

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, 2020

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

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor’s Report		2-4
Management’s Discussion and Analysis		5-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	16-19
Statement of Activities	B	20-21
Governmental Funds Financial Statements:		
Balance Sheet	C	22-23
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	24
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	E	25-26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Governmental Funds to the Statement of Activities	F	27-28
Proprietary Funds Financial Statements:		
Statement of Net Position	G	29
Statement of Revenues, Expenses and Changes in Fund Net Position	H	30
Statement of Cash Flows	I	31-32
Fiduciary Funds Financial Statements:		
Statement of Fiduciary Net Position and Liabilities	J	33
Statement of Changes in Fiduciary Net Position	K	34
Notes to Financial Statements		35-85
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, Proprietary Funds and the Airport Authority		86-87
Budget to GAAP Reconciliation		88
Notes to Required Supplementary Information – Budgetary Reporting		89
Schedule of the City’s Proportionate Share of the Net Pension Liability- Iowa Public Employee’s Retirement System		90-91
Schedule of City Contributions – Iowa Public Employee’s Retirement System		92-93

Table of Contents (continued)

	<u>Page</u>
Required Supplementary Information (continued)	
Schedule of the City’s Proportionate Share of the Net Pension Liability- Municipal Fire and Police Retirement System of Iowa	94-95
Schedule of City Contributions- Municipal Fire and Police Retirement System of Iowa	96-97
Notes to Required Supplementary Information – Pension Liability	98-100
Schedule of Changes in the City’s IPERS Members OPEB Liability, Related Ratios and Notes	101
Schedule of Changes in the City’s MFPRSI Members OPEB Liability, Related Ratios and Notes	102
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 103-106
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)	2 107-110
Nonmajor Proprietary Funds:	
Combining Statement of Net Position	3 111-112
Combining Schedule of Revenues, Expenses and Changes in Net Position	4 113-114
Combining Schedule of Cash Flows	5 115-118
Bond/Note Maturities:	
General Obligation Bonds	6 119-120
Revenue Bonds	7 121-124
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	8 125-126
Schedule of Expenditures of Federal Awards	9 127-129
Schedule of Expenditures of State Awards	10 130
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 <u>Government Auditing Standards</u>	131-132
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	133-134
Schedule of Findings and Questioned Costs	135-139
Summary Schedule of Prior Audit Findings	140
Corrective Action Plan	141

**City of Fort Dodge, Iowa
Officials**

(Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Matt Bemrich	Mayor	Dec 2021
Dave Flattery	Mayor Pro-Tem	Dec 2019
Lydia Schuur	Council Member	Dec 2021
Jeffrey Halter	Council Member	Dec 2021
Kim Alstott	Council Member	Dec 2019
Dean Hill	Council Member	Dec 2019
Terry Moehnke	Council Member	Dec 2019
Neven Conrad	Council Member	Dec 2019
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Mark Crimmins	City Attorney	Indefinite

(After January 2020)

Matt Bemrich	Mayor	Dec 2021
Dave Flattery	Mayor Pro-Tem	Dec 2021
Lydia Schuur	Council Member	Dec 2021
Jeffrey Halter	Council Member	Dec 2021
Kim Alstott	Council Member	Dec 2021
Andy Fritz	Council Member	Dec 2021
Terry Moehnke	Council Member	Dec 2021
Neven Conrad	Council Member	Dec 2023
Jeff Nemmers	City Clerk	Indefinite
Dawn Siebken	Deputy City Clerk	Indefinite
Mark Crimmins	City Attorney	Indefinite

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

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Independent Auditor's Report

Jerilyn J. Maher, C.P.A.
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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, 2020, and the related Notes to 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 from 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 on 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 presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance 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 modified cash 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 opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management’s Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City’s Proportionate Share of the Net Pension Liability, the Schedule of City Contributions and the Schedule of Changes in the City’s Total OPEB Liability on pages 5 through 15 and 86 through 102 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 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 third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) 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 basic financial statements or to the basic 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 April 28, 2021 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 in considering the City of Fort Dodge's internal control over financial reporting and compliance.

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

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

April 28, 2021

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, 2020.

FINANCIAL HIGHLIGHTS

- The assets of the City of Fort Dodge exceeded its liabilities by \$147,176,798 at June 30, 2020.
- The City continued working on numerous construction projects that were either completed during the fiscal year, were continued in the fiscal year, or were just getting started as the fiscal year ended. A notable completed project is the repair of Williams Drive at Snell Crawford Park. A few notable continuing construction projects or studies during the fiscal year include a broadband study to provide communication fiber to our community, improvements to our water plant to provide reverse osmosis soft water, a clean water project at Armstrong Park, a street rehabilitation project near the Fort Dodge Country Club, continued Fire Station and City Hall renovations, continued consumer sewer initiative projects, a northwest water main loop project, S 30th & 7th Street project, continued East Region storm project, the N 1st St bridge project, the 8th Ave S. improvements project, and the 15th St. corrido project.
- \$3,570,000 of General Obligation Bonds, Series 2019B was issued to fund the demolition and redevelopment of the former Crossroads Mall.

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 like a private-sector business. The Statement of Net Position presents information on all the City's assets and liabilities. The Statement of Activities accounts for all 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, Storm water, parking system, and the Central Garage facility. These activities are financed primarily by user charges.
- **Component Units** – This includes operations that are legally separate from the City but for which the City is financially accountable. The City's discretely presented component units are the Fort Dodge Regional Airport and two non-profit foundations.

Statement of Net Position

City of Fort Dodge
June 30, 2020

	Governmental Activities		Increase (Decrease)
	FY2020	FY2019	
Current Assets	\$ 40,965,323	\$ 47,841,425	\$(6,876,102)
Restricted Assets	\$ 0	\$ 0	\$ 0
Capital Assets	<u>\$ 94,735,327</u>	<u>\$ 89,386,053</u>	<u>\$ 5,349,274</u>
Total Assets	\$ 135,700,650	\$ 137,227,478	\$(1,526,828)
Deferred Outflows of Resources	<u>\$ 4,675,399</u>	<u>\$ 5,214,716</u>	<u>\$ (539,317)</u>
Current Liabilities	\$ 2,236,624	\$ 4,077,337	\$(1,840,713)
Long Term Liabilities	<u>\$ 49,729,446</u>	<u>\$ 49,131,758</u>	<u>\$ 597,688</u>
Total Liabilities	\$ 51,966,070	\$ 53,209,095	\$(1,243,025)
Deferred Inflows of Resources	<u>\$ 19,308,336</u>	<u>\$ 18,657,280</u>	<u>\$ 651,056</u>
Net Position:			
Invested in Capital Assets			
Net of related debt	\$ 62,320,327	\$ 56,511,053	\$ 5,809,274
Restricted	\$ 14,461,835	\$ 18,589,382	\$(4,127,547)
Unrestricted	<u>\$ (7,680,519)</u>	<u>\$ (4,524,616)</u>	<u>\$ (3,155,903)</u>
Total Net Position	<u>\$ 69,101,643</u>	<u>\$ 70,575,819</u>	<u>\$(1,474,176)</u>

Business Type Activities

	FY2020	FY2019	Increase (Decrease)
Current Assets	\$ 25,173,484	\$ 24,811,129	\$ 362,355
Restricted Assets	\$ 974,345	\$ 901,461	\$ 72,884
Capital Assets	\$ 165,099,349	\$ 153,037,069	\$ 12,062,280
Total Assets	\$ 191,247,178	\$ 178,749,659	\$ 12,497,519
Deferred Outflowsof Resources	\$ 718,945	\$ 832,078	\$ (113,133)
Current Liabilities	\$ 3,877,362	\$ 2,676,616	\$ 1,200,746
Long Term Liabilities	\$ 109,611,606	\$ 103,686,313	\$ 5,925,293
Total Liabilities	\$ 113,488,968	\$ 106,362,929	\$ 7,126,039
Deferred Inflows of Resources	\$ 402,000	\$ 381,438	\$ 20,562
Net Position:			
Invested in Capital Assets			
Net of related debt	\$ 57,699,279	\$ 51,784,515	\$ 5,914,764
Restricted	\$ 591,293	\$ 548,648	\$ 42,645
Unrestricted	\$ 19,784,583	\$ 20,504,207	\$ (719,624)
Total Net Position	\$ 78,075,155	\$ 72,837,370	\$ 5,237,785

Total Net Assets

	FY2020	FY2019	Increase (Decrease)
Current Assets	\$ 66,138,807	\$ 72,652,554	\$ (6,513,747)
Restricted Assets	\$ 974,345	\$ 901,461	\$ 72,884
Capital Assets	\$ 259,834,676	\$ 242,423,122	\$ 17,411,554
Total Assets	\$ 326,947,828	\$ 315,977,137	\$ 10,970,691
Deferred Outflowsof Resources	\$ 5,394,344	\$ 6,046,794	\$ (652,450)
Current Liabilities	\$ 6,113,986	\$ 6,753,953	\$ (639,967)
Long Term Liabilities	\$ 159,341,052	\$ 152,818,071	\$ 6,522,981
Total Liabilities	\$ 165,455,038	\$ 159,572,024	\$ 5,883,014
Deferred Inflows of Resources	\$ 19,710,336	\$ 19,038,718	\$ 671,618
Net Assets:			
Invested in Capital Assets			
Net of related debt	\$ 120,019,606	\$ 108,295,568	\$ 11,724,038
Restricted	\$ 15,053,128	\$ 19,138,030	\$ (4,084,902)
Unrestricted	\$ 12,104,064	\$ 15,979,591	\$ (3,875,527)
Total Net Assets	\$ 147,176,798	\$ 143,413,189	\$ 3,763,609

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 \$147,176,798 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 \$120,019,606. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Prior year comparison shows \$108,295,568, an increase of \$11,724,038.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or legislation on how they can be used. The City has restricted net assets of \$15,053,128, a decrease of \$4,084,902 from the prior year.

The remaining balance, unrestricted net position of \$12,104,064, 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 \$15,979,591, a decrease of \$3,875,527. This is primarily due to an increase in capital expenditures, including cash balances from the prior year restricted for capital expenditures. The following is a more detailed review of the years' operation.

**Statement of Activities
City of Fort Dodge
June 30, 2020**

Governmental Activities

	FY2020	FY2019	(Decrease)
Revenues:			
Program Revenues:			
Charges for service	2,878,657	3,228,461	(349,804)
Operating grants, contributions	5,079,606	5,110,502	(30,896)
Capital grants, contributions	2,054,322	3,442,533	(1,388,211)
General Revenues:			
Property tax	14,140,568	14,886,385	(745,817)
Other taxes	6,779,196	6,165,992	613,204
Interfund Transfers	1,369,074	581,288	787,786
Other	<u>3,737,041</u>	<u>2,871,636</u>	<u>865,405</u>
Total Revenues	36,038,464	36,286,797	(248,333)
Program Expenses:			
Public Safety	12,491,521	10,742,173	1,749,348
Public Works	8,038,950	7,616,475	422,475
Health and Social Services	303,140	109,881	193,259
Culture and Recreation	5,662,955	5,454,470	208,485
Comm & Econ Development	6,116,345	3,494,279	2,622,066
General Government	1,583,264	1,802,084	(218,820)
Debt Service	1,176,720	761,029	415,691
Capital Projects	<u>2,139,745</u>	<u>2,127,079</u>	<u>12,666</u>
Total Expenses	37,512,640	32,107,470	5,405,170
Increase (decrease) in net position	(1,474,176)	4,179,327	(5,653,503)
Net position at beginning of year	70,575,819	66,396,492	4,179,327
Net position at end of year	69,101,643	70,575,819	(1,474,176)

Revenues for governmental funds were \$248,333 less in the current fiscal year as compared to the prior fiscal year. The change in revenue was due to revenue loss primarily associated with COVID 19.

**Statement of Activities
City of Fort Dodge
June 30, 2020**

Business Type Activities

Revenues:

Program Revenues:

Charges for service	23,790,966	23,220,564	570,402
Operating grants, contributions	-	-	-
Capital grants, contributions	-	-	-

General Revenues:

Interfund Transfers	(1,367,974)	(1,221,188)	(146,786)
Other	<u>2,041,555</u>	<u>2,149,925</u>	<u>(108,370)</u>
Total Revenues	24,464,547	24,149,301	315,246

Program Expenses:

Water	6,244,898	6,150,180	94,718
Sewer	10,640,484	10,243,965	396,519
Other non-major business type activities	<u>2,341,380</u>	<u>2,129,398</u>	<u>211,982</u>
Total Expenses	19,226,762	18,523,543	703,219

Increase in net position	5,237,785	5,625,758	(387,973)
Net position at beginning of year	72,837,370	67,211,612	5,625,758
Net position at end of year	78,075,155	72,837,370	5,237,785

Revenues for business type activities increased by \$315,246 or 1.3% more than the previous fiscal year due to increased charges for services. Sewer rates increased 2% in January 2020 while water rates were maintained.

Expenses increased \$703,219 from the prior year primarily because of increased operational expenses in both the water and sewer plant operations.

**Statement of Activities
City of Fort Dodge
June 30, 2020**

Total Government and Business Type Activities

	FY2020	FY2019	Increase (Decrease)
Revenues:			
Program Revenues			
Charges for service	26,669,623	26,449,025	220,598
Operating grants, contributions	5,079,606	5,110,502	(30,896)
Capital grants, contributions	2,054,322	3,442,533	(1,388,211)
General Revenues:			
Property tax	14,143,593	14,886,385	(742,792)
Other taxes	6,779,196	6,165,992	613,204
Interfund Transfers	1,100	(639,900)	641,000
Other	<u>5,775,571</u>	<u>5,021,561</u>	<u>754,010</u>
Total Revenues	60,503,011	60,436,098	66,913
Program Expenses:			
Public Safety	12,491,521	10,742,173	1,749,348
Public Works	8,038,950	7,616,475	422,475
Health and Social Services	303,140	109,881	193,259
Culture and Recreation	5,662,955	5,454,470	208,485
Comm & Econ Development	6,116,345	3,494,279	2,622,066
General Government	1,583,264	1,802,084	(218,820)
Debt Service	1,176,720	761,029	415,691
Capital Projects	2,139,745	2,127,079	12,666
Water	6,244,898	6,150,180	94,718
Sewer	10,640,484	10,243,965	396,519
Other non-major business type activities	<u>2,341,380</u>	<u>2,129,398</u>	<u>211,982</u>
Total Expenses	56,739,402	50,631,013	6,108,389
Increase in net position	3,763,609	9,805,085	(6,041,476)
Net position at beginning of year	143,413,189	133,608,104	9,805,085
Net position at end of year	147,176,798	143,413,189	3,763,609

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 \$20,956,389, a decrease of \$6,010,625 from the prior year. Of this total amount there is unreserved fund balance of (\$1,324,126). This is primarily due a general fund positive balance with negative balances in the TIF special revenue fund and the capital projects, construction fund. There is also \$7,670,615 assigned for street projects.

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 \$4,659,646, a decrease of \$401,710. This decrease was primarily due to loss of revenue related to the COVID pandemic, such as hotel, motel taxes, building permits and recreation programs. The total general fund balance was \$5,456,446. 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 38.1% of total general fund expenditures (\$12,239,465), while total fund balance represents 44.6% 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 internal and external loans for various economic development and community improvements.

The Debt Service Fund ended the year with a fund balance of \$527,086 a decrease of \$275,888 from the prior year. The decrease was due to a GO payment that was made but not levied for.

The Jurisdictional Fund ended the year with a fund balance of \$7,670,615, an increase of \$152,512 from last year. The increase was due to interest income from internal loans.

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 \$1,813,961 compared to an increase of \$2,705,974 from the previous fiscal year. Water rates did not increase in FY20. Expenses increased slightly from the prior year because of increased costs in water plant operations.

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 \$3,228,714 compared to an increase of \$2,708,353 in the previous fiscal year. A 2% rate increase was enacted in January 2020. Operational expenses increased because of increased costs in sewer plant operations.

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 \$94,735,327 and \$165,099,349 respectively, for a combined total of \$259,834,676. See Note 3 to the financial statements for additional information regarding the City's capital assets.

Long-term Debt

As of June 30, 2020, the City of Fort Dodge had \$34,265,000 of long-term debt outstanding in its governmental activities, compared to \$34,910,000 at June 30, 2019. The decrease of \$645,000 is attributable to the repayment of debt and the issuance of General Obligation Bonds, Series 2019B. 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 \$58,924,458 for FY20 of which the City has utilized about 58% including TIF rebate agreements.

Total long-term debt for business type activities was \$104,377,333 an increase of \$6,030,549 from the previous fiscal year which is attributable to both the issuance and repayment of debt. New issuances were primarily for a Reverse Osmosis (RO) water system and another phase of the Community Sewer Initiatives (CSI).

ECONOMIC FACTORS

For the upcoming fiscal year ending June 30, 2022, the City's taxable property valuation increased by \$18,142,991 or 2.4%. 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 56.4094% 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 given that the state legislature may choose not to fund the revenue replacement in any fiscal year. Legislation has been introduced that would phase out the backfill amounts starting in FY23, reducing the amount to zero over a six-year period. The City has planned the FY22 budget with the expectation that the appropriated state backfill amounts will be received. The City's tax levy rate increased in FY22 to \$20.42 from \$20.17 in FY21 when the City Council decided to use reserves on hand to decrease the levy rate, returning to the same rate as FY20 - \$20.42. City officials 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, 2020

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 24,202,277	17,463,361	41,665,638
Receivables:			
Property tax:			
Delinquent	271,588	-	271,588
Succeeding year	15,083,477	-	15,083,477
Tax increment financing:			
Delinquent	107,137	-	107,137
Succeeding year	2,787,306	-	2,787,306
Customer accounts	-	4,319,461	4,319,461
Accounts	137,612	-	137,612
Due from other governments	1,602,828	-	1,602,828
Due from other funds	(3,374,967)	3,374,967	-
Inventories	23,204	-	23,204
Prepaid expenses	124,861	15,695	140,556
Restricted assets:			
Cash and pooled investments	-	974,345	974,345
Capital assets (net of accumulated depreciation)	94,735,327	165,099,349	259,834,676
Total assets	<u>135,700,650</u>	<u>191,247,178</u>	<u>326,947,828</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>4,675,399</u>	<u>718,945</u>	<u>5,394,344</u>
Liabilities			
Cash and cash equivalents (deficit)	-	-	-
Accounts payable	1,353,711	3,321,824	4,675,535
Salaries and benefits payable	642,638	171,882	814,520
Interest payable	98,473	173,478	271,951
Liabilities payable from restricted assets:			
Customer deposits	-	209,574	209,574
Unearned revenue	141,802	604	142,406

Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	4,407,099	4,407,099
4,508	-	4,508
264,342	-	264,342
-	-	-
-	-	-
2,254	-	2,254
112,303	-	112,303
-	-	-
-	-	-
-	-	-
17,829,607	-	17,829,607
<u>18,213,014</u>	<u>4,407,099</u>	<u>22,620,113</u>
<u>81,824</u>	-	<u>81,824</u>
67,094	-	67,094
7,193	-	7,193
14,091	237	14,328
-	-	-
-	-	-
-	-	-

City of Fort Dodge, Iowa
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Liabilities (continued)			
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes	4,120,000	85,000	4,205,000
Revenue bonds/notes payable	-	5,757,000	5,757,000
Compensated absences	1,023,618	170,770	1,194,388
Portion due or payable after one year:			
General obligation bonds/notes	28,295,000	1,750,000	30,045,000
Revenue bonds/notes payable	-	99,808,070	99,808,070
Bond premium	2,401,977	-	2,401,977
Compensated absences	104,237	-	104,237
Net pension liability	13,194,149	1,961,254	15,155,403
Net OPEB liability	590,465	79,512	669,977
Total liabilities	<u>51,966,070</u>	<u>113,488,968</u>	<u>165,455,038</u>
Deferred Inflows of Resources			
Unavailable revenues:			
Deferred inflows	1,437,553	402,000	1,839,553
Succeeding year property tax	15,083,477	-	15,083,477
Tax increment financing	2,787,306	-	2,787,306
Total deferred inflows of resources	<u>19,308,336</u>	<u>402,000</u>	<u>19,710,336</u>
Net Position			
Invested in capital assets, net of related debt	62,320,327	57,699,279	120,019,606
Restricted for:			
Nonexpendable:			
Parks Trust	25,000	-	25,000
Expendable:			
Debt service	1,078,125		1,078,125
Street improvements and repairs	3,401,769	-	3,401,769
Urban renewal	3,101,658	-	3,101,658
Major repairs and construction	2,378,654	-	2,378,654
Revenue note retirement	-	591,293	591,293
Other purposes	4,476,629	-	4,476,629
Unrestricted	(7,680,519)	19,784,583	12,104,064
Total net position	<u>\$ 69,101,643</u>	<u>78,075,155</u>	<u>147,176,798</u>

See notes to financial statements.

(continued)
Exhibit A

Component Units		
<u>Airport Authority</u>	<u>Other (Modified Cash)</u>	<u>Total</u>
-	-	-
-	-	-
20,080	-	20,080
15,000	-	15,000
-	-	-
-	-	-
-	-	-
229,927	-	229,927
9,941	-	9,941
<u>363,326</u>	<u>237</u>	<u>363,563</u>
53,184	-	53,184
264,342	-	264,342
-	-	-
<u>317,526</u>	<u>-</u>	<u>317,526</u>
17,814,607	-	17,814,607
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(200,621)	4,406,862	4,206,241
<u>17,613,986</u>	<u>4,406,862</u>	<u>22,020,848</u>

City of Fort Dodge, Iowa
Statement of Activities
Year ended June 30, 2020

Functions/Programs:	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Primary Government:				
Governmental activities:				
Public safety	\$ 12,491,521	1,752,885	154,071	79,268
Public works	8,038,950	6,945	3,980,964	267,555
Health and social services	303,140	71,828	259,557	-
Culture and recreation	5,662,955	835,507	134,386	40,617
Community and economic development	6,116,345	165,408	54,157	69,099
General government	1,583,264	46,084	380,905	-
Interest on long-term debt	1,176,720	-	115,566	-
Capital projects	2,139,745	-	-	1,597,783
Total governmental activities	<u>37,512,640</u>	<u>2,878,657</u>	<u>5,079,606</u>	<u>2,054,322</u>
Business type activities:				
Water	6,244,898	8,260,473	-	-
Sewer	10,621,466	12,956,219	-	-
Other non-major	2,341,380	2,574,274	-	-
Total business type activities	<u>19,207,744</u>	<u>23,790,966</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 56,720,384</u>	<u>26,669,623</u>	<u>5,079,606</u>	<u>2,054,322</u>
Component Units:				
Airport Authority	\$ 1,753,572	214,090	-	932,690
Other (modified cash)	274,857	39,223	94,564	-
Total component units	<u>\$ 2,028,429</u>	<u>253,313</u>	<u>94,564</u>	<u>932,690</u>
General Revenues:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted investment earnings, operating grants				
Miscellaneous				
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.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
			Units
Governmental Activities	Business Type Activities	Total	
(10,505,297)	-	(10,505,297)	-
(3,783,486)	-	(3,783,486)	-
28,245	-	28,245	-
(4,652,445)	-	(4,652,445)	-
(5,827,681)	-	(5,827,681)	-
(1,156,275)	-	(1,156,275)	-
(1,061,154)	-	(1,061,154)	-
(541,962)	-	(541,962)	-
<u>(27,500,055)</u>	<u>-</u>	<u>(27,500,055)</u>	<u>-</u>
-	2,015,575	2,015,575	-
-	2,334,753	2,334,753	-
-	232,894	232,894	-
-	4,583,222	4,583,222	-
<u>(27,500,055)</u>	<u>4,583,222</u>	<u>(22,916,833)</u>	<u>-</u>
-	-	-	(606,792)
-	-	-	(141,070)
-	-	-	(747,862)
10,654,052	3,025	10,657,077	249,175
3,486,516	-	3,486,516	-
2,493,133	-	2,493,133	-
4,286,063	-	4,286,063	-
461,834	262,697	724,531	(35,037)
3,275,207	1,775,833	5,051,040	118,361
1,369,074	(1,367,974)	1,100	(1,100)
<u>26,025,879</u>	<u>673,581</u>	<u>26,699,460</u>	<u>331,399</u>
(1,474,176)	5,256,803	3,782,627	(416,463)
<u>70,575,819</u>	<u>72,837,370</u>	<u>143,413,189</u>	<u>22,437,311</u>
<u>\$ 69,101,643</u>	<u>78,094,173</u>	<u>147,195,816</u>	<u>22,020,848</u>

City of Fort Dodge, Iowa
Balance Sheet
Governmental Funds
June 30, 2020

Assets	General	Special Revenue	
		Local Option Tax	Increment
		Sales Tax	Financing
Cash, cash equivalents and pooled investments	\$ 5,726,480	706,459	4,259,280
Receivables:			
Property tax:			
Delinquent	123,322	-	-
Succeeding year	7,154,145	-	-
Tax increment financing:			
Delinquent	-	-	107,137
Succeeding year	-	-	2,787,306
Accounts	102,842	398	166
Due from other funds	125,000	-	-
Due from other governments	115,119	339,367	-
Inventories	23,204	-	-
Prepaid expenses	95,550	-	-
	<u>5,726,480</u>	<u>706,459</u>	<u>4,259,280</u>
Total assets	<u>\$13,465,662</u>	<u>1,046,224</u>	<u>7,153,889</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 212,160	447,537	98,573
Salaries payable and benefits payable	539,563	-	15,130
Due to other funds	64,736	-	8,414,891
Total liabilities	<u>816,459</u>	<u>447,537</u>	<u>8,528,594</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	7,154,145	-	-
Tax increment financing	-	-	2,787,306
Other	38,612	-	-
Total deferred inflows of resources	<u>7,192,757</u>	<u>-</u>	<u>2,787,306</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	95,550	-	-
Inventories	23,204	-	-
Parks Trust	-	-	-
Restricted for:			
Debt service	-	-	-
Street improvement and repairs	-	598,687	-
Urban renewal	-	-	-
Employee benefits	-	-	-
Capital improvements	-	-	-
Other purposes	678,046	-	-
Assigned	-	-	-
Unassigned	4,659,646	-	(4,162,011)
Total fund balances	<u>5,456,446</u>	<u>598,687</u>	<u>(4,162,011)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$13,465,662</u>	<u>\$1,046,224</u>	<u>7,153,889</u>

See notes to financial statements.

Debt Service	Capital Projects			Other Nonmajor Governmental Funds	Total
	Jurisdictional Transfer	Capital Improvement	Construction Fund		
455,021	505,171	2,680,686	1,430,628	8,438,552	24,202,277
71,844	-	-	-	76,422	271,588
3,474,144	-	-	-	4,455,188	15,083,477
-	-	-	-	-	107,137
-	-	-	-	-	2,787,306
221	285	29,586	1,121	2,993	137,612
-	7,165,159	16,186	1,500,000	1,322,518	10,128,863
-	-	2,688	488,089	657,565	1,602,828
-	-	-	-	-	23,204
-	-	1,448	-	27,863	124,861
<u>4,001,230</u>	<u>7,670,615</u>	<u>2,730,594</u>	<u>3,419,838</u>	<u>14,981,101</u>	<u>54,469,153</u>
-	-	272,045	168,450	154,946	1,353,711
-	-	-	-	87,945	642,638
-	-	-	5,024,203	-	13,503,830
-	-	272,045	5,192,653	242,891	15,500,179
3,474,144	-	-	-	4,455,188	15,083,477
-	-	-	-	-	2,787,306
-	-	103,190	-	-	141,802
<u>3,474,144</u>	<u>-</u>	<u>103,190</u>	<u>-</u>	<u>4,455,188</u>	<u>18,012,585</u>
-	-	1,448	-	27,863	124,861
-	-	-	-	-	23,204
-	-	-	-	25,000	25,000
527,086	-	-	-	551,039	1,078,125
-	-	-	-	2,803,082	3,401,769
-	-	-	-	3,101,658	3,101,658
-	-	-	-	2,727,805	2,727,805
-	-	2,353,911	-	24,743	2,378,654
-	-	-	-	1,070,778	1,748,824
-	7,670,615	-	-	-	7,670,615
-	-	-	(1,772,815)	(48,946)	(1,324,126)
<u>527,086</u>	<u>7,670,615</u>	<u>2,355,359</u>	<u>(1,772,815)</u>	<u>10,283,022</u>	<u>20,956,389</u>
<u>4,001,230</u>	<u>7,670,615</u>	<u>2,730,594</u>	<u>3,419,838</u>	<u>14,981,101</u>	<u>54,469,153</u>

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

June 30, 2020

Total governmental fund balances (page 22) \$ 20,956,389

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 \$169,142,720 and the accumulated depreciation is \$74,407,393.

94,735,327

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources

4,675,399

Deferred inflows of resources

(1,437,553)

3,237,846

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

(34,816,977)

Compensated absences

(1,127,855)

Accrued interest payable

(98,473)

Net pension liability

(13,194,149)

Net OPEB liability

(590,465)

Net Position of Governmental Activities (Page 17)

\$ 69,101,643

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, 2020

	General	Special Revenue	
		Local Option Sales Tax	Tax Increment Financing
Revenues:			
Property tax (173039)	\$ 6,784,077	-	-
Tax increment financing	-	-	2,481,611
Other city tax	536,635	4,286,063	-
Licenses and permits	297,745	-	-
Use of money and property	169,468	26,849	11,326
Intergovernmental	509,022	-	39,254
Charges for service	1,902,362	-	-
Miscellaneous	1,017,706	-	7,813
Total revenues	<u>11,217,015</u>	<u>4,312,912</u>	<u>2,540,004</u>
Expenditures:			
Operating:			
Public safety	7,794,872	-	-
Public works	287,899	-	-
Health and social services	3,250	-	-
Culture and recreation	2,666,088	-	-
Community and economic development	544,588	-	4,759,167
General government	942,768	-	-
Debt service	-	-	-
Capital projects	-	1,951,423	113,363
Total expenditures	<u>12,239,465</u>	<u>1,951,423</u>	<u>4,872,530</u>
Excess (deficiency) of revenues over (under) expenditures	(1,022,450)	2,361,489	(2,332,526)
Other financing sources (uses):			
Bond proceeds	-	-	3,500,000
Operating transfers in	1,283,116	-	-
Operating transfers out	(630,470)	(3,099,149)	(1,706,762)
Total other financing sources (uses)	<u>652,646</u>	<u>(3,099,149)</u>	<u>1,793,238</u>
Change in fund balances	(369,804)	(737,660)	(539,288)
Fund balances (deficit) beginning of year	<u>5,826,250</u>	<u>1,336,347</u>	<u>(3,622,723)</u>
Fund balances (deficit) end of year	<u>\$ 5,456,446</u>	<u>598,687</u>	<u>(4,162,011)</u>

See notes to financial statements.

Exhibit E

Debt Service	Capital Projects			Construction Fund	Other Nonmajor Governmental Funds	Total
	Jurisdictional Transfer	Capital Improvement				
3,486,516	-	-	-	-	4,105,936	14,376,529
-	-	-	-	-	-	2,481,611
-	-	-	-	-	2,384	4,825,082
-	-	-	-	-	-	297,745
35,178	152,934	14,541	12,253	-	39,408	461,957
115,566	-	2,492	1,404,763	-	4,999,512	7,070,609
-	-	530,731	-	-	-	2,433,093
314,464	-	521,059	139,170	-	722,552	2,722,764
<u>3,951,724</u>	<u>152,934</u>	<u>1,068,823</u>	<u>1,556,186</u>	-	<u>9,869,792</u>	<u>34,669,390</u>
-	-	1,909,302	-	-	2,855,995	12,560,169
-	-	59	-	-	4,829,563	5,117,521
-	-	-	-	-	286,561	289,811
-	-	1,805,391	-	-	752,689	5,224,168
-	-	-	-	-	415,167	5,718,922
-	-	462,270	-	-	131,958	1,536,996
5,815,935	-	-	-	-	-	5,815,935
-	-	880,413	5,860,320	-	1,244,817	10,050,336
<u>5,815,935</u>	<u>-</u>	<u>5,057,435</u>	<u>5,860,320</u>	-	<u>10,516,750</u>	<u>46,313,858</u>
(1,864,211)	152,934	(3,988,612)	(4,304,134)	-	(646,958)	(11,644,468)
70,000	-	324,500	370,269	-	-	4,264,769
1,518,323	-	657,597	3,107,534	-	1,261,940	7,828,510
-	(422)	(455,217)	(251,114)	-	(316,302)	(6,459,436)
<u>1,588,323</u>	<u>(422)</u>	<u>526,880</u>	<u>3,226,689</u>	-	<u>945,638</u>	<u>5,633,843</u>
(275,888)	152,512	(3,461,732)	(1,077,445)	-	298,680	(6,010,625)
802,974	7,518,103	5,817,091	(695,370)	-	9,984,342	26,967,014
<u>527,086</u>	<u>7,670,615</u>	<u>2,355,359</u>	<u>(1,772,815)</u>	-	<u>10,283,022</u>	<u>\$ 20,956,389</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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (6,010,625)
 (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. Capital outlays exceeded depreciation expense in the current year, as follows:

Capital outlay	\$ 11,475,823	
Depreciation expense	<u>(6,126,549)</u>	5,349,274

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	(3,894,500)	
Bond premium received	(370,269)	
Long-term debt principal repaid	4,354,500	
Accrued interest	<u>(4,265)</u>	85,466

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

Year ended June 30, 2020

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	288,980	
Compensated absences	108,118	
Other postemployment benefits	(83,312)	
Pension expense	<u>(1,212,077)</u>	<u>(898,291)</u>

Change in Net Position of Governmental Activities (Page 20)	\$ <u>(1,474,176)</u>
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See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit G

	Enterprise Funds			Totals
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,875,519	8,977,311	2,610,531	17,463,361
Accounts receivable	1,224,713	2,541,681	553,067	4,319,461
Prepaid expenses	5,684	5,031	4,980	15,695
Due from other funds	880,203	2,494,764	-	3,374,967
Total current assets	<u>7,986,119</u>	<u>14,018,787</u>	<u>3,168,578</u>	<u>25,173,484</u>
Noncurrent assets:				
Restricted cash and cash equivalents	362,615	402,156	209,574	974,345
Capital assets (net of accumulated depreciation)	54,073,387	100,989,396	10,036,566	165,099,349
Total noncurrent assets	<u>54,436,002</u>	<u>101,391,552</u>	<u>10,246,140</u>	<u>166,073,694</u>
Total assets	<u>62,422,121</u>	<u>115,410,339</u>	<u>13,414,718</u>	<u>191,247,178</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>392,542</u>	<u>195,440</u>	<u>130,963</u>	<u>718,945</u>
Liabilities				
Current liabilities:				
Accounts payable	2,084,424	1,118,143	119,257	3,321,824
Salaries and benefits payable	81,469	54,360	36,053	171,882
Compensated absences	107,659	20,317	42,794	170,770
Unearned revenue	-	-	604	604
Payable from restricted net assets:				
Bonds, notes and loans payable	1,946,000	3,811,000	85,000	5,842,000
Consumer deposits	-	-	209,574	209,574
Interest payable	43,756	129,722	-	173,478
Total current liabilities	<u>4,263,308</u>	<u>5,133,542</u>	<u>493,282</u>	<u>9,890,132</u>
Noncurrent liabilities:				
Bonds, notes and loans payable	28,772,193	71,035,877	1,750,000	101,558,070
Net pension liability	1,125,914	474,176	361,164	1,961,254
Net OPEB liability	49,413	13,444	16,655	79,512
Total noncurrent liabilities	<u>29,947,520</u>	<u>71,523,497</u>	<u>2,127,819</u>	<u>103,598,836</u>
Total liabilities	<u>34,210,828</u>	<u>76,657,039</u>	<u>2,621,101</u>	<u>113,488,968</u>
Deferred Inflows of Resources				
Unavailable revenues:				
Pension related deferred inflows	224,171	90,873	86,956	402,000
Total deferred inflows of resources	<u>224,171</u>	<u>90,873</u>	<u>86,956</u>	<u>402,000</u>
Net position				
Invested in capital assets, net of related debt	23,355,194	26,142,519	8,201,566	57,699,279
Restricted for:				
Revenue note retirement	318,859	272,434	-	591,293
Unrestricted	4,705,611	12,442,914	2,636,058	19,784,583
Total net position	<u>\$ 28,379,664</u>	<u>38,857,867</u>	<u>10,837,624</u>	<u>78,075,155</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, 2020

Exhibit H

	Enterprise Funds			Totals
	Water Utility	Sewer Utility	Other Nonmajor Proprietary Funds	
Operating revenues:				
Charges for services	\$ 8,258,452	12,908,728	2,559,779	23,726,959
Miscellaneous	466,571	1,191,651	19,731	1,677,953
Total operating revenues	8,725,023	14,100,379	2,579,510	25,404,912
Operating expenses:				
Business type activities:				
Cost of sales and services	4,536,411	5,781,488	1,735,322	12,053,221
Depreciation	1,188,028	2,987,990	531,570	4,707,588
Total operating expenses	5,724,439	8,769,478	2,266,892	16,760,809
Operating income	3,000,584	5,330,901	312,618	8,644,103
Non-operating revenues (expenses):				
Interest and investment revenue	90,518	189,801	28,272	308,591
Interest expense	(520,459)	(1,851,988)	(74,488)	(2,446,935)
Sale of equipment	-	-	100,000	100,000
Total non-operating revenue (expenses)	(429,941)	(1,662,187)	53,784	(2,038,344)
Net income before transfers	2,570,643	3,668,714	366,402	6,605,759
Operating transfers in	-	-	100,000	100,000
Operating transfers out	(756,682)	(440,000)	(271,292)	(1,467,974)
Change in net position	1,813,961	3,228,714	195,110	5,237,785
Net position beginning of year	26,565,703	35,629,153	10,642,514	72,837,370
Net position end of year	\$ 28,379,664	38,857,867	10,837,624	78,075,155

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2020

Exhibit I

	Enterprise Funds			<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Other Nonmajor Proprietary Funds</u>	
Cash Flows From Operating Activities				
Receipts from customers	\$ 9,190,516	14,261,938	2,607,986	26,060,440
Payments to suppliers and employees	(4,315,114)	(4,948,609)	(1,765,510)	(11,029,233)
Other receipts	-	-	5,236	5,236
Net cash provided (used) by operating activities	<u>4,875,402</u>	<u>9,313,329</u>	<u>847,712</u>	<u>15,036,443</u>
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	(756,682)	(440,000)	(271,292)	(1,467,974)
Transfers from other funds	-	-	100,000	100,000
Net cash provided (used) in noncapital financing activities	<u>(756,682)</u>	<u>(440,000)</u>	<u>(171,292)</u>	<u>(1,367,974)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from capital debt	10,529,613	922,903	(185,000)	11,267,516
Purchase of capital assets	(12,806,966)	(3,387,895)	(575,007)	(16,769,868)
Proceeds from sale of equipment	-	-	100,000	100,000
Principal paid on capital debt	(1,398,000)	(3,722,000)	-	(5,120,000)
Interest paid on capital debt	(504,170)	(1,848,528)	(74,488)	(2,427,186)
Principal received from interfund loans	54,022	234,507	-	288,529
Net cash (used) by capital and related financing activities	<u>(4,125,501)</u>	<u>(7,801,013)</u>	<u>(734,495)</u>	<u>(12,661,009)</u>
Cash Flows From Investing Activities				
Interest and dividends	90,518	189,801	28,272	308,591
Net cash provided by investing activities	<u>90,518</u>	<u>189,801</u>	<u>28,272</u>	<u>308,591</u>
Net increase (decrease) in cash and cash equivalents	83,737	1,262,117	(29,803)	1,316,051
Cash and cash equivalents beginning of year	<u>6,154,397</u>	<u>8,117,350</u>	<u>2,849,908</u>	<u>17,121,655</u>
Cash and cash equivalents end of year	<u>\$ 6,238,134</u>	<u>9,379,467</u>	<u>2,820,105</u>	<u>18,437,706</u>

(continued)

City of Fort Dodge, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2020

Exhibit I

	Enterprise Funds			<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	Other Nonmajor Proprietary <u>Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income	\$ 3,000,584	5,330,901	312,618	8,644,103
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,188,028	2,987,990	531,570	4,707,588
Change in assets and liabilities:				
Receivables, net	465,493	161,559	(30,963)	596,089
Prepaid expenses	(1,693)	(536)	(1,577)	(3,806)
Net pension liability	(14,993)	(11,994)	(4,998)	(31,985)
Deferred outflows of resources	57,611	41,493	14,029	113,133
Deferred inflows of resources	9,843	8,618	2,915	21,376
Consumer deposits	-	-	10,490	10,490
Accounts and other payables	295,957	811,912	74,869	1,182,738
Salaries and benefits payable	(13,326)	5,274	(192)	(8,244)
Compensated absences	(118,571)	(26,465)	(60,297)	(205,333)
Other postemployment benefits	6,469	4,577	3,235	14,281
Deferred revenue	-	-	(3,987)	(3,987)
Net cash provided (used) by operating activities	<u>\$ 4,875,402</u>	<u>9,313,329</u>	<u>847,712</u>	<u>15,036,443</u>
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	\$ 5,875,519	8,977,311	2,610,531	17,463,361
Noncurrent assets:				
Cash and pooled investments	<u>362,615</u>	<u>402,156</u>	<u>209,574</u>	<u>974,345</u>
Cash and cash equivalents at year end	<u>\$ 6,238,134</u>	<u>9,379,467</u>	<u>2,820,105</u>	<u>18,437,706</u>

See notes to financial statements.

City of Fort Dodge, Iowa
Statement of Fiduciary Net Position and Liabilities
Fiduciary Funds
June 30, 2020

Exhibit J

	Trust Funds <u> </u> Coleman <u>Water & Sewer</u>
<u>Assets</u>	
Cash	\$ 425
Receivables:	
Accounts	<u>1,224</u>
Total assets	<u>\$ 1,649</u>
 <u>Liabilities</u>	
Accounts payable	<u>\$ 426</u>
 <u>Net Position</u>	
Held in trust	<u>1,223</u>
Total liabilities and net position	<u>\$ 1,649</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, 2020

Exhibit K

	Trust Funds
	<u>Coleman</u>
	<u>Water & Sewer</u>
Additions:	
Fees collected	\$ <u>4,464</u>
Deductions:	
Fees remitted	<u>4,378</u>
Change in net position	86
Net position - Beginning of year	<u>1,137</u>
Net position - End of year	<u><u>\$ 1,223</u></u>

See notes to financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

(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, 2020

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 forth by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented.

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, 2020

Details of these component units are as follows:

	W.H. Johnston Foundation	Blanden Charitable Foundation	Total
Cash and pooled investments	\$ 2,043,457	2,363,642	4,407,099
Other liabilities	---	(237)	(237)
Net assets	<u>\$ 2,043,457</u>	<u>2,363,405</u>	<u>4,406,862</u>
Operating grants, contributions and restricted interest	\$ 36,238	61,643	97,881
Program expenses	<u>(132,257)</u>	<u>(142,600)</u>	<u>(274,857)</u>
Net change	(96,019)	(80,957)	(176,976)
Beginning net assets	<u>2,139,476</u>	<u>2,444,362</u>	<u>4,583,838</u>
Ending net assets	<u>\$ 2,043,457</u>	<u>2,363,405</u>	<u>4,406,862</u>

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

Jointly Governed Organizations

The City 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.

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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets 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 are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter is 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

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 not paid from other funds.

Special Revenue:

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

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 and Capital Improvement Funds are used to account for the resources used in the acquisition and construction of capital facilities and other capital assets related to the governmental funds.

The Jurisdictional Transfer fund is used to account for the money received from the State of Iowa for transfer of certain highways, which will help with the maintenance of these highways and other projects authorized by the council.

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.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

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.

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.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

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.

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments - 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

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 and tax increment financing receivables are 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 and tax increment financing receivables represents taxes collected by the County but not remitted to the City at June 30, 2020 and unpaid taxes. The succeeding year property tax and tax increment financing receivables 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 in March 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 and tax increment financing receivables have 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2019.

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 has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

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, 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 not adding to the value of the asset or materially extending asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Fort Dodge's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist 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 inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Fund Balance – 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.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

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 April 28, 2021 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.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

(2) Cash, Cash Equivalents and Pooled Investments

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.

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) to 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 District.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

A reconciliation of cash, cash equivalents and investments as shown on the financial statements of the City is as follows:

Depository accounts	\$ 39,613,904
Certificate of deposit	25,000
IPAIT	<u>3,001,504</u>
	\$ <u>42,640,408</u>
Cash, cash equivalents and investments	\$ 41,665,638
Trust and agency fund cash	425
Restricted cash, cash equivalents and pooled investments	<u>974,345</u>
	\$ <u>42,640,408</u>

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2020

Deposits and investments for the discretely presented units is as follows:

Depository accounts	\$ 193,613
Mutual funds	4,064,332
Alternative investments	<u>82,060</u>
	\$ <u>4,340,005</u>

Included in the statement of net position captions as follows:

Cash, cash equivalents and pooled investments	\$ 4,407,099
Cash and cash equivalents (deficit)	<u>(67,094)</u>
	\$ <u>4,340,005</u>

The component units' categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The component units' mutual funds and alternative investments of \$4,146,392 are valued at significant observable inputs (Level 2 inputs).

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,001,504 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Credit risk- Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk- The City's investment policy seeks diversification to reduce overall portfolio risk while maintaining market rates of return to enable the City to meet its anticipated cash requirements. The City does not have a policy specific to concentration of credit risk. At June 30, 2019, the City had no investments subject to concentration of credit risk.

Custodial credit risk- For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned. For an investment, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of the outside party. The City's deposits in banks at June 30, 2020 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 ensure there will be no loss of public funds. The City's investments are held by a custodian in the name of the City.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

(3) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

Primary Government	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,492,753	-	-	2,492,753
Construction in progress	19,548,856	8,793,800	(12,035,841)	16,306,815
Works of art	<u>28,509</u>	<u>70,000</u>	<u>-</u>	<u>98,509</u>
Total capital assets not being depreciated	<u>22,070,118</u>	<u>8,863,800</u>	<u>(12,035,841)</u>	<u>18,898,077</u>
Capital assets being depreciated:				
Buildings	14,084,635	1,686,803	-	15,771,438
Improvements other than buildings	11,804,944	338,136	-	12,143,080
Machinery, equipment and vehicles	12,514,633	1,324,806	(175,998)	13,663,441
Infrastructure	<u>97,356,533</u>	<u>11,310,151</u>	<u>-</u>	<u>108,666,684</u>
Total capital assets being depreciated	<u>135,760,745</u>	<u>14,659,896</u>	<u>(175,998)</u>	<u>150,244,643</u>
Less accumulated depreciation for:				
Buildings	9,977,643	257,165	-	10,234,808
Improvements other than buildings	4,804,294	549,624	-	5,353,918
Machinery, equipment and vehicles	9,356,199	869,655	(163,966)	10,061,888
Infrastructure	<u>44,306,674</u>	<u>4,450,105</u>	<u>-</u>	<u>48,756,779</u>
Total accumulated depreciation	<u>68,444,810</u>	<u>6,126,549</u>	<u>(163,966)</u>	<u>74,407,393</u>
Total capital assets being depreciated, net	<u>67,315,935</u>	<u>8,533,347</u>	<u>(12,032)</u>	<u>75,837,250</u>
Governmental activities capital assets, net	<u>\$ 89,386,053</u>	<u>17,397,147</u>	<u>(12,047,873)</u>	<u>94,735,327</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Capital assets activity for the year ended June 30, 2020 was as follows:

<u>Business type activities</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 266,855	-	-	266,855
Construction in progress	<u>48,061,141</u>	<u>16,322,243</u>	<u>(10,979,503)</u>	<u>53,403,881</u>
Total capital assets not being depreciated	<u>48,327,996</u>	<u>16,322,243</u>	<u>(10,979,503)</u>	<u>53,670,736</u>
Capital assets being depreciated:				
Buildings	23,926,645	-	-	23,926,645
Machinery and equipment	5,432,541	3,582,226	(215,351)	8,799,416
Infrastructure	<u>118,088,745</u>	<u>7,841,898</u>	<u>-</u>	<u>125,930,643</u>
Total capital assets being depreciated	<u>147,447,931</u>	<u>11,424,124</u>	<u>(215,351)</u>	<u>158,656,704</u>
Less accumulated depreciation for:				
Buildings	11,348,970	1,006,340	-	12,355,310
Machinery and equipment	4,105,723	570,580	(215,351)	4,460,952
Infrastructure	<u>27,284,165</u>	<u>3,127,666</u>	<u>-</u>	<u>30,411,831</u>
Total accumulated depreciation	<u>42,738,858</u>	<u>4,704,584</u>	<u>(215,351)</u>	<u>47,228,091</u>
Total capital assets being depreciated, net	<u>104,709,073</u>	<u>6,719,540</u>	<u>-</u>	<u>111,428,613</u>
Business type activities capital assets, net	<u>\$ 153,037,069</u>	<u>23,041,783</u>	<u>(10,979,503)</u>	<u>165,099,349</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

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

Governmental activities:	
Public safety	\$ 561,344
Public works, which includes the depreciation of general infrastructure assets	3,528,727
Culture and recreation	1,473,404
Community and economic development	412,543
General government	<u>150,531</u>
Total depreciation expense – governmental activities	<u>\$ 6,126,549</u>
Business type activities:	
Water	\$ 1,188,024
Sewer	2,987,990
Non-major business type activities	<u>528,570</u>
Total depreciation expense – business type activities	<u>\$ 4,704,584</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

<u>Discretely presented component units</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 2,120,388	-	-	2,120,388
Construction in progress	<u>2,643,764</u>	<u>474,440</u>	<u>(3,000,568)</u>	<u>117,636</u>
Total capital assets not being depreciated	<u>4,764,152</u>	<u>474,440</u>	<u>(3,000,568)</u>	<u>2,238,024</u>
Capital assets being depreciated:				
Buildings	1,353,599	-	-	1,353,599
Machinery and equipment	1,931,162	511,772	-	2,442,934
Infrastructure	<u>17,275,797</u>	<u>3,000,568</u>	<u>-</u>	<u>20,276,365</u>
Total capital assets being depreciated	<u>20,560,558</u>	<u>3,512,340</u>	<u>-</u>	<u>24,072,898</u>
Less accumulated depreciation for:				
Buildings	214,717	40,283	-	255,000
Machinery and equipment	1,512,124	97,270	-	1,609,394
Infrastructure	<u>5,599,748</u>	<u>1,017,173</u>	<u>-</u>	<u>6,616,921</u>
Total accumulated depreciation	<u>7,326,589</u>	<u>1,154,726</u>	<u>-</u>	<u>8,481,315</u>
Total capital assets being depreciated, net	<u>13,233,969</u>	<u>2,357,614</u>	<u>-</u>	<u>15,591,583</u>
Business type activities capital assets, net	<u>\$ 17,998,121</u>	<u>2,832,054</u>	<u>(3,000,568)</u>	<u>17,829,607</u>
Total depreciation expense – airport authority				\$ 1,154,726

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance Beginning <u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	Balance End <u>of Year</u>	Due Within <u>One Year</u>
Governmental activities:					
General obligation bonds/notes:					
General and corporate purpose	\$ 32,875,000	3,570,000	4,030,000	32,415,000	4,205,000
Compensated absences	1,235,973	830,770	938,888	1,127,855	1,023,618
Net pension liability	12,192,943	1,001,206	-	13,194,149	-
Net OPEB liability	<u>507,154</u>	<u>83,311</u>	<u>-</u>	<u>590,465</u>	<u>-</u>
Total	<u>\$ 46,811,070</u>	<u>5,485,287</u>	<u>4,968,888</u>	<u>47,327,469</u>	<u>5,228,618</u>

	Balance Beginning <u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	Balance End <u>of Year</u>	Due Within <u>One Year</u>
Business type activities:					
Revenue bonds/notes:					
Water	\$ 21,586,580	10,529,613	1,398,000	30,718,193	1,946,000
Sewer	77,645,974	922,903	3,722,000	74,846,877	3,811,000
General obligation bonds/notes:	2,020,000	-	185,000	1,835,000	85,000
Compensated absences	376,103	170,770	376,103	170,770	170,770
Net pension liability	1,993,239	-	31,985	1,961,254	-
Net OPEB liability	<u>64,417</u>	<u>15,095</u>	<u>-</u>	<u>79,512</u>	<u>-</u>
Total	<u>\$ 103,686,313</u>	<u>11,638,381</u>	<u>5,713,088</u>	<u>109,611,606</u>	<u>6,012,770</u>

The sewer revenue/notes ending balance noted above includes interim financing of \$1,187,737.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Component Unit – Airport					
General obligation bond	15,000	-	-	15,000	-
Net pension liability	233,922	-	3,995	229,927	-
Net OPEB liability	<u>8,867</u>	<u>1,074</u>	-	<u>9,941</u>	-
Total	<u>257,789</u>	<u>1,074</u>	<u>3,995</u>	<u>254,868</u>	-

General obligation bonds/notes

Eleven issues of unmatured general obligation bonds/notes, totaling \$34,265,000, are outstanding at June 30, 2020. General obligation bonds/notes bear interest rates ranging from .40 percent to 5.00 percent per annum and mature in varying annual amounts, ranging from \$18,000 to \$1,160,000, with the final maturities due in the year ending June 30, 2038.

Details of general obligation bonds/notes payable at June 30, 2020 are as follows:

Governmental activities:	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Originally Issued	Outstanding June 30, 2020
General obligation bonds/notes:						
Corporate purpose	Jun 29, 2011	.40-2.55%	Jun 30, 2021	160,000-225,000	1,920,000	\$ 225,000
Corporate purpose	Jun 26, 2012	1.00-2.50%	Jun 30, 2027	100,000-855,000	4,390,000	2,985,000
Urban renewal refunding Bond	Aug 26, 2010	1.00-3.00%	Jun 30, 2022	210,000-250,000	2,595,000	475,000
Refunding bond	May 16, 2013	2.00%	Jun 30, 2023	100,000-1,120,000	7,830,000	690,000
Corporate purpose	May 15, 2014	2.00%	Jun 30, 2024	310,000-675,000	4,430,000	2,200,000
Corporate purpose refund	June 01, 2016	2.00-5.00%	Jun 30, 2026	235,000-1,260,000	6,245,000	1,360,000
Refunding bond	June 20, 2016	2.00%	Jun 30, 2026	655,000-735,000	4,855,000	2,855,000
Business activities:						
Corporate purpose	June 26, 2018	3.00-4.00%	Jun 30, 2029	315,000-570,000	4,880,000	4,565,000
Corporate purpose	June 26, 2018	3.00-4.20%	Jun 30, 2038	165,000-620,000	4,370,000	4,205,000
Urban renewal	Dec. 2, 2019	3.00-4.00%	Jun 30, 2033	115,000-375,000	3,570,000	3,570,000
Corporate purpose	June 27, 2019	3.00-5.00%	Jun 30, 2030	120,000-1,260,000	11,255,000	<u>11,135,000</u>
Total Government activities						<u>\$ 34,265,000</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

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

Year Ending	General Obligation			
	June 30,	Principal	Interest	Total
2021		4,205,000	1,181,675	5,386,675
2022		4,035,000	1,043,662	5,078,662
2023		3,795,000	904,000	4,699,000
2024		3,560,000	787,600	4,347,600
2025		2,555,000	671,698	3,226,698
2026-2030		12,815,000	1,810,165	14,625,165
2031-2035		2,385,000	417,185	2,802,185
2036-3038		<u>915,000</u>	<u>77,405</u>	<u>992,405</u>
		<u>\$ 34,265,000</u>	<u>6,893,390</u>	<u>41,158,390</u>

As of June 30, 2020, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$ 1,178,489,160</u>
Debt limit – 5% of total actual valuation	58,924,458
Debt applicable to debt limit:	
General obligation, tax increment financing and revenue bonded debt outstanding	<u>(34,265,000)</u>
Legal debt margin	<u>\$ 24,659,458</u>

Revenue bonds/notes

Fourteen issues of unmatured revenue bonds/notes totaling \$104,377,333 are outstanding at June 30, 2020. These bond/notes bear interest at rates of .75 - 3.00% and mature in varying amounts from \$15,000 to 1,652,000 with the final maturities due in the year ending June 30, 2047.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

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, 2020, the City was in compliance with the revenue bond/note provisions.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$92,959,374 in sewer revenue notes with various issue dates. Proceeds from the notes provided financing for wastewater net revenue and are payable through 2046. 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 \$91,824,250. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$5,415,951 and \$8,299,873, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$51,704,685 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 2033. 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 \$34,692,897. For the current year, principle and interest paid and total customer net revenues (operating revenues plus depreciation expense) were \$1,848,382 and \$4,188,612, respectively.

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

Details of revenue notes payable at June 30, 2020 are as follows:

Business type activities:	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Originally Issued	Outstanding June 30, 2020
Revenue bonds/notes:						
Sewer revenue CW9809R	Sep 30, 1999	1.75%	Dec 1, 2021	15,000-17,000	\$ 243,597	33,000
Sewer revenue CW9116R	Sep 30, 1999	1.75%	Dec 1, 2021	611,000-713,000	10,142,403	1,399,000
Sewer revenue CW0118R	Sep 30, 2002	1.75%	Dec 1, 2021	63,000-71,000	1,331,000	140,000
Sewer revenue CW0304R	Dec 20, 2001	1.75%	Jun 30, 2023	208,000-242,000	3,705,000	705,000
Sewer revenue C0585RT	Feb 28, 2014	3.00%	Jun 30, 2033	355,000-1,652,000	22,467,000	19,827,000
Sewer revenue C0604RT	Jun 6, 2014	1.85%	Jun 1, 2035	351,000-918,604	5,639,479	6,457,000
Water revenue DW030224R	Dec 12, 2003	3.00%	Dec 1, 2024	130,000-229,000	3,500,000	1,078,000
Water revenue MD12R	Jun 1, 2004	1.75%	Dec 1, 2024	133,000-318,000	5,133,000	1,501,000
Water revenue D0254R	Nov 16, 2012	2.00%	Jun 1, 2033	128,685-977,000	14,372,685	10,546,000
Sewer revenue C0495R	Feb 19, 2016	1.00%	Jun 30, 2033	1,259,000-1,463,000	25,575,000	18,083,000
Sewer revenue C0720RT	Feb 16, 2016	3.00%	Jun 30, 2032	401,000-916,323	19,100,000	17,421,000
Sewer revenue C0845RT	July 28, 2017	3.00%	June 30, 2047	148,895-357,000	10,059,140	9,594,140
Water revenue DF0420R	Oct 13, 2017	1.75%	June 30, 2029	215,100-251,000	3,413,000	2,701,097
Water revenue DO485RT	Jun 10, 2019	2.00%	June 30, 2035	435,000-1,105,000	25,286,000	<u>14,892,096</u>
Total business type activities						<u>104,377,333</u>

A summary of the annual revenue note principal and interest requirements to maturity is as follows:

Year Ending June 30,	Revenue		
	Principal	Interest	Total
2021	5,757,000	2,081,731	7,838,731
2022	5,883,000	1,983,784	7,866,784
2023	5,826,000	1,891,698	7,717,698
2024	5,603,000	1,781,676	7,384,676
2025	5,827,000	1,650,587	7,477,587
2026-2030	31,766,097	6,707,676	38,473,773
2031-2035	27,962,096	3,689,324	31,651,420
2036-2040	7,400,000	1,567,826	8,967,826
2041-2045	6,665,000	735,717	7,400,717
2046-2047	<u>1,688,140</u>	<u>49,795</u>	<u>1,737,935</u>
	<u>\$ 104,377,333</u>	<u>22,139,814</u>	<u>126,517,147</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

5) Interim Financing

The City received a \$1,250,000 planning and design loan for the sewer utility to design a sewer improvement project. This loan has zero percent interest for up to three years and the balance will be added to the project loan when construction is started. The balance at June 30, 2020 was \$1,187,736.

6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use	\$ 7,902
	Capital Projects:	
	Capital Improvements	455,214
	Enterprise:	
	Water	300,000
	Sewer	400,000
	Solid Waste	75,000
	Storm Water	<u>45,000</u>
		<u>1,283,116</u>
Special Revenue:		
Employee Benefits	General	<u>150,000</u>
Urban Renewal	Special Revenue:	
	TIF	<u>524,515</u>
City Grants	Special Revenue:	
	TIF	350,000
	Capital Projects:	
	Jurisdictional Transfer	<u>422</u>
		<u>350,422</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

Special Revenue:		
Hotel/Motel Tax	General	<u>83,685</u>
Harlan Rogers Sinking Fund	General	<u>153,318</u>
Debt Service:	General	23,400
	Special Revenue:	
	TIF	832,248
	Debt Service:	
	Harlan Rogers Sinking	127,200
	Enterprise:	
	Water	416,682
	Solid Waste	10,900
	Storm Water	<u>107,893</u>
		<u>1,518,323</u>
Capital Projects:		
Capital Improvements	General	211,684
	Special Revenue:	
	Road Use	81,200
	Debt Service	
	Harlan Rogers Sinking	75,000
	Capital Projects:	
	Construction Fund	251,113
	Enterprise:	
	Water	15,000
	Sewer	15,000
	Solid Waste	7,500
	Component unit:	
	Airport	<u>1,100</u>
		<u>657,597</u>
Construction Fund	Special Revenue:	
	LOST	3,099,150
	General	<u>8,384</u>
		<u>3,107,534</u>

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

Central Garage:	Special Revenue:	
	Road Use	25,000
	Enterprise:	
	Water	25,000
	Sewer	25,000
	Solid Waste	<u>25,000</u>
		<u>100,000</u>
Total		\$ <u>7,928,510</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, 2020

(7) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Hotel/Motel Tax	General	\$ 16,187
Debt Service: Harlan Rogers Sinking	General	32,363
Capital Projects: Capital Improvements Construction Fund	General Special Revenue: TIF	16,186 1,500,000
General	Special Revenue: TIF	125,000
Special Revenue: Urban Renewal Community Development	Special Revenue: TIF TIF	1,143,968 130,000
Enterprise: Sewer Water	Special Revenue: TIF TIF	2,494,764 880,203
Capital Projects: Jurisdictional Improvements	Capital Projects: Construction Fund Special Revenue: TIF	5,024,203 <u>2,140,956</u>
		<u>\$ 13,503,830</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

(8) Pension Plan

Iowa Public Employees Retirement System (IPERS)

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (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.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of the date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012 the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the City contributed 9.44 percent for a total rate of 15.73 percent. Protective occupation members contributed 6.61 percent pay and the City contributed 9.91 percent for a total rate of 16.52 percent.

The City's contributions to IPERS for the year ended June 30, 2020 were \$671,596.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$5,126,534 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City’s collective proportion was 0.0885311 %, which was an increase of 0.005915% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$930,908. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 14,212	\$ 184,323
Changes of assumptions	549,125	820,045
Net difference between projected and actual earnings on pension plan investments	242,346	114,751
Changes in proportion and difference between City contributions and proportionate share of contributions	377,527	-
City contributions subsequent to the measurement date	<u>671,596</u>	<u>-</u>
Total	<u>\$ 1,854,806</u>	<u>\$ 1,119,119</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

\$671,596 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2021	\$ 174,081
2022	(81,201)
2023	(17,723)
2024	(28,174)
2025	17,108
Total	<u>\$ 64,091</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 % per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	<u>3.0</u>	3.01
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes In The Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.0%)</u>
City’s proportionate share of net pension liability	\$ 9,103,070	\$ 5,126,534	\$ 1,791,060

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

IPERS' Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org. The City has no reported payables to the pension plan.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan description – MFPRSI membership is mandatory for firefighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by at 7155 Lake Drive, Suite 201, West Des Moines, IA, 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full-service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contributions only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability benefits may be either accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 % of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contributions rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of perspective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contributions rate cannot be less than 17% percent of earnable compensation. The contribution rate was 24.41 % for the year ended June 30, 2019.

The City's contributions to MFPRSI for the year ended June 30, 2020 were \$1,254,428.

If approved by state legislature, state appropriation may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17% of earnable compensation. The State of Iowa, therefore, is considered to be a non-employer contributing entity in accordance with the provisions of GASB Statement No. 67 – Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Net Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$10,258,796 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City’s proportion was 1.56%, which was an increase of 0.015901% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,626,845. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 353,259	\$ 95,997
Changes of assumptions	515,075	44,649
Net difference between projected and actual earnings on pension plan investments	1,181,729	616,508
Changes in proportion and difference between City contributions and proportionate share of contributions	316,876	15,020
City contributions subsequent to the measurement date	<u>1,254,428</u>	-
Total	<u>\$ 3,621,367</u>	<u>\$ 772,174</u>

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

\$1,594,765 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2021	\$ 758,433
2022	184,877
2023	370,487
2024	260,870
2025	<u>20,098</u>
Total	<u>\$ 1,594,765</u>

Actuarial assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Salary increases	3.75 to 15.11%, including inflation
Investment rate of return	7.50% net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2017.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set-back zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50 percent of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

City of Fort Dodge, Iowa
Notes to Financial Statements

June 30, 2020

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. the projection of cash flows used to determine the discount rate assumed contributions will be made at 9.4% of covered payroll and the City’s contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City’s proportionate share of net pension liability	\$ 16,703,119	\$ 10,258,796	\$ 4,921,636

MFPRSI’s Fiduciary Net Position – Detailed information about MFPRSI’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at www.mfprsi.org.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

(9) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local governmental risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$459,466.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

The Pool's intergovernmental contract with its members provides that in the event of casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protections provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been disclosed in the City's financial statements. As of June 30, 20, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, a formula set forth in the pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, in the amount of \$141,796. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2020

(10) Deficit Balances

As of June 30, 2020, funds with deficit balances were as follows:

Special Revenue, Tax Increment Financing	\$ (4,162,011)
Capital Projects, Construction Fund	(1,772,815)
Capital Projects, Vision Iowa Trail Plan	(48,946)

The deficit balances are a result of costs exceeding the revenues. The deficit in the Capital Project accounts will be eliminated upon receipt of grant funds and reimbursements from other funds for their share of costs expended. The deficit in the Tax Increment Financing Fund will be eliminated upon receipt of property taxes.

(11) Related Parties

The City had business transactions between the City and City officials totaling \$11,303 during the year ended June 30, 2020.

(12) Subsequent Events

After the end of the fiscal year through the audit report date, April 28, 2021 the City accepted bids for various construction projects for approximately \$9M to be paid from issuance of bonds. The City also approved issuance of \$16.5 million G.O. bonds, 2.7 million water revenue bonds and \$12 million sewer revenue bonds. The United States is currently involved with a pandemic related to the spread of the COVID- 19 virus. This pandemic has resulted in significant disruption to the United States economy. The extent of any results of this pandemic related to this city is unknown, other than there have been some grant proceeds received for disruption in services. Also, the City is currently involved in one lawsuit against it. Legal counsel believes this will be settled in favor of the City.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

(13) Commitments and Contingencies

As of June 30, 2020, the City had the following estimated commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitments</u>
5th Ave S Corridor C2	\$ 10,000
5th Ave S Traffic Signal/Fiber	22,163
8th Ave S Reconstruction	221,234
2019 Street Repair	51,166
Veterans Bridge	197,200
2020 Street Repair	542,158
South Central Drainage	44,739
CSI Hydraulic Upgrades - G10 & M05 Phase 4	2,401,636
CSI 2 - Duncombe Hydraulics	3,339,089
CSI 2 - Sewer Rehabilitation	2,846,000
CSI 2 - Engineering	159,269
Hydro Dam Removal	561,121
Little Dam Removal	82,740
15th Ave S & S 32nd St Trail	68,309
Ave B Watermain	16,379
Municipal Building - Priority 4.5b Interior	315,934
Municipal Building - Priority 4.5a Exterior	166,657
Municipal Building - Priority 5	86,000
Water Softening - Water Treatment Plant	8,363,158
S 30th & 7th Ave S Reconstruction	650,032
Fire Station Renovation Priority 3	95,000
N 1st St Bridge Replacement	63,036
1st Ave S & 15th St Reconstruction	2,312,462
Armstrong Park Water Quality Improvements	423,356
SRF Clean Water Projects - Engineering	394,040
Country Club Crack & Seat	62,141
NW Regional Water Main - Engineering	216,805
NW River District - Engineering	120,627
Downtown Storm - Engineering	186,000
Phinney & Loomis Park Trail Stability	27,757
Rosedale Sanitary Sewer Extension-Engineering	48,500
S 21st St & 15th Ave S Reconstruction	141,450.00

City of Fort Dodge, Iowa
Notes to Financial Statements
June 30, 2020

(14) Other Postemployment Benefits (OPEB)

Iowa Public Employees Eligible Participants

Plan Description – The City of Fort Dodge administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the City of Fort Dodge and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>108</u>
Total	<u>116</u>

Total OPEB Liability - The City's total OPEB liability of \$338,985 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rate of salary increase (effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	3.15% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.00% per annum.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Discount Rate - The discount rate used to measure the total OPEB liability was 3.15% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH -2019 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>276,450</u>
Changes for the year:	
Service cost	39,266
Interest	11,116
Demographic Change	41,746
Recognition of deferred inflows/outflows	(22,797)
Benefit payments	<u>(6,796)</u>
Net changes	<u>62,535</u>
Total OPEB liability end of year	\$ <u>338,985</u>

There were no change of assumptions from 2019 to 2020.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.15%) or 1% higher (4.15%) than the current discount rate.

	<u>1% Decrease (2.15%)</u>	<u>Discount Rate (3.15%)</u>	<u>1% Increase (4.15%)</u>
Total OPEB liability	\$ 366,476	337,986	312,031

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	<u>1%</u> <u>Decrease</u> <u>(5.00%)</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rate</u> <u>(6.00%)</u>	<u>1%</u> <u>Increase</u> <u>(7.00%)</u>
Total OPEB liability	\$ 300,679	338,985	381,559

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the City recognized OPEB expense of \$35,983. At June 30, the City reported deferred inflows of \$18,949 due to demographic/economic changes

The amount reported as deferred inflows of resources related to OPEB will be recognized as a decrease in OPEB expense as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2021	(2,041)
2022	(2,041)
2023	(2,041)
2024	(2,041)
2025	(2,041)
Thereafter	<u>3,242</u>
	<u>(6,963)</u>

Municipal Fire and Police Eligible Participants

Plan Description - The City of Fort Dodge administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

OPEB Benefits - Individuals who are employed by the City of Fort Dodge and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>75</u>
Total	<u>84</u>

Total OPEB Liability - The City's total OPEB liability of \$386,918 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rate of salary increase (effective June 30, 2020)	3.00% per annum. including inflation.
Discount rate (effective June 30, 2020)	3.15% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.00% per annum.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.15% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH -2019 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>291,003</u>
Changes for the year:	
Service cost	46,289
Interest	11,723
Demographic Change	39,235
Recognition of deferred inflows	6,923
Benefit payments	<u>(8,255)</u>
Net changes	<u>95,915</u>
Total OPEB liability end of year	\$ <u>386,918</u>

There were no change of assumptions from 2018 to 2019.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.15%) or 1% higher (4.15%) than the current discount rate.

	<u>1% Decrease (2.15%)</u>	<u>Discount Rate (3.15%)</u>	<u>1% Increase (4.15%)</u>
Total OPEB liability	\$ 438,864	386,918	341,877

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.0%) or 1% higher (7.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.00%)</u>	<u>Healthcare Cost Trend Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Total OPEB liability	\$ 327,405	386,919	460,236

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the City recognized OPEB expense of \$42,323. At June 30, the City reported deferred outflows of \$46,158 due to demographic/economic changes

The amount reported as deferred inflows of resources related to OPEB will be recognized as a decrease in OPEB expense as follows:

Year ending June 30,	Amount
2021	3,112
2022	3,112
2023	3,112
2024	3,112
2025	3,112
Thereafter	35,941
	<u>51,501</u>

(15) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which one or more governments promise to forego tax revenues to which they are otherwise entitled and the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of the governments.

City Tax Abatements - The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, the City abated \$205,731 of property tax under the urban renewal and economic development projects.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

(16) Prospective Accounting Changes

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

The Governmental Accounting Standards Board has issued Statement No.87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statements users by requiring notes to financial statement related to the timing, significance, and purpose of a government's leasing arrangements

The Governmental Accounting Standards Board has issued Statement No.89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement will be implemented for the fiscal year ending June 30, 2022. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period.

City of Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2020

The Governmental Accounting Standards Board has issued Statement No.91, Conduit Debt Obligations. This statement will be implemented for the fiscal year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduct debt obligation; establishing that a conduit debt obligation is not liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The City's management has not yet determined the effect these pronouncements will have on the City's financial statements.

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, 2020

	Governmental Fund Types	Proprietary Fund Type - Enterprise	Component Unit - Airport Authority	Total
Receipts:				
Property tax	\$ 13,360,010	-	247,007	13,607,017
Tax increment financing	2,390,176	-	-	2,390,176
Other city tax	6,031,141	-	-	6,031,141
Licenses and permits	312,140	-	-	312,140
Use of money and property	422,631	311,287	60,977	794,895
Intergovernmental	7,202,287	-	829,869	8,032,156
Charges for service	2,214,620	25,284,249	154,750	27,653,619
Special assessments	54,976	547	-	55,523
Miscellaneous	6,113,584	893,213	118,364	7,125,161
Total receipts	<u>38,101,565</u>	<u>26,489,296</u>	<u>1,410,967</u>	<u>66,001,828</u>
Disbursements:				
Public safety	10,701,842	-	-	10,701,842
Public works	5,131,829	-	625,016	5,756,845
Health and social services	302,574	-	-	302,574
Culture and recreation	3,423,356	-	-	3,423,356
Community and economic development	6,135,571	-	-	6,135,571
General government	1,098,321	-	-	1,098,321
Debt service	5,928,400	-	-	5,928,400
Capital projects	15,605,864	-	969,413	16,575,277
Business type activities	-	35,112,014	-	35,112,014
Total disbursements	<u>48,327,757</u>	<u>35,112,014</u>	<u>1,594,429</u>	<u>85,034,200</u>
Excess (deficiency) of receipts over (under) disbursements	(10,226,192)	(8,622,718)	(183,462)	(19,032,372)
Other financing sources, net	<u>2,269,738</u>	<u>9,938,763</u>	<u>-</u>	<u>12,208,501</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(7,956,454)	1,316,045	(183,462)	(6,823,871)
Balances beginning of year	<u>32,158,728</u>	<u>17,121,654</u>	<u>116,368</u>	<u>49,396,750</u>
Balances end of year	<u>\$ 24,202,274</u>	<u>18,437,699</u>	<u>(67,094)</u>	<u>42,572,879</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		Final to
<u>Original</u>	<u>Final</u>	Actual
		<u>Variance</u>
13,962,462	13,962,462	(355,445)
-	-	2,390,176
5,353,795	5,353,795	677,346
116,675	116,675	195,465
2,698,771	2,983,771	(2,188,876)
6,825,312	14,525,312	(6,493,156)
27,893,004	28,404,004	(750,385)
-	-	55,523
<u>3,159,567</u>	<u>4,502,067</u>	<u>2,623,094</u>
<u>60,009,586</u>	<u>69,848,086</u>	<u>(3,846,258)</u>
10,212,625	10,759,625	57,783
5,850,058	6,185,058	428,213
330,661	430,661	128,087
3,535,282	3,883,282	459,926
3,592,753	8,804,553	2,668,982
1,247,634	1,443,134	344,813
5,794,623	6,044,623	116,223
15,801,118	22,813,118	6,237,841
<u>49,683,581</u>	<u>50,563,781</u>	<u>15,451,767</u>
<u>96,048,335</u>	<u>110,927,835</u>	<u>25,893,635</u>
(36,038,749)	(41,079,749)	22,047,377
<u>27,806,282</u>	<u>32,847,282</u>	<u>(20,638,781)</u>
(8,232,467)	(8,232,467)	1,408,596
<u>41,759,066</u>	<u>41,759,066</u>	<u>7,637,684</u>
<u>33,526,599</u>	<u>33,526,599</u>	<u>9,046,280</u>

City of Fort Dodge, Iowa
 Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2020

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Enterprise		
				Cash Basis	Accrual Adjust- ments	Accrual Basis
Revenues	\$ 38,101,565	(3,432,175)	34,669,390	26,489,296	(675,793)	25,813,503
Expenditures/Expenses	<u>48,327,757</u>	<u>(2,013,899)</u>	<u>46,313,858</u>	<u>35,112,014</u>	<u>(15,904,270)</u>	<u>19,207,744</u>
Net	(10,226,192)	(1,418,276)	(11,644,468)	(8,622,718)	15,228,477	6,605,759
Other financing sources (uses) (net)	2,269,738	3,364,105	5,633,843	9,938,763	(11,306,737)	(1,367,974)
Beginning fund balances	<u>32,158,728</u>	<u>(5,191,714)</u>	<u>26,967,014</u>	<u>17,121,654</u>	<u>55,715,716</u>	<u>72,837,370</u>
Ending fund balances	<u>\$ 24,202,274</u>	<u>(3,245,885)</u>	<u>20,956,389</u>	<u>18,437,699</u>	<u>59,637,456</u>	<u>78,075,155</u>

	Component Unit		
	Airport		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 1,410,967	104,218	1,515,185
Expenses	<u>1,593,329</u>	<u>160,243</u>	<u>1,753,572</u>
Net	(182,362)	(56,025)	(238,387)
Other financing sources (uses)	(1,100)	-	(1,100)
Beginning fund balance	<u>116,368</u>	<u>17,737,105</u>	<u>17,853,473</u>
Ending fund balance	<u>\$ (67,094)</u>	<u>17,681,080</u>	<u>17,613,986</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2020

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 on the cash basis 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 \$9,838,500, budgeted disbursements by \$14,879,500 and increased other financing sources by \$5,041,000. The budget amendments are reflected in the final budgeted amounts.

City of Fort Dodge

Schedule of City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last 6 Fiscal Years*
(In Thousands)

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.087940%	0.082616%	0.080048%
City's proportionate share of the net pension liability	\$5,126,534	5,226,488	5,284,500
City's covered-employee payroll	\$7,053,304	6,773,838	6,207,395
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.68%	77.16%	85.13%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.084302%	0.081790%	0.083685%
5,305,370	4,066,168	3,318,879
5,921,731	5,642,716	5,476,004
89.59%	72.06%	60.61%
81.82%	85.19%	87.61%

City of Fort Dodge
Schedule of City's Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 671,596	639,450	554,320
Contributions in relation to the statutorily required contribution	<u>671,596</u>	<u>639,450</u>	<u>554,320</u>
Contribution deficiency (excess)	\$ -	-	-
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
City's covered-employee payroll	\$ 7,053,304	6,773,838	6,207,395
Contributions as a percentage of covered-employee payroll	9.52%	9.44%	8.93%

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
528,811	540,557	503,894	489,007	461,895	457,812	372,273
<u>528,811</u>	<u>540,557</u>	<u>503,894</u>	<u>489,007</u>	<u>461,895</u>	<u>457,812</u>	<u>373,273</u>
-	-	-	-	-	-	-
<u><u>5,921,731</u></u>	<u><u>6,053,274</u></u>	<u><u>5,642,716</u></u>	<u><u>5,476,004</u></u>	<u><u>5,331,361</u></u>	<u><u>5,674,478</u></u>	<u><u>5,356,439</u></u>
8.93%	8.93%	8.93%	8.93%	8.66%	8.07%	6.95%

City of Fort Dodge

Schedule of City's Proportionate Share of the Net Pension Liability

Municipal Fire and Police Retirement System of Iowa
Last 6 Fiscal Years*
(In Thousands)

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	1.560000%	1.544099%	1.494614%
City's proportionate share of the net pension liability	\$10,258,796	9,193,619	8,765,538
City's covered-employee payroll	5,138,992	4,734,485	4,488,092
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	199.63%	194.18%	195.31%
Plan fiduciary net position as a percentage of the total pension liability	81.04%	79.94%	80.60%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2017</u>	<u>2016</u>	<u>2015</u>
1.464630%	1.452900%	1.480544%
9,157,757	6,825,932	5,366,947
4,233,075	3,810,170	3,780,866
216.34%	179.15%	141.95%
78.20%	78.20%	86.27%

City of Fort Dodge
Schedule of City's Contributions

Municipal Fire and Police Retirement System of Iowa
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,231,913	1,231,913	1,152,542
Contributions in relation to the statutorily required contribution	<u>1,231,913</u>	<u>1,231,913</u>	<u>1,152,542</u>
Contribution deficiency (excess)	\$ -	-	-
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
City's covered-employee payroll	\$ 4,734,488	4,734,485	4,488,092
Contributions as a percentage of covered-employee payroll	26.02%	26.02%	25.68%

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
1,097,213	1,102,203	1,158,672	1,138,797	975,099	958,338	719,561
<u>1,097,213</u>	<u>1,102,203</u>	<u>1,158,672</u>	<u>1,138,797</u>	<u>975,099</u>	<u>958,338</u>	<u>719,561</u>
-	-	-	-	-	-	-
<u><u>4,233,075</u></u>	<u><u>3,969,042</u></u>	<u><u>3,810,170</u></u>	<u><u>3,780,866</u></u>	<u><u>3,721,669</u></u>	<u><u>3,870,512</u></u>	<u><u>3,615,885</u></u>
25.92%	27.77%	30.41%	30.12%	26.20%	24.76%	19.90%

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Iowa Public Employees' Retirement System

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

City of Fort Dodge, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Municipal Fire and Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Change of assumptions:

The 2018 valuation changed postretirement mortality were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvements with Scale BB.

The 2016 valuation changed postretirement retirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1995 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Table.

City of Fort Dodge

Schedule of Changes in the City of Fort Dodge's
 Ipers Plan Members
 Total Liability, Related Ratios and Notes

June 30, 2020
 Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 80,013	17,054	\$ 17,054
Interest cost	11,116	10,949	11,560
Recognition of Deferred Inflows	(22,797)	(17,654)	(16,441)
Benefit payments	<u>(6,796)</u>	<u>(22,615)</u>	<u>(34,949)</u>
Net change in total OPEB liability	61,536	(12,266)	(22,776)
Total OPEB liability beginning of year, as restated	<u>276,450</u>	<u>288,716</u>	<u>311,492</u>
Total OPEB liability end of year	<u>337,986</u>	<u>276,450</u>	<u>288,716</u>
Covered-employee payroll	\$ 7,053,304	6,171,854	\$ 6,207,395
Total OPEB liability as a percentage of covered-employee payroll	4.8%	4.5%	4.7%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.15%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	3.72%

City of Fort Dodge

Schedule of Changes in the City of Fort Dodge's
MFPRSI Members
Total Liability, Related Ratios and Notes

June 30, 2020
Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 85,524	17,379	\$ 17,379
Interest cost	11,723	10,539	10,059
Recognition of deferred inflows	6,923	5,196	3,969
Benefits payments	<u>(8,255)</u>	<u>(16,016)</u>	<u>(18,536)</u>
Net change in total OPEB liability	95,915	17,098	12,871
Total OPEB liability beginning of year, as restated	<u>291,003</u>	<u>273,905</u>	<u>261,034</u>
Total OPEB liability end of year	<u>386,918</u>	<u>291,003</u>	<u>273,905</u>
Covered-employee payroll	\$5,138,992	4,873,307	\$4,488,092
Total OPEB liability as a percentage of covered-employee payroll	7.5%	6.0%	6.1%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.15%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	3.72%

Supplementary Information

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 1

	Special Revenue				
Assets	Road use Tax	Employee Benefits	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Cash, cash equivalents and pooled investments	\$2,524,372	2,411,792	13,857	5,035	243,714
Receivables:					
Property tax:	-				
Delinquent	-	50,532	-	-	22,618
Succeeding year	-	3,012,390	-	-	1,372,000
Accounts	-	1,431	-	-	137
Due from other governments	423,785	-	-	-	-
Prepaid expenses	-	27,638	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$2,948,157</u>	<u>5,503,783</u>	<u>13,857</u>	<u>5,035</u>	<u>1,638,469</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 61,079	2,419	20	-	-
Salaries and benefits payable	83,996	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>145,075</u>	<u>2,419</u>	<u>20</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Succeeding year property tax	-	3,012,390	-	-	1,372,000
Other	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>3,012,390</u>	<u>-</u>	<u>-</u>	<u>1,372,000</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	-	27,638	-	-	-
Parks Trust	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Street improvement and repairs	2,803,082	-	-	-	-
Urban renewal	-	-	-	-	-
Employee benefits	-	2,461,336	-	-	266,469
Capital improvements	-	-	-	-	-
Other purposes	-	-	13,837	5,035	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,803,082</u>	<u>2,488,974</u>	<u>13,837</u>	<u>5,035</u>	<u>266,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,948,157</u>	<u>5,503,783</u>	<u>13,857</u>	<u>5,035</u>	<u>1,638,469</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue					
	Community Development	Hotel/ Motel Tax	SSMID	Library Memorial	Foster Grandparents	Urban Renewal
Assets						
Cash, cash equivalents and pooled investment	73,687	157,758	40,288	96,077	39,451	1,953,922
Receivables:						
Property tax:						
Delinquent	-	-	3,272	-	-	-
Succeeding year	-	-	70,798	-	-	-
Accounts	32	-	-	-	-	1,101
Due from other governments	-	-	-	-	-	2,667
Prepaid expenses	-	-	-	-	225	-
Due from other funds	130,000	16,187	-	-	-	1,143,968
Total assets	<u>203,719</u>	<u>173,945</u>	<u>114,358</u>	<u>96,077</u>	<u>39,676</u>	<u>3,101,658</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	379	18,998	-	-	3,226	-
Salaries and benefits payable	-	32	-	-	3,374	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>379</u>	<u>19,030</u>	<u>-</u>	<u>-</u>	<u>6,600</u>	<u>-</u>
Deferred inflows of resources:						
Succeeding year property tax	-	-	70,798	-	-	-
Other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>70,798</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Prepaid expenditures	-	-	-	-	225	-
Parks Trust	-	-	-	-	-	-
Restricted for:						
Debt service	-	-	-	-	-	-
Street improvement and repairs	-	-	-	-	-	-
Urban renewal	-	-	-	-	-	3,101,658
Employee benefits	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Other purposes	203,340	154,915	43,560	96,077	32,851	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>203,340</u>	<u>154,915</u>	<u>43,560</u>	<u>96,077</u>	<u>33,076</u>	<u>3,101,658</u>
Total liabilities, deferred inflows of resources and fund balances	<u>203,719</u>	<u>173,945</u>	<u>114,358</u>	<u>96,077</u>	<u>39,676</u>	<u>3,101,658</u>

See accompanying independent auditor's report.

Schedule 1

City Grants	Congregate Meals	DARE/Drug Arrest	Harlan Sinking	Des Moines River	Capital Projects	
					Vision Iowa Trail Plan	Sidewalk Improvement
483,711	6,466	18,794	518,384	509	(199,008)	24,743
-	-	-	-	-	-	-
-	-	-	292	-	-	-
4,568	7,800	-	-	-	218,745	-
-	-	-	-	-	-	-
-	-	-	32,363	-	-	-
<u>488,279</u>	<u>14,266</u>	<u>18,794</u>	<u>551,039</u>	<u>509</u>	<u>19,737</u>	<u>24,743</u>
142	-	-	-	-	68,683	-
543	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>685</u>	-	-	-	-	<u>68,683</u>	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	551,039	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	24,743
487,594	14,266	18,794	-	509	-	-
-	-	-	-	-	(48,946)	-
<u>487,594</u>	<u>14,266</u>	<u>18,794</u>	<u>551,039</u>	<u>509</u>	<u>(48,946)</u>	<u>24,743</u>
<u>488,279</u>	<u>14,266</u>	<u>18,794</u>	<u>551,039</u>	<u>509</u>	<u>19,737</u>	<u>24,743</u>

City of Fort Dodge, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 1

	<u>Permanent Fund</u> <u>Eva Patterson</u> <u>Parks Trust</u>	<u>Total</u>
Assets		
Cash, cash equivalents and pooled investments	\$ 25,000	8,438,552
Receivables		
Property tax:		
Delinquent	-	76,422
Succeeding year	-	4,455,188
Accounts	-	2,993
Due from other governments	-	657,565
Prepaid expenses	-	27,863
Due from other funds	-	1,322,518
	<u>25,000</u>	<u>14,981,101</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	-	154,946
Salaries and benefits payable	-	87,945
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>242,891</u>
Deferred inflows of resources:		
Succeeding year property tax	-	4,455,188
Other	-	-
Total deferred inflows of resources	<u>-</u>	<u>4,455,188</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	-	27,863
Parks Trust	25,000	25,000
Restricted for:		
Debt service	-	551,039
Street improvement and repairs	-	2,803,082
Urban renewal	-	3,101,658
Employee benefits	-	2,727,805
Capital improvements	-	24,743
Other purposes	-	1,070,778
Unassigned	-	(48,946)
Total fund balances	<u>25,000</u>	<u>10,283,022</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,000</u>	<u>14,981,101</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, 2020

Schedule 2

	Special Revenue				
	Road Use Tax	Employee Benefits	Historical Preservation	Comprehensive Plan	Police & Fire Retirement
Revenues:					
Property tax	\$ -	2,789,427	-	-	1,248,525
Other city tax	-	-	-	-	2,384
Use of money and property	-	31,102	-	-	-
Intergovernmental	3,403,528	139,136	-	-	-
Charges for service	-	-	-	-	-
Miscellaneous	-	296,204	-	-	-
Total revenues	<u>3,403,528</u>	<u>3,255,869</u>	<u>-</u>	<u>-</u>	<u>1,250,909</u>
Expenditures:					
Operating:	-	-	-	-	-
Public safety	-	1,618,533	-	-	1,193,920
Public works	3,130,936	815,178	-	-	-
Health and social services	-	32,073	-	-	-
Culture and recreation	-	602,168	-	-	-
Community and economic development	-	171,479	-	-	-
General government	-	131,938	20	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>3,130,936</u>	<u>3,371,369</u>	<u>20</u>	<u>-</u>	<u>1,193,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>272,592</u>	<u>(115,500)</u>	<u>(20)</u>	<u>-</u>	<u>56,989</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	150,000	-	-	-
Operating transfers out	(114,102)	-	-	-	-
Total other financing sources (uses)	<u>(114,102)</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	158,490	34,500	(20)	-	56,989
Fund balances beginning of year	<u>2,644,592</u>	<u>2,454,474</u>	<u>13,857</u>	<u>5,035</u>	<u>209,480</u>
Fund balances end of year	<u>\$ 2,803,082</u>	<u>2,488,974</u>	<u>13,837</u>	<u>5,035</u>	<u>266,469</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year ended June 30, 2020

Schedule 2

	Special Revenue				
	Community Development	Des Moines River	Hotel/ Motel Tax	SSMID	Library Memorial
Revenues:					
Property tax	\$ -	-	-	67,984	-
Other city tax	-	-	-	-	-
Use of money and property	367	7	-	-	106
Intergovernmental	-	-	-	-	-
Charges for service	-	-	-	-	-
Miscellaneous	1,678	-	8,795	61,472	40,617
Total revenues	<u>2,045</u>	<u>7</u>	<u>8,795</u>	<u>129,456</u>	<u>40,723</u>
Expenditures:					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	72,135	-	63,461
Community and economic development	2,501	-	-	119,363	-
General government	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>2,501</u>	<u>-</u>	<u>72,135</u>	<u>119,363</u>	<u>63,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(456)</u>	<u>7</u>	<u>(63,340)</u>	<u>10,093</u>	<u>(22,738)</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	83,685	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>83,685</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(456)</u>	<u>7</u>	<u>20,345</u>	<u>10,093</u>	<u>(22,738)</u>
Fund balances beginning of year	<u>203,796</u>	<u>502</u>	<u>134,570</u>	<u>33,467</u>	<u>118,815</u>
Fund balances end of year	<u>\$ 203,340</u>	<u>509</u>	<u>154,915</u>	<u>43,560</u>	<u>96,077</u>

See accompanying independent auditor's report.

Schedule 2

Foster Grandparents	Urban Renewal	City Grants	Congregate Meals	DARE/Drug Arrest	Harlan Rogers Sinking	Capital Projects	
						Vision Iowa Trail Plan	Sidewalk Improvement
-	-	-	-	-	-	-	-
-	-	-	2	-	7,824	-	-
185,849	4,906	986,067	61,281	-	-	218,745	-
-	-	-	-	-	-	-	-
12,427	158,654	130,514	7,843	1,348	-	3,000	-
<u>198,276</u>	<u>163,560</u>	<u>1,116,581</u>	<u>69,126</u>	<u>1,348</u>	<u>7,824</u>	<u>221,745</u>	<u>-</u>
-	-	19,895	-	23,647	-	-	-
-	-	883,449	-	-	-	-	-
193,146	-	-	61,342	-	-	-	-
-	-	14,925	-	-	-	-	-
-	8,742	113,082	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,244,817	-
<u>193,146</u>	<u>8,742</u>	<u>1,031,351</u>	<u>61,342</u>	<u>23,647</u>	<u>-</u>	<u>1,244,817</u>	<u>-</u>
<u>5,130</u>	<u>154,818</u>	<u>85,230</u>	<u>7,784</u>	<u>(22,299)</u>	<u>7,824</u>	<u>(1,023,072)</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	524,515	350,422	-	-	153,318	-	-
-	-	-	-	-	(202,200)	-	-
<u>-</u>	<u>524,515</u>	<u>350,422</u>	<u>-</u>	<u>-</u>	<u>(48,882)</u>	<u>-</u>	<u>-</u>
5,130	679,333	435,652	7,784	(22,299)	(41,058)	(1,023,072)	-
<u>27,946</u>	<u>2,422,325</u>	<u>51,942</u>	<u>6,482</u>	<u>41,093</u>	<u>592,097</u>	<u>974,126</u>	<u>24,743</u>
<u>33,076</u>	<u>3,101,658</u>	<u>487,594</u>	<u>14,266</u>	<u>18,794</u>	<u>551,039</u>	<u>(48,946)</u>	<u>24,743</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year ended June 30, 2020

Schedule 2

	<u>Permanent Fund</u>	
	<u>Eva Patterson</u>	
	<u>Parks Trust</u>	<u>Totals</u>
Revenues:		
Property tax	\$ -	4,105,936
Other city tax	-	2,384
Use of money and property	-	39,408
Intergovernmental	-	4,999,512
Charges for service	-	-
Miscellaneous	-	722,552
Total revenues	<u>-</u>	<u>9,869,792</u>
Expenditures:		
Operating:		
Public safety	-	2,855,995
Public works	-	4,829,563
Health and social services	-	286,561
Culture and recreation	-	752,689
Community and economic development	-	415,167
General government	-	131,958
Capital projects	-	1,244,817
Total expenditures	<u>-</u>	<u>10,516,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(646,958)</u>
Other financing sources (uses):		
Bond proceeds	-	-
Operating transfers in	-	1,261,940
Operating transfers out	-	(316,302)
Total other financing sources (uses)	<u>-</u>	<u>945,638</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	298,680
Fund balances beginning of year	<u>25,000</u>	<u>9,984,342</u>
Fund balances end of year	<u>\$ 25,000</u>	<u>10,283,022</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2020

	Enterprise Funds			
	Parking Meter	Solid Waste	Storm Water Utility	Lakeside Beverage
Assets				
Current assets:				
Cash and cash equivalents	\$ 160,695	1,293,290	791,316	11,478
Accounts receivable	50,538	288,861	195,689	3,835
Prepaid expenses	20	4,960	-	-
Total current assets	<u>211,253</u>	<u>1,587,111</u>	<u>987,005</u>	<u>15,313</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	-
Capital assets (net of accumulated depreciation)	298,985	494,246	8,706,626	-
Total noncurrent assets	<u>298,985</u>	<u>494,246</u>	<u>8,706,626</u>	<u>-</u>
Total assets	<u>510,238</u>	<u>2,081,357</u>	<u>9,693,631</u>	<u>15,313</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>12,355</u>	<u>118,608</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	1,998	31,204	72,939	-
Salaries and benefits payable	5,508	30,545	-	-
Compensated absences	-	42,794	-	-
Unearned revenue	604	-	-	-
Payable from restricted net assets:				
Current portion bonds, notes and loans payable	-	-	85,000	-
Consumer deposits	-	-	-	-
Total current liabilities	<u>8,110</u>	<u>104,543</u>	<u>157,939</u>	<u>-</u>
Noncurrent liabilities:				
Bonds, notes and loans payable	-	-	1,750,000	-
Net pension liability	36,772	324,392	-	-
Net OPEB liability	-	16,655	-	-
Total noncurrent liabilities	<u>36,772</u>	<u>341,047</u>	<u>1,750,000</u>	<u>-</u>
Total liabilities	<u>44,882</u>	<u>445,590</u>	<u>1,907,939</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues:				
Pension related deferred inflows	<u>13,789</u>	<u>73,167</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>13,789</u>	<u>73,167</u>	<u>-</u>	<u>-</u>
Net position				
Invested in capital assets, net of related debt	298,985	494,246	6,956,626	-
Unrestricted	<u>164,937</u>	<u>1,186,962</u>	<u>829,066</u>	<u>15,313</u>
Total net position	<u>\$ 463,922</u>	<u>1,681,208</u>	<u>7,785,692</u>	<u>15,313</u>

See accompanying independent auditor's report.

Schedule 3

Harlan Rogers Beverage	Central Garage	Consumer Deposits	Total
3,566	350,186	-	2,610,531
331	13,813	-	553,067
-	-	-	4,980
<u>3,897</u>	<u>363,999</u>	<u>-</u>	<u>3,168,578</u>
-	-	209,574	209,574
-	536,709	-	10,036,566
-	536,709	209,574	10,246,140
<u>3,897</u>	<u>900,708</u>	<u>209,574</u>	<u>13,414,718</u>
-	-	-	130,963
-	13,116	-	119,257
-	-	-	36,053
-	-	-	42,794
-	-	-	604
-	-	-	85,000
-	-	209,574	209,574
-	13,116	209,574	493,282
-	-	-	1,750,000
-	-	-	361,164
-	-	-	16,655
-	-	-	2,127,819
-	13,116	209,574	2,621,101
-	-	-	86,956
-	-	-	86,956
-	536,709	-	8,286,566
<u>3,897</u>	<u>350,883</u>	<u>-</u>	<u>2,551,058</u>
<u>3,897</u>	<u>887,592</u>	<u>-</u>	<u>10,837,624</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, 2020

	Enterprise Funds		
	Parking Meter	Solid Waste	Storm Water Utility
Operating revenues:			
Charges for services	\$ 115,155	1,446,099	821,174
Miscellaneous	3,451	7,645	547
Total operating revenues	<u>118,606</u>	<u>1,453,744</u>	<u>821,721</u>
Operating expenses:			
Business type activities:			
Cost of sales and services	117,110	1,023,882	299,069
Depreciation	16,115	228,592	255,998
Total operating expenses	<u>133,225</u>	<u>1,252,474</u>	<u>555,067</u>
Operating income (loss)	<u>(14,619)</u>	<u>201,270</u>	<u>266,654</u>
Non-operating revenues (expenses):			
Interest and investment revenue	2,195	12,935	13,142
Interest expense	-	-	(74,488)
Sale of equipment	-	100,000	-
Total nonoperating revenue	<u>2,195</u>	<u>112,935</u>	<u>(61,346)</u>
Net income (loss) before transfers	<u>(12,424)</u>	<u>314,205</u>	<u>205,308</u>
Operating transfers in	-	-	-
Operating transfers out	-	(118,400)	(152,892)
Change in net position	<u>(12,424)</u>	<u>195,805</u>	<u>52,416</u>
Net position beginning of year	<u>476,346</u>	<u>1,485,403</u>	<u>7,733,276</u>
Net position end of year	<u><u>463,922</u></u>	<u><u>1,681,208</u></u>	<u><u>7,785,692</u></u>

See accompanying independent auditor's report.

Schedule 4

<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage Account</u>	<u>Central Garage</u>	<u>Total</u>
69,154	2,922	105,275	2,559,779
-	-	8,088	19,731
<u>69,154</u>	<u>2,922</u>	<u>113,363</u>	<u>2,579,510</u>
71,123	3,113	221,025	1,735,322
-	-	30,865	531,570
<u>71,123</u>	<u>3,113</u>	<u>251,890</u>	<u>2,266,892</u>
<u>(1,969)</u>	<u>(191)</u>	<u>(138,527)</u>	<u>312,618</u>
-	-	-	28,272
-	-	-	(74,488)
-	-	-	100,000
-	-	-	53,784
<u>(1,969)</u>	<u>(191)</u>	<u>(138,527)</u>	<u>366,402</u>
-	-	100,000	100,000
-	-	-	(271,292)
<u>(1,969)</u>	<u>(191)</u>	<u>(38,527)</u>	<u>195,110</u>
<u>17,282</u>	<u>4,088</u>	<u>926,119</u>	<u>10,642,514</u>
<u>15,313</u>	<u>3,897</u>	<u>887,592</u>	<u>10,837,624</u>

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2020

	Business-Type Activities	
	Parking Meter	Solid Waste
Cash flows from operating activities		
Receipts from customers	\$ 116,290	1,434,100
Payments to suppliers and employees	(121,032)	(1,077,505)
Other receipts	3,143	1,546
Net cash provided (used) by operating activities	(1,599)	358,141
 Cash flows from noncapital financing activities		
Transfers to other funds	-	(118,400)
Transfers from other funds	-	-
Net cash provided (used) in noncapital financing activities	-	(118,400)
 Cash flows from capital and related financing activities		
Purchases of capital assets	-	(373,685)
Proceeds from sale of equipment	-	100,000
Bond proceeds (principal payments)	-	-
Interest paid on capital debt	-	-
Net cash provided (used) by capital and related financing activities	-	(273,685)
 Cash flows from investing activities		
Interest and dividends	2,195	12,935
Net cash provided by investing activities	2,195	12,935
 Net increase (decrease) in cash and cash equivalents	596	(21,009)
Cash and cash equivalents - beginning of year	160,099	1,314,299
Cash and cash equivalents - end of year	\$ 160,695	1,293,290

See accompanying independent auditor's report.

Schedule 5

<u>Storm Water Utility</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
811,364	69,549	2,681	109,327	64,675	2,607,986
(226,130)	(71,123)	(3,113)	(212,422)	(54,185)	(1,765,510)
<u>547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,236</u>
<u>585,781</u>	<u>(1,574)</u>	<u>(432)</u>	<u>(103,095)</u>	<u>10,490</u>	<u>847,712</u>
(152,892)	-	-	-	-	(271,292)
<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<u>(152,892)</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(171,292)</u>
(191,369)	-	-	(9,953)	-	(575,007)
-	-	-	-	-	100,000
(185,000)	-	-	-	-	(185,000)
<u>(74,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,488)</u>
<u>(450,857)</u>	<u>-</u>	<u>-</u>	<u>(9,953)</u>	<u>-</u>	<u>(734,495)</u>
13,142	-	-	-	-	28,272
<u>13,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,272</u>
(4,826)	(1,574)	(432)	(13,048)	10,490	(29,803)
<u>796,142</u>	<u>13,052</u>	<u>3,998</u>	<u>363,234</u>	<u>199,084</u>	<u>2,849,908</u>
<u>791,316</u>	<u>11,478</u>	<u>3,566</u>	<u>350,186</u>	<u>209,574</u>	<u>2,820,105</u>

(continued)

City of Fort Dodge, Iowa
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Year ended June 30, 2020

	Business-Type Activities	
	Parking Meter	Solid Waste
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (14,619)	201,270
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	16,115	228,592
Change in assets and liabilities:		
Receivables, net	827	(18,098)
Prepaid expenses	(20)	(1,557)
Consumer deposits	-	-
Accounts and other payables	(836)	(5,837)
Salaries and benefits payable	858	(1,050)
Compensated absences	-	(60,297)
Net pension liability	(1,000)	(3,998)
Deferred outflows of resources	264	13,765
Deferred inflows of resources	799	2,116
Other postemployment benefits	-	3,235
Deferred revenue	(3,987)	-
Net cash provided (used) by operating activities	\$ (1,599)	358,141
 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	\$ 160,695	1,293,290
Noncurrent assets:		
Restricted cash and pooled investments	-	-
Cash and cash equivalents at year end	\$ 160,695	1,293,290

See accompanying independent auditor's report.

Schedule 5

<u>Storm Water Utility</u>	<u>Lakeside Beverage</u>	<u>Harlan Rogers Beverage</u>	<u>Central Garage</u>	<u>Consumer Deposits</u>	<u>Total</u>
266,654	(1,969)	(191)	(138,527)	-	312,618
255,998	-	-	30,865	-	531,570
(9,810)	395	(241)	(4,036)	-	(30,963)
-	-	-	-	-	(1,577)
-	-	-	-	10,490	10,490
72,939	-	-	8,603	-	74,869
-	-	-	-	-	(192)
-	-	-	-	-	(60,297)
-	-	-	-	-	(4,998)
-	-	-	-	-	14,029
-	-	-	-	-	2,915
-	-	-	-	-	3,235
-	-	-	-	-	(3,987)
<u>585,781</u>	<u>(1,574)</u>	<u>(432)</u>	<u>(103,095)</u>	<u>10,490</u>	<u>847,712</u>
791,316	11,478	3,566	350,186	-	2,610,531
-	-	-	-	209,574	209,574
<u>791,316</u>	<u>11,478</u>	<u>3,566</u>	<u>350,186</u>	<u>209,574</u>	<u>2,820,105</u>

City of Fort Dodge, Iowa

Bond Maturities - General Obligation Bonds

June 30, 2020

General Obligation Bonds

Year Ending June 30,	Corporate Purpose & Refunding Issued May 16, 2016		Urban Renewal Refunding Issued August 26, 2010		Corporate Purpose Issued June 29, 2011	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rate	Amount
2021	3.00	215,000	2.90	225,000	2.55	225,000
2022	3.00	220,000	3.00	250,000	-	-
2023	2.00	225,000	-	-	-	-
2024	2.00	230,000	-	-	-	-
2025	2.00	235,000	-	-	-	-
2026	2.00	235,000	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
		<u>\$ 1,360,000</u>		<u>\$ 475,000</u>	Total	<u>\$ 225,000</u>

Year Ending June 30,	Go Refunding Issued May 16, 2013		Corporate Purpose Issued May 15, 2014		GO Crossover Refunding Issued June 20, 2016	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2021	2.00	340,000	3.00	570,000	2.00	695,000
2022	2.00	250,000	4.00	585,000	2.00	705,000
2023	2.00	100,000	2.00	675,000	2.00	720,000
2024	-	-	2.20	370,000	2.00	735,000
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
Total		<u>\$ 690,000</u>		<u>\$ 2,200,000</u>		<u>\$ 2,855,000</u>

Year Ending June 30,	Urban Renewal Refunding Issued December 2, 2019	
	Interest Rates	Amount
2021	-	-
2022	4.00	115,000.00
2023	4.00	200,000.00
2024	4.00	285,000.00
2025	4.00	290,000.00
2026	4.00	300,000.00
2027	4.00	310,000.00
2028	4.00	315,000.00
2029	4.00	330,000.00
2030	4.00	340,000.00
2031	3.00	350,000.00
2032	3.00	360,000.00
2033	3.00	375,000.00
Total		<u>3,570,000.00</u>

(continued)

Schedule 6

Year Ending June 30,	Corporate Purpose Issued June 26, 2012		Corporate Purpose Issued June 26, 2018	
	Interest		Interest	
	Rate	Amount	Rate	Amount
2021	1.75	240,000	4.00	470,000
2022	2.00	250,000	4.00	460,000
2023	2.00	255,000	3.00	470,000
2024	2.25	265,000	3.00	490,000
2025	2.25	280,000	3.00	505,000
2026	2.50	840,000	3.00	515,000
2027	2.50	855,000	3.25	535,000
		-	3.25	550,000
		-	3.25	570,000
Total		<u>\$ 2,985,000</u>		<u>\$ 4,565,000</u>

Year Ending June 30,	GO Taxable Corporate Purpose Issued June 26, 2018		GO Corporate Purpose Issued June 27, 2019		Total
	Interest		Interest		
	Rate	Amount	Rate	Amount	
2021	3.25	170,000	5.00	1,055,000	4,205,000
2022	3.25	175,000	5.00	1,025,000	4,035,000
2023	3.50	180,000	5.00	970,000	3,795,000
2024	3.50	190,000	5.00	995,000	3,560,000
2025	3.60	195,000	5.00	1,050,000	2,555,000
2026	3.60	200,000	5.00	1,110,000	3,200,000
2027	3.60	210,000	5.00	1,160,000	3,070,000
2028	3.60	215,000	4.00	1,215,000	2,295,000
2029	3.80	225,000	3.00	1,260,000	2,385,000
2030	3.80	230,000	3.00	1,295,000	1,865,000
2031	3.90	240,000	-	-	590,000
2032	3.90	250,000	-	-	610,000
2033	4.00	260,000	-	-	635,000
2034	4.00	270,000	-	-	270,000
2034	4.10	280,000	-	-	280,000
2036	4.10	295,000	-	-	295,000
2037	4.20	305,000	-	-	305,000
2038	4.20	315,000	-	-	315,000
Total		<u>\$ 4,205,000</u>		<u>\$ 11,135,000</u>	<u>\$ 34,265,000</u>

See accompanying independent auditor's report.

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2020

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
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		-		-		-
2029		-		-		-
2030		-		-		-
2031		-		-		-
2032		-		-		-
2033		-		-		-
2034		-		-		-
2035		-		-		-
2036		-		-		-
2037		-		-		-
2038		-		-		-
2039		-		-		-
2040		-		-		-
2041		-		-		-
2042		-		-		-
2043		-		-		-
2044		-		-		-
2045		-		-		-
2046		-		-		-
		<u>-</u>		<u>-</u>		<u>-</u>
Total		<u>\$ 33,000</u>		<u>\$ 1,399,000</u>		<u>\$ 705,000</u>

(continued)

City of Fort Dodge, Iowa
 Bond Maturities - Revenue Bonds
 June 30, 2020

Schedule 7

<u>Water Bond Issue</u>		<u>Sewer Bond Issue</u>		<u>Sewer Improvement & Refunding</u>		<u>Sewer Revenue Bond</u>	
<u>Issued Nov 16, 2012</u>		<u>Issued June 6, 2014</u>		<u>Issued Feb 19, 2016</u>		<u>Issued Feb 16, 2016</u>	
<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
2.00	718,000	1.60	378,000	0.75	1,309,000	3.00	452,000
2.00	733,000	1.60	384,000	0.75	1,323,000	3.00	465,000
2.00	747,000	1.60	392,000	0.75	1,336,000	3.00	479,000
2.00	762,000	1.60	399,000	0.75	1,349,000	3.00	494,000
2.00	778,000	1.60	406,000	0.75	1,363,000	3.00	509,000
2.00	793,000	1.60	414,000	0.75	1,376,000	3.00	524,000
2.00	809,000	1.60	421,000	0.75	1,390,000	3.00	540,000
2.00	825,000	1.60	429,000	0.75	1,404,000	3.00	556,000
2.00	842,000	1.60	437,000	0.75	1,418,000	3.00	572,000
2.00	859,000	1.60	445,000	0.75	1,432,000	3.00	590,000
2.00	876,000	1.60	453,000	0.75	1,446,000	3.00	607,000
2.00	893,000	1.60	462,000	0.75	1,461,000	3.00	625,000
2.00	911,000	1.60	470,000	0.75	1,476,000	3.00	644,000
-	-	1.60	479,000	-	-	3.00	664,000
-	-	1.60	488,000	-	-	3.00	683,000
-	-	-	-	-	-	3.00	704,000
-	-	-	-	-	-	3.00	725,000
-	-	-	-	-	-	3.00	747,000
-	-	-	-	-	-	3.00	769,000
-	-	-	-	-	-	3.00	792,000
-	-	-	-	-	-	3.00	816,000
-	-	-	-	-	-	3.00	841,000
-	-	-	-	-	-	3.00	866,000
-	-	-	-	-	-	3.00	892,000
-	-	-	-	-	-	3.00	919,000
-	-	-	-	-	-	3.00	946,000
-	-	-	-	-	-	-	-
	<u>\$ 10,546,000</u>		<u>\$ 6,457,000</u>		<u>\$ 18,083,000</u>		<u>\$ 17,421,000</u>

(continued)

Schedule 7

Sewer Revenue Bond Issued July 28, 2017		Water Revenue Bond Issued Oct 13, 2017		Water Revenue Bond Issued June 10, 2019		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
3.00	243,000	2.00	227,000	2.00	515,000	5,757,000
3.00	250,000	2.00	232,000	2.00	520,000	5,883,000
3.00	258,000	2.00	237,000	2.00	530,000	5,826,000
3.00	266,000	2.00	241,000	2.00	436,000	5,603,000
3.00	273,000	2.00	246,000	2.00	540,000	5,827,000
3.00	272,000	2.00	251,000	2.00	1,105,000	5,935,000
3.00	290,000	2.00	256,000	2.00	1,125,000	6,071,000
3.00	299,000	2.00	261,000	2.00	1,150,000	6,204,000
3.00	308,000	2.00	750,097	2.00	1,436,000	7,083,097
3.00	317,000		-	2.00	1,465,000	6,473,000
3.00	327,000		-	2.00	1,495,000	6,614,000
3.00	336,000		-	2.00	1,425,000	6,657,000
3.00	346,000		-	2.00	1,555,000	6,907,000
3.00	357,000		-	2.00	1,585,000	4,635,000
3.00	368,000		-	2.00	10,096	3,149,096
3.00	379,000		-		-	2,735,000
3.00	390,000		-		-	1,115,000
3.00	402,000		-		-	1,149,000
3.00	414,000		-		-	1,183,000
3.00	426,000		-		-	1,218,000
3.00	439,000		-		-	1,255,000
3.00	452,000		-		-	1,293,000
3.00	466,000		-		-	1,332,000
3.00	480,000		-		-	1,372,000
3.00	494,000		-		-	1,413,000
3.00	509,000		-		-	1,455,000
3.00	233,140		-		-	233,140
	<u>\$ 9,594,140</u>		<u>\$ 2,701,097</u>		<u>\$ 14,892,096</u>	<u>\$ 104,377,333</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				
	2020	2019	2018	2017	2016
Revenues:					
Property tax	\$ 14,376,529	14,085,878	9,691,770	13,568,789	13,354,771
Tax increment financing revenue	2,481,611	2,404,046	2,020,890	2,013,315	1,569,976
Other city tax	4,825,082	4,562,453	4,407,030	4,812,461	4,195,742
Licenses and permits	297,745	468,913	578,064	418,049	465,372
Use of money and property	461,957	694,329	240,683	572,163	471,712
Intergovernmental	7,070,609	8,256,669	633,039	5,832,684	6,755,827
Charges for service	2,433,093	2,702,548	1,027,147	1,117,558	1,186,770
Miscellaneous	2,722,764	2,494,866	1,497,702	4,056,601	3,114,194
Total	\$ 34,669,390	35,669,702	20,096,325	32,391,620	31,114,364
Expenditures:					
Operating:					
Public safety	\$ 12,560,169	11,265,268	5,896,034	8,894,836	8,119,845
Public works	5,117,521	4,980,080	316,478	4,432,052	4,460,339
Health & social services	289,811	100,704	2,278	761,655	298,890
Culture and recreation	5,224,168	4,509,864	2,595,826	3,835,603	3,623,516
Community and economic development	5,718,922	5,468,485	4,200,895	2,689,452	2,285,527
General government	1,536,996	1,567,768	1,212,497	1,568,267	1,198,535
Debt service	5,815,935	5,295,282	4,961,237	9,950,311	8,956,543
Capital projects	10,050,336	9,195,130	5,373,373	7,542,037	13,319,514
Total	\$ 46,313,858	42,382,581	24,558,618	39,674,213	42,262,709

See accompanying independent auditor's report.

2015	2014	2013	2012	2011
13,015,564	13,114,635	11,905,700	10,695,253	9,495,874
1,419,219	1,464,088	1,189,531	1,057,524	994,554
5,161,380	4,812,143	3,833,165	3,781,601	3,246,525
535,690	388,159	529,018	303,300	282,277
315,275	344,105	326,937	344,015	372,350
15,529,733	4,390,858	5,015,006	4,772,715	5,332,928
1,157,031	1,322,768	1,331,738	1,251,367	965,547
2,171,709	2,393,713	1,638,670	1,619,892	3,227,905
<u>39,305,601</u>	<u>28,230,469</u>	<u>25,769,765</u>	<u>23,825,667</u>	<u>23,917,960</u>
8,024,008	7,894,979	7,422,048	7,319,101	6,462,486
4,209,980	4,155,736	3,656,007	3,336,965	3,438,283
297,939	686,247	301,498	340,102	347,086
4,179,152	3,442,509	3,162,789	3,459,938	3,330,371
3,520,962	2,755,825	5,433,594	4,734,874	4,201,872
1,192,944	1,090,281	1,518,381	1,381,422	1,279,686
4,865,785	8,251,054	4,250,319	3,842,588	3,429,197
11,028,655	6,567,146	6,191,055	6,608,042	12,542,416
<u>37,319,425</u>	<u>34,843,777</u>	<u>31,935,691</u>	<u>31,023,032</u>	<u>35,031,397</u>

City of Fort Dodge, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

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	2018-DJ-BX-365	12,454
Byrne Memorial Justice Assistance	16.738	2019-DJ-BX-285	<u>3,240</u>
			<u>15,694</u>
Bulletproof Vest Partnership Program	16.607	FY 19	<u>987</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0035-33	328,780
Airport Improvement Program	20.106	3-19-0035-34	368,268
Airport Improvement Program	20.106	3-19-0035-32	<u>62,410</u>
			<u>759,458</u>
Corporation for National and Community Service:			
Foster Grandparents	94.011	14SFNIA004	<u>185,849</u>
Environmental Protection Agency			
Brownsfield Assesment	66.818	97768901	<u>35,418</u>
Total Direct			<u>997,406</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 2020	<u>61,873</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Federal Transit Cluster:			
Non-urban Operating Assistance Project	20.509	#21539	359,994
Federal Capital Grant	20.509	#21020	2,612
Intercity Bus Assistance Project'	20.509	#22305	6,565
Transit Assistance Program	20.526	#21145/21062	<u>266,605</u>
			<u>635,776</u>
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BRM-2690(628)	109,057
Highway Planning and Construction	20.205	STBG-390(630)-SG-9	1,200,000
Iowa Clean Air Attainment Program	20.205	STP-A-2690(632)-22-94	<u>45,894</u>
			<u>1,354,951</u>

City of Fort Dodge, Iowa
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2020

Schedule 9

<u>Grantor/Program</u> (continued)	<u>CFDA</u>	<u>Agency or</u>	<u>Program</u>
Indirect (continued):	<u>Number</u>	<u>Pass-Through</u>	<u>Expenditures</u>
		<u>Number</u>	
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Highway Safety Cluster:			
State and Community Highway Safety Grants	20.600	19-402-M0PT	6,457
State and Community Highway Safety Grants	20.600	20-402-M0PT	<u>13,564</u>
			<u>20,021</u>
Environmental Protection Agency:			
Iowa Department of Natural Resources:			
Drinking Water State Revolving Fund Cluster:			
Capitalization Grats for Drinking Water State			
Revolving Funds	66.468	DF0420R/D0485RT	<u>11,438,671</u>
Department of Housing and Urban Developmpent			
Iowa Economic Development Authority:			
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	14.228	19-DTR-003	<u>38,348</u>
Total Indirect			<u>13,549,640</u>
Total			<u>\$ 14,547,046</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>
20.509	Various Transit Assistance Programs	550,923
20.526	Bus and Facilities Project	<u>266,605</u>
		<u>817,528</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Fort Dodge under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Fort Dodge, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Fort Dodge.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Fort Dodge has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

Schedule of Expenditures of State Awards

Year ended June 30, 2020

<u>Grantor/Program</u>	<u>Program Expenditures</u>
Department of Transportation:	
Air Service Development Program	53,671
Airport Infrastructure # 19555	1,527
Airport Infrastructure # 19530	16,960
Airport Infrastructure # 21648	74,879
Airport Infrastructure # 20595	<u>55,226</u>
	<u>202,263</u>
Library:	
Open Access Grant	4,307
Enrich Iowa Grant	<u>7,590</u>
	<u>11,897</u>
Iowa Economic Development Authority:	
17-CAT-013	<u>218,745</u>
 Total	 <u>\$ 432,905</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 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, 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, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2021.

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 to determine the audit procedures 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 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 which 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 as item II-A-20 in the accompanying Schedule of Findings and Questioned Costs 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, 2020 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 results 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

April 28, 2021

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 Required by the Uniform Guidance

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) Compliance Supplement that could have a direct and material effect on the City of Fort Dodge's major federal program for the year ended June 30, 2020. 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 the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 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 the Major Federal Program

In our opinion, the City of Fort Dodge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

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 the 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 the Uniform Guidance, 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 a 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 control 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance 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.

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

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

April 28, 2021

City of Fort Dodge, Iowa
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

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

- (a) Unqualified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses 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 unmodified 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 the Uniform Guidance Section 20.515.
- (g) The major program was CFDA Number 66.468 – Capitalization Grants for Drinking Water State Revolving Loan Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (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, 2020

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-20 Preparation of Financial Statements

Criteria – 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).

Condition - The City does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes and statement of cash flows, as required by generally accepted accounting principles.

Cause - The staff has not obtained the expertise necessary to prepare the financial statements, including the accompanying footnotes.

Effect –The audit firm was requested to draft the financial statements and accompanying notes to the financial statements, which 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 and Corrective Action Plan – Management feels that committing the resources necessary to remain current on GAAP reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost but will continue evaluating on a going forward basis. Management is currently reviewing new software to assist with this process.

Conclusion – Response accepted.

City of Fort Dodge, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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-20 Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.
- IV-B-20 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-20 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, 2020

Part IV: Other Findings Related to Statutory Reporting:

IV-D-20 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>
Matt Bemrich, Mayor Part-Owner of Bemrich Electric	Repairs, City	\$ 5,059
	Repairs, Library	5,543
	Repairs, Airport	<u>701</u>
		\$ 11,303

The transactions with Bemrich Electric with the airport and the library do not appear to represent conflicts of interest as they were awarded by administrative agencies. The City repairs do not appear to represent a conflict of interest as the total transactions were less than \$6,000 during the fiscal year.

IV-E-20 Bond Coverage – Sure bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure that the coverage is adequate for current operations.

IV-F-20 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

City of Fort Dodge, Iowa
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part IV: Other Findings Related to Statutory Reporting:

- IV-G-20 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- IV-H-20 Revenue Bonds and Notes – No instances of non-compliance with the water and wastewater revenue note provisions were noted.
- IV-I-20 Financial Condition – The Special Revenue Funds, Tax Increment Financing, had a deficit balance of \$4,162,011 , the Capital Projects, Construction Fund had a deficit balance of \$1,772,815 and the Capital Projects, Vision Iowa Fund had a deficit balance of \$48,946 at June 30, 2020.

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

Response – See note 9 to the financial statements to see how City officials plan to eliminate these deficits.

Conclusion – Response accepted.

- IV-J-20 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.

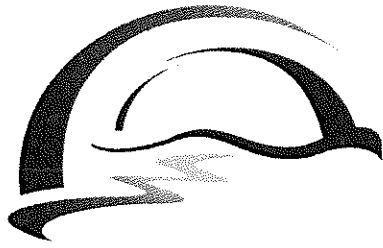


City of Fort Dodge

Summary Schedule of Prior Audit Findings

Year ended June 30, 2020

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned correction action or other explanation
II-A-19	Preparation of financial statements	Not corrected.	See explanation and corrective action plan at II-A-20
IV-I-19	Financial Condition	Not corrected.	See explanation and corrective action Plan at IV-I-20



CITY OF FORT DODGE
Office of the City Clerk

Fort Dodge

City of Fort Dodge

Corrective Action Plan

Year Ended June 30, 2020

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
II-A-19	Preparation of financial statements	See response and corrective action plan at II-A-19	Jeff Nemmers City Clerk 515-576-4551	N/A
IV-B-19	Financial Condition	See response and corrective action plan at IV-B-19	Jeff Nemmers City Clerk 515-576-4551	06/30/2020