

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, 2013

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City of Fort Dodge, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Matt Bemrich	Mayor	Dec 2013
Don Wilson	Mayor Pro Tem	Dec 2013
Barney Patterson	Council Member	Dec 2013
Andy Fritz	Council Member	Dec 2013
Dean Hill	Council Member	Dec 2015
David Flattery	Council Member	Dec 2013
Kim Alstott	Council Member	Dec 2013
Mark Taylor	Council Member	Dec 2013
David Fierke	City Manager	Indefinite
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Michelle Hefley	Treasurer	Indefinite
Mark Crimmins	City Attorney	Indefinite

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Certified Public Accountants

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented Airport Authority component unit, each major fund, and the aggregate remaining fund information of the City of Fort Dodge at June 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements of the discretely presented component units, other than the Airport Authority, present fairly, in all material respects, the respective financial position – modified cash basis and the respective changes in financials position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the discretely presented component units, other than the Airport Authority, are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Dodge's basic financial statements. We previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated March 17, 2014 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.

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

March 17, 2014

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, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$87,074,020 at June 30, 2013.
- The City issued \$7,830,000 in general corporate purpose refunding bonds which were partially abated by water revenue, tax increment financing revenue, storm water revenue, and hotel/motel tax revenue. A reduction in interest rates afforded the City the opportunity to decrease interest expense.
- The City had several ongoing construction projects during the fiscal year including water and sewer construction expenses for improvements to the Iowa Crossroads of Global Innovation Agricultural Park. Other projects included airport hanger and resurfacing improvements, city hall improvements, G Street reconstruction, 4th Ave. N. infrastructure improvements, 6th Ave. NW reconstruction, Avenue C rehabilitation, East region storm sewer improvements, 1st Ave. N., and Feelhaver reconstruction.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

**Statement of Net Position
City of Fort Dodge
June 30, 2013**

Governmental Activities			
	FY2013	FY2012	Increase (Decrease)
Current Assets	\$ 33,023,550	\$ 24,259,951	\$ 8,763,599
Restricted Assets	\$ 0	\$ 0	\$ 0
Capital Assets	<u>\$ 62,490,936</u>	<u>\$ 62,667,497</u>	<u>\$ (176,561)</u>
Total Assets	\$ 95,514,486	\$ 86,927,448	\$ 8,587,038
Current Liabilities	\$ 15,551,869	\$ 15,051,088	\$ 500,781
Long Term Liabilities	<u>\$ 39,226,512</u>	<u>\$ 36,565,982</u>	<u>\$ 2,660,530</u>
Total Liabilities	\$ 54,778,381	\$ 51,617,070	\$ 3,161,311
Net Position:			
Invested in Capital Assets			
Net of related debt	\$ 25,262,936	\$ 27,515,997	\$ (2,253,061)
Restricted	\$ 16,466,319	\$ 9,241,877	\$ 7,224,442
Unrestricted	<u>\$ (993,150)</u>	<u>\$ (1,447,496)</u>	<u>\$ 454,346</u>
Total Net Position	<u>\$ 40,736,105</u>	<u>\$ 35,310,378</u>	<u>\$ 5,425,727</u>

Business Type Activities			
	FY2013	FY2012	Increase (Decrease)
Current Assets	\$ 12,523,906	\$ 12,579,564	\$ (55,658)
Restricted Assets	\$ 831,350	\$ 815,109	\$ 16,241
Capital Assets	<u>\$ 95,252,200</u>	<u>\$ 72,875,151</u>	<u>\$ 22,377,049</u>
Total Assets	\$ 108,607,456	\$ 86,269,824	\$ 22,337,632
Current Liabilities	\$ 3,958,071	\$ 1,597,855	\$ 2,360,216
Long Term Liabilities	<u>\$ 58,311,470</u>	<u>\$ 42,128,291</u>	<u>\$ 16,183,179</u>
Total Liabilities	\$ 62,269,541	\$ 43,726,146	\$ 18,543,395
Net Position:			
Invested in Capital Assets			
Net of related debt	\$ 37,364,937	\$ 31,098,692	\$ 6,266,245
Restricted	\$ 647,211	\$ 640,174	\$ 7,037
Unrestricted	<u>\$ 8,325,767</u>	<u>\$ 10,804,812</u>	<u>\$ (2,479,045)</u>
Total Net Position	<u>\$ 46,337,915</u>	<u>\$ 42,543,678</u>	<u>\$ 3,794,237</u>

	Total Net Assets		Increase
	FY2013	FY2012	(Decrease)
Current Assets	\$ 45,547,456	\$ 36,839,515	\$ 8,707,941
Restricted Assets	\$ 831,350	\$ 815,109	\$ 16,241
Capital Assets	<u>\$ 157,743,136</u>	<u>\$ 135,542,648</u>	<u>\$ 22,200,488</u>
Total Assets	\$ 204,121,942	\$ 173,197,272	\$ 30,924,670
Current Liabilities	\$ 19,509,940	\$ 16,648,943	\$ 2,860,997
Long Term Liabilities	<u>\$ 97,537,982</u>	<u>\$ 78,694,273</u>	<u>\$ 18,843,709</u>
Total Liabilities	\$ 117,047,922	\$ 95,343,216	\$ 21,704,706
Net Assets:			
Invested in Capital Assets			
Net of related debt	\$ 62,627,873	\$ 58,614,689	\$ 4,013,184
Restricted	\$ 17,113,530	\$ 10,101,189	\$ 7,012,341
Unrestricted	<u>\$ 7,332,617</u>	<u>\$ 9,138,178</u>	<u>\$ (1,805,561)</u>
Total Net Assets	<u>\$ 87,074,020</u>	<u>\$ 77,854,056</u>	<u>\$ 9,219,964</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Fort Dodge, assets exceeded liabilities by \$87,074,020 at the close of the most recent fiscal year.

The largest portion of the City's net position is in capital assets (i.e.: land, buildings, machinery, equipment and infrastructure) less depreciation and related debt of \$62,627,873. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$58,614,689, an increase of \$4,013,184.

Restricted net position 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 \$17,113,530, an increase of \$7,012,341 from the prior year.

The remaining balance, unrestricted net position of \$7,332,617, may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants, legislation, or other legal requirements. Prior year comparison shows \$9,138,178, a decrease of \$1,805,561. The following is a more detailed review of the years' operation.

**Statement of Activities
City of Fort Dodge
June 30, 2013**

Governmental Activities

	FY2013	FY2012	(Decrease)
Revenues:			
Program Revenues:			
Charges for service	1,647,499	1,860,756	(213,257)
Operating grants, contributions	2,980,535	3,007,785	(27,250)
Capital grants, contributions	871,966	2,375,267	(1,503,301)
General Revenues:			
Property tax	14,152,725	13,625,064	527,661
Other taxes	3,910,308	3,303,332	606,976
Interfund Transfers	1,445,132	(2,938,476)	4,383,608
Other	1,969,282	1,636,210	333,072
Total Revenues	<u>26,977,447</u>	<u>22,869,938</u>	<u>4,107,509</u>
Program Expenses:			
Public Safety	7,842,462	7,511,946	330,516
Public Works	5,275,978	5,424,886	(148,908)
Health and Social Services	314,076	308,213	5,863
Culture and Recreation	4,310,236	4,249,918	60,318
Comm & Econ Development	1,099,680	4,533,398	(3,433,718)
General Government	1,270,052	1,492,542	(222,490)
Debt Service	1,060,596	1,036,374	24,222
Capital Projects	378,640	416,313	(37,673)
Total Expenses	<u>21,551,720</u>	<u>24,973,590</u>	<u>(3,421,870)</u>
Increase (decrease) in net position	5,425,727	(2,103,652)	7,529,379
Net position at beginning of year	35,310,378	37,414,030	(2,103,652)
Net position at end of year	40,736,105	35,310,378	5,425,727

Revenues for governmental funds were \$4,107,509 more in the current fiscal year as compared to the prior fiscal year. The major change in revenue was due to a decrease in interfund transfers out to business type activities. In the prior year, GO bond proceeds were transferred to the water utility to finance improvements.

**Statement of Activities
City of Fort Dodge
June 30, 2013**

Business Type Activities

	FY2013	FY2012	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	14,268,653	13,323,093	945,560
Operating grants, contributions	-	-	-
Capital grants, contributions	-	-	-
General Revenues:			
Interfund Transfers	(1,444,032)	2,939,576	(4,383,608)
Other	<u>3,141,480</u>	<u>115,705</u>	<u>3,025,775</u>
Total Revenues	15,966,101	16,378,374	(412,273)
Program Expenses:			
Water	3,754,621	3,979,209	(224,588)
Sewer	6,415,011	5,686,123	728,888
Other non-major business type activities	<u>2,002,232</u>	<u>1,789,577</u>	<u>212,655</u>
Total Expenses	12,171,864	11,454,909	716,955
Increase in net position	3,794,237	4,923,465	(1,129,228)
Net position at beginning of year	42,543,678	37,620,213	4,923,465
Net position at end of year	46,337,915	42,543,678	3,794,237

Revenues for business type activities decreased by \$412,273 or 2% less than the previous fiscal year due to decreased interfund transfers. Charges for services increased \$945,560 or 7%, the result of increased sewer fees and individual sewer agreements of major users in the Iowa Crossroads of Global Innovation Agricultural Park.

Expenses increased \$716,955 from the prior year as a result of increased operational expenses.

**Statement of Activities
City of Fort Dodge
June 30, 2013**

Total Government and Business Type Activities

	FY2013	FY2012	Increase (Decrease)
Revenues:			
Program Revenues			
Charges for service	15,916,152	15,183,849	732,303
Operating grants, contributions	2,980,535	3,007,785	(27,250)
Capital grants, contributions	871,966	2,375,267	(1,503,301)
General Revenues:			
Property tax	14,152,725	13,625,064	527,661
Other taxes	3,910,308	3,303,332	606,976
Interfund Transfers	1,100	1,100	-
Other	<u>5,110,762</u>	<u>1,751,915</u>	<u>3,358,847</u>
Total Revenues	42,943,548	39,248,312	3,695,236
Program Expenses:			
Public Safety	7,842,462	7,511,946	330,516
Public Works	5,275,978	5,424,886	(148,908)
Health and Social Services	314,076	308,213	5,863
Culture and Recreation	4,310,236	4,249,918	60,318
Comm & Econ Development	1,099,680	4,533,398	(3,433,718)
General Government	1,270,052	1,492,542	(222,490)
Debt Service	1,060,596	1,036,374	24,222
Capital Projects	378,640	416,313	(37,673)
Water	3,754,621	3,979,209	(224,588)
Sewer	6,415,011	5,686,123	728,888
Storm water utility	-	-	-
Other non-major business type activities	<u>2,002,232</u>	<u>1,789,577</u>	<u>212,655</u>
Total Expenses	33,723,584	36,428,499	(2,704,915)
Increase in net position	9,219,964	2,819,813	6,400,151
Net position at beginning of year	77,854,056	75,034,243	2,819,813
Net position at end of year	87,074,020	77,854,056	9,219,964

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 \$17,491,937 an increase of \$8,253,767 from the prior year. Of this total amount (\$2,317,295) 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 \$2,012,634 a decrease of \$35,040. This decrease was due to increased operational expenses. The total general fund balance was \$2,100,312. 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 22.6% of total general fund expenditures (\$8,906,680), while total fund balance represents 23.6% of that same amount.

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

The Debt Service Fund ended the year with a fund balance of \$6,519,600 an increase of \$5,897,711 from the prior year. The increase was due to the a GO refunding bond escrow account that will pay off GO debt that is due in June 2014.

The Construction Fund ended the year with a fund balance of \$1,977,121 an increase of \$92,363. The increase is due to reimbursements by the Local Option Sales Tax Fund for capital 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 \$502,468 compared to an increase of \$4,199,543 from the previous fiscal year. In the prior fiscal year, GO bonds were received to pay off interim water financing.

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 \$2,811,433 compared to an increase of \$308,251 in the previous fiscal year. A 3% rate increase was enacted and individual sewer agreements were reached with major users in the Iowa Crossroads of Global Innovation Agricultural Park.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment and infrastructure represent the value of resources used to provide services to citizens. At fiscal year end, the City's investment in capital assets for governmental and business type activities (net of depreciation) totaled \$62,490,936 and \$95,252,200 respectively, for a combined total of \$157,743,136. See Note 3 to the financial statements for additional information regarding the City's capital assets.

Long-term Debt

At June 30, 2013, the City of Fort Dodge had \$37,228,000 of long-term debt outstanding in its governmental activities, compared to \$35,151,500 at June 30, 2012. This increase of \$2,076,500 is attributable to the both the issuance and repayment of debt. During the year, the City of Fort Dodge issued \$7,830,000 in General Obligation refunding bonds to take advantage of decreased interest rates to reduce interest expense. The City maintained its rating Aa3 from Moody's Investor Services. The City's statutory debt limit, which is limited to 5% of the assessed valuation, was \$50,150,889 for FY13 of which the City has utilized 68%.

Total long-term debt for business type activities was \$57,887,263 an increase of \$16,110,804 from the previous fiscal year which is attributable to both the issuance and repayment of debt. Most improvements were at the Iowa Crossroads of Global Innovation Agricultural Park.

ECONOMIC FACTORS

For the upcoming fiscal year ending June 30, 2015, the City's taxable property valuation increased by \$5,588,521 or .8%. During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, assigns a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, creates a new property tax classification for multi-residential properties (mobile home parks, manufactured home communities, land-

lease communities, assisted living facilities and property primarily used or intended for human habitation containing three or more separate dwelling units) (“Multi-residential Property”) that begins in the 2015 assessment year, and assigns a declining rollback percentage of 3.75% to such properties for each subsequent year until 2021 assessment year. The rollback percentage for Multi-residential Properties will be equal to the residential rollback percentage in 2022 assessment year and thereafter and exempts a specified portion of the assessed value of telecommunication properties. The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to fiscal year 2017-18, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2017-18 the standing appropriation cannot exceed the actual fiscal year 2016-17 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for Multi-residential Property from the commercial rollback percentage (100% of Actual Value) to the residential rollback percentage (currently 52.8166% of Actual Value), or the reduction in the percentage of telecommunications property that is subject to taxation. Given the wide scope of the statutory changes, and the State of Iowa’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal year 2017-18, the impact of the Act on the City’s future property tax collections is uncertain and the City is unable to accurately articulate the true financial impact of the Act’s provisions on the City’s future operations. The City's tax levy rate dropped from \$20.82 in FY14 to \$20.47 in FY15 mainly due to decreased levies for insurance and healthcare . City officials would prefer to keep a consistent tax levy rate in future years but recognize that many City costs are mandatorily imposed that are outside their control.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

These financial statements are designed to provide a general overview of the City’s finances and operating activities for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to: City Manager or City Clerk, City of Fort Dodge, 819 1st Avenue South, Fort Dodge, IA 50501 or call (515) 576-4551.

Basic Financial Statements

City of Fort Dodge, Iowa
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 19,011,608	8,098,646	27,110,254
Receivables:			
Property tax:			
Delinquent	140,684	-	140,684
Succeeding year	14,488,184	-	14,488,184
Customer accounts	4,856	2,403,213	2,408,069
Accounts	160,359	-	160,359
Accrued interest	23,568	-	23,568
Due from other governments	540,104	241,597	781,701
Due from other funds	(1,500,000)	1,500,000	-
Inventories	22,754	-	22,754
Prepaid expenses	73,280	22,770	96,050
Restricted assets:			
Cash and pooled investments	-	831,350	831,350
Capital assets (net of accumulated depreciation)	62,490,936	95,252,200	157,743,136
Bond issuance costs	58,153	257,680	315,833
Total assets	<u>95,514,486</u>	<u>108,607,456</u>	<u>204,121,942</u>
Liabilities			
Accounts payable	553,554	3,652,764	4,206,318
Salaries payable	176,850	31,737	208,587
Benefits payable	38,348	5,233	43,581
Interest payable	83,277	81,298	164,575
Deferred revenue:			
Succeeding year property tax	14,488,184	-	14,488,184
Other	211,656	2,900	214,556
Liabilities payable from restricted assets:			
Customer deposits	-	184,139	184,139

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	3,798,810	3,798,810
1,951	-	1,951
209,067	-	209,067
-	-	-
8,375	-	8,375
-	-	-
384,314	-	384,314
-	-	-
-	-	-
-	-	-
-	-	-
11,361,511	130,564	11,492,075
-	-	-
<u>11,965,218</u>	<u>3,929,374</u>	<u>15,894,592</u>
569,079	-	569,079
4,625	-	4,625
752	276	1,028
-	-	-
209,067	-	209,067
-	-	-
-	-	-

(continued)

City of Fort Dodge, Iowa
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Liabilities (continued)			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	3,125,000	-	3,125,000
Revenue bonds/notes payable	370,000	8,213,740	8,583,740
Compensated absences	800,088	316,242	1,116,330
Early retirement	18,821	-	18,821
Portion due or payable after one year:			
General obligation bonds/notes	31,035,000	-	31,035,000
Revenue bonds/notes payable	2,698,000	49,673,523	52,371,523
Bond premium	452,870	-	452,870
Compensated absences	340,330	-	340,330
Net OPEB liability	386,403	107,965	494,368
Early retirement	-	-	-
Total liabilities	<u>54,778,381</u>	<u>62,269,541</u>	<u>117,047,922</u>
Net Position			
Invested in capital assets, net of related debt	25,262,936	37,364,937	62,627,873
Restricted for:			
Nonexpendable:			
Parks Trust	25,000	-	25,000
Expendable:			
Debt service	6,787,649	-	6,787,649
Street improvements and repairs	3,557,867	-	3,557,867
Urban renewal	3,162,460	-	3,162,460
Major repairs and construction	1,028,121	-	1,028,121
Revenue note retirement	-	647,211	647,211
Other purposes	1,258,011	-	1,258,011
Unrestricted	(345,939)	8,325,767	7,979,828
Total net position	<u>\$ 40,736,105</u>	<u>46,337,915</u>	<u>87,074,020</u>

See notes to financial statements.

Component Units		
Airport Authority	Other (Modified Cash)	Total
-	-	-
-	-	-
42,613	-	42,613
-	-	-
-	-	-
-	-	-
14,206	-	14,206
-	-	-
<u>840,342</u>	<u>276</u>	<u>840,618</u>
11,361,511	130,564	11,492,075
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	1,436,911	1,436,911
(236,635)	2,361,623	2,124,988
<u>11,124,876</u>	<u>3,929,098</u>	<u>15,053,974</u>

City of Fort Dodge, Iowa
Statement of Activities
Year ended June 30, 2013

		Program Revenues		
Functions/Programs:	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
Primary Government:		<u>Service</u>	<u>Grants,</u>	<u>Grants,</u>
Governmental activities:		<u>and Restricted</u>	<u>Contributions</u>	<u>and Restricted</u>
Public safety	\$ 7,842,462	Interest	Interest	Interest
Public works	5,275,978			
Health and social services	314,076			
Culture and recreation	4,310,236			
Community and economic development	1,099,680			
General government	1,270,052			
Interest on long-term debt	1,060,596			
Capital projects	378,640			
Total governmental activities	21,551,720	1,647,499	2,980,535	871,966
Business type activities:				
Water	3,754,621			
Sewer	6,415,011			
Other non-major	2,002,232			
Total business type activities	12,171,864	14,268,653	-	-
Total primary government	\$ 33,723,584	15,916,152	2,980,535	871,966
Component Units:				
Airport Authority	\$ 910,903	13,552	-	2,218,931
Other (modified cash)	332,288	-	556,176	-
Total component units	\$ 1,243,191	13,552	556,176	2,218,931
General Revenues:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year				
Net position end of year				

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
Governmental	Business Type		Units
Activities	Activities	Total	
(7,104,277)	-	(7,104,277)	-
(2,845,970)	-	(2,845,970)	-
(70,508)	-	(70,508)	-
(2,991,290)	-	(2,991,290)	-
(1,070,929)	-	(1,070,929)	-
(1,207,590)	-	(1,207,590)	-
(1,060,596)	-	(1,060,596)	-
299,440	-	299,440	-
<u>(16,051,720)</u>	<u>-</u>	<u>(16,051,720)</u>	<u>-</u>
-	1,352,567	1,352,567	-
-	209,919	209,919	-
-	534,303	534,303	-
-	2,096,789	2,096,789	-
<u>(16,051,720)</u>	<u>2,096,789</u>	<u>(13,954,931)</u>	<u>-</u>
-	-	-	1,321,580
-	-	-	223,888
-	-	-	<u>1,545,468</u>
10,162,646	-	10,162,646	196,696
2,866,242	-	2,866,242	-
1,123,837	-	1,123,837	-
3,910,308	-	3,910,308	-
179,105	39,660	218,765	125,362
1,753,412	3,101,820	4,855,232	205,573
36,765	-	36,765	-
<u>1,445,132</u>	<u>(1,444,032)</u>	<u>1,100</u>	<u>(1,100)</u>
<u>21,477,447</u>	<u>1,697,448</u>	<u>23,174,895</u>	<u>526,531</u>
5,425,727	3,794,237	9,219,964	2,071,999
<u>35,310,378</u>	<u>42,543,678</u>	<u>77,854,056</u>	<u>12,981,975</u>
<u>\$ 40,736,105</u>	<u>46,337,915</u>	<u>87,074,020</u>	<u>15,053,974</u>

City of Fort Dodge, Iowa
Balance Sheet
Governmental Funds
June 30, 2013

Assets	<u>General</u>	<u>Special Revenue Tax Increment Financing</u>
Cash and pooled investments	\$ 1,960,188	21,322
Receivables:		
Property tax:		
Delinquent	68,475	890
Succeeding year	5,883,860	1,266,304
Accounts	152,686	-
Accrued interest	23,450	-
Due from other funds	115,239	-
Due from other governments	216,259	-
Inventories	22,754	-
Prepaid insurance	47,855	-
Prepaid expenses	17,069	-
	<u>\$ 8,507,835</u>	<u>1,288,516</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 78,226	5,822
Salaries payable	155,398	-
Benefits payable	-	-
Early retirement	-	-
Deferred revenue:		
Succeeding year property tax	5,883,860	1,266,304
Other	186,096	-
Due to other funds	103,943	4,283,481
Total liabilities	<u>6,407,523</u>	<u>5,555,607</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	64,924	-
Inventories	22,754	-
Parks Trust	-	-
Restricted for:		
Debt service	-	-
Street improvement and repairs	-	-
Urban renewal	-	-
Major repairs and construction	-	-
Employee benefits	-	-
Capital improvements	-	-
Other purposes	-	-
Unassigned	2,012,634	(4,267,091)
Total fund balances	<u>2,100,312</u>	<u>(4,267,091)</u>
	<u>\$ 8,507,835</u>	<u>1,288,516</u>

See notes to financial statements.

Exhibit C

Debt Service	<u>Capital Projects</u> Construction	Other Nonmajor Governmental Funds	Total
6,505,699	2,244,605	8,279,794	19,011,608
30,093	-	41,226	140,684
2,935,884	-	4,402,136	14,488,184
-	-	12,529	165,215
-	-	118	23,568
-	-	2,912,424	3,027,663
-	6,884	316,961	540,104
-	-	-	22,754
-	-	8,187	56,042
-	-	169	17,238
<u>9,471,676</u>	<u>2,251,489</u>	<u>15,973,544</u>	<u>37,493,060</u>
16,192	274,368	178,946	553,554
-	-	21,452	176,850
-	-	38,348	38,348
-	-	4,868	4,868
2,935,884	-	4,402,136	14,488,184
-	-	25,560	211,656
-	-	140,239	4,527,663
<u>2,952,076</u>	<u>274,368</u>	<u>4,811,549</u>	<u>20,001,123</u>
-	-	8,187	73,111
-	-	-	22,754
-	-	25,000	25,000
6,519,600	-	268,049	6,787,649
-	-	3,557,867	3,557,867
-	-	3,162,460	3,162,460
-	-	1,028,121	1,028,121
-	-	916,852	916,852
-	1,977,121	1,000,286	2,977,407
-	-	1,258,011	1,258,011
-	-	(62,838)	(2,317,295)
<u>6,519,600</u>	<u>1,977,121</u>	<u>11,161,995</u>	<u>17,491,937</u>
<u>9,471,676</u>	<u>2,251,489</u>	<u>15,973,544</u>	<u>37,493,060</u>

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

June 30, 2013

Total governmental fund balances (page 22) \$ 17,491,937

**Amounts reported for governmental activities in the Statement of
Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$104,397,789 and the accumulated depreciation is \$41,906,853.

62,490,936

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	(34,554,717)
Revenue bonds and notes payable	(3,068,000)
Compensated absences	(1,140,418)
Accrued interest payable	(83,277)
Net OPEB liability	(386,403)
Early retirement	(13,953)
	(13,953)

Net Position of Governmental Activities (Page 17) \$ 40,736,105

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds
Year ended June 30, 2013

		<u>Special Revenue</u>		<u>Capital Projects</u>
	<u>General</u>	<u>Tax Increment Financing</u>	<u>Debt Service</u>	<u>Construction</u>
Revenues:				
Property tax	\$ 5,812,662	-	2,866,242	-
Tax increment financing	-	1,123,837	-	-
Other city tax	583,846	-	-	-
Licenses and permits	306,527	-	-	-
Use of money and property	100	730	125,861	5,506
Intergovernmental	266,098	-	-	28,318
Charges for service	1,135,165	-	-	-
Miscellaneous	767,345	-	-	248,550
Total revenues	<u>8,871,743</u>	<u>1,124,567</u>	<u>2,992,103</u>	<u>282,374</u>
Expenditures:				
Operating:				
Public safety	5,025,135	-	-	-
Public works	301,068	-	-	-
Health and social services	4,123	-	-	-
Culture and recreation	2,231,759	-	-	-
Community and economic development	393,401	745,706	-	-
General government	951,194	-	-	-
Debt service	-	-	5,247,364	-
Capital projects	-	-	-	2,106,659
Total expenditures	<u>8,906,680</u>	<u>745,706</u>	<u>5,247,364</u>	<u>2,106,659</u>
Excess (deficiency) of revenues over (under) expenditures	(34,937)	378,861	(2,255,261)	(1,824,285)
Other financing sources (uses):				
Bond proceeds	-	-	8,189,634	-
Sale of capital assets	36,765	-	-	-
Operating transfers in	432,526	-	1,023,338	1,916,648
Operating transfers out	(461,620)	(338,364)	(1,060,000)	-
Total other financing sources (uses)	<u>7,671</u>	<u>(338,364)</u>	<u>8,152,972</u>	<u>1,916,648</u>
Net change in fund balances	(27,266)	40,497	5,897,711	92,363
Fund balances (deficit) beginning of year	<u>2,127,578</u>	<u>(4,307,588)</u>	<u>621,889</u>	<u>1,884,758</u>
Fund balances (deficit) end of year	<u>\$ 2,100,312</u>	<u>\$ (4,267,091)</u>	<u>6,519,600</u>	<u>1,977,121</u>

See notes to financial statements.

Exhibit E

Other Nonmajor Governmental	
<u>Funds</u>	<u>Total</u>
3,755,256	12,434,160
-	1,123,837
3,941,456	4,525,302
-	306,527
33,120	165,317
3,422,215	3,716,631
228,565	1,363,730
856,011	1,871,906
<u>12,236,623</u>	<u>25,507,410</u>
2,646,217	7,671,352
2,899,933	3,201,001
291,273	295,396
1,089,145	3,320,904
289,142	1,428,249
247,363	1,198,557
1,253,119	6,500,483
<u>1,202,573</u>	<u>3,309,232</u>
<u>9,918,765</u>	<u>26,925,174</u>
2,317,858	(1,417,764)
-	8,189,634
-	36,765
1,626,265	4,998,777
<u>(1,693,661)</u>	<u>(3,553,645)</u>
<u>(67,396)</u>	<u>9,671,531</u>
2,250,462	8,253,767
<u>8,911,533</u>	<u>9,238,170</u>
<u>11,161,995</u>	<u>17,491,937</u>

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

Year ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 8,253,767
(Page 25)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlays in the current year, as follows:

Capital outlay	\$ 3,208,256	
Depreciation expense	<u>(3,384,817)</u>	(176,561)

Proceeds from issuing long-term debt liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In addition, interest is accrued on outstanding debt in the Statement of Activities, whereas in the governmental funds interest expenditures are reported only when due. Current year issues exceeded repayments as follows:

Long-term debt issued	(7,830,000)	
Bond premium received	(386,196)	
Long-term debt principal repaid	5,753,500	
Accrued interest	15,048	
Bond issuance costs	<u>26,562</u>	
		(2,421,086)

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

Year ended June 30, 2013

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

Net amortization of premiums/discounts	9,029	
Compensated absences	(111,375)	
Other postemployment benefits	(131,771)	
Early retirement	<u>3,724</u>	
		<u>(230,393)</u>

Change in Net Position of Governmental Activities (Page 20) \$ 5,425,727

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Net Position
Proprietary Funds
June 30, 2013

Exhibit G

	Enterprise Funds			Totals
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Assets				
Cash and pooled investments	\$ 1,988,989	1,629,095	4,480,562	8,098,646
Accounts receivable	733,750	1,100,897	568,566	2,403,213
Restricted assets:	-	-		
Cash and pooled investments	376,245	270,966	184,139	831,350
Prepaid insurance	5,777	7,401	5,685	18,863
Prepaid expenses	3,710	-	197	3,907
Due from other governments	-	-	241,597	241,597
Due from other funds	-	1,500,000	-	1,500,000
Bond issuance costs	43,160	214,520	-	257,680
Capital assets (net of accumulated depreciation)	29,337,633	62,477,769	3,436,798	95,252,200
Total assets	<u>32,489,264</u>	<u>67,200,648</u>	<u>8,917,544</u>	<u>108,607,456</u>
Liabilities				
Accounts payable	1,696,567	1,902,841	53,356	3,652,764
Salaries payable	19,662	5,809	6,266	31,737
Compensated absences	215,887	75,024	25,331	316,242
Benefits payable	3,233	961	1,039	5,233
Deferred revenue	-	-	2,900	2,900
Payable from restricted net assets:				
Bonds, notes and loans payable	8,213,740	-	-	8,213,740
Customer deposits	-	-	184,139	184,139
Interest payable	13,516	67,782	-	81,298
Long-term liabilities:				
Bonds, notes and loans payable	6,503,104	43,170,419	-	49,673,523
Net OPEB liability	62,506	17,047	28,412	107,965
Total liabilities	<u>16,728,215</u>	<u>45,239,883</u>	<u>301,443</u>	<u>62,269,541</u>
Net position				
Invested in capital assets, net of related debt	14,620,789	19,307,350	3,436,798	37,364,937
Restricted for:				
Revenue note retirement	376,245	270,966	-	647,211
Unrestricted	764,015	2,382,449	5,179,303	8,325,767
Total net position	<u>\$ 15,761,049</u>	<u>21,960,765</u>	<u>8,616,101</u>	<u>46,337,915</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year ended June 30, 2013

Exhibit H

	Enterprise Funds			Totals
	Water	Sewer	Other	
	<u>Utility</u>	<u>Utility</u>	Nonmajor Proprietary <u>Funds</u>	
Operating revenues:				
Charges for services	\$ 4,620,499	6,417,008	2,526,967	13,564,474
Miscellaneous	486,689	207,922	9,568	704,179
Total operating revenues	5,107,188	6,624,930	2,536,535	14,268,653
Operating expenses:				
Business type activities:				
Cost of sales and services	2,902,879	3,194,980	1,833,484	7,931,343
Amortization	4,317	15,853	-	20,170
Depreciation	544,732	2,017,451	168,748	2,730,931
Total operating expenses	3,451,928	5,228,284	2,002,232	10,682,444
Operating income	1,655,260	1,396,646	534,303	3,586,209
Non-operating revenues (expenses):				
Interest and investment revenue	14,106	15,689	9,865	39,660
Interest expense	(302,693)	(1,186,727)	-	(1,489,420)
Capital contribution	-	2,846,582	-	2,846,582
Loss on disposal of assets	-	-	-	-
Revenue bond proceeds	-	-	-	-
Miscellaneous revenues	-	-	255,238	255,238
Total non-operating revenue (expenses)	(288,587)	1,675,544	265,103	1,652,060
Net income before transfers	1,366,673	3,072,190	799,406	5,238,269
Operating transfers in	-	130,279	75,000	205,279
Operating transfers out	(864,205)	(391,036)	(394,070)	(1,649,311)
Change in net assets	502,468	2,811,433	480,336	3,794,237
Net position beginning of year	15,258,581	19,149,332	8,135,765	42,543,678
Net position end of year	\$ 15,761,049	21,960,765	8,616,101	46,337,915

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2013

Exhibit I

	Enterprise Funds			Total
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Cash Flows From Operating Activities				
Receipts from customers	\$ 4,947,252	6,405,144	2,497,791	13,850,187
Payments to suppliers and employees	(1,781,374)	(1,882,406)	(1,909,824)	(5,573,604)
Other receipts	127,086	207,992	4,130	339,208
Net cash provided (used) by operating activities	<u>3,292,964</u>	<u>4,730,730</u>	<u>592,097</u>	<u>8,615,791</u>
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	(864,205)	(391,036)	(394,070)	(1,649,311)
Transfers from other funds	-	130,279	75,000	205,279
Net cash provided (used) in noncapital financing activities	<u>(864,205)</u>	<u>(260,757)</u>	<u>(319,070)</u>	<u>(1,444,032)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from capital debt	8,213,740	10,209,064	-	18,422,804
Purchase of capital assets	(10,407,815)	(13,883,976)	(816,189)	(25,107,980)
Invergovernmental receipts	14,295	2,860,878	472,172	3,347,345
Principal paid on capital debt	(383,000)	(1,924,000)	-	(2,307,000)
Interest paid on capital debt	(303,666)	(1,199,866)	-	(1,503,532)
Net cash (used) by capital and related financing activities	<u>(2,866,446)</u>	<u>(3,937,900)</u>	<u>(344,017)</u>	<u>(7,148,363)</u>
Cash Flows From Investing Activities				
Interest and dividends	14,106	10,689	11,373	36,168
Net cash provided by investing activities	<u>14,106</u>	<u>10,689</u>	<u>11,373</u>	<u>36,168</u>
Net increase (decrease) in cash and cash equivalents	(423,581)	542,762	(59,617)	59,564
Cash and cash equivalents beginning of year	2,788,815	1,357,369	4,724,318	8,870,502
Cash and cash equivalents end of year	<u>\$ 2,365,234</u>	<u>1,900,131</u>	<u>4,664,701</u>	<u>8,930,066</u>

(continued)

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2013

Exhibit I

	Enterprise Funds			<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income	\$ 1,655,260	1,396,646	534,303	3,586,209
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	544,732	2,017,451	168,748	2,730,931
Amortization expense	4,317	15,853	-	20,170
Change in assets and liabilities:				
Receivables, net	(32,850)	(11,864)	(117,855)	(162,569)
Prepaid expenses	(1,029)	(2,201)	(2,494)	(5,724)
Due from other governments	-	-	-	-
Consumer deposits	-	-	9,204	9,204
Accounts and other payables	1,052,144	1,310,821	8,157	2,371,122
Salaries and benefits payable	1,061	(1,109)	(1,494)	(1,542)
Compensated absences	42,353	1,833	(4,768)	39,418
Other postemployment benefits	26,976	3,230	2,751	32,957
Deferred revenue	-	-	(4,455)	(4,455)
Net cash provided (used) by operating activities	\$ 3,292,964	4,730,660	592,097	8,615,721
 Reconciliation of cash and cash equivalents at year end to specific assets included in the statement of net position:				
Current assets:				
Cash and pooled investments	\$ 1,988,989	1,629,095	4,480,562	8,098,646
Noncurrent assets:				
Cash and pooled investments	376,245	270,966	184,139	831,350
Cash and cash equivalents at year end	\$ 2,365,234	1,900,061	4,664,701	8,929,996

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Fiduciary Net Position and Liabilities
Fiduciary Funds
June 30, 2013

Exhibit J

	<u>Trust Funds</u> Coleman <u>Water & Sewer</u>
<u>Assets</u>	
Cash	\$ 310
Receivables:	
Accounts	<u>1,174</u>
Total assets	<u>\$ 1,484</u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 310</u>
 <u>Net Position</u>	
Held in trust	<u>1,174</u>
Total liabilities and net position	<u>\$ 1,484</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year ended June 30, 2013

Exhibit K

	<u>Trust Funds</u> Coleman <u>Water & Sewer</u>
Additions: Fees collected	\$ 4,624
Deductions: Fees remitted	<u>4,529</u>
Change in net position	95
Net position - Beginning of year	<u>1,079</u>
Net position - End of year	\$ <u><u>1,174</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2013

(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, 2013

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, 2013

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	\$ 1,848,553	1,949,981	3,798,534
Other assets	---	130,564	130,564
Net assets	\$ <u>1,848,553</u>	<u>2,080,545</u>	<u>3,929,098</u>
Operating grants, contributions and restricted interest	\$ 277,715	278,451	556,166
Program expenses	<u>(183,773)</u>	<u>(148,515)</u>	<u>(332,288)</u>
Net change	93,942	129,936	223,878
Beginning net assets	<u>1,754,611</u>	<u>1,950,599</u>	<u>3,705,210</u>
Ending net assets	\$ <u>1,848,553*</u>	<u>2,080,535</u>	<u>3,929,098</u>

*The ending net assets of the W.H. Johnston Foundation does not include \$9047,845 of cash and pooled investments that are assets of the City of Fort Dodge per a 28E agreement between the City of Fort Dodge and the W.H Johnston Foundation. This amount is included as a liability of funds held in custody of others of the W.H Johnston Foundation.

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

Jointly Governed Organizations

The City 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, 2013

Related Organizations

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as 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 Position presents the City's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

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

The City reports the following major governmental funds:

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

Special Revenue:

The Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

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

Capital Projects:

The Construction Fund is used to account for major repairs and construction for governmental activities, of which the majority of the expenditure are related to larger street projects.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2013

The City reports the following major proprietary funds:

Enterprise:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and 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, 2013

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

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

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

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.

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 represents taxes collected by the County but not remitted to the City at June 30, 2013 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March, 2012.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

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

Due from and Due to Other Funds – During the course of its operations, the City had several transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, works of art, intangibles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair 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.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2013

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

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

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

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 year. 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 Position 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, 2013

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, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

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

Subsequent Events – Subsequent events have been evaluated through March 17, 2014, which is the date the financial statements were available to be issued.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2013 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, 2013 (at fair value) are as follows:

<u>Type</u>	
U.S. Treasury securities	\$ 3,528,046
GNMA securities	<u>8,953</u>
Total	\$ <u>3,536,999</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$928,198 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, 2013.

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, 2013

(3) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

Primary Government	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,402,360	-	-	2,402,360
Construction in progress	13,798,533	2,994,107	(1,646,822)	15,145,818
Works of art	<u>28,509</u>	<u>-</u>	<u>-</u>	<u>28,509</u>
Total capital assets not being depreciated	<u>16,229,402</u>	<u>2,994,107</u>	<u>(1,646,822)</u>	<u>17,576,687</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	8,398,624	214,149	(9,950)	8,602,823
Infrastructure	<u>54,502,741</u>	<u>1,646,822</u>	<u>-</u>	<u>56,149,563</u>
Total capital assets being depreciated	<u>84,970,081</u>	<u>1,860,971</u>	<u>(9,950)</u>	<u>86,821,102</u>
Less accumulated depreciation for:				
Buildings	8,644,843	200,661	-	8,845,504
Improvements other than buildings	1,757,262	373,764	-	2,131,026
Machinery, equipment and vehicles	6,177,089	463,266	(9,950)	6,630,405
Infrastructure	<u>21,952,792</u>	<u>2,347,126</u>	<u>-</u>	<u>24,299,918</u>
Total accumulated depreciation	<u>38,531,986</u>	<u>3,384,817</u>	<u>(9,950)</u>	<u>41,906,853</u>
Total capital assets being depreciated, net	<u>46,438,095</u>	<u>(1,523,846)</u>	<u>-</u>	<u>44,914,249</u>
Governmental activities capital assets, net	<u>\$ 62,667,497</u>	<u>1,470,261</u>	<u>(1,646,822)</u>	<u>62,490,936</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2013

Capital assets activity for the year ended June 30, 2013 was as follows:

<u>Business type activities</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 52,075	-	-	52,075
Construction in progress	<u>6,024,545</u>	<u>24,960,370</u>	<u>(4,262,382)</u>	<u>26,722,533</u>
Total capital assets not being depreciated	<u>6,076,620</u>	<u>24,960,370</u>	<u>(4,262,382)</u>	<u>26,774,608</u>
Capital assets being depreciated:				
Buildings	23,504,225	-	-	23,504,225
Machinery and equipment	2,777,354	26,274	-	2,803,628
Infrastructure	<u>58,191,483</u>	<u>4,383,718</u>	<u>-</u>	<u>62,575,201</u>
Total capital assets being depreciated	<u>84,473,062</u>	<u>4,409,992</u>	<u>-</u>	<u>88,883,054</u>
Less accumulated depreciation for:				
Buildings	4,353,056	995,507	-	5,348,563
Machinery and equipment	2,526,055	148,236	-	2,674,291
Infrastructure	<u>10,795,420</u>	<u>1,587,188</u>	<u>-</u>	<u>12,382,608</u>
Total accumulated depreciation	<u>17,674,531</u>	<u>2,730,931</u>	<u>-</u>	<u>20,405,462</u>
Total capital assets being depreciated, net	<u>66,798,531</u>	<u>1,679,061</u>	<u>-</u>	<u>68,477,592</u>
Business type activities capital assets, net	<u>\$ 72,875,151</u>	<u>26,639,431</u>	<u>(4,262,382)</u>	<u>95,252,200</u>

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2013

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

Governmental activities:	
Public safety	\$ 189,576
Public works, which includes the depreciation of general infrastructure assets	2,094,083
Culture and recreation	1,084,820
Community and economic development	8,017
General government	<u>8,321</u>
Total depreciation expense – governmental activities	\$ <u>3,384,817</u>
Business type activities:	
Water	\$ 544,732
Sewer	2,017,451
Non-major business type activities	<u>168,748</u>
Total depreciation expense – business type activities	\$ <u>2,730,931</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2013

<u>Discretely presented component unit</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 2,139,288	-	-	2,139,288
Construction in progress	<u>3,576,546</u>	<u>2,122,254</u>	<u>(5,654,807)</u>	<u>43,993</u>
Total capital assets not being depreciated	<u>5,715,834</u>	<u>2,122,254</u>	<u>(5,654,807)</u>	<u>2,183,281</u>
Capital assets being depreciated:				
Buildings	618,665	150,047	-	768,712
Machinery and equipment	1,744,905	-	-	1,744,905
Infrastructure	<u>3,596,707</u>	<u>5,836,440</u>	<u>-</u>	<u>9,433,147</u>
Total capital assets being depreciated	<u>5,960,277</u>	<u>5,986,487</u>	<u>-</u>	<u>11,946,764</u>
Less accumulated depreciation for:				
Buildings	73,440	22,745	-	96,185
Machinery and equipment	1,138,654	78,077	-	1,216,731
Infrastructure	<u>997,632</u>	<u>332,057</u>	<u>-</u>	<u>1,329,689</u>
Total accumulated depreciation	<u>2,209,726</u>	<u>432,879</u>	<u>-</u>	<u>2,642,605</u>
Total capital assets being depreciated, net	<u>3,750,551</u>	<u>5,553,608</u>	<u>-</u>	<u>9,304,159</u>
Business type activities capital assets, net	<u>\$ 9,466,385</u>	<u>7,675,862</u>	<u>(5,654,807)</u>	<u>11,487,440</u>
Total depreciation expense – airport authority				\$ 422,762
– other				<u>10,117</u>
				<u>\$ 432,879</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2013

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes:					
General and corporate purpose	\$ 30,540,000	7,830,000	4,210,000	34,160,000	3,125,000
Revenue notes	4,611,500	-	1,543,500	3,068,000	370,000
Compensated absences	1,029,043	922,658	811,283	1,140,418	800,088
Net OPEB liability	254,632	131,771	-	386,403	-
Early Retirement	<u>49,880</u>	<u>1,594</u>	<u>32,653</u>	<u>18,821</u>	<u>18,821</u>
Total	<u>\$ 36,485,055</u>	<u>8,886,023</u>	<u>6,597,436</u>	<u>38,773,642</u>	<u>4,313,909</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Business type activities:					
Revenue bonds/notes:					
Water	\$ 6,886,104	8,213,740	383,000	14,716,844	396,000
Sewer	34,890,355	10,204,064	1,924,000	43,170,419	1,987,000
Compensated absences	276,824	314,611	276,824	314,611	208,619
Net OPEB liability	75,008	32,957	-	107,965	-
Early retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 42,128,291</u>	<u>18,765,372</u>	<u>2,583,824</u>	<u>58,309,839</u>	<u>2,591,619</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

Bonded Debt

General obligation bonds/notes:

Eight issues of unmatured general obligation bonds/notes, totaling \$34,160,000, are outstanding at June 30, 2013. General obligation bonds bear interest with rates ranging from .8% to 5.38% and mature in varying annual amounts ranging from \$100,000 to \$1,110,000, with the final maturities due in the year ending June 30, 2027.

Revenue bonds/notes:

Thirteen issues of unmatured revenue bonds/notes, totaling \$58,701,269 are outstanding at June 30, 2013. These bonds/notes bear interest at rates of 1.60% to 4.75% and mature in varying annual amounts ranging from \$9,000 to \$1,822,000, 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.

During the year ended June 30, 2013, the City was in compliance with the revenue bond/note provisions.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

Details of bond/notes payable at June 30, 2013 are as follows:

Governmental activities:	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2013
General obligation bonds/notes:						
Corporate purpose	June 15, 2008	3.15-4.00%	June 30, 2020	100,000-825,000	\$ 5,130,000	\$ 3,970,000
Corporate purpose	April 21, 2009	2.50-2.75%	June 30, 2014	205,000-230,000	1,080,000	230,000
Corporate purpose	June 15, 2009	3.25-5.38%	June 30, 2024	535,000-800,000	8,950,000	7,115,000
Corporate purpose	April 1, 2010	3.00-3.25%	June 30, 2020	890,000-1,110,000	9,825,000	7,105,000
Corporate purpose	June 29, 2011	.60-2.55%	June 30, 2021	160,000-225,000	1,920,000	1,585,000
Corporate purpose	June 26, 2012	1.00-2.50%	June 30, 2027	100,000-855,000	4,370,000	4,270,000
Urban renewal Refunding Bond	Aug 26, 2010	1.00-3.00%	June 30, 2022	215,000-250,000	2,595,000	2,055,000
Refunding bond	May 16, 2013	2.00%	June 30, 2023	100,000-1,490,000	7,830,000	7,830,000
Revenue notes:						
Urban renewal tax increment revenue bond	Dec. 17, 2003	1.60-4.50%	Dec. 1, 2013	20,000-40,000	400,000	20,000
Golf course revenue note	Jan. 13, 2006	3.95-4.75%	Dec. 1, 2025	18,000-58,500	560,000	248,000
Urban renewal tax increment revenue bond	Nov. 16, 2006	4.75%	Dec. 1, 2022	180,000-260,000	3,000,000	2,060,000
Urban renewal tax increment revenue bond	Jan. 20, 2012	3.98%	June 1, 2019	110,000-135,000	850,000	<u>740,000</u>
Total Government activities						<u>37,228,000</u>
Business type activities:						
Revenue bonds/notes:						
Sewer revenue CW9809R	Sept. 30, 1999	1.75%	Dec. 1, 2021	9,000-17,000	243,597	133,000
Sewer revenue CW9116R	Sept. 30, 1999	1.75%	Dec. 1, 2021	385,000-713,000	10,142,403	5,528,000
Sewer revenue CW0118R	Sept. 30, 2002	1.75%	Dec. 1, 2021	54,000-71,000	1,331,000	569,000
Sewer revenue CW0304R	Dec. 20, 2001	1.75%	June 30, 2023	146,000-242,000	3,705,000	2,123,000
Sewer revenue CS192361	Dec. 27, 2007	3.00%	June 30, 2019	627,316-1,822,000	28,000,000	22,462,000
Sewer revenue C0495R	Nov. 12, 2012	2.00%	June 1, 2033	1000-1,474,000	10,301,425	10,301,425
Water revenue DW030224R	Dec. 12, 2003	3.00%	Dec. 1, 2024	130,000-229,000	3,500,000	2,342,000
Water revenue MD12R	June 1, 2004	3.00%	Dec. 1, 2024	133,000-318,000	5,133,000	3,262,000
Water revenue D0254R	Oct. 1, 2012	2.00%	June 1, 2033	1,000-1016,000	9,112,844	<u>9,112,844</u>
Total business type activities						<u>55,833,269</u>
Total						<u>\$ 93,061,269</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2013

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>
2014	\$ 3,125,000	908,447	4,033,447
2015	4,100,000	940,165	5,040,165
2016	3,990,000	833,699	4,823,699
2017	4,085,000	723,384	4,808,384
2018	4,205,000	607,051	4,812,051
2019-2023	11,615,000	1,434,410	13,049,410
2024-2027	<u>3,040,000</u>	<u>210,063</u>	<u>3,250,063</u>
Total	<u>\$ 34,160,000</u>	<u>5,657,219</u>	<u>39,817,219</u>

Year Ending <u>June 30,</u>	Revenue			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2014	\$ 2,778,500	1,451,584	4,230,084	8,263,531
2015	4,580,000	1,372,070	5,952,070	10,992,235
2016	4,710,500	1,260,308	5,970,808	10,794,507
2017	4,833,500	1,145,137	5,978,637	10,787,021
2018	4,942,500	1,026,973	5,969,473	10,781,524
2019-2023	24,961,000	3,325,384	28,286,384	41,335,794
2024-2028	<u>12,095,269</u>	<u>899,862</u>	<u>12,995,131</u>	<u>16,245,194</u>
Total	<u>\$ 58,901,269</u>	<u>10,481,318</u>	<u>69,382,587</u>	<u>109,199,806</u>

As of June 30, 2013 the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$ 1,003,017,775</u>
Debt limit - 5% of total actual valuation	50,150,889
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(37,228,000)</u>
Legal debt margin	<u>\$ 12,922,889</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$53,723,425 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 \$48,716,996. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$2,936,487 and \$3,414,097, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$17,745,844 in water revenue notes with various issue dates. Proceeds from the notes provided financing for water improvement projects. The notes are payable solely from water net revenue and are payable through 2028. 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 \$16,980,047. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$590,792 and \$2,199,992, respectively.

Other Than Bonded Debt

Early Retirement

The City offered a one-time early retirement incentive effective July 1, 2003 and ending December 15, 2003 to any employee who had a combination of age and years of service with the City equaling a minimum of 74 years. The employee must sign a statement of intent to participate in this program with their last day of employment prior to March 15, 2004. All participating employees are eligible for individual medical coverage at no cost to them until they reach the age of eligibility for Medicare. Early retirement expenditures for the year ended June 30, 2013 totaled \$32,653.

Interim Financing

The City has authorized a State Revolving Loan Fund Planning and Design Loan for \$3,000,000 to finance the Sanitary Needs Project. As of June 30, 2013, \$2,053,994 has been drawn down on this loan.

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2013

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use	\$ 1,000
	LOST	1,000
	SSMID	5,792
	Enterprise:	
	Water	125,674
	Sewer	222,836
	Solid Waste	41,224
	Storm Water Utility	<u>35,000</u>
		<u>432,526</u>
Special Revenue:		
Hotel/Motel Tax	General	<u>88,099</u>
Urban Renewal	TIF	<u>56,683</u>
SSMID	TIF	<u>23,020</u>
Debt Service:		
Debt Service	Special Revenue:	
	Tax Increment Financing	<u>258,661</u>
	Enterprise:	
	Water	532,531
	Storm Water Utility	<u>232,146</u>
		<u>764,677</u>
Golf Course Sinking	Capital Projects:	
	Capital Improvements	<u>61,841</u>
Harlan Rogers Sinking	General	162,142
	Debt Service	<u>1,060,000</u>
		<u>1,222,142</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

Capital Projects:		
Capital Improvements	General	81,099
	Special Revenue:	
	Road Use	7,700
	Capital Improvements:	
	Oleson Park Bandshell	1,680
	Enterprise:	
	Water	11,000
	Sewer	11,200
	Solid Waste	3,000
	Ambulance	57,700
	Component unit:	
	Airport	<u>1,100</u>
		<u>174,479</u>
Construction	Special Revenue:	
	Road Use	140,000
	Local Option Sales Tax	1,474,648
	Enterprise:	
	Water	170,000
	Sewer	<u>132,000</u>
		<u>1,916,648</u>
Enterprise:		
Sewer	General	<u>130,279</u>
Central Garage	Enterprise:	
	Water	25,000
	Sewer	25,000
	Solid Waste	<u>25,000</u>
		<u>75,000</u>
Total		\$ <u>5,204,055</u>

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, 2013

(6) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Hotel/Motel Tax	General	\$ 25,990
Debt Service: Harlan Rogers Sinking	General	51,963
Capital Projects: Capital Improvements	General	25,990
General	Special Revenue: TIF	75,000
General	Capital Projects: Capital Improvements	40,239
Special Revenue: Urban Renewal	Special Revenue: TIF	2,708,478
Special Revenue: Urban Renewal	Special Revenue: Community Develop	100,000
Enterprise: Special Revenue: Sewer	TIF	<u>1,500,000</u>
		<u>\$ 4,527,660</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

(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

Most regular plan members are required to contribute 5.78% of their annual salary and the City is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$462,228, \$457,841, and \$372,273, 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, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate based upon an actuarially determined normal contribution rate, cannot be less than 24.12% of earnable compensation. Contribution rates are established by state statute. The City's contribution to the Plan for the years ended June 30, 2013, 2012 and 2011 were \$972,099, \$958,338, and \$727,683 respectively, which met the required minimum contribution for each year.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

- C. Effective June 28, 2010, the City adopted a Vantagecare Retirement Health Savings Plan (the Plan). Covered plan members are all non-union employees. Participation is mandatory for all employees in the covered group. A participant is eligible to receive benefits from the Plan at retirement. The Plan provides eligible participants reimbursement of all medical expenses eligible under IRC Section 213. The City will make mandatory contributions of accrued leave consisting of 100% of accrued sick leave and 50% of accrued vacation leave at the time of the covered member's retirement. The City's contribution to the Plan for the years ended June 30, 2013, 2012 and 2011 were \$55,315 \$44,556 and \$54,617, respectively.

(8) Risk Management

The City of Fort Dodge is exposed to various risks of loss related torts: theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Deficit Balances

As of June 30, 2013, funds with deficit balances were as follows:

Special Revenue, Tax Increment Financing	\$ (4,267,091)
Special Revenue, Community Development	(62,838)

The deficit balances are a result of costs exceeding the revenues. The deficit in the Tax Increment Financing fund will be eliminated upon collection of tax increment financing revenues. The deficit in Community Development will be eliminated upon sale of property.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

(10) Construction Commitments

As of June 30, 2013, the City had the following estimated commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>
Vision Iowa Trails Project	\$ 1,410,000
Highway 20/5 th Ave Phase C	103,000
Wraywood Drive	30,000
4 th Ave N Storm Sewer	54,000
Feelhaver St. Reconstruction	40,000
6 th Ave NW Reconstruction	27,000
City Hall Remodeling	32,000
Water Plant Electrical Upgrade	377,000
10 th Ave N. Storm SW Sewer Phase II	7,000
N. 15 th St. Water Main	7,000
2012 Street Repairs	55,000
Ave. C Street Rehabilitation	543,000
N. 23 rd St. Reconstruction	313,000
2013 Street Repairs	930,000
2012 Ag Park Expansion	16,000,000

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

(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 was for 36 months which expired in March 2013. The City renewed the lease on a month to month basis until the subsequent fiscal year when new leases were approved. The City disbursed \$5,088 for this lease during the year ended June 30, 2013.

(12) Subsequent Events

After the end of the fiscal year, the City accepted bids for \$521,000 for solid waste trucks, \$427,000 for a trail project and \$1.5 M for storm sewer improvements. The City was also awarded a \$420,000 federal grant to help construct an adult day care. Commercial air service has temporarily been suspended to the Fort Dodge Regional Airport, a component unit of the City of Fort Dodge. Management is actively seeking to renew this service.

(13) Related Parties

The City had business transactions between the City and City officials totaling \$34,951 during the year ended June 30, 2013.

(14) Other Postemployment Benefits (OPEB)

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

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 rate 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 which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for June 30, 2013, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$	251,333
Interest on net OPEB obligation		8,488
Adjustment to annual required contribution		<u>(28,719)</u>
Annual OPEB cost (expense)		231,102
Contributions made		<u>(62,035)</u>
Increase in net OPEB obligation		169,067
Net OPEB obligation – beginning of year		<u>339,507</u>
Net OPEB obligation – end of year	\$	<u>508,574</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. 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, 2013.

For the fiscal year 2013, the City contributed \$ 62,035 to the medical plan. Plan members receiving benefits contributed \$146,031 or 81.3% 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, 2013 are summarized as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
6/30/2011	\$ 136,128	18.6%	\$ 244,471
6/30/2012	145,329	18.5%	339,507
6/30/2013	231,102	26.8%	508,574

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2013 the actuarial accrued liability was \$1,728,691 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,728,691. The covered payroll (annual payroll of active employees covered by the plan) was \$9,069,969 and the ratio of the UAAL to the covered payroll was 19.05%.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2013

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

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

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

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

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

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, 2013

	Governmental Fund Types	Proprietary Fund Type - Enterprise	Component Unit - Airport Authority	Total
Receipts:				
Property tax	\$ 12,463,224	-	197,362	12,660,586
Tax increment financing	1,225,966	-	-	1,225,966
Other city tax	4,438,644	-	-	4,438,644
Licenses and permits	356,159	-	-	356,159
Use of money and property	76,928	33,162	196,814	306,904
Intergovernmental	6,214,085	121,105	3,753,867	10,089,057
Charges for service	1,478,812	13,759,174	13,552	15,251,538
Special assessments	-	1,609	-	1,609
Miscellaneous	3,200,569	431,481	135,396	3,767,446
Total receipts	<u>29,454,387</u>	<u>14,346,531</u>	<u>4,296,991</u>	<u>48,097,909</u>
Disbursements:				
Public safety	7,754,224	-	-	7,754,224
Public works	3,280,496	-	549,987	3,830,483
Health and social services	270,884	-	-	270,884
Culture and recreation	3,319,821	-	-	3,319,821
Community and economic development	982,396	-	-	982,396
General government	1,039,489	-	-	1,039,489
Debt service	6,975,353	-	-	6,975,353
Capital projects	7,607,349	-	3,624,283	11,231,632
Business type activities	-	30,720,606	-	30,720,606
Total disbursements	<u>31,230,012</u>	<u>30,720,606</u>	<u>4,174,270</u>	<u>66,124,888</u>
Excess (deficiency) of receipts over (under) disbursements	(1,775,625)	(16,374,075)	122,721	(18,026,979)
Other financing sources, net	<u>9,980,810</u>	<u>16,433,568</u>	<u>(1,100)</u>	<u>26,413,278</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	8,205,185	59,493	121,621	8,386,299
Balances beginning of year	<u>11,070,667</u>	<u>8,870,503</u>	<u>(616,886)</u>	<u>19,324,284</u>
Balances end of year	<u>\$ 19,275,852</u>	<u>8,929,996</u>	<u>(495,265)</u>	<u>27,710,583</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
11,988,621	11,988,621	671,965
1,187,417	1,187,417	38,549
4,650,732	4,880,236	(441,592)
334,350	405,350	(49,191)
151,054	157,935	148,969
12,247,473	12,247,473	(2,158,416)
14,786,198	15,011,951	239,587
-	-	1,609
<u>1,512,740</u>	<u>1,563,711</u>	<u>2,203,735</u>
<u>46,858,585</u>	<u>47,442,694</u>	<u>655,215</u>
7,531,895	7,907,395	153,171
4,326,231	4,529,431	698,948
959,315	1,019,315	748,431
3,412,888	3,609,188	289,367
1,536,272	1,545,772	563,376
1,075,877	1,172,877	133,388
4,748,808	13,008,808	6,033,455
15,946,000	17,607,477	6,375,845
<u>41,875,502</u>	<u>59,711,149</u>	<u>28,990,543</u>
<u>81,412,788</u>	<u>110,111,412</u>	<u>43,986,524</u>
(34,554,203)	(62,668,718)	44,641,739
<u>27,472,803</u>	<u>55,647,318</u>	<u>(29,234,040)</u>
(7,081,400)	(7,021,400)	15,407,699
<u>18,282,163</u>	<u>18,282,163</u>	<u>1,042,121</u>
<u>11,200,763</u>	<u>11,260,763</u>	<u>16,449,820</u>

City of Fort Dodge, Iowa
 Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2013

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Enterprise		
				Cash Basis	Accrual Adjust- ments	Accrual Basis
Revenues	\$ 29,454,387	(3,946,977)	25,507,410	14,346,531	3,063,602	17,410,133
Expenditures/Expenses	31,230,012	(4,304,838)	26,925,174	30,720,606	(18,548,742)	12,171,864
Net	(1,775,625)	357,861	(1,417,764)	(16,374,075)	21,612,344	5,238,269
Other financing sources (uses) (net)	9,980,810	(309,279)	9,671,531	16,433,568	(17,877,600)	(1,444,032)
Beginning fund balances	11,070,667	(1,832,497)	9,238,170	8,870,503	33,673,175	42,543,678
Ending fund balances	<u>\$ 19,275,852</u>	<u>(1,783,915)</u>	<u>17,491,937</u>	<u>8,929,996</u>	<u>37,407,919</u>	<u>46,337,915</u>

	Component Unit		
	Airport		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 4,296,991	(1,536,877)	2,760,114
Expenses	4,175,370	(3,263,367)	912,003
Net	121,621	1,726,490	1,848,111
Beginning fund balance	(616,886)	9,893,651	9,276,765
Ending fund balance	<u>\$ (495,265)</u>	<u>11,620,141</u>	<u>11,124,876</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2013

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 \$584,109, budgeted disbursements by \$28,698,624 and other financing sources by \$28,174,515. These budget amendments are reflected in the final budgeted amounts.

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

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

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

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

Supplementary Information

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

Schedule 1

	Special Revenue			
	Road use Tax	Employee Flex Spending	Historical Preservation	Employee Benefits
Assets				
Cash and pooled investments	\$ 1,136,782	(2,408)	15,599	915,021
Receivables:				
Property tax:				
Delinquent	-	-	-	29,151
Succeeding year	-	-	-	3,137,982
Accounts	-	2,628	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid insurance	-	-	-	8,023
Prepaid expenses	169	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,136,951</u>	<u>220</u>	<u>15,599</u>	<u>4,090,177</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 27,728	-	26	8,175
Salaries payable	21,005	-	-	-
Benefits payable	-	-	-	14,277
Early Retirement	-	-	-	4,868
Deferred revenue:				
Succeeding year property tax	-	-	-	3,137,982
Other	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>\$ 48,733</u>	<u>-</u>	<u>26</u>	<u>3,165,302</u>
Fund balances:				
Nonspendable:				
Prepaid expenditures	-	-	-	8,023
Parks Trust	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Street improvement and repairs	1,088,218	-	-	-
Urban renewal	-	-	-	-
Employee benefits	-	-	-	916,852
Major repairs and construction	-	-	-	-
Capital improvements	-	-	-	-
Other purposes	-	220	15,573	-
Unassigned	-	-	-	-
Total fund balances	<u>1,088,218</u>	<u>220</u>	<u>15,573</u>	<u>924,875</u>
Total liabilities and fund balances	<u>\$ 1,136,951</u>	<u>220</u>	<u>15,599</u>	<u>4,090,177</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Police & Fire Retirement	Local Option Sales Tax	Community Development
Assets			
Cash and pooled investments	89,468	2,224,143	37,350
Receivables:			
Property tax:			
Delinquent	11,278	-	-
Succeeding year	1,213,998	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	279,106	-
Inventories	-	-	-
Prepaid insurance	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
	1,314,744	2,503,249	37,350
Total assets			
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	282	33,600	188
Salaries payable	-	-	-
Benefits payable	24,071	-	-
Early Retirement	-	-	-
Deferred revenue:			
Succeeding year property tax	1,213,998	-	-
Other	-	-	-
Interfund payable	-	-	100,000
Total liabilities	1,238,351	33,600	100,188
Fund balances:			
Nonspendable:			
Prepaid expenditures	-	-	-
Parks Trust	-	-	-
Restricted for:			
Debt service	-	-	-
Street improvement and repairs	-	2,469,649	-
Urban renewal	-	-	-
Employee benefits	-	-	-
Major repairs and construction	-	-	-
Capital improvements	-	-	-
Other purposes	76,393	-	-
Unassigned	-	-	(62,838)
Total fund balances	76,393	2,469,649	(62,838)
	1,314,744	2,503,249	37,350
Total liabilities and fund balances			

See accompanying independent auditor's report.

Schedule I

Special Revenue			
<u>Hotel/ Motel Tax</u>	<u>SSMID</u>	<u>Library Memorial</u>	<u>Foster Grandparents</u>
181,726	829,118	120,020	34,991
-	797	-	-
-	50,156	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
164	-	-	-
-	-	-	-
25,990	-	-	-
<u>207,880</u>	<u>880,071</u>	<u>120,020</u>	<u>34,991</u>
14,677	7,424	-	27,240
-	-	-	-
-	-	-	-
-	-	-	-
-	50,156	-	-
-	-	-	-
-	-	-	-
<u>14,677</u>	<u>57,580</u>	<u>-</u>	<u>27,240</u>
164	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
193,039	822,491	120,020	7,751
-	-	-	-
<u>193,203</u>	<u>822,491</u>	<u>120,020</u>	<u>7,751</u>
<u>207,880</u>	<u>880,071</u>	<u>120,020</u>	<u>34,991</u>

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue				
	Urban <u>Renewal</u>	<u>DARE</u>	City <u>Grants</u>	Congregate <u>Meals</u>	Drug <u>Arrest</u>
Assets					
Cash and pooled investments	\$ 353,979	10,969	-	3,249	6,443
Receivables					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	2,310	-
Inventories	-	-	-	-	-
Prepaid insurance	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from other funds	<u>2,808,481</u>	-	-	-	-
Total assets	<u>\$ 3,162,460</u>	<u>10,969</u>	<u>-</u>	<u>5,559</u>	<u>6,443</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Salaries payable	-	-	-	447	-
Benefits payable	-	-	-	-	-
Early Retirement	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Interfund Payable	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>447</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	-	-	-	-	-
Parks Trust	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Street improvement and repairs	-	-	-	-	-
Urban renewal	3,162,460	-	-	-	-
Employee benefits	-	-	-	-	-
Major repairs and construction	-	-	-	-	-
Capital improvements	-	-	-	-	-
Other purposes	-	10,969	-	5,112	6,443
Unassigned	-	-	-	-	-
Total fund balances	<u>3,162,460</u>	<u>10,969</u>	<u>-</u>	<u>5,112</u>	<u>6,443</u>
Total liabilities and fund balances	<u>\$ 3,162,460</u>	<u>10,969</u>	<u>-</u>	<u>5,559</u>	<u>6,443</u>

See accompanying independent auditor's report.

Schedule 1

Debt Service		Capital Projects			Permanent Fund	
Golf Course	Harlan Rogers Sinking	Capital Improvements	Vision Iowa Trail Plan	Oleson Park Bandshell	Eva Patterson Parks Trust	Total
5,144	210,942	1,091,531	990,727	-	25,000	8,279,794
-	-	-	-	-	-	41,226
-	-	-	-	-	-	4,402,136
-	-	9,901	-	-	-	12,529
-	-	118	-	-	-	118
-	-	3,729	31,816	-	-	316,961
-	-	-	-	-	-	-
-	-	-	-	-	-	8,187
-	-	-	-	-	-	169
-	51,963	25,990	-	-	-	2,912,424
<u>5,144</u>	<u>262,905</u>	<u>1,131,269</u>	<u>1,022,543</u>	<u>-</u>	<u>25,000</u>	<u>15,973,544</u>
-	-	37,349	22,257	-	-	178,946
-	-	-	-	-	-	21,452
-	-	-	-	-	-	38,348
-	-	-	-	-	-	4,868
-	-	-	-	-	-	4,402,136
-	-	25,560	-	-	-	25,560
-	-	40,239	-	-	-	140,239
-	-	103,148	22,257	-	-	4,811,549
-	-	-	-	-	-	8,187
-	-	-	-	-	25,000	25,000
5,144	262,905	-	-	-	-	268,049
-	-	-	-	-	-	3,557,867
-	-	-	-	-	-	3,162,460
-	-	-	-	-	-	916,852
-	-	1,028,121	-	-	-	1,028,121
-	-	-	1,000,286	-	-	1,000,286
-	-	-	-	-	-	1,258,011
-	-	-	-	-	-	(62,838)
<u>5,144</u>	<u>262,905</u>	<u>1,028,121</u>	<u>1,000,286</u>	<u>-</u>	<u>25,000</u>	<u>11,161,995</u>
<u>5,144</u>	<u>262,905</u>	<u>1,131,269</u>	<u>1,022,543</u>	<u>-</u>	<u>25,000</u>	<u>15,973,544</u>

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year ended June 30, 2013

Schedule 2

	Special Revenue			
	Road Use Tax	Employee Flex Spending	Historical Preservation	Employee Benefits
Revenues:				
Property tax	\$ -	-	-	2,706,918
Other city tax	-	-	-	-
Use of money and property	-	-	-	5,218
Intergovernmental	2,405,461	-	11,500	48,428
Charges for service	-	-	-	-
Miscellaneous	2,900	63,669	516	309,324
Total revenues	<u>2,408,361</u>	<u>63,669</u>	<u>12,016</u>	<u>3,069,888</u>
Expenditures:				
Operating:				
Public safety	-	-	-	1,444,466
Public works	2,095,609	-	-	750,640
Health and social services	-	-	-	35,803
Culture and recreation	-	-	-	501,730
Community and economic development	-	-	-	121,757
General government	-	60,158	841	103,944
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>2,095,609</u>	<u>60,158</u>	<u>841</u>	<u>2,958,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>312,752</u>	<u>3,511</u>	<u>11,175</u>	<u>111,548</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(148,700)	-	-	-
Total other financing sources (uses)	<u>(148,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	164,052	3,511	11,175	111,548
Fund balances beginning of year	<u>924,166</u>	<u>(3,291)</u>	<u>4,398</u>	<u>813,327</u>
Fund balances end of year	<u>\$ 1,088,218</u>	<u>220</u>	<u>15,573</u>	<u>924,875</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year ended June 30, 2013

	<u>Police & Fire Retirement</u>	<u>Local Option Sales Tax</u>	<u>Community Development</u>
Revenues:			
Property tax	998,145		-
Other city tax	-	3,910,308	-
Use of money and property	1,939	16,202	156
Intergovernmental	-		2,551
Charges for service	-		-
Miscellaneous	-	18,090	49,194
Total revenues	<u>1,000,084</u>	<u>3,944,600</u>	<u>51,901</u>
Expenditures:			
Operating:			
Public safety	983,892		-
Public works	-		-
Health and social services	-		-
Culture and recreation	-		-
Community and economic development	-		96,049
General government	-		-
Debt service	-		-
Capital projects	-	645,443	-
Total expenditures	<u>983,892</u>	<u>645,443</u>	<u>96,049</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,192</u>	<u>3,299,157</u>	<u>(44,148)</u>
Other financing sources (uses):			
Sale of capital assets	-		-
Operating transfers in	-		-
Operating transfers out	-	(1,475,648)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,475,648)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16,192	1,823,509	(44,148)
Fund balances beginning of year	<u>60,201</u>	<u>646,140</u>	<u>(18,690)</u>
Fund balances end of year	<u>76,393</u>	<u>2,469,649</u>	<u>(62,838)</u>

See accompanying independent auditor's report.

Schedule 2

Special Revenue			
Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents
-	50,193	-	-
20,267	-	-	-
-	5,689	-	-
-	-	-	190,424
-	-	-	-
-	-	54,341	7,316
<u>20,267</u>	<u>55,882</u>	<u>54,341</u>	<u>197,740</u>
-	-	-	-
-	-	-	-
-	-	-	206,001
116,744	-	69,801	-
-	69,936	-	-
-	-	-	-
-	-	-	-
<u>116,744</u>	<u>69,936</u>	<u>69,801</u>	<u>206,001</u>
<u>(96,477)</u>	<u>(14,054)</u>	<u>(15,460)</u>	<u>(8,261)</u>
-	-	-	-
88,099	23,020	-	-
-	(5,792)	-	-
<u>88,099</u>	<u>17,228</u>	<u>-</u>	<u>-</u>
(8,378)	3,174	(15,460)	(8,261)
<u>201,581</u>	<u>819,317</u>	<u>135,480</u>	<u>16,012</u>
<u>193,203</u>	<u>822,491</u>	<u>120,020</u>	<u>7,751</u>

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year ended June 30, 2013

	Special Revenue				
	Urban <u>Renewal</u>	<u>DARE</u>	City <u>Grants</u>	Congregate <u>Meals</u>	Drug <u>Arrest</u>
Revenues:			-		
Property tax	\$ -	-	-	-	-
Other city tax	-	-	-	-	-
Use of money and property	2,054	-	-	2	-
Intergovernmental	-	-	12,499	45,828	4,734
Charges for service	-	-	-	-	-
Miscellaneous	52,757	841	-	-	-
Total revenues	<u>54,811</u>	<u>841</u>	<u>12,499</u>	<u>45,830</u>	<u>4,734</u>
Expenditures:					
Operating:					
Public safety	-	1,465	12,499	-	9,224
Public works	-	-	-	-	-
Health and social services	-	-	-	49,469	-
Culture and recreation	-	-	-	-	-
Community and economic development	1,400	-	-	-	-
General government	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>1,400</u>	<u>1,465</u>	<u>12,499</u>	<u>49,469</u>	<u>9,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,411</u>	<u>(624)</u>	<u>-</u>	<u>(3,639)</u>	<u>(4,490)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Operating transfers in	56,683	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>56,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	110,094	(624)	-	(3,639)	(4,490)
Fund balances beginning of year	<u>3,052,366</u>	<u>11,593</u>	<u>-</u>	<u>8,751</u>	<u>10,933</u>
Fund balances end of year	<u>\$ 3,162,460</u>	<u>10,969</u>	<u>-</u>	<u>5,112</u>	<u>6,443</u>

See accompanying independent auditor's report.

Schedule 2

Debt Service		Capital Projects			Permanent Fund		
Golf Course	Harlan Rogers Sinking	Capital Improvements	Vision Iowa Trail Plan	Oleson Park Bandshell	Eva Patterson Parks Trust	Totals	
-	-	-	-	-	-	3,755,256	
-	10,881	-	-	-	-	3,941,456	
-	1,551	259	-	50	-	33,120	
-	-	51,078	649,712	-	-	3,422,215	
-	-	228,565	-	-	-	228,565	
-	-	296,588	475	-	-	856,011	
-	12,432	576,490	650,187	50	-	12,236,623	
-	-	194,671	-	-	-	2,646,217	
-	-	53,684	-	-	-	2,899,933	
-	-	-	-	-	-	291,273	
-	-	400,870	-	-	-	1,089,145	
-	-	-	-	-	-	289,142	
-	-	82,420	-	-	-	247,363	
61,724	1,191,395	-	-	-	-	1,253,119	
-	-	140,698	416,432	-	-	1,202,573	
61,724	1,191,395	872,343	416,432	-	-	9,918,765	
(61,724)	(1,178,963)	(295,853)	233,755	50	-	2,317,858	
-	-	-	-	-	-	-	
61,841	1,222,142	174,480	-	-	-	1,626,265	
-	-	(61,841)	-	(1,680)	-	(1,693,661)	
61,841	1,222,142	112,639	-	(1,680)	-	(67,396)	
117	43,179	(183,214)	233,755	(1,630)	-	2,250,462	
5,027	219,726	1,211,335	766,531	1,630	25,000	8,911,533	
5,144	262,905	1,028,121	1,000,286	-	25,000	11,161,995	

City of Fort Dodge, Iowa
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2013

	Enterprise Funds			
	Parking Meter	Solid Waste	Recycling	Storm Water Utility
Assets				
Cash and pooled investments	\$ 94,997	1,282,647	58,065	2,601,974
Receivables				
Property tax:				
Delinquent	-	-	-	420
Accounts	38,023	263,769	-	102,448
Due from other governments	-	-	-	241,597
Prepaid insurance	-	5,685	-	-
Prepaid expenses	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Capital assets (net of accumulated depreciation)	252,230	9,164	-	2,583,878
	<u>385,250</u>	<u>1,561,265</u>	<u>58,065</u>	<u>5,530,317</u>
Total assets				
	<u>385,250</u>	<u>1,561,265</u>	<u>58,065</u>	<u>5,530,317</u>
Liabilities				
Accounts payable	749	23,295	-	18,876
Salaries payable	451	5,815	-	-
Compensated absences	-	25,331	-	-
Benefits payable	75	964	-	-
Deferred Revenue	2,900	-	-	-
Payable from restricted assets:				
Consumer deposits	-	-	-	-
Long-term liabilities:				
Net OPEB liability	5,682	22,730	-	-
	<u>9,857</u>	<u>78,135</u>	<u>-</u>	<u>18,876</u>
Total liabilities				
	<u>9,857</u>	<u>78,135</u>	<u>-</u>	<u>18,876</u>
Net position				
Invested in capital assets, net of related debt	252,230	9,164	-	2,583,878
Restricted for:				
Prepaid expenditures	-	5,685	-	-
Unrestricted	123,163	1,468,281	58,065	2,927,563
	<u>375,393</u>	<u>1,483,130</u>	<u>58,065</u>	<u>5,511,441</u>
Total net position				
	<u>\$ 375,393</u>	<u>1,483,130</u>	<u>58,065</u>	<u>5,511,441</u>

See accompanying independent auditor's report.

Enterprise Funds					
<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
21,386	10,300	2,933	408,260	-	4,480,562
					420
149,178	-	-	14,728	-	568,146
-	-	-	-	-	241,597
-	-	-	-	-	5,685
-	-	-	197	-	197
-	-	-	-	184,139	184,139
<u>15,945</u>	<u>-</u>	<u>-</u>	<u>575,581</u>	<u>-</u>	<u>3,436,798</u>
<u>186,509</u>	<u>10,300</u>	<u>2,933</u>	<u>998,766</u>	<u>184,139</u>	<u>8,917,544</u>
6,993	-	-	3,443	-	53,356
-	-	-	-	-	6,266
-	-	-	-	-	25,331
-	-	-	-	-	1,039
-	-	-	-	-	2,900
-	-	-	-	184,139	184,139
-	-	-	-	-	28,412
<u>6,993</u>	<u>-</u>	<u>-</u>	<u>3,443</u>	<u>184,139</u>	<u>301,443</u>
15,945	-	-	575,581	-	3,436,798
-	-	-	-	-	5,685
<u>163,571</u>	<u>10,300</u>	<u>2,933</u>	<u>419,742</u>	<u>-</u>	<u>5,173,618</u>
<u>179,516</u>	<u>10,300</u>	<u>2,933</u>	<u>995,323</u>	<u>-</u>	<u>8,616,101</u>

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the Year ended June 30, 2013

	Enterprise Funds		
	Parking Meter	Solid Waste	Recycling
Operating revenues:			
Charges for services	\$ 171,331	1,455,948	-
Miscellaneous	-	3,095	-
Total operating revenues	<u>171,331</u>	<u>1,459,043</u>	<u>-</u>
Operating expenses:			
Business type activities:			
Cost of sales and services	72,582	1,015,585	-
Depreciation	<u>12,913</u>	<u>33,886</u>	<u>-</u>
Total operating expenses	<u>85,495</u>	<u>1,049,471</u>	<u>-</u>
Operating income (loss)	<u>85,836</u>	<u>409,572</u>	<u>-</u>
Non-operating revenues (expenses):			
Interest and investment revenue	931	7,434	-
Loss on disposal of assets	-	-	-
Miscellaneous revenues	<u>-</u>	<u>1,508</u>	<u>-</u>
Total nonoperating revenue	<u>931</u>	<u>8,942</u>	<u>-</u>
Net income (loss) before transfers	<u>86,767</u>	<u>418,514</u>	<u>-</u>
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>(69,224)</u>	<u>-</u>
Change in net position	<u>86,767</u>	<u>349,290</u>	<u>-</u>
Net position beginning of year	<u>288,626</u>	<u>1,133,840</u>	<u>58,065</u>
Net position end of year	<u>\$ 375,393</u>	<u>1,483,130</u>	<u>58,065</u>

See accompanying independent auditor's report.

Schedule 4

Enterprise Funds					
Storm Water Utility	Ambulance	Lakeside Beverage	Harlan Rogers Beverage Account	Central Garage	Total
504,896	236,161	65,582	10,233	82,816	2,526,967
-	949	-	-	5,524	9,568
<u>504,896</u>	<u>237,110</u>	<u>65,582</u>	<u>10,233</u>	<u>88,340</u>	<u>2,536,535</u>
438,404	85,251	69,807	9,985	141,870	1,833,484
85,858	12,667	-	-	23,424	168,748
<u>524,262</u>	<u>97,918</u>	<u>69,807</u>	<u>9,985</u>	<u>165,294</u>	<u>2,002,232</u>
<u>(19,366)</u>	<u>139,192</u>	<u>(4,225)</u>	<u>248</u>	<u>(76,954)</u>	<u>534,303</u>
-	1,500	-	-	-	9,865
-	-	-	-	-	-
<u>253,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,238</u>
<u>253,730</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,103</u>
234,364	140,692	(4,225)	248	(76,954)	799,406
-	-	-	-	75,000	75,000
<u>(267,146)</u>	<u>(57,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(394,070)</u>
<u>(32,782)</u>	<u>82,992</u>	<u>(4,225)</u>	<u>248</u>	<u>(1,954)</u>	<u>480,336</u>
<u>5,544,223</u>	<u>96,524</u>	<u>14,525</u>	<u>2,685</u>	<u>997,277</u>	<u>8,135,765</u>
<u>5,511,441</u>	<u>179,516</u>	<u>10,300</u>	<u>2,933</u>	<u>995,323</u>	<u>8,616,101</u>

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2013

	Business-Type Activities		
	Parking Meter	Solid Waste	Recycling
Cash flows from operating activities			
Receipts from customers	\$ 164,193	1,445,286	-
Payments to suppliers and employees	(75,660)	(1,024,941)	-
Other receipts	-	3,095	-
Net cash provided (used) by operating activities	88,533	423,440	-
Cash flows from noncapital financing activities			
Transfers to other funds	-	(69,224)	-
Transfers from other funds	-	-	-
Net cash provided (used) in noncapital financing activities	-	(69,224)	-
Cash flows from capital and related financing activities			
Purchases of capital assets	(183,911)	-	-
Intergovernmental receipts	-	-	-
Net cash provided (used) by capital and related financing activities	(183,911)	-	-
Cash flows from investing activities			
Interest and dividends	931	8,942	-
Net cash provided by investing activities	931	8,942	-
Net increase (decrease) in cash and cash equivalents	(94,447)	363,158	-
Cash and cash equivalents - beginning of year	189,444	919,489	58,065
Cash and cash equivalents - end of year	\$ 94,997	1,282,647	58,065

See accompanying independent auditor's report.

Business-Type Activities						
Storm Water Utility	Ambulance	Lakeside Beverage	Harlan Rogers Beverage	Central Garage	Consumer Deposits	Total
499,048	148,821	65,582	10,233	82,816	81,812	2,497,791
(434,528)	(79,941)	(69,807)	(9,985)	(142,268)	(72,694)	(1,909,824)
-	949	-	-	-	86	4,130
<u>64,520</u>	<u>69,829</u>	<u>(4,225)</u>	<u>248</u>	<u>(59,452)</u>	<u>9,204</u>	<u>592,097</u>
(267,146)	(57,700)	-	-	-	-	(394,070)
-	-	-	-	75,000	-	75,000
<u>(267,146)</u>	<u>(57,700)</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>(319,070)</u>
(632,278)	-	-	-	-	-	(816,189)
<u>472,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,172</u>
<u>(160,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(344,017)</u>
-	1,500	-	-	-	-	11,373
-	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,373</u>
(362,732)	13,629	(4,225)	248	15,548	9,204	(59,617)
<u>2,964,706</u>	<u>7,757</u>	<u>14,525</u>	<u>2,685</u>	<u>392,712</u>	<u>174,935</u>	<u>4,724,318</u>
<u>2,601,974</u>	<u>21,386</u>	<u>10,300</u>	<u>2,933</u>	<u>408,260</u>	<u>184,139</u>	<u>4,664,701</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2013

	Business-Type Activities		
	Parking Meter	Solid Waste	Recycling
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 85,836	409,572	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	12,913	33,886	-
Change in assets and liabilities:			
Receivables, net	(7,138)	(10,662)	-
Prepaid expenses	-	(2,297)	-
Consumer deposits	-	-	-
Accounts and other payables	(384)	(1,787)	-
Salaries and benefits payable	27	(1,521)	-
Compensated absences	-	(4,768)	-
Other postemployment benefits	1,734	1,017	-
Deferred revenue	(4,455)	-	-
Net cash provided (used) by operating activities	\$ 88,533	423,440	-
 Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position:			
Current assets:			
Cash and pooled investments	\$ 94,997	1,282,647	58,065
Noncurrent assets:			
Restricted cash and pooled investments	-	-	-
Cash and cash equivalents at year end	\$ 94,997	1,282,647	58,065

See accompanying independent auditor's report.

Business-Type Activities						
<u>Storm Water Utility</u>	<u>Ambulance</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
(19,366)	139,192	(4,225)	248	(76,954)	-	534,303
85,858	12,667	-	-	23,424	-	168,748
(5,849)	(87,340)	-	-	(6,866)	-	(117,855)
	-	-	-	(197)	-	(2,494)
	-	-	-	-	9,204	9,204
3,877	5,310	-	-	1,141	-	8,157
	-	-	-	-	-	(1,494)
-	-	-	-	-	-	(4,768)
	-	-	-	-	-	2,751
-	-	-	-	-	-	(4,455)
<u>64,520</u>	<u>69,829</u>	<u>(4,225)</u>	<u>248</u>	<u>(59,452)</u>	<u>9,204</u>	<u>592,097</u>
2,601,974	21,386	10,300	2,933	408,260	-	4,480,562
-	-	-	-	-	184,139	184,139
<u>2,601,974</u>	<u>21,386</u>	<u>10,300</u>	<u>2,933</u>	<u>408,260</u>	<u>184,139</u>	<u>4,664,701</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2013

General Obligation Bonds

Year Ending June 30,	Corporate Purpose Issued June 15, 2008		Corporate Purpose Issued April 21, 2009		Corporate Purpose Issued June 14, 2009	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2014	3.25 %	\$ 100,000	2.75 %	\$ 230,000	3.55 %	\$ 535,000
2015	3.40	650,000			3.88	500,000
2016	3.60	735,000		-	4.12	585,000
2017	3.75	765,000		-	4.30	595,000
2018	3.90	795,000		-	4.30	615,000
2019	4.00	825,000		-	4.63	640,000
2020	4.00	100,000		-	4.75	665,000
2021		-		-	5.00	695,000
2022		-		-	5.20	725,000
2023		-		-	5.25	760,000
2024		-		-	5.38	800,000
Total		<u>\$ 3,970,000</u>		<u>\$ 230,000</u>	Total	<u>\$ 7,115,000</u>

Year Ending June 30,	Corporate Purpose Issued June 29, 2011		Corporate Purpose Issued June 26, 2012		Go Refunding Issued May 16, 2013	
	Interest		Interest		Interest	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.80 %	\$ 180,000	1.00 %	\$ 100,000	2.00 %	815,000
2015	1.10	180,000	1.00	100,000	2.00	\$ 1,490,000
2016	1.40	185,000	1.00	205,000	2.00	1,075,000
2017	1.70	195,000	1.00	210,000	2.00	1,090,000
2018	1.95	200,000	1.50	215,000	2.00	1,110,000
2019	2.15	205,000	1.50	225,000	2.00	1,120,000
2020	2.35	215,000	1.75	230,000	2.00	440,000
2021	2.55	225,000	1.75	240,000	2.00	340,000
2022		-	2.00	250,000	2.00	250,000
2023		-	2.00	255,000	2.00	100,000
2024		-	2.25	265,000		-
2025		-	2.25	280,000		-
2026		-	2.50	840,000		-
2027		-	2.50	855,000		-
Total		<u>\$ 1,585,000</u>	Total	<u>\$ 4,270,000</u>	Total	<u>\$ 7,830,000</u>

See accompanying independent auditor's report.

Schedule 6

Year Ending June 30,	Corporate Purpose Issued April 1, 2010			Urban Renewal Refunding Issued August 26, 2010		
	Interest Rates		Amount	Interest Rate		Amount
2014	3.00 %	\$	940,000	1.25 %	\$	225,000
2015	3.00		960,000	1.55		220,000
2016	3.00		980,000	1.85		225,000
2017	3.00		1,005,000	2.10		225,000
2018	3.00		1,040,000	2.35		230,000
2019	3.13		1,070,000	2.50		225,000
2020	3.25		1,110,000	2.70		230,000
			-	2.90		225,000
			-	3.00		250,000
			-			-
			-			-
			<u>\$ 7,105,000</u>			<u>\$ 2,055,000</u>

	Total
\$	3,125,000
	4,100,000
	3,990,000
	4,085,000
	4,205,000
	4,310,000
	2,990,000
	1,725,000
	1,475,000
	1,115,000
	1,065,000
	280,000
	840,000
	855,000
	<u>855,000</u>
\$	<u>34,160,000</u>

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2013

Schedule 7

Year Ending June 30,	Sewer Bond Issue Issued Sep 30, 1999		Sewer Bond Issue Issued Sep 30, 1999		Sewer Bond Issue Issued Dec 20, 2002	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2014	1.75 %	\$ 13,000	1.75 %	\$ 524,000	1.75 %	\$ 185,000
2015	1.75	13,000	1.75	545,000	1.75	191,000
2016	1.75	14,000	1.75	566,000	1.75	196,000
2017	1.75	14,000	1.75	588,000	1.75	202,000
2018	1.75	15,000	1.75	611,000	1.75	208,000
2019	1.75	15,000	1.75	635,000	1.75	215,000
2020	1.75	16,000	1.75	660,000	1.75	221,000
2021	1.75	16,000	1.75	686,000	1.75	228,000
2022	1.75	17,000	1.75	713,000	1.75	235,000
2023		-		-	1.75	242,000
2024		-		-		-
2025		-		-		-
2026		-		-		-
2027		-		-		-
2028		-		-		-
Total		<u>\$ 133,000</u>		<u>\$ 5,528,000</u>		<u>\$ 2,123,000</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Bond Maturities - Revenue Bonds
June 30, 2013

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
2014	1.75 %	\$ 56,000	3.00 %	\$ 165,000	3.00 %	\$ 230,000
2015	1.75	58,000	3.00	170,000	3.00	237,000
2016	1.75	59,000	3.00	175,000	3.00	244,000
2017	1.75	61,000	3.00	180,000	3.00	251,000
2018	1.75	63,000	3.00	186,000	3.00	259,000
2019	1.75	65,000	3.00	191,000	3.00	266,000
2020	1.75	67,000	3.00	197,000	3.00	274,000
2021	1.75	69,000	3.00	203,000	3.00	283,000
2022	1.75	71,000	3.00	209,000	3.00	291,000
2023		-	3.00	215,000	3.00	300,000
2024		-		222,000	3.00	309,000
2025		-		229,000	3.00	318,000
		-		-		-
		-		-		-
		-		-		-
		-		-		-
Total		<u>\$ 569,000</u>		<u>\$ 2,342,000</u>		<u>\$ 3,262,000</u>

<u>Sewer Bond Issue</u>				<u>Water Bond Issue</u>				<u>Sewer Bond Revenue</u>			
<u>Issued December 27, 2007</u>				<u>Issued Oct 1, 2012</u>				<u>Issued Nov 12, 2013</u>			
Interest				Interest				Interest			
<u>Rates</u>		<u>Amount</u>		<u>Rates</u>		<u>Amount</u>		<u>Rates</u>		<u>Amount</u>	
3.00 %	\$	1,208,000		1.75 %	\$	1,000		1.75 %	\$	1,000	
3.00		1,244,000		1.75		712,000		1.75		1,032,000	
3.00		1,282,000		1.75		726,000		1.75		1,053,000	
3.00		1,320,000		1.75		740,000		1.75		1,074,000	
3.00		1,360,000		1.75		755,000		1.75		1,095,000	
3.00		1,400,000		1.75		770,000		1.75		1,117,000	
3.00		1,442,000		1.75		786,000		1.75		1,140,000	
3.00		1,486,000		1.75		801,000		1.75		1,162,000	
3.00		1,530,000		1.75		817,000		1.75		1,186,000	
3.00		1,576,000		1.75		834,000		1.75		1,209,000	
3.00		1,624,000		1.75		851,000		1.75		232,425	
3.00		1,672,000		1.75		868,000				-	
3.00		1,722,000		1.75		451,844				-	
3.00		1,774,000				-				-	
3.00		1,822,000				-				-	
		<u>\$ 22,462,000</u>				<u>\$ 9,112,844</u>				<u>\$ 10,301,425</u>	

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2013

Year Ending June 30,	Urban Renewal Tax Increment Revenue Bond Issued Dec 17, 2003		Urban Renewal Tax Increment Revenue Bond Issued Nov. 15, 2006	
	Interest Rates	Amount	Interest Rates	Amount
2014	4.50 %	\$ 20,000	4.75 %	\$ 210,000
2015		-	4.75	210,000
2016		-	4.75	220,000
2017		-	4.75	220,000
2018		-	4.75	230,000
2019		-	4.75	230,000
2020		-	4.75	240,000
2021		-	4.75	240,000
2022		-	4.75	260,000
2023		-		-
2024		-		-
2025		-		-
2026		-		-
2027		-		-
2028		-		-
Total		<u>\$ 20,000</u>		<u>\$ 2,060,000</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 Ten Years

	Modified Accrual Basis			
	2013	2012	2011	2010
Revenues:				
Property tax	\$ 12,434,160	11,905,700	10,695,253	9,495,874
Tax increment financing revenue	1,123,837	1,189,531	1,057,524	994,554
Other city tax	4,525,302	3,833,165	3,781,601	3,246,525
Licenses and permits	306,527	529,018	303,300	282,277
Use of money and property	165,317	326,937	344,015	372,350
Intergovernmental	3,716,631	5,015,006	4,772,715	5,332,928
Charges for service	1,363,730	1,331,738	1,251,367	965,547
Miscellaneous	1,871,906	1,638,670	1,619,892	3,227,905
Total	\$ 25,507,410	25,769,765	23,825,667	23,917,960
Expenditures:				
Operating:				
Public safety	\$ 7,671,352	7,422,048	7,319,101	6,462,486
Public works	3,201,001	3,656,007	3,336,965	3,438,283
Health & social services	295,396	301,498	340,102	347,086
Culture and recreation	3,320,904	3,162,789	3,459,938	3,330,371
Community and economic development	1,428,249	5,433,594	4,734,874	4,201,872
General government	1,198,557	1,518,381	1,381,422	1,279,686
Debt service	6,500,483	4,250,319	3,842,588	3,429,197
Capital projects	3,309,232	6,191,055	6,608,042	12,542,416
Total	\$ 26,925,174	31,935,691	31,023,032	35,031,397

See accompanying independent auditor's report.

Schedule 8

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

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

Schedule 9

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Justice:			
Byrne Memorial Justice Assistance	16.738	2011-DJ-BX-2458	\$ 11,561
Byrne Memorial Justice Assistance	16.738	2012-DJ-BX-0116	<u>9,217</u>
			<u>20,778</u>
Community Oriented Policing Services	16.710	2010-UMUX0096	<u>139,183</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-25	3,508
Airport Improvement Program	20.106	3-19-0035-26	<u>1,882,470</u>
			<u>1,885,978</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	11SGNIA002	<u>190,424</u>
Total Direct			<u>2,236,363</u>
Indirect:			
U.S. Department of Health and Human Services:			
Elderbridge Agency on Aging:			
Special programs for the Aging - Title IIIC			
Nutrition Services	93.045	FY 2013	<u>31,651</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Formula Grants for Other than Urbanized Areas	20.509	18-0030-269-12	259,480
Formula Grants for Other than Urbanized Areas	20.509	ICB CY12	5,808
Formula Grants for Other than Urbanized Areas	20.509	ICB CY12	2,295
Formula Grants for Other than Urbanized Areas	20.509	TF - 2011	<u>3,206</u>
			<u>270,789</u>
Federal Transit - Capital Investment Grants	20.500	04-0117-269-11	<u>305,318</u>

(continued)

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

Schedule 9

<u>Grantor/Program (continued)</u> Indirect (continued):	<u>CFDA</u> <u>Number</u>	<u>Agency or</u> <u>Pass-Through</u> <u>Number</u>	<u>Program</u> <u>Expenditures</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-1930	156,429
Disaster Grants - Public Assistance	96.036	EM-4126	<u>829</u>
			<u>157,258</u>
Environmental Protection Agency:			
Iowa Finance Authority:			
Capitalization Grants for Drinking Water State			
Revolving Funds	66.468	FY 2013	<u>2,784,721</u>
U.S. Department of Justice:			
Webster County:			
ARRA - Edward Byrne Memorial Justice Assistance			
Program	16.738	2009 SB-B9-2646	10,640
Edward Byrne Memorial Justice Assistance	16.738	009-DJBX-0156	<u>8,977</u>
			<u>19,617</u>
Total Indirect			<u>3,569,354</u>
Total			<u>\$ 5,805,717</u>

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA #</u>	<u>Program</u>	<u>Amount</u>
20.500	Federal Transit - Federal Transit Grants	\$ 305,318
20.509	Formula Grants for Other than Urbanized Areas	<u>270,789</u>
		<u>576,107</u>

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

See accompanying independent auditor's report.

Schedule of Expenditures of State Awards

Year ended June 30, 2013

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Airport Infrastructure #13164	\$ 168,020
Airport Infrastructure #13148	70,471
Airport Infrastructure #12275	84,030
Air Service Development Program	<u>28,522</u>
	<u>351,043</u>
Iowa Department of Transportation:	
RISE Grant #2012-R-001	<u>66,060</u>
Library:	
Open Access Grant	3,972
Enrich Iowa Grant	<u>5,704</u>
	<u>9,676</u>
Iowa Department of Economic Development:	
Community Attraction and Tourism Program # 11-CAT-013	<u>342,503</u>
Iowa Department of Public Safety:	
Governor's Traffic Safety Bureau FY 2013	<u>30,145</u>
Total	<u>\$ 799,427</u>

See accompanying independent auditor's report.

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

Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Fort Dodge, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fort Dodge, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fort Dodge, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Dodge's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item II-A-13 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Fort Dodge's Responses to Findings

The City of Fort Dodge's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Fort Dodge's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

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

March 17, 2014

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

Certified Public Accountants

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Independent Auditor's Report on Compliance
for Each Major Federal Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Fort Dodge, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Fort Dodge's major federal programs for the year ended June 30, 2013. The City of Fort Dodge's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Fort Dodge complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditure of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Fort Dodge, Iowa as of and for the year ended June 30, 2013, and have issued our report thereon dated March 17, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

March 17, 2014

City of Fort Dodge, Iowa
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 66.468 Capitalization Grants for Drinking Water State Revolving Funds.
- (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, 2013

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-13 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, 2013

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.

- IV-B-13 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-13 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, 2013

Part IV: Other Findings Related to Statutory Reporting:

IV-D-13 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Nancy Rork, Employee Spouse owns Rork’s Northwest Furnace	Repairs	\$7,848
Matt Bemrich, Mayor Part-Owner of Bemrich Electric	Airport Lighting City Repairs and Phones	1,800 9,061
Rich Peterson, Employee Owner of Rich’s Small Engine	Repairs	222
Robert Patterson, Council Member Part-Owner of Midstate Plumbing & Heating, Inc.	Airport Repairs City Repairs	3,085 <u>12,935</u> <u>34,951</u>

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

The transactions with Bemrich Electric with the airport does not appear to represent a conflict of interest as they were awarded by administrative agencies. The City repairs and phones do not represent a conflict of interest as they were awarded with competitive bids.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

The transaction with Rich's Small Engine does not appear to represent a conflict of interest as total transactions were less than \$1500 for the fiscal year.

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

- IV-E-13 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-13 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-13 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-13 Revenue Bonds and Notes – No instances of non-compliance with the water and wastewater revenue note provisions were noted.
- IV-I-13 Financial Condition – The Special Revenue Funds, Tax Increment Financing, and Community Development accounts had deficit balances of \$4,267,091, and \$62,838 respectively at June 30, 2013.

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

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

Conclusion – Response accepted.

- IV-J-13 Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.