

CITY OF OGDEN

INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007



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City of Ogden

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Trueblood	Mayor	Jan 2008
Brian Reimers	Council Member/Mayor Pro tem	Jan 2010
Lyle Conklin	Council Member	Jan 2010
Lori Anderson	Council Member	Jan 2008
Margaret Liston	Council Member	Jan 2008
Sean Thompson	Council Member	Jan 2008
Judy Wallace	City Clerk/Treasurer	Indefinite
Lee Johnson	Attorney	Indefinite

City of Ogden

# CLINE, DeVRIES & ALLEN, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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### Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's primary government financial statements listed in the table of contents. These primary government financial statements are the responsibility of the City of Ogden's management. Our responsibility is to express opinions on these primary government financial statements based on our audit.

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

As described in Note 1, these primary government financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2007 on our consideration of the City of Ogden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The City has not presented management's discussion and analysis which introduces the primary government financial statements by presenting certain financial information as well as

management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the primary government financial statements.

Budgetary comparison information on pages 22 through 24 is not a required part of the primary government financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied 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 primary government financial statements that collectively comprise the City of Ogden's primary government financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the primary government financial statements for the three years ended June 30, 2006 (which are not 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 primary government financial statements. Such information has been subjected to the auditing procedures applied in our audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

December 20, 2007  
Ames, Iowa

City of Ogden

## Basic Financial Statements

City of Ogden

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2007

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restrictd Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 266,310	8,446	39,458	5,470
Public works	264,942	26,624	168,607	10,000
Health and social services	16,450	-	-	-
Culture and recreation	225,460	28,932	53,936	-
Community and economic development	142,569	-	-	126,208
General government	144,145	-	-	-
Debt service	74,012	-	-	-
Capital projects	147,238	-	-	-
Total governmental activities	1,281,126	64,002	262,001	141,678
Business type activities:				
Sewer	237,613	218,168	-	-
Total	\$ 1,518,739	282,170	262,001	141,678
General Receipts:				
Property tax levied for:				
General purposes				
Employee benefits				
Debt service				
Utility franchise tax				
Local option sales tax				
Unrestricted interest on investments				
Dividend				
Miscellaneous				
SRF loan proceeds, net of fees				
Rent				
Sale of fixed assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
(212,936)	-	(212,936)
(59,711)	-	(59,711)
(16,450)	-	(16,450)
(142,592)	-	(142,592)
(16,361)	-	(16,361)
(144,145)	-	(144,145)
(74,012)	-	(74,012)
(147,238)	-	(147,238)
(813,445)	-	(813,445)
-	(19,445)	(19,445)
(813,445)	(19,445)	(832,890)
386,130	-	386,130
96,525	-	96,525
30,386	-	30,386
8,994	-	8,994
135,712	-	135,712
12,705	16,975	29,680
49,108	-	49,108
19,785	-	19,785
-	13,408	13,408
10,175	-	10,175
2,401	-	2,401
-	-	-
751,921	30,383	782,304
(61,524)	10,938	(50,586)
462,071	461,658	923,729
\$ 400,547	472,596	873,143
\$ 194,571	-	194,571
-	-	-
-	-	-
205,976	472,596	678,572
400,547	472,596	873,143

## City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2007

	General	Special Revenue Road Use Tax	Permanent Cemetery Perpetual Care	Other Nonmajor Governmental Funds	Total
<b>Receipts:</b>					
Property tax	\$ 386,130	-	-	126,911	513,041
Other city tax	144,706	-	-	-	144,706
Licenses and permits	1,973	-	-	-	1,973
Use of money and property	71,988	-	-	-	71,988
Intergovernmental	175,651	168,607	-	-	344,258
Charges for service	24,312	-	-	-	24,312
Miscellaneous	104,813	310	1,800	10,000	116,923
Total receipts	909,573	168,917	1,800	136,911	1,217,201
<b>Disbursements:</b>					
Operating:					
Public safety	266,310	-	-	-	266,310
Public works	88,485	176,457	-	-	264,942
Health and social services	16,450	-	-	-	16,450
Culture and recreation	225,460	-	-	-	225,460
Community and economic development	142,569	-	-	-	142,569
General government	144,145	-	-	-	144,145
Debt service	-	-	-	74,012	74,012
Capital projects	-	-	-	147,238	147,238
Total disbursements	883,419	176,457	-	221,250	1,281,126
Excess (deficiency) of receipts over (under) disbursements	26,154	(7,540)	1,800	(84,339)	(63,925)
<b>Other financing sources (uses):</b>					
Sale of fixed assets	2,401	-	-	-	2,401
Operating transfers in	98,853	-	-	108,346	207,199
Operating transfers out	(87,586)	(20,760)	-	(98,853)	(207,199)
Total other financing sources (uses)	13,668	(20,760)	-	9,493	2,401
Net change in cash balances	39,822	(28,300)	1,800	(74,846)	(61,524)
Cash balances beginning of year	69,419	222,871	44,146	125,635	462,071
Cash balances end of year	\$ 109,241	194,571	45,946	50,789	400,547
<b>Cash Basis Fund Balances</b>					
Reserved:					
Debt service	\$ -	-	-	-	-
Unreserved:					
General fund	109,241	-	-	-	109,241
Special revenue funds	-	194,571	-	-	194,571
Capital projects funds	-	-	-	33,327	33,327
Permanent funds	-	-	45,946	17,462	63,408
Total cash basis fund balances	\$ 109,241	194,571	45,946	50,789	400,547

See notes to financial statements.

## City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2007

	Enterprise
	Sewer
	Rental
	<u>          </u>
Operating receipts:	
Charges for service	\$ 202,952
Miscellaneous	15,216
Total operating receipts	<u>218,168</u>
Operating disbursements:	
Business type activities	<u>113,747</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>104,421</u>
Non-operating receipts (disbursements):	
Intergovernmental	-
Interest on investments	16,975
SRF loan proceeds	13,408
Debt service	<u>(123,866)</u>
Total non-operating receipts (disbursements)	<u>(93,483)</u>
Excess (deficiency) of receipts over (under) disbursements	10,938
Cash balances beginning of year	<u>461,658</u>
Cash balances end of year	<u>\$ 472,596</u>
Cash Basis Fund Balances	
Unreserved	<u>\$ 472,596</u>

See notes to financial statements.

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City of Ogden

City of Ogden

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

The City of Ogden is a political subdivision of the State of Iowa located in Boone County. It was first incorporated in 1875 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Ogden has included all funds, organizations, agencies, boards, commissions and authorities, except for its component unit, the Ogden Municipal Utilities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's primary government financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These primary government financial statements present the City of Ogden (the primary government) and exclude the component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. It has not been included in these primary government financial statements which present the primary government only. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its administrative office.

Component Unit

The Ogden Municipal Utilities (Utilities) was established to operate the City's electric and water facilities. The Utilities are governed by a three member Board of Trustees appointed by the Mayor and approved by the City Council. Title to all property of the Utilities is held in the name of the City. A financial benefit/burden relationship exists between the City and the Utilities in that the City is authorized by statute to issue general obligation debt for a city utility, and may certify taxes for the payment of the debt.

Jointly Governed Organizations

The City participates in seven jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the

participating governments. City officials are members of the following boards: Community Services Board, Boone County Conservation Board, Paul Lowrey Trust Board, Emergency Management Board, Boone County Endowment, Keep Boone County Beautiful and the Red Rock Area Community Action Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which 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 services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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 preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts 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 on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts 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 disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

Permanent:

The Cemetery Perpetual Care Fund interest is used for care and maintenance of the cemetery.

The City reports the following major proprietary fund:

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system. Also accounted for in this fund are payments of principal and interest on the City's long-term sewer debt.

C. Measurement Focus and Basis of Accounting

The City of Ogden maintains its financial records on the basis of cash receipts and disbursements and the primary government financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the primary government financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the culture and recreation, debt service and business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment

companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City owns 560 shares of \$25 par value common stock of the Ogden Telephone Company, of which 140 shares (\$100 par value) were acquired by donation and another 420 shares were acquired by stock splits. In 1972, when the stock was donated, there was no market value, therefore it is not included in the cash and investments balance.

Although this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. At this time, the City has decided not to dispose of the stock due to market conditions.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk - The City's investment in the Ogden Telephone Company stock is unrated.

(3) Loans Payable/Revenue Bonds

On December 4, 1998, the City entered into a loan agreement with City State Bank in the amount of \$220,000. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 5.25% per annum.

On December 15, 2000, the City entered into a loan agreement with City State Bank in the amount of \$130,000. The loan proceeds were used to help pay for the City's new fire truck. The City is obligated to repay the loan in annual installments of \$13,000 plus interest at 6.75% per annum.

On December 10, 2002, the City entered into a loan agreement with City State Bank in the amount of \$203,250. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 4.90% per annum.

Annual debt service requirements to maturity for the City's loans payable and revenue bonds are as follows:

Year Ending June 30,	Storm Sewer Loan		Fire Truck Loan		Storm Sewer Loan		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	28,000	735	13,000	3,080	20,325	5,493	70,000	49,440	131,325	58,74
2009	-	-	13,000	2,195	20,325	4,483	73,000	47,340	106,325	54,01
2010	-	-	13,000	1,318	20,325	3,487	75,000	45,150	108,325	49,95
2011	-	-	12,565	440	60,975	4,488	77,000	42,900	150,540	47,82
2012	-	-	-	-	-	-	79,000	40,590	79,000	40,59
2013-2017	-	-	-	-	-	-	434,000	165,810	434,000	165,81
2018-2022	-	-	-	-	-	-	501,000	96,780	501,000	96,78
2023-2025	-	-	-	-	-	-	339,000	20,520	339,000	20,52
<b>Total</b>	<b>\$ 28,000</b>	<b>735</b>	<b>51,565</b>	<b>7,033</b>	<b>121,950</b>	<b>17,951</b>	<b>1,648,000</b>	<b>508,530</b>	<b>1,849,515</b>	<b>534,24</b>

The resolution providing for the issuance of the revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account within the Enterprise funds for the purpose of making the bond principal and interest payments when due.
- (c) Once the required transfers to the Sinking fund have been made, all of the remaining net revenues shall be put into a Surplus fund.

The City is not in compliance with these provisions at June 30, 2007.

#### (4) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$23,080, \$23,723 and \$21,296, respectively, equal to the required contributions for each year.

#### (5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory and holiday hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and

compensatory time payments payable to employees at June 30, 2007, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 12,212
Compensatory time	<u>10,215</u>
Total	<u>\$ 22,427</u>

This liability has been computed based on rates of pay in effect at June 30, 2007.

Sick leave is payable when used. It is not paid upon termination, retirement or death.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	<u>\$ 98,853</u>
Debt Service	General	<u>20,616</u>
Capital Projects: Truck	Special Revenue: Road Use Tax	10,000
Bike Trail	Road Use Tax	10,760
Police Car	General	35,654
Community Center	General	3,352
Park Improvements	General	<u>27,964</u>
		<u>87,730</u>
Total		<u>\$ 207,199</u>

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

(7) Risk Management

The City 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 City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Health Insurance

The City contributes money to a Health Savings Account for each employee to pay a portion of each employee's deductible. Employees on the single plan have a \$2,000 deductible and the City pays \$1,500 of the total. Employees on the family plan have a deductible of \$4,000 and the City pays \$2,500 of the deductible.

(9) Fire Advisory Board

The City, in conjunction with six townships has created the Fire Advisory Board. The Board was established for the primary purpose of providing fire protection. The Board is composed of the Township Trustees, the City's Council members and the Fire Chief.

Township Trustees levy taxes to pay for their portion of the fire based on population, annual average number of calls, and assessed value of real estate in the area served. The Townships reimburse the City for their portion of the expenses, including half of the payments for the fire truck; therefore, the City has an ongoing financial interest.

(10) Capital Lease

The City has a copier under an agreement that includes payment for service and supplies. Under this agreement approximately \$49 per month is paid for service and supplies. The remainder paid is classified as a capital lease payment given the terms of the agreement. The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments are as follows:

Future minimum lease payments:	
2008	600
2009	<u>200</u>
Total	800
Less amount representing interest	<u>(174)</u>
Net Present Value	<u>626</u>

(11) Related Party Transactions

The City had business transactions between the City and City officials totaling \$3,620 during the year ended June 30, 2007.

Required Supplementary Information

City of Ogden  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Net
<b>Receipts:</b>			
Property tax	\$ 513,041	-	513,041
Other city tax	144,706	-	144,706
Licenses and permits	1,973	-	1,973
Use of money and property	71,988	16,975	88,963
Intergovernmental	344,258	-	344,258
Charges for service	24,312	202,952	227,264
Miscellaneous	116,923	15,216	132,139
Total receipts	<u>1,217,201</u>	<u>235,143</u>	<u>1,452,344</u>
<b>Disbursements:</b>			
Public safety	266,310	-	266,310
Public works	264,942	-	264,942
Health and social services	16,450	-	16,450
Culture and recreation	225,460	-	225,460
Community and economic development	142,569	-	142,569
General government	144,145	-	144,145
Debt service	74,012	-	74,012
Capital projects	147,238	-	147,238
Business type activities	-	237,613	237,613
Total disbursements	<u>1,281,126</u>	<u>237,613</u>	<u>1,518,739</u>
Excess (deficiency) of receipts over (under) disbursements	(63,925)	(2,470)	(66,395)
Other financing sources, net	<u>2,401</u>	<u>13,408</u>	<u>15,809</u>
Excess (deficiency) of receipts and other financing sources over disbursements	(61,524)	10,938	(50,586)
Balances beginning of year	<u>462,071</u>	<u>461,658</u>	<u>923,729</u>
Balances end of year	<u>\$ 400,547</u>	<u>472,596</u>	<u>873,143</u>

See accompanying independent auditors' report.

Budgeted Amounts		Final to Net Variance
Original	Final	
506,675	506,675	6,366
134,500	154,500	(9,794)
2,485	2,485	(512)
102,190	107,850	(18,887)
464,935	479,306	(135,048)
203,800	223,800	3,464
13,000	13,000	119,139
<u>1,427,585</u>	<u>1,487,616</u>	<u>(35,272)</u>
247,174	267,324	1,014
278,044	278,044	13,102
16,600	16,600	150
196,845	199,545	(25,915)
232,920	252,620	110,051
144,523	144,523	378
73,955	73,955	(57)
159,000	167,187	19,949
218,217	222,217	(15,396)
<u>1,567,278</u>	<u>1,622,015</u>	<u>103,276</u>
(139,693)	(134,399)	68,004
-	-	15,809
(139,693)	(134,399)	83,813
<u>1,636,148</u>	<u>1,636,148</u>	<u>(712,419)</u>
<u>1,496,455</u>	<u>1,501,749</u>	<u>(628,606)</u>

City of Ogden

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$60,031 and budgeted disbursements by \$54,737. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the culture and recreation, debt service and business type functions.

## Other Supplementary Information

City of Ogden

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2007

	Special Revenue			Capital	
	Employee Benefits	Debt Service	Community Center	Police Car	Truck
Receipts:					
Property tax	\$ 96,525	30,386	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	10,000
Total receipts	<u>96,525</u>	<u>30,386</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Disbursements:					
Debt Service	-	74,012	-	-	-
Capital projects	-	-	8,186	25,654	79,801
Total	<u>-</u>	<u>74,012</u>	<u>8,186</u>	<u>25,654</u>	<u>79,801</u>
Excess (deficiency) of receipts over (under) disbursements	<u>96,525</u>	<u>(43,626)</u>	<u>(8,186)</u>	<u>(25,654)</u>	<u>(69,801)</u>
Other financing sources (uses):					
Operating transfers in	-	20,616	3,352	35,654	10,000
Operating transfers out	(98,853)	-	-	-	-
Total other financing sources (uses)	<u>(98,853)</u>	<u>20,616</u>	<u>3,352</u>	<u>35,654</u>	<u>10,000</u>
Net change in cash balances	(2,328)	(23,010)	(4,834)	10,000	(59,801)
Cash balances beginning of year	<u>2,328</u>	<u>23,010</u>	<u>4,834</u>	<u>-</u>	<u>70,000</u>
Cash balances end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,199</u>
Cash Basis Fund Balances					
Reserved:					
Debt service	\$ -	-	-	-	-
Unreserved:					
Capital projects funds	-	-	-	10,000	10,199
Permanent fund	-	-	-	-	-
Special Revenue	-	-	-	-	-
Total cash basis fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,199</u>

See accompanying independent auditors' report.

Projects			Permanent	
Bike Trail	Park Improvements	Cemetery Mausoleum	Total	
-	-	-	126,911	
-	-	-	-	
-	-	-	10,000	
-	-	-	136,911	
-	-	-	74,012	
18,761	14,836	-	147,238	
18,761	14,836	-	221,250	
(18,761)	(14,836)	-	(84,339)	
10,760	27,964	-	108,346	
-	-	-	(98,853)	
10,760	27,964	-	9,493	
(8,001)	13,128	-	(74,846)	
8,001	-	17,462	125,635	
-	13,128	17,462	50,789	
-	-	-	-	
-	13,128	-	33,327	
-	-	17,462	17,462	
-	-	-	-	
-	13,128	17,462	50,789	

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City of Ogden  
Schedule of Indebtedness  
Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation:			
Storm sewer	Mar. 2, 1998	5.25%	\$ 220,000
Fire truck	Dec. 15, 2000	6.75	130,000
Storm sewer	Dec. 10, 2002	4.90	203,250
Revenue Bonds:			
Sewer	Jun. 1, 2004	3.00%	\$ 2,000,000

See accompanying independent auditors' report.

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Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
56,000	-	28,000	28,000	2,194	-
64,566	-	13,000	51,566	4,022	-
142,275	-	20,325	121,950	6,471	-
<u>\$ 262,841</u>	<u>-</u>	<u>61,325</u>	<u>201,516</u>	<u>12,687</u>	<u>-</u>
<u>\$ 1,702,592</u>	<u>13,408</u>	<u>68,000</u>	<u>1,648,000</u>	<u>51,367</u>	<u>-</u>

City of Ogden  
Bond and Note Maturities  
Year ended June 30, 2007

Year Ending June 30,	Storm Sewer		Loans Payable		Storm Sewer		Total
	Issued Mar 4, 1998		Fire Truck		Issued Dec 10, 2002		
	Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rate	Amount	
2008	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2009	-	-	6.75%	13,000	4.90%	20,325	33,325
2010	-	-	6.75%	13,000	4.90%	20,325	33,325
2011	-	-	6.75%	12,565	4.90%	20,325	32,890
2012	-	-	-	-	4.90%	20,325	20,325
2013	-	-	-	-	4.90%	20,325	20,325
Total		<u>\$ 28,000</u>		<u>\$ 51,565</u>		<u>\$ 121,950</u>	<u>\$ 201,515</u>

Year Ending June 30,	Sewer	
	Revenue Bonds	
	Issued Jun 1, 2004	
	Interest	
	Rates	Amount
2008	3.00%	70,000
2009	3.00%	73,000
2010	3.00%	75,000
2011	3.00%	77,000
2012	3.00%	79,000
2013-2017	3.00%	434,000
2018-2022	3.00%	501,000
2023-2025	3.00%	339,000
Total		<u>\$ 1,648,000</u>

See accompanying independent auditors' report.

## City of Ogden

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Four Years

	2007	2006	2005	2004
Receipts:				
Property tax	\$ 513,041	\$ 440,930	\$ 422,512	\$ 438,019
Other city tax	144,706	133,148	129,426	133,289
Licenses and permits	1,973	2,333	2,182	2,422
Use of money and property	71,988	65,548	60,759	49,594
Intergovernmental	344,258	278,747	253,185	356,246
Charges for service	24,312	19,449	2,893	707
Miscellaneous	116,923	119,445	83,126	83,796
Total	<u>\$ 1,217,201</u>	<u>\$ 1,059,600</u>	<u>\$ 954,083</u>	<u>\$ 1,064,073</u>
Disbursements:				
Operating:				
Public safety	\$ 266,310	\$ 251,493	\$ 234,982	\$ 218,541
Public works	264,942	298,880	271,223	244,698
Health and social services	16,450	16,050	16,600	16,922
Culture and recreation	225,460	214,797	165,513	139,866
Community and economic development	142,569	85,099	17,829	42,653
General government	144,145	137,328	137,668	124,161
Debt service	74,012	77,432	80,382	84,015
Capital projects	147,238	75,872	158,942	182,988
Total	<u>\$ 1,281,126</u>	<u>\$ 1,156,951</u>	<u>\$ 1,083,139</u>	<u>\$ 1,053,844</u>

See accompanying independent auditors' report.

Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

City of Ogden

Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the primary government financial statements of the City of Ogden, Iowa, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 20, 2007. Our report expressed an unqualified opinion on the primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ogden's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions 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 the City of Ogden's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in Part II of the accompanying Schedule of Findings.

A material weakness is a reportable 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 II-A-07 is a material weakness.

Compliance and Other Matters

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

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However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ogden and other parties to whom the City of Ogden may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

December 20, 2007  
Ames, Iowa

City of Ogden

Schedule of Findings

Year ended June 30, 2007

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements, including one material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

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City of Ogden  
Schedule of Findings  
Year ended June 30, 2007

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that certain functions are not entirely segregated.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

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

City of Ogden

Schedule of Findings

Year ended June 30, 2007

Part III: Other Findings Related to Statutory Reporting:

III-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the culture and recreation, debt service and business type functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – Although the budget was amended, it should have been amended in amounts that were sufficient to avoid actual disbursements from exceeding the budget.

Response – The budget will be amended in the future in appropriate amounts.

Conclusion – Response accepted.

III-B-07 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-07 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-07 Business Transactions – Business transactions between the City and City officials or employees were noted as follows:

<u>Name, Title and Business Connection</u>	<u>Description:</u>	<u>Amount:</u>
Brian Reimers, Mayor Pro-Tem/ Council Member	Painting	\$3,620

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the Council Member do appear to represent a conflict of interest because the total of the transaction exceeded \$2,500 during the fiscal year.

Recommendation – The City should contact legal counsel to determine the disposition of this matter.

Response – We will do so.

Conclusion – Response accepted.

III-E-07 Bond Coverage – Surety bond coverage of City 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.

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City of Ogden

Schedule of Findings

Year ended June 30, 2007

III-F-07 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-07 Deposits and Investments – The City's investment policy is not in accordance with the provisions of Chapter 12B and 12C of the Code of Iowa. The policy refers to outdated sections of the Iowa Code.

Recommendation – The investment policy should be revised to comply with these provisions.

Response – We will do so.

Conclusion – Response accepted.

III-H-07 Telephone Company Stock – The City owns 560 shares of \$100 par value common stock of the Ogden Telephone Company, of which 140 shares were acquired by donation and another 420 shares were acquired by stock splits.

Although, this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. The stock is not readily marketable, and thus no market value of the shares is determinable.

III-I-07 Revenue Bonds – The City is not in compliance with the provisions of the Sewer Revenue Bonds. The Sewer Surplus fund has not been established as of June 30, 2007. Also, the resolution requires a net revenue test to be met and the City is not meeting the minimum net revenue amount as established in the bond resolution.

Recommendation – The City should establish the required fund in their accounting system. The City should also review the sewer charges being assessed and the budgeted expenditures to determine if the charges need to be increased.

Response – We will do so.

Conclusion – Response accepted.

III-J-06 Form 1099's – The City did not properly prepare Form 1099's as required by the Internal Revenue Service.

Recommendation – The City should prepare 1099's as required.

Response – We will do so.

Conclusion – Response accepted.

