

NEWS RELEASE

FOR RELEASE \_\_\_\_\_

Cline, DeVries & Allen, LLP today released an audit report on the City of Ogden, Iowa.

The City's receipts totaled \$1,654,222 for the year ended June 30, 2010, a 12 percent increase from 2009. The receipts included \$584,866 in property tax, \$390,398 from charges for service, \$294,587 from operating grants, contributions and restricted interest, \$148,870 from capital grants, contributions and restricted interest, \$131,238 from local option sales tax, \$12,034 from unrestricted investment earnings and \$92,229 from other general receipts.

Disbursements for the year totaled \$1,466,324 a 7 percent increase from the prior year, and included \$289,542 for business type activities, \$255,247 for capital projects, and \$313,392 for public safety.

A copy of the audit report is available for review in the City Clerk's office.



**CITY OF OGDEN**

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

**JUNE 30, 2010**



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City of Ogden

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Berg	Mayor	Jan 2012
Brian Reimers	Council Member/Mayor Pro tem	Jan 2014
Lyle Conklin	Council Member	Jan 2014
Lori Anderson	Council Member	Jan 2012
Margaret Liston	Council Member	Jan 2012
Sean Thompson	Council Member	Jan 2012
Deb Vigdal	Administrator/Clerk	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, 2010, 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, 2010, 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 September 16, 2010 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 on 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 have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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 six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, 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.

Cline DeVries & Allen, LLP  
September 16, 2010  
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, 2010

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Governmental activities:</b>				
Public safety	\$ 313,392	34,960	60,645	15,725
Public works	192,507	1,671	187,657	-
Health and social services	5,400	-	-	-
Culture and recreation	222,888	39,564	10,926	-
Community and economic development	5,516	500	1,000	-
General government	143,911	-	-	-
Debt service	37,921	-	-	-
Capital projects	255,247	-	34,359	133,145
Total governmental activities	1,176,782	76,695	294,587	148,870
<b>Business type activities:</b>				
Sewer	276,754	277,098	-	-
Storm water	12,788	36,605	-	-
Total business type activities	289,542	313,703	-	-
<b>Total</b>	<b>\$ 1,466,324</b>	<b>390,398</b>	<b>294,587</b>	<b>148,870</b>
<b>General Receipts:</b>				
Property tax levied for:				
General purposes				
Employee benefits				
Special assessments				
Utility franchise tax				
Local option sales tax				
Unrestricted interest on investments				
Dividend				
Miscellaneous				
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				
<b>Cash Basis Net Assets</b>				
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
(202,062)	-	(202,062)
(3,179)	-	(3,179)
(5,400)	-	(5,400)
(172,398)	-	(172,398)
(4,016)	-	(4,016)
(143,911)	-	(143,911)
(37,921)	-	(37,921)
(87,743)	-	(87,743)
(656,630)	-	(656,630)
-	344	344
-	23,817	23,817
-	24,161	24,161
(656,630)	24,161	(632,469)
405,195	-	405,195
179,671	-	179,671
5,898	-	5,898
10,708	-	10,708
131,238	-	131,238
7,484	4,550	12,034
58,398	-	58,398
7,195	-	7,195
10,030	-	10,030
-	-	-
-	-	-
815,817	4,550	820,367
159,187	28,711	187,898
508,258	435,393	943,651
\$ 667,445	464,104	1,131,549
\$ 128,441	-	128,441
-	-	-
112,226	-	112,226
426,778	464,104	890,882
667,445	464,104	1,131,549

## City of Ogden

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

As of and for the year ended June 30, 2010

	General	Special Road Use Tax	Revenue Employee Benefits	Capital Project CDBG 09 Drainage	Other Nonmajor Governmental Funds	Total
<b>Receipts:</b>						
Property tax	\$ 405,195	-	179,671	-	-	584,866
Other city tax	141,946	-	-	-	-	141,946
Licenses and permits	1,768	-	-	-	-	1,768
Use of money and property	67,512	-	-	-	2	67,514
Intergovernmental	58,633	187,657	-	133,145	-	379,435
Charges for service	29,853	-	-	-	-	29,853
Special assessments	5,898	-	-	-	-	5,898
Miscellaneous	89,755	-	-	-	34,934	124,689
Total receipts	800,560	187,657	179,671	133,145	34,936	1,335,969
<b>Disbursements:</b>						
Operating:						
Public safety	313,392	-	-	-	-	313,392
Public works	63,828	128,679	-	-	-	192,507
Health and social services	5,400	-	-	-	-	5,400
Culture and recreation	222,888	-	-	-	-	222,888
Community and economic development	5,516	-	-	-	-	5,516
General government	143,911	-	-	-	-	143,911
Debt service	-	-	-	-	37,921	37,921
Capital projects	-	-	-	222,998	32,249	255,247
Total disbursements	754,935	128,679	-	222,998	70,170	1,176,782
Excess (deficiency) of receipts over (under) disbursements	45,625	58,978	179,671	(89,853)	(35,234)	159,187
<b>Other financing sources (uses):</b>						
Sale of fixed assets	-	-	-	-	-	-
Operating transfers in	132,283	-	-	-	98,516	230,799
Operating transfers out	(78,076)	(20,000)	(132,283)	-	(440)	(230,799)
Total other financing sources (uses)	54,207	(20,000)	(132,283)	-	98,076	-
Net change in cash balances	99,832	38,978	47,388	(89,853)	62,842	159,187
Cash balances beginning of year	268,362	89,463	-	-	150,433	508,258
Cash balances end of year	\$ 368,194	128,441	47,388	(89,853)	213,275	667,445
<b>Cash Basis Fund Balances</b>						
Reserved:						
Debt service	\$ -	-	-	-	-	-
Unreserved:						
General fund	368,194	-	-	-	-	368,194
Special revenue funds	-	128,441	47,388	-	-	175,829
Capital projects funds	-	-	-	(89,853)	148,437	58,584
Permanent funds	-	-	-	-	64,838	64,838
Total cash basis fund balances	\$ 368,194	128,441	47,388	(89,853)	213,275	667,445

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, 2010

	Enterprise		
	Sewer	Non major	Total
Operating receipts:			
Charges for service	\$ 277,098	\$ 36,605	\$ 313,703
Miscellaneous	-	-	-
Total operating receipts	<u>277,098</u>	<u>36,605</u>	<u>313,703</u>
Operating disbursements:			
Business type activities	<u>276,754</u>	<u>12,788</u>	<u>289,542</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>344</u>	<u>23,817</u>	<u>24,161</u>
Non-operating receipts (disbursements):			
Intergovernmental	-	-	-
Interest on investments	4,550	-	4,550
SRF loan proceeds	-	-	-
Debt service	-	-	-
Total non-operating receipts (disbursements)	<u>4,550</u>	<u>-</u>	<u>4,550</u>
Excess (deficiency) of receipts over (under) disbursements	<u>4,894</u>	<u>23,817</u>	<u>28,711</u>
Cash balances beginning of year	<u>432,287</u>	<u>3,106</u>	<u>435,393</u>
Cash balances end of year	<u>\$ 437,181</u>	<u>\$ 26,923</u>	<u>\$ 464,104</u>
<b>Cash Basis Fund Balances</b>			
Unreserved	<u>\$ 437,181</u>	<u>\$ 26,923</u>	<u>\$ 464,104</u>

See notes to financial statements.

**City of Ogden**

City of Ogden

Notes to Financial Statements

June 30, 2010

**(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 several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards: Ogden Community Development Committee, Community Services Board, Boone County Conference Board, Paul Lowrey Trust Board, Boone County Endowment, Boone County Emergency Management Board, the and the Red Rock Area Community Action Board.

The City Council members also sit on the Fire Advisory Board. The City has an ongoing financial interest in this Board. (See Note (9))

### 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.

The Employee Benefits Fund is used to account for the property taxes collected for the employee benefit levy.

Capital Project:

The 09 CDBG Drainage project is used to account for the drainage improvement project.

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, 2010, disbursements exceeded the amounts budgeted in the debt service function.

## **(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2010 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 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,	Fire Truck Loan		Storm Sewer Loan		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	12,565	440	20,325	2,491	77,000	42,900	109,890	45,831
2012	-	-	20,325	1,498	79,000	40,590	99,325	42,088
2013	-	-	20,293	499	82,000	38,220	102,293	38,719
2014	-	-	-	-	84,000	35,760	84,000	35,760
2015-2019	-	-	-	-	460,000	139,380	460,000	139,380
2020-2024	-	-	-	-	532,000	66,270	532,000	66,270
2025	-	-	-	-	116,000	3,480	116,000	3,480
<b>Total</b>	<b>12,565</b>	<b>440</b>	<b>60,943</b>	<b>4,488</b>	<b>1,430,000</b>	<b>366,600</b>	<b>1,503,508</b>	<b>371,528</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, 2010.

**(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 4.10% of their annual covered salary and the City is required to contribute 6.35% 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, 2010, 2009 and 2008 were \$26,756, \$24,564 and \$23,720, 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, 2010, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation and compensatory time	\$23,236

This liability has been computed based on rates of pay in effect at June 30, 2010.

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, 2010 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	\$ 132,283
Debt Service	General	\$ 37,921
Capital Projects: Truck	Special Revenue: Road Use Tax	\$ 20,000
EMS Equipment	General	2,462
Fire Equipment	General	12,592
2009 Park Project	General	10,101
Warning Siren	General	5,000
Police Car	General	10,000
	Capital Projects:	
2009 Park Project	Park Improvements	440
		\$ 60,595
Total		\$ 230,799

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 (HSA) for each employee to pay a portion of each employee's deductible. Employees on the single plan have a \$1,500 deductible and the City contributes \$1,500 to the employee's HSA. Employees on the family plan have a deductible of \$4,000 and the City contributes \$2,500 to the employee's HSA.

**(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) Subsequent Event**

In September of 2010, the City approved the issuance of \$1,315,000 General Obligation Corporate Purpose Bonds for the Storm Water Project.

**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, 2010

	Governmental Funds Actual	Proprietary Funds Actual	Net
<b>Receipts:</b>			
Property tax	\$ 584,866	-	584,866
Other city tax	141,946	-	141,946
Licenses and permits	1,768	-	1,768
Use of money and property	67,514	4,550	72,064
Intergovernmental	379,435	-	379,435
Charges for service	29,853	313,703	343,556
Special assessments	5,898	-	5,898
Miscellaneous	124,689	-	124,689
Total receipts	<u>1,335,969</u>	<u>318,253</u>	<u>1,654,222</u>
<b>Disbursements:</b>			
Public safety	313,392	-	313,392
Public works	192,507	-	192,507
Health and social services	5,400	-	5,400
Culture and recreation	222,888	-	222,888
Community and economic development	5,516	-	5,516
General government	143,911	-	143,911
Debt service	37,921	-	37,921
Capital projects	255,247	-	255,247
Business type activities	-	289,542	289,542
Total disbursements	<u>1,176,782</u>	<u>289,542</u>	<u>1,466,324</u>
Excess (deficiency) of receipts over (under) disbursements	159,187	28,711	187,898
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	159,187	28,711	187,898
Balances beginning of year	<u>508,258</u>	<u>435,393</u>	<u>943,651</u>
Balances end of year	<u>\$ 667,445</u>	<u>464,104</u>	<u>1,131,549</u>

See accompanying independent auditors' report.

Budgeted Amounts		Final to Net Variance
Original	Final	
581,145	581,145	3,721
145,755	147,620	(5,674)
1,875	1,600	168
79,040	71,444	620
208,150	391,857	(12,422)
318,577	318,280	25,276
-	-	5,898
94,100	137,136	(12,447)
<u>1,428,642</u>	<u>1,649,082</u>	<u>5,140</u>
339,017	348,506	35,114
202,878	214,214	21,707
5,400	5,400	-
227,416	236,392	13,504
24,100	11,100	5,584
150,251	148,165	4,254
38,131	37,889	(32)
29,000	303,541	48,294
502,977	517,944	228,402
<u>1,519,170</u>	<u>1,823,151</u>	<u>356,827</u>
(90,528)	(174,069)	361,967
-	-	-
(90,528)	(174,069)	361,967
<u>1,850,508</u>	<u>1,850,508</u>	<u>(906,857)</u>
<u>1,759,980</u>	<u>1,676,439</u>	<u>(544,890)</u>

City of Ogden

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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, Permanent 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 \$220,440 and budgeted disbursements by \$303,981. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the debt service function.

**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, 2010

	Capital Projects					
	Debt Service	Police Car	Truck	2009 Park Project	Warning Siren	EMS Equipment
Receipts:						
Property tax	\$ -	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	15,000	-	-
Total receipts	-	-	-	15,000	-	-
Disbursements:						
Debt Service	37,921	-	-	-	-	-
Capital projects	-	-	-	30,541	-	-
Total disbursements	37,921	-	-	30,541	-	-
Excess (deficiency) of receipts over (under) disbursements	(37,921)	-	-	(15,541)	-	-
Other financing sources (uses):						
Operating transfers in	37,921	10,000	20,000	10,541	5,000	2,462
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	37,921	10,000	20,000	10,541	5,000	2,462
Net change in cash balances	-	10,000	20,000	(5,000)	5,000	2,462
Cash balances beginning of year	-	30,000	40,199	5,000	-	-
Cash balances end of year	\$ -	40,000	60,199	-	5,000	2,462
Cash Basis Fund Balances						
Reserved:						
Debt service	\$ -	-	-	-	-	-
Unreserved:						
Capital projects funds	-	40,000	60,199	-	5,000	2,462
Permanent fund	-	-	-	-	-	-
Special Revenue	-	-	-	-	-	-
Total cash basis fund balances	\$ -	40,000	60,199	-	5,000	2,462

See accompanying independent auditors' report.

Capital Projects				Permanent		Total
Fire Equipment	Sewer CIPP	Kouhns	Park Improvements	Cemetery Perpetual Care	Cemetery Mausoleum	
-	-	-	-	-	-	-
2	-	-	-	-	-	2
-	-	-	-	-	-	-
75	-	19,359	-	500	-	34,934
77	-	19,359	-	500	-	34,936
-	-	-	-	-	-	37,921
-	1,708	-	-	-	-	32,249
-	1,708	-	-	-	-	70,170
77	(1,708)	19,359	-	500	-	(35,234)
12,592	-	-	-	-	-	98,516
-	-	-	(440)	-	-	(440)
12,592	-	-	(440)	-	-	98,076
12,669	(1,708)	19,359	(440)	500	-	62,842
-	-	-	10,896	46,876	17,462	150,433
12,669	(1,708)	19,359	10,456	47,376	17,462	213,275
-	-	-	-	-	-	-
12,669	(1,708)	19,359	10,456	-	-	148,437
-	-	-	-	47,376	17,462	64,838
-	-	-	-	-	-	-
12,669	(1,708)	19,359	10,456	47,376	17,462	213,275

## 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, 2010

	<u>Enterprise</u> <u>Storm</u> <u>Water</u>
Operating receipts:	
Charges for service	\$ 36,605
Operating disbursements:	
Business type activities	<u>12,788</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	23,817
Cash balances beginning of year	<u>3,106</u>
Cash balances end of year	<u>\$ 26,923</u>
<b>Cash Basis Fund Balances</b>	
Unreserved	<u>\$ 26,923</u>

See accompanying independent auditor's report.

City of Ogden  
Schedule of Indebtedness  
Year ended June 30, 2010

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation:			
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
25,565	-	13,000	12,565	1,066	-
81,268	-	20,325	60,943	3,530	-
<u>\$ 106,833</u>	-	<u>33,325</u>	<u>73,508</u>	<u>4,596</u>	-
<u>\$ 1,505,000</u>	-	<u>75,000</u>	<u>1,430,000</u>	<u>45,150</u>	-

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## City of Ogden

## Bond and Note Maturities

Year ended June 30, 2010

Year Ending June 30,	General Obligation Loans Payable					Total
	Fire Truck		Storm Sewer			
	Issued Dec 15, 2000		Issued Dec 10, 2002			
	Interest		Interest			
	Rates	Amount	Rate	Amount		
2011	6.75%	12,565	4.90%	20,325	32,890	
2012	-	-	4.90%	20,325	20,325	
2013	-	-	4.90%	20,293	20,293	
Total		<u>\$ 12,565</u>		<u>\$ 60,943</u>	<u>\$ 73,508</u>	

Year Ending June 30,	Sewer	
	Revenue Bonds	
	Issued Jun 1, 2004	
	Interest	
	Rates	Amount
2011	3.00%	77,000
2012	3.00%	79,000
2013	3.00%	82,000
2014	3.00%	84,000
2015-2019	3.00%	460,000
2020-2024	3.00%	532,000
2025	3.00%	116,000
Total		<u>\$ 1,430,000</u>

See accompanying independent auditors' report.

## City of Ogden

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

For the Last Seven Years

	2010	2009	2008	2007	2006	2005	2004
<b>Receipts:</b>							
Property tax	\$ 584,866	\$ 522,705	\$ 542,778	\$ 513,041	\$ 440,930	\$ 422,512	\$ 438,019
Other city tax	141,946	150,412	147,074	144,706	133,148	129,426	133,289
Licenses and permits	1,768	1,530	5,835	1,973	2,333	2,182	2,422
Use of money and property	67,514	70,972	66,632	71,988	65,548	60,759	49,594
Intergovernmental	379,435	223,110	281,280	344,258	278,747	253,185	356,246
Charges for service	29,853	23,370	25,934	24,312	19,449	2,893	707
Special assessments	5,898	-	-	-	-	-	-
Miscellaneous	124,689	200,018	104,908	116,923	119,445	83,126	83,796
<b>Total</b>	<b>\$ 1,335,969</b>	<b>\$ 1,192,117</b>	<b>\$ 1,174,441</b>	<b>\$ 1,217,201</b>	<b>\$ 1,059,600</b>	<b>\$ 954,083</b>	<b>\$ 1,064,073</b>
<b>Disbursements:</b>							
<b>Operating:</b>							
Public safety	\$ 313,392	\$ 315,532	\$ 295,791	\$ 266,310	\$ 251,493	\$ 234,982	\$ 218,541
Public works	192,507	282,287	286,326	264,942	298,880	271,223	244,698
Health and social services	5,400	14,350	15,850	16,450	16,050	16,600	16,922
Culture and recreation	222,888	222,061	248,162	225,460	214,797	165,513	139,866
Community and economic development	5,516	27,883	68,173	142,569	85,099	17,829	42,653
General government	143,911	149,455	167,770	144,145	137,328	137,668	124,161
Debt service	37,921	39,992	70,355	74,012	77,432	80,382	84,015
Capital projects	255,247	40,715	14,295	147,238	75,872	158,942	182,988
<b>Total</b>	<b>\$ 1,176,782</b>	<b>\$ 1,092,275</b>	<b>\$ 1,166,722</b>	<b>\$ 1,281,126</b>	<b>\$ 1,156,951</b>	<b>\$ 1,083,139</b>	<b>\$ 1,053,844</b>

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**

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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 accompanying primary government financial statements of the City of Ogden, Iowa, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 16, 2010. Our report expressed unqualified opinions 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Ogden's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ogden's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Ogden's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency, or a combination of significant deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## 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. 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, 2010 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

The City of Ogden's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

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.

Cline DeVries & Allen, LLP  
September 16, 2010  
Ames, Iowa

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City of Ogden

Schedule of Findings

Year ended June 30, 2010

**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 significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

City of Ogden

Schedule of Findings

Year ended June 30, 2010

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

II-A-10 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.

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City of Ogden

Schedule of Findings

Year ended June 30, 2010

**Part III: Other Findings Related to Statutory Reporting:**

- III-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amount budgeted in the Debt Service function. 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 a sufficient amount to prevent disbursements from exceeding budgeted amounts.

Response – We will do so in the future.

Conclusion – Response accepted.

- III-B-10 Questionable Disbursements – We noted two disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. The disbursements were for flowers for a funeral and for pizza for the fire department.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper purpose and an improper purpose is very thin.

Recommendation – The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper documentation.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

- III-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- III-D-10 Business Transactions – No business transactions between the City and City officials or employees were noted.

- III-E-10 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.

City of Ogden

Schedule of Findings

Year ended June 30, 2010

III-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-10 Deposits and Investments – The City’s investment policy is in compliance with the provisions of Chapter 12B and 12C of the Code of Iowa.

III-H-10 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-10 Revenue Bonds – The City is not in compliance with the provisions of the Sewer Revenue Bonds. 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 review the sewer charges being assessed and the budgeted expenditures to determine if the charges need to be increased.

Response – We have passed an ordinance to increase sewer rates.

Conclusion – Response accepted.

III-J-10 Financial Condition – The Capital Project Funds, CDBG 09 Drainage and Sewer CIPP Accounts had deficit balances of \$89,853 and \$1,708, respectively.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – We will do so.

Conclusion – Response accepted.

III-K-10 I-Jobs Grant – The City received I-Jobs revenue from the State of Iowa, which they deposited into the Special Revenue, Road Use Tax Fund.

Recommendation – Cities may choose to deposit I-Jobs receipts/revenues in any other appropriate fund other than the Special Revenue Fund, Road Use Tax Fund. This money should be transferred out of the Road Use Tax Fund into another fund.

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City of Ogden  
Schedule of Findings  
Year ended June 30, 2010

Response – We will do so.

Conclusion – Response accepted.