
<u>2,624,867</u>	<u>8,648,771</u>	<u>17,427,293</u>
<u>7,040,807</u>	<u>6,589,327</u>	<u>16,980,778</u>

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

Year ended June 30, 2009

**Net Change in Fund Balances - Total Governmental Funds** \$ (446,515)  
**(Page 24)**

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

Capital outlays to purchase or construct capital assets are reported in the governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlay and depreciation expense for the year are as follows:

Capital outlay	\$ 8,544,071	
Depreciation expense	<u>(2,566,665)</u>	5,977,406

The issuance of long-term debt provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes current financial resources. These transactions have no effect on the change in net assets in the statement of activities. In addition, interest is accrued on outstanding debt in the statement of activities whereas in the governmental funds an interest expenditure is reported only when due. The following is a detail of the net effect on these differences in the treatment of long-term debt and related items:

Long-term debt issued	(10,545,000)	
Long-term debt principal repaid	2,844,500	
Accrued interest	(25,494)	
Bond issuance costs	<u>(1,103)</u>	
		(7,727,097)

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

Year ended June 30, 2009

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

Compensated absences	(1,221)	
Other postemployment benefits	(81,472)	
Early retirement	<u>11,610</u>	
		(71,083)

<b>Change in Net Assets of Governmental Activities (Page 19)</b>	<b>\$ <u>(2,267,289)</u></b>
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See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

Exhibit G

	Enterprise Funds			
	Water	Sewer	Other	
	<u>Utility</u>	<u>Utility</u>	Nonmajor Proprietary <u>Funds</u>	<u>Totals</u>
<b>Assets</b>				
Cash and pooled investments	\$ 891,217	5,952,908	1,444,548	8,288,673
Accounts receivable	229,143	302,016	176,064	707,223
Interest receivable	14	14	11	39
Restricted assets:				
Cash and pooled investments	952,745	85,542	95,000	1,133,287
Prepaid insurance	6,504	5,365	6,173	18,042
Prepaid expenses	792	103,877	-	104,669
Due from other governments	-	793,678	-	793,678
Bond issuance costs	60,428	277,932	-	338,360
Capital assets (net of accumulated depreciation)	<u>18,689,435</u>	<u>39,083,963</u>	<u>1,838,236</u>	<u>59,611,634</u>
<b>Total assets</b>	<u>20,830,278</u>	<u>46,605,295</u>	<u>3,560,032</u>	<u>70,995,605</u>
<b>Liabilities</b>				
Accounts payable	280,492	521,870	76,650	879,012
Salaries payable	43,910	13,489	18,949	76,348
Compensated absences	125,376	53,925	10,476	189,777
Benefits payable	23,438	9,231	3,740	36,409
Deferred revenue	-	-	6,675	6,675
Early retirement	4,654	-	-	4,654
Payable from restricted net assets:				
Bonds, notes and loans payable	2,896,000	1,859,000	-	4,755,000
Customer deposits	-	-	95,929	95,929
Interest payable	17,241	81,689	-	98,930
Long-term liabilities:				
Bonds, notes and loans payable	6,721,000	28,945,505	-	35,666,505
Net OPEB liability	10,603	2,232	7,254	20,089
Early retirement	<u>6,836</u>	<u>-</u>	<u>-</u>	<u>6,836</u>
<b>Total liabilities</b>	<u>10,129,550</u>	<u>31,486,941</u>	<u>219,673</u>	<u>41,836,164</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	9,072,435	8,279,458	1,838,236	19,190,129
Restricted for:				
Prepaid expenses	7,296	109,242	6,173	122,711
Unrestricted	<u>1,620,997</u>	<u>6,729,654</u>	<u>1,495,950</u>	<u>9,846,601</u>
<b>Total net assets</b>	<u>\$ 10,700,728</u>	<u>\$ 15,118,354</u>	<u>3,340,359</u>	<u>29,159,441</u>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year ended June 30, 2009

Exhibit H

	Enterprise Funds			Totals
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Operating revenues:				
Charges for services	\$ 3,387,529	4,509,014	1,821,666	9,718,209
Miscellaneous	328,225	47,630	101,515	477,370
Total operating revenues	<u>3,715,754</u>	<u>4,556,644</u>	<u>1,923,181</u>	<u>10,195,579</u>
Operating expenses:				
Business type activities:				
Cost of sales and services	2,701,172	2,242,113	1,248,321	6,191,606
Amortization	4,317	15,853	-	20,170
Depreciation	439,890	1,045,342	107,185	1,592,417
Total operating expenses	<u>3,145,379</u>	<u>3,303,308</u>	<u>1,355,506</u>	<u>7,804,193</u>
Operating income	<u>570,375</u>	<u>1,253,336</u>	<u>567,675</u>	<u>2,391,386</u>
Non-operating revenues (expenses):				
Interest and investment revenue	25,498	433,447	14,932	473,877
Intergovernmental revenue	-	793,678	-	793,678
Interest expense	(243,063)	(1,010,109)	-	(1,253,172)
Miscellaneous revenues	-	6,551,000	-	6,551,000
Total non-operating revenue (expenses)	<u>(217,565)</u>	<u>6,768,016</u>	<u>14,932</u>	<u>6,565,383</u>
Net income before transfers	352,810	8,021,352	582,607	8,956,769
Transfers in (out)	<u>(534,702)</u>	<u>(186,187)</u>	<u>(48,326)</u>	<u>(769,215)</u>
Change in net assets	(181,892)	7,835,165	534,281	8,187,554
Net assets beginning of year	<u>10,882,620</u>	<u>7,283,189</u>	<u>2,806,078</u>	<u>20,971,887</u>
Net assets end of year	<u>\$ 10,700,728</u>	<u>15,118,354</u>	<u>3,340,359</u>	<u>29,159,441</u>

See notes to financial statements.



City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2009

Exhibit I

	Business-Type Activities			Total
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 3,729,251	4,478,544	1,965,482	10,173,277
Payments to suppliers and employees	(2,612,336)	(2,579,623)	(1,272,188)	(6,464,147)
Other receipts	-	-	6,675	6,675
Net cash provided (used) by operating activities	<u>1,116,915</u>	<u>1,898,921</u>	<u>699,969</u>	<u>3,715,805</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers to other funds	(534,270)	(186,187)	(148,326)	(868,783)
Transfers from other funds	-	-	100,000	100,000
Net cash provided (used) in noncapital financing activities	<u>(534,270)</u>	<u>(186,187)</u>	<u>(48,326)</u>	<u>(768,783)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from capital debt	2,545,000	7,843,189	-	10,388,189
Purchases of capital assets	(2,669,821)	(5,075,235)	(695,144)	(8,440,200)
Principal paid on capital debt	(288,000)	(1,798,000)	-	(2,086,000)
Interest paid on capital debt	(243,862)	(995,381)	-	(1,239,243)
Intergovernmental Receipts	-	536,052	-	
Other receipts (payments)	-	6,551,000	-	6,551,000
Net cash (used) by capital and related financing activities	<u>(656,683)</u>	<u>7,061,625</u>	<u>(695,144)</u>	<u>5,709,798</u>
<b>Cash Flows From Investing Activities</b>				
Interest and dividends	<u>29,968</u>	<u>437,624</u>	<u>16,752</u>	<u>484,344</u>
Net cash provided by investing activities	<u>29,968</u>	<u>437,624</u>	<u>16,752</u>	<u>484,344</u>
Net increase (decrease) in cash and cash equivalents	(44,070)	9,211,983	(26,749)	9,141,164
Cash and cash equivalents beginning of year	<u>1,888,032</u>	<u>(3,173,533)</u>	<u>1,566,297</u>	<u>280,796</u>
Cash and cash equivalents end of year	<u>\$ 1,843,962</u>	<u>6,038,450</u>	<u>1,539,548</u>	<u>9,421,960</u>

(continued)

City of Fort Dodge, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year ended June 30, 2009

Exhibit I

	Business-Type Activities			
	Water <u>Utility</u>	Sewer <u>Utility</u>	Other Nonmajor Proprietary <u>Funds</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income	\$ 570,375	1,253,338	567,673	2,391,386
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	439,890	1,045,342	107,185	1,592,417
Amortization expense	4,317	15,853	-	20,170
Change in assets and liabilities:				
Receivables, net	13,497	(78,101)	(15,448)	(80,052)
Prepaid expenses	(1,046)	(104,123)	(605)	(105,774)
Consumer deposits	-	-	(15,819)	(15,819)
Accounts and other payables	79,279	(235,620)	43,054	(113,287)
Other postemployment benefits	10,603	2,232	7,254	20,089
Deferred revenue	-	-	6,675	6,675
Net cash provided (used) by operating activities	<u>\$ 1,116,915</u>	<u>1,898,921</u>	<u>699,969</u>	<u>3,715,805</u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included in the statement of net assets:</b>				
<b>Current assets:</b>				
Cash and pooled investments	\$ 891,217	5,952,908	1,444,548	8,288,673
<b>Noncurrent assets:</b>				
Cash and pooled investments	<u>952,745</u>	<u>85,542</u>	<u>95,000</u>	<u>1,133,287</u>
<b>Cash and cash equivalents at year end</b>	<u>\$ 1,843,962</u>	<u>6,038,450</u>	<u>1,539,548</u>	<u>9,421,960</u>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

Exhibit J

	<u>Trust Funds Coleman Water &amp; Sewer</u>
<u>Assets</u>	
Cash	\$ 1,012
Receivables:	
Accounts	<u>929</u>
 Total assets	 <u><u>\$ 1,941</u></u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 952</u>
 <u>Net Assets</u>	
Held in trust	<u>989</u>
 Total liabilities and net assets	 <u><u>\$ 1,941</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year ended June 30, 2009

Exhibit K

	Trust Funds <u>Coleman Water &amp; Sewer</u>
Additions:	
Fees collected	\$ 5,004
Interest	-
Donations	-
	<u>5,004</u>
Deductions:	
Fees remitted	<u>5,120</u>
Change in net assets	(116)
Net assets - Beginning of year	<u>1,105</u>
Net assets - End of year	<u><u>\$ 989</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

**(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, 2009

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 by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented. The Authority is accounted for as a Governmental Fund in these financial statements.

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, 2009

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	\$ 2,114,159	1,107,050	3,221,209
Other assets	---	167,825	167,825
Payroll taxes payable	---	(83)	(83)
Net assets	\$ 2,114,159	1,274,792	3,388,951
	=====	=====	=====
Operating grants, contributions and restricted interest	\$ (276,479)	(205,016)	(481,495)
Charges for services	---	6,091	6,091
Program expenses	(134,658)	(213,798)	(348,456)
Net change	(411,137)	(412,723)	(823,860)
Beginning net assets	2,525,296	1,687,515	4,212,811
Ending net assets	\$ 2,114,159	1,274,792	3,388,951
	=====	=====	=====

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

Jointly Governed Organizations

The City also 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, 2009

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 Assets 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 Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* 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 assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

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

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. 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 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 that are not paid from other funds.

Special Revenue:

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

Capital Projects:

The Construction account is used to account for major repairs and construction for governmental activities including recreation activities and larger street projects.

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2009

The City reports the following major proprietary funds:

Enterprise:

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

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

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, 2009

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 assets 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.

The proprietary funds of the City apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

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, 2009 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March, 2008.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

Due from and Due to Other Funds – During the course of its operations, the City had several transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, 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, 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 Assets and in the Proprietary Funds Statement of Net Assets. 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 that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

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

Bond Issuance Costs – Bond issuance costs associated with revenue bonds are deferred and amortized over the term of the bonds using the bond outstanding method which approximates the interest method.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue 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 revenue on the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which it is levied.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

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 that have resigned or retired. The compensated absences liability has been computed on rates of pay in effect at June 30, 2009. 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 assets and the proprietary fund Statement of Net Assets.

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.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 29, 2010, which is the date the financial statements were available to be issued.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the culture and recreation function.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2009 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, 2009 (at fair value) are as follows:

<u>Type</u>	
U.S. Treasury securities	\$ 3,271,694
GNMA securities	<u>30,834</u>
Total	\$ 3,302,528
	=====



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,576,193 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, 2009.

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, 2009

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,402,360	1,098,257	---	3,500,617
Construction in progress	8,123,513	6,502,092	9,266,168	5,359,437
Works of art	<u>28,509</u>	<u>---</u>	<u>---</u>	<u>28,509</u>
Total capital assets not being depreciated	<u>10,554,382</u>	<u>7,600,349</u>	<u>9,266,168</u>	<u>8,888,563</u>
Capital assets being depreciated:				
Buildings	13,714,050	236,540	---	13,950,590
Improvements other than buildings	771,241	7,346,885	---	8,118,126
Machinery, equipment and vehicles	7,040,418	482,206	33,544	7,489,080
Infrastructure	<u>35,247,801</u>	<u>2,144,259</u>	<u>---</u>	<u>37,392,060</u>
Total capital assets being depreciated	<u>56,773,510</u>	<u>10,209,890</u>	<u>33,544</u>	<u>66,949,856</u>
Less accumulated depreciation for:				
Buildings	7,841,886	200,970	---	8,042,856
Improvements other than buildings	294,252	312,943	---	607,195
Machinery, equipment and vehicles	5,005,926	416,532	33,544	5,388,914
Infrastructure, road network	<u>14,059,051</u>	<u>1,636,220</u>	<u>---</u>	<u>15,695,271</u>
Total accumulated depreciation	<u>27,201,115</u>	<u>2,566,665</u>	<u>33,544</u>	<u>29,734,236</u>
Total capital assets being depreciated, net	<u>29,572,395</u>	<u>7,643,225</u>	<u>---</u>	<u>37,215,620</u>
Governmental activities capital assets, net	<u>\$ 40,126,777</u>	<u>15,243,574</u>	<u>9,266,168</u>	<u>46,104,183</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 52,941	---	---	52,941
Construction in progress	<u>18,285,425</u>	<u>7,792,788</u>	<u>19,091,541</u>	<u>6,986,672</u>
Total capital assets not being depreciated	<u>18,338,366</u>	<u>7,792,788</u>	<u>19,091,541</u>	<u>7,039,613</u>
Capital assets being depreciated:				
Buildings	5,731,170	18,541	---	5,749,711
Machinery and equipment	2,596,462	79,454	---	2,675,916
Infrastructure	<u>37,026,924</u>	<u>19,640,958</u>	<u>---</u>	<u>56,667,882</u>
Total capital assets being depreciated	<u>45,354,556</u>	<u>19,738,953</u>	<u>---</u>	<u>65,093,509</u>
Less accumulated depreciation for:				
Buildings	3,797,929	149,514	---	3,947,443
Machinery and equipment	2,019,611	151,056	---	2,170,667
Infrastructure	<u>5,111,531</u>	<u>1,291,847</u>	<u>---</u>	<u>6,403,378</u>
Total accumulated depreciation	<u>10,929,071</u>	<u>1,592,417</u>	<u>---</u>	<u>12,521,488</u>
Total capital assets being depreciated, net	<u>34,425,485</u>	<u>18,146,536</u>	<u>---</u>	<u>52,572,021</u>
Business type activities capital assets, net	\$ <u>52,763,851</u> =====	<u>25,939,324</u> =====	<u>19,091,541</u> =====	<u>59,611,634</u> =====

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2009

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

Governmental activities:

Public safety	\$ 178,667
Public works, which includes the depreciation of general infrastructure assets	1,817,017
Culture and recreation	558,836
General government	<u>12,145</u>
Total depreciation expense – governmental activities	\$ 2,566,665 =====

Business type activities:

Water	\$ 439,890
Sewer	1,045,342
Non-major business type activities	<u>107,185</u>
Total depreciation expense – business type activities	\$ 1,592,417 =====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Discretely presented component units:</b>				
Capital assets not being depreciated:				
Land	\$ 2,139,288	---	---	2,139,288
Construction in progress	<u>465,705</u>	<u>419,954</u>	<u>885,659</u>	<u>---</u>
Total capital assets not being depreciated	<u>2,604,993</u>	<u>419,954</u>	<u>885,659</u>	<u>2,139,288</u>
Capital assets being depreciated:				
Buildings	539,815	---	---	539,815
Machinery and equipment	1,672,770	31,056	---	1,703,826
Infrastructure	<u>2,501,211</u>	<u>1,001,330</u>	<u>---</u>	<u>3,502,541</u>
Total capital assets being depreciated	<u>4,713,796</u>	<u>1,032,386</u>	<u>---</u>	<u>5,746,182</u>
Less accumulated depreciation for:				
Buildings	19,252	18,920	---	38,172
Machinery and equipment	820,148	78,484	---	898,632
Infrastructure	<u>209,772</u>	<u>169,145</u>	<u>---</u>	<u>378,917</u>
Total accumulated depreciation	<u>1,049,172</u>	<u>266,549</u>	<u>---</u>	<u>1,315,721</u>
Total capital assets being depreciated, net	<u>3,664,624</u>	<u>765,837</u>	<u>---</u>	<u>4,430,461</u>
Component units capital assets, net	\$ 6,269,617	1,185,791	885,659	6,569,749
	=====	=====	=====	=====
Total depreciation expense – airport authority				\$ 258,576
– other				<u>7,973</u>
				\$ 266,549
				=====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

**(4) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2009 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	\$ 11,270,000	10,545,000	2,515,000	19,300,000	1,815,000
Revenue notes	5,131,500	-	329,500	4,802,000	336,500
Compensated absences	935,220	889,211	887,948	936,483	819,769
Net OPEB liability	-	81,473	-	81,473	-
Early Retirement	164,478	59,075	73,155	150,398	55,595
Total	<u>\$ 17,501,198</u>	<u>11,574,759</u>	<u>3,805,603</u>	<u>25,270,354</u>	<u>3,026,864</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Business type activities:					
Revenue bonds/notes:					
Water	\$ 7,360,000	-	288,000	7,072,000	351,000
Sewer	24,759,316	7,843,189	1,798,000	30,804,505	1,859,000
Compensated absences	210,949	227,756	248,928	189,777	189,777
Net OPEB liability	-	20,089	-	20,089	-
Early retirement	21,514	3,290	13,314	11,490	4,654
Total	<u>\$ 32,351,779</u>	<u>8,094,324</u>	<u>2,348,242</u>	<u>38,097,861</u>	<u>2,404,431</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

Bonded Debt

General obligation bonds/notes:

Six issues of unmatured general obligation bonds/notes, totaling \$19,300,000, are outstanding at June 30, 2009. General obligation bonds bear interest with rates ranging from 1.80% to 5.38% and mature in varying annual amounts ranging from \$105,000 to \$825,000, with the final maturities due in the year ending June 30, 2024.

Revenue bonds/notes:

Twelve issues of unmatured revenue bonds/notes, totaling \$42,678,505 are outstanding at June 30, 2009. These bonds/notes bear interest at rates of 1.60% to 4.75% and mature in varying annual amounts ranging from \$9,000 to \$1,360,000, with the final maturities due in the year ending June 30, 2025.

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, 2009, the City was not in compliance with the revenue bond/note provisions for the sewer revenue notes.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$30,804,505 in sewer revenue notes with various issue dates. Proceeds from the notes provided financing for wastewater net revenue and are payable through 2023. 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 \$38,141,581. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$2,702,237 and \$2,298,678 respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$7,072,000 in water revenue notes issued in 2003 and 2004. Proceeds from the notes provided financing for water improvement projects. The notes are payable solely from water net revenue and are payable through 2025. 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 \$8,902,050. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$504,480 and \$1,010,265 respectively.



# City of Fort Dodge, Iowa

## Notes to Financial Statements

June 30, 2009

Details of bond/notes payable at June 30, 2009 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, 2009</u>
Governmental activities:						
General obligation bonds/notes:						
Corporate purpose	May 28, 2003	2.00-3.50%	June 30, 2014	185,000-235,000	\$ 2,050,000	\$ 1,100,000
Corporate purpose	Dec. 1, 2004	3.20%	June 30, 2015	175,000-515,000	3,800,000	2,830,000
Corporate purpose	June 15, 2008	2.40-4.00%	June 30, 2020	100,000-825,000	5,130,000	4,825,000
Corporate purpose	April 21, 2009	1.80-2.75%	June 30, 2014	205,000-230,000	1,080,000	1,080,000
Corporate purpose	June 15, 2009	2.00-5.38%	June 30, 2024	535,000-800,000	8,950,000	8,950,000
Corporate purpose	May 31, 2009	3.00%	June 30, 2012	105,000-250,000	515,000	515,000
Revenue notes:						
Hotel/motel tax revenue note	June 1, 2003	3.00-4.15%	June 30, 2023	60,000-130,000	1,700,000	1,375,000
Urban renewal tax increment revenue bond	Dec. 17, 2003	1.60-4.50%	Dec. 1, 2013	20,000-40,000	400,000	180,000
Golf course revenue note	Jan. 13, 2006	3.95-4.75%	Dec. 1, 2025	18,000-58,500	56,000	427,000
Urban renewal tax increment revenue bond	Nov. 16, 2006	4.75%	Dec. 1, 2022	180,000-260,000	3,000,000	<u>2,820,000</u>
Total Government activities						<u>24,102,000</u>

	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, 2009</u>
Business type activities:						
Revenue bonds/notes:						
Sewer revenue CW8906R	Dec. 4, 1989	3.00%	June 30, 2011	90,000-115,000	1,500,000	\$ 225,000
Sewer revenue CW9809R	Sept. 30, 1999	3.92%	Dec. 1, 2021	9,000-17,000	243,597	179,000
Sewer revenue CW9116R	Sept. 30, 1999	3.92%	Dec. 1, 2021	385,000-713,000	10,142,403	7,435,000
Sewer revenue CW0118R	Sept. 30, 2002	3.00%	Dec. 1, 2021	54,000-71,000	1,331,000	777,000
Sewer revenue CW0304R	Dec. 20, 2001	3.00%	June 30, 2023	146,000-242,000	3,705,000	2,813,000
Water revenue DW030224R	Dec. 12, 2003	3.00%	Dec. 1, 2024	130,000-229,000	3,500,000	2,956,000
Water revenue	June 1, 2004	3.00%	Dec. 1, 2024	133,000-318,000	5,133,000	4,116,000
Sewer revenue CS192361	Dec. 27, 2007	3.00%	June 30, 2019	\$627,316-1,360,000	20,417,505	<u>19,375,505</u>
Total business type activities						<u>37,876,505</u>

Total \$ 61,978,505

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

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		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	1,815,000	705,968	2,520,968
2011	1,675,000	671,301	2,346,301
2012	1,705,000	625,794	2,330,794
2013	1,550,000	577,996	2,127,996
2014	1,590,000	526,278	2,116,278
2015-2019	7,220,000	1,819,442	9,039,442
2020-2024	<u>3,745,000</u>	<u>592,788</u>	<u>4,337,788</u>
Total	<u>\$ 19,300,000</u>	<u>5,519,567</u>	<u>24,819,567</u>

Year Ending June 30,	Revenue			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2010	2,546,500	1,187,168	3,733,668	6,254,636
2011	2,629,500	1,115,979	3,745,479	6,091,780
2012	2,592,500	1,044,219	3,636,719	5,967,513
2013	2,680,500	971,905	3,652,405	5,780,401
2014	2,746,500	897,261	3,643,761	5,760,039
2015-2019	14,901,500	3,476,014	18,377,514	27,416,956
2020-2024	14,034,505	2,128,181	16,162,686	20,500,474
2025	<u>547,000</u>	<u>8,205</u>	<u>555,205</u>	<u>555,205</u>
Total	<u>\$ 42,678,505</u>	<u>10,828,932</u>	<u>53,507,437</u>	<u>78,327,004</u>

As of June 30, 2009 the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$ 974,643,970</u>
Debt limit - 5% of total actual valuation	48,732,199
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(24,102,000)</u>
Legal debt margin	<u>\$ 24,630,199</u>

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2009

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, 2009 totaled \$86,572.

Interim Financing

The City has authorized an interim financing loan for up to \$3.37 million to finance the construction of improvements and extensions to the Municipal Waterworks System. This interim loan has an interest rate of 3.25% with a maturity date of December 1, 2009. This interim financing will be repaid upon issuance of revenue bonds. As of June 30, 2009 \$2,545,000 has been advanced to the City of Fort Dodge.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Emergency	\$ 152,337
	Capital Projects:	
	Capital Improvements	11,992
	Enterprise:	
	Water	150,000
	Sewer	150,000
	Solid Waste	80,000
	Parking Meter	35,000
	Storm Water Utility	7,000
Special Revenue:		
Hotel/Motel Tax	General	79,854
Workers Comp Insurance	Special Revenue:	
	Unemployment Insurance	30,000
SSMID	Special Revenue:	
	TIF	27,689
Urban Renewal	Special Revenue:	
	TIF	45,082
Debt Service:		
Harlan Rogers Sinking	General	159,651
	Special Revenue:	
	Hotel/Motel Tax	5,000
Debt Service	Special Revenue:	
	TIF	49,920
	Enterprise:	
	Water	349,600
Golf Course Sinking	Capital Improvements	60,000

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

Capital Projects:		
Capital Improvements	General	103,981
	Special Revenue:	
	Road Use	7,709
	Hotel/Motel Tax	4,600
	Enterprise:	
	Water	10,102
	Sewer	11,187
	Solid Waste	3,043
	Parking Meter	283
Oleson Park Bandshell	General	15,000
Enterprise:		
Parking meter	Special Revenue:	
	SSMID	2,000
Central garage	Special Revenue:	
	Road Use	25,000
	Enterprise:	
	Water	25,000
	Sewer	25,000
	Solid Waste	<u>25,000</u>
		\$ 1,651,030
		=====

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

City of Fort Dodge, Iowa  
Notes to Financial Statements

June 30, 2009

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

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Hotel/Motel Tax	General	\$ 17,565
Debt Service: Harlan Rogers Sinking	General	35,118
Capital Projects Capital Improvements	General	17,565
General	Special Revenue: TIF	58,876
Special Revenue: Urban Renewal	Special Revenue: TIF	<u>110,106</u>
		\$ 239,230
		=====

**(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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

Most regular plan members are required to contribute 4.10% of their annual salary and the City is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$328,230, \$302,428, and \$274,666 respectively, equal to the required contributions for each year.

- 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 which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104<sup>th</sup> St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate based upon an actuarially determined normal contribution rate, cannot be less than 17% of earnable compensation. Contribution rates are established by state statute. The City's contribution to the Plan for the years ended June 30, 2009, 2008 and 2007 were \$623,728, \$802,709, and \$858,946 respectively, which met the required minimum contribution for each year.

**(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, 2009

**(9) Construction Commitments**

At June 30, 2009, the City had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Contract Amount</u>
Family Aquatic Center	\$ 7,237,000	\$ 7,485,000
32 <sup>nd</sup> St/5 <sup>th</sup> Ave S – 10 <sup>th</sup> Ave N	1,007,000	4,053,000
32 <sup>nd</sup> St/10 <sup>th</sup> – 25 <sup>th</sup> Ave N	161,000	1,850,000
2007 Water Pollution Center Facility Rehabilitation	12,849,000	15,720,000
Jordan/Mississippian Wells	1,129,000	2,420,000
Wraywood Drive Reconstruction	51,000	51,000
WWTP Rehabilitation	607,000	1,620,000
Hwy 20/5 <sup>th</sup> Ave Improvements	427,000	951,000

The City has also committed to three additional projects for which bids were issued subsequent to June 30, 2009. The total amount of projects approved was \$3,212,000 which will be paid from bond proceeds.

**(10) Deficit Balances**

As of June 30, 2009, funds with deficit balances were as follows:

Special Revenue, Employee Flex Spending	\$ (4,518)
Capital Projects Fund, Harlan Rogers Complex	(25,815)
Capital Projects Fund, Oleson Park Bandshell	(2,825)

The deficit balances are a result of costs exceeding the revenues. The deficit in the Employee Flex Spending will be eliminated upon receipt of funds from employees. The deficits in the Capital Projects Funds will be eliminated upon transfer of funds.



City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

**(11) Operating Leases**

The City of Fort Dodge has entered into a lease agreement with the Webster County Conservation Board to lease land that the golf course is situated on. This lease is for a term of ninety-nine years commencing August 25, 1970.

This lease states in part that "For the rent of said premises the City hereby agrees to pay the said County twenty-five percent (25%) of the net profit from golf course operations or \$1.00 per year, whichever is greater. Net profit is defined as gross receipts less maintenance and operating costs and less capitalization for future replacement and/or additions or improvements to the golf course facility. Said rental is to be paid promptly without previous demand as follows: at the conclusion of the operation year after an audit has been made of the net profit from the golf course operation."

The amount paid to the Webster County Conservation Board during the year ended June 30, 2009 was \$1 for the prior fiscal year net income.

The lease has a supplement which states that the City of Fort Dodge will pay to the Webster County Conservation Board fifty percent (50%) of the gross cart shed rentals or \$6,000, whichever is less. The amount paid during the year ended June 30, 2009 for cart shed rent was \$6,000 for the prior fiscal year.

Lakeside Municipal Golf Course has entered into an operating lease for twenty-eight 2006 Yamaha golf carts. This lease is for 48 months commencing April 25, 2006. During the year ended June 30, 2009 the Golf Course disbursed \$17,976 for this lease.

Future minimum payments are as follows:

2010	\$ 8,988
	=====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

**(12) Related Parties**

The City had business transactions between the City and City officials totaling \$545,334 during the year ended June 30, 2009.

**(13) Other Postemployment Benefits (OPEB)**

The City of Fort Dodge implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The City of Fort Dodge operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 187 active and 38 retired members in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug benefit, 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 benefit as active employees, which results in an implicit subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit. Benefits terminate upon attaining Medicare eligibility.

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

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

The following table shows the components of the City's annual OPEB cost for June 30, 2009, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 127,953
Interest on net OPEB obligation	1,437
Adjustment to annual required contribution	<u>---</u>
Annual OPEB cost (expense)	129,390
Contributions made	<u>25,038</u>
Increase in net OPEB obligation	104,352
Net OPEB obligation – beginning of year	<u>---</u>
Net OPEB obligation – end of year	<u>104,352</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, 2009.

For the fiscal year 2009, the City contributed \$ 25,038 to the medical plan. Plan members receiving benefits contributed \$ 163,484, or 86.7% 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, 2009 are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 129,390	19.4%	\$ 104,352

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2009

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$ 1,380,817, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 1,380,817. The covered payroll (annual payroll of active employees covered by the plan) as \$8,463,663 and the ratio of the UAAL to the covered payroll was 16.31%.

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, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2008 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 RP2000 Group Annuity Mortality Table, 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, 2007 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2007.

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

## **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, 2009

	Governmental <u>Fund Types</u>	Proprietary Fund Type - <u>Enterprise</u>	Component Unit - Airport <u>Authority</u>	<u>Total</u>
Receipts:				
Property tax	\$ 9,244,425	-	182,776	9,427,201
Tax increment financing	946,268	-	-	946,268
Other city tax	2,485,417	-	-	2,485,417
Licenses and permits	384,976	-	-	384,976
Use of money and property	369,624	484,345	188,264	1,042,233
Intergovernmental	3,457,359	554,940	534,048	4,546,347
Charges for service	1,021,582	9,970,405	28,824	11,020,811
Special assessments	-	-	-	-
Miscellaneous	1,474,032	191,089	110,812	1,775,933
Total receipts	<u>19,383,683</u>	<u>11,200,779</u>	<u>1,044,724</u>	<u>31,629,186</u>
Disbursements:				
Public safety	6,146,281	-	-	6,146,281
Public works	8,079,685	-	510,404	8,590,089
Health and social services	437,002	-	-	437,002
Culture and recreation	3,209,060	-	-	3,209,060
Community and economic development	3,722,465	-	-	3,722,465
General government	1,525,030	-	-	1,525,030
Debt service	3,613,547	-	-	3,613,547
Capital projects	4,194,907	-	581,348	4,776,255
Business type activities	-	18,229,589	-	18,229,589
Total disbursements	<u>30,927,977</u>	<u>18,229,589</u>	<u>1,091,752</u>	<u>50,249,318</u>
Excess (deficiency) of receipts over (under) disbursements	(11,544,294)	(7,028,810)	(47,028)	(18,620,132)
Other financing sources, net	<u>11,332,686</u>	<u>16,169,975</u>	<u>-</u>	<u>27,502,661</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(211,608)	9,141,165	(47,028)	8,882,529
Balances beginning of year	<u>19,029,950</u>	<u>280,795</u>	<u>(138,180)</u>	<u>19,172,565</u>
Balances end of year	<u>\$ 18,818,342</u>	<u>9,421,960</u>	<u>(185,208)</u>	<u>28,055,094</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
<u>Original</u>	<u>Final</u>	Actual <u>Variance</u>
8,935,036	8,935,036	492,165
1,027,964	4,027,964	(3,081,696)
2,695,215	4,929,115	(2,443,698)
564,695	564,695	(179,719)
561,700	561,700	480,533
5,134,585	5,134,585	(588,238)
14,238,341	14,282,741	(3,261,930)
12,000	24,000	(24,000)
888,258	3,730,458	(1,954,525)
<u>34,057,794</u>	<u>42,190,294</u>	<u>(10,561,108)</u>
6,081,660	6,464,460	318,179
8,898,418	11,384,318	2,794,229
553,252	565,252	128,250
3,334,399	3,626,099	417,039
1,250,799	6,427,799	2,705,334
1,385,810	2,403,510	878,480
2,342,051	3,352,051	(261,496)
4,260,000	9,878,000	5,101,745
<u>29,827,995</u>	<u>30,915,395</u>	<u>12,685,806</u>
<u>57,934,384</u>	<u>75,016,884</u>	<u>24,767,566</u>
(23,876,590)	(32,826,590)	14,206,458
<u>23,756,000</u>	<u>32,706,000</u>	<u>(5,203,339)</u>
(120,590)	(120,590)	9,003,119
<u>21,249,829</u>	<u>21,249,829</u>	<u>(2,077,264)</u>
<u><u>21,129,239</u></u>	<u><u>21,129,239</u></u>	<u><u>6,925,855</u></u>

City of Fort Dodge, Iowa

Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds			Proprietary Funds		
	Enterprise					
	Cash	Accrual	Modified	Cash	Accrual	Accrual
	<u>Basis</u>	<u>Adjust-</u>	<u>Accrual</u>	<u>Basis</u>	<u>ments</u>	<u>Basis</u>
Revenues	\$ 19,383,683	(97,806)	19,285,877	11,200,779	6,813,355	18,014,134
Expenditures/Expenses	<u>30,927,977</u>	<u>143,201</u>	<u>31,071,178</u>	<u>18,229,589</u>	<u>(9,172,224)</u>	<u>9,057,365</u>
Net	(11,544,294)	(241,007)	(11,785,301)	(7,028,810)	15,985,579	8,956,769
Other financing sources (uses) (net)	11,332,686	6,100	11,338,786	16,169,975	(16,939,190)	(769,215)
Beginning fund balances	<u>19,029,950</u>	<u>(1,602,657)</u>	<u>17,427,293</u>	<u>280,795</u>	<u>20,691,092</u>	<u>20,971,887</u>
Ending fund balances	<u>\$ 18,818,342</u>	<u>(1,837,564)</u>	<u>16,980,778</u>	<u>9,421,960</u>	<u>19,737,481</u>	<u>29,159,441</u>

	Component Unit		
	Airport		
	Cash	Accrual	Accrual
	<u>Basis</u>	<u>Adjustments</u>	<u>Basis</u>
Revenues	\$ 1,044,724	18,158	1,062,882
Expenses	<u>1,091,752</u>	<u>(276,829)</u>	<u>814,923</u>
Net	(47,028)	294,987	247,959
Beginning fund balance	<u>(138,180)</u>	<u>6,135,804</u>	<u>5,997,624</u>
Ending fund balance	<u>\$ (185,208)</u>	<u>6,430,791</u>	<u>6,245,583</u>

See accompanying independent auditor's report.



City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2009

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 \$8,132,500 budgeted disbursements by \$17,082,500 and other financing sources by \$8,950,000. 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. During the year ended June 30, 2009, disbursements in the debt service function exceeded the amounts budgeted.

City of Fort Dodge, Iowa

Schedule of Funding Progress For The

Retiree Health Plan

Required Supplementary Information

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>( a )</u>	Actuarial Accrued Liability (AAL) <u>( b )</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	<u>( c )</u>	<u>(b-a)/c)</u>
Jul 1, 2008	---	\$1,380,817	\$1,380,817	0.00%	\$ 8,463,663	16.31%

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.

## **Other Supplementary Information**

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	Special Revenue			
	Health and <u>Life Insurance</u>	Road use <u>Tax</u>	Tax Increment <u>Financing</u>	Employee <u>Flex Spending</u>
<b>Assets</b>				
Cash and pooled investments	\$ 1,512,068	858,111	463,676	(6,356)
Receivables:				
Property tax:				
Delinquent	25,122	-	25,981	-
Succeeding year	1,253,684	-	974,136	-
Accounts	-	-	-	1,838
Accrued interest	28	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid insurance	-	-	-	-
Prepaid expenses	-	137	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 2,790,902</u>	<u>858,248</u>	<u>1,463,793</u>	<u>(4,518)</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 155,027	41,411	66,732	-
Salaries payable	-	49,357	-	-
Benefits payable	-	-	-	-
Early Retirement	8,439	-	-	-
Deferred revenue:				
Succeeding year property tax	1,253,684	-	974,136	-
Other	-	-	-	-
Due to other funds	-	-	168,982	-
Total liabilities	<u>1,417,150</u>	<u>90,768</u>	<u>1,209,850</u>	<u>-</u>
Fund equity:				
Fund balances:				
Reserved for:				
Prepaid expenditures	-	-	-	-
Debt service	-	-	-	-
Unreserved reported in:				
Special revenue funds	1,373,752	767,480	253,943	(4,518)
Capital projects fund	-	-	-	-
Total fund balances	<u>1,373,752</u>	<u>767,480</u>	<u>253,943</u>	<u>(4,518)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,790,902</u>	<u>858,248</u>	<u>1,463,793</u>	<u>(4,518)</u>

See accompanying independent auditor's report.

## Schedule 1

Historical Preservation	FICA/IPERS	Special Revenue					
		Workers Comp Insurance	Unemployment Insurance	Special Assessment	Police Retirement	Fire Retirement	Community Development
10,817	226,818	111,103	119,368	94,967	176,415	73,077	136,496
-	10,808	4,491	-	-	5,874	4,892	-
-	521,167	138,362	35,840	-	297,995	221,160	-
-	4	-	-	-	-	-	-
-	-	2	2	2	28	132	87
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	13,466	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>10,817</u>	<u>758,797</u>	<u>267,424</u>	<u>155,210</u>	<u>94,969</u>	<u>480,312</u>	<u>299,261</u>	<u>136,583</u>
-	30,297	32,798	353	-	12,438	10,013	52
-	-	-	-	-	-	-	-
-	29,686	-	-	-	15,195	11,677	-
-	-	-	-	-	-	-	-
-	521,167	138,362	35,840	-	297,995	221,160	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>581,150</u>	<u>171,160</u>	<u>36,193</u>	<u>-</u>	<u>325,628</u>	<u>242,850</u>	<u>52</u>
-	-	13,466	-	-	-	-	-
-	-	-	-	-	-	-	-
10,817	177,647	82,798	119,017	94,969	154,684	56,411	136,531
-	-	-	-	-	-	-	-
<u>10,817</u>	<u>177,647</u>	<u>96,264</u>	<u>119,017</u>	<u>94,969</u>	<u>154,684</u>	<u>56,411</u>	<u>136,531</u>
<u>10,817</u>	<u>758,797</u>	<u>267,424</u>	<u>155,210</u>	<u>94,969</u>	<u>480,312</u>	<u>299,261</u>	<u>136,583</u>

(continued)

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	Special Revenue		
	Emergency <u>Fund</u>	Emergency <u>Shelter</u>	Urban <u>Renewal</u>
<b>Assets</b>			
Cash and pooled investments	\$ -	1	231,132
Receivables:			
Property tax:			
Delinquent	3,066	-	-
Succeeding year	147,668	-	-
Accounts	-	-	-
Accrued interest	-	-	1
Due from other governments	-	-	-
Inventories	-	-	-
Prepaid insurance	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	110,106
	<u>-</u>	<u>-</u>	<u>110,106</u>
<b>Total assets</b>	<u>\$ 150,734</u>	<u>1</u>	<u>341,239</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Salaries payable	-	-	-
Benefits payable	-	-	-
Early Retirement	-	-	-
Deferred revenue:			
Succeeding year property tax	147,668	-	-
Other	-	-	-
Interfund payable	-	-	-
Total liabilities	<u>147,668</u>	<u>-</u>	<u>-</u>
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid expenditures	-	-	-
Debt service	-	-	-
Unreserved reported in:			
Special revenue funds	3,066	1	341,239
Capital projects fund	-	-	-
Total fund balances	<u>3,066</u>	<u>1</u>	<u>341,239</u>
<b>Total liabilities and fund balances</b>	<u>\$ 150,734</u>	<u>1</u>	<u>341,239</u>

See accompanying independent auditor's report.

## Schedule 1

Special Revenue						
<u>Hotel/ Motel Tax</u>	<u>SSMID</u>	<u>Library Memorial</u>	<u>RSVP</u>	<u>Foster Grandparents</u>	<u>Other Contributions</u>	<u>Drug Arrest</u>
178,217	742,071	69,490	8,251	(420)	1,099	560
-	3,074	-	-	-	-	-
-	72,516	-	-	-	-	-
-	-	-	-	-	-	166
-	-	-	-	-	-	-
-	-	-	166	18,340	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,565	-	-	-	-	-	-
<u>195,782</u>	<u>817,661</u>	<u>69,490</u>	<u>8,417</u>	<u>17,920</u>	<u>1,099</u>	<u>726</u>
17,604	4,642	-	429	3,842	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	72,516	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,604	77,158	-	429	3,842	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
178,178	740,503	69,490	7,988	14,078	1,099	726
-	-	-	-	-	-	-
178,178	740,503	69,490	7,988	14,078	1,099	726
<u>195,782</u>	<u>817,661</u>	<u>69,490</u>	<u>8,417</u>	<u>17,920</u>	<u>1,099</u>	<u>726</u>

(continued)

City of Fort Dodge, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	Special Revenue		
	<u>DARE</u>	<u>City Grants</u>	<u>Congregate Meals</u>
<b>Assets</b>			
Cash and pooled investments	\$ 11,971	6,311	6,421
Receivables			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	4,767
Inventories	-	-	-
Prepaid insurance	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 11,971</u>	<u>6,311</u>	<u>11,188</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	602	-
Salaries payable	-	-	928
Benefits payable	-	-	-
Early Retirement	-	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Interfund Payable	-	-	-
Total liabilities	<u>-</u>	<u>602</u>	<u>928</u>
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid expenditures	-	-	-
Debt service	-	-	-
Unreserved reported in:			
Special revenue funds	11,971	5,709	10,260
Capital projects fund	-	-	-
Total fund balances	<u>11,971</u>	<u>5,709</u>	<u>10,260</u>
<b>Total liabilities and fund balances</b>	<u>\$ 11,971</u>	<u>6,311</u>	<u>11,188</u>

See accompanying independent auditor's report.



## Schedule 1

Debt Service			Capital Projects			Permanent Fund	Total
Debt Service	Golf Course	Harlan Rogers Sinking	Harlan Rogers Complex	Capital Improvements	Oleson Park Bandshell	Eva Patterson Parks Trust	
711,756	15,804	180,789	(25,815)	998,562	(2,825)	25,000	6,934,935
28,683	-	-	-	-	-	-	111,991
1,678,585	-	-	-	-	-	-	5,341,113
-	-	-	-	2,283	-	-	4,291
12	-	3	-	-	-	-	297
-	-	-	-	63,899	-	-	87,172
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	13,466
-	-	-	-	-	-	-	137
-	-	35,118	-	17,565	-	-	180,354
<u>2,419,036</u>	<u>15,804</u>	<u>215,910</u>	<u>(25,815)</u>	<u>1,082,309</u>	<u>(2,825)</u>	<u>25,000</u>	<u>12,673,756</u>
-	-	-	-	27,545	-	-	403,785
-	-	-	-	-	-	-	50,285
-	-	-	-	-	-	-	56,558
-	-	-	-	-	-	-	8,439
1,678,585	-	-	-	-	-	-	5,341,113
-	-	-	-	55,267	-	-	55,267
-	-	-	-	-	-	-	168,982
<u>1,678,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,812</u>	<u>-</u>	<u>-</u>	<u>6,084,429</u>
-	-	-	-	-	-	-	13,466
740,451	15,804	215,910	-	-	-	-	972,165
-	-	-	-	-	-	-	4,607,839
-	-	-	(25,815)	999,497	(2,825)	25,000	995,857
<u>740,451</u>	<u>15,804</u>	<u>215,910</u>	<u>(25,815)</u>	<u>999,497</u>	<u>(2,825)</u>	<u>25,000</u>	<u>6,589,327</u>
<u>2,419,036</u>	<u>15,804</u>	<u>215,910</u>	<u>(25,815)</u>	<u>1,082,309</u>	<u>(2,825)</u>	<u>25,000</u>	<u>12,673,756</u>

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year ended June 30, 2009

	Special Revenue			
	Health and <u>Life Insurance</u>	Road Use <u>Tax</u>	Tax Increment <u>Financing</u>	Employee <u>Flex Spending</u>
Revenues:				
Property tax	\$ 1,103,047	-	\$ -	-
Tax increment financing collections	-	-	960,077	-
Other city tax	-	-	-	-
Use of money and property	45,857	-	19,321	-
Intergovernmental	-	2,182,852	202,000	-
Charges for service	-	-	-	-
Miscellaneous	141,080	-	297,660	44,363
Total revenues	<u>1,289,984</u>	<u>2,182,852</u>	<u>1,479,058</u>	<u>44,363</u>
Expenditures:				
Operating:				
Public safety	838,266	-	-	-
Public works	343,825	2,377,669	-	-
Health and social services	40,740	-	-	-
Culture and recreation	214,455	-	-	-
Community and economic development	61,275	-	2,625,449	-
General government	107,817	-	-	44,924
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>1,606,378</u>	<u>2,377,669</u>	<u>2,625,449</u>	<u>44,924</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>(316,394)</u>	<u>(194,817)</u>	<u>(1,146,391)</u>	<u>(561)</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	(32,709)	(122,691)	-
Total other financing sources (uses)	<u>-</u>	<u>(32,709)</u>	<u>(122,691)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(316,394)	(227,526)	(1,269,082)	(561)
Fund balances beginning of year	<u>1,690,146</u>	<u>995,006</u>	<u>1,523,025</u>	<u>(3,957)</u>
Fund balances end of year	<u>\$ 1,373,752</u>	<u>767,480</u>	<u>253,943</u>	<u>(4,518)</u>

See accompanying independent auditor's report.

Special Revenue							
<u>Historical</u> <u>Preservation</u>	<u>FICA/IPERS</u>	<u>Workers</u> <u>Comp Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Special</u> <u>Assessment</u>	<u>Police</u> <u>Retirement</u>	<u>Fire</u> <u>Retirement</u>	<u>Community</u> <u>Development</u>
-	559,570	249,473	19,599	-	362,569	255,755	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,414	297	3,763	2,563	5,330	3,760	4,049
8,362	-	-	-	-	-	-	147,044
-	-	-	-	-	-	-	-
2,100	7,077	469	-	-	-	-	143,591
<u>10,462</u>	<u>572,061</u>	<u>250,239</u>	<u>23,362</u>	<u>2,563</u>	<u>367,899</u>	<u>259,515</u>	<u>294,684</u>
-	72,257	81,740	-	-	352,250	273,251	-
-	193,611	36,318	-	-	-	-	-
-	20,144	5,002	-	-	-	-	-
-	154,163	34,353	12,237	-	-	-	-
-	48,496	9,049	-	-	-	-	395,511
250	58,384	10,568	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>250</u>	<u>547,055</u>	<u>177,030</u>	<u>12,237</u>	<u>-</u>	<u>352,250</u>	<u>273,251</u>	<u>395,511</u>
<u>10,212</u>	<u>25,006</u>	<u>73,209</u>	<u>11,125</u>	<u>2,563</u>	<u>15,649</u>	<u>(13,736)</u>	<u>(100,827)</u>
-	-	-	-	-	-	-	-
-	-	30,000	-	-	-	-	-
-	-	-	(30,000)	-	-	-	-
-	-	30,000	(30,000)	-	-	-	-
10,212	25,006	103,209	(18,875)	2,563	15,649	(13,736)	(100,827)
<u>605</u>	<u>152,641</u>	<u>(6,945)</u>	<u>137,892</u>	<u>92,406</u>	<u>139,035</u>	<u>70,147</u>	<u>237,358</u>
<u>10,817</u>	<u>177,647</u>	<u>96,264</u>	<u>119,017</u>	<u>94,969</u>	<u>154,684</u>	<u>56,411</u>	<u>136,531</u>

(continued)

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year ended June 30, 2009

	Special Revenue			
	Emergency <u>Fund</u>	Emergency <u>Shelter</u>	Urban <u>Renewal</u>	Hotel/ <u>Motel Tax</u>
Revenues:				
Property tax	\$ 152,737	-	-	-
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	-
Use of money and property	-	-	3,347	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	7,824	(3,833)
Total revenues	<u>152,737</u>	<u>-</u>	<u>11,171</u>	<u>(3,833)</u>
Expenditures:				
Operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	82,273
Community and economic development	-	-	53,330	-
General government	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>53,330</u>	<u>82,273</u>
Excess (deficiency) of revenues over (under) expenditures:	<u>152,737</u>	<u>-</u>	<u>(42,159)</u>	<u>(86,106)</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	45,082	79,854
Operating transfers out	<u>(152,337)</u>	<u>-</u>	<u>-</u>	<u>(9,600)</u>
Total other financing sources (uses)	<u>(152,337)</u>	<u>-</u>	<u>45,082</u>	<u>70,254</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	400	-	2,923	(15,852)
Fund balances beginning of year	<u>2,666</u>	<u>1</u>	<u>338,316</u>	<u>194,030</u>
Fund balances end of year	<u>\$ 3,066</u>	<u>1</u>	<u>341,239</u>	<u>178,178</u>

See accompanying independent auditor's report.

## Schedule 2

Special Revenue					
<u>Library Memorial</u>	<u>SSMID</u>	<u>RSVP</u>	<u>Foster Grandparents</u>	<u>Other Contributions</u>	<u>Drug Arrest</u>
-	49,765	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7,713	-	-	-	-
-	-	30,408	186,673	-	11,071
-	-	-	-	-	-
91,295	-	528	1,050	-	-
<u>91,295</u>	<u>57,478</u>	<u>30,936</u>	<u>187,723</u>	<u>-</u>	<u>11,071</u>
-	-	-	-	-	20,264
-	-	-	-	-	-
-	-	36,357	179,484	-	-
55,742	-	-	-	-	-
-	23,132	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>55,742</u>	<u>23,132</u>	<u>36,357</u>	<u>179,484</u>	<u>-</u>	<u>20,264</u>
<u>35,553</u>	<u>34,346</u>	<u>(5,421)</u>	<u>8,239</u>	<u>-</u>	<u>(9,193)</u>
-	-	-	-	-	-
-	27,689	-	-	-	-
-	(2,000)	-	-	-	-
-	<u>25,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
35,553	60,035	(5,421)	8,239	-	(9,193)
<u>33,937</u>	<u>680,468</u>	<u>13,409</u>	<u>5,839</u>	<u>1,099</u>	<u>9,919</u>
<u>69,490</u>	<u>740,503</u>	<u>7,988</u>	<u>14,078</u>	<u>1,099</u>	<u>726</u>

(continued)

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year ended June 30, 2009

	Special Revenue		
	<u>DARE</u>	<u>City Grants</u>	<u>Congregate Meals</u>
Revenues:			
Property tax	\$ -	-	-
Tax increment financing collections	-	-	-
Other city tax	-	-	-
Use of money and property	-	-	2
Intergovernmental	-	5,395	48,573
Charges for service	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>5,395</u>	<u>48,575</u>
Expenditures:			
Operating:			
Public safety	23	-	-
Public works	-	-	-
Health and social services	-	-	52,681
Culture and recreation	-	4,560	-
Community and economic development	-	-	-
General government	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>23</u>	<u>4,560</u>	<u>52,681</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>(23)</u>	<u>835</u>	<u>(4,106)</u>
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(23)	835	(4,106)
Fund balances beginning of year	<u>11,994</u>	<u>4,874</u>	<u>14,366</u>
Fund balances end of year	<u>\$ 11,971</u>	<u>5,709</u>	<u>10,260</u>

See accompanying independent auditor's report.

## Schedule 2

Debt Service			Capital Projects			Permanent Fund	Totals
Debt Service	Golf Course	Harlan Sinking	Harlan Rogers Complex	Capital Improvements	Oleson Park Bandshell	Eva Patterson Parks Trust	
1,447,387	-	-	-	-	-	-	4,199,902
-	-	-	-	-	-	-	960,077
-	-	(7,662)	-	-	-	-	(7,662)
41,723	-	5,313	-	1,179	-	(583)	149,048
-	-	-	-	95,708	-	-	2,918,086
-	7,450	-	-	271,154	-	-	278,604
-	-	-	10,000	231,733	22,013	-	996,950
<u>1,489,110</u>	<u>7,450</u>	<u>(2,349)</u>	<u>10,000</u>	<u>599,774</u>	<u>22,013</u>	<u>(583)</u>	<u>9,495,005</u>
-	-	-	-	193,490	-	-	1,831,541
-	-	-	-	16,713	-	-	2,968,136
-	-	-	-	13,097	-	-	347,505
-	-	-	-	566,155	-	-	1,123,938
-	-	-	-	-	-	-	3,216,242
-	-	-	-	219,125	-	-	441,068
3,006,992	60,254	127,895	-	-	-	-	3,195,141
-	-	-	26,384	-	102,626	-	129,010
<u>3,006,992</u>	<u>60,254</u>	<u>127,895</u>	<u>26,384</u>	<u>1,008,580</u>	<u>102,626</u>	<u>-</u>	<u>13,252,581</u>
<u>(1,517,882)</u>	<u>(52,804)</u>	<u>(130,244)</u>	<u>(16,384)</u>	<u>(408,806)</u>	<u>(80,613)</u>	<u>(583)</u>	<u>(3,757,576)</u>
1,076,760	-	-	-	80,000	-	-	1,156,760
399,520	60,000	164,651	-	140,905	15,000	-	962,701
-	-	-	-	(71,992)	-	-	(421,329)
<u>1,476,280</u>	<u>60,000</u>	<u>164,651</u>	<u>-</u>	<u>148,913</u>	<u>15,000</u>	<u>-</u>	<u>1,698,132</u>
(41,602)	7,196	34,407	(16,384)	(259,893)	(65,613)	(583)	(2,059,444)
<u>782,053</u>	<u>8,608</u>	<u>181,503</u>	<u>(9,431)</u>	<u>1,259,390</u>	<u>62,788</u>	<u>25,583</u>	<u>8,648,771</u>
<u>740,451</u>	<u>15,804</u>	<u>215,910</u>	<u>(25,815)</u>	<u>999,497</u>	<u>(2,825)</u>	<u>25,000</u>	<u>6,589,327</u>

City of Fort Dodge, Iowa  
Statement of Net Assets  
Nonmajor Proprietary Funds  
June 30, 2009

	Enterprise Funds		
	Parking <u>Meter</u>	Solid <u>Waste</u>	<u>Recycling</u>
<b>Assets</b>			
Cash and pooled investments	\$ 287,727	274,586	65,305
Accounts receivable	16,783	99,574	-
Interest receivable	6	5	-
Prepaid insurance	165	6,008	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Capital assets (net of accumulated depreciation)	107,041	207,546	-
<b>Total assets</b>	<u>411,722</u>	<u>587,719</u>	<u>65,305</u>
<b>Liabilities</b>			
Accounts payable	1,344	33,093	-
Salaries payable	971	17,978	-
Compensated absences	-	10,476	-
Early retirement	-	-	-
Benefits payable	139	3,601	-
Deferred Revenue	6,675	-	-
Payable from restricted assets:			
Consumer deposits	-	-	-
Long-term liabilities:			
Net OPEB liability	1,116	6,138	-
Early retirement	-	-	-
<b>Total liabilities</b>	<u>10,245</u>	<u>71,286</u>	<u>-</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	107,041	207,546	-
Restricted for:			
Prepaid expenditures	165	6,008	-
Unrestricted	294,271	302,879	65,305
<b>Total net assets</b>	<u>\$ 401,477</u>	<u>516,433</u>	<u>65,305</u>

See accompanying independent auditor's report.



Enterprise Funds					
<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Storm Water Utility</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
19,880	4,077	550,891	242,082	-	1,444,548
-	-	56,922	1,856	929	176,064
-	-	-	-	-	11
-	-	-	-	-	6,173
-	-	-	-	95,000	95,000
-	-	907,186	616,463	-	1,838,236
<u>19,880</u>	<u>4,077</u>	<u>1,514,999</u>	<u>860,401</u>	<u>95,929</u>	<u>3,560,032</u>
-	-	40,830	1,383	-	76,650
-	-	-	-	-	18,949
-	-	-	-	-	10,476
-	-	-	-	-	-
-	-	-	-	-	3,740
-	-	-	-	-	6,675
-	-	-	-	95,929	95,929
-	-	-	-	-	7,254
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>40,830</u>	<u>1,383</u>	<u>95,929</u>	<u>219,673</u>
-	-	907,186	616,463	-	1,838,236
-	-	-	-	-	6,173
<u>19,880</u>	<u>4,077</u>	<u>566,983</u>	<u>242,555</u>	<u>-</u>	<u>1,495,950</u>
<u>19,880</u>	<u>4,077</u>	<u>1,474,169</u>	<u>859,018</u>	<u>-</u>	<u>3,340,359</u>

City of Fort Dodge, Iowa  
Combining Schedule of Revenues, Expenses, and Changes in Net Assets  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2009

	Enterprise Funds	
	Parking <u>Meter</u>	Solid <u>Waste</u>
Operating revenues:		
Charges for services	\$ 87,509	981,014
Miscellaneous	97	4,433
Total operating revenues	<u>87,606</u>	<u>985,447</u>
Operating expenses:		
Business type activities:		
Cost of sales and services	64,866	859,587
Depreciation	8,314	66,510
Total operating expenses	<u>73,180</u>	<u>926,097</u>
Operating income (loss)	<u>14,426</u>	<u>59,350</u>
Nonoperating revenues:		
Interest and investment revenue	<u>8,204</u>	<u>6,728</u>
Total nonoperating revenue	<u>8,204</u>	<u>6,728</u>
Net income (loss) before transfers	<u>22,630</u>	<u>66,078</u>
Transfers in (out)	<u>(33,283)</u>	<u>(108,043)</u>
Change in net assets	<u>(10,653)</u>	<u>(41,965)</u>
Net assets beginning of year	<u>412,130</u>	<u>558,398</u>
Net assets end of year	<u>\$ 401,477</u>	<u>516,433</u>

See accompanying independent auditor's report.

Enterprise Funds					
<u>Recycling</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage Account</u>	<u>Storm Water Utility</u>	<u>Central Garage</u>	<u>Total</u>
546	232,452	9,277	510,868	-	1,821,666
-	-	-	18,888	78,097	101,515
546	232,452	9,277	529,756	78,097	1,923,181
-	229,103	11,356	3,615	79,794	1,248,321
-	-	-	10,362	21,999	107,185
-	229,103	11,356	13,977	101,793	1,355,506
546	3,349	(2,079)	515,779	(23,696)	567,675
-	-	-	-	-	14,932
-	-	-	-	-	14,932
546	3,349	(2,079)	515,779	(23,696)	582,607
-	-	-	(7,000)	100,000	(48,326)
546	3,349	(2,079)	508,779	76,304	534,281
64,759	16,531	6,156	965,390	782,714	2,806,078
65,305	19,880	4,077	1,474,169	859,018	3,340,359

City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2009

	<u>Business-Type Activities</u>		
	<u>Parking</u>	<u>Solid</u>	
	<u>Meter</u>	<u>Waste</u>	<u>Recycling</u>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 90,304	975,718	545
Payments to suppliers and employees	(63,548)	(848,563)	-
Other receipts	<u>6,675</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>33,431</u>	<u>127,155</u>	<u>545</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers to other funds	(33,283)	(108,043)	-
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) in noncapital financing activities	<u>(33,283)</u>	<u>(108,043)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest and dividends	<u>9,129</u>	<u>7,623</u>	<u>-</u>
Net cash provided by investing activities	<u>9,129</u>	<u>7,623</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	9,277	26,735	545
Cash and cash equivalents - beginning of year	<u>278,450</u>	<u>247,851</u>	<u>64,760</u>
Cash and cash equivalents - end of year	<u>\$ 287,727</u>	<u>274,586</u>	<u>65,305</u>

See accompanying independent auditor's report.

Business-Type Activities					
<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Storm Water Utility</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
232,453	9,276	522,150	77,286	57,750	1,965,482
(229,103)	(11,356)	35,877	(81,926)	(73,569)	(1,272,188)
-	-	-	-	-	6,675
<u>3,350</u>	<u>(2,080)</u>	<u>558,027</u>	<u>(4,640)</u>	<u>(15,819)</u>	<u>699,969</u>
-	-	(7,000)	-	-	(148,326)
-	-	-	100,000	-	100,000
-	-	(7,000)	100,000	-	(48,326)
-	-	(676,603)	(18,541)	-	(695,144)
-	-	(676,603)	(18,541)	-	(695,144)
-	-	-	-	-	16,752
-	-	-	-	-	16,752
3,350	(2,080)	(125,576)	76,819	(15,819)	(26,749)
<u>16,530</u>	<u>6,157</u>	<u>676,467</u>	<u>165,263</u>	<u>110,819</u>	<u>1,566,297</u>
<u>19,880</u>	<u>4,077</u>	<u>550,891</u>	<u>242,082</u>	<u>95,000</u>	<u>1,539,548</u>

(continued)

City of Fort Dodge, Iowa  
Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds  
For the Year ended June 30, 2009

	Business-Type Activities		
	Parking <u>Meter</u>	Solid <u>Waste</u>	<u>Recycling</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 14,427	59,350	545
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	8,314	66,510	-
Change in assets and liabilities:			
Receivables, net	2,698	(9,729)	-
Prepaid expenses	(135)	(470)	-
Consumer deposits	-	-	-
Accounts and other payables	336	5,356	-
Other postemployment benefits	1,116	6,138	-
Deferred revenue	6,675	-	-
Accrued expenses	-	-	-
Net cash provided (used) by operating activities	<u>\$ 33,431</u>	<u>127,155</u>	<u>545</u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Assets:</b>			
Current assets:			
Cash and pooled investments	\$ 287,727	274,586	65,305
Noncurrent assets:			
Restricted cash and pooled investments	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at year end	<u>\$ 287,727</u>	<u>274,586</u>	<u>65,305</u>

See accompanying independent auditor's report.

Business-Type Activities					
<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Storm Water Utility</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
3,350	(2,080)	515,778	(23,697)	-	567,673
-	-	10,362	21,999	-	107,185
-	-	(7,606)	(811)	-	(15,448)
-	-	-	-	-	(605)
-	-	-	-	(15,819)	(15,819)
-	-	39,493	(2,131)	-	43,054
-	-	-	-	-	7,254
-	-	-	-	-	6,675
-	-	-	-	-	-
<u>3,350</u>	<u>(2,080)</u>	<u>558,027</u>	<u>(4,640)</u>	<u>(15,819)</u>	<u>699,969</u>
19,880	4,077	550,891	242,082	-	1,444,548
-	-	-	-	95,000	95,000
<u>19,880</u>	<u>4,077</u>	<u>550,891</u>	<u>242,082</u>	<u>95,000</u>	<u>1,539,548</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2009

General Obligation Bonds

Year Ending June 30,	Corporate Purpose Issued May 28, 2003			Corporate Purpose Issued April 21, 2009		
	Interest			Interest		
	Rates		Amount	Rates		Amount
2010	3.05 %	\$	205,000	1.80 %	\$	205,000
2011	3.15		215,000	2.00		210,000
2012	3.30		220,000	2.25		215,000
2013	3.40		225,000	2.50		220,000
2014	3.50		235,000	2.75		230,000
Total		\$	<u>1,100,000</u>		\$	<u>1,080,000</u>

  

Year Ending June 30,	Corporate Purpose Issued June 15, 2008			Corporate Purpose Issued December 1, 2004		
	Interest			Interest		
	Rates		Amount	Rates		Amount
2010	2.50 %	\$	190,000	3.20 %	\$	430,000
2011	2.80		245,000	3.20		450,000
2012	3.00		315,000	3.20		465,000
2013	3.15		105,000	3.20		480,000
2014	3.25		100,000	3.20		490,000
2015	3.40		650,000	3.20		515,000
2016	3.60		735,000			-
2017	3.75		765,000			-
2018	3.90		795,000			-
2019	4.00		825,000			-
2020	4.00		100,000			-
Total		\$	<u>4,825,000</u>		\$	<u>2,830,000</u>

See accompanying independent auditor's report.



Year Ending June 30,	Corporate Purpose Issued June 15, 2009		Corporate Purpose Issued May 31, 2009		Total
	Interest Rate	Amount	Interest Rate	Amount	
2010	2.00 %	\$ 535,000	3.00 %	\$ 250,000	1,815,000
2011	2.25	450,000	3.00	105,000	1,675,000
2012	2.90	330,000	3.00	160,000	1,705,000
2013	3.25	520,000	-	-	1,550,000
2014	3.55	535,000	-	-	1,590,000
2015	3.88	500,000	-	-	1,665,000
2016	4.12	585,000	-	-	1,320,000
2017	4.30	595,000	-	-	1,360,000
2018	4.30	615,000	-	-	1,410,000
2019	4.63	640,000	-	-	1,465,000
2020	4.75	665,000	-	-	765,000
2021	5.00	695,000	-	-	695,000
2022	5.20	725,000	-	-	725,000
2023	5.25	760,000	-	-	760,000
2024	5.38	800,000	-	-	800,000
Total		<u>\$ 8,950,000</u>		<u>\$ 515,000</u>	<u>19,300,000</u>

City of Fort Dodge, Iowa  
Bond Maturities - Revenue Bonds  
June 30, 2009

<u>Revenue Bonds</u>		<u>Sewer Bond Issue</u>	
		<u>Issued December 4, 1989</u>	
Year Ending	Interest		
	<u>Rates</u>	<u>Amount</u>	
June 30,			
2010	3.00 %	\$ 110,000	
2011	3.00	115,000	
	Total	<u>\$ 225,000</u>	

  

<u>Sewer Bond Issue</u>		<u>Sewer Bond Issue</u>		<u>Sewer Bond Issue</u>	
		<u>Issued Sep 30, 1999</u>		<u>Issued Dec 20, 2002</u>	
Year Ending	Interest		Interest	Interest	
	<u>Rates</u>	<u>Amount</u>		<u>Rates</u>	<u>Amount</u>
June 30,			<u>Rates</u>		
2010	3.92 %	\$ 11,000	3.92 %	\$ 450,000	3.00 % \$ 165,000
2011	3.92	11,000	3.92	467,000	3.00 170,000
2012	3.92	12,000	3.92	485,000	3.00 175,000
2013	3.92	12,000	3.92	505,000	3.00 180,000
2014	3.92	13,000	3.92	524,000	3.00 185,000
2015	3.92	13,000	3.92	545,000	3.00 191,000
2016	3.92	14,000	3.92	566,000	3.00 196,000
2017	3.92	14,000	3.92	588,000	3.00 202,000
2018	3.92	15,000	3.92	611,000	3.00 208,000
2019	3.92	15,000	3.92	635,000	3.00 215,000
2020	3.92	16,000	3.92	660,000	3.00 221,000
2021	3.92	16,000	3.92	686,000	3.00 228,000
2022	3.92	17,000	3.92	713,000	3.00 235,000
2023		-		-	3.00 242,000
2024		-		-	-
	Total	<u>\$ 179,000</u>		<u>\$ 7,435,000</u>	<u>\$ 2,813,000</u>

See accompanying independent auditor's report.

Hotel/Motel Tax Revenue Bond				Sewer Bond Issue			
Issued June 1, 2003				Issued December 27, 2007			
Interest				Interest			
<u>Rates</u>		<u>Amount</u>		<u>Rates</u>		<u>Amount</u>	
4.00 %	\$	75,000		3.00 %	\$	1,073,000	
4.00		75,000		3.00		1,106,000	
4.00		80,000		3.00		1,139,000	
4.00		85,000		3.00		1,173,000	
3.60		85,000		3.00		1,208,000	
3.75		90,000		3.00		1,244,000	
3.85		95,000		3.00		1,282,000	
3.95		100,000		3.00		1,320,000	
4.00		105,000		3.00		1,360,000	
4.00		105,000		3.00		1,400,000	
4.05		110,000		3.00		1,442,000	
4.10		115,000		3.00		1,486,000	
4.15		125,000		3.00		1,530,000	
4.15		130,000		3.00		1,576,000	
		-		3.00		1,036,505	
		<u>\$ 1,375,000</u>				<u>\$ 19,375,505</u>	

(continued)

City of Fort Dodge, Iowa  
Bond Maturities - Revenue Bonds  
June 30, 2009

Year Ending June 30,	Sewer Bond Issue			Water Bond Issue			Water Bond Issue		
	Issued June 30, 2002			Issued Dec 12, 2003			Issued June 1, 2004		
	Interest Rates		Amount	Interest Rates		Amount	Interest Rates		Amount
2010	3.00 %	\$	50,000	3.00 %	\$	147,000	3.00 %	\$	204,000
2011	3.00		51,000	3.00		151,000	3.00		210,000
2012	3.00		53,000	3.00		156,000	3.00		217,000
2013	3.00		54,000	3.00		160,000	3.00		223,000
2014	3.00		56,000	3.00		165,000	3.00		230,000
2015	3.00		58,000	3.00		170,000	3.00		237,000
2016	3.00		59,000	3.00		175,000	3.00		244,000
2017	3.00		61,000	3.00		180,000	3.00		251,000
2018	3.00		63,000	3.00		186,000	3.00		259,000
2019	3.00		65,000	3.00		191,000	3.00		266,000
2020	3.00		67,000	3.00		197,000	3.00		274,000
2021	3.00		69,000	3.00		203,000	3.00		283,000
2022	3.00		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		\$	<u>777,000</u>		\$	<u>2,956,000</u>		\$	<u>4,116,000</u>

See accompanying independent auditor's report.

### Golf Course Revenue Note

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Issued Jan 13, 2006

## Interest

[illegible]

(continued)

City of Fort Dodge, Iowa  
Bond Maturities - Revenue Bonds  
June 30, 2008

Schedule 7

Year Ending June 30,	Urban Renewal Tax Increment Revenue Bond Issued Dec 17, 2003			Urban Renewal Tax Increment Revenue Bond Issued Nov. 15, 2006		
	Interest			Interest		
	Rates	Amount		Rates	Amount	Total
2010	3.45 % \$	40,000		4.75 % \$	180,000	2,546,500
2011	3.80	40,000		4.75	190,000	2,629,500
2012	4.10	40,000		4.75	190,000	2,592,500
2013	4.30	40,000		4.75	200,000	2,680,500
2014	4.50	20,000		4.75	210,000	2,746,500
2015		-		4.75	210,000	2,811,000
2016		-		4.75	220,000	2,906,500
2017		-		4.75	220,000	2,994,500
2018		-		4.75	230,000	3,067,500
2019		-		4.75	230,000	3,122,000
2020		-		4.75	240,000	3,227,000
2021		-		4.75	240,000	3,326,000
2022		-		4.75	260,000	3,451,000
2023		-			-	2,463,000
2024		-			-	1,567,505
2025		-			-	547,000
Total		<u>\$ 180,000</u>			<u>\$ 2,820,000</u>	<u>42,678,505</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

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

For the Last Seven Years

	Modified Accrual Basis			
	2009	2008	2007	2006
Revenues:				
Property tax	\$ 9,065,686	9,412,453	9,309,408	9,405,843
Tax increment financing revenue	960,077	1,021,218	924,879	904,267
Other city tax	2,471,570	2,345,915	2,255,230	2,216,986
Licenses and permits	366,910	334,673	323,123	321,063
Use of money and property	420,807	457,355	588,086	488,171
Intergovernmental	3,364,048	4,018,906	3,877,250	4,460,365
Charges for service	1,006,957	1,048,258	1,164,134	1,097,362
Miscellaneous	<u>1,629,822</u>	<u>1,403,703</u>	<u>1,597,706</u>	<u>1,724,939</u>
Total	<u>\$ 19,285,877</u>	<u>20,042,481</u>	<u>20,039,816</u>	<u>20,618,996</u>
Expenditures:				
Operating:				
Public safety	\$ 6,127,327	6,355,575	6,628,544	5,750,697
Public works	7,653,552	5,171,592	3,451,734	3,625,199
Health & social services	434,575	525,065	881,082	679,639
Culture and recreation	3,188,913	2,896,431	2,675,303	3,069,638
Community and economic development	3,821,149	2,580,400	5,130,808	2,113,794
General government	1,491,143	1,311,200	1,500,704	1,465,795
Debt service	3,195,141	1,633,892	1,699,934	1,949,432
Capital projects	<u>5,159,378</u>	<u>2,369,971</u>	<u>902,847</u>	<u>2,170,993</u>
Total	<u>\$ 31,071,178</u>	<u>22,844,126</u>	<u>22,870,956</u>	<u>20,825,187</u>

See accompanying independent auditor's report.

# Schedule 8

<u>2005</u>	<u>2004</u>	<u>2003</u>
9,136,224	9,245,696	9,225,579
855,994	793,770	929,184
1,930,077	2,187,327	1,899,524
282,112	371,137	248,503
380,335	318,211	359,425
4,401,764	5,384,061	5,572,705
1,083,195	1,006,126	1,124,480
<u>1,351,395</u>	<u>1,158,090</u>	<u>1,318,532</u>
<u>19,421,096</u>	<u>20,471,479</u>	<u>20,683,187</u>
5,477,040	5,365,446	5,461,031
3,846,806	3,534,608	3,884,687
569,898	635,244	327,035
2,433,376	2,410,541	2,872,845
2,669,361	3,066,341	2,988,154
1,464,206	1,358,687	1,356,574
1,736,407	3,638,927	3,191,147
<u>2,974,408</u>	<u>3,066,222</u>	<u>2,096,862</u>
<u>21,171,502</u>	<u>23,076,016</u>	<u>22,178,335</u>



City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2009

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 Commerce	10.300	EDA-05-01-04360	\$ <u>284,826</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-23	398,956
Airport Improvement Program	20.106	3-19-0035-24	<u>44,374</u>
			<u>443,330</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	08SFNIA002	<u>186,674</u>
Retired Senior Volunteer Program	94.002	08SRNIA009	<u>13,332</u>
Department of Housing and Urban Development:			
Economic Development Initiative	14.246	B-05-SP-IA-0072	2,297
Economic Development Initiative	14.246	B-06-SP-IA-0282	<u>63,654</u>
			<u>65,951</u>
Department of Homeland Security:			
Assistance to Firefighters	97.044	EMW-2007-FO-02229	72,089
Assistance to Firefighters	97.044	EMW-2008-FO-05892	<u>63,899</u>
			<u>135,988</u>
Total Direct			<u>1,130,101</u>
Indirect:			
Department of Health and Human Services:			
Elderbridge Agency on Aging:			
Congregate Meal Program	93.045	---	<u>43,443</u>

(continued)

City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2009

Schedule 9

<u>Grantor/Program</u> (continued)	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
Department of Transportation:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau	20.601	09-410	<u>15,650</u>
Iowa Department of Transportation:			
Transit Assistance Program	20.509		<u>86,099</u>
Transit Assistance Program	20.500		<u>363,913</u>
New Freedom Program	20.521		<u>827</u>
Department of Housing and Urban Development:			
Iowa Department of Economic Development			
Community Development Block Grant/ States Program	14.228	06-HSG-039	<u>79,573</u>
Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	EM-1727	297,108
Disaster Grants - Public Assistance	97.036	EM-1763	<u>81,924</u>
			<u>379,032</u>
Environmental Protection Agency	66.458	CS192361-01	<u>235,230</u>
Total Indirect			<u>1,203,767</u>
Total			<u>\$ 2,333,868</u>

City of Fort Dodge, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2009

Schedule 9

**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, 2009

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Airport Infrastructure   91-07-OFOD-200	\$   96,966
Iowa Commission on Volunteer Service:	
RSVP	<u>16,938</u>
Library:	
Open Access Grant	8,640
Enrich Iowa Grant	<u>7,744</u>
	<u>16,384</u>
Iowa Department of Economic Development:	
Community Economic Development Account   07-CEBAIVFGF-023	<u>200,000</u>
Total	<u>\$   330,288</u>

See accompanying independent auditor's report.

## Schedule of Passenger Facility Charges Collected and Expended

Year Ended June 30, 2009

	Quarter Ended <u>9-30-08</u>	Quarter Ended <u>12-31-08</u>	Quarter Ended <u>3-31-09</u>	Quarter Ended <u>6-30-09</u>	Total Period Ended <u>6-30-09</u>
Charges collected:					
PFC revenue received	\$ <u>4,141</u>	<u>3,968</u>	<u>4,002</u>	<u>3,704</u>	<u>15,815</u>
Charges expended:					
Expenditures on approved PFC projects	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditor's report.

Independent Auditor's Report on Compliance  
With Requirements Applicable to the Passenger Facility Charge Program  
and on Internal Control Over Compliance

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the compliance of the City of Fort Dodge with the compliance requirements described in the *Passenger Facility Charge Audit Guide*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2009. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of The City of Fort Dodge's management. Our responsibility is to express an opinion on The City of Fort Dodge's compliance based on our audit.

We conducted our audit compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The City of Fort Dodge's compliance with those requirements.

In our opinion, The City of Fort Dodge complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2009.

## 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 requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered The City of Fort Dodge's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Fort Dodge's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Fort Dodge's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of officials, employees and citizens of the City of Fort Dodge, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

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

March 29, 2010

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 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, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon March 29, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Fort Dodge's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Dodge's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Fort Dodge's ability to initiate authorize, record, process, or report financial data reliably in accordance with U.S. generally



accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Fort Dodge's financial statements that is more than inconsequential will not be prevented or detected by the City of Fort Dodge's internal control. We consider the deficiencies described in Part II of the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Fort Dodge's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### 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 that 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, 2009 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.

The City of Fort Dodge's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Fort Dodge's responses and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Fort Dodge and other parties to whom the City of Fort Dodge may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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.  
Certified Public Accountants

March 29, 2010

Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the compliance of the City of Fort Dodge, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. The City of Fort Dodge's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of the City of Fort Dodge's management. Our responsibility is to express an opinion on the City of Fort Dodge's compliance based on our audit.

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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Fort Dodge's compliance with those requirements.

In our opinion, the City of Fort Dodge complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

## Internal Control Over Compliance

The management of the City of Fort Dodge is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Fort Dodge's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in the City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Fort Dodge's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Fort Dodge and other parties to whom the City of Fort Dodge may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

March 29, 2010

City of Fort Dodge, Iowa  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

**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 was 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 Numbers 20.106 – Airport Improvement Program and 97.036 Disaster Grants – Public Assistance.
- (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, 2009

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

**SIGNIFICANT DEFICIENCIES:**

II-A-09 - 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. 112, *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, 2009

II-B-09 - Financial Reporting – During the audit, we identified material amounts of year end transfers that were not recorded on the City’s financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all transfers are recorded on the financial statements.

Response – This was an oversight this year as the prior city clerk resigned right at the end of the year and had not had time to adjust the transfers. We have reviewed this situation and the majority of the transfers will be recorded during the year, so this problem should not happen in the future.

Conclusion – Response accepted.

**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-09 Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

Response – The budget will be amended in sufficient amounts in the future, if applicable.

Conclusion – Response accepted.

IV-B-09 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-09 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-09 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>
Terry Lutz, Mayor Owner McClure Engineering	Professional Fees	\$ 545,334

In accordance with Chapter 26 of the Code of Iowa, the transactions with the Mayor does not appear to represent conflict of interest as the contract was awarded through competitive qualifications criteria. However, these transactions do appear to represent a conflict of interest with Chapter 362.5 of the Code of Iowa as there was not a price-based competitive bid. City officials are reviewing their procedures to insure they will be in compliance with the Code of Iowa in the future.

IV-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.



City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

IV-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-09 Revenue Bonds and Notes – The City's wastewater treatment system did not maintain net revenues of 110% of the principal and interest due on the sewer revenue bond as stated in the loan agreement.

Recommendation – The City should consult legal counsel concerning this matter.

Response – We have increased our sewer rates and this should resolve this matter.

Conclusion – Response accepted.

IV-I-09 Financial Condition – The Special Revenue Fund, Employee Flex Spending had a deficit balances of \$4,518 at June 30, 2009. The Capital Projects Fund, Harlan Rogers Complex and Oleson Park Bandshell had deficit balances of \$25,815 and \$2,825 respectively at June 30, 2009.

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

Response – As detailed in notes to financial statements, these deficits will be eliminated upon receipts from employees or upon transfer of funds.

Conclusion – Response accepted.

IV-J-09 Administrative Agency – It was noted that there may be some public funds held by an administrative agency of the City of Fort Dodge that are not accounted for, deposited or invested pursuant to Chapters 12B, 12C and 384.6 of the Code of Iowa.

Recommendation – The City should consult legal council for disposition of this matter.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Response – We have consulted with our City attorney and we are working on this matter.

Conclusion – Response accepted.

IV-K-09      Employee Benefits Levy – It was noted that the City allocated a portion of its salaries to its trust and agency account for administration.

Recommendation – The City should review the administrative code to see if salary expenses are allowable.

Response – We have reviewed the code and noted salaries are not allowable. We will discontinue allocating salaries to this account.

Conclusion – Response accepted.