

LAKESIDE MUNICIPAL GOLF COURSE
INDEPENDENT AUDITOR'S REPORT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2016

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

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

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying statement of cash receipts and disbursements of Lakeside Municipal Golf Course, City of Fort Dodge, Iowa, for the year ended June 30, 2016, and the related notes to the statement of cash receipts and disbursements, as shown on pages 5 to 7.

Management's Responsibility for the Statement of Cash Receipts and Disbursements

Management is responsible for the preparation and fair presentation of the statement of cash receipts and disbursements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the statement of cash receipts and disbursements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statement of cash receipts and disbursements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement of cash receipts and disbursements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of cash receipts and disbursements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of cash receipts and disbursements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statement of cash receipts and disbursements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 accounting estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements.

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

Opinion

In our opinion, the statement of cash receipts and disbursements referred to above present fairly, in all material respects, the cash receipts and disbursements of Lakeside Municipal Golf Course, City of Fort Dodge, Iowa, as of June 30, 2016.

Emphasis of Matter

As discussed in Note 1, the statement of cash receipts and disbursements of Lakeside Municipal Golf Course, City of Fort Dodge, Iowa, are intended to present the cash receipts and disbursements of only that portion of the City of Fort Dodge that is attributable to the transactions of Lakeside Municipal Golf Course. They do not purport to, and do not present fairly the financial position of the City of Fort Dodge, Iowa as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note 1 of the statement of cash receipts and disbursements, which describes the basis of accounting. The statement of cash receipts and disbursements are prepared on the 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.

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

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Certified Public Accountants

Fort Dodge, Iowa
March 27, 2017

Lakeside Municipal Golf Course

Statement of Cash Receipts and Disbursements

Year ended June 30, 2016

Operating receipts and disbursements:

Receipts:

Season passes	\$ 133,107
Green fees	74,675
Pro shop sales	11,997
Equipment rentals	47,421
Sale of concessions	69,813
Gift certificates	6,068
Sales tax collected	17,305
Total receipts	<u>360,386</u>

Disbursements:

Salaries	219,004
Employee benefits	45,687
Grounds maintenance and supplies	33,608
Equipment maintenance and supplies	18,577
Supplies for resale	40,500
Operating supplies	18,978
Outside services	12,663
Sales tax paid	13,473
Utilities	20,771
Fuel	9,861
Miscellaneous	2,134
Total disbursements	<u>435,256</u>

Deficiency of receipts under disbursements - Operations (74,870)

(continued)

Lakeside Municipal Golf Course

Statement of Cash Receipts and Disbursements

Year ended June 30, 2016

Non-operating receipts and disbursements:

Receipts:

Season passes	23,961
Green fees	13,178
Cart shed and trail fees, other miscellaneous	64,313
Sale of concessions	6,978
Bond proceeds	100,000
Transfer from general fund	100,000
Total receipts	<u>308,430</u>

Disbursements:

Equipment, major repairs	131,394
Grounds maintenance and supplies	5,719
Lease payments	6,000
Utilities	1,739
Repay interfund loan	21,835
Debt service:	
Principle redemption	55,500
Interest	6,169
Total disbursements	<u>228,356</u>

Net non-operating receipts 80,074

Excess of receipts under disbursements - All operations \$ 5,204

See notes to statement of cash receipts and disbursements.

Lakeside Municipal Golf Course

Notes to Statement of Cash Receipts and Disbursements

June 30, 2016

(1) Summary of Significant Accounting Policies

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

- A. Reporting Entity – The statement of cash receipts and disbursements presents only the transactions of Lakeside Municipal Golf Course, which is a department of the City of Fort Dodge. Lakeside Municipal Golf Course is financially and legally accountable to the City of Fort Dodge.

- B. Basis of Accounting – Lakeside Municipal Golf Course maintains its financial records on the basis of cash receipts and disbursements and the statement of cash receipts and disbursements of the Golf Course are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the statement of cash receipts and disbursements does not present results of operations of the Golf Course in accordance with U.S. generally accepted accounting principles.

- C. Date of Management's Review – Subsequent events have been evaluated through March 27, 2017 which is the date the statement of cash receipts and disbursements were available to be issued. Management has committed to golf cart path improvements in the fall of 2016, to be paid with the bond proceeds received in the current fiscal year.

(2) Pension Plan

Plan Description – IPERS membership is mandatory for all eligible Lakeside Municipal Golf Course employees as part of the City of Fort Dodge's pension plan. Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org. A summary of the plan and benefits are included in the City of Fort Dodge's notes to financial statements.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. The Golf Course's share of contributions to IPERS for the year ended June 30, 2016 was \$12,218.

Lakeside Municipal Golf Course

Notes to Statement of Cash Receipts and Disbursements

June 30, 2016

(3) Risk Management

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

(4) Lease Agreements

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

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

The amount paid to Webster County Conservation Board during the year ended June 30, 2016 was \$1 for the prior fiscal year net income. This lease has a supplement which states that the City of Fort Dodge will pay to the Webster County Conservation Board fifty percent (50%) of the gross cart shed rentals or \$6,000, whichever is less. The amount paid during the year ended June 30, 2016 was \$6,000 for the prior fiscal year.

Lakeside Municipal Golf Course

Notes to Statement of Cash Receipts and Disbursements

June 30, 2016

(5) Revenue Notes

During the year ended June 30, 2006, the City of Fort Dodge issued Golf Course Revenue notes in the amount of \$560,000. These notes are to be paid from the fees collected by Lakeside Municipal Golf Course. Remaining principal payments are between \$30,500 - \$58,500 per year with interest rates from 4.60% to 4.75%.

Future maturities are as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2017	58,500	3,532
June 30, 2018	30,500	724
	<u>\$ 144,500</u>	<u>10,424</u>

(6) Interfund Loan

During the year ended June 30, 2016, the City of Fort Dodge's general fund transferred \$100,000 to Lakeside's capital improvement account for purchase of equipment. These funds are to be paid back with the collection of capital improvement fees.

Future maturities are as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2017	19,400	2,435
June 30, 2018	19,983	1,852
June 30, 2019	20,582	1,253
June 30, 2020	<u>21,199</u>	<u>636</u>
	<u>\$81,164</u>	<u>6,176</u>