

OGDEN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004

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OGDEN COMMUNITY SCHOOL DISTRICT
 Board of Education and School Officials
 Year Ended June 30, 2004

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education: (Before September 2003 Election)		
Michael Anderson	President	2004
Nancy Casey	Board Member	2005
Thomas D. Cleveland	Vice President	2004
Norman Hill	Board Member	2003
Gary Lass	Board Member	2003
Board of Education: (After September 2003 Election)		
Michael Anderson	President	2004
Nancy Casey	Board Member	2005
Thomas D. Cleveland	Vice-President	2004
Norman Hill	Board Member	2006
Gary Lass	Board Member	2006
School Officials:		
Bill Roederer	Superintendent	July 2004
Dorine Bloomberg	District Treasurer	June 2004
Belin Law Firm	Attorney	June 2004
Kris VanPelt	District Secretary/Business Manager	June 2004

Independent Auditors' Report

To the Board of Education of
Ogden Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ogden Community School District, Ogden, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, each major fund and the aggregate remaining fund information of Ogden Community School District at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11 to the financial statements, during the year ended June 30, 2004, Ogden Community School District adopted Governmental Accounting Standards Board Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule-Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Governmental Auditing Standards, we have also issued our reports dated August 25, 2004 on our consideration of Ogden Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 14 and 41 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ogden Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

August 25, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ogden Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- ♣ General Fund revenues increased from \$5,671,191. in fiscal 2003 to \$5,765,268. in fiscal 2004, while General Fund expenditures increased from \$5,679,960. in fiscal 2003 to \$5,985,077. in fiscal 2004. The District's General Fund balance decreased from \$576,777. in fiscal 2003 to \$352,164. in fiscal 2004, a 40% decrease.

The increase in General Fund revenues was attributable primarily to local property taxes. The increase in expenditures was due to higher instruction and support costs.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Ogden Community School District as a whole and present an overall view of the District's finances.

The 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 Ogden Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Ogden Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
GASB 34 Ogden Community School District Annual Financial Report

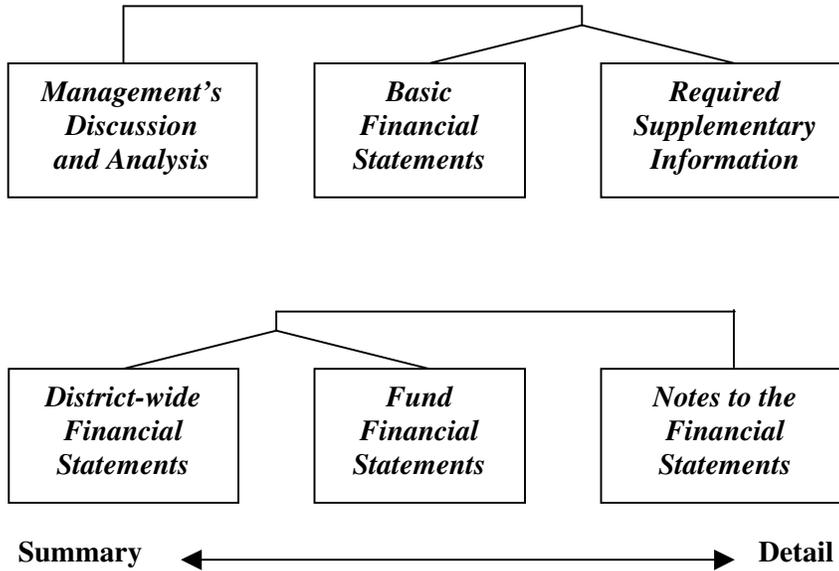


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund	Statements
		Government Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Activities the District operates similar to private businesses: food services and adult education
Required financial statements	-Statement of net assets -Statement of activities	-Balance sheet -Statement of revenues, expenditures and changes in fund balances.	-Statement of net assets -Statement of revenues, expenses and changes in fund net assets -Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- ♣ *Government activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these accounts.
- ♣ *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Government funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital projects fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Fiduciary funds: The District would be the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds are not applicable to the Ogden Community School District since there were none at June 30, 2004.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2004 compared to June 30, 2003.

Figure A-3							
Condensed Statement of Net Assets							
(Expressed in Thousands)							
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>		<u>Percent</u>
	<u>Activities</u>		<u>Activities</u>		<u>District</u>		<u>Total</u>
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>		<u>Change</u>
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2003-2004</u>
Current and other assets	\$ 5,052.	3,603.	\$ 34.	21.	\$ 5,086.	3,624.	40%
Capital assets	<u>6,631.</u>	<u>6,700.</u>	<u>23.</u>	<u>27.</u>	<u>6,654.</u>	<u>6,727.</u>	<u>(1)</u>
Total assets	<u>11,683.</u>	<u>10,303.</u>	<u>57.</u>	<u>48.</u>	<u>11,740.</u>	<u>10,351.</u>	<u>11</u>
Long-term liabilities	5,695.	4,490.	- .	- .	5,695.	4,490.	25
Other liabilities	<u>3,113.</u>	<u>2,861.</u>	<u>- .</u>	<u>- .</u>	<u>3,113.</u>	<u>2,861.</u>	<u>10</u>
Total liabilities	<u>8,808.</u>	<u>7,351.</u>	<u>- .</u>	<u>- .</u>	<u>8,808.</u>	<u>7,351.</u>	<u>20</u>
Net assets:							
Invested in capital assets, net of related debt	2,537.	2,313.	23.	27.	2,560.	2,340.	10
Restricted	156.	128.	- .	- .	156.	128.	22
Unrestricted	<u>182.</u>	<u>511.</u>	<u>34.</u>	<u>21.</u>	<u>216.</u>	<u>532.</u>	<u>(246)</u>
Total net assets	\$ <u>2,875.</u>	<u>2,952.</u>	\$ <u>57.</u>	<u>48.</u>	\$ <u>2,932.</u>	<u>3,000.</u>	<u>(2)%</u>

The District's combined net assets decreased by nearly 2 %, or approximately \$68,000. over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$28,000., or 22% over the prior year. The increase was primarily a result of decreased expenditures in the Management Account.

Unrestricted net assets – the part of net assets than can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased approximately \$329,000., or 246%. This decrease in unrestricted net assets was a result of the District using carryover fund balances to meet it's financial obligations.

Figure A-4 shows the change in net assets for the year ended June 30, 2004.

Figure A-4			
Changes in Net Assets			
(Expressed in Thousands)			
	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>District</u>
Revenues:			
Program revenues:			
Charges for service	\$ 1,065.	192.	1,257.
Operating grants, contributions and restricted interest	429.	120.	549.
Capital grants, contributions and restricted interest	106.	- .	106.
General revenues:			
Property tax	2,834.	- .	2,834.
Local option sales and service tax	252.	- .	252.
Unrestricted state grants	2,407.	- .	2,407.
Unrestricted investment earnings	8.	- .	8.
Other	<u>39.</u>	<u>- .</u>	<u>39.</u>
Total revenues	<u>7,140.</u>	<u>312.</u>	<u>7,452.</u>
Program expenses:			
Governmental activities:			
Instruction	4,459.	- .	4,459.
Support services	2,011.	- .	2,011.
Non-instructional programs	27.	303.	330.
Other expenses	<u>696.</u>	<u>- .</u>	<u>696.</u>
Total expenses	<u>7,193.</u>	<u>303.</u>	<u>7,496.</u>
Change in net assets	\$ <u>(53.)</u>	<u>9.</u>	<u>(44.)</u>

Property tax and unrestricted state grants account for 73% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 90% of the total expenses.

Governmental Activities

Revenues for Governmental activities were \$7,139,442. and expenses were \$7,193,228. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5		
<u>Total and Net Cost of Governmental Activities</u>		
<u>(Expressed in Thousands)</u>		
	<u>Total Cost</u>	<u>Net Cost</u>
	<u>of Services</u>	<u>of Services</u>
Instruction	\$ 4,459.	3,153.
Support services	2,011.	1,973.
Non-instructional programs	27.	27.
Other expenses	<u>696.</u>	<u>441.</u>
Totals	\$ <u>7,193.</u>	<u>5,594.</u>

♣ The cost financed by users of the District's programs was \$1,064,923.

♣ Federal and state governments subsidized certain programs with grants and contributions totaling \$428,622.

♣ The net cost of governmental activities was financed with \$3,085,760. in property and other taxes and \$2,407,284. in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$312,614. and expenses were \$303,010. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Ogden Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,324,664., well above last year's ending fund balances of \$807,902. However, the primary reason for the increase in combined fund balances in fiscal 2004 is due to approximately \$1,467,543. of unexpended general obligation bond proceeds received in fiscal 2004.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$47,338. at June 30, 2003 to \$56,942. at June 30, 2004, representing an increase of approximately 20%. For fiscal year 2004, the District increased meal prices, resulting in the increase in net assets.

BUDGETARY HIGHLIGHTS

The District's receipts were \$173,111. more than budgeted receipts, a variance of 2%. The most significant variance resulted from the District receiving more local source revenue than originally anticipated.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction and other expenditures functional areas due to the capital project addition.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the District has invested \$6.6 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$477,089.

The original cost of the District's capital assets was \$6.654 million. Governmental funds account for \$6.631 million, with the remainder of \$23 thousand accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental		Business Type		Total		Percent Total Change June 30 2003-2004
	Activities		Activities		District		
	June 30	June 30	June 30	June 30	June 30	June 30	
	2004	2003	2004	2003	2004	2003	
Land	\$ 141.	156.	\$ - .	- .	\$ 141.	156.	(15)%
Construction in progress	129.	- .	- .	- .	129.	- .	129
Buildings	5,884.	6,033.	- .	- .	5,884.	6,033.	(149)
Improvements other than buildings	102.	116.	- .	- .	102.	116.	(14)
Furniture and equipment	<u>375.</u>	<u>395.</u>	<u>23.</u>	<u>27.</u>	<u>398.</u>	<u>422.</u>	<u>(24)</u>
Totals	\$ <u>6,631.</u>	<u>6,700.</u>	\$ <u>23.</u>	<u>27.</u>	\$ <u>6,654.</u>	<u>6,727.</u>	<u>(73)%</u>

Long-Term Debt

At June 30, 2004, the District had \$6,187,104. in general obligation, revenue and other long-term debt outstanding. This represents an increase of approximately 34% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

In June the District issued \$1,700,000. of local option sales and services tax revenue bonds for the remodeling of an elementary building. The District had total outstanding bonded indebtedness at June 30, 2004 of \$5,455,000.

The District also had total outstanding School Capital Notes payable from the Physical Plant and Equipment Levy Fund of \$455,000. at June 30, 2004.

Figure A-7
Outstanding Long-Term Obligations
(expressed in thousands)

	Total District		Total Dollar
	June 30,		Change
	2004	2003	June 30, 2003-2004
General obligation bonds	\$ 3,755.	3,935.	\$ (180.)
Revenue bonds	1,700.	- .	1,700.
Capital notes payable	455.	555.	(100.)
Early retirement	<u>277.</u>	<u>125.</u>	<u>152.</u>
Total	<u>\$ 6,187.</u>	<u>4,615.</u>	<u>\$ 1,572.</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- ♣ There has not been significant housing development in the area for the past several years.
- ♣ There has been a reduction in commercial businesses in the past several years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kris VanPelt, District Secretary/Treasurer and Business Manager, Ogden Community School District, Ogden, IA 50212.

OGDEN COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,273,030.	25,987.	2,299,017.
Receivables:			
Property tax:			
Delinquent	34,765.	- .	34,765.
Succeeding year	2,512,564.	- .	2,512,564.
Income surtax-succeeding year	145,000.	- .	145,000.
Accounts	31,287.	533.	31,820.
Due from other governments	55,501.	433.	55,934.
Inventories	- .	7,276.	7,276.
Capital assets, net of accumulated depreciation	<u>6,631,120.</u>	<u>22,713.</u>	<u>6,653,833.</u>
Total assets	<u>11,683,267.</u>	<u>56,942.</u>	<u>11,740,209.</u>
Liabilities			
Accounts payable	61,942.	- .	61,942.
Salaries and benefits payable	7,977.	- .	7,977.
Deferred revenue-succeeding year:			
Property taxes	2,512,564.	- .	2,512,564.
Accrued interest payable	38,000.	- .	38,000.
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	190,000.	- .	190,000.
Capital notes payable	105,000.	- .	105,000.
Revenue bonds payable	90,000.	- .	90,000.
Early retirement	107,104.	- .	107,104.
Portion due after one year:			
General obligation bonds payable	3,565,000.	- .	3,565,000.
Capital notes payable	350,000.	- .	350,000.
Revenue bonds payable	1,610,000.	- .	1,610,000.
Early retirement	<u>170,000.</u>	<u>- .</u>	<u>170,000.</u>
Total liabilities	<u>8,807,587.</u>	<u>- .</u>	<u>8,807,587.</u>
Net assets			
Invested in capital assets, net of related debt	2,537,246.	22,713.	2,559,959.
Restricted for:			
Management levy	30,053.	- .	30,053.

Physical plant and equipment levy	41,585.	- .	41,585.
Public education recreation levy	30,350.	- .	30,350.
Other special revenue purposes	54,387.	- .	54,387.
Unrestricted	<u>182,059.</u>	<u>34,229.</u>	<u>216,288.</u>
Total net assets	\$ <u><u>2,875,680.</u></u>	<u><u>56,942.</u></u>	<u><u>2,932,622.</u></u>

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2004

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 2,784,906.	505,618.	73,739.	39,671.	(2,165,878.)	- .	(2,165,878.)
Special instruction	869,095.	158,356.	115,011.	- .	(595,728.)	- .	(595,728.)
Other instruction	804,993.	383,854.	29,372.	- .	(391,767.)	- .	(391,767.)
	<u>4,458,994.</u>	<u>1,047,828.</u>	<u>218,122.</u>	<u>39,671.</u>	<u>(3,153,373.)</u>	<u>- .</u>	<u>(3,153,373.)</u>
Support services:							
Student services	385,344.	- .	- .	19,497.	(365,847.)	- .	(365,847.)
Administration services	683,917.	- .	- .	- .	(683,917.)	- .	(683,917.)
Operation and maintenance of plant services	670,357.	8,870.	- .	- .	(661,487.)	- .	(661,487.)
Transportation services	271,600.	- .	10,366.	- .	(261,234.)	- .	(261,234.)
	<u>2,011,218.</u>	<u>8,870.</u>	<u>10,366.</u>	<u>19,497.</u>	<u>(1,972,485.)</u>	<u>- .</u>	<u>(1,972,485.)</u>
Non-instructional programs	<u>27,265.</u>	<u>- .</u>	<u>- .</u>	<u>- .</u>	<u>(27,265.)</u>	<u>- .</u>	<u>(27,265.)</u>
Other expenditures:							
Facilities acquisition	178,595.	8,225.	- .	46,426.	(123,944.)	- .	(123,944.)
Long-term debt interest	217,685.	- .	- .	- .	(217,685.)	- .	(217,685.)
AEA flowthrough	200,134.	- .	200,134.	- .	- .	- .	- .
Depreciation (unallocated)*	99,337.	- .	- .	- .	(99,337.)	- .	(99,337.)
	<u>695,751.</u>	<u>8,225.</u>	<u>200,134.</u>	<u>46,426.</u>	<u>(440,966.)</u>	<u>- .</u>	<u>(440,966.)</u>
Total governmental activities	<u>7,193,228.</u>	<u>1,064,923.</u>	<u>428,622.</u>	<u>105,594.</u>	<u>(5,594,089.)</u>	<u>- .</u>	<u>(5,594,089.)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	303,010.	192,610.	119,828.	- .	- .	9,428.	9,428.
Total	\$ <u>7,496,238.</u>	<u>1,257,533.</u>	<u>548,450.</u>	<u>105,594.</u>	<u>(5,594,089.)</u>	<u>9,428.</u>	<u>(5,584,661.)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 2,305,952.	- .	2,305,952.
Debt service					527,556.	- .	527,556.
Local option sales and services tax and income surtax					252,252.	- .	252,252.
Unrestricted state grants					2,407,284.	- .	2,407,284.
Unrestricted investment earnings					8,182.	176.	8,358.
Other					39,077.	- .	39,077.
Total general revenues					<u>5,540,303.</u>	<u>176.</u>	<u>5,540,479.</u>
Change in net assets					(53,786.)	9,604.	(44,182.)
Net assets beginning of year – as restated					<u>2,929,466.</u>	<u>47,338.</u>	<u>2,976,804.</u>
Net assets end of year					\$ <u>2,875,680.</u>	<u>56,942.</u>	<u>2,932,622.</u>

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
Balance Sheet
Year Ended June 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 324,265.	300,132.	1,496,885.	151,748.	2,273,030.
Receivables:					
Property tax:					
Delinquent	25,217.	4,812.	- .	4,736.	34,765.
Succeeding year	1,791,952.	372,422.	- .	348,190.	2,512,564.
Income surtax-succeeding year	145,000.	- .	- .	- .	145,000.
Accounts	10,210.	- .	- .	21,077.	31,287.
Due from other funds	- .	43,638.	- .	- .	43,638.
Due from other governments	<u>34,689.</u>	<u>- .</u>	<u>20,812.</u>	<u>- .</u>	<u>55,501.</u>
Total assets	\$ <u>2,331,333.</u>	<u>721,004.</u>	<u>1,517,697.</u>	<u>525,751.</u>	<u>5,095,785.</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 34,240.	- .	8,530.	19,172.	61,942.
Salaries and benefits payable	7,977.	- .	- .	- .	7,977.
Due to other funds	- .	- .	41,624.	2,014.	43,638.
Deferred revenue:					
Succeeding year property tax	1,791,952.	372,422.	- .	348,190.	2,512,564.
Income surtax-succeeding year	<u>145,000.</u>	<u>- .</u>	<u>- .</u>	<u>- .</u>	<u>145,000.</u>
Total liabilities	<u>1,979,169.</u>	<u>372,422.</u>	<u>50,154.</u>	<u>369,376.</u>	<u>2,771,121.</u>
Fund balances:					
Reserved for debt service	- .	348,582.	- .	- .	348,582.
Unreserved	<u>352,164.</u>	<u>- .</u>	<u>1,467,543.</u>	<u>156,375.</u>	<u>1,976,082.</u>
Total fund balances	<u>352,164.</u>	<u>348,582.</u>	<u>1,467,543.</u>	<u>156,375.</u>	<u>2,324,664.</u>
Total liabilities and fund balances	\$ <u>2,331,333.</u>	<u>721,004.</u>	<u>1,517,697.</u>	<u>525,751.</u>	<u>5,095,785.</u>

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Assets
 June 30, 2004

Total fund balances of governmental funds (page 17)	\$ 2,324,664.
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,631,120.
Income surtax due from state, but not to be received currently.	145,000.
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(38,000.)
Long-term liabilities, including bonds and notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,187,104.)</u>
Net assets of governmental activities (page 15)	\$ <u>2,875,680.</u>

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 2,095,844.	371,840.	107,252.	365,824.	2,940,760.
Tuition	663,974.	- .	- .	- .	663,974.
Other	185,897.	1,208.	202.	387,642.	574,949.
State sources	2,704,542.	242.	- .	239.	2,705,023.
Federal sources	<u>115,011.</u>	<u>- .</u>	<u>- .</u>	<u>- .</u>	<u>115,011.</u>
Total revenues	<u>5,765,268.</u>	<u>373,290.</u>	<u>107,454.</u>	<u>753,705.</u>	<u>6,999,717.</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	2,499,791.	- .	- .	22,765.	2,522,556.
Special instruction	859,634.	- .	- .	- .	859,634.
Other instruction	<u>492,960.</u>	<u>- .</u>	<u>- .</u>	<u>312,033.</u>	<u>804,993.</u>
	<u>3,852,385.</u>	<u>- .</u>	<u>- .</u>	<u>334,798.</u>	<u>4,187,183.</u>
Support services:					
Student services	356,962.	- .	- .	- .	356,962.
Administration services	679,187.	- .	- .	- .	679,187.
Operation and maintenance of plant services	591,313.	- .	- .	78,273.	669,586.
Transportation services	<u>277,831.</u>	<u>- .</u>	<u>- .</u>	<u>3,661.</u>	<u>281,492.</u>
	<u>1,905,293.</u>	<u>- .</u>	<u>- .</u>	<u>81,934.</u>	<u>1,987,227.</u>

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Non-instructional programs	<u>27,265.</u>	<u>- .</u>	<u>- .</u>	<u>- .</u>	<u>27,265.</u>
Other expenditures:					
Facilities acquisition	- .	- .	129,091.	178,595.	307,686.
Long-term debt:					
Principal	- .	280,000.	- .	- .	280,000.
Interest and fiscal charges	- .	216,685.	- .	- .	216,685.
AEA flowthrough	<u>200,134.</u>	<u>- .</u>	<u>- .</u>	<u>- .</u>	<u>200,134.</u>
	<u>200,134.</u>	<u>496,685.</u>	<u>129,091.</u>	<u>178,595.</u>	<u>1,004,505.</u>
Total expenditures	<u>5,985,077.</u>	<u>496,685.</u>	<u>129,091.</u>	<u>595,327.</u>	<u>7,206,180.</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(219,809.)</u>	<u>(123,395.)</u>	<u>(21,637.)</u>	<u>158,378.</u>	<u>(206,463.)</u>
Other financing sources (uses):					
Sale of real estate	- .	- .	- .	21,052.	21,052.
Operating transfers in	3,696.	368,709.	- .	8,500.	380,905.
Operating transfers out	(8,500.)	- .	(212,993.)	(159,412.)	(380,905.)
Revenue bonds issued	<u>- .</u>	<u>- .</u>	<u>1,702,173.</u>	<u>- .</u>	<u>1,702,173.</u>
Total other financing sources (uses)	<u>(4,804.)</u>	<u>368,709.</u>	<u>1,489,180.</u>	<u>(129,860.)</u>	<u>1,723,225.</u>
Net change in fund balances	(224,613.)	245,314.	1,467,543.	28,518.	1,516,762.
Fund balances beginning of year, as restated (note 12)	<u>576,777.</u>	<u>103,268.</u>	<u>- .</u>	<u>127,857.</u>	<u>807,902.</u>
Fund balances end of year	\$ <u>352,164.</u>	<u>348,582.</u>	<u>1,467,543.</u>	<u>156,375.</u>	<u>2,324,664.</u>

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2004

Net change in fund balances – total governmental funds (page 20) \$ 1,516,762.

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 419,087.	
Depreciation expense	<u>(473,031.)</u>	(53,944.)

Income surtax due from the state several months after year end is not considered available revenue and is deferred in the governmental funds. 145,000.

Proceeds from issuing long-term 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. Current year issues exceeded repayments, as follows:

Issued	(1,700,000.)	
Repaid	<u>280,000.</u>	(1,420,000.)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (1,000.)

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:

Early retirement	(225,604.)	
Cost of lot sold not included as an expenditure in statement of change in fund balance	<u>(15,000.)</u>	

Change in net assets of governmental activities (page 16) \$ (53,786.)

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
 Statement of Net Assets
 Proprietary Fund
 June 30, 2004

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 25,987.
Accounts receivable	966.
Inventories	7,276.
Capital assets, net of accumulated depreciation	<u>22,713.</u>
Total assets	\$ <u>56,942.</u>
 Net Assets	
Invested in capital assets, net of related debt	\$ 22,713.
Unrestricted	<u>34,229.</u>
Total net assets	\$ <u>56,942.</u>

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Fund
 Year Ended June 30, 2004

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ <u>192,610.</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	117,439.
Benefits	53,983.
Other	181.
Purchased services	2,375.
Supplies	124,974.
Depreciation	<u>4,058.</u>
Total operating expenses	<u>303,010.</u>
Operating loss	<u>(110,400.)</u>
Non-operating revenues:	
State sources	4,365.
Federal sources	115,463.
Interest income	<u>176.</u>
Total non-operating revenues	<u>120,004.</u>
Change in net assets	9,604.
Net assets beginning of year	<u>47,338.</u>
Net assets end of year	\$ <u>56,942.</u>

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
 Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2004

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfast	\$ 192,076.
Cash paid to employees for services	(171,422.)
Cash paid to suppliers for goods or services	<u>(103,458.)</u>
Net cash used by operating activities	<u>(82,804.)</u>
 Cash flows from non-capital financing activities:	
State grants received	4,365.
Federal grants received	<u>90,849.</u>
Net cash provided by non-capital financing activities	<u>95,214.</u>
 Cash flows from investing activities:	
Interest on investments	<u>176.</u>
 Net increase in cash and cash equivalents	12,586.
 Cash and cash equivalents beginning of year	<u>13,401.</u>
 Cash and cash equivalents end of year	\$ <u><u>25,987.</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2004

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (110,400.)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	24,276.
Depreciation	4,058.
Increase in inventories	(205.)
Increase in accounts receivable	<u>(533.)</u>
 Net cash used by operating activities	 \$ <u>(82,804.)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received \$24,181. of federal commodities.

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

(1) Summary of Significant Accounting Policies

Ogden Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Ogden, Iowa, and the immediate rural area. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Ogden Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District 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 District are such that exclusion would cause the District'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 District 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 District. Ogden Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are 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, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary 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 government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments 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 and acquisitions under capital leases are reported as other financing sources.

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

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

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 District's Enterprise Fund 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 District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet.

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid 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 three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003.

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 – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ - .
Buildings	1,000.
Improvements other than buildings	1,000.
Furniture and equipment:	
School Nutrition Fund equipment	500.
Other furniture and equipment	1,000.

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25-50
Improvements other than buildings	20
Furniture and equipment	5-20

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in the instruction and other expenditures functional areas exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

The District 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 Board of Education; 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.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2004 is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 2,012.
Debt Service	Capital Projects	<u>41,624.</u>
		\$ <u>43,636.</u>

The Capital Projects Fund and Physical Plant and Equipment Levy have collected funds that should have been transferred to the Debt Services. The transfer will be done by June 30, 2005.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
Special Revenue – Student Activity	General	\$ 8,500.
General	Special Revenue – Student Activity	3,696.
Debt Service	Special Revenue – Physical Plant and Equipment Levy	155,716.
	Capital Projects	<u>212,993.</u>
Total		\$ <u>380,905.</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

(5) Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning of Year, as restated (note 12)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 156,200.	-	15,000.	141,200.
Construction in progress	<u>-</u>	<u>129,091.</u>	<u>-</u>	<u>129,091.</u>
Total capital assets not being depreciated	<u>156,200.</u>	<u>129,091.</u>	<u>15,000.</u>	<u>270,291.</u>
Capital assets being depreciated:				
Buildings	8,197,983.	8,690.	-	8,206,673.
Improvements other than buildings	482,232.	-	-	482,232.
Furniture and equipment	<u>1,156,822.</u>	<u>281,306.</u>	<u>-</u>	<u>1,438,128.</u>
Total capital assets being depreciated	<u>9,837,037.</u>	<u>289,996.</u>	<u>-</u>	<u>10,127,033.</u>
Less accumulated depreciation:				
Buildings	2,164,958.	158,295.	-	2,323,253.
Improvements other than buildings	366,183.	13,851.	-	380,034.
Furniture and equipment	<u>762,032.</u>	<u>300,885.</u>	<u>-</u>	<u>1,062,917.</u>
Total accumulated depreciation	<u>3,293,173.</u>	<u>473,031.</u>	<u>-</u>	<u>3,766,204.</u>
Total capital assets being depreciated, net	<u>6,543,864.</u>	<u>(183,035.)</u>	<u>-</u>	<u>6,360,829.</u>
Governmental activities capital assets, net	\$ <u>6,700,064.</u>	<u>(53,944.)</u>	<u>15,000.</u>	<u>6,631,120.</u>

OGDEN COMMUNITY SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2004

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 49,847.	-	-	49,847.
Less accumulated depreciation	<u>23,076.</u>	<u>4,058.</u>	<u>-.</u>	<u>27,134.</u>
Business type activities capital assets, net	<u>\$ 26,771.</u>	<u>4,058.</u>	<u>-.</u>	<u>22,713.</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 312,000.
Special	9,461.
Other	28,382.

Support services:

Administration	4,730.
Operation and maintenance of plant	9,460.
Transportation	<u>9,461.</u>

373,694.

Unallocated	<u>99,337.</u>
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Total depreciation expense – governmental activities	\$ <u>473,031.</u>
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Business type activities:

Food service operations	\$ <u>4,058.</u>
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OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

(6) Long-Term Liabilities

Changes in net long-term liabilities for the year ended June 30, 2004 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligations bonds	\$ 3,935,000.	-	180,000.	3,755,000.	190,000.
Capital notes	555,000.	-	100,000.	455,000.	105,000.
Revenue bonds	-	1,700,000.	-	1,700,000.	90,000.
Early retirement	<u>124,511.</u>	<u>225,604.</u>	<u>73,011.</u>	<u>277,104.</u>	<u>107,104.</u>
Total	<u>\$ 4,614,511.</u>	<u>1,925,604.</u>	<u>353,011.</u>	<u>6,187,104.</u>	<u>492,104.</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-nine and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 35% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Early retirement expenditures for the year ended June 30, 2004, totaled \$73,011.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

Bonded Debt

Details of the District's June 30, 2004 general obligation bonded indebtedness and capital notes are as follows:

Year Ending June 30,	<u>General Obligation Bonds (May 1998)</u>			<u>Capital Notes (May 1998)</u>			<u>Total</u>		
	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	4.60%	190,000.	182,123.	4.40%	105,000.	20,433.	295,000.	202,556.	497,556.
2006	4.60	205,000.	172,433.	4.50	115,000.	15,813.	320,000.	188,246.	508,246.
2007	4.70	215,000.	161,978.	4.60	115,000.	10,695.	330,000.	172,673.	502,673.
2008	4.70	225,000.	151,013.	4.60	120,000.	5,520.	345,000.	156,533.	501,533.
2009	4.70	235,000.	139,875.				235,000.	139,875.	374,875.
2010	4.80	245,000.	129,065.				245,000.	129,065.	374,065.
2011	4.80	255,000.	117,795.				255,000.	117,795.	372,795.
2012	4.80	270,000.	105,810.				270,000.	105,810.	375,810.
2013	4.90	280,000.	93,120.				280,000.	93,120.	373,120.
2014	4.90	295,000.	79,820.				295,000.	79,820.	374,820.
2015	5.00	310,000.	65,660.				310,000.	65,660.	375,660.
2016	5.00	325,000.	50,470.				325,000.	50,470.	375,470.
2017	5.10	345,000.	34,545.				345,000.	34,545.	379,545.
2018	5.10	360,000.	17,640.				360,000.	17,640.	377,640.
	\$	<u>3,755,000.</u>	<u>1,501,347.</u>		<u>455,000.</u>	<u>52,461.</u>	<u>4,210,000.</u>	<u>1,553,808.</u>	<u>5,763,808.</u>

OGDEN COMMUNITY SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2004

Revenue Bonds Payable

Details of the District's June 30, 2004 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ended	Bond Issued June 1, 2004				
	<u>June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005		2.60%	\$ 90,000.	41,084.	131,084.
2006		3.50	155,000.	68,090.	223,090.
2007		3.75	160,000.	62,665.	222,665.
2008		4.00	165,000.	56,665.	221,665.
2009		4.20	170,000.	50,065.	220,065.
2010		4.50	180,000.	42,925.	222,925.
2011		4.50	185,000.	34,825.	219,825.
2012		4.30	190,000.	26,500.	216,500.
2013		4.45	200,000.	18,330.	218,330.
2014		4.60	<u>205,000.</u>	<u>9,430.</u>	<u>214,430.</u>
			<u>\$ 1,700,000.</u>	<u>410,579.</u>	<u>2,110,579.</u>

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$170,000. of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District did not comply with all of the provisions during the year ended June 30, 2004. The required Reserve Account was not established by the District and no transfers were made to the Sinking Account.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

(7) Risk Management

Ogden Community School District is a member in the Iowa School Employees Benefits Association, an Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: medical, dental, vision and prescription drugs.

Each member's contributions to ISEBA funds current operations and provides capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, ISEBA's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2004 were \$633,600.

Payments from participating members are the sole source for paying claims and establishing reserves for the ISEBA self-funded programs. Stop loss insurance is purchased by ISEBA to protect against large claims but the potential exists for claims to exceed the premium payments made by members into the program. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the District's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage.

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 30 days prior written notice may withdraw. ISEBA will pay claims incurred before the termination date.

Ogden Community School District 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 District 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.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement Systems (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$202,223., \$196,197., and \$184,953. respectively, equal to the required contributions for each year.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$200,134. for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Construction Commitment

The District has entered into a contract totaling \$1,423,000. for the construction of a remodeling project. As of June 30, 2004, costs of \$11,914. had been incurred against the contract. The balance of \$1,411,086. remaining at June 30, 2004 will be paid as work on the project progresses.

(11) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2004

Governmental Accounting Standards Board Statement No. 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule-Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements separate the District’s programs between governmental and business type activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	Fund			<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Special Revenue</u>	
Net assets June 30, 2003, as previously reported	\$ 576,777.	103,268.	127,857.	807,902.
GASB Interpretation 6 adjustments	-	-	-	-
Net assets July 1, 2003, as restated for governmental funds	\$ 576,777.	103,268.	127,857.	807,902.
GASB 34 adjustments:				
Capital assets, net of accumulated depreciation				6,700,064.
Long-term liabilities:				
Bonds and notes			4,490,000.	
Early retirement			65,000.	(4,555,000.)
Accrued interest payable				(37,000.)
Deferred revenue				13,500.
Net assets July 1, 2003, as restated (page 16)				\$ 2,929,466.

OGDEN COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Fund
 Required Supplementary Information
 June 30, 2004

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>	Total <u>Actual</u>	<u>Budgeted Amounts Original and Final</u>	Final to Actual <u>Variance</u>
Receipts:					
Local sources	\$ 4,144,035.	192,143.	4,336,178.	4,091,494.	244,684.
State sources	2,689,579.	4,365.	2,693,944.	2,822,558.	(128,614.)
Federal sources	<u>115,011.</u>	<u>115,030.</u>	<u>230,041.</u>	<u>173,000.</u>	<u>57,041.</u>
Total receipts	<u>6,948,625.</u>	<u>311,538.</u>	<u>7,260,163.</u>	<u>7,087,052.</u>	<u>173,111.</u>
Disbursements:					
Instruction	4,215,275.	- .	4,215,275.	4,209,753.	(5,522.)
Support services	1,987,227.	- .	1,987,227.	2,401,479.	414,252.
Non-instructional programs	27,265.	298,952.	326,217.	602,938.	276,721.
Other expenditures	<u>1,004,505.</u>	<u>- .</u>	<u>1,004,505.</u>	<u>794,421.</u>	<u>(210,084.)</u>
Total disbursements	<u>7,234,272.</u>	<u>298,952.</u>	<u>7,533,224.</u>	<u>8,008,591.</u>	<u>475,367.</u>
Excess (deficiency) of receipts over (under) disbursements	(285,647.)	12,586.	(273,061.)	(921,539.)	648,478.
Other financing sources, net	<u>1,723,225.</u>	<u>- .</u>	<u>1,723,225.</u>	<u>17,150.</u>	<u>1,706,075.</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,437,578.	12,586.	1,450,164.	(904,389.)	2,354,553.
Balances beginning of year	<u>835,452.</u>	<u>13,401.</u>	<u>848,853.</u>	<u>1,162,794.</u>	<u>(313,941.)</u>
Balances end of year	\$ <u>2,273,030.</u>	<u>25,987.</u>	<u>2,299,017.</u>	<u>258,405.</u>	<u>2,040,612.</u>

See accompanying independent auditor's report.

OGDEN COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2004

	Governmental Funds		
	Modified Accrual Basis	Accrual Adjustments	Cash Basis
Revenues	\$ 6,999,717.	(51,092.)	6,948,625.
Expenditures	<u>7,206,180.</u>	<u>28,092.</u>	<u>7,234,272.</u>
Net	(206,463.)	(79,184.)	(285,647.)
Other financing sources, net	1,723,225.	- .	1,723,225.
Beginning fund balances	<u>807,902.</u>	<u>27,550.</u>	<u>835,452.</u>
Ending fund balances	\$ <u>2,324,664.</u>	<u>(51,634.)</u>	<u>2,273,030.</u>

	Proprietary Fund – Enterprise		
	Accrual Basis	Accrual Adjustments	Cash Basis
Revenues	\$ 312,614.	(1,076.)	311,538.
Expenses	<u>303,010.</u>	<u>(4,058.)</u>	<u>298,952.</u>
Net	9,604.	2,982.	12,586.
Beginning net assets	<u>47,338.</u>	<u>(33,937.)</u>	<u>13,401.</u>
Ending net assets	\$ <u>56,942.</u>	<u>(30,955.)</u>	<u>25,987.</u>

See accompanying independent auditor's report.

OGDEN COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
Year Ended June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2004, disbursements in the instruction and other expenditures functions exceeded the amounts budgeted.

OGDEN COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Public Education Recreation Levy</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 28,434.	54,387.	27,859.	41,068.	151,748.
Receivables:					
Property tax:					
Delinquent	1,619.	- .	2,797.	320.	4,736.
Succeeding year	150,000.	- .	177,844.	20,346.	348,190.
Accounts	<u>- .</u>	<u>- .</u>	<u>21,052.</u>	<u>25.</u>	<u>21,077.</u>
Total assets	\$ <u>180,053.</u>	<u>54,387.</u>	<u>229,552.</u>	<u>61,759.</u>	<u>525,751.</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ - .	- .	8,109.	11,063.	19,172.
Interfund payable	- .	- .	2,014.	- .	2,014.
Deferred revenue:					
Succeeding year property tax	<u>150,000.</u>	<u>- .</u>	<u>177,844.</u>	<u>20,346.</u>	<u>348,190.</u>
Total liabilities	<u>150,000.</u>	<u>- .</u>	<u>187,967.</u>	<u>31,409.</u>	<u>369,376.</u>
Fund equity:					
Unreserved fund balances	<u>30,053.</u>	<u>54,387.</u>	<u>41,585.</u>	<u>30,350.</u>	<u>156,375.</u>
Total liabilities and fund equity	\$ <u>180,053.</u>	<u>54,387.</u>	<u>229,552.</u>	<u>61,759.</u>	<u>525,751.</u>

See accompanying independent auditor's report.

OGDEN COMMUNITY SCHOOL DISTRICT
 Combining Schedule of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2004

	Management <u>Levy</u>	Student <u>Activity</u>	Physical Plant and <u>Equipment Levy</u>	Public Education Recreation <u>Levy</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 125,079.	- .	216,030.	24,715.	365,824.
Other	10,070.	316,067.	44,234.	17,271.	387,642.
State sources	<u>82.</u>	<u>- .</u>	<u>141.</u>	<u>16.</u>	<u>239.</u>
Total revenues	<u>135,231.</u>	<u>316,067.</u>	<u>260,405.</u>	<u>42,002.</u>	<u>753,705.</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	22,765.	- .	- .	- .	22,765.
Other instruction	- .	312,033.	- .	- .	312,033.
Support services:					
Operation and maintenance of plant services	41,205.	- .	- .	37,068.	78,273.
Student transportation	3,661.	- .	- .	- .	3,661.
Other expenditures:					
Facilities acquisition	<u>- .</u>	<u>- .</u>	<u>178,595.</u>	<u>- .</u>	<u>178,595.</u>
Total expenditures	<u>67,631.</u>	<u>312,033.</u>	<u>178,595.</u>	<u>37,068.</u>	<u>595,327.</u>
Excess of revenues over expenditures	<u>67,600.</u>	<u>4,034.</u>	<u>81,810.</u>	<u>4,934.</u>	<u>158,378.</u>
Other financing sources (uses):					
Sale of real estate	- .	- .	21,052.	- .	21,052.
Operating transfers in	- .	8,500.	- .	- .	8,500.
Operating transfers out	<u>- .</u>	<u>(3,696.)</u>	<u>(155,716.)</u>	<u>- .</u>	<u>(159,412.)</u>
Total other financing sources (uses)	<u>- .</u>	<u>4,804.</u>	<u>(134,664.)</u>	<u>- .</u>	<u>(129,860.)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	67,600.	8,838.	(52,854.)	4,934.	28,518.
Fund balances beginning of year, as restated	<u>(37,547.)</u>	<u>45,549.</u>	<u>94,439.</u>	<u>25,416.</u>	<u>127,857.</u>
Fund balances end of year	\$ <u>30,053.</u>	<u>54,387.</u>	<u>41,585.</u>	<u>30,350.</u>	<u>156,375.</u>

See accompanying independent auditor's report.

OGDEN COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts
 Year Ended June 30, 2004

<u>Account</u>	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Revenues</u> <u>and</u> <u>Interfund</u> <u>Transfers</u>	<u>Expenditures</u>	<u>Intra</u> <u>Fund</u> <u>Transfer</u>	<u>Balance</u> <u>End</u> <u>of Year</u>
High School Accounts:					
Annual	\$ 1,671.	2,353.	2,492.	- .	1,532.
Baseball	- .	5,691.	8,206.	3,425.	910.
Volleyball	- .	1,898.	1,610.	(288.)	- .
Basketball:					
Boys	- .	4,179.	3,509.	(670.)	- .
Girls	- .	15,128.	10,014.	(5,114.)	- .
Boys and girls cross-country	- .	86.	698.	612.	- .
Football	- .	9,275.	8,848.	(427.)	- .
Boys and girls golf	- .	25.	550.	525.	- .
Summer softball	2.	3,331.	4,354.	1,507.	486.
Track:					
Boys	- .	80.	955.	955.	80.
Girls	- .	- .	1,315.	1,315.	- .
Wrestling	- .	5,440.	5,800.	360.	- .
Miscellaneous athletics	480.	- .	4,674.	4,943.	749.
Class of:					
Senior	19.	109,668.	129,700.	20,013.	- .
Junior	20,754.	31,999.	19,150.	(16,085.)	17,518.
Sophomore	3,928.	8,475.	5,388.	(2,648.)	4,367.
Freshman	1,280.	1,088.	295.	(1,280.)	793.
Concessions	400.	11,833.	8,551.	(3,682.)	- .
Interest income	26.	467.	- .	(493.)	- .
Athletic resale	- .	3,225.	3,408.	231.	48.
Activity tickets	15.	15,164.	3,726.	(11,420.)	33.
Clubs:					
Art	- .	458.	579.	121.	- .
International Club	1,106.	1,007.	1,269.	- .	844.
Computer, Math & Science (CMS)	3,429.	5.	2,390.	3,793.	4,837.
Boys "O"	2,074.	13,998.	12,854.	(216.)	3,002.
Girls "O"	185.	9,719.	10,942.	2,395.	1,357.
Spirit	(971.)	745.	- .	- .	(226.)
Cheerleaders	220.	4,799.	4,705.	- .	314.
English	- .	320.	327.	7.	- .
Phoenix II	863.	- .	- .	- .	863.
Character Stomp	170.	- .	51.	- .	119.

OGDEN COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts (continued)
 Year Ended June 30, 2004

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intra Fund Transfer</u>	<u>Balance End of Year</u>
Drama	-	4,770.	6,618.	1,848.	-
Student Council	2,792.	8,955.	9,137.	372.	2,982.
Character Education	356.	1,729.	1,688.	-	397.
Middle School Accounts:					
Annual	268.	1,156.	1,398.	-	26.
Athletic resale	1,215.	8,467.	2,142.	(7,470.)	70.
Fundraising	4,322.	37,259.	28,330.	(908.)	12,343.
Miscellaneous athletics	608.	1,150.	8,908.	7,470.	320.
Student Council	<u>337.</u>	<u>621.</u>	<u>1,144.</u>	<u>809.</u>	<u>623.</u>
 Total	 \$ <u>45,549.</u>	 <u>324,563.</u>	 <u>315,725.</u>	 <u>- .</u>	 <u>54,387.</u>

See accompanying independent auditor's report.

OGDEN COMMUNITY SCHOOL DISTRICT
 Schedule of Revenues by Source and Expenditures by Function
 All Governmental Funds
 For the Last Four Years

	Modified Accrual Basis			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues:				
Local sources:				
Local tax	\$ 2,940,760.	2,505,199.	2,653,051.	2,592,163.
Tuition	663,974.	593,471.	451,636.	457,234.
Other	574,949.	852,018.	531,074.	542,467.
State sources	2,705,023.	2,710,582.	2,510,608.	2,565,016.
Federal sources	<u>115,011.</u>	<u>78,115.</u>	<u>69,517.</u>	<u>75,270.</u>
 Total	 \$ <u>6,999,717.</u>	 <u>6,739,385.</u>	 <u>6,215,886.</u>	 <u>6,232,150.</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 2,522,556.	2,477,383.	2,440,926.	2,294,248.
Special instruction	859,634.	584,602.	517,460.	391,892.
Other instruction	804,993.	984,225.	967,574.	826,275.
Support services:				
Student services	356,962.	352,584.	314,287.	293,180.
Administration services	679,187.	642,162.	598,152.	566,615.
Operation and maintenance of plant services	669,586.	539,308.	519,628.	550,701.
Transportation services	281,492.	271,996.	268,975.	254,866.
Central support services	-	39,722.	43,031.	57,098.
Non-instructional programs	27,265.	42,918.	49,743.	62,526.
Other expenditures:				
Facilities acquisition	307,686.	124,694.	152,102.	903,369.
Long-term debt:				
Principal	280,000.	270,000.	255,000.	245,000.
Interest and other charges	216,685.	229,655.	241,855.	253,391.
AEA flowthrough	<u>200,134.</u>	<u>210,603.</u>	<u>209,428.</u>	<u>201,195.</u>
 Total	 \$ <u>7,206,180.</u>	 <u>6,769,852.</u>	 <u>6,578,161.</u>	 <u>6,900,356.</u>

See accompanying independent auditor's report.

Independent Auditors' Report on Compliance
and on Internal Control over Financial Reporting

To the Board of Education of the
Ogden Community School District

We have audited the general purpose financial statements of Ogden Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated August 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ogden Community School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance 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 noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the District. 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. Prior year statutory comments have been resolved except for 04-II-C and 04-II-K.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ogden Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Ogden Community School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item 04-IA is a material weakness. Prior year reportable conditions have been resolved except for items 04-IA, 04-IB, 04-IC, and 04-ID.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Ogden Community School District and other parties to whom Ogden Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

August 25, 2004

OGDEN COMMUNITY SCHOOL DISTRICT
Schedule of Findings
Year Ended June 30, 2004

Part I – Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

04-I-A – Segregation of Duties – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District’s financial statements. We noted that the individuals in charge of the respective funds also do the bank reconciliation for those funds.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. The District should review its operating procedures to obtain the maximum internal control possible under the circumstances and establish written procedures and responsibilities for the handling of funds at all levels.

Response – We will investigate available alternatives.

Conclusion – Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

04-I-B – Student Activity Accounts – We again noted transfers between the general fund and the student activity fund that may not meet the requirements of a public purpose. We also noted a transfer between the Physical Plant and Equipment Fund and the Student Activity Account. The Iowa Department of Education’s Uniform Administrative Procedures for Iowa School Officials, Chapter 7, page 77, states “The student activity fund shall not be used as a clearing account for the general fund or any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, curricular activities, or any other revenues or expenditures more properly included in another fund. The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extra-curricular activities offered as a part of the education program for the students...”

Recommendation – The board should evaluate and document the public purpose served by the transfers. All funds from all student organizations and activities residing in the school district funds including the student activity fund are owned by the School District. Residual interest in all student activity moneys belongs to the District. Upon dissolution of such activity, the surplus may be used to support other student activities at the discretion of the Board.

OGDEN COMMUNITY SCHOOL DISTRICT
Schedule of Findings (continued)
Year Ended June 30, 2004

Response – We will review and implement procedures to document the public purpose of transfers between the general fund and the student activity fund. We have consulted our attorney regarding reimbursement to the students and adults who participated in the Senior Class Trip and it is felt the proper procedures are being followed.

Conclusion – Response accepted.

04-I-C – Fixed Assets – Fixed assets were not periodically counted and reconciled to the fixed asset listing by an independent person at June 30, 2004.

Recommendation – To provide additional control over the proper recording of fixed assets, fixed assets should be periodically counted and reconciled to the fixed asset listing by a person who does not have custody of the fixed assets.

Response – We will perform an independent count and reconciliation of the fixed assets.

Conclusion - Response accepted.

04-I-D – Financial Condition – The District had an account within the Student Activity Account with a deficit balance at June 30, 2004.

Recommendation – The District should review purchase approval procedures for the Student Activity Account and may wish to require additional approval before ordering goods or services from these accounts. Disbursements which satisfy the General Fund purpose requirements should be budgeted and paid for directly from the General Fund, in lieu of transferring to the Student Activity Account. This would also more clearly identify actual Student Activity Account transactions to enable better control over these transactions.

Response – We will review our purchase approval procedures.

Conclusion – Response accepted.

04-I-E – Voided Checks – It was noted the District is not adequately disfiguring voided checks contained within their disbursement filing system.

Recommendation – Voided checks need to be disfigured sufficiently to insure they cannot be presented for future payment.

Response – We will ensure all voided checks are properly handled within the District's disbursement filing system.

Conclusion – Response accepted.

OGDEN COMMUNITY SCHOOL DISTRICT
Schedule of Findings (continued)
Year Ended June 30, 2004

Part II - Other Findings Related to Required Statutory Reporting:

04-II-A – Official Depositories – Not all depositories of the District’s funds have been properly approved by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.

Recommendation – The District should insure there is a written resolution approving all depositories of the District’s funds as well as the maximum amount which may be kept on deposit with the depositories.

Response – We will obtain the proper documentation in our files for the official depositories of the District.

Conclusion – Response accepted.

04-II-B – Certified Budget – Disbursements for the year ended June 30, 2004 exceeded the amount budgeted in both instruction and other expenditure functional areas.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget in these functional areas.

Response – We will amend our budget before disbursements exceed the budget in the future.

Conclusion – Response accepted.

04-II-C – Questionable Disbursements – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

04-II-D – Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

04-II-E - Business Transactions – No material business transactions between the District and District officials or employees were noted.

04-II-F - Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. Surety bond coverage presently is at \$101,000.

The school district should review insurance coverage on property and equipment annually to insure that the coverage is adequate.

OGDEN COMMUNITY SCHOOL DISTRICT
Schedule of Findings (continued)
Year Ended June 30, 2004

04-II-G – Board Minutes – No transactions requiring board approval which had not been approved by the board were noted.

04-II-H – Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

04-II-I – Deposits and Investments – As previously noted there was an instance of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

Recommendation – The District should examine their written investment policy along with Chapter 12B and 12C of the Code of Iowa regarding deposits and investments. The District should implement procedures to assure compliance with the appropriate provisions of the Code of Iowa as well as their investment policy.

Response – We will take the necessary steps to correct this situation.

Conclusion – Response accepted.

04-II-J – Certified Annual Report – The Certified Annual Report (CAR) was timely filed with the Department of Education and we noted no significant deficiencies in the amounts reported.

04-II-K – Federal Compliance – It was noted the August request submitted for reimbursable lunch totals for September 2003 was not received during the fiscal year ending June 30,2004. During the audit it was also determined the District did not follow up on the status of students placed on temporary status for free and reduced lunches as required by the program guidelines.

Recommendation – The District should determine the status of the receivable for reimbursable lunch totals. The procedures for proper documentation of compliance for the National School Lunch Program should be reviewed and followed.

Response – We agree with the auditors' recommendation and will comply.

Conclusion – Response accepted.

04-II-L – Additional Compensation – An exception to the method of payment to employees for services relating to extra-curricular activities did not allow for the withholding of any taxes.

Recommendation – The District should ensure that payments to employees from the Student Activity Account for services performed be treated as additional compensation and, accordingly, withhold the appropriate taxes as required by the Internal Revenue Service and the Iowa Department of Revenue and Finance.

OGDEN COMMUNITY SCHOOL DISTRICT
Schedule of Findings (continued)
Year Ended June 30, 2004

Response – We will take the necessary steps to correct this situation.

Conclusion – Response accepted.

04-II-M – Deficit Balances- As previously noted, a student activity account had a deficit balance at June 30, 2004.

Recommendation – The District should continue to investigate alternatives to eliminate this deficit in order to return this account to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

04-II-N – Revenue Bonds – The District has not established the Reserve Account required by the revenue bond resolution. In addition, the required monthly transfers from the Revenue Account were not made by the District.

Recommendation – The District should establish the Reserve Account in the amount required and make the monthly transfers to the Sinking Account as required by the bond resolution.

Response – We will establish a Reserve Account and begin making transfers to a Sinking Account.

Conclusion- Response accepted.

