

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

June 30, 2012

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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, 2012, 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, 2012, 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 January 28, 2013, 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 seven years ended June 30, 2011, (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 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information 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

January 28, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ogden Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,729,830 in fiscal 2011 to \$8,006,656 in fiscal 2012, while General Fund expenditures increased from \$6,992,988 in fiscal 2011 to \$7,054,354 in fiscal 2012. The District's General Fund balance increased from \$809,575 in fiscal 2011 to \$1,755,405 in fiscal 2012, a 116.83% increase.
- The fiscal year 2012 increase in General Fund revenues were attributable to increases in property tax and state sources. The increase in expenditures was due to a slight increase in instruction costs.

USING THIS ANNUAL REPORT

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

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

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

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

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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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.

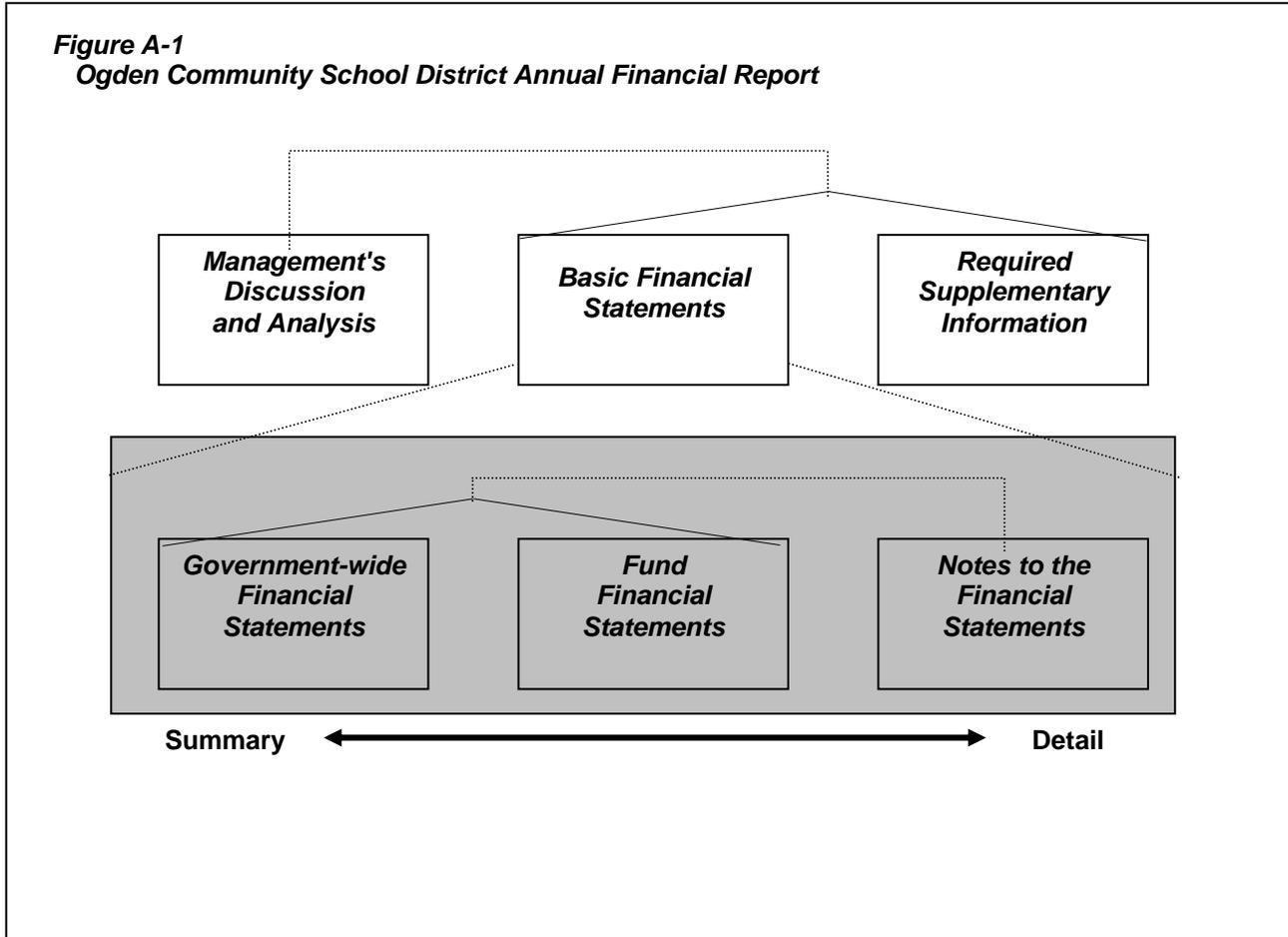


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		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	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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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:

- 1) *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.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District uses *internal service funds*, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District current has one internal service fund used to account for the District's partial self-funded group medical insurance.

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, 2012 compared to June 30, 2011.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2011-2012 %
	Governmental Activities		Business-type Activities		Total School District		
	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	
Current and other assets	10,688,887	9,335,019	9,819	9,218	10,698,706	9,344,237	(12.66%)
Capital assets	9,353,348	11,256,155	5,560	273,270	9,358,908	11,529,425	23.19%
Total assets	20,042,235	20,591,174	15,379	282,488	20,057,614	20,873,662	40.07%
Long-term liabilities	7,884,075	7,575,143	2,590	4,035	7,886,665	7,579,178	(3.90%)
Other liabilities	5,165,641	5,132,098	1,021	3,115	5,166,662	5,135,213	(0.61%)
Total liabilities	13,049,716	12,707,241	3,611	7,150	13,053,327	12,714,391	(2.60%)
Net Assets:							
Invested in capital assets, net of related debt	5,537,751	5,277,565	5,560	273,270	5,543,311	5,550,835	0.14%
Restricted	914,801	1,320,408			914,801	1,320,408	44.34%
Unrestricted	539,967	1,285,960	6,208	2,068	546,175	1,288,028	135.83%
TOTAL NET ASSETS	6,992,519	7,883,933	11,768	275,338	7,004,287	8,159,271	16.49%

The District's combined total net assets increased by nearly 16.49%, or approximately \$1,154,984, over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$405,607 or 44.34% over the prior year. The increase was primarily a result of state categorical revenues and sales tax revenues that were collected, but not spent.

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 – increased approximately \$741,853 or 135.83%. Most of this increase is due to a cash reserve property tax levy for fiscal year 2012.

A-4 shows the change in net assets for the years ended June 30, 2012 and 2011.

Figure A-4

	Change in Net Assets						Percentage Change 2011-2012 %
	Governmental Activities		Business-type Activities		Total School District		
	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	
Revenues							
Program Revenues:							
Charges for services	1,204,657	1,027,870	168,347	166,001	1,373,004	1,193,871	(13.0%)
Operating grants & contributions	1,178,621	1,200,139	124,378	123,792	1,302,999	1,323,931	1.6%
Capital grants & contributions	76,973	40,667			76,973	40,667	(47.2%)
General Revenues:							
Property taxes	3,915,638	4,090,282			3,915,638	4,090,282	4.5%
Income surtax	211,980	214,978			211,980	214,978	1.4%
Sales tax	485,415	504,545			485,415	504,545	3.9%
Unrestricted state grants	2,519,211	2,646,032			2,519,211	2,646,032	5.0%
Unrestricted investment earnings	1,124	867	12	4	1,136	871	(23.3%)
Other revenue	12,282	50,757			12,282	50,757	313.3%
Total Revenues	9,605,901	9,776,137	292,737	289,797	9,898,638	10,065,934	1.7%
Expenses:							
Instruction	5,425,336	5,497,040			5,425,336	5,497,040	1.3%
Support services	1,971,897	2,046,122			1,971,897	2,046,122	3.8%
Non-instructional programs	32,415		297,398	329,478	329,813	329,478	(.1%)
Other expenditures	947,399	1,038,310			947,399	1,038,310	9.6%
Total expenses	8,377,047	8,581,472	297,398	329,478	8,674,445	8,910,950	2.7%
Change in net assets before transfers	1,228,854	1,194,665	(4,661)	(39,681)	1,224,193	1,154,984	(5.7)
Transfers		(303,251)		303,251			0.0%
CHANGE IN NET ASSETS	1,228,854	891,414	(4,661)	263,570	1,224,193	1,154,984	(5.7%)
Net assets beginning of year	5,763,665	6,992,519	16,429	11,768	5,780,094	7,004,287	21.2%
Net assets end of year	6,992,519	7,883,933	11,768	275,338	7,004,287	8,159,271	16.5%

In fiscal year 2012 property tax and unrestricted state grants account for 67% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 85% of the total expenses.

As shown in figure A-4, the District as a whole experienced a 1.7% increase in revenues and a 2.7% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$9,776,137 and expenses were \$8,581,472.

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		
	2011	2012	Percent Change 2011-2012	2011	2012	Percent Change 2011-2012
	\$	\$	%	\$	\$	%
Instruction	5,425,336	5,497,040	1.3%	3,325,838	3,521,958	5.9%
Support Services	1,971,897	2,046,122	3.8%	1,959,813	2,035,445	3.9%
Non-instructional Programs	32,415	0	(100%)	32,415	0	(100%)
Other Expenses	947,399	1,038,310	9.6%	598,730	755,393	26.2%
TOTAL	8,377,047	8,581,472	2.4%	5,916,796	6,312,796	6.7%

For the year ended June 30, 2012

- The cost financed by users of the District's programs was \$1,027,870. 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 \$1,240,806.
- The net cost of governmental activities was financed with \$4,809,805 in property and local other taxes and \$2,646,032 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$289,797 and expenses were \$329,478. 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 \$3,907,806, a decrease from last year's ending fund balances of \$5,205,951. However, the primary reason for the decrease in combined fund balances in fiscal 2012 is due to the expenditures of revenue bond proceeds received in fiscal 2011 for the high school kitchen addition and renovation project.

Governmental Fund Highlights

- The General Fund balance increased from \$809,575 to \$1,755,405. Almost \$800,000 of the increase is due to the cash reserve property tax levy.
- The Capital Projects Fund balance decreased from \$4,150,888 at June 30, 2011 to \$1,840,857 at June 30, 2012. The District issued \$3.9 million of revenue bonds April of 2011. Approximately \$2.4 million of the bond proceeds were spent in fiscal year 2012 and \$1.2 million remains to be spent in fiscal year 2013.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$11,768 at June 30, 2011 to \$275,338 at June 30, 2012, representing an increase of approximately 2,240%. Revenues had a slight decrease in the sale of school

meals from \$168,347 at June 30, 2011 to \$166,001 at June 30, 2012. A decrease in student enrollment resulted in a decrease in the number of meals served. Capital assets increased from \$5,560 in fiscal year 2011 to \$273,270, an increase of approximately 4,815% due to the completion of the new high school cafeteria and the addition of new equipment and appliances.

BUDGETARY HIGHLIGHTS

During the fiscal year 2012, Ogden Community School District did not amend its budget.

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.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services function area. Expenditures in the support services function exceeded the budget by \$41,457 due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$11,529,425, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 23.2% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$403,198.

The original cost of the District's capital assets was \$17,581,403. Governmental Funds account for \$17,236,979 with the remainder of \$344,424 accounted for in the Proprietary, School Nutrition Fund.

The largest increase was in the construction in progress area. The District has entered into a project for a high school building addition and kitchen remodeling. We have committed \$350,000 to complete the project.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
	\$	\$	\$	\$	\$	\$	%
Land	83,700	83,700			83,700	83,700	0.0%
Construction in progress	100,405	2,157,838			100,405	2,157,838	2,049.0%
Buildings	8,341,457	8,094,786			8,341,457	8,094,786	3.0%
Improvements	528,704	492,329			528,704	492,329	6.9%
Equipment & furniture	299,082	427,502	5,560	273,270	304,642	700,772	130.0%
TOTAL	9,353,348	11,256,155	5,560	273,270	9,358,908	11,529,425	23.2%

Long-Term Debt

At June 30, 2012 the District had \$7,567,783 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 3.9% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The constitution of the State of Iowa limits the amount of debt obligations school districts can issue to 5% of the assessed value of all taxable property within the district. The District's outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately \$11 million.

The District's bond rating did not change during the year.

The District had total outstanding bonded indebtedness at June 30, 2012 of \$6,980,000. The District also had a total outstanding Bus Note payable from the Physical Plant and Equipment Levy Fund of \$183,000 at June 30, 2012.

Figure A-7

Outstanding Long-Term Obligations

	Total School District		Percentage Change
	2011	2012	2011-2012
	\$	\$	%
General obligation bonds	2,185,000	1,905,000	(12.8%)
Revenue bonds	3,920,000	3,795,000	(3.2%)
Capital loan notes	1,470,000	1,280,000	(12.9%)
Bus Note payable	0.00	183,300	0.0%
Early retirement	142,069	137,464	(3.2%)
Compensated absences	15,086	45,051	199.0%
Net OPEB liability	142,482	221,968	55.8%
	<u>7,874,637</u>	<u>7,567,783</u>	<u>(3.9%)</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's October 2012 enrollment decreased by forty two students. This drop in enrollment will decrease the District's funding for fiscal year 2014. The District has experienced a decline in certified enrollment since 2003.
- The District has evaluated the condition of its transportation vehicles and it was determined a bus must be replaced during fiscal 2013 at a purchase price of approximately \$90,000, and a van at a purchase price of approximately \$26,000. To pay for these vehicles, the District will use resources from the One-cent Sales Tax fund.
- The District recognizes that the restricted fund balance for categorical funding has a significant impact on the District's unspent balance. The District is exploring the possibility of reducing recurring expenditures beginning in fiscal year 2014 and succeeding budget years.
- The District will be refinancing two outstanding debt issues; 2008-B General Obligation Bonds and 2008 PPEL notes for an estimated savings of \$165,000.

- The District will negotiate a new collective bargaining agreement during fiscal 2013. 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, 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, 2012

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	4,770,328	270	4,770,598
Receivables:			
Property tax:			
Delinquent	38,559	-	38,559
Succeeding year	3,930,746	-	3,930,746
Accounts	6,955	512	7,467
Due from other governments	483,366	-	483,366
Inventories	-	8,436	8,436
Bond issue costs	105,065	-	105,065
Capital assets, net of accumulated depreciation	11,256,155	273,270	11,529,425
Total assets	20,591,174	282,488	20,873,662
Liabilities			
Accounts payable	365,696	-	365,696
Salaries and benefits payable	742,886	-	742,886
Accrued interest payable	92,770	-	92,770
Deferred revenue:			
Succeeding year property tax	3,930,746	-	3,930,746
Other	-	3,115	3,115
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	290,000	-	290,000
Revenue bonds payable	125,000	-	125,000
Notes payable	231,660	-	231,660
Termination benefits	36,791	-	36,791
Compensated absences	14,881	-	14,881
Portion due after one year:			
Bond premium	11,395	-	11,395
General obligation bonds payable	1,615,000	-	1,615,000
Revenue bonds payable	3,670,000	-	3,670,000
Notes payable	1,231,640	-	1,231,640
Termination benefits	100,673	-	100,673
Compensated absences	30,170	-	30,170
Net OPEB liability	217,933	4,035	221,968
Total liabilities	12,707,241	7,150	12,714,391

OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	5,277,565	273,270	5,550,835
Restricted for:			
Categorical funding	498,501	-	498,501
Physical plant and equipment levy	71,150	-	71,150
Student activities	61,329	-	61,329
Public education and recreation levy	6,055	-	6,055
School infrastructure	283,909	-	283,909
Debt service	399,464	-	399,464
Unrestricted	<u>1,285,960</u>	<u>2,068</u>	<u>1,288,028</u>
Total net assets	<u><u>7,883,933</u></u>	<u><u>275,338</u></u>	<u><u>8,159,271</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	3,355,203	589,712	663,862	-
Special	844,931	79,040	108,508	-
Other	1,296,906	350,078	183,882	-
	<u>5,497,040</u>	<u>1,018,830</u>	<u>956,252</u>	<u>-</u>
Support services:				
Student	139,489	-	-	-
Instructional staff	197,096	-	-	-
Administration	697,252	-	-	-
Operation and maintenance of plant	763,911	9,040	-	-
Transportation	248,374	-	1,637	-
	<u>2,046,122</u>	<u>9,040</u>	<u>1,637</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	230,618	-	-	40,667
Long-term debt interest	282,544	-	148	-
AEA flowthrough	242,102	-	242,102	-
Depreciation (unallocated)*	283,046	-	-	-
	<u>1,038,310</u>	<u>-</u>	<u>242,250</u>	<u>40,667</u>
Total governmental activities	8,581,472	1,027,870	1,200,139	40,667
Business type activities:				
Non-instructional programs:				
Food service operations	329,478	166,001	123,792	-
Total business type activities	<u>8,910,950</u>	<u>1,193,871</u>	<u>1,323,931</u>	<u>40,667</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Transfers				
Total general revenues and transfers				

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
\$	\$	\$
(2,101,629)	-	(2,101,629)
(657,383)	-	(657,383)
(762,946)	-	(762,946)
<u>(3,521,958)</u>	<u>-</u>	<u>(3,521,958)</u>
(139,489)	-	(139,489)
(197,096)	-	(197,096)
(697,252)	-	(697,252)
(754,871)	-	(754,871)
(246,737)	-	(246,737)
<u>(2,035,445)</u>	<u>-</u>	<u>(2,035,445)</u>
(189,951)	-	(189,951)
(282,396)	-	(282,396)
-	-	-
(283,046)	-	(283,046)
<u>(755,393)</u>	<u>-</u>	<u>(755,393)</u>
(6,312,796)	-	(6,312,796)
-	(39,685)	(39,685)
<u>(6,312,796)</u>	<u>(39,685)</u>	<u>(6,352,481)</u>
3,378,412	-	3,378,412
344,449	-	344,449
367,421	-	367,421
214,978	-	214,978
504,545	-	504,545
2,646,032	-	2,646,032
867	4	871
50,757	-	50,757
7,507,461	4	7,507,465
(303,251)	303,251	-
<u>7,204,210</u>	<u>303,255</u>	<u>7,507,465</u>
891,414	263,570	1,154,984
<u>6,992,519</u>	<u>11,768</u>	<u>7,004,287</u>
<u>7,883,933</u>	<u>275,338</u>	<u>8,159,271</u>

OGDEN COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2012

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Assets				
Cash and pooled investments	2,487,786	1,881,233	309,017	4,678,036
Receivables:				
Property tax:				
Delinquent	30,247	3,464	4,848	38,559
Succeeding year	2,894,702	354,409	681,635	3,930,746
Accounts	1,877	-	5,078	6,955
Due from other governments	323,590	159,776	-	483,366
Total assets	5,738,202	2,398,882	1,000,578	9,137,662
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	148,158	203,616	4,785	356,559
Salaries and benefits payable	740,272	-	2,614	742,886
Deferred revenue:				
Succeeding year property tax	2,894,702	354,409	681,635	3,930,746
Income surtax	199,665	-	-	199,665
Total liabilities	3,982,797	558,025	689,034	5,229,856
Fund balances:				
Restricted for:				
Categorical funding	498,501	-	-	498,501
Debt service	-	301,088	191,146	492,234
Management levy	-	-	53,014	53,014
Student activities	-	-	61,329	61,329
Public education and recreation levy	-	-	6,055	6,055
School infrastructure	-	1,468,619	-	1,468,619
Physical plant and equipment	-	71,150	-	71,150
Assigned	7,612	-	-	7,612
Unassigned	1,249,292	-	-	1,249,292
Total fund balances	1,755,405	1,840,857	311,544	3,907,806
Total liabilities and fund balances	5,738,202	2,398,882	1,000,578	9,137,662

OGDEN COMMUNITY SCHOOL DISTRICT

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

June 30, 2012

	\$
Total fund balances of governmental funds (Exhibit C)	3,907,806
<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.	11,256,155
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	199,665
Bond issue costs are reported as an asset in the statement of net assets and are amortized over the life of the bonds.	105,065
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.	(92,770)
An internal service fund is used by the District's management to charge the costs of the employee health reimbursement arrangement to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	83,155
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>(7,575,143)</u>
Net assets of governmental activities (Exhibit A)	<u><u>7,883,933</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	3,433,370	871,966	514,266	4,819,602
Tuition	570,273	-	-	570,273
Other	197,461	40,695	350,576	588,732
State sources	3,454,025	167	234	3,454,426
Federal sources	351,527	-	-	351,527
Total revenues	<u>8,006,656</u>	<u>912,828</u>	<u>865,076</u>	<u>9,784,560</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,177,165	-	104,571	3,281,736
Special	840,823	-	-	840,823
Other	958,731	-	326,152	1,284,883
	<u>4,976,719</u>	<u>-</u>	<u>430,723</u>	<u>5,407,442</u>
Support services:				
Student	136,099	-	-	136,099
Instructional staff	179,910	-	-	179,910
Administration	679,081	-	-	679,081
Operation and maintenance of plant	632,770	62,056	55,599	750,425
Transportation	207,673	207,122	10,147	424,942
	<u>1,835,533</u>	<u>269,178</u>	<u>65,746</u>	<u>2,170,457</u>
Other expenditures:				
Facilities acquisition	-	2,583,028	14,183	2,597,211
Long-term debt:				
Principal	-	-	595,000	595,000
Interest and fiscal charges	-	-	247,322	247,322
AEA flowthrough	242,102	-	-	242,102
	<u>242,102</u>	<u>2,583,028</u>	<u>856,505</u>	<u>3,681,635</u>
Total expenditures	<u>7,054,354</u>	<u>2,852,206</u>	<u>1,352,974</u>	<u>11,259,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>952,302</u>	<u>(1,939,378)</u>	<u>(487,898)</u>	<u>(1,474,974)</u>

OGDEN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Other financing sources (uses):				
Proceeds from long-term loans	-	183,300	-	183,300
Sales of equipment and real property	1,373	1	-	1,374
Operating transfers in	-	-	553,954	553,954
Operating transfers out	(7,845)	(553,954)	-	(561,799)
Total other financing sources (uses)	<u>(6,472)</u>	<u>(370,653)</u>	<u>553,954</u>	<u>176,829</u>
Net change in fund balances	945,830	(2,310,031)	66,056	(1,298,145)
Fund balances beginning of year	<u>809,575</u>	<u>4,150,888</u>	<u>245,488</u>	<u>5,205,951</u>
Fund balances end of year	<u><u>1,755,405</u></u>	<u><u>1,840,857</u></u>	<u><u>311,544</u></u>	<u><u>3,907,806</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, 2012

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		(1,298,145)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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 and depreciation/amortization expense in the current year are as follows:		
Expenditures for capital assets	2,278,309	
Depreciation expense	<u>(375,502)</u>	1,902,807
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.		
		(9,797)
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.		
		595,000
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.		
		(35,855)
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	4,605	
Compensated absences	(29,965)	
Other postemployment benefits	<u>(78,041)</u>	(103,401)
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		
		(183,300)
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.		
		(12,053)
Bond premiums are reported as revenue in the governmental fund financial statements when incurred, but are amortized over the life of the bonds in the government-wide financial statements.		
		633
An internal service fund is used by the District's management to charge the costs of the employee health reimbursement arrangement to the individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		
		<u>35,525</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>891,414</u></u>

See notes to financial statements.

OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2012

	Enterprise Fund <u>Nonmajor School Nutrition</u> \$	Governmental Activities - Internal Service <u> </u> \$
Assets		
Cash and cash equivalents	270	92,292
Accounts receivable	512	-
Inventories	8,436	-
Capital assets, net of accumulated depreciation	<u>273,270</u>	<u>-</u>
Total assets	<u>282,488</u>	<u>92,292</u>
Liabilities		
Accounts payable	-	9,137
Deferred revenue	3,115	-
Net OPEB liability	<u>4,035</u>	<u>-</u>
Total liabilities	<u>7,150</u>	<u>9,137</u>
Net assets		
Invested in capital assets	273,270	-
Unrestricted	<u>2,068</u>	<u>83,155</u>
Total net assets	<u><u>275,338</u></u>	<u><u>83,155</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	Enterprise Fund	Governmental Activities - Internal Service
	<u>Nonmajor School Nutrition</u>	<u> </u>
	\$	\$
Operating revenues:		
Local sources:		
Charges for service	<u>166,001</u>	<u>61,714</u>
Operating expenses:		
Non-instructional programs:		
Salaries	125,446	-
Benefits	38,464	26,189
Purchased services	3,214	-
Supplies	134,658	-
Depreciation	27,696	-
Total operating expenses	<u>329,478</u>	<u>26,189</u>
Operating income (loss)	<u>(163,477)</u>	<u>35,525</u>
Non-operating revenues:		
State sources	2,990	-
Federal sources	120,802	-
Interest income	4	-
Total non-operating revenues	<u>123,796</u>	<u>-</u>
Income (loss) before transfers and capital contributions	(39,681)	35,525
Capital contributions	295,406	-
Transfers in	<u>7,845</u>	<u>-</u>
Change in net assets	263,570	35,525
Net assets beginning of year	<u>11,768</u>	<u>47,630</u>
Net assets end of year	<u><u>275,338</u></u>	<u><u>83,155</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2012

	Enterprise Fund	Governmental Activities - Internal Service
	Nonmajor School Nutrition	
	\$	\$
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	167,583	-
Cash received from services for other funds	-	61,714
Cash payments to employees for services	(162,465)	(21,668)
Cash payments to suppliers for goods or services	(119,418)	-
Net cash (used) provided by operating activities	<u>(114,300)</u>	<u>40,046</u>
Cash flows from non-capital financing activities:		
Transfer from General Fund	7,845	-
State grants received	2,990	-
Federal grants received	101,136	-
Net cash provided by non-capital financing activities	<u>111,971</u>	<u>-</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>4</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,325)	40,046
Cash and cash equivalents at beginning of year	<u>2,595</u>	<u>52,246</u>
Cash and cash equivalents at end of year	<u><u>270</u></u>	<u><u>92,292</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	(163,477)	35,525
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Commodities used	19,666	-
Depreciation	27,696	-
Decrease (increase) in inventories	(1,212)	-
Decrease (increase) in accounts receivable	(512)	-
(Decrease) increase in accounts payable	-	4,521
(Decrease) increase in deferred revenue	2,094	-
(Decrease) increase in other postemployment benefits	1,445	-
Net cash (used) provided by operating activities	<u>(114,300)</u>	<u>40,046</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$19,666 of federal commodities.

During the year ended June 30, 2012, the School Nutrition Fund received \$295,406 of equipment that was purchased by other District funds.

OGDEN COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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. Combining schedules are also included for the Capital Project Fund accounts.

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 and other capital assets.

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.

The District's Internal Service Fund is also reported as a proprietary fund. The Internal Service Fund is used to account for the District's employee health reimbursement arrangement.

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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, 2012. 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 fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the superintendent or board secretary intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, the District's expenditures in the support services function exceeded the amount budgeted.

2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 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, 2012, the District had investments in the Iowa Schools Joint Investment Trust, which are valued at an amortized cost of \$431,767 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 AAAM by Standard & Poor's Financial Services.

3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor Debt Service Fund	Capital Projects Fund	553,954
Nonmajor School Nutrition Fund	General Fund	7,845

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

4. Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	100,405	2,057,433	-	2,157,838
Land	83,700	-	-	83,700
Total capital assets not being depr.	<u>184,105</u>	<u>2,057,433</u>	<u>-</u>	<u>2,241,538</u>
Capital assets being depreciated:				
Buildings	12,131,407	-	-	12,131,407
Improvements other than buildings	1,044,830	-	-	1,044,830
Furniture and equipment	1,598,328	220,876	-	1,819,204
Total capital assets being deprec.	<u>14,774,565</u>	<u>220,876</u>	<u>-</u>	<u>14,995,441</u>
Less accumulated depreciation for:				
Buildings	3,789,950	246,671	-	4,036,621
Improvements other than buildings	516,126	36,375	-	552,501
Furniture and equipment	1,299,246	92,456	-	1,391,702
Total accumulated depreciation	<u>5,605,322</u>	<u>375,502</u>	<u>-</u>	<u>5,980,824</u>
Total capital assets being depreciated, net	<u>9,169,243</u>	<u>(154,626)</u>	<u>-</u>	<u>9,014,617</u>
Governmental activities capital assets, net	<u>9,353,348</u>	<u>1,902,807</u>	<u>-</u>	<u>11,256,155</u>

Business type activities:

Furniture and equipment	53,155	295,406	4,137	344,424
Less accumulated depreciation	<u>47,595</u>	<u>27,696</u>	<u>4,137</u>	<u>71,154</u>
Business type activities capital assets, net	<u>5,560</u>	<u>267,710</u>	<u>-</u>	<u>273,270</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	22,546
Special	958
Other	10,449
Support services:	
Student services	1,028
Instructional staff services	17,186
Administration services	973
Operation and maintenance of plant services	8,762
Transportation	<u>30,554</u>
	92,456
Unallocated depreciation	<u>283,046</u>
Total depreciation expense – governmental activities	<u>375,502</u>
Business type activities:	
Food services	<u>27,696</u>

5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	2,185,000	-	280,000	1,905,000	290,000
Sales tax revenue bonds	3,920,000	-	125,000	3,795,000	125,000
Capital loan notes	1,470,000	-	190,000	1,280,000	195,000
Bus note payable	-	183,300	-	183,300	36,660
Compensated absences	15,086	37,851	7,886	45,051	14,881
Termination benefits	142,069	41,984	46,589	137,464	36,791
Net OPEB liability	<u>139,892</u>	<u>78,041</u>	<u>-</u>	<u>217,933</u>	<u>-</u>
Total	<u>7,872,047</u>	<u>341,176</u>	<u>649,475</u>	<u>7,563,748</u>	<u>698,332</u>
Business type activities:					
Net OPEB liability	<u>2,590</u>	<u>1,445</u>	<u>-</u>	<u>4,035</u>	<u>-</u>

Termination Benefits

The District offered a voluntary early retirement plan to administrators during fiscal year 2012. 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.

For 2012 early retirement benefits are equal to 30% 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.

At June 30, 2012, the District has obligations to six participants with a total liability of \$137,464. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$46,589.

General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding Bond Issue of April, 2008			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
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	3.90	320,000	40,055	360,055
2017	4.00	335,000	27,575	362,575
2018	4.05	350,000	14,175	364,175
		<u>1,905,000</u>	<u>268,450</u>	<u>2,173,450</u>

Revenue Bonds Payable

Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April, 2011			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2013	3.000	125,000	136,337	261,337
2014	3.000	150,000	132,588	282,588
2015	3.000	170,000	128,088	298,088
2016	3.000	175,000	122,987	297,987
2017	3.000	180,000	117,738	297,738
2018-2022	3.000-3.500	990,000	502,969	1,492,969
2023-2027	3.625-4.125	1,180,000	317,619	1,497,619
2028-2030	4.125-4.250	825,000	70,644	895,644
		<u>3,795,000</u>	<u>1,528,970</u>	<u>5,323,970</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,920,000 bonds issued in April 2011. The bonds were issued for the purpose of remodeling at the high 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 2030. 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 60 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$5,323,970. During the year ended June 30, 2012 the District made principal and interest payments totaling \$227,863 under the note agreements for the current year, total statewide sales, services and use tax revenues were \$504,545.

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.
- \$301,088 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 Capital Projects 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 Capital Projects, Physical Plant and Equipment Levy account. Details of the capital loan notes are as follows:

Year Ending June 30,	Issue of April 2008			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
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	3.90	215,000	26,903	241,903
2017	4.00	225,000	18,517	243,517
2018	4.05	235,000	9,518	244,518
		<u>1,280,000</u>	<u>180,409</u>	<u>1,460,409</u>

During the year ended June 30, 2012 the District made principal and interest payments totaling \$244,595 under the note agreements.

Bus Loan Note

On July 1, 2011 the District borrowed money at 4.75% to purchase buses. The loan payments will be made from the Capital Projects, Physical Plant and Equipment Levy account. The details of the payments are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2013	4.75	36,660	7,962	44,622
2014	4.75	36,660	6,172	42,832
2015	4.75	36,660	4,407	41,067
2016	4.75	36,660	2,641	39,301
2017	4.75	36,660	880	37,540
		183,300	22,062	205,362

6. 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 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$350,493, \$286,482 and \$289,610 respectively, equal to the required contributions for each year.

7. Other Postemployment Benefits (OPEB)

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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	88,035
Interest on net OPEB obligation	3,562
Adjustment to annual required contribution	<u>(7,720)</u>
Annual OPEB cost	83,877
Contributions made	<u>4,391</u>
Increase in net OPEB obligation	79,486
Net OPEB obligation beginning of year	<u>142,482</u>
Net OPEB obligation end of year	<u>221,968</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, 2012.

For the year ended June 30, 2012, the District contributed \$4,391 to the medical plan. Plan members eligible for benefits contributed \$24,499, or 85% 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, 2011 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$		\$
2010	78,583	12%	68,935
2011	78,390	6%	142,482
2012	83,877	5%	221,968

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$563,060, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$563,060. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,133,000, and the ratio of the UAAL to covered payroll was 26.4%. As of June 30, 2012, 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. The UAAL is being amortized over 30 years.

8. 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.

9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$242,102 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

10. 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 two years are as follows:

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

\$27,768 of lease payments were made during fiscal year 2012.

11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Limited English proficiency	22,778
Gifted and Talented	97,173
Returning dropout and dropout prevention program	181,017
Teacher salary supplement	27,688
Home school assistance program	20,857
Educator quality, professional development	51,174
At risk	48,243
Mentoring	809
Preschool	11,334
Core curriculum	37,428
	<u>498,501</u>

12. Construction Commitment

The District has entered into a \$2,564,800 contract for high school improvements. As of June 30, 2012 costs of \$2,181,602 had been incurred against the contracts. The balances remaining at June 30, 2012 will be paid as work on the project progresses.

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, 2012

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	5,978,607	166,005	6,144,612	6,015,954	6,015,954	128,658
State sources	3,454,426	2,990	3,457,416	3,739,892	3,739,892	(282,476)
Federal sources	351,527	120,802	472,329	320,000	320,000	152,329
Total revenues	<u>9,784,560</u>	<u>289,797</u>	<u>10,074,357</u>	<u>10,075,846</u>	<u>10,075,846</u>	<u>(1,489)</u>
Expenditures/Expenses:						
Instruction	5,407,442	-	5,407,442	5,529,388	5,529,388	121,946
Support services	2,170,457	-	2,170,457	2,129,000	2,129,000	(41,457)
Non-instructional programs	-	329,478	329,478	350,540	350,540	21,062
Other expenditures	3,681,635	-	3,681,635	5,251,816	5,251,816	1,570,181
Total expenditures/expenses	<u>11,259,534</u>	<u>329,478</u>	<u>11,589,012</u>	<u>13,260,744</u>	<u>13,260,744</u>	<u>1,671,732</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,474,974)	(39,681)	(1,514,655)	(3,184,898)	(3,184,898)	1,670,243
Other financing sources (uses) net	<u>176,829</u>	<u>303,251</u>	<u>480,080</u>	<u>-</u>	<u>-</u>	<u>480,080</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(1,298,145)	263,570	(1,034,575)	(3,184,898)	(3,184,898)	2,150,323
Balance beginning of year	<u>5,205,951</u>	<u>11,768</u>	<u>5,217,719</u>	<u>5,834,422</u>	<u>5,834,422</u>	<u>(616,703)</u>
Balance end of year	<u><u>3,907,806</u></u>	<u><u>275,338</u></u>	<u><u>4,183,144</u></u>	<u><u>2,649,524</u></u>	<u><u>2,649,524</u></u>	<u><u>1,533,620</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2012

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, 2012, expenditures in the support services function exceeded the amount budgeted.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	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) %
2010	July 1, 2009	-	667,691	667,691	0.0%	2,248,000	29.7%
2011	July 1, 2009	-	626,693	626,693	0.0%	2,025,000	30.9%
2012	July 1, 2009	-	563,060	563,060	0.0%	2,133,000	26.4%

See Note 7 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.

SUPPLEMENTARY INFORMATION

OGDEN COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

Assets	Special Revenue Funds				Total
	Management	Student	Public	Debt	
	Levy	Activity	Education and Recreation Levy	Service	
	\$	\$	\$	\$	\$
Cash and pooled investments	51,693	62,775	6,650	187,899	309,017
Receivables:					
Property tax:					
Delinquent	1,321	-	280	3,247	4,848
Succeeding year	300,000	-	28,650	352,985	681,635
Accounts	-	3,339	1,739	-	5,078
Total assets	353,014	66,114	37,319	544,131	1,000,578
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	-	4,785	-	-	4,785
Salaries and benefits payable	-	-	2,614	-	2,614
Deferred revenue:					
Succeeding year property tax	300,000	-	28,650	352,985	681,635
Total liabilities	300,000	4,785	31,264	352,985	689,034
Fund balances:					
Restricted for:					
Debt service	-	-	-	191,146	191,146
Management levy	53,014	-	-	-	53,014
Student activities	-	61,329	-	-	61,329
Public education and recreation levy	-	-	6,055	-	6,055
Total fund balances	53,014	61,329	6,055	191,146	311,544
Total liabilities and fund balances	353,014	66,114	37,319	544,131	1,000,578

OGDEN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	Special Revenue Funds				Total
	Management	Student	Public	Debt	
	Levy	Activity	Education and Recreation Levy	Service	
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	140,117	-	29,700	344,449	514,266
Other	14,198	329,438	5,792	1,148	350,576
State sources	64	-	14	156	234
Total revenues	<u>154,379</u>	<u>329,438</u>	<u>35,506</u>	<u>345,753</u>	<u>865,076</u>
Expenditures:					
Current:					
Instruction:					
Regular	104,571	-	-	-	104,571
Other	-	326,152	-	-	326,152
Support services:					
Operation and maintenance of plant	41,371	-	14,228	-	55,599
Transportation	9,713	-	434	-	10,147
Other expenditures:					
Facilities acquisition	-	-	14,183	-	14,183
Long-term debt:					
Principal	-	-	-	595,000	595,000
Interest and fiscal charges	-	-	-	247,322	247,322
Total expenditures	<u>155,655</u>	<u>326,152</u>	<u>28,845</u>	<u>842,322</u>	<u>1,352,974</u>
Excess (deficiency) of revenues over (under) expenditures	(1,276)	3,286	6,661	(496,569)	(487,898)
Other financing sources (uses):					
Operating transfers in	-	-	-	553,954	553,954
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,276)	3,286	6,661	57,385	66,056
Fund balances beginning of year	<u>54,290</u>	<u>58,043</u>	<u>(606)</u>	<u>133,761</u>	<u>245,488</u>
Fund balances end of year	<u>53,014</u>	<u>61,329</u>	<u>6,055</u>	<u>191,146</u>	<u>311,544</u>

OGDEN COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

Assets	Capital Projects			Total
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	\$	\$	\$	
Cash and pooled investments	43,153	1,770,394	67,686	1,881,233
Receivables:				
Property tax:				
Delinquent	-	-	3,464	3,464
Succeeding year	-	-	354,409	354,409
Due from other governments	-	159,776	-	159,776
Total assets	43,153	1,930,170	425,559	2,398,882
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	-	203,616	-	203,616
Deferred revenue:				
Succeeding year property tax	-	-	354,409	354,409
Total liabilities	-	203,616	354,409	558,025
Fund balances:				
Restricted for:				
Debt service	-	301,088	-	301,088
School infrastructure	43,153	1,425,466	-	1,468,619
Physical plant and equipment	-	-	71,150	71,150
Total fund balances	43,153	1,726,554	71,150	1,840,857
Total liabilities and fund balances	43,153	1,930,170	425,559	2,398,882

OGDEN COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2012

	Capital Projects			Total
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	-	504,545	367,421	871,966
Other	47	40,620	28	40,695
State sources	-	-	167	167
Total revenues	<u>47</u>	<u>545,165</u>	<u>367,616</u>	<u>912,828</u>
Expenditures:				
Current:				
Support services:				
Operation and maintenance of plant	-	-	62,056	62,056
Transportation services	-	-	207,122	207,122
Other expenditures:				
Facilities acquisition	86,566	2,445,021	51,441	2,583,028
Total expenditures	<u>86,566</u>	<u>2,445,021</u>	<u>320,619</u>	<u>2,852,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(86,519)</u>	<u>(1,899,856)</u>	<u>46,997</u>	<u>(1,939,378)</u>
Other financing sources (uses):				
Sale of real property	-	-	1	1
Proceeds from long-term loans	-	-	183,300	183,300
Operating transfers out	-	(304,409)	(249,545)	(553,954)
Total other financing sources (uses)	<u>-</u>	<u>(304,409)</u>	<u>(66,244)</u>	<u>(370,653)</u>
Net change in fund balance	(86,519)	(2,204,265)	(19,247)	(2,310,031)
Fund balances beginning of year	<u>129,672</u>	<u>3,930,819</u>	<u>90,397</u>	<u>4,150,888</u>
Fund balance end of year	<u><u>43,153</u></u>	<u><u>1,726,554</u></u>	<u><u>71,150</u></u>	<u><u>1,840,857</u></u>

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Interest account	67	36	-	(103)	-
Annual - past	-	465	3,523	5,461	2,403
Annual - current	-	5,517	400	(5,117)	-
Activity tickets	-	14,160	4,335	(9,825)	-
Student council	3,440	8,627	7,463	(476)	4,128
Concessions	886	12,025	10,181	(2,730)	-
Art club	54	-	-	-	54
Drama	-	5,551	6,027	476	-
CMS club	2,082	330	2,146	2,458	2,724
International club	449	412	697	-	164
Boys "O" club	2,998	5,919	8,142	875	1,650
Girls "O" club	5,637	9,486	12,642	-	2,481
DC/NYC trip	19,915	127,012	129,973	1,602	18,556
Cheerleaders	253	2,013	2,613	347	-
Character education	34	-	-	-	34
Phoenix II club	80	-	272	272	80
Seniors	-	2,294	3,878	1,584	-
Juniors	2,915	5,397	5,500	(1,663)	1,149
Sophomores	1,251	2,860	2,008	(772)	1,331
Freshman	479	1,998	1,434	(479)	564
Boys basketball	692	10,712	7,875	(2,183)	1,346
Football	3,961	18,686	17,061	(2,717)	2,869
Baseball	-	17,221	11,437	(3,370)	2,414
Boys track	-	3,472	6,683	3,131	(80)
Boys/girls cross country	-	695	1,527	832	-
Boys/girls golf	-	808	1,248	440	-
Wrestling	-	5,382	5,788	406	-
Girls basketball	548	4,942	3,024	(2,271)	195
Volleyball	-	3,127	3,410	283	-
Girls track	-	2,965	2,260	(705)	-
Softball	1,090	14,246	10,798	(638)	3,900
Miscellaneous athletics	4,129	6,850	20,661	15,519	5,837
Middle school misc. athletics	-	5,488	7,271	3,872	2,089
Middle school athletic resale	-	870	98	(772)	-
Middle fundraising	2,160	25,786	18,986	(3,385)	5,575
Elementary fundraising	1,350	2,951	3,832	-	469
Orlando music trip	1,551	-	880	-	671
Spain trip	540	-	-	(540)	-
RSA club	887	173	791	-	269
English club	49	-	-	-	49
Athletic resale	-	118	118	-	-
Middle school annual	-	100	-	(100)	-
Middle school student council	479	509	580	-	408
Middle school concessions	67	235	590	288	-
Total	58,043	329,438	326,152	-	61,329

See accompanying independent auditor's report.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types
For the Last Nine Years

	Modified Accrual Basis								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
			\$	\$	\$	\$	\$	\$	\$
Revenues:									
Local sources:									
Local tax	4,819,602	4,600,341	4,298,936	3,724,784	3,420,954	3,462,969	3,159,100	3,068,526	2,940,760
Tuition	570,273	613,464	517,543	525,364	591,169	631,539	601,446	592,000	663,974
Other	588,732	702,207	523,916	558,748	639,445	761,285	585,767	554,301	574,949
Intermediate sources	-	-	-	4,100	-	-	-	-	-
State sources	3,454,426	3,361,391	2,914,496	3,459,209	3,424,108	3,377,645	3,398,630	3,150,578	2,705,023
Federal sources	351,527	315,600	525,742	226,529	140,196	144,518	133,928	124,041	115,011
Total revenues	<u>9,784,560</u>	<u>9,593,003</u>	<u>8,780,633</u>	<u>8,498,734</u>	<u>8,215,872</u>	<u>8,377,956</u>	<u>7,878,871</u>	<u>7,489,446</u>	<u>6,999,717</u>
Expenditures:									
Instruction:									
Regular	3,281,736	3,189,626	3,219,909	3,174,180	2,997,905	2,871,069	2,788,368	2,676,199	2,522,556
Special	840,823	819,529	819,316	827,996	780,523	732,927	691,607	947,610	859,634
Other	1,284,883	1,438,256	1,197,561	1,163,346	1,145,803	1,192,718	953,419	842,145	804,993
Support services:									
Student	136,099	135,890	127,297	158,562	177,496	167,385	164,512	220,374	356,962
Instructional staff	179,910	185,868	242,139	193,578	223,407	172,427	178,040	146,988	-
Administration	679,081	645,080	711,898	718,872	753,519	676,545	673,181	686,798	679,187
Operation and maintenance	750,425	656,255	722,610	741,325	736,196	671,385	674,148	632,183	669,586
Transportation	424,942	342,511	334,651	325,124	331,405	338,826	308,142	301,708	281,492
Non-instructional programs	-	32,415	24,839	36,464	23,196	27,429	54,806	42,912	27,265
Other expenditures:									
Facilities acquisition	2,597,211	586,836	351,769	1,591,511	490,629	272,948	176,549	1,688,930	307,686
Long-term debt:									
Principal	595,000	1,230,000	651,000	649,655	563,443	542,311	511,000	385,000	280,000
Interest and other charges	247,322	188,126	206,846	229,919	221,534	245,894	262,985	244,439	216,685
AEA flowthrough	242,102	271,535	261,003	239,624	229,281	225,505	218,628	210,629	200,134
Total expenditures	<u>11,259,534</u>	<u>9,721,927</u>	<u>8,870,838</u>	<u>10,050,156</u>	<u>8,674,337</u>	<u>8,137,369</u>	<u>7,655,385</u>	<u>9,025,915</u>	<u>7,206,180</u>

See accompanying independent auditor's report.

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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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 28, 2013. 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

The management of Ogden Community School district is responsible for establishing and maintaining effective 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 Responses, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

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 I of the accompanying Schedule of Findings and Responses as items 12-I-A, 12-I-B, and 12-I-C to be material weaknesses.

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 II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 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 Responses. 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, 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

January 28, 2013

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2012

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

12-I-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, processing payroll, 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.

12-I-B Check Signing: We noted that the District uses its computer software to print the signatures of the Board President and Board Secretary on checks, as the checks are printed by the computer. It is possible for one person to enter invoices or payroll data, issue the command to print checks and to receive the checks from the printer. 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 another person to cosign checks when the Board President is not available.

District Response: We will discuss methods to remain efficient, yet have adequate controls.

Conclusion: Response accepted.

12-I-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 Responses

June 30, 2012

Part I: Findings Related to the Financial Statements:

Conclusion: Response accepted.

Instances of non-compliance:

No matters were noted.

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

12-II-A Certified Budget: Expenditures for the year ended June 30, 2012, exceeded the certified budget amounts in the support services function.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

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

12-II-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.

12-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.

12-II-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.

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

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

12-II-H Supplementary Weighting: The District's ELL supplementary weighting for the October 2011 student count was understated by .66 because three students were not included in the calculation.

Recommendation: The District should review its procedures for entering ELL students into the software that is used to certify enrollment.

District Response: We will review how ELL students are set up in our software.

Conclusion: Response accepted.

12-II-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.

12-II-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 Responses

June 30, 2012

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

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

12-II-L Statewide Sales, Services and Use Tax: Sales tax monies may be used for school infrastructure, which includes construction, reconstruction, repair, purchasing or remodeling schools, stadiums, gyms, bus garages and the procurement of school construction sites and the making of site improvements. The sales tax money may also be used for items allowed from the physical plant and equipment property tax levy. Maintenance of buildings or equipment is not an allowable expenditure.

We noted that the District paid \$2,469 for a sound system inspection from sales tax monies; this does not appear to be an allowable expenditure.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from sales tax proceeds. The General Fund should reimburse the Capital Projects Fund for this expenditure.

District Response: We will monitor expenditures from the Capital Projects Fund and make the reimbursement.

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. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$	\$
		3,930,819
Revenues:		
Statewide sales, services and use tax revenue	504,545	
Interest	1,120	
Donations	39,500	545,165
	<u> </u>	
Expenditures/transfers out:		
School infrastructure construction	2,344,464	
Equipment	100,557	
Transfers to Debt Service Fund	304,409	2,749,430
	<u> </u>	<u> </u>
Ending balance		<u>1,726,554</u>

OGDEN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2012

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

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E of 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
	<u>\$</u>	<u>\$</u>
Debt service levy	.07854	17,500

12-II-M Public Education and Recreation Levy (PERL): The PERL property tax levy may be used to establish and maintain free public recreation areas, provide free public educational and recreational activities, and establish and supervise free community education programs.

We noted that the District was charging a fee for summer recreation programs that were funded with the PERL property tax levy.

Recommendation: The District should contact its attorney to determine if the District should be charging a fee for the summer recreation activities.

District Response: We will contact our attorney.

Conclusion: Response accepted.