

LAKESIDE MUNICIPAL GOLF COURSE
INDEPENDENT AUDITOR'S REPORT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2011

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying statement of cash receipts and disbursements of Lakeside Municipal Golf Course, Fort Dodge, Iowa, for the year ended June 30, 2011. This financial statement is the responsibility of Lakeside Municipal Golf Course's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement has been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Also, as discussed in Note 1, the statement of cash receipts and disbursements of Lakeside Municipal Golf Course, Fort Dodge, Iowa is intended to present the cash receipts and disbursements of only that portion of the City of Fort Dodge that is attributable to the transactions of Lakeside Municipal Golf Course. This statement does not purport to, and does not present fairly the cash receipts and disbursements of the City of Fort Dodge.

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts and disbursements of Lakeside Municipal Golf Course for the year ended June 30, 2011, on the basis of accounting described in Note 1.

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

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

Fort Dodge, Iowa
February 2, 2012

Lakeside Municipal Golf Course

Statement of Cash Receipts and Disbursements

Year ended June 30, 2011

Operating receipts and disbursements:

Receipts:

Season passes	\$ 146,478
Green fees	69,750
Pro shop sales	16,570
Equipment rentals	35,221
Sale of concessions	63,781
Sales tax collected	<u>18,673</u>
Total receipts	<u>350,473</u>

Disbursements:

Salaries	192,415
Employee benefits	49,620
Grounds maintenance and supplies	40,266
Equipment maintenance and supplies	17,869
Supplies for resale	28,225
Operating supplies	24,106
Outside services	12,480
Sales tax paid	16,084
Utilities	21,510
Fuel	16,835
Miscellaneous	<u>1,735</u>
Total disbursements	<u>421,145</u>

Deficiency of receipts under disbursements - Operations (70,672)

(continued)

Lakeside Municipal Golf Course

Statement of Cash Receipts and Disbursements

Year ended June 30, 2011

Non-operating receipts and disbursements:

Receipts:

Season passes	26,693
Green fees	12,189
Cart shed and trail fees, other miscellaneous	<u>73,064</u>
Total receipts	<u>111,946</u>

Disbursements:

Equipment purchased	22,190
Grounds maintenance and supplies	1,675
Lease payments	6,000
Utilities	1,780
Repay interfund loan	21,335
Debt service:	
Principle redemption	43,500
Interest	<u>17,247</u>
Total disbursements	<u>113,727</u>

Net non-operating disbursements (1,781)

Deficiency of receipts under disbursements - All operations \$ (72,453)

See notes to statement of cash receipts and disbursements.

Lakeside Municipal Golf Course

Notes to Statement of Cash Receipts and Disbursements

June 30, 2011

(1) Summary of Significant Accounting Policies

Lakeside Municipal Golf Course (Golf Course) is a public golf course in Fort Dodge, Iowa that is operated by the City of Fort Dodge.

- A. Reporting Entity – The statement of cash receipts and disbursements presents only the transactions of Lakeside Municipal Golf Course, which is a department of the City of Fort Dodge. Lakeside Municipal Golf Course is financially and legally accountable to the City of Fort Dodge.
- B. Basis of Accounting – Lakeside Municipal Golf Course maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Golf Course are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present results of operations of the Golf Course in accordance with U.S. generally accepted accounting principles.
- C. Date of Management's Review – Subsequent events have been evaluated through February 2, 2012, which is the date the financial statements were available to be issued.

(2) Pension and Retirement Benefits

Lakeside Municipal Golf Course 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.

Plan members are required to contribute 4.50% of their annual salary and the Golf Course is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by state statute. The Golf Course's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 was \$10,279, \$7,923, and \$6,126, respectively, equal to the required contributions for each year.

Lakeside Municipal Golf Course

Notes to Statement of Cash Receipts and Disbursements

June 30, 2011

(3) Risk Management

Lakeside Municipal Golf Course is exposed to various risks of loss related to 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 Golf Course 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.

(4) Lease Agreements

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

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

The amount paid to Webster County Conservation Board during the year ended June 30, 2011 was \$1 for the prior fiscal year net income. This lease has a supplement which states that the City of Fort Dodge will pay to the Webster County Conservation Board fifty percent (50%) of the gross cart shed rentals or \$6,000, whichever is less. The amount paid during the year ended June 30, 2011 was \$6,000 for the prior fiscal year.

Lakeside Municipal Golf Course

Notes to Statement of Cash Receipts and Disbursements

June 30, 2011

(6) Revenue Notes

During the year ended June 30, 2006, the City of Fort Dodge issued Golf Course Revenue notes in the amount of \$560,000. These notes are to be paid from the fees collected by Lakeside Municipal Golf Course. Principal payments are between \$36,000 - \$58,500 per year with interest rates from 3.95% to 4.75%.

Future maturities are as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2012	\$ 45,500	15,300
June 30, 2013	48,500	13,225
June 30, 2014	50,500	11,001
June 30, 2015	53,000	8,661
June 30, 2016	55,500	6,168
June 30, 2017	58,500	3,532
June 30, 2018	<u>30,500</u>	<u>724</u>
	<u>342,000</u>	<u>58,611</u>

(7) Interfund Loan

During the fiscal year ended June 30, 2010, Lakeside Municipal Golf Course borrowed \$93,592 from the City of Fort Dodge to purchase golf carts. Payments of \$21,334 are due on this loan, with an interest rate of 4%. Future payments are scheduled as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 18,236	3,098	21,334
2013	18,966	2,368	21,334
2014	19,725	1,609	21,334
2015	<u>20,514</u>	<u>820</u>	<u>21,334</u>
	<u>\$ 77,441</u>	<u>7,895</u>	<u>85,336</u>