

OGDEN COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2010

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Independent Auditor's Report

To the Board of Education of  
Ogden Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ogden Community School District, Ogden, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ogden Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2011, on our consideration of Ogden Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan Information on pages 4 through 12 and 40 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 financial statements that collectively comprise Ogden Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other auditors previously audited the financial statements for the year ended June 30, 2004, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

February 15, 2011

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Ogden Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2010 Financial Highlights

- General Fund revenues increased from \$6,934,438 in fiscal 2009 to \$7,153,018 in fiscal 2010, while General Fund expenditures decreased from \$7,096,867 in fiscal 2009 to \$7,073,110 in fiscal 2010. The District's General Fund balance increased from (705) in fiscal 2009 to \$80,992 in fiscal 2010.
- General Fund revenues increased in total despite a 10% across the board cut in state foundation aid. The fiscal year 2010 increase in General Fund revenue was attributable to increases in property tax. The decrease in expenditures was due primarily to a slight decrease in support services costs.

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Ogden Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

**Figure A-1**  
**Ogden Community School District Annual Financial Report**

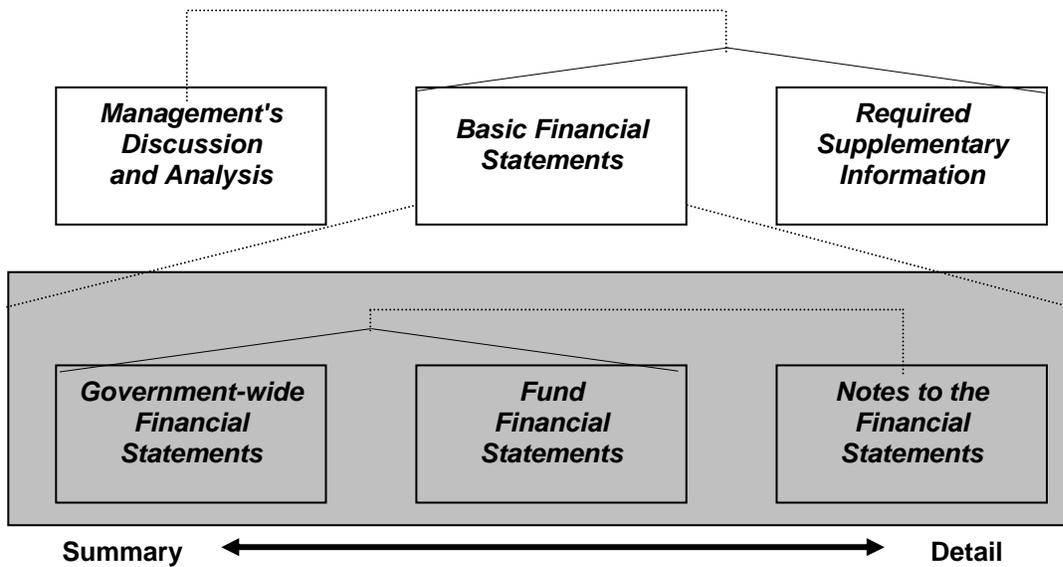


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

The two government-wide financial statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – are one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net assets are an indicator of whether financial position is improving or deteriorating. To assess the District’s overall health,

additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### *Fund Financial Statements*

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

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

The District has two kinds of funds:

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

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

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

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

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

## Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 compared to June 30, 2009.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2009-2010 %
	Governmental Activities		Business-type Activities		Total School District		
	2009	2010	2009	2010	2009	2010	
	\$	\$	\$	\$	\$	\$	
Current and other assets	7,558,976	6,540,029	7,616	13,647	7,566,592	6,553,676	(13.4%)
Capital assets	9,227,805	9,242,423	7,881	5,266	9,235,686	9,247,689	.1%
<b>Total assets</b>	<b>16,786,781</b>	<b>15,782,452</b>	<b>15,497</b>	<b>18,913</b>	<b>16,802,278</b>	<b>15,801,365</b>	<b>(6.3%)</b>
Long-term liabilities	4,914,653	4,463,299		1,253	4,914,653	4,464,552	(9.2%)
Other liabilities	6,452,036	5,555,488	1,011	1,231	6,453,047	5,556,719	(13.9%)
<b>Total liabilities</b>	<b>11,366,689</b>	<b>10,018,787</b>	<b>1,011</b>	<b>2,484</b>	<b>11,367,700</b>	<b>10,021,271</b>	<b>(11.8%)</b>
Net Assets:							
Invested in capital assets, net of related debt	4,197,167	4,596,541	7,881	5,266	4,205,048	4,601,807	9.4%
Restricted	1,151,467	1,300,537			1,151,467	1,300,537	12.9%
Unrestricted	71,458	(133,413)	6,605	11,163	78,063	(122,250)	(256.6%)
<b>TOTAL NET ASSETS</b>	<b>5,420,092</b>	<b>5,763,665</b>	<b>14,486</b>	<b>16,429</b>	<b>5,434,578</b>	<b>5,780,094</b>	<b>6.3%</b>

The District's combined total net assets increased by nearly 6%, or approximately \$345,516, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$149,070 or 12.9% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$200,313, or 256.6%. This reduction in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

Figure A-4 shows the change in net assets for the years ended June 30, 2010 and 2009.

Figure A-4

	Change in Net Assets						Percentage Change 2009-2010 %
	Governmental Activities		Business-type Activities		Total School District		
	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	
Revenues							
Program Revenues:							
Charges for services	936,451	935,107	184,585	177,703	1,121,036	1,112,810	(.7%)
Operating grants & contributions	1,012,001	1,266,699	112,900	129,193	1,124,901	1,395,892	24.1%
Capital grants & contributions	87,560	67,147			87,560	67,147	(23.3%)
General Revenues:							
Property taxes	3,151,840	3,690,213			3,151,840	3,690,213	17.1%
Income Surtax	199,008	215,665			199,008	215,665	8.4%
Local option sales tax	405,907	399,231			405,907	399,231	(1.7%)
Unrestricted state grants	2,697,606	2,190,364			2,697,606	2,190,364	(18.8%)
Unrestricted investment earnings	9,991	9,704	40	10	10,031	9,714	(3.3%)
Other revenue	2,004	12,696			2,004	12,696	533.5%
<b>Total Revenues</b>	<b>8,502,368</b>	<b>8,786,826</b>	<b>297,525</b>	<b>306,906</b>	<b>8,799,893</b>	<b>9,093,732</b>	<b>3.3%</b>
Expenses:							
Instruction	5,201,250	5,488,908			5,201,250	5,488,908	5.5%
Support services	2,174,195	2,183,037			2,174,195	2,183,037	.4%
Non-instructional programs	36,464	24,839	301,092	304,963	337,556	329,802	(2.4%)
Other expenditures	765,117	746,469			765,117	746,469	(2.5%)
<b>Total expenses</b>	<b>8,177,026</b>	<b>8,443,253</b>	<b>301,092</b>	<b>304,963</b>	<b>8,478,118</b>	<b>8,748,216</b>	<b>3.2%</b>
<b>CHANGE IN NET ASSETS</b>	<b>325,342</b>	<b>343,573</b>	<b>(3,567)</b>	<b>1,943</b>	<b>321,775</b>	<b>345,516</b>	<b>7.4%</b>
Net assets beginning of year	5,094,750	5,420,092	18,053	14,486	5,112,803	5,434,578	6.3%
Net assets end of year	<b>5,420,092</b>	<b>5,763,665</b>	<b>14,486</b>	<b>16,429</b>	<b>5,434,578</b>	<b>5,780,094</b>	<b>6.4%</b>

In fiscal year 2010 property tax and unrestricted state grants account for 65% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 81% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$8,786,826 and expenses were \$8,443,253.

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

Figure A-5

	Total Cost of Services			Net Cost of Services		
	2009	2010	Percent Change 2009-2010	2009	2010	Percent Change 2009-2010
	\$	\$	%	\$	\$	%
Instruction	5,201,250	5,488,908	5.5%	3,512,952	3,560,969	1.4%
Support Services	2,174,195	2,183,037	.4%	2,158,056	2,170,549	.6%
Non-instructional Programs	36,464	24,839	(46.8%)	34,964	24,839	(40.8%)
Other Expenses	765,117	746,469	(2.5%)	435,042	417,943	(4.1%)
<b>TOTAL</b>	<b>8,177,026</b>	<b>8,443,253</b>	<b>3.3%</b>	<b>6,141,014</b>	<b>6,174,300</b>	<b>.5%</b>

For the year ended June 30, 2010

- The cost financed by users of the District's programs was \$935,107. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,333,846.
- The net cost of governmental activities was financed with \$4,305,109 in property and local other taxes and \$2,190,364 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$306,906 and expenses were \$304,963. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,476,798, a decrease compared to last year's ending fund balances of \$1,566,983.

### **Governmental Fund Highlights**

The General Fund balance increased from \$(705) to \$80,992, due in part to the budget reductions the Board of Education approved in March 2010 for the fiscal years ending June 30, 2010.

Nonmajor funds include the Management Fund, the Student Activity Fund, the Debt Service Fund, the Physical Plant and Equipment Levy Fund and the Public Education and Recreation Levy Fund. The Public Education and Recreation Levy fund had a \$1,284 deficit unreserved fund balance at June 30, 2010.

### **Proprietary Fund Highlights**

School Nutrition Fund net assets increased from \$14,486 at June 30, 2009 to \$16,429 at June 30, 2010, representing an increase of approximately 13%. For fiscal 2010, the District increased meal prices, resulting in the increase in net assets. Revenues for the sale of breakfast and lunches decreased from \$184,585 at June 30, 2009 to \$177,703 at June 30, 2010 due to a slight decrease in student enrollment and meals served.

## **BUDGETARY HIGHLIGHTS**

During the fiscal year 2010, Ogden Community School District did not amend its budget.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

During the year ended June 30, 2010 the District exceeded its General Fund unspent authorized budget by approximately \$237,000.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2010, the District had invested \$9,247,689 accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents an increase of .13% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$356,334.

The original cost of the District's capital assets was \$14,535,069. Governmental funds account for \$14,485,084 with the remainder of \$49,985 accounted for in the Proprietary, School Nutrition Fund.

During fiscal year 2010 the District completed a 1.8 million remodeling project at the high school.

*Figure A-6*

*Capital Assets (net of depreciation)*

	Governmental		Business type		Total		Percentage Change 2009-2010 %
	Activities		Activities		School District		
	2009	2010	2009	2010	2009	2010	
	\$	\$	\$	\$	\$	\$	
Land	73,700	73,700			73,700	73,700	0
Construction in progress	1,517,489	0			1,517,489	0	(100%)
Buildings	6,731,480	8,302,158			6,731,480	8,302,158	23.3%
Improvements	600,159	567,641			600,159	567,641	(5.4%)
Equipment & furniture	304,977	298,924	7,881	5,266	312,858	304,190	(2.8%)
<b>TOTAL</b>	<b>9,227,805</b>	<b>9,242,423</b>	<b>7,881</b>	<b>5,266</b>	<b>9,235,686</b>	<b>9,247,689</b>	<b>.1%</b>

### Long-Term Debt

At June 30, 2010 the District had \$5,162,094 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 8.1% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had total outstanding bonded indebtedness at June 30, 2010 of \$4,885,000.

**Figure A-7  
Outstanding Long-Term Obligations**

	<b>Total School District</b>		<b>Percentage</b>
	<b>2009</b>	<b>2010</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>2009-2010</b>
			<b>%</b>
General obligation bonds	2,715,000	2,455,000	(9.6%)
Revenue bonds	960,000	780,000	(18.8%)
Capital loan notes	1,861,000	1,650,000	(11.3%)
Early retirement	20,703	193,213	833.3%
Compensated absences	22,381	16,199	(27.6%)
Net OPEB liability	0	68,935	0%
	<b>5,579,084</b>	<b>5,163,347</b>	<b>(7.5%)</b>

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- School financing is highly dependent upon student enrollment. The District's October 2010 enrollment decreased by approximately 38 students. This drop in enrollment will decrease the District's funding for fiscal year 2012.
- The District will negotiate a new agreement during fiscal 2011. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kris Van Pelt, District Business Manager, Ogden Community School District, 732 West Division Street, Ogden, Iowa 50212.

## BASIC FINANCIAL STATEMENTS

## OGDEN COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents	1,985,869	4,607	1,990,476
Receivables:			
Property tax:			
Delinquent	95,328	-	95,328
Succeeding year	3,977,298	-	3,977,298
Accounts	4,079	-	4,079
Due from other governments	423,074	2,156	425,230
Inventories	-	6,884	6,884
Bond issue costs	54,381	-	54,381
Capital assets, net of accumulated depreciation	9,242,423	5,266	9,247,689
<b>Total assets</b>	<b>15,782,452</b>	<b>18,913</b>	<b>15,801,365</b>
<b>Liabilities</b>			
Accounts payable	125,512	239	125,751
Salaries and benefits payable	702,303	-	702,303
Accrued interest payable	44,613	-	44,613
Deferred revenue:			
Succeeding year property tax	3,977,298	-	3,977,298
Other	6,967	992	7,959
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	270,000	-	270,000
Revenue bonds payable	185,000	-	185,000
Notes payable	180,000	-	180,000
Termination benefits	54,796	-	54,796
Compensated absences	8,999	-	8,999
Portion due after one year:			
General obligation bonds payable	2,185,000	-	2,185,000
Revenue bonds payable	595,000	-	595,000
Notes payable	1,470,000	-	1,470,000
Termination benefits	138,417	-	138,417
Compensated absences	7,200	-	7,200
Net OPEB liability	67,682	1,253	68,935
<b>Total liabilities</b>	<b>10,018,787</b>	<b>2,484</b>	<b>10,021,271</b>

## OGDEN COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Net assets</b>			
Invested in capital assets, net of related debt	4,596,541	5,266	4,601,807
Restricted for:			
Categorical funding	238,658	-	238,658
Physical plant and equipment levy	139,943	-	139,943
Other special revenue purposes	57,202	-	57,202
Sales tax capital projects	556,543	-	556,543
Debt service	308,191	-	308,191
Unrestricted	<u>(133,413)</u>	<u>11,163</u>	<u>(122,250)</u>
<b>Total net assets</b>	<u><u>5,763,665</u></u>	<u><u>16,429</u></u>	<u><u>5,780,094</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2010

<b>Functions/Programs</b>	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	3,464,102	529,738	803,143	-
Special	820,495	56,116	111,420	-
Other	1,204,311	340,213	87,309	-
	<u>5,488,908</u>	<u>926,067</u>	<u>1,001,872</u>	<u>-</u>
Support services:				
Student	132,184	-	-	-
Instructional staff	247,914	-	-	-
Administration	734,048	-	-	-
Operation and maintenance of plant	728,365	9,040	-	-
Transportation	340,526	-	3,448	-
	<u>2,183,037</u>	<u>9,040</u>	<u>3,448</u>	<u>-</u>
Non-instructional programs	<u>24,839</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	4,560	-	-	67,147
Long-term debt interest	202,556	-	376	-
AEA flowthrough	261,003	-	261,003	-
Depreciation (unallocated)*	278,350	-	-	-
	<u>746,469</u>	<u>-</u>	<u>261,379</u>	<u>67,147</u>
Total governmental activities	8,443,253	935,107	1,266,699	67,147
Business type activities:				
Non-instructional programs:				
Food service operations	304,963	177,703	129,193	-
Total	<u>8,748,216</u>	<u>1,112,810</u>	<u>1,395,892</u>	<u>67,147</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

**Change in net assets**

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(2,131,221)	-	(2,131,221)
(652,959)	-	(652,959)
(776,789)	-	(776,789)
<u>(3,560,969)</u>	<u>-</u>	<u>(3,560,969)</u>
(132,184)	-	(132,184)
(247,914)	-	(247,914)
(734,048)	-	(734,048)
(719,325)	-	(719,325)
(337,078)	-	(337,078)
<u>(2,170,549)</u>	<u>-</u>	<u>(2,170,549)</u>
(24,839)	-	(24,839)
62,587	-	62,587
(202,180)	-	(202,180)
-	-	-
(278,350)	-	(278,350)
<u>(417,943)</u>	<u>-</u>	<u>(417,943)</u>
(6,174,300)	-	(6,174,300)
<u>-</u>	<u>1,933</u>	<u>1,933</u>
<u>(6,174,300)</u>	<u>1,933</u>	<u>(6,172,367)</u>
2,997,028	-	2,997,028
360,067	-	360,067
333,118	-	333,118
215,665	-	215,665
399,231	-	399,231
2,190,364	-	2,190,364
9,704	10	9,714
12,696	-	12,696
<u>6,517,873</u>	<u>10</u>	<u>6,517,883</u>
343,573	1,943	345,516
<u>5,420,092</u>	<u>14,486</u>	<u>5,434,578</u>
<u>5,763,665</u>	<u>16,429</u>	<u>5,780,094</u>

## OGDEN COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2010

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
<b>Assets</b>				
Cash and pooled investments	721,909	676,336	587,624	1,985,869
Receivables:				
Property tax:				
Delinquent	75,495	-	19,833	95,328
Succeeding year	3,178,077	-	799,221	3,977,298
Accounts	2,818	-	1,261	4,079
Due from other governments	302,738	120,336	-	423,074
<b>Total assets</b>	<b>4,281,037</b>	<b>796,672</b>	<b>1,407,939</b>	<b>6,485,648</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	118,405	1,011	6,096	125,512
Salaries and benefits payable	699,826	-	2,477	702,303
Deferred revenue:				
Succeeding year property tax	3,178,077	-	799,221	3,977,298
Income surtax	196,770	-	-	196,770
Other	6,967	-	-	6,967
Total liabilities	4,200,045	1,011	807,794	5,008,850
Fund balances:				
Reserved for:				
Categorical funding	238,658	-	-	238,658
Debt service	-	-	352,804	352,804
Unreserved reported in:				
General fund	(157,666)	-	-	(157,666)
Special revenue funds	-	-	247,341	247,341
Capital projects funds	-	795,661	-	795,661
Total fund balances	80,992	795,661	600,145	1,476,798
<b>Total liabilities and fund balances</b>	<b>4,281,037</b>	<b>796,672</b>	<b>1,407,939</b>	<b>6,485,648</b>

## OGDEN COMMUNITY SCHOOL DISTRICT

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

June 30, 2010

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	1,476,798
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	9,242,423
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	196,770
Bond issue costs are reported as an asset in the statement of net assets and are amortized over the life of the bonds.	54,381
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(44,613)
Long-term liabilities, including bonds payable, notes payable, compensated absences, termination benefits, and other postemployment benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(5,162,094)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>5,763,665</u></u>

## OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2010

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	3,076,563	399,231	823,142	4,298,936
Tuition	517,543	-	-	517,543
Other	119,097	7,581	397,238	523,916
State sources	2,914,073	-	423	2,914,496
Federal sources	525,742	-	-	525,742
Total revenues	<u>7,153,018</u>	<u>406,812</u>	<u>1,220,803</u>	<u>8,780,633</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,154,833	-	65,076	3,219,909
Special	819,316	-	-	819,316
Other	882,669	-	314,892	1,197,561
	<u>4,856,818</u>	<u>-</u>	<u>379,968</u>	<u>5,236,786</u>
Support services:				
Student	127,297	-	-	127,297
Instructional staff	242,139	-	-	242,139
Administration	711,898	-	-	711,898
Operation and maintenance of plant	687,865	-	34,745	722,610
Transportation	186,090	144,039	4,522	334,651
	<u>1,955,289</u>	<u>144,039</u>	<u>39,267</u>	<u>2,138,595</u>
Non-instructional programs	-	-	24,839	24,839
Other expenditures:				
Facilities acquisition	-	335,381	16,388	351,769
Long-term debt:				
Principal	-	-	651,000	651,000
Interest and fiscal charges	-	-	206,846	206,846
AEA flowthrough	261,003	-	-	261,003
	<u>261,003</u>	<u>335,381</u>	<u>874,234</u>	<u>1,470,618</u>
Total expenditures	<u>7,073,110</u>	<u>479,420</u>	<u>1,318,308</u>	<u>8,870,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,908</u>	<u>(72,608)</u>	<u>(97,505)</u>	<u>(90,205)</u>

## OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2010

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Other financing sources (uses):				
Sales of equipment	20	-	-	20
Operating transfers in	1,769	-	497,379	499,148
Operating transfers out	-	(220,323)	(278,825)	(499,148)
Total other financing sources (uses)	<u>1,789</u>	<u>(220,323)</u>	<u>218,554</u>	<u>20</u>
Net change in fund balances	81,697	(292,931)	121,049	(90,185)
Fund balances beginning of year	<u>(705)</u>	<u>1,088,592</u>	<u>479,096</u>	<u>1,566,983</u>
Fund balances end of year	<u><u>80,992</u></u>	<u><u>795,661</u></u>	<u><u>600,145</u></u>	<u><u>1,476,798</u></u>

## OGDEN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		(90,185)
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	368,337	
Depreciation expense	<u>(353,719)</u>	14,618
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		6,173
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		651,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.		4,290
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	(172,510)	
Compensated absences	6,182	
Other postemployment benefits	<u>(67,682)</u>	(234,010)
Bond issue costs are reported as an expense in the governmental fund financial statements when incurred, but are capitalized and amortized over the life of the bonds in the government-wide financial statements.		<u>(8,313)</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>343,573</u></u>

## OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2010

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	4,607
Due from other governments	2,156
Inventories	6,884
Capital assets, net of accumulated depreciation	<u>5,266</u>
<b>Total assets</b>	<u>18,913</u>
<b>Liabilities</b>	
Accounts payable	239
Deferred revenue	992
Net OPEB liability	<u>1,253</u>
<b>Total liabilities</b>	<u>2,484</u>
<b>Net assets</b>	
Invested in capital assets	5,266
Unrestricted	<u>11,163</u>
<b>Total net assets</b>	<u><u>16,429</u></u>

## OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2010

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>177,703</u>
Operating expenses:	
Non-instructional programs:	
Salaries	125,869
Benefits	43,036
Purchased services	2,522
Supplies	130,921
Depreciation	2,615
Total operating expenses	<u>304,963</u>
Operating gain (loss)	<u>(127,260)</u>
Non-operating revenues:	
State sources	3,282
Federal sources	125,911
Interest income	10
Total non-operating revenues	<u>129,203</u>
Change in net assets	1,943
Net assets beginning of year	<u>14,486</u>
Net assets end of year	<u><u>16,429</u></u>

## OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2010

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	176,916
Cash payments to employees for services	(167,652)
Cash payments to suppliers for goods or services	(109,702)
Net cash used by operating activities	<u>(100,438)</u>
Cash flows from non-capital financing activities:	
Transfer from General Fund	
State grants received	3,282
Federal grants received	100,882
Net cash provided by non-capital financing activities	<u>104,164</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>10</u>
Net increase (decrease) in cash and cash equivalents	3,736
Cash and cash equivalents at beginning of year	<u>871</u>
Cash and cash equivalents at end of year	<u><u>4,607</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(127,260)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	23,641
Depreciation	2,615
Decrease (increase) in inventories	(139)
Decrease (increase) in accounts receivable	(768)
(Decrease) increase in accounts payable	239
(Decrease) increase in deferred revenue	(19)
(Decrease) increase in other postemployment benefits	1,253
Net cash used by operating activities	<u><u>(100,438)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2010, the District received \$23,641 of federal commodities.

# OGDEN COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2010

### 1. Summary of Significant Accounting Policies

Ogden Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Ogden, Iowa and the predominately agricultural territory in a portion of Boone County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

#### A. Reporting Entity

For financial reporting purposes, Ogden Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Ogden Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

#### B. Basis of Presentation

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

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

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

*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 not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

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

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

#### D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	1,000
Improvements other than buildings	1,000
Intangible assets	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50 years
Improvements other than buildings	20 years
Intangible assets	3-10 years
Furniture and equipment	5-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been

recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, the District exceeded its General Fund unspent authorized budget.

**2. Cash and Pooled Investments**

The District'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 District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the District had the following investments:

	Amortized Cost \$
Iowa Schools Joint Investment Trust	280,058

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

### 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer To	Transfer From	Amount
		\$
Debt Service Fund	Nonmajor Funds: Physical Plant and Equipment Levy Fund	277,056
Debt Service Fund	Capital Projects Fund	220,323
General Fund	Nonmajor Student Activity Fund	1,769

These transfers moved revenues from the funds statutorily required to collect the resources to the fund statutorily required to expend the resources.

### 4. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. N.A. is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co., NA prime rate plus 50 basis points with a minimum interest rate of 4.50% A summary of the District's ISCAP activity for the year ended June 30, 2010, is as follows:

Series	Warrant Date	Final Warrant Maturity Date	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
			\$	\$	\$	\$
2009-10A	6/25/09	6/23/10	-	405,317	405,317	-
2009-10B	2/1/10	1/21/11	-	-	-	-
			-	405,317	405,317	-

During the year ended June 30, 2010, the District paid \$5,712 of interest on the ISCAP warrants.

## 5. Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Construction in progress	1,517,489	-	1,517,489	-
Land	73,700	-	-	73,700
Total capital assets not being depr.	<u>1,591,189</u>	<u>-</u>	<u>1,517,489</u>	<u>73,700</u>
Capital assets being depreciated:				
Buildings	10,033,289	1,810,091	-	11,843,380
Improvements other than buildings	1,038,411	6,419	-	1,044,830
Furniture and equipment	1,757,906	69,316	304,048	1,523,174
Total capital assets being deprec.	<u>12,829,606</u>	<u>1,885,826</u>	<u>304,048</u>	<u>14,411,384</u>
Less accumulated depreciation for:				
Buildings	3,301,809	239,413	-	3,541,222
Improvements other than buildings	438,252	38,937	-	477,189
Furniture and equipment	1,452,929	75,369	304,048	1,224,250
Total accumulated depreciation	<u>5,192,990</u>	<u>353,719</u>	<u>304,048</u>	<u>5,242,661</u>
Total capital assets being depreciated, net	<u>7,636,616</u>	<u>1,532,107</u>	<u>-</u>	<u>9,168,723</u>
Governmental activities capital assets, net	<u>9,227,805</u>	<u>1,532,107</u>	<u>1,517,489</u>	<u>9,242,423</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	49,985	-	-	49,985
Less accumulated depreciation	42,104	2,615	-	44,719
Business type activities capital assets, net	<u>7,881</u>	<u>(2,615)</u>	<u>-</u>	<u>5,266</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	32,756
Special	958
Other	6,900
Support services:	
Student services	1,127
Instructional staff services	5,775
Administration services	15,823
Operation and maintenance of plant services	6,155
Transportation	5,875
	<u>75,369</u>
Unallocated depreciation	<u>278,350</u>
Total depreciation expense – governmental activities	<u>353,719</u>
Business type activities:	
Food services	<u>2,615</u>

## 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	2,715,000	-	260,000	2,455,000	270,000
Sales tax revenue bonds	960,000	-	180,000	780,000	185,000
Capital loan notes	1,861,000	-	211,000	1,650,000	180,000
Compensated absences	22,381	8,999	15,181	16,199	8,999
Termination benefits	20,703	184,036	11,526	193,213	54,796
Net OPEB liability	-	67,682	-	67,682	-
	<u>5,579,084</u>	<u>260,717</u>	<u>677,707</u>	<u>5,162,094</u>	<u>698,795</u>
Total					
	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Business type activities:					
Net OPEB liability	-	1,253	-	1,253	-

### Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of continuous service to the District and must have reached the age of fifty-seven on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 40% of the employee's regular contractual salary in effect during the employee's last year of employment and the District will pay up to \$250 per month for single health insurance until the retiree is eligible for Medicare.

Early retirement benefits will be paid in two equal installments, the first in July following the start of retirement and the second payment will be paid the following January.

At June 30, 2010, the District has obligations to eight participants with a total liability of \$193,213. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$11,526.

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding Bond Issue of April, 2008			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2011	2.90	270,000	88,995	358,995
2012	3.10	280,000	81,165	361,165
2013	3.45	290,000	72,485	362,485
2014	3.60	300,000	62,480	362,480
2015	3.75	310,000	51,680	361,680
2016-2018	3.90-4.05	1,005,000	91,805	1,096,805
		<u>2,455,000</u>	<u>448,610</u>	<u>2,903,610</u>

Revenue Bonds Payable

Details of the District's June 30, 2010 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June, 2004			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2011	4.50	185,000	34,825	219,825
2012	4.30	190,000	26,500	216,500
2013	4.45	200,000	18,330	218,330
2014	4.60	205,000	9,430	214,430
		<u>780,000</u>	<u>89,085</u>	<u>869,085</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,700,000 bonds issued in June 2004. The bonds were issued for the purpose of adding an addition to the elementary school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require nearly 55 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$869,085. For the current year, \$180,000 of principal and \$42,925 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$399,231.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds include the following provisions:

- The bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- \$170,000 of the proceeds from the bond issue have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Debt Service Fund.
- Proceeds from the statewide sales, services and use tax shall be placed in a revenue account with a trustee. The trustee will make monthly transfers from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund at the end of a quarter may be used for any lawful purpose, or may be used to redeem the bonds in accordance with their terms. The sinking fund is part of the Debt Service Fund.

### Capital Loan Notes

The District issued \$1,995,000 of capital loan notes during the year ended June 30, 2008. These notes and the interest will be paid from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the capital loan notes are as follows:

Year Ending June 30,	Issue of April 2008			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2011	3.00	180,000	59,995	239,995
2012	3.10	190,000	54,595	244,595
2013	3.45	195,000	48,705	243,705
2014	3.60	200,000	41,978	241,978
2015	3.75	210,000	34,788	244,788
2016-2018	3.90-4.05	675,000	54,938	729,938
		<u>1,650,000</u>	<u>294,999</u>	<u>1,944,999</u>

During the year ended June 30, 2010 the District made principal and interest payments totaling \$277,415 under the note agreements.

## **7. Pension and Retirement Benefits**

The District 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 that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$289,610, \$234,758 and \$236,148 respectively, equal to the required contributions for each year.

## 8. Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions during the year ended June 30, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 114 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	78,583
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>78,583</u>
Contributions made	<u>9,648</u>
Increase in net OPEB obligation	68,935
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>68,935</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$9,648 to the medical plan. Plan members eligible for benefits contributed \$4,650, or 33% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u> \$
June 30, 2010	78,583	12%	68,935

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$667,691, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$667,691. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,248,000, and the ratio of the UAAL to covered payroll was 29.7%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 group annuity mortality table projected to 2000. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized over 30 years.

## **9. Risk Management**

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

## **10. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$261,003 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## **11. Deficit Fund Balances**

At June 30, 2010 the District had a General Fund deficit unreserved fund balance of \$157,666 and the Nonmajor Public Education and Recreation Levy Fund had a deficit unreserved fund balance of \$1,284.

## 12. Lease Commitment

The District entered into a five year contract to lease copy machines in fiscal year 2010. The payments the District will make over the next four years are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Lease Payment</u>
	\$
2011	27,768
2012	27,768
2013	27,768
2014	27,768

\$27,768 of lease payments were made during fiscal year 2010.

## 13. Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Limited English proficiency	3,584
Gifted and Talented	73,732
Returning dropout and dropout prevention program	22,408
Teacher salary supplement	10,345
Home school assistance program	49,895
Educator quality, professional development	33,211
At risk	15,758
Mentoring	1,741
Vocational	3,157
Core curriculum	21,432
Market factor	3,395
	<u>238,658</u>

## 14. Construction Commitment

The District has entered into contracts totaling \$97,926 for gymnasium improvements. Work on the project had not started at June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

OGDEN COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2010

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	5,340,395	177,713	5,518,108	5,776,115	5,776,115	(258,007)
State sources	2,914,496	3,282	2,917,778	3,607,770	3,607,770	(689,992)
Federal sources	525,742	125,911	651,653	345,000	345,000	306,653
Total revenues	<u>8,780,633</u>	<u>306,906</u>	<u>9,087,539</u>	<u>9,728,885</u>	<u>9,728,885</u>	<u>(641,346)</u>
Expenditures/Expenses:						
Instruction	5,236,786	-	5,236,786	5,572,929	5,572,929	336,143
Support services	2,138,595	-	2,138,595	2,268,000	2,268,000	129,405
Non-instructional programs	24,839	304,963	329,802	344,253	344,253	14,451
Other expenditures	1,470,618	-	1,470,618	1,991,561	1,991,561	520,943
Total expenditures/expenses	<u>8,870,838</u>	<u>304,963</u>	<u>9,175,801</u>	<u>10,176,743</u>	<u>10,176,743</u>	<u>1,000,942</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(90,205)	1,943	(88,262)	(447,858)	(447,858)	359,596
Other financing sources (uses) net	<u>20</u>	<u>-</u>	<u>20</u>	<u>2,600</u>	<u>2,600</u>	<u>(2,580)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(90,185)	1,943	(88,242)	(445,258)	(445,258)	357,016
Balance beginning of year	<u>1,566,983</u>	<u>14,486</u>	<u>1,581,469</u>	<u>1,902,900</u>	<u>1,902,900</u>	<u>(321,431)</u>
Balance end of year	<u><u>1,476,798</u></u>	<u><u>16,429</u></u>	<u><u>1,493,227</u></u>	<u><u>1,457,642</u></u>	<u><u>1,457,642</u></u>	<u><u>35,585</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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 Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

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

During the year ended June 30, 2010, the District exceeded its General Fund unspent authorized budget.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
July 1, 2009	-	667,691	667,691	0.0%	2,248,000	29.7%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

## OGDEN COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

## Special Revenue Funds

Assets	Management	Student	Physical	Public	Debt	Total
	Levy	Activity	Plant and	Education		
	\$	\$	\$	and	Service	\$
				Recreation		
				Levy		
				\$		
Cash and pooled investments	48,187	62,063	131,371	-	346,003	587,624
Receivables:						
Property tax:						
Delinquent	3,767	-	8,572	693	6,801	19,833
Succeeding year	179,000	-	356,969	28,857	234,395	799,221
Accounts	-	761	-	500	-	1,261
<b>Total assets</b>	<b>230,954</b>	<b>62,824</b>	<b>496,912</b>	<b>30,050</b>	<b>587,199</b>	<b>1,407,939</b>
<b>Liabilities &amp; Fund Balances</b>						
Liabilities:						
Accounts payable	474	5,622	-	-	-	6,096
Salaries and benefits payable	-	-	-	2,477	-	2,477
Deferred revenue:						
Succeeding year property tax	179,000	-	356,969	28,857	234,395	799,221
Total liabilities	179,474	5,622	356,969	31,334	234,395	807,794
Fund balances:						
Reserved for debt service	-	-	-	-	352,804	352,804
Unreserved reported in:						
Special revenue funds	51,480	57,202	139,943	(1,284)	-	247,341
Total fund balances	51,480	57,202	139,943	(1,284)	352,804	600,145
<b>Total liabilities and fund balances</b>	<b>230,954</b>	<b>62,824</b>	<b>496,912</b>	<b>30,050</b>	<b>587,199</b>	<b>1,407,939</b>

## OGDEN COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2010

	Special Revenue Funds					Total
	Management	Student	Physical	Public	Debt	
	Levy	Activity	Plant and	Education	Service	
		Equipment	and	and		
		Levy	Recreation	Levy	Levy	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	103,031	-	333,118	26,926	360,067	823,142
Other	12,727	319,727	60,522	3,886	376	397,238
State sources	52	-	171	14	186	423
Total revenues	<u>115,810</u>	<u>319,727</u>	<u>393,811</u>	<u>30,826</u>	<u>360,629</u>	<u>1,220,803</u>
Expenditures:						
Current:						
Instruction:						
Regular	65,076	-	-	-	-	65,076
Other	-	314,892	-	-	-	314,892
Support services:						
Operation and maintenance of plant	34,745	-	-	-	-	34,745
Transportation	4,388	-	-	134	-	4,522
Non-instructional programs	-	-	-	24,839	-	24,839
Other expenditures:						
Facilities acquisition	-	-	16,388	-	-	16,388
Long-term debt:						
Principal	-	-	-	-	651,000	651,000
Interest and fiscal charges	-	-	-	-	206,846	206,846
Total expenditures	<u>104,209</u>	<u>314,892</u>	<u>16,388</u>	<u>24,973</u>	<u>857,846</u>	<u>1,318,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,601</u>	<u>4,835</u>	<u>377,423</u>	<u>5,853</u>	<u>(497,217)</u>	<u>(97,505)</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	-	497,379	497,379
Operating transfers out	-	(1,769)	(277,056)	-	-	(278,825)
Total other financing sources	<u>-</u>	<u>(1,769)</u>	<u>(277,056)</u>	<u>-</u>	<u>497,379</u>	<u>218,554</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	11,601	3,066	100,367	5,853	162	121,049
Fund balances beginning of year	<u>39,879</u>	<u>54,136</u>	<u>39,576</u>	<u>(7,137)</u>	<u>352,642</u>	<u>479,096</u>
Fund balances end of year	<u>51,480</u>	<u>57,202</u>	<u>139,943</u>	<u>(1,284)</u>	<u>352,804</u>	<u>600,145</u>

See accompanying independent auditor's report.

## OGDEN COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

Account	Balance	Revenues	Expenditures	Intra-fund	Balance End
	Beginning of				
	Year				
	\$	\$	\$	\$	\$
Interest account	6	56	-	(57)	5
Annual - past	3,139	2,117	6,649	1,627	234
Annual - current	-	2,309	682	(1,627)	-
Activity tickets	-	12,386	1,769	(10,617)	-
Student council	6,532	6,190	11,129	2,072	3,665
Concessions	1,991	12,329	10,574	(3,746)	-
Art club	72	6	24	-	54
Drama	-	2,520	5,254	2,734	-
CMS club	3,986	-	3,928	3,246	3,304
International club	331	302	623	-	10
Boys "O" club	637	12,535	12,483	1,000	1,689
Girls "O" club	4,576	10,151	9,025	(1,000)	4,702
DC/NYC trip	14,968	135,720	135,263	(2,625)	12,800
Cheerleaders	71	368	170	-	269
Character education	888	184	749	-	323
Phoenix II club	97	-	17	-	80
Seniors	2,330	2,291	3,629	(979)	13
Juniors	456	794	3,670	4,831	2,411
Sophomores	2,315	4,097	2,605	(2,016)	1,791
Freshman	299	1,003	696	(299)	307
Boys basketball	-	4,994	3,907	(947)	140
Football	-	10,877	10,137	429	1,169
Baseball	1,269	15,994	16,109	(2,242)	(1,088)
Boys track	-	3,988	4,592	604	-
Boys/girls cross country	-	1,030	2,411	1,381	-
Boys/girls golf	-	2,664	2,925	261	-
Wrestling	-	6,301	8,053	1,752	-
Girls basketball	474	6,078	4,770	(1,174)	608
Volleyball	-	3,311	1,430	(1,881)	-
Girls track	-	5,564	4,321	(1,243)	-
Softball	2,019	6,944	5,888	(632)	2,443
Miscellaneous athletics	140	1,782	10,126	11,214	3,010
Middle school misc. athletics	254	3,966	10,850	6,785	155
Middle school athletic resale	-	685	896	211	-
Middle fundraising	2,266	23,745	17,807	(6,996)	1,208
Elementary fundraising	2,057	2,376	1,374	-	3,059
Orlando music trip	-	12,450	200	-	12,250
Spain trip	-	540	-	-	540
RSA club	2,225	60	582	-	1,703
English club	47	500	432	(66)	49
Middle school student council	340	220	314	-	246
Middle school concessions	351	300	598	-	53
<b>Total</b>	<b>54,136</b>	<b>319,727</b>	<b>316,661</b>	<b>-</b>	<b>57,202</b>

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Fund Types

For the Last Seven Years

	Modified Accrual Basis						
	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$
Revenues:							
Local sources:							
Local tax	4,298,936	3,724,784	3,420,954	3,462,969	3,159,100	3,068,526	2,940,760
Tuition	517,543	525,364	591,169	631,539	601,446	592,000	663,974
Other	523,916	558,748	639,445	761,285	585,767	554,301	574,949
Intermediate sources	-	4,100	-	-	-	-	-
State sources	2,914,496	3,459,209	3,424,108	3,377,645	3,398,630	3,150,578	2,705,023
Federal sources	525,742	226,529	140,196	144,518	133,928	124,041	115,011
<b>Total revenues</b>	<b>8,780,633</b>	<b>8,498,734</b>	<b>8,215,872</b>	<b>8,377,956</b>	<b>7,878,871</b>	<b>7,489,446</b>	<b>6,999,717</b>
Expenditures:							
Instruction:							
Regular	3,219,909	3,174,180	2,997,905	2,871,069	2,788,368	2,676,199	2,522,556
Special	819,316	827,996	780,523	732,927	691,607	947,610	859,634
Other	1,197,561	1,163,346	1,145,803	1,192,718	953,419	842,145	804,993
Support services:							
Student	127,297	158,562	177,496	167,385	164,512	220,374	356,962
Instructional staff	242,139	193,578	223,407	172,427	178,040	146,988	-
Administration	711,898	718,872	753,519	676,545	673,181	686,798	679,187
Operation and maintenance	722,610	741,325	736,196	671,385	674,148	632,183	669,586
Transportation	334,651	325,124	331,405	338,826	308,142	301,708	281,492
Non-instructional programs	24,839	36,464	23,196	27,429	54,806	42,912	27,265
Other expenditures:							
Facilities acquisition	351,769	1,591,511	490,629	272,948	176,549	1,688,930	307,686
Long-term debt:							
Principal	651,000	649,655	563,443	542,311	511,000	385,000	280,000
Interest and other charges	206,846	229,919	221,534	245,894	262,985	244,439	216,685
AEA flowthrough	261,003	239,624	229,281	225,505	218,628	210,629	200,134
<b>Total expenditures</b>	<b>8,870,838</b>	<b>10,050,156</b>	<b>8,674,337</b>	<b>8,137,369</b>	<b>7,655,385</b>	<b>9,025,915</b>	<b>7,206,180</b>

OGDEN COMMUNITY SCHOOL DISTRICT  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures \$</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	9,308
National School Lunch Program (non-cash)	10.555	FY10	23,641
National School Lunch Program	10.555	FY10	92,962
			<u>125,911</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	49,684
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY10	6,836
			<u>56,520</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	FY10	1,616
Improving Teacher Quality State Grants	84.367	FY10	19,973
Grants for State Assessments and Related Activities	84.369	FY10	4,804
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	306,957
Heartland Area Education Agency			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	FY10	34,956
ARRA - Special Education Grants to States, Recovery Act	84.391	FY10	76,464
			<u>111,420</u>
English Language Acquisition Grants	84.365	FY	550
Madrid Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY10	5,002
U.S. Department of Health and Human Services:			
Drake University:			
Head Start	93.600	FY	18,900
Total			<u><u>651,653</u></u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Ogden Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

To the Board of Education of  
Ogden Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ogden Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 15, 2011. 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 Ogden Community School District'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 an opinion on the effectiveness of Ogden Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ogden Community School District'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 and Questioned Costs, we identified certain deficiencies in internal control over financial reporting 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 the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 10-II-A, 10-II-B, and 10-II-C to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 10-II-D to be a significant deficiency.

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District'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 District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Ogden Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Ogden Community School District'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 Ogden Community School District and other parties to whom Ogden Community School District may report, including federal awarding agencies and pass-through entities, and 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 Ogden Community School District 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

February 15, 2011

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Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Board of Education of  
Ogden Community School District:

Compliance

We have audited Ogden Community School District's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Ogden Community School District's major federal programs for the year ended June 30, 2010. Ogden Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ogden Community School District's management. Our responsibility is to express an opinion on Ogden Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ogden Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ogden Community School District's compliance with those requirements.

In our opinion, Ogden Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Ogden Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Ogden Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB

Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ogden Community School District's internal control over compliance.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance we consider to be a significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10-III-A and 10-III-B. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Ogden Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Ogden Community School District's responses and, accordingly, we express no opinion on the responses.

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

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

February 15, 2011

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements. No material weaknesses were reported.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
  - Special Education Cluster (IDEA)
    - CFDA Number 84.027 – Special Education – Grants to States
    - CFDA Number 84.391 – ARRA - Special Education Grants to States, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Ogden Community School District did not qualify as a low-risk auditee.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2010

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

10-II-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures and investigate methods to increase monitoring activities to obtain the maximum internal control possible under the circumstances.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

10-II-B Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The stamp is under the care, custody and control of the administrative office. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

10-II-C Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2010

Part II: Findings Related to the Financial Statements (continued):

Conclusion: Response accepted.

10-II-D Expenditures for Student Trips: We noted a \$3,770 check to cash, for a student trip to Washington D.C. The cash was to be used for student meals and gratuities, but there is no supporting documentation for the expenditures.

Recommendation: If activity sponsors incur expenses for students on trips, they should turn in receipts for reimbursement after the trip or use a district credit card for the purchases.

District Response: We will investigate methods to improve our controls over expenditures for student trips.

Conclusion: Response accepted.

Instances of non-compliance:

No matters were noted.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

CFDA Number 84.394: ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act

Federal Award Year: 2010

U.S. Department of Education

Passed through the Iowa Department of Education

10-III-A Reporting: Iowa schools must file quarterly financial reports for ARRA spending with the Iowa Department of Education. The expenditure reporting for the professional development portion of the ARRA – State Fiscal Stabilization Fund did not match the District's accounting records. Federal expenditures reported exceed the accounting records by \$2,819. This error occurred because the quarterly financial reports were not prepared from the District's accounting records.

Recommendation: The District should prepare federal financial reports from the accounting records.

District Response: We will use our accounting records to determine the amounts for federal financial reports.

Conclusion: Response accepted.

CFDA Number 84.394: ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act

Federal Award Year: 2010

U.S. Department of Education

Passed through the Iowa Department of Education

CFDA Number 84.027: Special Education – Grants to States

CFDA Number 84.391: ARRA – Special Education Grants to States, Recovery Act

Federal Award Year: 2010

U.S. Department of Education

Passed through Heartland Area Education Agency

10-III-B Accounting for Expenditures: ARRA State Fiscal Stabilization and Special Education Cluster program expenditures were not posted directly to the federal expenditure accounts as the expenditures were incurred. Expenses were reclassified at year-end by journal entry.

Recommendation: The District should record federal expenditures to specific federal expenditures accounts as the expenditures are incurred.

District Response: We will revise our procedures for recording and documenting ARRA State Fiscal Stabilization and Special Education Cluster expenditures as incurred.

Conclusion: Response accepted.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

10-IV-A Certified Budget: The District exceeded its unspent authorized budget for the year ended June 30, 2010 by approximately \$237,000.

Recommendation: The District should contact the School Budget Review Committee to resolve the unspent authorized budget issue.

District Response: We have contacted the School Budget Review Committee to resolve the issue regarding the unspent authorized budget.

Conclusion: Response accepted.

10-IV-B Questionable Expenditures: No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

10-IV-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

10-IV-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Brian Reimers, District employee, painting contractor	Painting	6,300

The transaction does not appear to represent a conflict of interest since Brian Reimers is not a school officer, or board member.

10-IV-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.

10-IV-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

10-IV-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

10-IV-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.

10-IV-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

10-IV-J Certified Annual Report (CAR): The Certified Annual Report was certified timely to the Department of Education.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting (continued):

10-IV-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

According to administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation: All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

Response: We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion: Response accepted.

10-IV-L Statewide Sales, Services and Use Tax: Sales tax may be used to purchase or lease equipment with a unit cost exceeding \$500. We noted that expenditures from this fund included approximately \$262 for individual items of equipment with a unit cost of less than \$500 and paid \$819 for computer repairs. These do not appear to be allowable sales tax purchases.

The District has a contract with a vendor to provide transportation services. During fiscal year 2010 the District paid \$144,039 of the contract from the Sales Tax Capital Projects Fund. The District determined that this was the portion of the contract allocable to renting the busses. On January 13, 2010 the Iowa Department of Education posted a question and answer covering this topic on its website. It is the opinion of the Iowa Department of Education that, "...it would not be appropriate to deem a portion of a purchased services contract to be the equivalent of a lease agreement. This would be especially inappropriate if the district were deeming a portion of a purchased service contract to be a lease agreement to obtain buses, when that same service provider is actually the one using the buses to transport the district's students."

Recommendation: The District should discuss the transportation contract issue with its attorney.

District Response: We discussed this issue with our attorney prior to making the allocation, but we will discuss the issue again due to the opinion of the Iowa Department of Education.

Conclusion: Response accepted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting (continued):

	\$	\$
Beginning balance		583,230
Statewide sales, services and use tax	399,231	
Interest revenue	<u>464</u>	399,695
Expenditures/transfers out:		
School infrastructure:		
Land and land improvements	5,279	
Buildings and building improvements	14,530	
Equipment	42,211	
Transportation contract bus rent allocation	144,039	
Debt service for school infrastructure:		
Revenue debt	<u>220,323</u>	<u>426,382</u>
Ending balance		<u>556,543</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	\$	\$
Debt service Levy	1.12536	220,323
Physical plant and equipment levy	.91382	178,908

10-IV-M Deficit Balances: The District has a \$157,666 deficit unreserved fund balance in the General Fund and the Public Education and Recreation Levy Fund had a \$1,284 deficit unreserved fund balance at June 30, 2010.

Recommendation: The District should continue to monitor these funds and investigate alternatives to eliminate these deficits.

District Response: We are working on ways to eliminate these deficits.

Conclusion: Response accepted.

10-IV-N Signature on PPEL and Capital Projects Fund Checks: We noted that five PPEL and Capital Projects Fund checks, written on September 21, 2009, were only signed by the board secretary. All District checks are to be signed by the Board President and Board Secretary. The Board may designate another individual to sign for the Board President.

Recommendation: The District should revise its check signing procedures.

District Response: The omission of the Board President's signature from this batch of checks was an oversight.

Conclusion: Response accepted.