

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, 2006

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor’s Report		2-3
Management’s Discussion and Analysis		4-9
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	10-13
Statement of Activities	B	14-15
Governmental Funds Financial Statements:		
Balance Sheet	C	16-17
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	18
Statement of Revenues, Expenditures and Changes in Fund Balances	E	19-20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	21-22
Proprietary Funds Financial Statements:		
Statement of the Net Assets – Proprietary Funds	G	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	H	24
Statement of Cash Flows – Proprietary Funds	I	25-26
Fiduciary Funds Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Financial Statements		29-57
Required Supplementary Information:	<u>Schedule</u>	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, Proprietary Funds and the Airport Authority		58-59
Budget to GAAP Reconciliation		60
Notes to Required Supplementary Information – Budgetary Reporting		61

Table of Contents (continued)

	<u>Page</u>
Other Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 62-67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	2 68-73
Nonmajor Proprietary Funds:	
Combining Balance Sheet	3 74-75
Combining Schedule of Revenues, Expenses and Changes in Net Assets	4 76-77
Combining Schedule of Cash Flows	5 78-81
Bond/Note Maturities:	
General Obligation Bonds	6 82
Revenue Bonds	7 83-87
Notes Payable	8 88
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	9 89
Schedule of Expenditures of Federal Awards	10 90-92
Schedule of Expenditures of State Awards	11 93
Schedule of Passenger Facility Charges Collected and Expended	12 94
Independent Auditor’s Report on Compliance With Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance	95-96
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters	97-98
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	99-100
Schedule of Findings and Questioned Costs	101-104

City of Fort Dodge, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2006)		
William Patterson	Mayor	Dec 2005
Tom Salvatore	Mayor Pro Tem	Dec 2005
John Hale	Council Member	Resigned
Richard Inman	Council Member	Dec 2005
Richard Nelson	Council Member	Dec 2005
Curt Olson	Council Member	Dec 2005
Dan Payne	Council Member	Dec 2005
Don Wilson	Council Member	Dec 2005
Jane Burleson	Council Member	Dec 2007
(After January 2006)		
Terry Lutz	Mayor	Dec 2009
Dan Payne	Mayor Pro Tem	Dec 2007
Jane Burleson	Council Member	Dec 2007
Cindy Litwiller	Council Member	Dec 2007
Curt Olson	Council Member	Dec 2007
Don Wilson	Council Member	Dec 2007
Matt Bemrich	Council Member	Dec 2009
Richard Inman	Council Member	Dec 2009
David Haggard	Interim City Manager	Sep 2006
Penny Clayton	City Clerk	Indefinite
Scott Hook	Deputy Clerk/Treasurer	Resigned August 2006
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, 2006, 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, 2006, 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 February 28, 2007 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 and budgetary comparison information on pages 4 through 9 and 58 through 61 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 three years ended June 30, 2005 (none of which is presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 12, 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 12 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

February 28, 2007

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, 2006.

FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$28,160,202 at June 30, 2006. However, infrastructure asset reporting retroactive to 1980, which according to GASB Statement 34 is required by fiscal year 2007, has not yet been completed.
- The City replaced the clubhouse at Lakeside Municipal Golf Course.
- The City continued the expansion and renovation of the Harlan Rogers Sports Complex. This project is a \$6.3 million dollar partnership between the City, a private development group and the State of Iowa.
- The City made a significant improvement to its street infrastructure by reconstructing Kenyon Road at Avenue E to accommodate a large volume of traffic at both the hospital and the correctional facility.

USING THIS ANNUAL REPORT

The annual report consist 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

A condensed version of the Statement of Net Assets as of June 30, 2006, including a comparison to fiscal year 2005, and excluding infrastructure assets retroactively reported to 1980 follows:

	Governmental Activities	Business Type Activities	FY2006 Total	FY2005 Total
Current Assets	25,458,142	5,102,009	30,560,151	31,971,200
Restricted Assets	0	709,830	709,830	715,160
Capital Assets	<u>23,869,436</u>	<u>18,652,600</u>	<u>42,522,036</u>	<u>36,282,466</u>
Total Assets	<u>49,327,578</u>	<u>24,464,439</u>	<u>73,792,017</u>	<u>68,968,826</u>
Current Liabilities	10,964,829	488,816	11,453,645	12,844,268
Long Term Liabilities	<u>12,284,175</u>	<u>21,893,995</u>	<u>34,178,170</u>	<u>34,917,793</u>
Total Liabilities	<u>23,249,004</u>	<u>22,382,811</u>	<u>45,631,815</u>	<u>47,762,061</u>
Net Assets:				
Invested in capital assets				
Net of related debt	12,916,936	(3,085,567)	9,831,369	3,139,224
Restricted	7,737,560	0	7,737,560	6,752,584
Unrestricted	<u>5,424,078</u>	<u>5,167,195</u>	<u>10,591,273</u>	<u>11,314,957</u>
Total Net Assets	<u>26,078,574</u>	<u>2,081,628</u>	<u>28,160,202</u>	<u>21,206,765</u>

The largest portion of the City's reported net assets is in unrestricted assets (ie: cash and investments) of \$10,591,273 and 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.

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 \$7,737,560.

Net assets of both governmental and business type activities increased during fiscal year 2006. Retroactive infrastructure reporting to 1980, which according to GASB 34 is required by fiscal year 2007, has not yet been completed, making it difficult to analyze the change in net assets.

Due to the lack of retroactive infrastructure reporting, the investment in capital assets (ie: land, buildings, infrastructure, and equipment) net of related debt shows a nominal investment. Upon completion of the retroactive infrastructure reporting the capital assets investment will substantially increase.

Statement of Activities

A condensed version of the Statement of Activities as of June 30, 2006 follows, including a comparison to fiscal year 2005:

	Governmental Activities	Business-Type Activities	FY2006 Total	FY2005 Total
Revenues:				
Program Revenues:				
Charges for service	1,405,807	7,797,269	9,203,076	8,679,818
Operating grants, contributions	2,898,981		2,898,981	2,763,541
Capital grants, contributions	2,300,239	49,066	2,349,305	3,393,707
General Revenues:				
Property tax	10,073,428		10,073,428	9,741,154
Other taxes	2,466,801		2,466,801	2,189,686
Other	<u>1,904,337</u>	<u>7,478</u>	<u>1,911,815</u>	<u>1,343,289</u>
Total Revenues	21,049,593	7,853,813	28,903,406	28,111,195
Program Expenses:				
Public Safety	5,455,021		5,455,021	5,614,773
Public Works	3,080,661		3,080,661	3,322,028
Health and Social Services	679,639		679,639	569,898
Culture and Recreation	2,559,279		2,559,279	2,357,735
Comm & Econ Development	1,085,949		1,085,949	1,314,304
General Government	1,448,527		1,448,527	1,464,206
Debt Service	413,850		413,850	409,518
Capital Projects	186,866		186,866	1,023,141
Water		2,904,568	2,904,568	2,301,642
Sewer		2,950,332	2,950,332	2,476,219
Other non-major business type activities		<u>1,185,277</u>	<u>1,185,277</u>	<u>1,106,585</u>
Total Expenses	14,909,792	7,040,177	21,949,969	21,960,049
Increase in net assets	6,139,801	813,636	6,953,437	6,151,146
Net assets at beginning of year	19,938,773	1,267,992	21,206,765	15,055,619
Net assets at end of year	26,078,574	2,081,628	28,160,202	21,206,765

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

At June 30, 2006 the City of Fort Dodge's governmental funds reported a total fund balance of \$14,496,382, which is \$784,406 more than the fund balance at June 30, 2005. This increase is attributable in part to the reduction in employee health insurance costs as a result of a change to the health benefit program.

The General fund of the City ended fiscal year 2006 with an increase in fund balance of \$148,385 from the previous year. The Road Use Tax Fund of the City ended fiscal year 2006 with an increase in fund balance of \$57,191 from the previous year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water fund, which accounts for the operation and maintenance of the City's water system, ended fiscal year 2006 with an increase in net assets of \$486,475 above the previous fiscal year. The City of Fort Dodge is in the final stage of an automation upgrade at the water plant.

The Sewer fund, which accounts for the operation and maintenance of the City's wastewater system, ended fiscal year 2006 with an increase in net assets of \$32,212 above the previous year.

BUDGETARY HIGHLIGHTS

During fiscal year 2006 the City of Fort Dodge amended the budget once to account for increased expenditures in operating, grant programs, capital equipment and construction projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment and infrastructure represent the value of resources used to provide services to citizens. When reviewing these numbers please remember that retroactive infrastructure reporting to 1980 has not yet been completed. Capital assets for governmental activities totaled \$23,869,436 (net of accumulated depreciation) at June 30, 2006. Capital assets for business type activities totaled \$18,652,600 (net of accumulated depreciation) at June 30, 2006. See Note 3 to the financial statements for additional information regarding the City's capital assets.

The major capital outlays for governmental activities during the year included, but were not limited to, the reconstruction of Kenyon Road at Avenue E (hospital intersection), the construction of a new clubhouse at the municipal golf course and the continued renovation of Rogers Sports Complex.

For business type activities the major capital outlays consisted mainly of improvements to the City's water treatment and distribution systems.

Long-term Debt

At June 30, 2006, the City of Fort Dodge had \$10,930,000 of long-term debt outstanding in its governmental activities, compared to \$11,945,000 at June 30, 2005. This decrease of \$1,015,000 is attributable to the repayment of debt.

Total long-term debt for business type activities was \$21,738,167, an increase of \$621,496 from the previous fiscal year attributable to continued drawdown of SRF funding from the State of Iowa for water infrastructure.

During the year, the City of Fort Dodge issued \$540,000 in golf course revenue debt for the replacement of the clubhouse at the municipal golf course.

ECONOMIC FACTORS

For the upcoming fiscal year ending June 30, 2007, the City's assessed (100%) valuation increased \$41,253,343 (4.53%) from the previous year and taxable property valuation decreased slightly (1.24%). The tax levy rate will decrease from \$17.03 in FY06 to \$16.98 in FY07, a decrease of .29%.

Sewer rates will remain the same for FY07, while Water and Solid Waste rates will increase 1.5% and 2.5%, respectively.

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 1st 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, 2006

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and pooled investments	\$ 14,306,914	4,532,048	18,838,962
Receivables:			
Property tax:			
Delinquent	200,413	-	200,413
Succeeding year	9,743,150	-	9,743,150
Customer accounts	22,567	465,805	488,372
Accounts	274,558	-	274,558
Contracts	20,000	-	20,000
Accrued interest	136,486	37,701	174,187
Due from other governments	551,535	46,966	598,501
Internal balances	99,888	(99,888)	-
Inventories	8,243	-	8,243
Prepaid expenses	74,537	14,507	89,044
Restricted assets:			
Cash and pooled investments	-	709,830	709,830
Capital assets (net of accumulated depreciation)	23,869,436	18,652,600	42,522,036
Bond issuance costs	19,851	104,870	124,721
Total assets	49,327,578	24,464,439	73,792,017
Liabilities			
Warrants issued in excess of cash balances	-	-	-
Accounts payable	746,152	189,746	935,898
Salaries payable	252,204	55,972	308,176
Benefits payable	26,480	20,931	47,411
Interest payable	32,500	77,094	109,594
Deferred revenue:			
Succeeding year property tax	9,743,150	-	9,743,150
Other	164,343	-	164,343
Liabilities payable from restricted assets:			
Customer deposits	-	145,073	145,073

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	4,164,071	4,164,071
3,398	-	3,398
191,086	-	191,086
-	-	-
29,593	12,089	41,682
-	-	-
1,934	-	1,934
312,035	-	312,035
-	-	-
-	-	-
-	-	-
4,250,459	131,247	4,381,706
-	-	-
<u>4,788,505</u>	<u>4,307,407</u>	<u>9,095,912</u>
442,334	-	442,334
1,443	-	1,443
7,464	-	7,464
840	1,260	2,100
-	-	-
191,086	-	191,086
-	-	-
-	-	-

(continued)

City of Fort Dodge, Iowa
Statement of Net Assets
June 30, 2006

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Liabilities (continued)			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	1,215,000	-	1,215,000
Revenue bonds/notes payable	141,000	1,194,000	1,335,000
Capital lease	-	-	-
Notes payable	7,500	-	7,500
Compensated absences	711,808	114,569	826,377
Early retirement	45,963	17,376	63,339
Portion due or payable after one year:			
General obligation bonds/notes	7,295,000	-	7,295,000
Revenue bonds/notes payable	2,279,000	20,544,167	22,823,167
Notes payable	15,000	-	15,000
Compensated absences	364,427	-	364,427
Early retirement	209,477	23,883	233,360
Total liabilities	23,249,004	22,382,811	45,631,815
Net Assets			
Invested in capital assets, net of related debt	12,916,936	(3,085,567)	9,831,369
Restricted for:			
Debt service	530,132	-	530,132
Other purposes	7,207,428	-	7,207,428
Unrestricted	5,424,078	5,167,195	10,591,273
Total net assets	\$ 26,078,574	\$ 2,081,628	28,160,202

See notes to financial statements.

<u>Component Units</u>		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>643,167</u>	<u>1,260</u>	<u>644,427</u>
4,250,459	131,247	4,381,706
-	-	-
-	466,645	466,645
<u>(105,121)</u>	<u>3,708,255</u>	<u>3,603,134</u>
<u><u>4,145,338</u></u>	<u><u>4,306,147</u></u>	<u><u>8,451,485</u></u>

City of Fort Dodge, Iowa
Statement of Activities
Year ended June 30, 2006

		Program Revenues		
Functions/Programs:	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
Primary Government:		<u>Service</u>	<u>Grants,</u>	<u>Grants,</u>
			<u>and Restricted</u>	<u>and Restricted</u>
			<u>Interest</u>	<u>Interest</u>
Governmental activities:				
Public safety	\$ 5,455,021	306,674	66,589	205,469
Public works	3,080,661	84,599	2,374,474	7,478
Health and social services	679,639	-	338,446	20,206
Culture and recreation	2,559,277	941,609	116,339	806,111
Community and economic development	1,085,949	-	-	403,482
General government	1,448,527	67,545	3,133	-
Interest on long-term debt	405,497	-	-	-
Other debt service	8,353	5,380	-	-
Capital projects	186,866	-	-	857,493
Total governmental activities	<u>14,909,790</u>	<u>1,405,807</u>	<u>2,898,981</u>	<u>2,300,239</u>
Business type activities:				
Water	2,904,568	3,426,870	-	49,066
Sewer	2,950,332	3,014,857	-	-
Other non-major	1,185,277	1,355,542	-	-
Total business type activities	<u>7,040,177</u>	<u>7,797,269</u>	<u>-</u>	<u>49,066</u>
Total primary government	<u>\$ 21,949,967</u>	<u>9,203,076</u>	<u>2,898,981</u>	<u>2,349,305</u>
Component Units:				
Airport Authority	\$ 531,642	-	-	661,318
Other (modified cash)	408,970	2,767	1,020,548	-
Total component units	<u>\$ 940,612</u>	<u>2,767</u>	<u>1,020,548</u>	<u>661,318</u>
General Revenues:				
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	
(4,876,289)	-	(4,876,289)	-
(614,110)	-	(614,110)	-
(320,987)	-	(320,987)	-
(695,218)	-	(695,218)	-
(682,467)	-	(682,467)	-
(1,377,849)	-	(1,377,849)	-
(405,497)	-	(405,497)	-
(2,973)	-	(2,973)	-
<u>670,627</u>	<u>-</u>	<u>670,627</u>	<u>-</u>
<u>(8,304,763)</u>	<u>-</u>	<u>(8,304,763)</u>	<u>-</u>
-	571,368	571,368	-
-	64,525	64,525	-
<u>-</u>	<u>170,265</u>	<u>170,265</u>	<u>-</u>
<u>-</u>	<u>806,158</u>	<u>806,158</u>	<u>-</u>
<u>(8,304,763)</u>	<u>806,158</u>	<u>(7,498,605)</u>	<u>-</u>
-	-	-	129,676
<u>-</u>	<u>-</u>	<u>-</u>	<u>614,345</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>744,021</u>
8,478,272	-	8,478,272	180,655
1,595,156	-	1,595,156	-
904,267	-	904,267	-
1,562,534	-	1,562,534	-
488,171	168,646	656,817	-
1,041,216	213,782	1,254,998	294,488
374,950	(374,950)	-	-
<u>14,444,566</u>	<u>7,478</u>	<u>14,452,044</u>	<u>475,143</u>
6,139,803	813,636	6,953,439	1,219,164
<u>19,938,773</u>	<u>1,267,992</u>	<u>21,206,765</u>	<u>7,232,321</u>
<u>\$ 26,078,576</u>	<u>2,081,628</u>	<u>28,160,204</u>	<u>8,451,485</u>

City of Fort Dodge, Iowa
Balance Sheet
Governmental Funds
June 30, 2006

Assets	<u>General</u>	<u>Special Revenue</u>	
		<u>Road Use Tax</u>	<u>Health and Life Insurance</u>
Cash and pooled investments	\$ 3,660,556	1,200,565	1,491,962
Receivables:			
Property tax:			
Delinquent	102,911	-	27,365
Succeeding year	4,850,746	-	1,394,021
Accounts	296,631	-	-
Accrued interest	97,665	-	12,586
Contracts	20,000	-	-
Due from other funds	60,000	-	-
Due from other governments	-	-	-
Inventories	8,243	-	-
Prepaid insurance	62,581	-	-
	<u>\$ 9,159,333</u>	<u>1,200,565</u>	<u>2,925,934</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 169,817	165,193	27,923
Salaries payable	218,646	32,573	-
Benefits payable	-	-	-
Early retirement	-	-	9,580
Deferred revenue:			
Succeeding year property tax	4,850,746	-	1,394,021
Other	141,971	-	-
Due to other funds	60,141	-	-
Total liabilities	<u>5,441,321</u>	<u>197,766</u>	<u>1,431,524</u>
Fund balances:			
Reserved for:			
Prepaid expenditures	62,581	-	-
Inventories	8,243	-	-
Debt service	-	-	-
Unreserved, reported in:			
General fund	3,647,188	-	-
Special revenue funds	-	1,002,799	1,494,410
Capital projects fund	-	-	-
Total fund balances	<u>3,718,012</u>	<u>1,002,799</u>	<u>1,494,410</u>
	<u>\$ 9,159,333</u>	<u>1,200,565</u>	<u>2,925,934</u>

See notes to financial statements.

<u>Debt Service</u>	Other Nonmajor Governmental <u>Funds</u>	<u>Total</u>
361,269	7,592,562	14,306,914
30,332	39,805	200,413
1,296,378	2,202,005	9,743,150
-	494	297,125
3,047	23,188	136,486
-	-	20,000
-	160,029	220,029
-	551,535	551,535
-	-	8,243
-	11,956	74,537
<u>1,691,026</u>	<u>10,581,574</u>	<u>25,558,432</u>
-	383,219	746,152
-	985	252,204
-	26,480	26,480
-	-	9,580
1,296,378	2,202,005	9,743,150
-	22,372	164,343
-	60,000	120,141
<u>1,296,378</u>	<u>2,695,061</u>	<u>11,062,050</u>
-	11,956	74,537
-	-	8,243
394,648	135,484	530,132
-	-	3,647,188
-	5,495,999	7,993,208
-	2,243,074	2,243,074
<u>394,648</u>	<u>7,886,513</u>	<u>14,496,382</u>
<u>1,691,026</u>	<u>10,581,574</u>	<u>25,558,432</u>

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

June 30, 2006

Total governmental fund balances (page 17) \$ 14,496,382

**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 23,869,436

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	(8,490,149)
Hotel/motel tax revenue bonds payable	(2,420,000)
Other bonds and notes payable	(22,500)
Compensated absences	(1,076,235)
Accrued interest payable	(32,500)
Early retirement	<u>(245,860)</u>

Net Assets of Governmental Activities (Page 12) \$ 26,078,574

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, 2006

	<u>General</u>	<u>Special Revenue</u> <u>Road Use</u>
Revenues:		
Property tax	\$ 4,962,285	-
Tax increment financing	-	-
Other city tax	658,502	-
Licenses and permits	321,063	-
Use of money and property	276,023	-
Intergovernmental	163,046	2,201,080
Charges for service	782,649	-
Special assessments	13,134	-
Miscellaneous	438,151	-
Total revenues	7,614,853	2,201,080
Expenditures:		
Operating:		
Public safety	3,823,549	-
Public works	272,225	2,046,155
Health and social services	79,743	-
Culture and recreation	1,743,613	-
Community and economic development	498,414	-
General government	1,192,498	-
Debt service	-	-
Capital projects	-	-
Total expenditures	7,610,042	2,046,155
Excess (deficiency) of revenues over (under) expenditures	4,811	154,925
Other financing sources (uses):		
Bond proceeds	-	-
Sale of capital assets	55,647	-
Operating transfers in	378,490	-
Operating transfers out	(290,563)	(97,734)
Total other financing sources (uses)	143,574	(97,734)
Net change in fund balances	148,385	57,191
Fund balances beginning of year	3,569,627	945,608
Fund balances end of year	\$ 3,718,012	1,002,799
See notes to financial statements.		

Exhibit E

<u>Special Revenue</u>		Other Nonmajor Governmental	
<u>Health and Life Insurance</u>	<u>Debt Service</u>	<u>Funds</u>	<u>Total</u>
1,536,575	1,599,207	1,307,776	9,405,843
-	-	904,267	904,267
-	-	1,558,484	2,216,986
-	-	-	321,063
48,646	39,122	124,380	488,171
-	-	2,096,239	4,460,365
-	-	301,579	1,084,228
-	-	-	13,134
123,022	-	1,163,766	1,724,939
<u>1,708,243</u>	<u>1,638,329</u>	<u>7,456,491</u>	<u>20,618,996</u>
685,623	-	1,241,525	5,750,697
251,571	-	1,055,248	3,625,199
30,657	-	569,239	679,639
169,266	-	1,156,759	3,069,638
39,710	-	1,575,670	2,113,794
125,039	-	148,258	1,465,795
-	1,795,572	153,860	1,949,432
-	-	2,170,993	2,170,993
<u>1,301,866</u>	<u>1,795,572</u>	<u>8,071,552</u>	<u>20,825,187</u>
406,377	(157,243)	(615,061)	(206,191)
-	-	560,000	560,000
-	-	-	55,647
-	44,160	540,643	963,293
-	-	(200,046)	(588,343)
<u>-</u>	<u>44,160</u>	<u>900,597</u>	<u>990,597</u>
406,377	(113,083)	285,536	784,406
<u>1,088,033</u>	<u>507,731</u>	<u>7,600,977</u>	<u>13,711,976</u>
<u>1,494,410</u>	<u>394,648</u>	<u>7,886,513</u>	<u>14,496,382</u>

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

Year ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 784,406
(Page 20)

**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	\$ 4,922,151	
Depreciation expense	<u>(942,807)</u>	3,979,344

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	(560,000)	
Long-term debt principal repaid	1,634,071	
Accrued interest	1,685	
Bond issuance costs	<u>(1,103)</u>	
		1,074,653

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

Year ended June 30, 2006

Increase in compensated absences expenses reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	246,756
Decrease in early retirement expenses reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	<u>54,642</u>
Change in Net Assets of Governmental Activities (Page 15)	<u><u>\$ 6,139,801</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Net Assets
Proprietary Funds
June 30, 2006

Exhibit G

	Enterprise Funds			<u>Totals</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	Other Nonmajor Proprietary <u>Funds</u>	
Assets				
Cash and pooled investments	\$ 1,765,310	2,094,244	672,494	4,532,048
Accounts receivable	182,260	185,652	97,893	465,805
Interest receivable	16,161	17,683	3,857	37,701
Due from other governments	46,966	-	-	46,966
Due from other funds	9,167	-	-	9,167
Restricted assets:				
Cash and pooled investments	315,900	248,857	145,073	709,830
Prepaid insurance	9,744	1,178	3,585	14,507
Bond issuance costs	73,379	31,491	-	104,870
Capital assets (net of accumulated depreciation)	<u>12,089,910</u>	<u>5,691,737</u>	<u>870,953</u>	<u>18,652,600</u>
Total assets	<u>14,508,797</u>	<u>8,270,842</u>	<u>1,793,855</u>	<u>24,573,494</u>
Liabilities				
Accounts payable	143,572	28,669	17,505	189,746
Salaries payable	31,801	8,559	15,612	55,972
Compensated absences	64,970	37,956	11,643	114,569
Benefits payable	11,567	6,049	3,315	20,931
Early retirement	6,996	-	10,380	17,376
Due to other funds	-	109,055	-	109,055
Payable from restricted net assets:				
Bonds, notes and loans payable	481,000	713,000	-	1,194,000
Customer deposits	-	-	145,073	145,073
Interest payable	21,403	55,691	-	77,094
Long-term liabilities:				
Bonds, notes and loans payable	7,633,988	12,910,179	-	20,544,167
Early retirement	<u>17,697</u>	<u>-</u>	<u>6,186</u>	<u>23,883</u>
Total liabilities	<u>8,412,994</u>	<u>13,869,158</u>	<u>209,714</u>	<u>22,491,866</u>
Net assets				
Invested in capital assets, net of related debt	3,974,922	(7,931,442)	870,953	(3,085,567)
Restricted for:				
Prepaid expenditures	9,744	1,178	3,585	14,507
Unrestricted	<u>2,111,137</u>	<u>2,331,948</u>	<u>709,603</u>	<u>5,152,688</u>
Total net assets	<u>\$ 6,095,803</u>	<u>(5,598,316)</u>	<u>1,584,141</u>	<u>2,081,628</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, 2006

Exhibit H

	Enterprise Funds			
	Water Utility	Sewer Utility	Other Non-Major Proprietary Funds	Totals
Operating revenues:				
Charges for services	\$ 3,389,203	2,983,985	1,351,086	7,724,274
Miscellaneous	37,667	30,872	218,238	286,777
Total operating revenues	3,426,870	3,014,857	1,569,324	8,011,051
Operating expenses:				
Business type activities:				
Cost of sales and services	2,424,878	2,229,683	1,111,294	5,765,855
Amortization	4,317	1,853	-	6,170
Depreciation	212,994	181,453	73,983	468,430
Total operating expenses	2,642,189	2,412,989	1,185,277	6,240,455
Operating income	784,681	601,868	384,047	1,770,596
Non-operating revenues (expenses):				
Interest and investment revenue	67,594	83,899	17,153	168,646
Intergovernmental revenue	49,066	-	-	49,066
Interest expense	(262,379)	(537,343)	-	(799,722)
Miscellaneous expense	-	-	-	-
Total non-operating revenue (expenses)	(145,719)	(453,444)	17,153	(582,010)
Net income before transfers	638,962	148,424	401,200	1,188,586
Transfers in (out)	(152,487)	(116,212)	(106,251)	(374,950)
Change in net assets	486,475	32,212	294,949	813,636
Net assets beginning of year	5,609,328	(5,630,528)	1,289,192	1,267,992
Net assets end of year	\$ 6,095,803	(5,598,316)	1,584,141	2,081,628

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2006

Exhibit I

	Business-Type Activities			<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	Other Nonmajor Proprietary Funds	
Cash Flows From Operating Activities				
Receipts from customers	\$ 3,368,385	2,999,673	1,413,429	7,781,487
Payments to suppliers and employees	(2,946,348)	(2,229,658)	(1,197,929)	(6,373,935)
Other receipts	<u>37,667</u>	<u>30,872</u>	<u>4,456</u>	<u>72,995</u>
Net cash provided (used) by operating activities	<u>459,704</u>	<u>800,887</u>	<u>219,956</u>	<u>1,480,547</u>
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	(152,487)	(116,212)	(208,351)	(477,050)
Transfers from other funds	<u>-</u>	<u>-</u>	<u>102,100</u>	<u>102,100</u>
Net cash provided (used) in noncapital financing activities	<u>(152,487)</u>	<u>(116,212)</u>	<u>(106,251)</u>	<u>(374,950)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from capital debt	1,726,153	42,343	-	1,768,496
Receipts from other funds	-	-	-	-
Payments to other funds	-	-	-	-
Purchases of capital assets	(2,205,810)	(282,026)	(27,037)	(2,514,873)
Principal paid on capital debt	(463,000)	(684,000)	-	(1,147,000)
Interest paid on capital debt	(258,551)	(524,638)	-	(783,189)
Intergovernmental Receipts	1,270,534			
Other receipts (payments)	<u>34,230</u>	<u>30,639</u>	<u>-</u>	<u>64,869</u>
Net cash (used) by capital and related financing activities	<u>103,556</u>	<u>(1,417,682)</u>	<u>(27,037)</u>	<u>(1,341,163)</u>
Cash Flows From Investing Activities				
Interest and dividends	<u>65,066</u>	<u>87,590</u>	<u>16,387</u>	<u>169,043</u>
Net cash provided by investing activities	<u>65,066</u>	<u>87,590</u>	<u>16,387</u>	<u>169,043</u>
Net increase (decrease) in cash and cash equivalents	475,839	(645,417)	103,055	(66,523)
Cash and cash equivalents beginning of year	<u>1,605,371</u>	<u>2,988,518</u>	<u>714,512</u>	<u>5,308,401</u>
Cash and cash equivalents end of year	<u>\$ 2,081,210</u>	<u>2,343,101</u>	<u>817,567</u>	<u>5,241,878</u>

(continued)

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2006

Exhibit I

	Business-Type Activities			<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	Other Nonmajor Proprietary <u>Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income	\$ 784,681	601,868	1,569,324	2,955,873
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	212,994	181,453	73,983	468,430
Amortization expense	4,317	1,853	-	6,170
Change in assets and liabilities:				
Receivables, net	(20,818)	-	(2,207)	(23,025)
Prepaid expenses	(3,556)	-	1,892	(1,664)
Consumer deposits	-	-	(20,501)	(20,501)
Accounts and other payables	(517,914)	-	(3,476)	(521,390)
Accrued expenses	-	-	-	-
Net cash provided (used) by operating activities	\$ 459,704	785,174	1,619,015	2,863,893
Reconciliation of cash and cash equivalents at year end to specific assets included in the statement of net assets:				
Current assets:				
Cash and pooled investments	\$ 1,765,310	2,094,244	672,494	4,532,048
Noncurrent assets:				
Cash and pooled investments	315,900	248,857	145,073	709,830
Cash and cash equivalents at year end	\$ 2,081,210	2,343,101	817,567	5,241,878

See notes to financial statements.

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2006

	<u>Trust Funds</u>
	<u>Coleman Water & Sewer</u>
<u>Assets</u>	
Cash	\$ 1,107
Receivables:	
Accounts	<u>947</u>
 Total assets	 <u>\$ 2,054</u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 1,154</u>
 <u>Net Assets</u>	
Held in trust	<u>900</u>
 Total liabilities and net assets	 <u>\$ 2,054</u>

See notes to financial statements.

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year ended June 30, 2006

	Trust Funds Coleman <u>Water & Sewer</u>
Additions:	
Fees collected	\$ <u>4,628</u>
Deductions:	
Fees remitted	<u>4,580</u>
Change in net assets	48
Net assets - Beginning of year	<u>852</u>
Net assets - End of year	<u><u>\$ 900</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

(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, 2006

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, 2006

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	\$ 2,377,289	1,786,782	4,164,071
Other assets	---	143,336	143,336
Payroll taxes payable	<u>---</u>	<u>(1,260)</u>	<u>(1,260)</u>
Net assets	\$ 2,377,289 =====	1,928,858 =====	4,306,147 =====
Operating grants, contributions and restricted interest	\$ 254,784	765,764	1,020,548
Charges for services	---	2,767	2,767
Program expenses	<u>(162,248)</u>	<u>(246,728)</u>	<u>(408,970)</u>
Net change	92,536	521,809	614,345
Beginning net assets	<u>2,284,753</u>	<u>1,407,049</u>	<u>3,691,802</u>
Ending net assets	\$ 2,377,289 =====	1,928,858 =====	4,306,147 =====

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, 2006

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, 2006

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 Road Use Fund is utilized to account for road construction and maintenance paid from road use taxes.

The Health and Life Insurance Fund is utilized to account for health and life insurance benefits paid for governmental employees from property taxes.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

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 judgements and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

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 cost which approximates fair value and non-negotiable certificates of deposit are stated at cost.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

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.

including Property Tax Receivable, Including Tax Increment Financing – Property tax, 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, 2006 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March, 2004.

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 method.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

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, 2006, 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, 2006

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

The City has not retroactively capitalized infrastructure assets. Under current accounting standards, the City has until the year June 30, 2007 to complete the capitalization of infrastructure assets. However, infrastructure projects from 2003-2005 are included in the government-wide and proprietary fund financial statements. Because the infrastructure assets constructed prior to 2003 have not been capitalized, the debt related to infrastructure assets causes the reporting of capital assets net of related debt in the statement of net assets to be lower than it would if the infrastructure were capitalized.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax that will not be recognized as revenue until the year for which it is levied.

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, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceed the amounts budgeted in the debt service function.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2006 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, 2006 are as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Treasury securities	\$ 6,525,742	6,414,204
GNMA securities	<u>21,285</u>	<u>28,268</u>
Total	\$ 6,547,027 =====	6,442,472 =====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,948,654 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, 2006.

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, 2006

(3) Capital Assets

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning of Year	<u>Increases</u>	<u>Decreases</u>	Balance End of Year
Primary Government				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,929,667	359,693	---	2,289,360
Construction in progress	9,562,492	3,503,083	7,565,417	5,500,158
Works of art	<u>28,509</u>	---	---	<u>28,509</u>
Total capital assets not being depreciated	<u>11,520,668</u>	<u>3,862,776</u>	<u>7,565,417</u>	<u>7,818,027</u>
Capital assets being depreciated:				
Buildings	10,798,591	1,813,773	---	12,612,364
Improvements other than buildings	112,695	25,248	---	137,943
Machinery, equipment and vehicles	5,237,233	514,644	388,950	5,362,927
Equipment – Capital lease	128,139	---	82,889	45,250
Infrastructure	<u>4,132,374</u>	<u>6,293,511</u>	---	<u>10,425,885</u>
Total capital assets being depreciated	<u>20,409,032</u>	<u>8,647,176</u>	<u>471,839</u>	<u>28,584,369</u>
Less accumulated depreciation for:				
Buildings	7,558,782	130,804	---	7,689,586
Improvements other than buildings	15,261	15,440	---	30,701
Machinery, equipment and vehicles	3,868,914	324,536	387,288	3,806,162
Equipment: Capital Lease	82,918	21,357	62,167	42,108
Infrastructure, road network	<u>513,733</u>	<u>450,670</u>	---	<u>964,403</u>
Total accumulated depreciation	<u>12,039,608</u>	<u>942,807</u>	<u>449,455</u>	<u>12,532,960</u>
Total capital assets being depreciated, net	<u>8,369,424</u>	<u>7,704,369</u>	<u>22,384</u>	<u>16,051,409</u>
Governmental activities capital assets, net	\$ <u>19,890,092</u>	<u>11,567,145</u>	<u>7,587,801</u>	<u>23,869,436</u>
	=====	=====	=====	=====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning of Year	<u>Increases</u>	<u>Decreases</u>	Balance End of Year
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 52,941	---	---	52,941
Construction in progress	<u>13,270,684</u>	<u>1,976,956</u>	<u>8,905,082</u>	<u>6,342,558</u>
Total capital assets not being depreciated	<u>13,323,625</u>	<u>1,976,956</u>	<u>8,905,082</u>	<u>6,395,499</u>
Capital assets being depreciated:				
Buildings	3,764,500	213,783	---	3,978,283
Machinery and equipment	2,237,131	133,330	---	2,370,461
Infrastructure	<u>2,357,310</u>	<u>9,343,162</u>	<u>34,156</u>	<u>11,666,316</u>
Total capital assets being depreciated	<u>8,358,941</u>	<u>9,690,275</u>	<u>34,156</u>	<u>18,015,060</u>
Less accumulated depreciation for:				
Buildings	3,058,710	184,627	---	3,243,337
Machinery and equipment	1,604,114	165,921	---	1,770,035
Infrastructure, road network	<u>627,368</u>	<u>117,882</u>	<u>663</u>	<u>744,587</u>
Total accumulated depreciation	<u>5,290,192</u>	<u>468,430</u>	<u>663</u>	<u>5,757,959</u>
Total capital assets being depreciated, net	<u>3,068,749</u>	<u>9,221,845</u>	<u>33,493</u>	<u>12,257,101</u>
Business type activities capital assets, net	<u>\$ 16,392,374</u>	<u>11,198,801</u>	<u>8,938,575</u>	<u>18,652,600</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2006

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

Governmental activities:	
Public safety	\$ 117,208
Public works, which includes the depreciation of general infrastructure assets	607,228
Culture and recreation	216,519
General government	<u>1,852</u>
Total depreciation expense – governmental activities	\$ 942,807 =====
Business type activities:	
Water	\$ 212,994
Sewer	181,453
Non-major business type activities	<u>73,983</u>
Total depreciation expense – business type activities	\$ 468,430 =====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Discretely presented component units:				
Capital assets not being depreciated:				
Land	\$ 2,120,388	18,900	---	2,139,288
Construction in progress	<u>1,379,807</u>	<u>305,497</u>	<u>1,685,304</u>	---
Total capital assets not being depreciated	<u>3,500,195</u>	<u>324,397</u>	<u>1,685,304</u>	<u>2,139,288</u>
Capital assets being depreciated:				
Buildings	---	176,654	---	176,654
Improvements other than buildings	---	---	---	---
Machinery and equipment	782,565	318,877	19,590	1,081,852
Infrastructure	<u>---</u>	<u>1,685,304</u>	<u>---</u>	<u>1,685,304</u>
Total capital assets being depreciated	<u>782,565</u>	<u>2,180,835</u>	<u>19,590</u>	<u>2,943,810</u>
Less accumulated depreciation for:				
Buildings	---	649	---	649
Improvements other than buildings	---	---	---	---
Machinery and equipment	684,748	21,541	19,590	686,699
Infrastructure, road network	<u>---</u>	<u>14,044</u>	<u>---</u>	<u>14,044</u>
Total accumulated depreciation	<u>684,748</u>	<u>36,234</u>	<u>19,590</u>	<u>701,392</u>
Total capital assets being depreciated, net	<u>97,817</u>	<u>2,144,601</u>	<u>---</u>	<u>2,242,418</u>
Component units capital assets, net	\$ 3,598,012	2,468,998	1,685,304	4,381,706
	=====	=====	=====	=====
Total depreciation expense – airport authority				\$ 35,721
– other				<u>513</u>
				\$ 36,234
				=====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

(4) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

Due	Balance			Balance
Within	Beginning			End
<u>One Year</u>	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
General obligation bonds/notes:				
General and corporate purpose	\$ 9,965,000	---	1,455,000	8,510,000 1,215,000
Revenue notes	1,980,000	560,000	120,000	2,420,000 141,000
Capital lease	44,071	---	44,071	-----
Note payable	37,500	---	15,000	22,500 7,500
Compensated absences	1,322,991	609,966	856,722	1,076,235 711,808
Early retirement	<u>310,000</u>	<u>25,740</u>	<u>80,300</u>	<u>255,440</u> 45,963
Total	<u>\$ 13,659,562</u>	<u>1,195,706</u>	<u>2,571,093</u>	<u>12,284,175</u> 121,271
	=====	=====	=====	=====

Due	Balance			Balance
Within	Beginning			End
<u>One Year</u>	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Business type activities:				
Revenue bonds/notes:				
Water	\$ 6,851,835	1,726,153	463,000	8,114,988 481,000
Sewer	14,264,836	42,343	684,000	13,623,179 713,000
Compensated absences	99,220	160,848	145,499	114,569 114,569
Early retirement	<u>43,269</u>	<u>17,183</u>	<u>19,193</u>	<u>41,259</u> 17,376
Total	<u>\$ 21,259,160</u>	<u>1,946,527</u>	<u>1,311,692</u>	<u>21,893,995</u> 1,325,945
	=====	=====	=====	=====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

Bonded Debt

General obligation bonds/notes:

Four issues of unmatured general obligation bonds/notes, totaling \$8,510,000, are outstanding at June 30, 2006. General obligation bonds bear interest with rates ranging from 2.00% to 4.60% and mature in varying annual amounts ranging from \$185,000 to \$625,000, with the final maturities due in the year ending June 30, 2015.

Revenue bonds/notes:

Eleven issues of unmatured revenue bonds/notes, totaling \$24,158,167 are outstanding at June 30, 2006. These bonds/notes bear interest at rates of 3.00% to 5.02% and mature in varying annual amounts ranging from \$9,000 to \$713,000, 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, 2006, the City was in compliance with the revenue bond/note provisions.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

Details of bond/notes payable at June 30, 2006 are as follows:

Outstanding Governmental activities: <u>June 30, 2006</u>	Date of	Interest	<u>Final Due Date</u>	<u>Annual Payments</u>	Amount
	<u>Issue</u>	<u>Rates</u>			Originally
General obligation bonds/notes:					<u>Issued</u>
Corporate purpose	June 1, 1999	4.15-4.45%	June 30, 2008	\$ 190,000-540,000	\$ 5,300,000\$ 2,600,000
Corporate purpose	May 28, 2003	2.00-3.50%	June 30, 2014	185,000-235,000	2,050,0001,685,000
Refunding bond	May 28, 2003	1.10-2.35%	June 30, 2008	260,000-625,000	2,950,000600,000
Corporate purpose	Dec. 1, 2004	3.20%	June 30, 2015	175,000-515,000	3,800,0003,625,000
Revenue Notes:					
Hotel/motel tax Revenue note	June 1, 2003	3.00-4.15%	June 30, 2023	60,000-130,000	1,700,0001,580,000
Urban renewal tax increment revenue bond	Dec. 17, 2003	1.60-4.50%	Dec. 1, 2013	20,000-40,000	400,000300,000
Golf Course revenue note	Jan. 13, 2006	3.95-4.75%	Dec. 1, 2025	18,000-58,500	560,000 <u>540,000</u>
Total governmental activities					\$ <u>10,930,000</u>

Outstanding Business type activities: <u>June 30, 2006</u>	Date of	Interest	<u>Final Due Date</u>	<u>Annual Payments</u>	Amount
	<u>Issue</u>	<u>Rates</u>			Originally
Revenue bonds/notes:					<u>Issued</u>
Water revenue	June 1, 1998	4.30-4.37%	June 30, 2008	\$200,000-220,000	\$ 1,800,000\$ 430,000
Sewer revenue CW8906R	Dec. 4, 1989	5.02%	June 30, 2011	90,000-115,000	1,500,000525,000
Sewer revenue CW9809R	Sept. 30, 1999	3.92%	Dec. 1, 2021	9,000-17,000	243,597209,000
Sewer revenue CW9116R	Sept. 30, 1999	3.92%	Dec. 1, 2021	385,000-713,000	10,142,4038,685,000
Sewer revenue CW0118R	Sept. 30, 2002	3.00%	Dec. 1, 2021	54,000-79,000	1,331,000927,179
Sewer revenue CW0304R	Dec. 20, 2001	3.00%	June 30, 2023	146,000-235,000	3,705,0003,277,000
Water revenue DW030224R	Dec. 12, 2003	3.00%	Dec. 1, 2024	130,000-229,000	3,500,0003,370,000
Water revenue	June 1, 2004	3.00%	Dec. 1, 2024	133,000-270,000	5,133,000 <u>4,314,988</u>
Total business type activities					\$ <u>21,738,167</u>
Total					\$ 32,668,167 =====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

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

Year Ending June 30,	General Obligation		
	Principal	Interest	Total
2007	\$ 1,215,000	293,347	1,508,347
2008	1,155,000	255,631	1,410,631
2009	1,155,000	216,740	1,371,740
2010	825,000	174,430	999,430
2011	865,000	145,867	1,010,867
2011-2015	<u>3,295,000</u>	<u>270,475</u>	<u>3,565,475</u>
Total	\$ 8,510,000	1,356,490	9,866,490

Year Ending June 30,	Principal	Revenue		Total
		Interest	Total	
2007	\$ 1,335,000	822,670	2,157,670	3,666,017
2008	1,384,500	775,381	2,159,881	3,570,512
2009	1,204,500	725,336	1,929,836	3,301,576
2010	1,355,500	683,192	2,038,692	3,038,122
2011	1,392,500	636,136	2,028,636	3,039,503
2012-2016	6,891,000	2,470,417	9,361,417	12,926,892
2017-2021	7,633,179	1,200,946	8,834,125	8,834,125
2022-2025	<u>2,961,988</u>	<u>126,455</u>	<u>3,088,443</u>	<u>3,088,443</u>
Total	\$ 24,158,167	7,440,533	31,598,700	41,465,190

As of June 30, 2006, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	\$ 932,617,270
	=====
Debt limit – 5% of total actual valuation	46,630,864
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	(10,930,000)
Legal debt margin	\$ 35,700,864
	=====

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2006

Other Than Bonded Debt

Note payable:

Year Ending <u>June 30,</u>	<u>MidAmerican Energy</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 7,500	---	7,500
2008	<u>15,000</u>	<u>---</u>	<u>15,000</u>
Total	\$ 22,500	---	22,500
	=====	=====	=====

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, 2006 totaled \$99,493.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	TIF	\$ 40,000
	Emergency	73,990
	Enterprise:	
	Water	80,000
	Sewer	80,000
	Solid Waste	80,000
	Parking Meter	5,000
	Capital Improvements	19,500
Special Revenue:		
Drug Arrest	General	22,193
Hotel/Motel Tax	General	59,454
SSMID	Special Revenue:	
	TIF	28,981
Debt Service:		
Harlan Rogers Sinking	General	100,300
	Special Revenue:	
	Hotel/Motel tax	14,049
Debt Service	Special Revenue:	
	TIF	6,800
	Enterprise:	
	Water	37,360
Golf Course Sinking	Capital Improvements	24,175

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

Capital Projects:		
Capital Improvements	General	85,999
	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
Construction Fund	Special Revenue:	
	Road Use	65,000
	Enterprise:	
	Central Garage	95,000
Enterprise:		
Central garage	Special Revenue:	
	Road Use	25,025
Parking meter	SSMID	2,000
Central garage	Enterprise:	
	Water	25,025
	Sewer	25,025
	Solid Waste	<u>25,025</u>
		\$ 1,056,825
		=====

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, 2006

(6) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects: Construction	Enterprise: Sewer	\$ 109,055
Enterprise: Water	Capital Projects: Construction	9,167
Special Revenue: Hotel/Motel Tax	General	15,058
Debt Service: Harlan Rogers Sinking	General	30,065
Capital Projects Capital Improvements	General	15,018
General	Special Revenue: TIF	60,000
		<u>\$ 238,363</u>
		=====

(7) Pension and Retirement Benefits

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$290,712, \$259,890, and \$286,915 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 104th 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, 2006, 2005 and 2004 were \$847,042, \$717,547, and \$592,559 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, 2005

(9) Construction Commitments

At June 30, 2006, the City had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Contract Amount</u>
Harlan Rogers Concessions	\$ 1,389,143	\$ 2,196,212
2 nd Ave. North Storm Sewer	41,184	41,184
2006 PCC Patch Project	173,275	173,275
Kenyon Road	72,693	818,644
1 st St. Recreational Trail	109,942	197,787
2002 Water Plant Improvement	179,489	2,999,672
Lakeside Clubhouse	52,344	658,770
North Central Agriculture Park	<u>40,844</u>	<u>3,307,368</u>
 Total	 \$ 2,058,914 =====	 \$ 10,392,912 =====

(10) Deficit Balances

As of June 30, 2006, funds with deficit balances were as follows:

Enterprise Fund, Sewer Utility, Total Net Assets	\$ 5,598,316
--	--------------

This deficit balance is a result of not retroactively capitalizing infrastructure assets, while recording the related debt. Under current accounting standards, the City has until the year June 30, 2007 to complete the capitalization of infrastructure assets. This deficit will be eliminated upon capitalization of all infrastructure.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

(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, 2006 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 \$3,000, whichever is less. The amount paid during the year ended June 30, 2006 for cart shed rent was \$3,000 for the prior fiscal year.

Lakeside Municipal Golf Course has entered into an operating lease for 28 2006 Yamaha golf carts. This lease is for 48 months commencing April 25, 2006. During the year ended June 30, 2006 the Golf Course disbursed \$5,992 for this lease.

Future minimum payments are as follows:

2007	\$ 17,976
2008	17,976
2009	17,976
2010	<u>46,984</u>
	\$ 100,912
	=====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2006

(12) Related Parties

The City had business transactions between the City and City officials totaling \$58,706 during the year ended June 30, 2006.

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, 2006

	Governmental Fund Types	Proprietary Fund Type - Enterprise	Component Unit - Airport Authority	Total
Receipts:				
Property tax	\$ 9,629,088	-	172,851	9,801,939
Tax increment financing	907,621	-	-	907,621
Other city tax	2,099,706	-	-	2,099,706
Licenses and permits	315,745	-	-	315,745
Use of money and property	496,438	169,041	119,628	785,107
Intergovernmental	4,320,012	1,270,534	559,757	6,150,303
Charges for service	1,106,521	7,718,966	33,116	8,858,603
Special assessments	15,287	-	-	15,287
Miscellaneous	1,379,002	135,520	168,535	1,683,057
Total receipts	<u>20,269,420</u>	<u>9,294,061</u>	<u>1,053,887</u>	<u>30,617,368</u>
Disbursements:				
Public safety	5,636,875	-	-	5,636,875
Public works	3,524,911	-	482,662	4,007,573
Health and social services	593,565	-	-	593,565
Culture and recreation	2,142,905	-	-	2,142,905
Community and economic development	2,759,527	-	-	2,759,527
General government	1,374,015	-	-	1,374,015
Debt service	2,016,992	-	-	2,016,992
Capital projects	5,308,900	-	700,648	6,009,548
Business type activities	-	8,985,633	-	8,985,633
Total disbursements	<u>23,357,690</u>	<u>8,985,633</u>	<u>1,183,310</u>	<u>33,526,633</u>
Excess (deficiency) of receipts over (under) disbursements	(3,088,270)	308,428	(129,423)	(2,909,265)
Other financing sources, net	<u>2,703,446</u>	<u>(374,950)</u>	<u>-</u>	<u>2,328,496</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(384,824)	(66,522)	(129,423)	(580,769)
Balances beginning of year	<u>14,691,738</u>	<u>5,308,400</u>	<u>(312,911)</u>	<u>19,687,227</u>
Balances end of year	<u>\$ 14,306,914</u>	<u>5,241,878</u>	<u>(442,334)</u>	<u>19,106,458</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Variance</u>
9,306,899	9,306,899	495,040
760,000	760,000	147,621
2,275,978	2,349,978	(250,272)
321,600	321,600	(5,855)
170,351	170,351	614,756
8,286,641	9,245,903	(3,095,600)
8,815,505	8,852,505	6,098
7,500	7,500	7,787
<u>2,882,298</u>	<u>2,998,975</u>	<u>(1,315,918)</u>
<u>32,826,772</u>	<u>34,013,711</u>	<u>(3,396,343)</u>
5,771,980	6,072,680	435,805
4,461,473	4,586,252	578,679
680,971	701,971	108,406
2,547,445	3,243,961	1,101,056
3,347,460	3,484,460	724,933
1,456,963	1,527,863	153,848
1,915,158	1,944,658	(72,334)
5,483,000	8,273,548	2,264,000
<u>8,328,247</u>	<u>9,281,621</u>	<u>295,988</u>
<u>33,992,697</u>	<u>39,117,014</u>	<u>5,590,381</u>
(1,165,925)	(5,103,303)	2,194,038
<u>1,003,000</u>	<u>3,567,326</u>	<u>(1,238,830)</u>
(162,925)	(1,535,977)	955,208
<u>17,975,834</u>	<u>17,975,834</u>	<u>1,711,393</u>
<u><u>17,812,909</u></u>	<u><u>16,439,857</u></u>	<u><u>2,666,601</u></u>

City of Fort Dodge, Iowa

Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2006

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual	Modified	Cash Basis	Accrual	Accrual Basis
		Adjust- ments	Accrual Basis		Adjust- ments	
Revenues	\$ 20,269,420	349,576	20,618,996	9,294,061	(1,065,298)	8,228,763
Expenditures/Expenses	<u>23,357,690</u>	<u>(2,532,503)</u>	<u>20,825,187</u>	<u>8,985,633</u>	<u>(1,945,456)</u>	<u>7,040,177</u>
Net	(3,088,270)	2,882,079	(206,191)	308,428	880,158	1,188,586
Other financing sources (uses) (net)	2,703,446	(1,712,849)	990,597	(374,950)	-	(374,950)
Beginning fund balances	<u>14,691,738</u>	<u>(979,762)</u>	<u>13,711,976</u>	<u>5,308,400</u>	<u>(4,040,408)</u>	<u>1,267,992</u>
Ending fund balances	<u>\$ 14,306,914</u>	<u>189,468</u>	<u>14,496,382</u>	<u>5,241,878</u>	<u>(3,160,250)</u>	<u>2,081,628</u>

	Component Unit		
	Airport		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 1,053,887	82,574	1,136,461
Expenses	<u>1,183,310</u>	<u>(651,668)</u>	<u>531,642</u>
Net	(129,423)	734,242	604,819
Beginning fund balance	<u>(312,911)</u>	<u>3,853,430</u>	<u>3,540,519</u>
Ending fund balance	<u>\$ (442,334)</u>	<u>4,587,672</u>	<u>4,145,338</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2006

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 9 major classes of disbursements known as functions, not by fund or fund type. These 9 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, special revenue funds, debt service fund, capital projects fund and 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 amendments increased budgeted receipts by \$1,186,939 and increased budgeted disbursements by \$5,124,317. 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.

Other Supplementary Information

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue		
	Employee Flex Spending	Historical Preservation	FICA/IPERS
Assets			
Cash and pooled investments	\$ (2,433)	1,310	\$ 262,121
Receivables:			
Property tax:			
Delinquent	-	-	7,051
Succeeding year	-	-	359,673
Accounts	-	-	-
Accrued interest	-	-	2,211
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventories	-	-	-
Prepaid insurance	-	-	-
	-	-	-
Total assets	\$ (2,433)	1,310	\$ 631,056
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	10,500	38,118
Salaries payable	-	-	-
Benefits payable	-	-	17,054
Deferred revenue:			
Succeeding year property tax	-	-	359,673
Other	-	-	-
Due to other funds	-	-	-
Total liabilities	-	10,500	414,845
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid expenditures	-	-	-
Debt service	-	-	-
Unreserved reported in:			
Special revenue funds	(2,433)	(9,190)	216,211
Capital projects fund	-	-	-
Total fund balances	(2,433)	(9,190)	216,211
Total liabilities and fund balances	\$ (2,433)	1,310	\$ 631,056

See accompanying independent auditor's report.

Special Revenue								
Workers Comp <u>Insurance</u>	Unemployment <u>Insurance</u>	Special <u>Assessment</u>	Police <u>Retirement</u>	Fire <u>Retirement</u>	Local Option <u>Sales Tax</u>	<u>TIF</u>	Community <u>Development</u>	Emergency <u>Fund</u>
48,803	142,921	83,561	103,426	82,030	2,145,158	1,379,037	254,791	-
2,217	-	-	9,444	6,809	-	7,019	-	1,467
113,029	-	-	481,694	347,383	-	780,000	-	71,477
-	-	-	-	-	-	-	-	-
412	1,206	705	911	738	-	-	4,414	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
11,956	-	-	-	-	-	-	-	-
<u>176,417</u>	<u>144,127</u>	<u>84,266</u>	<u>595,475</u>	<u>436,960</u>	<u>2,145,158</u>	<u>2,166,056</u>	<u>259,205</u>	<u>72,944</u>
978	5,370	-	18,332	13,872	-	106,235	-	-
-	-	-	-	-	-	-	-	-
-	-	-	5,430	3,996	-	-	-	-
113,029	-	-	481,694	347,383	-	780,000	-	71,477
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	60,000	-	-
<u>114,007</u>	<u>5,370</u>	<u>-</u>	<u>505,456</u>	<u>365,251</u>	<u>-</u>	<u>946,235</u>	<u>-</u>	<u>71,477</u>
11,956	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
50,454	138,757	84,266	90,019	71,709	2,145,158	1,219,821	259,205	1,467
-	-	-	-	-	-	-	-	-
<u>62,410</u>	<u>138,757</u>	<u>84,266</u>	<u>90,019</u>	<u>71,709</u>	<u>2,145,158</u>	<u>1,219,821</u>	<u>259,205</u>	<u>1,467</u>
<u>176,417</u>	<u>144,127</u>	<u>84,266</u>	<u>595,475</u>	<u>436,960</u>	<u>2,145,158</u>	<u>2,166,056</u>	<u>259,205</u>	<u>72,944</u>

(continued)

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue		
	Emergency Shelter	Urban Renewal	Hotel/ Motel Tax
Assets			
Cash and pooled investments	\$ 1	462,968	71,656
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Accrued interest	-	3,905	-
Due from other funds	-	-	15,038
Due from other governments	27,935	-	-
Inventories	-	-	-
Prepaid insurance	-	-	-
	-	-	-
Total assets	\$ 27,936	466,873	86,694
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 27,935	1,522	-
Salaries payable	-	-	-
Benefits payable	-	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Due to other funds	-	-	-
Total liabilities	27,935	1,522	-
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid expenditures	-	-	-
Debt service	-	-	-
Unreserved reported in:			
Special revenue funds	1	465,351	86,694
Capital projects fund	-	-	-
Total fund balances	1	465,351	86,694
Total liabilities and fund balances	\$ 27,936	466,873	86,694

See accompanying independent auditor's report.

Special Revenue								
<u>SSMID</u>	<u>Library Memorial</u>	<u>RSVP</u>	<u>Foster Grandparents</u>	<u>Other Contributions</u>	<u>Drug Arrest</u>	<u>DARE</u>	<u>City Grants</u>	<u>Congregate Meals</u>
528,262	29,687	12,817	6,409	1,099	95,247	11,974	7,108	7,779
5,798	-	-	-	-	-	-	-	-
48,749	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,120
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>582,809</u>	<u>29,687</u>	<u>12,817</u>	<u>6,409</u>	<u>1,099</u>	<u>95,247</u>	<u>11,974</u>	<u>7,108</u>	<u>9,899</u>
-	-	2,290	7,340	-	800	-	18,376	-
-	-	-	-	-	-	-	-	985
-	-	-	-	-	-	-	-	-
48,749	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>48,749</u>	<u>-</u>	<u>2,290</u>	<u>7,340</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>18,376</u>	<u>985</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
534,060	29,687	10,527	(931)	1,099	94,447	11,974	(11,268)	8,914
-	-	-	-	-	-	-	-	-
<u>534,060</u>	<u>29,687</u>	<u>10,527</u>	<u>(931)</u>	<u>1,099</u>	<u>94,447</u>	<u>11,974</u>	<u>(11,268)</u>	<u>8,914</u>
<u>582,809</u>	<u>29,687</u>	<u>12,817</u>	<u>6,409</u>	<u>1,099</u>	<u>95,247</u>	<u>11,974</u>	<u>7,108</u>	<u>9,899</u>

(continued)

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Debt	Capital
	Service	Harlan Rogers
	Harlan Rogers	Harlan Rogers
	<u>Sinking</u>	<u>Complex</u>
Assets		
Cash and pooled investments	105,419	(948)
Receivables		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Accounts	-	-
Accrued interest	-	-
Due from other funds	30,065	-
Due from other governments	-	335,474
Inventories	-	-
Prepaid insurance	-	-
Total assets	135,484	334,526
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	-	85,655
Salaries payable	-	-
Benefits payable	-	-
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
Due to other funds	-	-
Total liabilities	-	85,655
Fund equity:		
Fund balances:		
Reserved for:		
Prepaid expenditures	-	-
Debt service	135,484	-
Unreserved reported in:		
Special revenue funds	-	-
Capital projects fund	-	248,871
Total fund balances	135,484	248,871
Total liabilities and fund balances	135,484	334,526

See accompanying independent auditor's report.

Projects	Capital Projects			Total
	Construction	Capital Improvements	Oleson Park Bandshell	
	673,247	715,922	363,190	7,592,562
	-	-	-	39,805
	-	-	-	2,202,005
	-	494	-	494
	5,683	-	3,003	23,188
	99,888	15,038	-	160,029
	17,925	168,081	-	551,535
	-	-	-	-
	-	-	-	11,956
	<u>796,743</u>	<u>899,535</u>	<u>366,193</u>	<u>10,581,574</u>
	10,744	35,152	-	383,219
	-	-	-	985
	-	-	-	26,480
	-	-	-	2,202,005
	-	22,372	-	22,372
	-	-	-	60,000
	<u>10,744</u>	<u>57,524</u>	<u>-</u>	<u>2,695,061</u>
	-	-	-	11,956
	-	-	-	135,484
	-	-	-	5,495,999
	<u>785,999</u>	<u>842,011</u>	<u>366,193</u>	<u>2,243,074</u>
	<u>785,999</u>	<u>842,011</u>	<u>366,193</u>	<u>7,886,513</u>
	<u>796,743</u>	<u>899,535</u>	<u>366,193</u>	<u>10,581,574</u>

City of Fort Dodge, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Year ended June 30, 2006

	Special Revenue		
	<u>SSMID</u>	<u>Library Memorial</u>	<u>RSVP</u>
Revenues:			
Property tax	\$ 49,121	-	-
Tax increment financing collections	-	-	-
Other city tax	-	-	-
Use of money and property	9,306	-	-
Intergovernmental	-	-	27,731
Charges for service	-	-	-
Miscellaneous	-	45,764	3,300
Total revenues	<u>58,427</u>	<u>45,764</u>	<u>31,031</u>
Expenditures:			
Operating:			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	-	27,598
Culture and recreation	12,275	45,880	-
Community and economic development	-	-	-
General government	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>12,275</u>	<u>45,880</u>	<u>27,598</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>46,152</u>	<u>(116)</u>	<u>3,433</u>
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfers in	28,981	-	-
Operating transfers out	<u>(2,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>26,981</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	73,133	(116)	3,433
Fund balances beginning of year	<u>460,927</u>	<u>29,803</u>	<u>7,094</u>
Fund balances end of year	<u>\$ 534,060</u>	<u>29,687</u>	<u>10,527</u>

See accompanying independent auditor's report.

Schedule 2

<u>Foster Grandparents</u>	<u>Other Contributions</u>	<u>Drug Arrest</u>	<u>DARE</u>	<u>Fire Retirement</u>	<u>Local Option Sales Tax</u>	<u>TIF</u>	<u>Historical Preservation</u>
-	-	-	-	267,777	-	-	-
-	-	-	-	-	-	904,267	-
-	-	-	-	-	1,562,534	-	-
-	-	-	-	7,095	-	17,817	-
207,536	-	57,061	-	-	-	-	1,095
-	-	-	-	-	-	-	-
1,450	-	-	-	-	-	22,175	540
<u>208,986</u>	<u>-</u>	<u>57,061</u>	<u>-</u>	<u>274,872</u>	<u>1,562,534</u>	<u>944,259</u>	<u>1,635</u>
-	-	-	-	370,283	-	-	-
-	-	-	-	-	852,563	-	-
211,205	-	20,349	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	836,212	-
-	-	-	-	-	-	-	10,825
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>211,205</u>	<u>-</u>	<u>20,349</u>	<u>-</u>	<u>370,283</u>	<u>852,563</u>	<u>836,212</u>	<u>10,825</u>
<u>(2,219)</u>	<u>-</u>	<u>36,712</u>	<u>-</u>	<u>(95,411)</u>	<u>709,971</u>	<u>108,047</u>	<u>(9,190)</u>
-	-	-	-	-	-	-	-
-	-	22,193	-	-	-	-	-
-	-	-	-	-	-	(75,781)	-
-	-	22,193	-	-	-	(75,781)	-
(2,219)	-	58,905	-	(95,411)	709,971	32,266	(9,190)
1,288	1,099	35,542	11,974	167,120	1,435,187	1,187,555	-
<u>(931)</u>	<u>1,099</u>	<u>94,447</u>	<u>11,974</u>	<u>71,709</u>	<u>2,145,158</u>	<u>1,219,821</u>	<u>(9,190)</u>

(continued)

City of Fort Dodge, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Year ended June 30, 2006

	Special Revenue		
	<u>Community Development</u>	<u>Emergency Shelter</u>	<u>Urban Renewal</u>
Revenues:			
Property tax	\$ -	-	-
Tax increment financing collections	-	-	-
Other city tax	-	-	-
Use of money and property	10,382	-	17,680
Intergovernmental	-	149,600	-
Charges for service	-	-	-
Miscellaneous	178,404	1,154	-
Total revenues	<u>188,786</u>	<u>150,754</u>	<u>17,680</u>
Expenditures:			
Operating:			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	150,754	-
Culture and recreation	-	-	-
Community and economic development	228,920	-	57,826
General government	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>228,920</u>	<u>150,754</u>	<u>57,826</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>(40,134)</u>	<u>-</u>	<u>(40,146)</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	(40,134)	-	(40,146)
Fund balances beginning of year	<u>299,339</u>	<u>1</u>	<u>505,497</u>
Fund balances end of year	<u>\$ 259,205</u>	<u>1</u>	<u>465,351</u>

See accompanying independent auditor's report.

Schedule 2

<u>Hotel/ Motel Tax</u>	<u>FICA/IPERS</u>	<u>Workers Comp Insurance</u>	<u>Unemployment Insurance</u>	<u>Special Assessment</u>	<u>Employee Flex Spending</u>	<u>Emergency Fund</u>
-	370,761	119,420	38,250	-	-	75,457
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	9,715	982	4,966	3,085	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	11,941	9,334	-	-	37,807	-
-	392,417	129,736	43,216	3,085	37,807	75,457
-	58,923	83,760	-	-	-	-
-	164,769	32,715	-	-	-	-
-	18,975	4,168	-	-	-	-
14,050	128,107	31,057	8,797	-	-	-
-	41,497	7,928	-	-	-	-
-	40,916	9,381	5,797	-	40,240	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,050	453,187	169,009	14,594	-	40,240	-
(14,050)	(60,770)	(39,273)	28,622	3,085	(2,433)	75,457
-	-	-	-	-	-	-
59,454	-	-	-	-	-	-
(4,600)	-	-	-	-	-	(73,990)
54,854	-	-	-	-	-	(73,990)
40,804	(60,770)	(39,273)	28,622	3,085	(2,433)	1,467
45,890	276,981	101,683	110,135	81,181	-	-
86,694	216,211	62,410	138,757	84,266	(2,433)	1,467

(continued)

City of Fort Dodge, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Year ended June 30, 2006

	Special Revenue		
	<u>Police Retirement</u>	<u>City Grants</u>	<u>Congregate Meals</u>
Revenues:			
Property tax	\$ 386,990	-	-
Tax increment financing collections	-	-	-
Other city tax	-	-	-
Use of money and property	1,004	-	53
Intergovernmental	-	415,499	83,562
Charges for service	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>387,994</u>	<u>415,499</u>	<u>83,615</u>
Expenditures:			
Operating:			
Public safety	492,532	-	-
Public works	-	-	-
Health and social services	-	22,505	88,854
Culture and recreation	-	4,273	-
Community and economic development	-	403,287	-
General government	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>492,532</u>	<u>430,065</u>	<u>88,854</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>(104,538)</u>	<u>(14,566)</u>	<u>(5,239)</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	(104,538)	(14,566)	(5,239)
Fund balances beginning of year	<u>194,557</u>	<u>3,298</u>	<u>14,153</u>
Fund balances end of year	<u>\$ 90,019</u>	<u>(11,268)</u>	<u>8,914</u>

See accompanying independent auditor's report.

Schedule 2

Debt Service		Capital Projects				Totals
Golf Course	Harlan Sinking	Harlan Rogers Complex	Capital Improvements	Oleson Park Bandshell	Construction	
-	-	-	-	-	-	1,307,776
-	-	-	-	-	-	904,267
-	(4,050)	-	-	-	-	1,558,484
-	12,708	-	-	13,994	15,593	124,380
-	-	378,694	17,968	-	757,493	2,096,239
5,380	-	-	296,199	-	-	301,579
-	-	337,000	299,536	100,000	115,361	1,163,766
<u>5,380</u>	<u>8,658</u>	<u>715,694</u>	<u>613,703</u>	<u>113,994</u>	<u>888,447</u>	<u>7,456,491</u>
-	-	-	236,027	-	-	1,241,525
-	-	-	5,201	-	-	1,055,248
-	-	-	24,831	-	-	569,239
-	-	-	912,320	-	-	1,156,759
-	-	-	-	-	-	1,575,670
-	-	-	41,099	-	-	148,258
29,555	124,305	-	-	-	-	153,860
-	-	1,223,886	-	2,045	945,062	2,170,993
<u>29,555</u>	<u>124,305</u>	<u>1,223,886</u>	<u>1,219,478</u>	<u>2,045</u>	<u>945,062</u>	<u>8,071,552</u>
<u>(24,175)</u>	<u>(115,647)</u>	<u>(508,192)</u>	<u>(605,775)</u>	<u>111,949</u>	<u>(56,615)</u>	<u>(615,061)</u>
-	-	-	560,000	-	-	560,000
24,175	122,917	-	122,923	-	160,000	540,643
-	-	-	(43,675)	-	-	(200,046)
<u>24,175</u>	<u>122,917</u>	<u>-</u>	<u>639,248</u>	<u>-</u>	<u>160,000</u>	<u>900,597</u>
-	7,270	(508,192)	33,473	111,949	103,385	285,536
-	128,214	757,063	808,538	254,244	682,614	7,600,977
-	135,484	248,871	842,011	366,193	785,999	7,886,513

City of Fort Dodge, Iowa
Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2006

	Enterprise Funds	
	Parking Meter	Solid Waste
Assets		
Cash and pooled investments	\$ 220,244	234,716
Accounts receivable	16,997	80,896
Interest receivable	1,858	1,999
Prepaid insurance	29	3,556
Restricted assets:		
Cash and cash equivalents	-	-
Capital assets (net of accumulated depreciation)	118,110	89,112
Total assets	357,238	410,279
Liabilities		
Accounts payable	262	14,479
Salaries payable	361	15,251
Compensated absences	-	11,643
Early retirement	-	10,380
Benefits payable	41	3,274
Payable from restricted assets:		
Consumer deposits	-	-
Long-term liabilities:		
Early retirement	-	6,186
Total liabilities	664	61,213
Net assets		
Invested in capital assets, net of related debt	118,110	89,112
Restricted for:		
Prepaid expenditures	29	3,556
Unrestricted	238,435	256,398
Total net assets	\$ 356,574	349,066

See accompanying independent auditor's report.

Enterprise Funds				
<u>Recycling</u>	<u>Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
170,203	20,959	26,372	-	672,494
-	-	-	-	97,893
-	-	-	-	3,857
-	-	-	-	3,585
-	-	-	145,073	145,073
-	-	663,731	-	870,953
<u>170,203</u>	<u>20,959</u>	<u>690,103</u>	<u>145,073</u>	<u>1,793,855</u>
-	-	2,764	-	17,505
-	-	-	-	15,612
-	-	-	-	11,643
-	-	-	-	10,380
-	-	-	-	3,315
-	-	-	145,073	145,073
-	-	-	-	6,186
-	-	2,764	145,073	209,714
-	-	663,731	-	870,953
-	-	-	-	3,585
<u>170,203</u>	<u>20,959</u>	<u>23,608</u>	<u>-</u>	<u>709,603</u>
<u>170,203</u>	<u>20,959</u>	<u>687,339</u>	<u>-</u>	<u>1,584,141</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, 2006

	Enterprise Funds	
	Parking Meter	Solid Waste
Operating revenues:		
Charges for services	\$ 101,547	878,349
Miscellaneous	38	4,418
Total operating revenues	101,585	882,767
Operating expenses:		
Business type activities:		
Cost of sales and services	45,793	699,892
Depreciation	15,391	40,804
Total operating expenses	61,184	740,696
Operating income (loss)	40,401	142,071
Nonoperating revenues:		
Interest and investment revenue	7,591	9,562
Total nonoperating revenue	7,591	9,562
Net income (loss) before transfers	47,992	151,633
Transfers in (out)	(3,283)	(108,068)
Change in net assets	44,709	43,565
Net assets beginning of year	311,865	305,501
Net assets end of year	\$ 356,574	349,066

See accompanying independent auditor's report.

<u>Enterprise Funds</u>			
<u>Recycling</u>	<u>Beverage</u>	<u>Central Garage</u>	<u>Total</u>
107,666	200,071	63,453	1,351,086
-	-	213,782	218,238
<u>107,666</u>	<u>200,071</u>	<u>277,235</u>	<u>1,569,324</u>
63	199,742	165,804	1,111,294
-	-	17,788	73,983
<u>63</u>	<u>199,742</u>	<u>183,592</u>	<u>1,185,277</u>
<u>107,603</u>	<u>329</u>	<u>93,643</u>	<u>384,047</u>
-	-	-	17,153
-	-	-	17,153
<u>107,603</u>	<u>329</u>	<u>93,643</u>	<u>401,200</u>
-	-	5,100	(106,251)
<u>107,603</u>	<u>329</u>	<u>98,743</u>	<u>294,949</u>
<u>62,600</u>	<u>20,630</u>	<u>588,596</u>	<u>1,289,192</u>
<u>170,203</u>	<u>20,959</u>	<u>687,339</u>	<u>1,584,141</u>

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2006

	Business-Type Activities	
	Parking Meter	Solid Waste
Cash flows from operating activities		
Receipts from customers	\$ 102,475	875,214
Payments to suppliers and employees	(47,958)	(699,311)
Other receipts	38	4,418
Net cash provided (used) by operating activities	54,555	180,321
Cash flows from noncapital financing activities		
Transfers to other funds	(5,283)	(108,068)
Transfers from other funds	2,000	-
Net cash provided (used) in noncapital financing activities	(3,283)	(108,068)
Cash flows from capital and related financing activities		
Purchases of capital assets	-	(27,037)
Net cash provided (used) by capital and related financing activities	-	(27,037)
Cash flows from investing activities		
Interest and dividends	7,165	9,222
Net cash provided by investing activities	7,165	9,222
Net increase (decrease) in cash and cash equivalents	58,437	54,438
Cash and cash equivalents - beginning of year	161,807	180,278
Cash and cash equivalents - end of year	\$ 220,244	234,716

See accompanying independent auditor's report.

Business-Type Activities				
<u>Recycling</u>	<u>Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
107,666	200,071	63,453	64,550	1,413,429
(63)	(199,742)	(169,166)	(81,689)	(1,197,929)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,456</u>
<u>107,603</u>	<u>329</u>	<u>(105,713)</u>	<u>(17,139)</u>	<u>219,956</u>
-	-	(95,000)	-	(208,351)
-	-	100,100	-	102,100
-	-	5,100	-	(106,251)
-	-	-	-	(27,037)
-	-	-	-	(27,037)
-	-	-	-	16,387
-	-	-	-	16,387
107,603	329	(100,613)	(17,139)	103,055
<u>62,600</u>	<u>20,630</u>	<u>126,985</u>	<u>162,212</u>	<u>714,512</u>
<u>170,203</u>	<u>20,959</u>	<u>26,372</u>	<u>145,073</u>	<u>817,567</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2006

	Business-Type Activities	
	Parking Meter	Solid Waste
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 40,401	142,071
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	15,391	40,804
Change in assets and liabilities:		
Receivables, net	928	(3,135)
Prepaid expenses	1	1,891
Consumer deposits	-	-
Accounts and other payables	(2,166)	(1,310)
Accrued expenses	-	-
Net cash provided (used) by operating activities	\$ 54,555	180,321
Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Assets:		
Current assets:		
Cash and pooled investments	\$ 220,244	234,716
Noncurrent assets:		
Restricted cash and pooled investments	-	-
Cash and cash equivalents at year end	\$ 220,244	234,716

See accompanying independent auditor's report.

Business-Type Activities				
<u>Recycling</u>	<u>Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
107,603	329	93,643	-	384,047
-	-	17,788	-	73,983
-	-	-	-	(2,207)
-	-	-	-	1,892
-	-	(3,362)	(17,139)	(20,501)
-	-	-	-	(3,476)
-	-	-	-	-
<u>107,603</u>	<u>329</u>	<u>108,069</u>	<u>(17,139)</u>	<u>433,738</u>
170,203	20,959	26,372	-	672,494
<u>-</u>	<u>-</u>	<u>-</u>	<u>145,073</u>	<u>145,073</u>
<u>170,203</u>	<u>20,959</u>	<u>26,372</u>	<u>145,073</u>	<u>817,567</u>

Bond Maturities - General Obligation Bonds

June 30,2006

General Obligation Bonds

Year Ending <u>June 30,</u>	<u>Corporate Purpose</u> <u>Issued May 28, 2003</u>		<u>Corporate Purpose</u> <u>Issued June 1, 1999</u>		<u>Total</u>
	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	
2007	2.00 %	\$ 190,000	4.25 %	\$ 495,000	1,215,000
2008	2.00	195,000	4.375	510,000	1,155,000
2009	2.50	200,000	4.45	540,000	1,155,000
2010	3.05	205,000	4.50	190,000	825,000
2011	3.15	215,000	4.50	200,000	865,000
2012	3.30	220,000	4.50	210,000	895,000
2013	3.40	225,000	4.50	220,000	925,000
2014	3.50	235,000	4.60	235,000	960,000
Total		<u>\$ 1,685,000</u>		<u>\$ 2,600,000</u>	<u>8,510,000</u>

Year Ending <u>June 30,</u>	<u>Refunding Bonds</u> <u>Issued May 28, 2003</u>		<u>Corporate Purpose</u> <u>Issued December 1, 2004</u>		<u>Total</u>
	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	
2007	2.00 %	\$ 340,000	3.20 %	\$ 190,000	1,215,000
2008	2.35	260,000	3.20	190,000	1,155,000
2009	-	-	3.20	415,000	1,155,000
2010	-	-	3.20	430,000	825,000
2011	-	-	3.20	450,000	865,000
2012	-	-	3.20	465,000	895,000
2013	-	-	3.20	480,000	925,000
2014	-	-	3.20	490,000	960,000
2015	-	-	3.20	515,000	515,000
Total		<u>\$ 600,000</u>		<u>\$ 3,625,000</u>	<u>8,510,000</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2006

Revenue Bonds	Water Revenue Bond			Sewer Bond Issue		
	Issued June 1, 1998			Issued Dec 4, 1989		
Year Ending	Interest		Amount	Interest		Amount
June 30,	Rates			Rates		
2007	4.30 %	\$	210,000	5.02 %	\$	95,000
2008	4.375		220,000	5.02		100,000
2009			-	5.02		105,000
2010			-	5.02		110,000
2011			-	5.02		115,000
	Total		<u>\$ 430,000</u>			<u>\$ 525,000</u>

Year Ending	Sewer Bond Issue			Sewer Bond Issue		
	Issued Sep 30, 1999			Issued Sep 30, 1999		
June 30,	Interest		Amount	Interest		Amount
	Rates			Rates		
2007	3.92 %	\$	10,000	3.92 %	\$	401,000
2008	3.92		10,000	3.92		416,000
2009	3.92		10,000	3.92		433,000
2010	3.92		11,000	3.92		450,000
2011	3.92		11,000	3.92		467,000
2012	3.92		12,000	3.92		485,000
2013	3.92		12,000	3.92		505,000
2014	3.92		13,000	3.92		524,000
2015	3.92		13,000	3.92		545,000
2016	3.92		14,000	3.92		566,000
2017	3.92		14,000	3.92		588,000
2018	3.92		15,000	3.92		611,000
2019	3.92		15,000	3.92		635,000
2020	3.92		16,000	3.92		660,000
2021	3.92		16,000	3.92		686,000
2022	3.92		17,000	3.92		713,000
2023			-			-
	Total		<u>\$ 209,000</u>			<u>\$ 8,685,000</u>

See accompanying independent auditor's report.

<u>Sewer Bond Issue</u>				<u>Hotel/Motel Tax Revenue Bond</u>			
<u>Issued Dec 20, 2002</u>				<u>Issued June 1, 2003</u>			
Interest				Interest			
<u>Rates</u>			<u>Amount</u>	<u>Rates</u>			<u>Amount</u>
3.00 %	\$		151,000	3.00 %	\$		65,000
3.00			155,000	3.80			70,000
3.00			160,000	4.00			70,000
3.00			165,000	4.00			75,000
3.00			170,000	4.00			75,000
3.00			175,000	4.00			80,000
3.00			180,000	4.00			85,000
3.00			185,000	3.60			85,000
3.00			191,000	3.75			90,000
3.00			196,000	3.85			95,000
3.00			202,000	3.95			100,000
3.00			208,000	4.00			105,000
3.00			215,000	4.00			105,000
3.00			221,000	4.05			110,000
3.00			228,000	4.10			115,000
3.00			235,000	4.15			125,000
3.00			240,000	4.15			130,000
			<u>\$ 3,277,000</u>				<u>\$ 1,580,000</u>

(continued)

City of Fort Dodge, Iowa
Bond Maturities - Revenue Bonds
June 30, 2006

Year Ending June 30,	Sewer Bond Issue Issued June 30, 2002			Water Bond Issue Issued Dec 12, 2003		
	Interest Rates		Amount	Interest Rates		Amount
2007	3.00 %	\$	56,000	3.00 %	\$	134,000
2008	3.00		57,000	3.00		138,000
2009	3.00		59,000	3.00		142,000
2010	3.00		61,000	3.00		147,000
2011	3.00		63,000	3.00		151,000
2012	3.00		65,000	3.00		156,000
2013	3.00		67,000	3.00		160,000
2014	3.00		69,000	3.00		165,000
2015	3.00		71,000	3.00		170,000
2016	3.00		73,000	3.00		175,000
2017	3.00		75,000	3.00		180,000
2018	3.00		73,000	3.00		186,000
2019	3.00		79,000	3.00		191,000
2020	3.00		59,179	3.00		197,000
2021	-		-	3.00		203,000
2022	-		-	3.00		209,000
2023	-		-	3.00		215,000
2024	-		-	3.00		222,000
2025	-		-	3.00		229,000
	Total		<u>\$ 927,179</u>			<u>\$ 3,370,000</u>

See accompanying independent auditor's report.

<u>Water Bond Issue</u>				<u>Urban Renewal Tax Increment</u>			
<u>Issued June 1, 2004</u>				<u>Revenue Bond Issued Dec 17, 2003</u>			
Interest				Interest			
<u>Rates</u>			<u>Amount</u>	<u>Rates</u>			<u>Amount</u>
3.00 %	\$		137,000	2.35 %	\$		40,000
3.00			141,000	2.75			40,000
3.00			146,000	3.15			40,000
3.00			255,000	3.45			40,000
3.00			257,000	3.80			40,000
3.00			259,000	4.10			40,000
3.00			261,000	4.30			40,000
3.00			263,000	4.50			20,000
3.00			265,000				-
3.00			268,000				-
3.00			270,000				-
3.00			279,000				-
3.00			287,000				-
3.00			296,000				-
3.00			304,000				-
3.00			313,000				-
3.00			313,988				-
-			-				-
-			-				-
			<u>\$ 4,314,988</u>				<u>\$ 300,000</u>

(continued)

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2006

Schedule 7

<u>Golf Course Revenue Note</u>				
<u>Issued Jan 13, 2006</u>				
Year Ending	Interest			
<u>June 30,</u>	<u>Rates</u>	<u>Amount</u>		<u>Total</u>
2007	3.95-4.05 %	\$ 36,000	\$	1,335,000
2008	4.05-4.15	37,500		1,384,500
2009	4.15-4.25	39,500		1,204,500
2010	4.25-4.35	41,500		1,355,500
2011	4.35-4.45	43,500		1,392,500
2012	4.45-4.50	45,500		1,317,500
2013	4.50-4.55	48,500		1,358,500
2014	4.55-4.60	50,500		1,374,500
2015	4.60-4.65	53,000		1,398,000
2016	4.65-4.70	55,500		1,442,500
2017	4.70-4.75	58,500		1,487,500
2018	4.75	30,500		1,507,500
2019		-		1,527,000
2020		-		1,559,179
2021		-		1,552,000
2022		-		1,612,000
2023		-		898,988
2024		-		222,000
2025		-		229,000
	Total	<u>\$540,000</u>		<u>\$ 24,158,167</u>

Notes Maturities - Notes Payable

June 30, 2006

Notes Payable

Year Ending <u>June 30,</u>	MidAmerican Energy	
	<u>Issued July 1998</u>	
	<u>Interest</u> <u>Rates</u>	<u>Total and</u> <u>Amount</u>
2007	- %	\$ 7,500
2008	-	<u>15,000</u>
Total		<u>\$ 22,500</u>

See accompanying independent auditor's report.

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

For the Last Four Years

	Modified Accrual Basis			
	2006	2005	2004	2003
Revenues:				
Property tax	\$ 9,405,843	\$ 9,136,224	\$ 9,245,696	\$ 9,225,579
Tax increment financing revenue	904,267	855,994	793,770	929,184
Other city tax	2,216,986	1,930,077	2,187,327	1,899,524
Licenses and permits	321,063	282,112	371,137	248,503
Use of money and property	488,171	380,335	318,211	359,425
Intergovernmental	4,460,365	4,401,764	5,384,061	5,572,705
Charges for service	1,084,228	1,074,650	1,006,126	1,124,480
Special assessments	13,134	8,545	7,061	5,255
Miscellaneous	<u>1,724,939</u>	<u>1,351,395</u>	<u>1,158,090</u>	<u>1,318,532</u>
Total	<u>\$ 20,618,996</u>	<u>\$ 19,421,096</u>	<u>20,471,479</u>	<u>20,683,187</u>
Expenditures:				
Operating:				
Public safety	\$ 5,750,697	\$ 5,477,040	\$ 5,365,446	\$ 5,461,031
Public works	3,625,199	3,846,806	3,534,608	3,884,687
Health & social services	679,639	569,898	635,244	327,035
Culture and recreation	3,069,638	2,433,376	2,410,541	2,872,845
Community and economic development	2,113,794	2,669,361	3,066,341	2,988,154
General government	1,465,795	1,464,206	1,358,687	1,356,574
Debt service	1,949,432	1,736,407	3,638,927	3,191,147
Capital projects	<u>2,170,993</u>	<u>2,974,408</u>	<u>3,066,222</u>	<u>2,096,862</u>
Total	<u>\$ 20,825,187</u>	<u>\$ 21,171,502</u>	<u>\$ 23,076,016</u>	<u>\$ 22,178,335</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2006

Schedule 10

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Homeland Security: Assistance to Firefighters	97.044	EMW-2005-FG-08459	\$ <u>168,081</u>
U.S. Department of Transportation: Federal Transit - Capital Improvement Grants	20.500	IA-03-0090-00	<u>403,331</u>
Airport Improvement Program	20.106	3-19-0035-19	747
Airport Improvement Program	20.106	3-19-0035-20	259,539
Airport Improvement Program	20.106	3-19-0035-21	<u>306,040</u>
			<u>566,326</u>
Corporation for National and Community Service: Foster Grandparents	94.011	05SFNIA003	<u>207,536</u>
Retired Senior Volunteer Program	94.002	02SRNIA007	<u>14,928</u>
U.S. Department of Justice: Local Law Enforcement Block Grants Program	16.592	2004-LB-BX-0647	<u>6,718</u>
Department of Commerce: Economic Development Administration	11.300	05-01-04101	<u>49,066</u>
Total Direct			<u>1,415,986</u>
Indirect:			
Environmental Protection Agency: Iowa Department of Natural Resources: State Revolving Loan Fund	66.458	---	<u>35,286</u>
Department of Health and Human Services: Elderbridge Agency on Aging: Congregate Meal Program	93.045	---	<u>89,613</u>

(continued)

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2006

Schedule 10

<u>Grantor/Program</u> (continued)	<u>CFDA</u> <u>Number</u>	<u>Agency or</u> <u>Pass-Through</u> <u>Number</u>	<u>Program</u> <u>Expenditures</u>
Indirect (continued):			
Department of Housing and Urban Development:			
Iowa Department of Economic Development			
Community Development Block Grant/ States Program			
	14.228	05-CF-014-2	\$ <u>1,071</u>
Department of Transportation:			
Iowa Department of Transportation:			
Transit Assistance Program	20.509	18-4027-269-06	162,158
Transit Assistance Program	20.509	18-4025-269-04	5,497
Transit Assistance Program	20.509	ICB CY05	7,056
Transit Assistance Program	20.509	ICB CY06	2,548
Transit Assistance Program	20.509	18-0027-269-05	<u>7,891</u>
			<u>185,150</u>
Highway Planning	20.205	BROS-2690(606) 8J-94	<u>2,527</u>
Department of Labor:			
Elderbridge Agency on Aging:			
Senior Internship	17.235	---	<u>11,966</u>
Department of Homeland Security:			
Iowa Department of Public Defense:			
Public Assistance Program	97.036	DR-1518	<u>15,240</u>
Total Indirect			<u>340,853</u>
Total			<u>\$ 1,756,839</u>

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2006

Schedule 10

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, 2006

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Airport Infrastructure 9I040F00200	\$ 63,793
Transit STA-FORM-269-FY06	186,511
RISE RM-2690(612)-90-94	276,500
Traffic Safety CS-TSF-2690(609)-85-94	404,300
Traffic Engineering UST-926-0(10)-4A-94	<u>73,166</u>
	<u>1,004,270</u>
Department of Elder Affairs:	
RSVP	<u>14,795</u>
Library:	
Open Access Grant	9,478
Enrich Iowa Grant	<u>8,490</u>
	<u>17,968</u>
Iowa Department of Economic Development:	
Emergency Shelter 05-HES-005	117,183
Community Attraction and Tourism Program 03-CAT-006	<u>43,220</u>
	<u>160,403</u>
Iowa Department of Public Defense:	
FEMA	<u>8,553</u>
Total	<u>\$ 1,205,989</u>

See accompanying independent auditor's report.

Schedule of Passenger Facility Charges Collected and Expended

Year Ended June 30, 2006

	Quarter Ended <u>9-30-05</u>	Quarter Ended <u>12-31-05</u>	Quarter Ended <u>3-31-06</u>	Quarter Ended <u>6-30-06</u>	Total Period Ended <u>6-30-06</u>
Charges collected:					
PFC revenue received	\$ <u>6,424</u>	<u>5,148</u>	<u>4,928</u>	<u>6,712</u>	<u>23,212</u>
Charges expended:					
Expenditures on approved PFC projects	\$ <u>1,374</u>	<u>36</u>	<u>35</u>	<u>-</u>	<u>1,445</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, 2006. 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, 2006.

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 and to test and report on the internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weakness is a condition in which the design or operation of one or more of the internal components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

February 28, 2007

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, 2006, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated February 28, 2007. We conducted our audit in accordance with the 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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, 2006 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.

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

February 28, 2007

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, 2006. 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, 2006.

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 grant agreements 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we considered to be material weaknesses.

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

February 28, 2007

City of Fort Dodge, Iowa
Schedule of Findings and Questioned Costs
Year ended June 30, 2006

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (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 20.500 – Federal Transit - Capital Improvement Grants and 97.044 – Assistance to Firefighters.
- (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, 2006

Part II: Findings Related to the Financial Statements:

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.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

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

Conclusion – Response accepted.

IV-B-06 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-05 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-D-06 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	\$ 40,706
Don Wilson, Council Member Self Employed	Construction Loan	18,000

In accordance with Chapter 362.5(7) of the Code of Iowa, the transaction with the Mayor does not appear to represent a conflict of interest ad the contact for professional services was awarded before the Mayor was elected.

The transaction with the council member does not appear to represent a conflict of Interest as it was a loan under federal program to assist in slum and blight removal. This loan will be repaid to the City upon sale of the property.

IV-E-06 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.

IV-F-06 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-06 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-06 Revenue Bonds and Notes – The City has complied with the revenue bond and note resolutions.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-I-06 Financial Condition – The Business Type Activities, Sewer Fund had a deficit fund balance of \$5,598,316 as of June 30, 2006.

Recommendation – The City should investigate alternatives to eliminate this deficit.

Response – As detailed in notes to financial statements, this deficit will be eliminated upon retroactive capitalization of all infrastructure.

Conclusion – Response accepted.

IV-J-06 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.

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

Conclusion – Response accepted.