

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, 2010

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City of Fort Dodge, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Before January 2010		
Terry Lutz	Mayor	Dec 2009
Cindy Litwiller	Mayor Pro Tem	Dec 2009
Dan Payne	Dean of the Council	Dec 2009
Curt Olson	Council Member	Dec 2009
Don Wilson	Council Member	Dec 2009
Matt Bemrich	Council Member	Dec 2009
Richard Inman	Council Member	Dec 2009
Dave Flattery	Council Member	Dec 2011
David Fierke	City Manager	Indefinite
Bark Barrick	City Clerk	Indefinite
Michelle Hefley	Treasurer	Indefinite
Maurice Breen	City Attorney	Indefinite
After January 2010		
Matt Bemrich	Mayor	Dec 2013
David Flattery	Mayor Pro Tem	Dec 2011
Barney Patterson	Council Member	Dec 2013
Andy Fritz	Council Member	Dec 2013
Curt Olson	Council Member	Dec 2011
Don Wilson	Council Member	Dec 2011
Margy Halverson-Collins	Council Member	Dec 2011
Kelly Hindman	Council Member	Dec 2011
David Fierke	City Manager	Indefinite
Barb Barrick	City Clerk	Resigned (Nov 2010)
Michelle Hefley	Treasurer	Indefinite
Maurice Breen	City Attorney	Passed Away (March 2011)

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, 2010, 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.

Except as discussed in the following paragraph, 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.

The financial statements of the W.H.Johnston Foundation have not been audited, and we were not engaged to audit the W.H.Johnston Foundations' financial statements as part of our audit of the City's basic financial statements. W.H.Johnston Foundations's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 62.8 percent, 62.8 percent, 52.4 percent and 39.5 percent of the assets, net assets, revenues and expenditures, respectively, of the City's aggregate discretely presented component units, prepared on the modified accrual basis of accounting.

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, except for the effects of such adjustments, if any, as might have been determined to be necessary had the W.H.Johnston Foundation's financial statements been audited, 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 for the City of Fort Dodge, Iowa, as of June 30, 2010, and their receipts and disbursements for the year then ended on the basis of accounting described in note 1.

In addition, 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, 2010, 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.

In accordance with Government Auditing Standards, we have also issued our reports dated May 12, 2011 on our consideration of the City of Fort Dodge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Dodge's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Information presented on Schedule 11 is also presented as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

May 12, 2011

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, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$71,390,058 at June 30, 2010.
- The City continued construction of an \$8.9 million Aquatic Center.
- The City continued the construction of a \$4.3 million new well for the Water System.
- The City substantially completed improvements and expansion of the Wastewater Treatment Plant to accommodate future City growth.
- The City began the first phase of Business 20 Corridor improvements, with a projected total project cost of \$6.5 million.
- The City issued \$9,825,000 in general corporate purpose bonds to pay the costs of constructing street, sidewalk, water system, sanitary sewer system and storm water system improvements; purchasing and installing street lighting improvements; constructing improvements at the municipal airport; purchasing equipment for and constructing equipment at existing municipal parks, constructing HVAC improvements at City Hall and constructing recreating trail extensions.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other required supplementary information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the City as a whole and represent an overall view of the City's finances.

Fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information, other than MD & A, provides information about the required budgetary comparison information and other post employee benefits.

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards, Schedule of Passenger Facility Charges Collected and Expended provide details of various federal and state programs benefiting the City.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government wide financial statements are designed to provide readers with a broad overview of the City of Fort Dodge's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the City's assets and liabilities. The Statement of Activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private sector companies. These two statements report the City's net assets, which are the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors such as changes in the City's property tax base and the condition of the City's infrastructure are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax, grants, and local option sales tax finance most of these activities.
- **Business Type Activities** – This activity includes the water system, the sanitary sewer system, the City's solid waste department, parking system, and the Central Garage facility. These activities are financed primarily by user charges.
- **Component Unit** – This includes operations that are legally separate from the City but for which the City is financially accountable. The City's discretely presented component unit is the Fort Dodge Regional Airport.

**Statement of Net Assets
City of Fort Dodge
June 30, 2010**

Governmental Activities			
	FY2010	FY2009	Increase (Decrease)
Current Assets	\$ 27,391,956	\$ 29,878,683	\$ (2,486,727)
Restricted Assets	\$ 17,438	\$ 4,620	\$ 12,818
Capital Assets	<u>\$ 55,638,583</u>	<u>\$ 46,104,183</u>	<u>\$ 9,534,400</u>
Total Assets	\$ 83,047,977	\$ 75,987,486	\$ 7,060,491
Current Liabilities	\$ 13,797,791	\$ 12,948,696	\$ 849,095
Long Term Liabilities	<u>\$ 32,942,459</u>	<u>\$ 25,270,313</u>	<u>\$ 7,672,146</u>
Total Liabilities	\$ 46,740,250	\$ 38,219,009	\$ 8,521,241
Net Assets:			
Invested in Capital Assets			
Net of related debt	\$ 24,128,083	\$ 22,002,183	\$ 2,125,900
Restricted	\$ 1,775,776	\$ 3,367,340	\$ (1,591,564)
Unrestricted	<u>\$ 10,403,868</u>	<u>\$ 12,398,954</u>	<u>\$ (1,995,086)</u>
Total Net Assets	<u>\$ 36,307,727</u>	<u>\$ 37,768,477</u>	<u>\$ (1,460,750)</u>
Business Type Activities			
	FY2010	FY2009	Increase (Decrease)
Current Assets	\$ 12,995,849	\$ 10,250,684	\$ 2,745,165
Restricted Assets	\$ 1,489,578	\$ 1,133,287	\$ 356,291
Capital Assets	<u>\$ 69,356,813</u>	<u>\$ 59,611,634</u>	<u>\$ 9,745,179</u>
Total Assets	\$ 83,842,240	\$ 70,995,605	\$ 12,846,635
Current Liabilities	\$ 1,899,055	\$ 1,193,303	\$ 705,752
Long Term Liabilities	<u>\$ 46,860,854</u>	<u>\$ 40,642,861</u>	<u>\$ 6,217,993</u>
Total Liabilities	\$ 48,759,909	\$ 41,836,164	\$ 6,923,745
Net Assets:			
Invested in Capital Assets			
Net of related debt	\$ 22,774,542	\$ 19,190,129	\$ 3,584,413
Restricted	\$ -	\$ -	\$ -
Unrestricted	<u>\$ 12,307,789</u>	<u>\$ 9,969,312</u>	<u>\$ 2,338,477</u>
Total Net Assets	<u>\$ 35,082,331</u>	<u>\$ 29,159,441</u>	<u>\$ 5,922,890</u>

	Total Net Assets		Increase
	FY2010	FY2009	(Decrease)
Current Assets	\$ 40,387,805	\$ 40,129,367	\$ 258,438
Restricted Assets	\$ 1,507,016	\$ 1,137,907	\$ 369,109
Capital Assets	<u>\$ 124,995,396</u>	<u>\$ 105,715,817</u>	<u>\$ 19,279,579</u>
Total Assets	\$ 166,890,217	\$ 146,983,091	\$ 19,907,126
Current Liabilities	\$ 15,696,846	\$ 14,141,999	\$ 1,554,847
Long Term Liabilities	<u>\$ 79,803,313</u>	<u>\$ 65,913,174</u>	<u>\$ 13,890,139</u>
Total Liabilities	\$ 95,500,159	\$ 80,055,173	\$ 15,444,986
Net Assets:			
Invested in Capital Assets			
Net of related debt	\$ 46,902,625	\$ 41,192,312	\$ 5,710,313
Restricted	\$ 1,775,776	\$ 3,367,340	\$ (1,591,564)
Unrestricted	<u>\$ 22,711,657</u>	<u>\$ 22,368,266</u>	<u>\$ 343,391</u>
Total Net Assets	<u>\$ 71,390,058</u>	<u>\$ 66,927,918</u>	<u>\$ 4,462,140</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Fort Dodge, assets exceeded liabilities by \$71,390,058 at the close of the most recent fiscal year.

The largest portion of the City's net assets is in capital assets (i.e.: land, buildings, machinery, equipment and infrastructure) less depreciation and related debt of \$46,902,625. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$41,192,312, an increase of \$5,710,313.

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 \$1,775,776, this is a decrease of \$1,591,564 from the prior year.

The remaining balance, unrestricted net assets of \$22,711,657, may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants, legislation, or other legal requirements. Prior year comparison shows \$22,368,266, an increase of \$343,391.

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

**Statement of Activities
City of Fort Dodge
June 30, 2010**

Governmental Activities

	FY2010	FY2009	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	1,203,282	1,345,082	(141,800)
Operating grants, contributions	2,994,008	3,198,736	(204,728)
Capital grants, contributions	2,497,535	516,347	1,981,188
General Revenues:			
Property tax	11,186,401	10,805,164	381,237
Other taxes	2,599,581	1,721,916	877,665
Interfund Transfers	(2,534,531)	769,215	(3,303,746)
Other	<u>3,445,835</u>	<u>1,733,466</u>	<u>1,712,369</u>
Total Revenues	21,392,111	20,089,926	1,302,185
Program Expenses:			
Public Safety	6,533,282	6,220,418	312,864
Public Works	6,176,856	7,792,059	(1,615,203)
Health and Social Services	323,897	432,179	(108,282)
Culture and Recreation	3,768,121	3,318,644	449,477
Comm & Econ Development	3,868,090	2,518,936	1,349,154
General Government	1,340,900	1,356,951	(16,051)
Debt Service	841,715	597,239	244,476
Capital Projects	<u>-</u>	<u>120,789</u>	<u>(120,789)</u>
Total Expenses	22,852,861	22,357,215	495,646
Increase (decrease) in net assets	(1,460,750)	(2,267,289)	806,539
Net assets at beginning of year	37,768,477	40,035,766	(2,267,289)
Net assets at end of year	36,307,727	37,768,477	(1,460,750)

Revenues for governmental funds were \$2,129,503 more in the current fiscal year as compared to the prior fiscal year. The biggest increase was in capital grants and contributions due to receipts from the Lincoln Neighborhood and street project grants.

Expenses had minor fluctuations, with the exception of the Comm & Econ Development program being significantly increased due to additional beautification projects.

**Statement of Activities
City of Fort Dodge
June 30, 2010**

Business Type Activities

	FY2010	FY2009	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	13,073,881	10,176,693	2,897,188
Operating grants, contributions	-	-	-
Capital grants, contributions	47,594	812,566	(764,972)
General Revenues:			
Interfund Transfers	2,290,248	(769,215)	3,059,463
Other	<u>37,512</u>	<u>7,024,876</u>	<u>(6,987,364)</u>
Total Revenues	15,449,235	17,244,920	(1,795,685)
Program Expenses:			
Water	3,427,381	3,388,442	38,939
Sewer	4,689,622	4,313,417	376,205
Storm water utility	77,920	13,977	63,943
Other non-major business type activities	<u>1,331,423</u>	<u>1,341,529</u>	<u>(10,106)</u>
Total Expenses	9,526,346	9,057,365	468,981
Increase in net assets	5,922,889	8,187,555	(2,264,666)
Net assets at beginning of year	29,159,442	20,971,887	8,187,555
Net assets at end of year	35,082,331	29,159,442	5,922,889

Revenues for business type activities decreased by \$1,795,685 or 10.4% less than the previous fiscal year due. Charges for services increased \$2,897,188 or 28.5%, the result of a rate increase in both the water and sewer funds. Interfund transfers increased as a result of general obligation bond proceeds being used for enterprise activities. Other general revenues decreased significantly due to payments made by a large manufacturer in 2009 who had originally agreed to a minimum water and sewer usage to help defray the costs of infrastructure in running city water and sewer to the place of business outside of the city limits. When the manufacturer made the decision to delay the start of business, an agreement was reached wherein the manufacturer would continue to make the payments associated with the infrastructure costs.

Expenses increased \$468,981 from the prior year as a result of increased operational expenses.

**Statement of Activities
City of Fort Dodge
June 30, 2010**

Total Government and Business Type Activities

	FY2010	FY2009	Increase (Decrease)
Revenues:			
Program Revenues			
Charges for service	14,277,163	11,521,775	2,755,388
Operating grants, contributions	2,994,008	3,198,736	(204,728)
Capital grants, contributions	2,545,129	1,328,913	1,216,216
General Revenues:			
Property tax	11,186,401	10,805,164	381,237
Other taxes	2,599,581	1,721,916	877,665
Interfund Transfers	(244,283)	-	(244,283)
Other	<u>3,483,347</u>	<u>8,758,342</u>	<u>(5,274,995)</u>
Total Revenues	36,841,346	37,334,846	(493,500)
Program Expenses:			
Public Safety	6,533,282	6,220,418	312,864
Public Works	6,176,856	7,792,059	(1,615,203)
Health and Social Services	323,897	432,179	(108,282)
Culture and Recreation	3,768,121	3,318,644	449,477
Comm & Econ Development	3,868,090	2,518,936	1,349,154
General Government	1,340,900	1,356,951	(16,051)
Debt Service	841,715	597,239	244,476
Capital Projects	-	120,789	(120,789)
Water	3,427,381	3,388,442	38,939
Sewer	4,689,622	4,313,417	376,205
Storm water utility	77,920	13,977	63,943
Other non-major business type activities	<u>1,331,423</u>	<u>1,341,529</u>	<u>(10,106)</u>
Total Expenses	32,379,207	31,414,580	964,627
Increase in net assets	4,462,139	5,920,266	(1,458,127)
Net assets at beginning of year	66,927,919	61,007,653	5,920,266
Net assets at end of year	71,390,058	66,927,919	4,462,139

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

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

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$13,689,489, a decrease of \$3,291,289 from the prior year. Of this total amount \$12,321,383, is in unreserved fund balance.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, unreserved fund balance of the general fund was \$2,147,704 a decrease of \$627,739. This decrease was due to lower revenue dollars due to weather and unforeseen interest rate drops, while maintaining services. The total general fund balance was \$2,218,130. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25.3% of total general fund expenditures (\$8,485,193), while total fund balance represents 26.1% of that same amount.

The Debt Service Fund ended the year with a fund balance of \$1,066,224, an increase of \$325,773 from the prior year. There was a new general obligation bond issued during the year, of which \$985,000 was utilized to pay off an anticipation project note.

The Construction Fund ended the year with a fund balance of \$2,706,893, a decrease of \$4,333,914. The decrease is due to expenditures related to several construction projects: the Aquatic Center, North 32nd Street, and the Corridor Improvement projects.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water fund, which accounts for the operation and maintenance of the City's water system, ended the current fiscal year with an increase in net assets of \$17,325 from the previous fiscal year. The City of Fort Dodge completed a well project for the water utility that consisted of drilling a new Jordan well. The Water Fund unrestricted balance at year end was \$1,756,282.

The Sewer fund, which accounts for the operation and maintenance of the City's wastewater system, ended the current year with an increase in net assets of \$2,494,682 as compared to the prior year. The Sewer fund unrestricted balance at year end was \$5,942,881. Additional debt was issued for approximately \$7.5 million for continued sewer improvement projects.

The Storm Water fund, which accounts for improvements to the city's storm sewer system, ended the fiscal year with a balance of \$4,959,175, which is an increase of \$3,485,006 from the prior year. The increase in net assets is due to issuance of bonds for planned storm sewer improvements.

BUDGETARY HIGHLIGHTS

During the current fiscal year, the City of Fort Dodge amended the budget once to account for increased expenditures in operating, grant programs, capital equipment and construction projects. Actual expenses in the Community and Economic Development, Capital Projects and Business Type Programs had significant variances in final budget to actual comparisons due to project timing issues and a cautious approach to budget amendments to ensure compliance. However, actual expenses exceeded the final budget in Community and Economic Development and Debt Service programs due to additional urban renewal projects and debt refinancing.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment and infrastructure represent the value of resources used to provide services to citizens. At fiscal year end, the City's investment in capital assets for governmental and business type activities (net of depreciation) totaled \$55,638,583 and \$69,356,813 respectively, for a combined total of \$124,995,396. See Note 3 to the financial statements for additional information regarding the City's capital assets.

Long-term Debt

At June 30, 2010, the City of Fort Dodge had \$31,510,500 of long-term debt outstanding in its governmental activities, compared to \$24,102,000 at June 30, 2009. This increase of \$7,408,500 is attributable to the both the issuance and repayment of debt. During the year, the City of Fort Dodge issued \$10,245,000 in General Obligation bonds for various capital projects. The City increased its rating from A1 to AA2 from Moody's Investor Services. The City's statutory debt limit, which is limited to 5% of the assessed valuation, was \$49,085,131, of which the City has utilized 64%. The Golf Course Revenue Note (\$385,500) is not repayable from taxes and therefore not included in the statutory debt calculation.

Total long-term debt for business type activities was \$43,212,271, an increase of \$5,335,766 from the previous fiscal year attributable to debt issuance for continuation of a major capital project at the Sewage Treatment Plant and collection system improvements to the agricultural park.

ECONOMIC FACTORS

For the upcoming fiscal year ending June 30, 2011, the City's taxable property valuation increased by \$10,208,530 or 1.9%. The tax levy rate will increase from \$17.04 in FY10 to \$18.44 in FY11, an increase of 8.22%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

These financial statements are designed to provide a general overview of the City's finances and operating activities for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to: City Manager, 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, 2010

	Primary Government		
	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 13,449,309	10,561,431	24,010,740
Receivables:			
Property tax:			
Delinquent	159,371	-	159,371
Succeeding year	11,301,787	-	11,301,787
Customer accounts	22,567	1,142,252	1,164,819
Accounts	2,102,334	-	2,102,334
Accrued interest	17,362	17	17,379
Due from other governments	254,833	841,272	1,096,105
Inventories	19,069	-	19,069
Prepaid expenses	49,885	132,687	182,572
Restricted assets:			
Cash and pooled investments	17,438	1,489,578	1,507,016
Capital assets (net of accumulated depreciation)	55,638,583	69,356,813	124,995,396
Bond issuance costs	15,439	318,190	333,629
Total assets	<u>83,047,977</u>	<u>83,842,240</u>	<u>166,890,217</u>
Liabilities			
Warrants issued in excess of cash balances	-	-	-
Accounts payable	1,732,787	1,602,646	3,335,433
Salaries payable	397,635	85,007	482,642
Benefits payable	64,731	12,378	77,109
Interest payable	99,067	106,562	205,629
Deferred revenue:			
Succeeding year property tax	11,301,787	-	11,301,787
Other	201,784	4,864	206,648
Liabilities payable from restricted assets:			
Customer deposits	-	87,598	87,598

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	3,549,687	3,549,687
2,452	-	2,452
199,481	-	199,481
-	-	-
20,478	-	20,478
1	-	1
191,407	-	191,407
-	-	-
-	-	-
-	-	-
6,177,389	138,518	6,315,907
-	-	-
<u>6,591,208</u>	<u>3,688,205</u>	<u>10,279,413</u>
115,374	-	115,374
-	-	-
11,128	1,031	12,159
1,616	-	1,616
-	-	-
199,481	-	199,481
-	-	-
-	-	-

(continued)

City of Fort Dodge, Iowa
Statement of Net Assets
June 30, 2010

	Primary Government		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Liabilities (continued)			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	2,460,000	-	2,460,000
Revenue bonds/notes payable	348,500	2,281,000	2,629,500
Interim financing	-	3,370,000	3,370,000
Compensated absences	817,748	231,820	1,049,568
Early retirement	36,158	4,647	40,805
Portion due or payable after one year:			
General obligation bonds/notes	24,585,000	-	24,585,000
Revenue bonds/notes payable	4,117,000	40,931,271	45,048,271
Bond premium	102,997	-	102,997
Compensated absences	234,326	-	234,326
Net OPEB liability	161,928	39,927	201,855
Early retirement	78,802	2,189	80,991
Total liabilities	<u>46,740,250</u>	<u>48,759,909</u>	<u>95,500,159</u>
Net Assets			
Invested in capital assets, net of related debt	24,128,083	22,774,542	46,902,625
Restricted for:			
Debt service	1,284,990	-	1,284,990
Other purposes	490,786	-	490,786
Unrestricted	<u>10,403,868</u>	<u>12,307,789</u>	<u>22,711,657</u>
Total net assets	<u>\$ 36,307,727</u>	<u>\$ 35,082,331</u>	<u>71,390,058</u>

See notes to financial statements.

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	-	-
-	-	-
-	-	-
19,411	-	19,411
-	-	-
-	-	-
-	-	-
-	-	-
5,545	-	5,545
-	-	-
<u>352,555</u>	<u>1,031</u>	<u>353,586</u>
6,177,389	138,518	6,315,907
-	-	-
-	598,439	598,439
<u>61,264</u>	<u>2,950,217</u>	<u>3,011,481</u>
<u><u>6,238,653</u></u>	<u><u>3,687,174</u></u>	<u><u>9,925,827</u></u>

City of Fort Dodge, Iowa
Statement of Activities
Year ended June 30, 2010

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:	<u>Expenses</u>	<u>Service</u>	<u>Interest</u>	<u>Interest</u>
Primary Government:				
Governmental activities:				
Public safety	\$ 6,533,282	335,630	79,914	117,768
Public works	6,176,856	3,544	2,543,394	2,825
Health and social services	323,897	-	271,171	6,300
Culture and recreation	3,768,121	780,160	88,281	251,198
Community and economic development	3,868,090	33,450	6,951	654,044
General government	1,340,900	50,498	4,297	-
Interest on long-term debt	841,715	-	-	-
Capital projects	-	-	-	1,465,400
Total governmental activities	22,852,861	1,203,282	2,994,008	2,497,535
Business type activities:				
Water	3,427,381	3,968,072	-	-
Sewer	4,689,622	7,301,549	-	47,594
Storm water utility	77,920	510,823	-	-
Other non-major	1,331,422	1,293,437	-	-
Total business type activities	9,526,345	13,073,881	-	47,594
Total primary government	\$ 32,379,206	14,277,163	2,994,008	2,545,129
Component Units:				
Airport Authority	\$ 1,008,779	-	-	245,921
Other (modified cash)	354,026	3,644	648,605	-
Total component units	\$ 1,362,805	3,644	648,605	245,921
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	
(5,999,970)	-	(5,999,970)	-
(3,627,093)	-	(3,627,093)	-
(46,426)	-	(46,426)	-
(2,648,482)	-	(2,648,482)	-
(3,173,645)	-	(3,173,645)	-
(1,286,105)	-	(1,286,105)	-
(841,715)	-	(841,715)	-
<u>1,465,400</u>	-	<u>1,465,400</u>	-
<u>(16,158,036)</u>	-	<u>(16,158,036)</u>	-
-	540,691	540,691	-
-	2,659,521	2,659,521	-
-	432,903	432,903	-
-	(37,985)	(37,985)	-
-	<u>3,595,130</u>	<u>3,595,130</u>	-
<u>(16,158,036)</u>	<u>3,595,130</u>	<u>(12,562,906)</u>	-
-	-	-	(762,858)
-	-	-	<u>298,223</u>
-	-	-	<u>(464,635)</u>
8,436,779	-	8,436,779	179,540
1,755,068	-	1,755,068	-
994,554	-	994,554	-
2,599,581	-	2,599,581	-
372,350	37,512	409,862	2,481
3,073,485	-	3,073,485	329,624
<u>(2,534,531)</u>	<u>2,290,248</u>	<u>(244,283)</u>	<u>244,283</u>
<u>14,697,286</u>	<u>2,327,760</u>	<u>17,025,046</u>	<u>755,928</u>
(1,460,750)	5,922,890	4,462,140	291,293
<u>37,768,477</u>	<u>29,159,441</u>	<u>66,927,918</u>	<u>9,634,534</u>
<u>\$ 36,307,727</u>	<u>35,082,331</u>	<u>71,390,058</u>	<u>9,925,827</u>

City of Fort Dodge, Iowa
Balance Sheet
Governmental Funds
June 30, 2010

Assets	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Construction</u>
Cash and pooled investments	\$ 2,322,525	1,041,767	3,299,347
Receivables:			
Property tax:			
Delinquent	78,148	24,442	-
Succeeding year	5,022,520	2,537,031	-
Accounts	271,354	-	-
Accrued interest	16,980	15	29
Due from other funds	178,515	-	-
Due from other governments	-	-	40,000
Inventories	19,069	-	-
Prepaid insurance	37,195	-	-
Prepaid expenses	14,162	-	-
	<u>\$ 7,960,468</u>	<u>3,603,255</u>	<u>3,339,376</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 172,138	-	632,483
Salaries payable	339,049	-	-
Benefits payable	-	-	-
Early retirement	-	-	-
Deferred revenue:			
Succeeding year property tax	5,022,520	2,537,031	-
Other	135,668	-	-
Due to other funds	72,963	-	-
Total liabilities	<u>5,742,338</u>	<u>2,537,031</u>	<u>632,483</u>
Fund balances:			
Reserved for:			
Prepaid expenditures	51,357	-	-
Inventories	19,069	-	-
Debt service	-	1,066,224	-
Unreserved, reported in:			
General fund	2,147,704	-	-
Special revenue funds	-	-	-
Capital projects fund	-	-	2,706,893
Total fund balances	<u>2,218,130</u>	<u>1,066,224</u>	<u>2,706,893</u>
	<u>\$ 7,960,468</u>	<u>3,603,255</u>	<u>3,339,376</u>

See notes to financial statements.

Exhibit C

Other Nonmajor Governmental	
<u>Funds</u>	<u>Total</u>
6,785,670	13,449,309
56,781	159,371
3,742,236	11,301,787
1,853,547	2,124,901
338	17,362
172,142	350,657
214,833	254,833
-	19,069
12,690	49,885
3,276	17,438
<u>12,841,513</u>	<u>27,744,612</u>
928,166	1,732,787
58,586	397,635
64,731	64,731
5,742	5,742
3,742,236	11,301,787
66,116	201,784
277,694	350,657
<u>5,143,271</u>	<u>14,055,123</u>
12,690	64,047
-	19,069
218,766	1,284,990
-	2,147,704
5,427,103	5,427,103
2,039,683	4,746,576
<u>7,698,242</u>	<u>13,689,489</u>
<u>12,841,513</u>	<u>27,744,612</u>

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

June 30, 2010

Total governmental fund balances (page 21) \$ 13,689,489

**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 55,638,583

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	(27,132,558)
Hotel/motel tax revenue bonds payable	(1,300,000)
Other bonds and notes payable	(3,165,500)
Compensated absences	(1,052,074)
Accrued interest payable	(99,067)
Net OPEB liability	(161,928)
Early retirement	<u>(109,218)</u>

Net Assets of Governmental Activities (Page 16) \$ 36,307,727

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, 2010

	<u>General</u>	<u>Debt Service</u>
Revenues:		
Property tax	\$ 4,954,353	1,753,711
Tax increment financing	-	-
Other city tax	645,587	-
Licenses and permits	282,277	-
Use of money and property	61,314	154,314
Intergovernmental	161,110	-
Charges for service	790,468	-
Miscellaneous	580,876	-
Total revenues	7,475,985	1,908,025
Expenditures:		
Operating:		
Public safety	4,502,900	-
Public works	472,370	-
Health and social services	414	-
Culture and recreation	2,041,322	-
Community and economic development	517,648	-
General government	950,539	-
Debt service	-	3,238,438
Capital projects	-	-
Total expenditures	8,485,193	3,238,438
Excess (deficiency) of revenues over (under) expenditures	(1,009,208)	(1,330,413)
Other financing sources (uses):		
Bond proceeds	-	1,172,009
Premium on general obligation bonds issued	-	-
Sale of capital assets	1,325	-
Operating transfers in	665,792	484,177
Operating transfers out	(290,764)	-
Total other financing sources (uses)	376,353	1,656,186
Net change in fund balances	(632,855)	325,773
Fund balances beginning of year	2,850,985	740,451
Fund balances end of year	\$ 2,218,130	1,066,224

See notes to financial statements.

Exhibit E

<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
-	2,787,810	9,495,874
-	994,554	994,554
-	2,600,938	3,246,525
-	-	282,277
91,111	65,611	372,350
1,465,000	3,706,818	5,332,928
-	175,079	965,547
<u>1,300</u>	<u>2,645,729</u>	<u>3,227,905</u>
<u>1,557,411</u>	<u>12,976,539</u>	<u>23,917,960</u>
-	1,959,586	6,462,486
-	2,965,913	3,438,283
-	346,672	347,086
-	1,289,049	3,330,371
-	3,684,224	4,201,872
-	329,147	1,279,686
-	190,759	3,429,197
<u>10,460,387</u>	<u>2,082,029</u>	<u>12,542,416</u>
<u>10,460,387</u>	<u>12,847,379</u>	<u>35,031,397</u>
(8,902,976)	129,160	(11,113,437)
7,852,991	1,220,000	10,245,000
110,354	-	110,354
-	-	1,325
-	427,642	1,577,611
<u>(3,394,283)</u>	<u>(427,095)</u>	<u>(4,112,142)</u>
<u>4,569,062</u>	<u>1,220,547</u>	<u>7,822,148</u>
(4,333,914)	1,349,707	(3,291,289)
<u>7,040,807</u>	<u>6,348,535</u>	<u>16,980,778</u>
<u>2,706,893</u>	<u>7,698,242</u>	<u>13,689,489</u>

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

Year ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (3,291,289)
(Page 24)

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

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

Capital outlay	\$ 12,221,369	
Depreciation expense	<u>(2,686,969)</u>	9,534,400

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

Long-term debt issued	(10,245,000)	
Long-term debt principal repaid	2,836,500	
Accrued interest	(27,915)	
Bond issuance costs	<u>(1,103)</u>	
		(7,437,518)

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

Year ended June 30, 2010

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows

Bond premium	(102,997)	
Compensated absences	(115,632)	
Other postemployment benefits	(80,455)	
Early retirement	<u>32,741</u>	
		(266,343)

Change in Net Assets of Governmental Activities (Page 19)	<u>\$ (1,460,750)</u>
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See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Net Assets
Proprietary Funds
June 30, 2010

Exhibit G

	Enterprise Funds				<u>Totals</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
Assets					
Cash and pooled investments	\$ 1,161,576	5,003,749	3,530,573	865,533	10,561,431
Accounts receivable	240,793	713,267	62,043	126,149	1,142,252
Interest receivable	6	8	-	3	17
Restricted assets:					
Cash and pooled investments	631,338	770,642	-	87,598	1,489,578
Prepaid insurance	6,304	5,288	-	5,941	17,533
Prepaid expenses	4,596	109,889	-	669	115,154
Due from other governments	-	841,272	-	-	841,272
Bond issuance costs	56,111	262,079	-	-	318,190
Capital assets (net of accumulated depreciation)	<u>19,041,871</u>	<u>48,043,249</u>	<u>1,376,409</u>	<u>895,284</u>	<u>69,356,813</u>
Total assets	<u>21,142,595</u>	<u>55,749,443</u>	<u>4,969,025</u>	<u>1,981,177</u>	<u>83,842,240</u>
Liabilities					
Accounts payable	91,773	1,462,768	9,850	38,255	1,602,646
Salaries payable	47,770	16,445	-	20,792	85,007
Compensated absences	142,794	71,878	-	17,148	231,820
Benefits payable	6,945	2,398	-	3,035	12,378
Deferred revenue	-	-	-	4,864	4,864
Early retirement	4,647	-	-	-	4,647
Payable from restricted net assets:					
Bonds, notes and loans payable	3,731,000	1,920,000	-	-	5,651,000
Customer deposits	-	-	-	87,598	87,598
Interest payable	16,351	90,211	-	-	106,562
Long-term liabilities:					
Bonds, notes and loans payable	6,360,000	34,571,271	-	-	40,931,271
Net OPEB liability	21,073	4,436	-	14,418	39,927
Early retirement	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,189</u>
Total liabilities	<u>10,424,542</u>	<u>38,139,407</u>	<u>9,850</u>	<u>186,110</u>	<u>48,759,909</u>
Net assets					
Invested in capital assets, net of related debt	8,950,871	11,551,978	1,376,409	895,284	22,774,542
Restricted for:					
Prepaid expenses	10,900	115,177	-	6,610	132,687
Unrestricted	<u>1,756,282</u>	<u>5,942,881</u>	<u>3,582,766</u>	<u>893,173</u>	<u>12,175,102</u>
Total net assets	<u>\$ 10,718,053</u>	<u>17,610,036</u>	<u>4,959,175</u>	<u>1,795,067</u>	<u>35,082,331</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, 2010

Exhibit H

	Enterprise Funds				<u>Totals</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
Operating revenues:					
Charges for services	\$ 3,585,011	7,293,188	510,823	1,213,830	12,602,852
Miscellaneous	<u>383,061</u>	<u>8,361</u>	<u>-</u>	<u>79,607</u>	<u>471,029</u>
Total operating revenues	<u>3,968,072</u>	<u>7,301,549</u>	<u>510,823</u>	<u>1,293,437</u>	<u>13,073,881</u>
 Operating expenses:					
Business type activities:					
Cost of sales and services	2,764,985	2,357,177	62,065	1,243,181	6,427,408
Amortization	4,317	15,853	-	-	20,170
Depreciation	<u>434,394</u>	<u>1,166,672</u>	<u>15,855</u>	<u>88,241</u>	<u>1,705,162</u>
Total operating expenses	<u>3,203,696</u>	<u>3,539,702</u>	<u>77,920</u>	<u>1,331,422</u>	<u>8,152,740</u>
Operating income	<u>764,376</u>	<u>3,761,847</u>	<u>432,903</u>	<u>(37,985)</u>	<u>4,921,141</u>
 Non-operating revenues (expenses):					
Interest and investment revenue	12,378	16,936	-	8,198	37,512
Interest expense	(223,685)	(1,149,920)	-	-	(1,373,605)
Miscellaneous revenues	<u>-</u>	<u>47,594</u>	<u>-</u>	<u>-</u>	<u>47,594</u>
Total non-operating revenue (expenses)	<u>(211,307)</u>	<u>(1,085,390)</u>	<u>-</u>	<u>8,198</u>	<u>(1,288,499)</u>
Net income before transfers	553,069	2,676,457	432,903	(29,787)	3,632,642
 Transfers in (out)	<u>(535,744)</u>	<u>(184,775)</u>	<u>3,052,103</u>	<u>(41,336)</u>	<u>2,290,248</u>
 Change in net assets	17,325	2,491,682	3,485,006	(71,123)	5,922,890
 Net assets beginning of year	<u>10,700,728</u>	<u>15,118,354</u>	<u>1,474,169</u>	<u>1,866,190</u>	<u>29,159,441</u>
 Net assets end of year	<u>\$ 10,718,053</u>	<u>17,610,036</u>	<u>4,959,175</u>	<u>1,795,067</u>	<u>35,082,331</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2010

Exhibit I

	Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water Utility	Other Nonmajor Proprietary Funds	
Cash Flows From Operating Activities					
Receipts from customers	\$ 3,956,422	6,890,298	505,702	1,349,806	12,702,228
Payments to suppliers and employees	<u>(2,946,707)</u>	<u>(1,405,934)</u>	<u>(93,045)</u>	<u>(1,299,727)</u>	<u>(5,745,413)</u>
Net cash provided (used) by operating activities	<u>1,009,715</u>	<u>5,484,364</u>	<u>412,657</u>	<u>50,079</u>	<u>6,956,815</u>
Cash Flows From Noncapital Financing Activities					
Transfers to other funds	(535,744)	(184,775)	(97,897)	(141,336)	(959,752)
Transfers from other funds	<u>-</u>	<u>-</u>	<u>3,150,000</u>	<u>100,000</u>	<u>3,250,000</u>
Net cash provided (used) in noncapital financing activities	<u>(535,744)</u>	<u>(184,775)</u>	<u>3,052,103</u>	<u>(41,336)</u>	<u>2,290,248</u>
Cash Flows From Capital and Related Financing Activities					
Proceeds from capital debt	825,000	7,545,766	-	-	8,370,766
Purchases of capital assets	(786,830)	(10,125,958)	(485,078)	(52,475)	(11,450,341)
Principal paid on capital debt	(351,000)	(1,859,000)	-	-	(2,210,000)
Interest paid on capital debt	<u>(224,575)</u>	<u>(1,141,398)</u>	<u>-</u>	<u>-</u>	<u>(1,365,973)</u>
Net cash (used) by capital and related financing activities	<u>(537,405)</u>	<u>(5,580,590)</u>	<u>(485,078)</u>	<u>(52,475)</u>	<u>(6,655,548)</u>
Cash Flows From Investing Activities					
Interest and dividends	<u>12,386</u>	<u>16,942</u>	<u>-</u>	<u>8,206</u>	<u>37,534</u>
Net cash provided by investing activities	<u>12,386</u>	<u>16,942</u>	<u>-</u>	<u>8,206</u>	<u>37,534</u>
Net increase (decrease) in cash and cash equivalents	(51,048)	(264,059)	2,979,682	(35,526)	2,629,049
Cash and cash equivalents beginning of year	<u>1,843,962</u>	<u>6,038,450</u>	<u>550,891</u>	<u>988,657</u>	<u>9,421,960</u>
Cash and cash equivalents end of year	<u>\$ 1,792,914</u>	<u>5,774,391</u>	<u>3,530,573</u>	<u>953,131</u>	<u>12,051,009</u>

(continued)

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2010

Exhibit I

	Enterprise Funds				<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income	\$ 764,376	3,761,847	432,903	(37,985)	4,921,141
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	434,394	1,166,672	15,855	88,241	1,705,162
Amortization expense	4,317	15,853	-	-	20,170
Change in assets and liabilities:					
Receivables, net	(11,650)	(411,251)	(5,121)	(7,936)	(435,958)
Prepaid expenses	(3,604)	(5,935)	-	(437)	(9,976)
Consumer deposits	-	-	-	(7,402)	(7,402)
Accounts and other payables	(188,588)	954,974	(30,980)	10,245	745,651
Other postemployment benefits	10,470	2,204	-	7,164	19,838
Deferred revenue	-	-	-	(1,811)	(1,811)
Net cash provided (used) by operating activities	\$ 1,009,715	5,484,364	412,657	50,079	6,956,815
 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	\$ 1,161,576	5,003,749	3,530,573	865,533	10,561,431
Noncurrent assets:					
Cash and pooled investments	631,338	770,642	-	87,598	1,489,578
Cash and cash equivalents at year end	\$ 1,792,914	5,774,391	3,530,573	953,131	12,051,009

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

Exhibit J

	<u>Trust Funds</u> Coleman <u>Water & Sewer</u>
<u>Assets</u>	
Cash	\$ 440
Receivables:	
Accounts	<u>1,010</u>
 Total assets	 <u>\$ 1,450</u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 397</u>
 <u>Net Assets</u>	
Held in trust	<u>1,053</u>
 Total liabilities and net assets	 <u>\$ 1,450</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year ended June 30, 2010

Exhibit K

	<u>Trust Funds</u> Coleman <u>Water & Sewer</u>
Additions: Fees collected Interest Donations	\$ 4,883 - - <hr/> 4,883
Deductions: Fees remitted	<hr/> 4,819
 Change in net assets	 64
Net assets - Beginning of year	989
Net assets - End of year	<hr/> \$ 1,053

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

(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, 2010

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, 2010

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	\$ 2,316,282	1,191,545	3,507,827
Other assets	---	180,378	180,378
Payroll taxes payable	---	<u>(1,031)</u>	<u>(1,031)</u>
Net assets	\$ 2,316,282	1,370,892	3,687,174
	=====	=====	=====
Operating grants, contributions and restricted interest	\$ 342,005	306,600	648,605
Charges for services	---	3,644	3,644
Program expenses	<u>(139,882)</u>	<u>(214,144)</u>	<u>(354,026)</u>
Net change	202,123	96,100	298,223
Beginning net assets	<u>2,114,159</u>	<u>1,274,792</u>	<u>3,388,951</u>
Ending net assets	\$ 2,316,282	1,370,892	3,687,174
	=====	=====	=====

Complete financial statements for these foundations can be obtained from their respective administrative offices in Fort Dodge, Iowa. The W.H. Johnston Foundation's records were not audited for the year ended June 30, 2010.

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, 2010

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 the following 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 not meeting 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, 2010

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.

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

Capital Projects:

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

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

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

The Storm Water Utility Fund is used to account for the operation and maintenance of the City's storm water 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, 2010

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2010 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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March, 2009.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided. The City utilizes the direct write-off method for uncollectible accounts which is not materially different from the allowance for bad debts method.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

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, 2010, 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, 2010

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

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

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

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the statement of net assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

Subsequent Events – Subsequent events have been evaluated through May 12, 2011, which is the date the financial statements were available to be issued.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements exceeded the amount budgeted in the community and economic development, and debt service functions.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2010 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, 2010 (at fair value) are as follows:

<u>Type</u>	
U.S. Treasury securities	\$ 2,121,501
GNMA securities	<u>9,681</u>
Total	\$ 2,131,182 =====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,582,423 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, 2010.

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, 2010

(3) Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Primary Government				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,500,617	---	---	3,500,617
Construction in progress	5,359,437	11,406,046	103,569	16,661,914
Works of art	28,509	---	---	28,509
Total capital assets not being depreciated	<u>8,888,563</u>	<u>11,406,046</u>	<u>103,569</u>	<u>20,191,040</u>
Capital assets being depreciated:				
Buildings	13,950,590	---	---	13,950,590
Improvements other than buildings	8,118,126	---	---	8,118,126
Machinery, equipment and vehicles	7,489,080	342,817	---	7,831,897
Infrastructure	<u>37,392,060</u>	<u>576,075</u>	---	<u>37,968,135</u>
Total capital assets being depreciated	<u>66,949,856</u>	<u>918,892</u>	---	<u>67,868,748</u>
Less accumulated depreciation for:				
Buildings	8,042,856	200,662	---	8,243,518
Improvements other than buildings	607,195	383,629	---	990,824
Machinery, equipment and vehicles	5,388,914	432,836	---	5,821,750
Infrastructure, road network	<u>15,695,271</u>	<u>1,669,842</u>	---	<u>17,365,113</u>
Total accumulated depreciation	<u>29,734,236</u>	<u>2,686,969</u>	---	<u>32,421,205</u>
Total capital assets being depreciated, net	<u>37,215,620</u>	<u>(1,768,077)</u>	---	<u>35,447,543</u>
Governmental activities capital assets, net	\$ <u>46,104,183</u>	<u>9,637,969</u>	<u>103,569</u>	<u>55,638,583</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 52,941	---	---	52,941
Construction in progress	<u>6,986,672</u>	<u>11,051,695</u>	<u>63,200</u>	<u>17,975,167</u>
Total capital assets not being depreciated	<u>7,039,613</u>	<u>11,051,695</u>	<u>63,200</u>	<u>18,028,108</u>
Capital assets being depreciated:				
Buildings	5,749,711	52,475	---	5,802,186
Machinery and equipment	2,675,916	258,989	---	2,934,905
Infrastructure	<u>56,667,882</u>	<u>150,382</u>	---	<u>56,818,264</u>
Total capital assets being depreciated	<u>65,093,509</u>	<u>461,846</u>	---	<u>65,555,355</u>
Less accumulated depreciation for:				
Buildings	3,947,443	110,069	---	4,057,512
Machinery and equipment	2,170,667	156,496	---	2,327,163
Infrastructure	<u>6,403,378</u>	<u>1,438,597</u>	---	<u>7,841,975</u>
Total accumulated depreciation	<u>12,521,488</u>	<u>1,705,162</u>	---	<u>14,226,650</u>
Total capital assets being depreciated, net	<u>52,572,021</u>	<u>(1,243,316)</u>	---	<u>51,328,705</u>
Business type activities capital assets, net	\$ 59,611,634	9,808,379	63,200	69,356,813
	=====	=====	=====	=====

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2010

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

Governmental activities:	
Public safety	\$ 180,107
Public works, which includes the depreciation of general infrastructure assets	1,839,471
Culture and recreation	646,663
Community and economic development	6,404
General government	<u>14,324</u>
Total depreciation expense – governmental activities	\$ 2,686,969 =====
Business type activities:	
Water	\$ 434,394
Sewer	1,166,672
Storm water utility	15,855
Non-major business type activities	<u>88,241</u>
Total depreciation expense – business type activities	\$ 1,705,162 =====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

	Balance Beginning of Year	<u>Increases</u>	<u>Decreases</u>	Balance End of Year
Discretely presented component units:				
Capital assets not being depreciated:				
Land	\$ 2,139,288	---	---	2,139,288
Total capital assets not being depreciated	<u>2,139,288</u>	<u>---</u>	<u>---</u>	<u>2,139,288</u>
Capital assets being depreciated:				
Buildings	539,815	---	---	539,815
Machinery and equipment	1,703,826	16,051	14,500	1,705,377
Infrastructure	<u>3,502,541</u>	<u>32,026</u>	<u>---</u>	<u>3,534,567</u>
Total capital assets being depreciated	<u>5,746,182</u>	<u>48,077</u>	<u>14,500</u>	<u>5,779,759</u>
Less accumulated depreciation for:				
Buildings	38,172	20,295	---	58,467
Machinery and equipment	898,632	78,005	14,500	962,137
Infrastructure	<u>378,917</u>	<u>203,619</u>	<u>---</u>	<u>582,536</u>
Total accumulated depreciation	<u>1,315,721</u>	<u>301,919</u>	<u>14,500</u>	<u>1,603,140</u>
Total capital assets being depreciated, net	<u>4,430,461</u>	<u>(253,842)</u>	<u>---</u>	<u>4,176,619</u>
Component units capital assets, net	\$ 6,569,749	(253,842)	---	6,315,907
	=====	=====	=====	=====
Total depreciation expense – airport authority				\$ 292,572
– other				<u>9,347</u>
				\$ 301,919
				=====

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	<u>Increases</u>	<u>Decreases</u>	Balance End of Year	Due Within <u>One Year</u>
Governmental activities:					
General obligation bonds/notes:					
General and corporate purpose	\$ 19,300,000	10,245,000	2,500,000	27,045,000	2,460,000
Revenue notes	4,802,000	-	336,500	4,465,500	348,500
Compensated absences	936,483	907,512	791,921	1,052,074	817,748
Net OPEB liability	81,473	80,455	-	161,928	-
Early Retirement	150,398	14,596	50,034	114,960	36,158
Total	<u>\$ 25,270,354</u>	<u>11,247,563</u>	<u>3,678,455</u>	<u>32,839,462</u>	<u>3,662,406</u>

	Balance Beginning of Year	<u>Increases</u>	<u>Decreases</u>	Balance End of Year	Due Within <u>One Year</u>
Business type activities:					
Revenue bonds/notes:					
Water	\$ 7,072,000	-	351,000	6,721,000	361,000
Sewer	30,804,505	7,545,766	1,859,000	36,491,271	1,920,000
Compensated absences	189,777	292,053	250,010	231,820	231,820
Net OPEB liability	20,089	19,838	-	39,927	-
Early retirement	11,490	-	4,654	6,836	4,647
Total	<u>\$ 38,097,861</u>	<u>7,857,657</u>	<u>2,464,664</u>	<u>43,490,854</u>	<u>2,517,467</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

Bonded Debt

General obligation bonds/notes:

Six issues of unmatured general obligation bonds/notes, totaling \$27,045,000, are outstanding at June 30, 2010. General obligation bonds bear interest with rates ranging from 2.00% to 5.38% and mature in varying annual amounts ranging from \$210,000 to \$1,110,000, with the final maturities due in the year ending June 30, 2024.

Revenue bonds/notes:

Twelve issues of unmatured revenue bonds/notes, totaling \$47,677,771 are outstanding at June 30, 2010. These bonds/notes bear interest at rates of 3.00% to 4.75% and mature in varying annual amounts ranging from \$11,000 to \$1,790,271, with the final maturities due in the year ending June 30, 2028.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$36,491,271 in sewer revenue notes with various issue dates. Proceeds from the notes provided financing for wastewater net revenue and are payable through 2028. Annual principal and interest on the notes are expected to require less than 90 percent of net revenues. The total principal and interest remaining to be paid on the notes is \$48,961,653. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$2,905,963 and \$4,928,519 respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$6,721,000 in water revenue notes issued in 2003 and 2004. Proceeds from the notes provided financing for water improvement projects. The notes are payable solely from water net revenue and are payable through 2025. Annual interest and principle on the notes are expected to require less than 90 percent of net revenues. The total principle and interest remaining to be paid on the notes is \$8,344,155. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$557,895 and \$1,198,770 respectively.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

Details of bond/notes payable at June 30, 2010 are as follows:

	Date of <u>Issue</u>	Interest <u>Rates</u>	Final <u>Due Date</u>	Annual <u>Payments</u>	Amount Originally <u>Issued</u>	Outstanding <u>June 30, 2010</u>
Governmental activities:						
General obligation bonds/notes:						
Corporate purpose	May 28, 2003	2.00-3.50%	June 30, 2014	185,000-235,000	\$ 2,050,000	\$ 895,000
Corporate purpose	Dec. 1, 2004	3.20%	June 30, 2015	175,000-515,000	3,800,000	2,400,000
Corporate purpose	June 15, 2008	2.40-4.00%	June 30, 2020	100,000-825,000	5,130,000	4,635,000
Corporate purpose	April 21, 2009	1.80-2.75%	June 30, 2014	205,000-230,000	1,080,000	875,000
Corporate purpose	June 15, 2009	2.00-5.38%	June 30, 2024	535,000-800,000	8,950,000	8,415,000
Corporate purpose	April 1, 2010	2.00-3.25%	June 30, 2020	890,000-1,110,000	9,825,000	9,825,000
Revenue notes:						
Hotel/motel tax revenue note	June 1, 2003	3.00-4.15%	June 30, 2023	60,000-130,000	1,700,000	1,300,000
Urban renewal tax increment revenue bond	Dec. 17, 2003	1.60-4.50%	Dec. 1, 2013	20,000-40,000	400,000	140,000
Golf course revenue note	Jan. 13, 2006	3.95-4.75%	Dec. 1, 2025	18,000-58,500	56,000	385,500
Urban renewal tax increment revenue bond	Nov. 16, 2006	4.75%	Dec. 1, 2022	180,000-260,000	3,000,000	<u>2,640,000</u>
Total Government activities						<u>31,510,500</u>
Business type activities:						
Revenue bonds/notes:						
Sewer revenue CW8906R	Dec. 4, 1989	3.00%	June 30, 2011	90,000-115,000	1,500,000	\$ 115,000
Sewer revenue CW9809R	Sept. 30, 1999	3.92%	Dec. 1, 2021	9,000-17,000	243,597	168,000
Sewer revenue CW9116R	Sept. 30, 1999	3.92%	Dec. 1, 2021	385,000-713,000	10,142,403	6,985,000
Sewer revenue CW0118R	Sept. 30, 2002	3.00%	Dec. 1, 2021	54,000-71,000	1,331,000	727,000
Sewer revenue CW0304R	Dec. 20, 2001	3.00%	June 30, 2023	146,000-242,000	3,705,000	2,648,000
Water revenue DW030224R	Dec. 12, 2003	3.00%	Dec. 1, 2024	130,000-229,000	3,500,000	2,809,000
Water revenue	June 1, 2004	3.00%	Dec. 1, 2024	133,000-318,000	5,133,000	3,912,000
Sewer revenue CS192361	Dec. 27, 2007	3.00%	June 30, 2019	\$627,316-1,360,000	20,417,505	<u>25,848,271</u>
Total business type activities						<u>43,212,271</u>
Total						<u>\$ 74,722,771</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

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

Year Ending <u>June 30,</u>	General Obligation		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	2,460,000	991,082	3,451,082
2012	2,450,000	884,106	3,334,106
2013	2,475,000	823,008	3,298,008
2014	2,530,000	743,540	3,273,540
2015	2,625,000	662,868	3,287,868
2016-2020	11,525,000	2,034,002	13,559,002
2021-2024	2,980,000	401,850	3,381,850
Total	<u>\$ 27,045,000</u>	<u>6,540,456</u>	<u>33,585,456</u>

Year Ending <u>June 30,</u>	Revenue			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2011	2,629,500	1,476,469	4,105,969	7,557,051
2012	2,592,500	1,393,612	3,986,112	7,320,218
2013	2,680,500	1,309,843	3,990,343	7,288,351
2014	2,746,500	1,223,025	3,969,525	7,243,065
2015	2,811,000	1,135,156	3,946,156	7,234,024
2016-2020	15,317,500	4,469,293	19,786,793	33,345,795
2021-2025	13,614,000	2,934,628	16,548,628	19,930,478
2026-2028	5,286,271	1,461,204	6,747,475	6,747,475
Total	<u>\$ 47,677,771</u>	<u>15,403,230</u>	<u>63,081,001</u>	<u>96,666,457</u>

As of June 30, 2010 the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$ 981,702,620</u>
Debt limit - 5% of total actual valuation	49,085,131
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(31,510,500)</u>
Legal debt margin	<u>\$ 17,574,631</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

Other Than Bonded Debt

Early Retirement

The City offered a one-time early retirement incentive effective July 1, 2003 and ending December 15, 2003 to any employee who had a combination of age and years of service with the City equaling a minimum of 74 years. The employee must sign a statement of intent to participate in this program with their last day of employment prior to March 15, 2004. All participating employees are eligible for individual medical coverage at no cost to them until they reach the age of eligibility for Medicare. Early retirement expenditures for the year ended June 30, 2010 totaled \$54,675.

Interim Financing

The City has authorized an interim financing loan for up to \$3.37 million to finance the construction of improvements and extensions to the Municipal Waterworks System. This interim loan has an interest rate of 3.25% with an original maturity date of December 1, 2009. The city obtained an extension to May 1, 2011 due to project not yet being completed. This interim financing will be repaid upon issuance of revenue bonds. As of June 30, 2010 \$3,370,000 has been advanced to the City of Fort Dodge.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Emergency	\$ 155,510
	Capital Projects:	
	Capital Improvements	82,282
	Enterprise:	
	Water	150,000
	Sewer	150,000
	Solid Waste	80,000
	Parking Meter	35,000
	Storm Water Utility	13,000
Special Revenue:		
Hotel/Motel Tax	General	68,487
SSMID	Special Revenue:	
	TIF	23,111
Urban Renewal	Special Revenue:	
	TIF	26,998
Debt Service:		
Harlan Rogers Sinking	General	122,931
Debt Service	Special Revenue:	
	TIF	48,640
	Enterprise:	
	Water	350,640
	Storm Water Utility	84,897
Golf Course Sinking	Capital Improvements	49,820

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

Capital Projects:		
Capital Improvements	General	84,347
	Special Revenue:	
	Road Use	7,716
	Hotel/Motel Tax	4,608
	Enterprise:	
	Water	10,104
	Sewer	11,184
	Solid Waste	3,048
	Parking Meter	288
Oleson Park Bandshell	General	15,000
Component unit:	Capital Projects:	
Airport	Construction	244,283
Enterprise:		
Sewer	Capital Improvements	1,410
Storm Water Utility	Capital Projects:	
	Construction	3,150,000
Parking meter	Special Revenue:	
	SSMID	2,000
Central garage	Special Revenue:	
	Road Use	25,000
	Enterprise:	
	Water	25,000
	Sewer	25,000
	Solid Waste	<u>25,000</u>
		\$ 5,075,304
		=====

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, 2010

(6) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Hotel/Motel Tax	General	\$ 18,244
Debt Service: Harlan Rogers Sinking	General	36,475
Capital Projects: Capital Improvements	General	18,244
General	Special Revenue: TIF	84,923
General	Capital Projects: Capital Improvements	93,592
Special Revenue: Urban Renewal	Special Revenue: TIF	<u>99,179</u>
		\$ 350,657
		=====

(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, 2010

Most regular plan members are required to contribute 4.30% of their annual salary and the City is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$353,903, \$328,230, and \$302,428 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 9.40% 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, 2010, 2009 and 2008 were \$585,370, \$623,728, and \$802,709 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, 2010

(9) Construction Commitments

At June 30, 2010, the City had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Contract Amount</u>
32nd St./5th Ave S. – 10th Ave. N.	\$ 26,000	\$ 4,060,000
32nd St./10th – 25th Ave. N.	16,000	1,880,000
2008 St. Improvement Project	103,000	430,000
Jordan/Mississippian Wells	90,000	1,670,000
2010 St. Reconstruction/Wraywood Drive	24,000	114,000
Family Aquatic Center	875,000	7,550,000
2007 Water Pollution Central Facility Rehab.	3,138,000	15,586,000
Hwy 20/5th Ave. Improvement	213,000	1,011,000
Hydro Electric Dam Feasibility Analysis	19,000	82,000

(10) Deficit Balances

As of June 30, 2010, funds with deficit balances were as follows:

Special Revenue, TIF	\$ (1,312,988)
Special Revenue, Employee Flex Spending	(2,721)
Special Revenue, Drug Arrest	(7,603)
Capital Projects Fund, Harlan Rogers Complex	(25,815)

The deficit balances are a result of costs exceeding the revenues. The deficit in the TIF fund will be eliminated upon collection of tax increment financing revenues. The deficit in the Employee Flex Spending will be eliminated upon receipt of funds from employees. The deficit in the Drug Arrest and Harlan Rogers Complex accounts will be eliminated upon transfer of funds.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

(11) Operating Leases

The City of Fort Dodge has entered into an operating lease agreement with De Lage Landen Financial Services for two copy machines. The lease is for 36 months commencing March 31, 2010.

During the year ended June 30, 2010 the City disbursed \$1,413 for this lease.

Future minimum payments are as follows:

2011	\$ 5,654
2012	5,654
2013	<u>4,240</u>
Total	\$ <u>15,548</u>

(12) Subsequent Events

In August 2010, the City entered into a contract for approximately \$600,000 for a street project. The City also issued \$2,600,000 of general obligation urban renewal refunding bonds, the proceeds of which will be utilized for urban renewal and a trail project.

The City authorized \$2.6 million towards a retail project to be repaid from tax increment financing. Additionally, the City has plans to develop a trail system for approximately \$6.8 million, to be funded from various sources.

(13) Pending Litigation

There is pending litigation against the City of Fort Dodge that could result in a potential loss of approximately \$80,000 plus attorney fees if not successfully defended. City officials believe they will be successful in defending this action.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

(14) Related Parties

The City had business transactions between the City and City officials totaling \$294,388 during the year ended June 30, 2010.

(15) Other Postemployment Benefits (OPEB)

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

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

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

The following table shows the components of the City’s annual OPEB cost for June 30, 2010, the amount actually contributed to the plan and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 129,170
Interest on net OPEB obligation	2,609
Adjustment to annual required contribution	<u>(3,693)</u>
Annual OPEB cost (expense)	128,086
Contributions made	<u>(25,038)</u>
Increase in net OPEB obligation	103,048
Net OPEB obligation – beginning of year	<u>104,352</u>
Net OPEB obligation – end of year	<u>207,400</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2010.

For the fiscal year 2010, the City contributed \$ 25,038 to the medical plan. Plan members receiving benefits contributed \$163,484, or 86.7% of the premium costs.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 128,086	19.5%	\$ 207,400

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2010

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1,380,817, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,380,817. The covered payroll (annual payroll of active employees covered by the plan) was \$8,724,593 and the ratio of the UAAL to the covered payroll was 15.83%.

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

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

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions included a 2.50% discount rate based on the City's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2007 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2007.

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

Required Supplementary Information

City of Fort Dodge, Iowa
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances
 Budget and Actual (Cash Basis)
 All Governmental Funds, Proprietary Funds, and the Airport Authority
 Required Supplementary Information
 Year ended June 30, 2010

	Governmental Fund Types	Proprietary Fund Type - Enterprise	Component Unit - Airport Authority	Total
Receipts:				
Property tax	\$ 9,751,093	-	180,650	9,931,743
Tax increment financing	1,003,757	-	-	1,003,757
Other city tax	3,254,847	-	-	3,254,847
Licenses and permits	321,836	-	-	321,836
Use of money and property	233,947	37,535	189,737	461,219
Intergovernmental	5,272,813	-	65,290	5,338,103
Charges for service	1,117,863	12,535,056	29,835	13,682,754
Special assessments	-	-	-	-
Miscellaneous	1,004,153	165,362	99,570	1,269,085
Total receipts	<u>21,960,309</u>	<u>12,737,953</u>	<u>565,082</u>	<u>35,263,344</u>
Disbursements:				
Public safety	6,422,176	-	-	6,422,176
Public works	3,440,474	-	503,796	3,944,270
Health and social services	331,097	-	-	331,097
Culture and recreation	3,280,180	-	-	3,280,180
Community and economic development	3,383,388	-	-	3,383,388
General government	1,284,467	-	-	1,284,467
Debt service	3,788,034	-	-	3,788,034
Capital projects	13,376,835	-	235,735	13,612,570
Business type activities	-	20,769,921	-	20,769,921
Total disbursements	<u>35,306,651</u>	<u>20,769,921</u>	<u>739,531</u>	<u>56,816,103</u>
Excess (deficiency) of receipts over (under) disbursements	(13,346,342)	(8,031,968)	(174,449)	(21,552,759)
Other financing sources, net	<u>7,948,099</u>	<u>10,661,015</u>	<u>244,283</u>	<u>18,609,114</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(5,398,243)	2,629,047	69,834	(2,943,645)
Balances beginning of year	<u>18,818,342</u>	<u>9,421,960</u>	<u>(185,208)</u>	<u>28,055,094</u>
Balances end of year	<u>\$ 13,420,099</u>	<u>12,051,007</u>	<u>(115,374)</u>	<u>25,355,732</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Variance</u>
9,474,873	9,474,873	456,870
974,136	974,136	29,621
4,398,653	4,398,653	(1,143,806)
363,605	363,605	(41,769)
396,400	396,400	64,819
3,242,166	4,046,366	1,291,737
14,404,265	14,436,265	(753,511)
20,500	20,500	(20,500)
915,249	915,249	353,836
<u>34,189,847</u>	<u>35,026,047</u>	<u>237,297</u>
6,319,244	6,580,444	158,268
3,834,313	4,240,013	295,743
439,939	455,339	124,242
3,061,440	3,405,340	125,160
1,099,310	2,536,310	(847,078)
1,365,350	1,437,650	153,183
2,861,155	2,861,155	(926,879)
17,805,000	17,805,000	4,192,430
<u>20,526,290</u>	<u>27,693,690</u>	<u>6,923,769</u>
<u>57,312,041</u>	<u>67,014,941</u>	<u>10,198,838</u>
(23,122,194)	(31,988,894)	10,436,135
<u>23,967,500</u>	<u>30,371,700</u>	<u>(11,762,586)</u>
845,306	(1,617,194)	(1,326,451)
<u>19,051,975</u>	<u>20,283,933</u>	<u>7,771,161</u>
<u>19,897,281</u>	<u>18,666,739</u>	<u>6,444,710</u>

City of Fort Dodge, Iowa
 Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2010

	Governmental Funds			Proprietary Funds		
	Cash <u>Basis</u>	Accrual Adjust- <u>ments</u>	Modified Accrual <u>Basis</u>	Enterprise		
				Cash <u>Basis</u>	Accrual Adjust- <u>ments</u>	Accrual <u>Basis</u>
Revenues	\$ 21,960,309	1,957,651	23,917,960	12,737,953	421,034	13,158,987
Expenditures/Expenses	<u>35,306,651</u>	<u>(275,254)</u>	<u>35,031,397</u>	<u>20,769,921</u>	<u>(11,243,576)</u>	<u>9,526,345</u>
Net	(13,346,342)	2,232,905	(11,113,437)	(8,031,968)	11,664,610	3,632,642
Other financing sources (uses) (net)	7,948,099	(125,951)	7,822,148	10,661,015	(8,370,767)	2,290,248
Beginning fund balances	<u>18,818,342</u>	<u>(1,837,564)</u>	<u>16,980,778</u>	<u>9,421,960</u>	<u>19,737,481</u>	<u>29,159,441</u>
Ending fund balances	<u>\$ 13,420,099</u>	<u>269,390</u>	<u>13,689,489</u>	<u>12,051,007</u>	<u>23,031,324</u>	<u>35,082,331</u>

	Component Unit		
	Airport		
	Cash <u>Basis</u>	Accrual <u>Adjustments</u>	Accrual <u>Basis</u>
Revenues	\$ 565,082	436,767	1,001,849
Expenses	<u>739,531</u>	<u>272,038</u>	<u>1,011,569</u>
Net	(174,449)	164,729	(9,720)
Beginning fund balance	<u>(185,208)</u>	<u>6,430,791</u>	<u>6,245,583</u>
Ending fund balance	<u>\$ (359,657)</u>	<u>6,595,520</u>	<u>6,235,863</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Funds, the Capital Projects Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted receipts by \$836,200 budgeted disbursements by \$9,702,900 and other financing sources by \$6,404,200. These budget amendments are reflected in the final budgeted amounts.

The City of Fort Dodge prepares its budget on the cash basis. The Budgetary Comparison Schedule is a comparison of the cash basis receipts and disbursements with the budget adopted and amended by the City Council. During the year ended June 30, 2010, disbursements in the community and economic development and debt service functions exceeded the amounts budgeted.

City of Fort Dodge, Iowa
Schedule of Funding Progress For The
Retiree Health Plan
Required Supplementary Information

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	(c)	(b-a)/c)
2009	Jul 1, 2008	---	\$1,380,817	\$1,380,817	0.00%	\$ 8,463,663	16.31%
2010	Jul 1, 2008	---	1,380,817	1,380,817	0.00%	8,724,593	15.83%

See Note 14 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

Other Supplementary Information

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue			
	Health and Life Insurance	Road use Tax	Tax Increment Financing	Employee Flex Spending
Assets				
Cash and pooled investments	\$ 1,095,366	934,097	(808,850)	(5,459)
Receivables:				
Property tax:				
Delinquent	-	-	16,778	-
Succeeding year	1,291,167	-	1,032,863	-
Accounts	-	-	-	2,456
Accrued interest	8	-	-	-
Due from other governments	-	-	2,063	-
Inventories	-	-	-	-
Prepaid insurance	-	-	-	-
Prepaid expenses	-	1,381	-	481
Due from other funds	-	-	-	-
	\$ 2,386,541	935,478	242,854	(2,522)
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 123,414	40,711	338,877	199
Salaries payable	-	57,211	-	-
Benefits payable	-	-	-	-
Early Retirement	5,742	-	-	-
Deferred revenue:				
Succeeding year property tax	1,291,167	-	1,032,863	-
Other	-	-	-	-
Due to other funds	-	-	184,102	-
Total liabilities	1,420,323	97,922	1,555,842	199
Fund equity:				
Fund balances:				
Reserved for:				
Prepaid expenditures	-	-	-	-
Debt service	-	-	-	-
Unreserved reported in:				
Special revenue funds	966,218	837,556	(1,312,988)	(2,721)
Capital projects fund	-	-	-	-
Total fund balances	966,218	837,556	(1,312,988)	(2,721)
	\$ 2,386,541	935,478	242,854	(2,522)

See accompanying independent auditor's report.

Historical Preservation	Special Revenue						
	FICA/IPERS	Workers Comp Insurance	Unemployment Insurance	Special Assessment	Police Retirement	Fire Retirement	Local Option Sales Tax
5,593	233,290	145,604	105,758	96,603	146,465	74,569	1,164,325
-	27,993	-	-	-	7,790	-	-
-	475,676	133,367	46,044	-	306,699	234,885	-
-	-	-	-	-	-	-	-
-	2	1	1	1	1	1	6
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	12,690	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,593</u>	<u>736,961</u>	<u>291,662</u>	<u>151,803</u>	<u>96,604</u>	<u>460,955</u>	<u>309,455</u>	<u>1,164,331</u>
-	29,819	91,833	1,168	-	-	744	138,253
-	-	-	-	-	-	-	-
-	31,692	-	-	-	19,166	13,873	-
-	-	-	-	-	-	-	-
-	475,676	133,367	46,044	-	306,699	234,885	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>537,187</u>	<u>225,200</u>	<u>47,212</u>	<u>-</u>	<u>325,865</u>	<u>249,502</u>	<u>138,253</u>
-	-	12,690	-	-	-	-	-
-	-	-	-	-	-	-	-
5,593	199,774	53,772	104,591	96,604	135,090	59,953	1,026,078
-	-	-	-	-	-	-	-
<u>5,593</u>	<u>199,774</u>	<u>66,462</u>	<u>104,591</u>	<u>96,604</u>	<u>135,090</u>	<u>59,953</u>	<u>1,026,078</u>
<u>5,593</u>	<u>736,961</u>	<u>291,662</u>	<u>151,803</u>	<u>96,604</u>	<u>460,955</u>	<u>309,455</u>	<u>1,164,331</u>

(continued)

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue		
	Community Development	Emergency Shelter	Urban Renewal
Assets			
Cash and pooled investments	\$ 46,589	1	151,337
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	1,847,262
Accrued interest	109	-	2
Due from other governments	119,100	-	-
Inventories	-	-	-
Prepaid insurance	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	99,179
	-	-	99,179
Total assets	\$ 165,798	1	2,097,780
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 49,474	-	1,900
Salaries payable	-	-	-
Benefits payable	-	-	-
Early Retirement	-	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Interfund payable	-	-	-
Total liabilities	49,474	-	1,900
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid expenditures	-	-	-
Debt service	-	-	-
Unreserved reported in:			
Special revenue funds	116,324	1	2,095,880
Capital projects fund	-	-	-
Total fund balances	116,324	1	2,095,880
Total liabilities and fund balances	\$ 165,798	1	2,097,780

See accompanying independent auditor's report.

Schedule 1

Special Revenue						
<u>Hotel/ Motel Tax</u>	<u>SSMID</u>	<u>Library Memorial</u>	<u>RSVP</u>	<u>Foster Grandparents</u>	<u>Other Contributions</u>	<u>Emergency Fund</u>
202,746	749,234	54,170	11,628	13,799	1,099	-
-	2,079	-	-	-	-	2,141
-	71,116	-	-	-	-	150,419
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	75	50	-	-
<u>18,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>220,990</u>	<u>822,429</u>	<u>54,170</u>	<u>11,703</u>	<u>13,849</u>	<u>1,099</u>	<u>152,560</u>
2,660	3,465	-	5,665	12,325	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	71,116	-	-	-	-	150,419
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,660</u>	<u>74,581</u>	<u>-</u>	<u>5,665</u>	<u>12,325</u>	<u>-</u>	<u>150,419</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
218,330	747,848	54,170	6,038	1,524	1,099	2,141
-	-	-	-	-	-	-
<u>218,330</u>	<u>747,848</u>	<u>54,170</u>	<u>6,038</u>	<u>1,524</u>	<u>1,099</u>	<u>2,141</u>
<u>220,990</u>	<u>822,429</u>	<u>54,170</u>	<u>11,703</u>	<u>13,849</u>	<u>1,099</u>	<u>152,560</u>

(continued)

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue		
	<u>DARE</u>	City <u>Grants</u>	Congregate <u>Meals</u>
Assets			
Cash and pooled investments	\$ 11,971	31,495	6,091
Receivables			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	7,718	4,369
Inventories	-	-	-
Prepaid insurance	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 11,971	39,213	10,460
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	38,438	-
Salaries payable	-	-	1,375
Benefits payable	-	-	-
Early Retirement	-	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Interfund Payable	-	-	-
Total liabilities	<u>-</u>	<u>38,438</u>	<u>1,375</u>
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid expenditures	-	-	-
Debt service	-	-	-
Unreserved reported in:			
Special revenue funds	11,971	775	9,085
Capital projects fund	-	-	-
Total fund balances	<u>11,971</u>	<u>775</u>	<u>9,085</u>
Total liabilities and fund balances	\$ 11,971	39,213	10,460

See accompanying independent auditor's report.

Schedule 1

Drug Arrest	Debt Service		Capital Projects			Permanent Fund	Total
	Golf Course	Harlan Rogers Sinking	Harlan Rogers Complex	Capital Improvements	Oleson Park Bandshell	Eva Patterson Parks Trust	
(7,952)	5,060	177,229	(25,815)	2,132,052	12,575	25,000	6,785,670
-	-	-	-	-	-	-	56,781
-	-	-	-	-	-	-	3,742,236
349	-	-	-	3,480	-	-	1,853,547
-	-	2	-	204	-	-	338
-	-	-	-	81,583	-	-	214,833
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,690
-	-	-	-	1,289	-	-	3,276
-	-	36,475	-	18,244	-	-	172,142
<u>(7,603)</u>	<u>5,060</u>	<u>213,706</u>	<u>(25,815)</u>	<u>2,236,852</u>	<u>12,575</u>	<u>25,000</u>	<u>12,841,513</u>
-	-	-	-	49,221	-	-	928,166
-	-	-	-	-	-	-	58,586
-	-	-	-	-	-	-	64,731
-	-	-	-	-	-	-	5,742
-	-	-	-	-	-	-	3,742,236
-	-	-	-	66,116	-	-	66,116
-	-	-	-	93,592	-	-	277,694
-	-	-	-	208,929	-	-	5,143,271
-	-	-	-	-	-	-	12,690
-	5,060	213,706	-	-	-	-	218,766
(7,603)	-	-	-	-	-	-	5,427,103
-	-	-	(25,815)	2,027,923	12,575	25,000	2,039,683
<u>(7,603)</u>	<u>5,060</u>	<u>213,706</u>	<u>(25,815)</u>	<u>2,027,923</u>	<u>12,575</u>	<u>25,000</u>	<u>7,698,242</u>
<u>(7,603)</u>	<u>5,060</u>	<u>213,706</u>	<u>(25,815)</u>	<u>2,236,852</u>	<u>12,575</u>	<u>25,000</u>	<u>12,841,513</u>

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year ended June 30, 2010

	Special Revenue			
	Health and <u>Life Insurance</u>	Road Use <u>Tax</u>	Tax Increment <u>Financing</u>	Employee <u>Flex Spending</u>
Revenues:				
Property tax	\$ 1,250,544	-	\$ -	-
Tax increment financing collections	-	-	994,554	-
Other city tax	-	-	-	-
Use of money and property	21,935	-	5,269	-
Intergovernmental	-	2,440,469	6,951	-
Charges for service	-	-	-	-
Miscellaneous	148,192	-	15,243	52,091
Total revenues	<u>1,420,671</u>	<u>2,440,469</u>	<u>1,022,017</u>	<u>52,091</u>
Expenditures:				
Operating:				
Public safety	966,707	-	-	-
Public works	392,993	2,337,677	-	-
Health and social services	42,909	-	-	-
Culture and recreation	232,802	-	-	-
Community and economic development	76,648	-	2,490,200	-
General government	116,146	-	-	50,294
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>1,828,205</u>	<u>2,337,677</u>	<u>2,490,200</u>	<u>50,294</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>(407,534)</u>	<u>102,792</u>	<u>(1,468,183)</u>	<u>1,797</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	(32,716)	(98,748)	-
Total other financing sources (uses)	<u>-</u>	<u>(32,716)</u>	<u>(98,748)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(407,534)	70,076	(1,566,931)	1,797
Fund balances beginning of year	<u>1,373,752</u>	<u>767,480</u>	<u>253,943</u>	<u>(4,518)</u>
Fund balances end of year	<u>\$ 966,218</u>	<u>837,556</u>	<u>(1,312,988)</u>	<u>(2,721)</u>

See accompanying independent auditor's report.

Special Revenue							
Historical Preservation	FICA/IPERS	Workers Comp Insurance	Unemployment Insurance	Special Assessment	Police Retirement	Fire Retirement	Local Option Sales Tax
-	566,016	223,524	-	-	300,196	243,541	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,599,581
-	3,351	1,228	2,016	1,635	2,646	7,394	8,867
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,750	7,989	391	-	-	-	-	-
<u>2,750</u>	<u>577,356</u>	<u>225,143</u>	<u>2,016</u>	<u>1,635</u>	<u>302,842</u>	<u>250,935</u>	<u>2,608,448</u>
-	82,050	163,179	-	-	322,436	247,393	-
-	196,753	34,959	525	-	-	-	-
-	13,149	4,855	-	-	-	-	-
-	161,741	33,016	15,917	-	-	-	-
-	46,158	8,740	-	-	-	-	-
7,974	55,378	10,196	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,082,029
<u>7,974</u>	<u>555,229</u>	<u>254,945</u>	<u>16,442</u>	<u>-</u>	<u>322,436</u>	<u>247,393</u>	<u>2,082,029</u>
<u>(5,224)</u>	<u>22,127</u>	<u>(29,802)</u>	<u>(14,426)</u>	<u>1,635</u>	<u>(19,594)</u>	<u>3,542</u>	<u>526,419</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(5,224)	22,127	(29,802)	(14,426)	1,635	(19,594)	3,542	526,419
<u>10,817</u>	<u>177,647</u>	<u>96,264</u>	<u>119,017</u>	<u>94,969</u>	<u>154,684</u>	<u>56,411</u>	<u>499,659</u>
<u>5,593</u>	<u>199,774</u>	<u>66,462</u>	<u>104,591</u>	<u>96,604</u>	<u>135,090</u>	<u>59,953</u>	<u>1,026,078</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year ended June 30, 2010

	Special Revenue			
	Community <u>Development</u>	Emergency <u>Shelter</u>	Urban <u>Renewal</u>	Hotel/ <u>Motel Tax</u>
Revenues:				
Property tax	\$ -	-	-	-
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	-
Use of money and property	556	-	3,804	-
Intergovernmental	654,044	-	-	-
Charges for service	-	-	-	-
Miscellaneous	75,344	-	1,968,412	2,338
Total revenues	<u>729,944</u>	<u>-</u>	<u>1,972,216</u>	<u>2,338</u>
Expenditures:				
Operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	26,065
Community and economic development	750,151	-	244,573	-
General government	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>750,151</u>	<u>-</u>	<u>244,573</u>	<u>26,065</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>(20,207)</u>	<u>-</u>	<u>1,727,643</u>	<u>(23,727)</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	26,998	68,487
Operating transfers out	-	-	-	(4,608)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>26,998</u>	<u>63,879</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(20,207)	-	1,754,641	40,152
Fund balances beginning of year	<u>136,531</u>	<u>1</u>	<u>341,239</u>	<u>178,178</u>
Fund balances end of year	<u>\$ 116,324</u>	<u>1</u>	<u>2,095,880</u>	<u>218,330</u>

See accompanying independent auditor's report.

Schedule 2

Special Revenue					
<u>SSMID</u>	<u>Library Memorial</u>	<u>RSVP</u>	<u>Foster Grandparents</u>	<u>Other Contributions</u>	<u>Emergency Fund</u>
49,403	-	-	-	-	154,586
-	-	-	-	-	-
-	-	-	-	-	-
2,240	-	-	-	-	-
-	-	28,761	180,355	-	-
-	-	-	-	-	-
-	58,197	7,070	1,180	-	-
<u>51,643</u>	<u>58,197</u>	<u>35,831</u>	<u>181,535</u>	<u>-</u>	<u>154,586</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	37,781	194,089	-	-
-	73,517	-	-	-	-
65,409	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>65,409</u>	<u>73,517</u>	<u>37,781</u>	<u>194,089</u>	<u>-</u>	<u>-</u>
<u>(13,766)</u>	<u>(15,320)</u>	<u>(1,950)</u>	<u>(12,554)</u>	<u>-</u>	<u>154,586</u>
-	-	-	-	-	-
23,111	-	-	-	-	-
<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,511)</u>
<u>21,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,511)</u>
7,345	(15,320)	(1,950)	(12,554)	-	(925)
<u>740,503</u>	<u>69,490</u>	<u>7,988</u>	<u>14,078</u>	<u>1,099</u>	<u>3,066</u>
<u>747,848</u>	<u>54,170</u>	<u>6,038</u>	<u>1,524</u>	<u>1,099</u>	<u>2,141</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year ended June 30, 2010

	Special Revenue		
	<u>DARE</u>	<u>City Grants</u>	<u>Congregate Meals</u>
Revenues:			
Property tax	\$ -	-	-
Tax increment financing collections	-	-	-
Other city tax	-	-	-
Use of money and property	-	-	2
Intergovernmental	-	114,610	52,301
Charges for service	-	-	-
Miscellaneous	-	-	-
Total revenues	-	114,610	52,303
Expenditures:			
Operating:			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	-	53,478
Culture and recreation	-	117,199	-
Community and economic development	-	2,345	-
General government	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	-	119,544	53,478
Excess (deficiency) of revenues over (under) expenditure:	-	(4,934)	(1,175)
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(4,934)	(1,175)
Fund balances beginning of year	11,971	5,709	10,260
Fund balances end of year	\$ 11,971	775	9,085

See accompanying independent auditor's report.

Schedule 2

<u>Drug Arrest</u>	<u>Debt Service</u>		<u>Capital Projects</u>			<u>Permanent Fund</u>	<u>Totals</u>
	<u>Golf Course</u>	<u>Harlan Sinking</u>	<u>Harlan Rogers Complex</u>	<u>Capital Improvements</u>	<u>Oleson Park Bandshell</u>	<u>Eva Patterson Parks Trust</u>	
-	-	-	-	-	-	-	2,787,810
-	-	-	-	-	-	-	994,554
-	-	1,357	-	-	-	-	2,600,938
-	-	3,703	-	965	-	-	65,611
409	-	-	-	228,918	-	-	3,706,818
-	-	-	-	175,079	-	-	175,079
-	-	-	-	306,132	400	-	2,645,729
<u>409</u>	<u>-</u>	<u>5,060</u>	<u>-</u>	<u>711,094</u>	<u>400</u>	<u>-</u>	<u>12,976,539</u>
8,738	-	-	-	169,083	-	-	1,959,586
-	-	-	-	3,006	-	-	2,965,913
-	-	-	-	411	-	-	346,672
-	-	-	-	628,792	-	-	1,289,049
-	-	-	-	-	-	-	3,684,224
-	-	-	-	89,159	-	-	329,147
-	60,564	130,195	-	-	-	-	190,759
-	-	-	-	-	-	-	2,082,029
<u>8,738</u>	<u>60,564</u>	<u>130,195</u>	<u>-</u>	<u>890,451</u>	<u>-</u>	<u>-</u>	<u>12,847,379</u>
<u>(8,329)</u>	<u>(60,564)</u>	<u>(125,135)</u>	<u>-</u>	<u>(179,357)</u>	<u>400</u>	<u>-</u>	<u>129,160</u>
-	-	-	-	1,220,000	-	-	1,220,000
-	49,820	122,931	-	121,295	15,000	-	427,642
-	-	-	-	(133,512)	-	-	(427,095)
-	<u>49,820</u>	<u>122,931</u>	<u>-</u>	<u>1,207,783</u>	<u>15,000</u>	<u>-</u>	<u>1,220,547</u>
(8,329)	(10,744)	(2,204)	-	1,028,426	15,400	-	1,349,707
<u>726</u>	<u>15,804</u>	<u>215,910</u>	<u>(25,815)</u>	<u>999,497</u>	<u>(2,825)</u>	<u>25,000</u>	<u>6,348,535</u>
<u>(7,603)</u>	<u>5,060</u>	<u>213,706</u>	<u>(25,815)</u>	<u>2,027,923</u>	<u>12,575</u>	<u>25,000</u>	<u>7,698,242</u>

City of Fort Dodge, Iowa
Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2010

	Enterprise Funds		
	Parking Meter	Solid Waste	Recycling
Assets			
Cash and pooled investments	\$ 282,425	181,967	61,475
Accounts receivable	19,508	105,132	-
Interest receivable	2	1	-
Prepaid insurance	155	5,786	-
Prepaid expenses	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Capital assets (net of accumulated depreciation)	98,726	150,706	-
Total assets	<u>400,816</u>	<u>443,592</u>	<u>61,475</u>
Liabilities			
Accounts payable	1,154	34,192	-
Salaries payable	1,159	19,633	-
Compensated absences	-	17,148	-
Early retirement	-	-	-
Benefits payable	169	2,866	-
Deferred Revenue	4,864	-	-
Payable from restricted assets:			
Consumer deposits	-	-	-
Long-term liabilities:			
Net OPEB liability	2,218	12,200	-
Early retirement	-	-	-
Total liabilities	<u>9,564</u>	<u>86,039</u>	<u>-</u>
Net assets			
Invested in capital assets, net of related debt	98,726	150,706	-
Restricted for:			
Prepaid expenditures	155	5,786	-
Unrestricted	292,371	201,061	61,475
Total net assets	<u>\$ 391,252</u>	<u>357,553</u>	<u>61,475</u>

See accompanying independent auditor's report.

Schedule 3

Enterprise Funds				
<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
13,083	5,451	321,132	-	865,533
-	-	1,509	-	126,149
-	-	-	-	3
-	-	-	-	5,941
-	-	669	-	669
-	-	-	87,598	87,598
-	-	645,852	-	895,284
<u>13,083</u>	<u>5,451</u>	<u>969,162</u>	<u>87,598</u>	<u>1,981,177</u>
-	-	2,909	-	38,255
-	-	-	-	20,792
-	-	-	-	17,148
-	-	-	-	-
-	-	-	-	3,035
-	-	-	-	4,864
-	-	-	87,598	87,598
-	-	-	-	14,418
-	-	-	-	-
-	-	2,909	87,598	186,110
-	-	645,852	-	895,284
-	-	-	-	5,941
<u>13,083</u>	<u>5,451</u>	<u>320,401</u>	<u>-</u>	<u>893,842</u>
<u>13,083</u>	<u>5,451</u>	<u>966,253</u>	<u>-</u>	<u>1,795,067</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, 2010

	Enterprise Funds	
	Parking Meter	Solid Waste
Operating revenues:		
Charges for services	\$ 93,630	981,332
Miscellaneous	92	3,104
Total operating revenues	93,722	984,436
Operating expenses:		
Business type activities:		
Cost of sales and services	67,440	981,530
Depreciation	8,315	56,840
Total operating expenses	75,755	1,038,370
Operating income (loss)	17,967	(53,934)
Nonoperating revenues:		
Interest and investment revenue	5,096	3,102
Total nonoperating revenue	5,096	3,102
Net income (loss) before transfers	23,063	(50,832)
Transfers in (out)	(33,288)	(108,048)
Change in net assets	(10,225)	(158,880)
Net assets beginning of year	401,477	516,433
Net assets end of year	\$ 391,252	357,553

See accompanying independent auditor's report.

Enterprise Funds				
<u>Recycling</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage Account</u>	<u>Central Garage</u>	<u>Total</u>
235	129,708	8,925	-	1,213,830
-	-	-	76,411	79,607
<u>235</u>	<u>129,708</u>	<u>8,925</u>	<u>76,411</u>	<u>1,293,437</u>
4,065	136,505	7,551	46,090	1,243,181
-	-	-	23,086	88,241
<u>4,065</u>	<u>136,505</u>	<u>7,551</u>	<u>69,176</u>	<u>1,331,422</u>
<u>(3,830)</u>	<u>(6,797)</u>	<u>1,374</u>	<u>7,235</u>	<u>(37,985)</u>
-	-	-	-	8,198
-	-	-	-	8,198
<u>(3,830)</u>	<u>(6,797)</u>	<u>1,374</u>	<u>7,235</u>	<u>(29,787)</u>
-	-	-	100,000	(41,336)
<u>(3,830)</u>	<u>(6,797)</u>	<u>1,374</u>	<u>107,235</u>	<u>(71,123)</u>
<u>65,305</u>	<u>19,880</u>	<u>4,077</u>	<u>859,018</u>	<u>1,866,190</u>
<u>61,475</u>	<u>13,083</u>	<u>5,451</u>	<u>966,253</u>	<u>1,795,067</u>

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2010

	Business-Type Activities		
	Parking Meter	Solid Waste	Recycling
Cash flows from operating activities			
Receipts from customers	\$ 90,997	978,878	235
Payments to suppliers and employees	(68,111)	(966,555)	(4,065)
Other receipts	-	-	-
Net cash provided (used) by operating activities	22,886	12,323	(3,830)
Cash flows from noncapital financing activities			
Transfers to other funds	(33,288)	(108,048)	-
Transfers from other funds	-	-	-
Net cash provided (used) in noncapital financing activities	(33,288)	(108,048)	-
Cash flows from capital and related financing activities			
Purchases of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
Cash flows from investing activities			
Interest and dividends	5,100	3,106	-
Net cash provided by investing activities	5,100	3,106	-
Net increase (decrease) in cash and cash equivalents	(5,302)	(92,619)	(3,830)
Cash and cash equivalents - beginning of year	287,727	274,586	65,305
Cash and cash equivalents - end of year	\$ 282,425	181,967	61,475

See accompanying independent auditor's report.

<u>Business-Type Activities</u>				
<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
129,708	8,925	76,758	64,305	1,349,806
(136,505)	(7,551)	(45,233)	(71,707)	(1,299,727)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(6,797)</u>	<u>1,374</u>	<u>31,525</u>	<u>(7,402)</u>	<u>50,079</u>
-	-	-	-	(141,336)
<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(41,336)</u>
-	-	(52,475)	-	(52,475)
-	-	(52,475)	-	(52,475)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,206</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,206</u>
(6,797)	1,374	79,050	(7,402)	(35,526)
<u>19,880</u>	<u>4,077</u>	<u>242,082</u>	<u>95,000</u>	<u>988,657</u>
<u>13,083</u>	<u>5,451</u>	<u>321,132</u>	<u>87,598</u>	<u>953,131</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2010

	Business-Type Activities		
	Parking Meter	Solid Waste	Recycling
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 17,967	(53,934)	(3,830)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	8,315	56,840	-
Change in assets and liabilities:			
Receivables, net	(2,725)	(5,558)	-
Prepaid expenses	10	222	-
Consumer deposits	-	-	-
Accounts and other payables	28	8,691	-
Other postemployment benefits	1,102	6,062	-
Deferred revenue	(1,811)	-	-
Accrued expenses	-	-	-
Net cash provided (used) by operating activities	\$ 22,886	12,323	(3,830)
 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	\$ 282,425	181,967	61,475
Noncurrent assets:			
Restricted cash and pooled investments	-	-	-
Cash and cash equivalents at year end	\$ 282,425	181,967	61,475

See accompanying independent auditor's report.

Schedule 5

<u>Business-Type Activities</u>				
<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
(6,797)	1,374	7,235	-	(37,985)
-	-	23,086	-	88,241
-	-	347	-	(7,936)
-	-	(669)	-	(437)
-	-	-	(7,402)	(7,402)
-	-	1,526	-	10,245
-	-	-	-	7,164
-	-	-	-	(1,811)
-	-	-	-	-
<u>(6,797)</u>	<u>1,374</u>	<u>31,525</u>	<u>(7,402)</u>	<u>50,079</u>
13,083	5,451	321,132	-	865,533
-	-	-	87,598	87,598
<u>13,083</u>	<u>5,451</u>	<u>321,132</u>	<u>87,598</u>	<u>953,131</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2010

General Obligation Bonds

	<u>Corporate Purpose</u>			<u>Corporate Purpose</u>		
	<u>Issued May 28, 2003</u>			<u>Issued April 21, 2009</u>		
Year Ending	Interest			Interest		
<u>June 30,</u>	<u>Rates</u>	<u>Amount</u>		<u>Rates</u>	<u>Amount</u>	
2011	3.15 %	\$ 215,000		2.00 %	\$ 210,000	
2012	3.30	220,000		2.25	215,000	
2013	3.40	225,000		2.50	220,000	
2014	3.50	235,000		2.75	230,000	
Total		<u>\$ 895,000</u>			<u>\$ 875,000</u>	

	<u>Corporate Purpose</u>			<u>Corporate Purpose</u>		
	<u>Issued June 15, 2008</u>			<u>Issued December 1, 2004</u>		
Year Ending	Interest			Interest		
<u>June 30,</u>	<u>Rates</u>	<u>Amount</u>		<u>Rates</u>	<u>Amount</u>	
2011	2.80 %	\$ 245,000		3.20 %	\$ 450,000	
2012	3.00	315,000		3.20	465,000	
2013	3.15	105,000		3.20	480,000	
2014	3.25	100,000		3.20	490,000	
2015	3.40	650,000		3.20	515,000	
2016	3.60	735,000			-	
2017	3.75	765,000			-	
2018	3.90	795,000			-	
2019	4.00	825,000			-	
2020	4.00	100,000			-	
Total		<u>\$ 4,635,000</u>			<u>\$ 2,400,000</u>	

See accompanying independent auditor's report.

Year Ending June 30,	Corporate Purpose Issued June 15, 2009		Corporate Purpose Issued April 1, 2010		
	Interest Rate	Amount	Interest Rate	Amount	Total
2011	2.25 %	\$ 450,000	2.00 %	\$ 890,000	\$ 2,460,000
2012	2.90	330,000	2.00	905,000	2,450,000
2013	3.25	520,000	3.00	925,000	2,475,000
2014	3.55	535,000	3.00	940,000	2,530,000
2015	3.88	500,000	3.00	960,000	2,625,000
2016	4.12	585,000	3.00	980,000	2,300,000
2017	4.30	595,000	3.00	1,005,000	2,365,000
2018	4.30	615,000	3.00	1,040,000	2,450,000
2019	4.63	640,000	3.13	1,070,000	2,535,000
2020	4.75	665,000	3.25	1,110,000	1,875,000
2021	5.00	695,000	-	-	695,000
2022	5.20	725,000	-	-	725,000
2023	5.25	760,000	-	-	760,000
2024	5.38	800,000	-	-	800,000
Total		<u>\$ 8,415,000</u>		<u>\$ 9,825,000</u>	<u>27,045,000</u>

<u>Hotel/Motel Tax Revenue Bond</u>			<u>Sewer Bond Issue</u>		
<u>Issued June 1, 2003</u>			<u>Issued December 27, 2007</u>		
Interest			Interest		
<u>Rates</u>		<u>Amount</u>	<u>Rates</u>		<u>Amount</u>
4.00 %	\$	75,000	3.00 %	\$	1,106,000
4.00		80,000	3.00		1,139,000
4.00		85,000	3.00		1,173,000
3.60		85,000	3.00		1,208,000
3.75		90,000	3.00		1,244,000
3.85		95,000	3.00		1,282,000
3.95		100,000	3.00		1,320,000
4.00		105,000	3.00		1,360,000
4.00		105,000	3.00		1,400,000
4.05		110,000	3.00		1,442,000
4.10		115,000	3.00		1,486,000
4.15		125,000	3.00		1,530,000
4.15		130,000	3.00		1,576,000
		-	3.00		1,624,000
		-	3.00		1,672,000
		-	3.00		1,722,000
		-	3.00		1,774,000
		-	3.00		1,790,271
		<u>\$ 1,300,000</u>			<u>\$ 25,848,271</u>

(continued)

City of Fort Dodge, Iowa
Bond Maturities - Revenue Bonds
June 30, 2010

Year Ending June 30,	Sewer Bond Issue Issued June 30, 2002		Water Bond Issue Issued Dec 12, 2003		Water Bond Issue Issued June 1, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	3.00 %	\$ 51,000	3.00 %	\$ 151,000	3.00 %	\$ 210,000
2012	3.00	53,000	3.00	156,000	3.00	217,000
2013	3.00	54,000	3.00	160,000	3.00	223,000
2014	3.00	56,000	3.00	165,000	3.00	230,000
2015	3.00	58,000	3.00	170,000	3.00	237,000
2016	3.00	59,000	3.00	175,000	3.00	244,000
2017	3.00	61,000	3.00	180,000	3.00	251,000
2018	3.00	63,000	3.00	186,000	3.00	259,000
2019	3.00	65,000	3.00	191,000	3.00	266,000
2020	3.00	67,000	3.00	197,000	3.00	274,000
2021	3.00	69,000	3.00	203,000	3.00	283,000
2022	3.00	71,000	3.00	209,000	3.00	291,000
2023		-	3.00	215,000	3.00	300,000
2024		-		222,000	3.00	309,000
2025		-		229,000	3.00	318,000
Total		<u>\$ 727,000</u>		<u>\$ 2,809,000</u>		<u>\$ 3,912,000</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2010

Schedule 7

Year Ending June 30,	Urban Renewal Tax Increment Revenue Bond Issued Dec 17, 2003			Urban Renewal Tax Increment Revenue Bond Issued Nov. 15, 2006			Total
	Interest Rates		Amount	Interest Rates		Amount	
2011	3.80 %	\$	40,000	4.75 %	\$	190,000	2,629,500
2012	4.10		40,000	4.75		190,000	2,592,500
2013	4.30		40,000	4.75		200,000	2,680,500
2014	4.50		20,000	4.75		210,000	2,746,500
2015			-	4.75		210,000	2,811,000
2016			-	4.75		220,000	2,906,500
2017			-	4.75		220,000	2,994,500
2018			-	4.75		230,000	3,067,500
2019			-	4.75		230,000	3,122,000
2020			-	4.75		240,000	3,227,000
2021			-	4.75		240,000	3,326,000
2022			-	4.75		260,000	3,451,000
2023			-			-	2,463,000
2024			-			-	2,155,000
2025			-			-	2,219,000
2026			-			-	1,722,000
2027			-			-	1,774,000
2028			-			-	1,790,271
Total			<u>\$ 140,000</u>			<u>\$ 2,640,000</u>	<u>47,677,771</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

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

For the Last Eight Years

	Modified Accrual Basis			
	2010	2009	2008	2007
Revenues:				
Property tax	\$ 9,495,874	9,065,686	9,412,453	9,309,408
Tax increment financing revenue	994,554	960,077	1,021,218	924,879
Other city tax	3,246,525	2,471,570	2,345,915	2,255,230
Licenses and permits	282,277	366,910	334,673	323,123
Use of money and property	372,350	420,807	457,355	588,086
Intergovernmental	5,332,928	3,364,048	4,018,906	3,877,250
Charges for service	965,547	1,006,957	1,048,258	1,164,134
Miscellaneous	3,227,905	1,629,822	1,403,703	1,597,706
Total	\$ 23,917,960	19,285,877	20,042,481	20,039,816
Expenditures:				
Operating:				
Public safety	\$ 6,462,486	6,127,327	6,355,575	6,628,544
Public works	3,438,283	7,653,552	5,171,592	3,451,734
Health & social services	347,086	434,575	525,065	881,082
Culture and recreation	3,330,371	3,188,913	2,896,431	2,675,303
Community and economic development	4,201,872	3,821,149	2,580,400	5,130,808
General government	1,279,686	1,491,143	1,311,200	1,500,704
Debt service	3,429,197	3,195,141	1,633,892	1,699,934
Capital projects	12,542,416	5,159,378	2,369,971	902,847
Total	\$ 35,031,397	31,071,178	22,844,126	22,870,956

See accompanying independent auditor's report.

Schedule 8

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
9,405,843	9,136,224	9,245,696	9,225,579
904,267	855,994	793,770	929,184
2,216,986	1,930,077	2,187,327	1,899,524
321,063	282,112	371,137	248,503
488,171	380,335	318,211	359,425
4,460,365	4,401,764	5,384,061	5,572,705
1,097,362	1,083,195	1,006,126	1,124,480
<u>1,724,939</u>	<u>1,351,395</u>	<u>1,158,090</u>	<u>1,318,532</u>
<u><u>20,618,996</u></u>	<u><u>19,421,096</u></u>	<u><u>20,471,479</u></u>	<u><u>20,683,187</u></u>
5,750,697	5,477,040	5,365,446	5,461,031
3,625,199	3,846,806	3,534,608	3,884,687
679,639	569,898	635,244	327,035
3,069,638	2,433,376	2,410,541	2,872,845
2,113,794	2,669,361	3,066,341	2,988,154
1,465,795	1,464,206	1,358,687	1,356,574
1,949,432	1,736,407	3,638,927	3,191,147
<u>2,170,993</u>	<u>2,974,408</u>	<u>3,066,222</u>	<u>2,096,862</u>
<u><u>20,825,187</u></u>	<u><u>21,171,502</u></u>	<u><u>23,076,016</u></u>	<u><u>22,178,335</u></u>

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Schedule 9

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Commerce	10.300	EDA-05-01-04360	\$ <u>47,594</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-22	21,528
Airport Improvement Program	20.106	3-19-0035-24	<u>99,119</u>
			<u>120,647</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	08SFNIA002	<u>187,847</u>
Retired Senior Volunteer Program	94.002	08SRNIA009	<u>13,039</u>
U.S. Department of Housing and Urban Development:			
Economic Development Initiative	14.251	B-09-SP-IA-0117	<u>153,820</u>
U.S. Department of Homeland Security:			
Assistance to Firefighters	97.044	EMW-2007-FO-02229	20,679
Assistance to Firefighters	97.044	EMW-2008-FO-05892	<u>6,073</u>
			<u>26,752</u>
Total Direct			<u>549,699</u>
Indirect:			
U.S. Department of Health and Human Services:			
Elderbridge Agency on Aging:			
Congregate Meal Program	93.045	---	<u>52,300</u>

(continued)

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Schedule 9

<u>Grantor/Program</u> (continued)	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Transit Assistance Program	20.509	18-0029-269-10	335,102
ARRA- Transit Assistance Program	20.509	86-001-269-09	173,126
Intercity Bus Assistance Project	20.509	ICB CY	5,876
Transit Assistance Program	20.509	TF - 2009	3,969
			<u>518,073</u>
New Freedom Program	20.521	57-0002-269	1,753
Surface Transportation Project	20.205	STP-U-2990 (614)	<u>1,465,000</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development			
Community Development Block Grant/ States Program	14.228	08-NSP-007	<u>495,575</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance	97.036	EM-1727	30,456
Disaster Grants - Public Assistance	97.036	EM-1763	86,981
Disaster Grants - Public Assistance	96.036	EM-1928	2,148
			<u>119,585</u>
Environmental Protection Agency:			
Iowa Finance Authority:			
Capitilization Grants for Clean Water State Revolving Funds	66.458	FY 2010	<u>779,675</u>
U.S. Department of Education:			
Iowa Department of Education:			
ARRA- State Fiscal Stabilization Fund (SFSF)- Government Services, Recovery Act	84.697	S397A090016A	<u>31,416</u>

(continued)

City of Fort Dodge, Iowa
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Schedule 9

U.S. Department of Justice:			
Webster County:			
ARRA - Edward Byrne Memorial Justice Assistance Program	16.738	2009 SB-B9-2646	73,863
U.S. Department of Interior:			
State Historical Society of Iowa:			
Historic Presentation Fund	15.904	2009-04	6,951
Total Indirect			3,544,191
Total			\$ 4,093,890

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, 2010

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Airport Infrastructure #10476	\$ 96,339
Airport Infrastructure #11415	<u>18,176</u>
	<u>114,515</u>
Iowa Commission on Volunteer Service:	
RSVP	<u>15,888</u>
Library:	
Open Access Grant	8,706
Enrich Iowa Grant	<u>7,651</u>
	<u>16,357</u>
Iowa Department of Economic Development:	
REAP 08-R4-RW	<u>109,197</u>
State Historical Society of Iowa	
Historical Resource Development #200-025	<u>7,928</u>
 Total	 <u>\$ 263,885</u>

See accompanying independent auditor's report.

Schedule of Passenger Facility Charges Collected and Expended

Year Ended June 30, 2010

	Quarter Ended <u>9-30-09</u>	Quarter Ended <u>12-31-09</u>	Quarter Ended <u>3-31-10</u>	Quarter Ended <u>6-30-10</u>	Total Period Ended <u>6-30-10</u>
Charges collected:					
PFC revenue received	\$ <u>4,279</u>	<u>4,214</u>	<u>3,780</u>	<u>5,989</u>	<u>18,262</u>
Charges expended:					
Expenditures on approved PFC projects	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditor's report.

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

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the compliance of the City of Fort Dodge with the compliance requirements described in the *Passenger Facility Charge Audit Guide*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2010. 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 U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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, 2010.

Internal Control Over Compliance

The management of The City of Fort Dodge is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered The City of Fort Dodge's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Dodge's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

May 12, 2011

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, except for the W.H. Johnston Foundation, 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, 2010, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon May 12, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Fort Dodge's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Items II-A-10, II-B-10 and II-C-10) A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Fort Dodge during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

May 12, 2011

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, 2010. 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, 2010.

Internal Control Over Compliance

The management of the City of Fort Dodge is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Fort Dodge's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Dodge's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

May 12, 2011

City of Fort Dodge, Iowa
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Numbers 20.205 Surface Transportation Grant; 14.228 Neighborhood Stabilization Program and 94.011 Foster Grandparents Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Fort Dodge qualified as a low-risk auditee.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-10 - Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). The City of Fort Dodge does not have an internal control system designed to provide for the preparation of the financial statements, including accompanying footnotes and statements of cash flows, as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in and Audit*, requires us to communicate this matter to those charged with governance.

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

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

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

Conclusion – Response accepted.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

II-B-10 - Financial Reporting – During the audit, we identified material amounts of year end transfers that were not recorded on the City’s financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

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

Response – This was an oversight this year. We have reviewed this situation and the majority of the transfers will be recorded during the year and also will be compared to the year budget, so this should not happen in the future.

Conclusion – Response accepted.

II-C-10 - Monthly Clerks Reports – During the audit, it was noted that the monthly clerks reports were not prepared timely.

Recommendation – The City should implement procedures to ensure that the monthly clerks reports be prepared on a timely basis, so that management can review their cash balances on timely basis.

Response – We have reviewed our procedures, shifted responsibilities and as of the audit report date, the monthly clerks reports are now being prepared timely.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amounts budgeted in the community and economic environment and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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. Also, the City should make sure that their line item budget traces to the published budget, to help monitor this monthly.

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

Conclusion – Response accepted.

IV-B-10 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-10 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, 2010

IV-D-10 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 (Until January 1, 2010) Owner McClure Engineering	Professional Fees	\$ 240,358
Matt Bemrich, Council Member Mayor, Part – Owner of Bemrich Electric	Airport Lighting Library Computer Repairs City Repairs	34,744 3,676 364
Robert Patterson, Council Member Part – Owner of Midstate Plumbing & Heating, Inc.	Airport Repairs Library Repairs City Repairs	2,458 5,201 7,587

In accordance with Chapter 26 of the Code of Iowa, \$225,141 of the transactions with McClure Engineering does not appear to represent conflict of interest as the contact was awarded through competitive qualifications criteria. However, this amount does appear to represent a conflict of interest with Chapter 362.5 of the Code of Iowa as there was not a price-based competitive bid. The rest of the transactions with McClure Engineering was awarded through a competitive bid.

The transactions with Bemrich Electric with the airport and library bonds do not appear to represent a conflict of interest as they were awarded by administrative agencies. The City repairs do not represent a conflict of interest as the total amount was less than \$1,500 during the fiscal year.

The transactions with Midstate Plumbing & Heating, Inc. with the airport and library boards do not appear to represent a conflict of interest as they were awarded by administrative agencies. The City repairs do appear to represent a conflict of interest as they were awarded without competitive bids.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – City officials should review their procedures to insure they are in compliance with the Code of Iowa.

Response – Midstate Plumbing & Heating, Inc. was hired for five separate repair projects. One project was at the Fire Station. This project was an emergency repair to a boiler that stopped working and the outside temperature was below zero. Staff initially believed the repair to be minor in cost, but later discovered defects that cost \$5,778 to repair. As an emergency purchase, it was authorized administratively. The four other projects took place at the Blanden Art Museum. Three were less than \$100 each. One was a repair to the boiler for \$1,545. Midstate Plumbing & Heating, Inc. was hired because they were hired to install the boiler previously through a competitive bid process. All purchases were authorized administratively. The City will review our procedures to ensure we are in compliance with the code.

Conclusion – Response accepted.

- IV-E-10 Bond Coverage – Sure bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-10 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-10 Revenue Bonds and Notes – No instances of non-compliance with the water and wastewater revenue note provisions were noted.
- IV-I-10 Financial Condition – The Special Revenue Funds, Tax Increment Financing , Employee Flex Spending, and Drug Arrest accounts had a deficit balances of \$1,312,988, \$2,721 and \$7,603 respectively at June 30, 2010. The Capital Projects Fund, Harlan Rogers Complex account had a deficit balance of \$25,815 at June 30, 2010.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

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

Conclusion – Response accepted.

- IV-J-10 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 will consult with our new City attorney as the former City attorney passed away prior to the audit report date.

Conclusion – Response accepted.

- IV-K-10 Annual Financial Report – It was noted during the audit, that the annual financial report was not published by December 1, 2009, as required by the Code of Iowa.

Recommendation – The City should review it's procedures to make sure this report is timely filed.

Response – We have reviewed our procedures and the annual financial report for June 30, 2010 was filed timely.

Conclusion - Response accepted.