

LAKESIDE MUNICIPAL GOLF COURSE
INDEPENDENT AUDITOR'S REPORT
STATEMENT OF REVENUE AND
EXPENDITURES – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2023

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Opinion

We have audited the accompanying statement of revenue and expenditures – modified cash basis of Lakeside Municipal Golf Course, City of Fort Dodge, Iowa, for the year ended June 30, 2023, and the related notes to the statement of revenue and expenditures – modified cash basis, as listed in the table of contents.

In our opinion, the statement of revenue and expenditures – modified cash basis referred to above present fairly, in all material respects, the revenue and expenditures – modified cash basis of Lakeside Municipal Golf Course, City of Fort Dodge, Iowa, for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Lakeside Municipal Golf Course, City of Fort Dodge, Iowa, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the statement of revenue and expenditures – modified cash basis of Lakeside Municipal Golf Course, City of Fort Dodge, Iowa, is intended to present the revenue and expenditures of only that portion of the City of Fort Dodge that is attributable to the transactions of Lakeside Municipal Golf Course. They do not purport to, and do not present fairly the financial position of the City of Fort Dodge, Iowa as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the statement of revenue and expenditures – modified cash basis in accordance, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Lakeside Municipal Golf Course's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Certified Public Accountants

Fort Dodge, Iowa
October 21, 2024

Lakeside Municipal Golf Course

Statement of Revenue and Expenditures - Modified Cash Basis

Year ended June 30, 2023

Operating revenue and expenditures:

Revenues:

Season passes	\$ 237,560
Green fees	124,173
Pro shop sales	90,349
Equipment rentals	149,658
Sale of concessions	110,867
Gift certificates	5,023
Sales tax collected	<u>26,023</u>
Total revenues	<u>743,653</u>

Expenditures:

Salaries	284,098
Employee benefits	66,246
Building and grounds maintenance	50,213
Equipment maintenance	68,379
Supplies for resale	56,154
Operating supplies	88,495
Outside services	5,146
Sales tax paid	26,396
Utilities	22,021
Fuel	23,378
Lease payments	6,000
Miscellaneous	<u>6,265</u>
Total expenditures	<u>702,791</u>

Excess of operating revenues over operating expenditures 40,862

(continued)

Lakeside Municipal Golf Course

Statement of Revenue and Expenditures - Modified Cash Basis

Year ended June 30, 2023

Operating revenue and expenditures:

Non-operating expenditures:

Interest on interfund loan

1,293

Equipment purchased

77,049

78,342

Deficiency of revenues under expenditures

\$ (37,480)

See notes to statement of revenues and expenditures

Lakeside Municipal Golf Course

Notes to Statement of Revenues and Expenditures – Modified Cash Basis

June 30, 2023

(1) Summary of Significant Accounting Policies

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

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

B. Basis of Accounting – Lakeside Municipal Golf Course financial statement is prepared using the current financial resources measurement focus and the modified accrual basis of accounting. 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, Lakeside Municipal Golf Course considers revenues to be available if they are collected within 60 days after year end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in the financial statement.

C. Date of Management’s Review – Subsequent events have been evaluated through October 21, 2024 which is the date the statement of revenues and expenditures were available to be issued.

(2) Pension Plan

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

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29 % of pay and the City contributed 9.44 % for a total rate of 15.73 %. The Golf Course’s share of contributions to IPERS for the year ended June 30, 2023, was \$18,343.

Lakeside Municipal Golf Course

Notes to Statement of Revenues and Expenditures-- Modified Cash Basis

June 30, 2023

(3) Other Postemployment Benefits (OPEB)

Plan Description- The City operates a single-employer health benefit plan which provide medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The Golf Course's share of contributions to this plan was \$22,478. A summary of the plan and benefits are included in the City of Fort Dodge's notes to financial statements.

(4) Risk Management

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

(5) Lease Agreements

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

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

Lakeside Municipal Golf Course

Notes to Statement of Revenue and Expenditures – Modified Cash Basis

June 30, 2023

(5) Lease Agreements (continued)

The amount paid to Webster County Conservation Board during the year ended June 30, 2023 was \$1 for the prior fiscal year net income. This lease has a supplement which states that the City of Fort Dodge will pay to the Webster County Conservation Board fifty percent (50%) of the gross cart shed rentals or \$6,000, whichever is less. The amount paid during the year ended June 30, 2023 was \$6,000.

(6) Interfund Loans

During the year ended June 30, 2021, the City of Fort Dodge's general fund transferred \$80,000 to Lakeside's capital account to pay for the purchase of equipment. These funds are to be paid back with the collection of fees at an interest rate of 2% with annual payments of \$16,973.

Future maturities are as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2024	15,994	979
June 30, 2025	16,314	657
June 30, 2026	16,639	334
	<u>\$ 48,947</u>	<u>1,970</u>