

OGDEN COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Ogden Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Chet Hollingshead	President	2013
Sally Good	Vice President	2015
Tom Cleveland	Board Member	2015
Matt Van Sickle	Board Member	2015
Camille Sloan-Schroeder	Board Member	2013
(After September 2013 Election)		
Sally Good	President	2015
Matt Van Sickle	Vice President	2015
Tom Cleveland	Board Member	2015
Camille Sloan-Schroeder	Board Member	2017
Pete Bergstrom	Board Member	2017
School Officials		
Brad Jermeland	Superintendent	2014
Kris Van Pelt	Board Secretary	2014
Donnie Bloomberg	District Treasurer	2014
Ahlers & Cooney, P.C.	Attorney	2014

OGDEN COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Ogden Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Ogden Community School District at June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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 third paragraph of the report, the financial statements for the year ended June 30, 2013 (which are not presented herein) and expressed an unmodified opinion on those financial statements. Another auditor previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements. The 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2014 on our consideration of the Ogden Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering Ogden Community School District's internal control over financial reporting and compliance.


NOLTE, CORNMAN & JOHNSON, P.C.

December 15, 2014
Newton, Iowa

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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,441,389 in fiscal 2013 to \$6,744,769 in fiscal 2014, while General Fund expenditures decreased from \$6,928,569 in fiscal 2013 to \$6,735,551 in fiscal 2014. The District's General Fund balance increased from \$2,268,225 at June 30, 2013, to \$2,277,443 at June 30, 2014, a 0.41% increase.
- The fiscal year 2014 General Fund revenue decrease was attributable to a decrease in local sources. The decrease in expenditures was due to the decrease in support service expenditures.

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 Position and a Statement of Activities. These provide information about the activities of Ogden Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Ogden Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Ogden Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

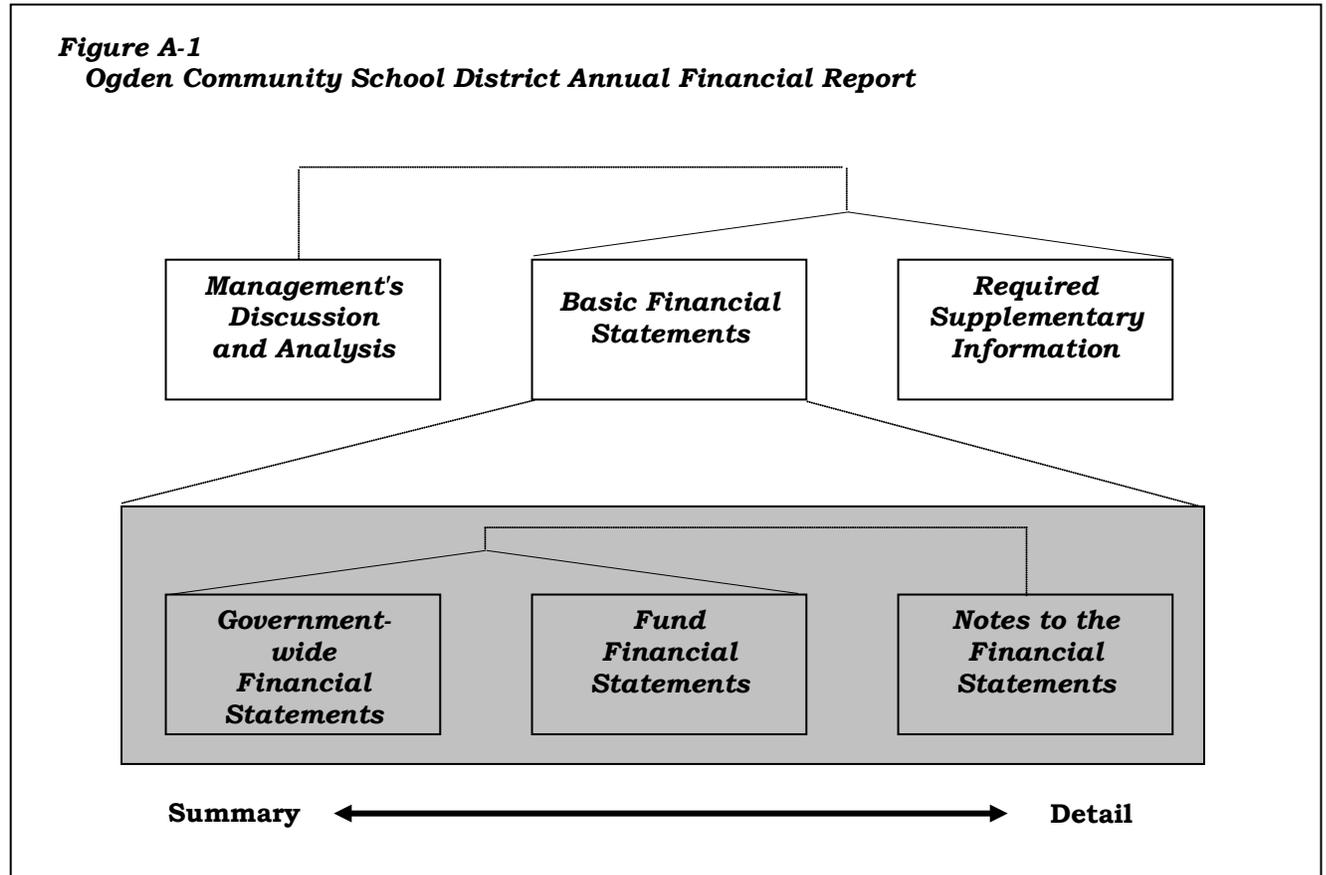


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • 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 position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is paid or received	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. 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 position and how they have changed. Net position is one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net position 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 the governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 8,924,079	8,879,549	26,688	10,312	8,950,767	8,889,861	0.69%
Capital assets	11,339,966	11,729,246	224,812	249,542	11,564,778	11,978,788	-3.46%
Total assets	20,264,045	20,608,795	251,500	259,854	20,515,545	20,868,649	-1.69%
Long-term obligations	6,402,950	7,158,699	2,460	2,172	6,405,410	7,160,871	-10.55%
Other liabilities	954,931	907,217	921	16,934	955,852	924,151	3.43%
Total liabilities	7,357,881	8,065,916	3,381	19,106	7,361,262	8,085,022	-8.95%
Deferred inflows of resources	3,263,754	3,562,973	-	-	3,263,754	3,562,973	-8.40%
Net position:							
Net investment in capital assets	5,443,265	5,082,291	224,812	249,542	5,668,077	5,331,833	6.31%
Restricted	2,500,960	2,266,217	-	-	2,500,960	2,266,217	10.36%
Unrestricted	1,698,185	1,631,398	23,307	(8,794)	1,721,492	1,622,604	6.09%
Total net position	\$ 9,642,410	8,979,906	248,119	240,748	9,890,529	9,220,654	7.26%

The District's combined net position increased by 7.26%, or \$669,875, from the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, intangibles, 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 position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$234,743, or 10.36% from the prior year. This was the result of an increase in fund balance of the Capital Projects Fund during the year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$98,888, or 6.09%. This increase in unrestricted net position was a result of the District's increase in the General Fund carryover balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to June 30, 2013.

Figure A-4							
Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 1,022,754	984,868	191,735	177,173	1,214,489	1,162,041	4.51%
Operating grants, contributions and restricted interest	582,025	619,667	133,426	120,145	715,451	739,812	-3.29%
Capital grants, contributions and restricted interest	25,000	76,470	-	-	25,000	76,470	-67.31%
General revenues:							
Property tax	3,571,281	3,927,702	-	-	3,571,281	3,927,702	-9.07%
Income surtax	247,071	245,282	-	-	247,071	245,282	0.73%
Statewide sales, services and use tax	535,032	549,848	-	-	535,032	549,848	-2.69%
Unrestricted state grants	2,903,520	3,038,540	-	-	2,903,520	3,038,540	-4.44%
Unrestricted investment earnings	2,026	1,678	7	4	2,033	1,682	20.87%
Other	24,541	28,502	4,875	-	29,416	28,502	3.21%
Total revenues	8,913,250	9,472,557	330,043	297,322	9,243,293	9,769,879	-5.39%
Program expenses:							
Governmental activities:							
Instruction	5,201,603	5,305,793	-	-	5,201,603	5,305,793	-1.96%
Support services	2,188,942	2,223,795	-	-	2,188,942	2,223,795	-1.57%
Non-instructional programs	7,748	7,398	323,449	331,912	331,197	339,310	-2.39%
Other expenses	851,676	839,598	-	-	851,676	839,598	1.44%
Total expenses	8,249,969	8,376,584	323,449	331,912	8,573,418	8,708,496	-1.55%
Excess(Deficiency) in revenues over (under) expenses	663,281	1,095,973	6,594	(34,590)	669,875	1,061,383	-36.89%
Transfers	(777)	-	777	-	-	-	0.00%
Change in net position	662,504	1,095,973	7,371	(34,590)	669,875	1,061,383	-36.89%
Net position beginning of year	8,979,906	7,883,933	240,748	275,338	9,220,654	8,159,271	13.01%
Net position end of year	\$ 9,642,410	8,979,906	248,119	240,748	9,890,529	9,220,654	7.26%

In fiscal 2014, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 81.42% of the revenue from governmental activities while charges for services and operating grants and contributions account for 98.52% of the revenue from business type activities.

The District's total revenues were approximately \$9.24 million of which approximately \$8.91 million was for governmental activities and approximately \$0.33 million was for business type activities.

As shown in FigureA-4, the District as a whole experienced a 5.39% decrease in revenues and a 1.55% decrease in expenses. The decrease in revenues was primarily due to a decrease in property tax revenues received, while expenditures decreased primarily due to decreases in salaries and benefits paid to employees compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$8,913,250 and expenses were \$8,249,969.

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, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 5,201,603	5,305,793	-1.96%	3,842,810	3,953,258	-2.79%
Support services	2,188,942	2,223,795	-1.57%	2,162,408	2,136,207	1.23%
Non-instructional programs	7,748	7,398	100.00%	7,748	7,398	4.73%
Other expenses	851,676	839,598	1.44%	607,224	598,716	1.42%
Totals	\$ 8,249,969	8,376,584	-1.51%	6,620,190	6,695,579	-1.13%

- The cost financed by users of the District's programs was \$1,022,754.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$607,025.
- The net cost of governmental activities was financed with \$3,571,281 in property tax, \$247,071 in income surtax, \$535,032 in statewide sales, services and use tax, \$2,903,520 in unrestricted state grants, \$2,026 in interest income and \$24,541 in other general revenues.

Business-Type Activities

Revenues of the District's business type activities were \$330,403 and expenses were \$323,449. 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, the 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 combined fund balance of \$4,513,238, which is more than last year's ending fund balances of \$4,158,657. This increase is primarily a result of an increase in the District's management fund levy.

Governmental Fund Highlights

- The General Fund balance increased from \$2,268,225 at June 30, 2013 to \$2,277,443 at June 30, 2014, due in part to the decrease in support service expenditures during fiscal 2014.
- The Management Levy Fund balance increased from \$203,113 at June 30, 2013, to \$503,231 at June 30, 2014, due in part to the increase local source revenues received in fiscal 2014 compared to fiscal 2013.

-
- The Capital Projects Fund balance increased from \$1,387,778 at June 30, 2013, to \$1,430,563 at June 30, 2014. This was due to a decrease in capital outlay expenditures compared to the prior year while revenues remained constant from fiscal 2013 to fiscal 2014.
 - The Debt Service Fund balance increased from \$201,700 at June 30, 2013, to \$209,746 at June 30, 2014. While local tax revenues decreased compared to the prior year, transfers in from other funds increased outpacing principal and interest expenditures during the year leading to an increase in fund balance for the Debt Service Fund.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$240,748 at June 30, 2013 to \$248,119 at June 30, 2014, representing an increase of 3.06%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ogden Community School District amended its budget one time to reflect additional support service expenditures incurred during the year.

The District's revenues were \$188,825 more than budgeted revenues, a variance of 2.08%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

In spite of the District budgetary practice, the certified budget was exceeded in the instruction and non-instructional programs functional areas.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$11.56 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 3.58% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$575,699.

The original cost of the District's capital assets was \$18.61 million. Governmental funds account for \$18.27 million with the remainder of \$0.34 million in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$202,229 at June 30, 2014, compared to \$175,447 reported at June 30, 2013. This increase resulted from the District incurring architect fees on its high school roof and athletic field projects which will begin construction during fiscal 2015.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 83,700	83,700	-	-	83,700	83,700	0.00%
Construction in progress	202,229	175,447	-	-	202,229	175,447	13.24%
Buildings	10,165,840	10,552,335	-	-	10,165,840	10,552,335	-3.80%
Land improvements	420,735	450,830	-	-	420,735	450,830	-7.15%
Machinery and equipment	467,462	466,934	224,812	249,542	692,274	716,476	-3.50%
Total	\$ 11,339,966	11,729,246	224,812	249,542	11,564,778	11,978,788	-3.58%

Long-Term Debt

At June 30, 2014, the District had \$6,379,574 in general obligation and other long-term debt outstanding. This represents a decrease of 10.91% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding General Obligation Bond indebtedness at June 30, 2014 of \$1,290,000 payable from Debt Service Fund.

The District had total outstanding Revenue Bond indebtedness at June 30, 2014 of \$3,520,000 payable from the Capital Projects: Statewide, Sales, Services and Use Tax Fund.

The District had total outstanding capital loan notes payable at June 30, 2014 of \$885,000 payable from the Capital Projects: Property Plant and Equipment Levy Fund.

The District had total outstanding bus loan payable at June 30, 2014 of \$113,482 payable from the Capital Projects: Property Plant and Equipment Levy Fund.

The District had total outstanding Lighting Lease indebtedness at June 30, 2014 of \$88,219 payable from the Capital Projects: Statewide, Sales, Services and Use Tax Fund.

The District had total outstanding Termination Benefits payable from the Special Revenue, Management Levy Fund of \$170,561 at June 30, 2014.

The District had total outstanding Compensated Absences payable from the General Fund of \$34,501 at June 30, 2014.

The District had outstanding Net OPEB liability at June 30, 2014 of \$303,647. The Governmental Activities accounted for \$301,187 of the total while the Business Type Activities accounted for \$2,460.

Figure A-7							
Outstanding Long-Term Obligations							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
General Obligation Bonds	\$ 1,290,000	1,640,000	-	-	1,290,000	1,640,000	-21.34%
Revenue Bonds	3,520,000	3,670,000	-	-	3,520,000	3,670,000	-4.09%
Capital Loan Notes	885,000	1,105,000	-	-	885,000	1,105,000	-19.91%
Bus Loan	113,482	146,640	-	-	113,482	146,640	-22.61%
Lighting Lease	88,219	96,786	-	-	88,219	96,786	-8.85%
Termination Benefits	170,561	200,186	-	-	170,561	200,186	-14.80%
Compensated Absences	34,501	34,148	-	-	34,501	34,148	1.03%
Net OPEB liability	301,187	265,939	2,460	2,172	303,647	268,111	13.25%
Totals	\$ 6,402,950	7,158,699	2,460	2,172	6,405,410	7,160,871	-10.55%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- Low state supplemental aid over several years and anticipated decline in student enrollment in the near future may negatively impact the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget. The District's cash balance will support short term funding shortfalls from the state.
- The District recognizes that the restricted fund balance for categorical funding has a significant impact on the District's unspent balance. The District is continually exploring ways to reduce recurring expenditures in fiscal 2015 and succeeding budget years.
- The District continues to monitor the condition of its transportation vehicles and will utilize the one-cent sales tax fund or the physical plant and levy fund to make vehicle purchases. The District will continue making roof improvements to existing buildings over the next five years and continues with the final phase of the high school athletic facility. Additionally, the District will be addressing improvements to parking lots, sidewalks and driveways for all District sites.

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, Board Secretary, Ogden Community School District, 732 W Division St, Ogden, Iowa, 50212.

Basic Financial Statements

OGDEN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 5,086,979	8,929	5,095,908
Receivables:			
Property tax:			
Delinquent	34,983	-	34,983
Succeeding year	3,263,754	-	3,263,754
Income surtax	220,128	-	220,128
Accounts	1,961	2,117	4,078
Inventories	-	15,642	15,642
Due from other governments	316,274	-	316,274
Capital assets, net of accumulated depreciation	11,339,966	224,812	11,564,778
TOTAL ASSETS	20,264,045	251,500	20,515,545
LIABILITIES			
Accounts payable	193,654	921	194,575
Salaries and benefits payable	692,246	-	692,246
Accrued interest payable	69,031	-	69,031
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	320,000	-	320,000
Revenue bonds payable	170,000	-	170,000
Capital loan notes payable	220,000	-	220,000
Lighting lease payable	9,046	-	9,046
Bus loan payable	34,697	-	34,697
Termination benefits payable	42,042	-	42,042
Compensated absences payable	34,501	-	34,501
Portion due after one year:			
General obligation bonds payable	970,000	-	970,000
Revenue bonds payable	3,350,000	-	3,350,000
Capital loan notes payable	665,000	-	665,000
Lighting lease payable	79,173	-	79,173
Bus loan payable	78,785	-	78,785
Termination benefits payable	128,519	-	128,519
Net OPEB liability	301,187	2,460	303,647
TOTAL LIABILITIES	7,357,881	3,381	7,361,262
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	3,263,754	-	3,263,754
NET POSITION			
Net investment in capital assets	5,443,265	224,812	5,668,077
Restricted for:			
Categorical funding	501,533	-	501,533
Debt service	441,803	-	441,803
Management levy purposes	332,670	-	332,670
School infrastructure	1,008,460	-	1,008,460
Physical plant and equipment	121,015	-	121,015
Student activities	84,625	-	84,625
Public education and recreation levy	10,854	-	10,854
Unrestricted	1,698,185	23,307	1,721,492
TOTAL NET POSITION	\$ 9,642,410	248,119	9,890,529

SEE NOTES TO FINANCIAL STATEMENTS.

**OGDEN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,993,725	637,019	90,333	-	(2,266,373)	-	(2,266,373)
Special	950,703	71,388	78,020	-	(801,295)	-	(801,295)
Other	1,257,175	314,347	167,686	-	(775,142)	-	(775,142)
	<u>5,201,603</u>	<u>1,022,754</u>	<u>336,039</u>	<u>-</u>	<u>(3,842,810)</u>	<u>-</u>	<u>(3,842,810)</u>
Support services:							
Student	164,899	-	-	-	(164,899)	-	(164,899)
Instructional staff	162,315	-	-	-	(162,315)	-	(162,315)
Administration	778,081	-	-	-	(778,081)	-	(778,081)
Operation and maintenance of plant	821,310	-	-	25,000	(796,310)	-	(796,310)
Transportation	262,337	-	1,534	-	(260,803)	-	(260,803)
	<u>2,188,942</u>	<u>-</u>	<u>1,534</u>	<u>25,000</u>	<u>(2,162,408)</u>	<u>-</u>	<u>(2,162,408)</u>
Non-instructional programs:							
Community service operations	7,748	-	-	-	(7,748)	-	(7,748)
Long-term debt interest	160,262	-	-	-	(160,262)	-	(160,262)
Other expenditures:							
AEA flowthrough	244,452	-	244,452	-	-	-	-
Depreciation(unallocated)*	446,962	-	-	-	(446,962)	-	(446,962)
	<u>691,414</u>	<u>-</u>	<u>244,452</u>	<u>-</u>	<u>(446,962)</u>	<u>-</u>	<u>(446,962)</u>
Total governmental activities	<u>8,249,969</u>	<u>1,022,754</u>	<u>582,025</u>	<u>25,000</u>	<u>(6,620,190)</u>	<u>-</u>	<u>(6,620,190)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	323,449	191,735	133,426	-	-	1,712	1,712
Total business type activities	<u>323,449</u>	<u>191,735</u>	<u>133,426</u>	<u>-</u>	<u>-</u>	<u>1,712</u>	<u>1,712</u>
Total	<u>\$ 8,573,418</u>	<u>1,214,489</u>	<u>715,451</u>	<u>25,000</u>	<u>(6,620,190)</u>	<u>1,712</u>	<u>(6,618,478)</u>
General Revenues and Transfers:							
Property tax levied for:							
General purposes					\$ 2,845,944	-	2,845,944
Capital outlay					374,341	-	374,341
Debt service					350,996	-	350,996
Income surtax					247,071	-	247,071
Statewide sales, services and use tax					535,032	-	535,032
Unrestricted state grants					2,903,520	-	2,903,520
Unrestricted investment earnings					2,026	7	2,033
Other general revenues					24,541	4,875	29,416
Transfers					(777)	777	-
Total general revenues and transfers					<u>7,282,694</u>	<u>5,659</u>	<u>7,288,353</u>
Change in net position					662,504	7,371	669,875
Net position beginning of year					<u>8,979,906</u>	<u>240,748</u>	<u>9,220,654</u>
Net position end of year					<u>\$ 9,642,410</u>	<u>248,119</u>	<u>9,890,529</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Management Levy	Capital Projects	Debt Service	Nonmajor	Total
ASSETS						
Cash and pooled investments	\$ 3,015,847	499,369	1,224,818	206,308	99,578	5,045,920
Receivables:						
Property tax						
Delinquent	22,672	4,909	3,667	3,438	297	34,983
Succeeding year	2,026,454	500,000	378,780	327,900	30,620	3,263,754
Income surtax	220,128	-	-	-	-	220,128
Accounts	1,655	-	-	-	306	1,961
Due from other governments	90,775	-	225,499	-	-	316,274
TOTAL ASSETS	\$ 5,377,531	1,004,278	1,832,764	537,646	130,801	8,883,020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 161,260	1,047	23,421	-	7,926	193,654
Salaries and benefits payable	692,246	-	-	-	-	692,246
Total liabilities	853,506	1,047	23,421	-	7,926	885,900
Deferred inflows or resources:						
Unavailable revenues:						
Succeeding year property tax	2,026,454	500,000	378,780	327,900	30,620	3,263,754
Income surtax	220,128	-	-	-	-	220,128
Total deferred inflows of resources	2,246,582	500,000	378,780	327,900	30,620	3,483,882
Fund balances:						
Restricted for:						
Categorical funding	501,533	-	-	-	-	501,533
Debt service	-	-	301,088	209,746	-	510,834
Management levy	-	503,231	-	-	-	503,231
School infrastructure	-	-	1,008,460	-	-	1,008,460
Physical plant and equipment	-	-	121,015	-	-	121,015
Student activities	-	-	-	-	84,625	84,625
Public education and recreation levy	-	-	-	-	10,854	10,854
Assigned	13,343	-	-	-	-	13,343
Unassigned:						
General	1,762,567	-	-	-	-	1,762,567
Student activities	-	-	-	-	(3,224)	(3,224)
Total fund balances	2,277,443	503,231	1,430,563	209,746	92,255	4,513,238
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 5,377,531	1,004,278	1,832,764	537,646	130,801	8,883,020

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances of governmental funds(page 20)	\$	4,513,238
 <i>Amounts reported for governmental activities in the Statement of Net Position 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.		11,339,966
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.		(69,031)
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		41,059
Other long-term assets are not available to pay current year expenditures and therefore, are recognized as deferred inflows of resources in the governmental funds.		220,128
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, capital loan notes payable, lighting lease payable, bus loan payable, termination benefits payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(6,402,950)
Net position of governmental activities(page 18)	\$	<u><u>9,642,410</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	General	Management Levy	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:						
Local sources:						
Local tax	\$ 2,566,217	501,167	374,341	350,996	30,260	3,822,981
Tuition	654,110	-	-	-	-	654,110
Other	135,924	12,126	26,349	337	343,434	518,170
State sources	3,234,642	226	535,201	158	14	3,770,241
Federal sources	152,377	-	-	-	-	152,377
Total revenues	6,743,270	513,519	935,891	351,491	373,708	8,917,879
EXPENDITURES:						
Current:						
Instruction:						
Regular	2,896,879	136,050	-	-	-	3,032,929
Special	914,766	-	-	-	-	914,766
Other	870,152	-	-	-	347,181	1,217,333
	4,681,797	136,050	-	-	347,181	5,165,028
Support services:						
Student	134,412	-	-	-	-	134,412
Instructional staff	162,394	-	-	-	-	162,394
Administration	630,771	-	1,979	-	-	632,750
Operation and maintenance of plant	690,990	64,283	27,765	-	24,365	807,403
Transportation	190,735	13,068	14,440	-	-	218,243
	1,809,302	77,351	44,184	-	24,365	1,955,202
Non-instructional programs:						
Community service operations	-	-	-	-	7,748	7,748
Capital outlay						
	-	-	266,892	-	-	266,892
Long-term debt:						
Principal	-	-	-	761,725	-	761,725
Interest and fiscal charges	-	-	-	163,750	-	163,750
	-	-	-	925,475	-	925,475
Other expenditures:						
AEA flowthrough	244,452	-	-	-	-	244,452
Total expenditures	6,735,551	213,401	311,076	925,475	379,294	8,564,797
Excess(Deficiency) of revenues over(under) expenditures	7,719	300,118	624,815	(573,984)	(5,586)	353,082
Other financing sources(uses):						
Transfer in	-	-	-	582,030	-	582,030
Transfer out	-	-	(582,030)	-	-	(582,030)
Sale of equipment	1,499	-	-	-	-	1,499
Total other financing sources(uses)	1,499	-	(582,030)	582,030	-	1,499
Change in fund balances	9,218	300,118	42,785	8,046	(5,586)	354,581
Fund balances beginning of year	2,268,225	203,113	1,387,778	201,700	97,841	4,158,657
Fund balances end of year	\$ 2,277,443	503,231	1,430,563	209,746	92,255	4,513,238

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2014

Change in fund balances - total governmental funds(page 22)	\$	354,581
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
<p>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. Depreciation expense exceeded capital outlay expenditures in the current year as follows:</p>		
Capital outlay	\$ 160,912	
Depreciation expense	<u>(550,192)</u>	(389,280)
<p>Income surtax accounts receivable is not available to finance expenditures of the current year period and is recognized as deferred inflows of resources in the governmental funds.</p>		
		(4,629)
<p>Repayments of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		761,725
<p>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.</p>		
		3,488
<p>Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis.</p>		
		(57,405)
<p>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.</p>		
Termination benefits	29,625	
Compensated absences	(353)	
Other postemployment benefits	<u>(35,248)</u>	<u>(5,976)</u>
Change in net position of governmental activities(page 19)	\$	<u><u>662,504</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
<u>ASSETS</u>		
Current assets:		
Cash and pooled investments	\$ 8,929	41,059
Accounts receivable	2,117	-
Inventories	15,642	-
Total current assets	<u>26,688</u>	<u>41,059</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	224,812	-
TOTAL ASSETS	<u>251,500</u>	<u>41,059</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	921	-
Noncurrent liabilities:		
Net OPEB liability	2,460	-
TOTAL LIABILITIES	<u>3,381</u>	<u>-</u>
<u>NET POSITION</u>		
Net investment in capital assets	224,812	-
Unrestricted	23,307	41,059
Total net position	<u>\$ 248,119</u>	<u>41,059</u>

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014

	Business Type Activities: Enterprise Fund	Governmental Activities: Internal Service Fund
	School Nutrition	Health Reimbursement Arrangements
OPERATING REVENUE:		
Local sources:		
Charges for service	\$ 191,735	-
Contributions	200	-
Miscellaneous	4,875	53,749
Total operating revenues	<u>196,810</u>	<u>53,749</u>
OPERATING EXPENSES:		
Non-instructional programs:		
Food service operations:		
Salaries	107,970	-
Benefits	30,681	-
Services	2,610	-
Supplies	156,681	-
Depreciation	25,507	-
	<u>323,449</u>	<u>-</u>
Other enterprise operations:		
Benefits	-	111,154
Total non-instructional programs	<u>323,449</u>	<u>-</u>
Total operating expenses	<u>323,449</u>	<u>111,154</u>
OPERATING LOSS	<u>(126,639)</u>	<u>(57,405)</u>
NON-OPERATING REVENUES:		
State sources	2,879	-
Federal sources	130,347	-
Interest on investments	7	-
Total non-operating revenues	<u>133,233</u>	<u>-</u>
Change in net position before capital contributions	6,594	(57,405)
Capital contributions	<u>777</u>	<u>-</u>
Change in net position	7,371	(57,405)
Net position beginning of year	<u>240,748</u>	<u>98,464</u>
Net position end of year	<u>\$ 248,119</u>	<u>41,059</u>

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014

	Business Type Activities: Enterprise Fund	Governmental Activities: Internal Service Fund
	School Nutrition	Health Reimbursement Arrangements
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 189,326	-
Cash received from miscellaneous sources	4,875	53,749
Cash payments to employees for services	(138,363)	(111,154)
Cash payments to suppliers for goods or services	(142,259)	-
Net cash used in operating activities	<u>(86,421)</u>	<u>(57,405)</u>
Cash flows from non-capital financing activities:		
Repayments to General Fund	(16,442)	-
State grants received	2,879	-
Federal grants received	106,243	-
Net cash provided by non-capital financing activities	<u>92,680</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>7</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	6,266	(57,405)
Cash and cash equivalents at beginning of year	<u>2,663</u>	<u>98,464</u>
Cash and cash equivalents at end of year	<u>\$ 8,929</u>	<u>41,059</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (126,639)	(57,405)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities used	24,104	-
Depreciation	25,507	-
Increase in inventories	(7,993)	-
Increase in accounts receivable	(2,117)	-
Increase in accounts payable	921	-
Decrease in unearned revenue	(492)	-
Increase in other postemployment benefits	288	-
Net cash used in operating activities	<u>\$ (86,421)</u>	<u>(57,405)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at \$24,104.

During the year ended June 30, 2014, the Nutrition Fund received capital contributions from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$777.

SEE NOTES TO FINANCIAL STATEMENTS.

OGDEN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

The Ogden Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Ogden, Iowa, and the predominate agricultural territory in 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 Government 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 District has no component units which 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 do 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 Boone County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position 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 Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position that does not meet the definition of the preceding categories. Unrestricted net position is often subject to constraints 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 that are 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 other 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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Management Fund levy is utilized to account for the revenues and expenses of unemployment benefits, early retirement benefits, and insurance agreements relating to such liabilities.

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

The District also reports the following nonmajor proprietary funds:

The School Nutrition Fund is used to account for the food service operations of the District.

The Internal Service, Health Service Arrangements Fund is used to account for the flexible health and childcare benefits program offered by the District. The Internal Service Fund is charged back to the Governmental funds and shown combined in the Statement of Net Position and the Statement of Activities.

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 revenues are considered to be measurable and available only when cash is received by the District.

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

Under 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 position 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.

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, Deferred Inflows of Resources and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balance 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, they have a maturity date no longer than three months.

Property Tax Receivable - Property taxes in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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

Inventories - Inventories are valued at a 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, machinery, equipment, and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25-50 years
Land improvements	20 years
Intangibles	3-10 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August have been accrued as liabilities.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or 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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be primarily paid 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 Position.

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

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

Fund Balances - 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 are not available for appropriation but are set aside for a specific purposes by the District's Board of Directors.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the instructional and non-instructional programs functional areas.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2014 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, 2014, the District had no investments.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	314,797
Debt Service	Capital Projects: Physical Plant and Equipment Levy	267,233
Total		<u>\$ 582,030</u>

Of the transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund Fund to the Debt Service Fund \$300,821 was needed to pay principal and interest payments on the District's revenue bonded indebtedness. The remaining \$13,976 of the transfer was needed for principal and interest payments on the District's lighting lease indebtedness.

Of the transfer from the Capital Projects: Physical, Plant and Equipment Levy Fund to the Debt Service Fund, \$40,162 was needed for principal and interest payments on the District's bus loan indebtedness. The remaining \$227,071 was needed for principal and interest payments on the District's capital loan note indebtedness.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 83,700	-	-	83,700
Construction in progress	175,447	26,782	-	202,229
Total capital assets not being depreciated	<u>259,147</u>	<u>26,782</u>	<u>-</u>	<u>285,929</u>
Capital assets being depreciated:				
Buildings	14,895,013	22,352	-	14,917,365
Land improvements	1,044,830	8,020	-	1,052,850
Machinery and equipment	1,930,102	103,758	22,651	2,011,209
Total capital assets being depreciated	<u>17,869,945</u>	<u>134,130</u>	<u>22,651</u>	<u>17,981,424</u>
Less accumulated depreciation for:				
Buildings	4,342,678	408,847	-	4,751,525
Land improvements	594,000	38,115	-	632,115
Machinery and equipment	1,463,168	103,230	22,651	1,543,747
Total accumulated depreciation	<u>6,399,846</u>	<u>550,192</u>	<u>22,651</u>	<u>6,927,387</u>
Total capital assets being depreciated, net	<u>11,470,099</u>	<u>(416,062)</u>	<u>-</u>	<u>11,054,037</u>
Governmental activities capital assets, net	<u>\$ 11,729,246</u>	<u>(389,280)</u>	<u>-</u>	<u>11,339,966</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 343,374	777	-	344,151
Less accumulated depreciation	93,832	25,507	-	119,339
Business type activities capital assets, net	<u>\$ 249,542</u>	<u>(24,730)</u>	<u>-</u>	<u>224,812</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 13,966
Special		3,574
Other		9,515
Support services:		
Support staff		26,175
Administration		1,278
Operation and maintenance of plant		5,142
Transportation		43,580
		<u>103,230</u>
Unallocated depreciation		<u>446,962</u>
Total governmental activities depreciation expense		<u>\$ 550,192</u>
Business type activities:		
Food service operations		<u>\$ 25,507</u>

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014, are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 1,640,000	-	350,000	1,290,000	320,000
Revenue Bonds	3,670,000	-	150,000	3,520,000	170,000
Capital Loan Notes	1,105,000	-	220,000	885,000	220,000
Lighting Lease	96,786	-	8,567	88,219	9,046
Bus Loan	146,640	-	33,158	113,482	34,697
Termination Benefits	200,186	-	29,625	170,561	42,042
Compensated Absences	34,148	34,501	34,148	34,501	34,501
Net OPEB Liability	265,939	35,248	-	301,187	-
Total	<u>\$ 7,158,699</u>	<u>69,749</u>	<u>825,498</u>	<u>6,402,950</u>	<u>830,286</u>
<u>Business Type Activities:</u>					
Net OPEB Liability	\$ 2,172	288	-	2,460	-

General Obligation Bonds

Details of the Districts June 30, 2014 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Refunding Bond Issue Dated April 29, 2013			
	Rate	Principal	Interest	Total
2015	0.45 %	\$ 320,000	8,400	328,400
2016	0.55	320,000	6,960	326,960
2017	0.70	325,000	5,200	330,200
2018	0.90	325,000	2,925	327,925
Total		<u>\$ 1,290,000</u>	<u>23,485</u>	<u>1,313,485</u>

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue Dated April 1, 2011			
	Rate	Principal	Interest	Total
2015	3.00 %	\$ 170,000	128,087	298,087
2016	3.00	175,000	122,988	297,988
2017	3.00	180,000	117,737	297,737
2018	3.00	185,000	112,338	297,338
2019	3.00	190,000	106,787	296,787
2020-2024	3.13-3.75	1,060,000	437,007	1,497,007
2025-2029	3.88-4.25	1,275,000	222,987	1,497,987
2030	4.25	285,000	12,112	297,112
Total		<u>\$ 3,520,000</u>	<u>1,260,043</u>	<u>4,780,043</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 financing school renovations. The bonds are payable solely from the proceeds of 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 limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 56% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$4,780,043. For the current year, \$150,000 of principal and \$132,588 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$535,032.

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

- a) \$301,088 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account. This reserve account is included as part of the Statewide Sales, Services and Use Tax Fund.
- b) Monthly transfers from the statewide sales, services and use tax shall be placed in the revenue account.

- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfers to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Loan Notes

Details of the District's June 30, 2014 capital loan note indebtedness that will be paid from the Capital Projects: Physical Plant and Equipment Levy Fund are as follows:

Year Ending June 30,	Refunding Capital Loan Note Issue Dated April 29, 2013				
	Rate	Principal	Interest	Total	
2015	0.45 %	\$ 220,000	5,765	225,765	
2016	0.55	220,000	4,775	224,775	
2017	0.70	220,000	3,565	223,565	
2018	0.90	225,000	2,025	227,025	
Total		\$ 885,000	16,130	901,130	

Bus Loan

Details of the District's June 30, 2014 bus loan indebtedness that will be paid from the Capital Projects: Physical Plant and Equipment Levy are as follows:

Year Ending June 30,	Bus Loan Dated April 29, 2013				
	Rate	Principal	Interest	Total	
2015	4.75 %	\$ 34,697	3,926	38,623	
2016	4.75	38,722	3,275	41,997	
2017	4.75	40,063	1,935	41,998	
Total		\$ 113,482	9,136	122,618	

Lighting Lease

During the year ended June 30, 2013, the District entered into a lease purchase agreement for the purchase of lighting equipment. The lease bears an annual interest rate of 5.45% and is payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund. Details of the District's indebtedness under the lease agreement as of June 30, 2014 are as follows.

Year Ending June 30,	Lighting Lease Dated June 8, 2012				
	Rate	Principal	Interest	Total	
2015	5.45 %	\$ 9,046	4,930	13,976	
2016	5.45	9,551	4,424	13,975	
2017	5.45	10,085	3,891	13,976	
2018	5.45	10,649	3,327	13,976	
2019	5.45	11,244	2,732	13,976	
2020-2022	5.45	37,644	4,283	41,927	
Total		\$ 88,219	23,587	111,806	

Termination Benefits

In January 2013, the District approved a voluntary early retirement for employees. The plan was only offered to employees for one year. Eligible employees must be at least age fifty-seven by the date of retirement and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible licensed employee is equal to 20% of the employee's base salary on the last day of employment. The early retirement benefit for each eligible certified employee is equal to 20% of the employee's regular wages during the employees last year of employment. Payments to retirees will be made on July 20th and January 20th, of the succeeding fiscal year. Early retirees who received health and dental insurance in the school year preceding retirement can elect for the District to pay up to \$500 per month toward the employee's continuation on the District's health insurance plan. Employees may elect to continue dental and vision insurance at their own expense.

At June 30, 2014, the District has obligations to six participants with a total liability of \$170,561. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$29,625. The cost of early retirement payments expected to be paid are recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

Note 6. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 51 active members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through 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, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 42,181
Interest on net OPEB obligation	6,703
Adjustment to annual required contribution	(13,348)
Annual OPEB cost	<u>35,536</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	35,536
Net OPEB obligation beginning of year	<u>268,111</u>
Net OPEB obligation end of year	<u>\$ 303,647</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, 2014.

For the year ended June 30, 2014, the District contributed \$0 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 83,877	5.00 %	\$ 221,968
2013	46,143	0.00	268,111
2014	35,536	0.00	303,647

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$367,055 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$367,055. The covered payroll (annual payroll of active employees covered by the plan) was \$2,646,127, and the ratio of the UAAL to covered payroll was 13.9%. As of June 30, 2014, 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, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table, Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

Projected claim costs of the medical plan are \$589 for single family plans and \$1,472 for Family plans. The salary increase is assumed to be The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual salary and the District is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$368,441, \$374,768 and \$350,493, respectively, equal to the required contributions for each year.

Note 8. Risk Management

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

Note 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 \$244,452 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

The District's restricted balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Limited english proficiency weighting	\$ 33,103
Home school assistance program	63,214
At-risk supplemental weighting	77,405
Gifted and talented	122,851
Dropout and dropout prevention	62,559
Beginning teacher mentoring and induction	21
Teacher salary supplement	15,770
Successful progression for early readers	16,675
Professional development for model core curriculum	51,973
Professional development	53,203
Teacher leadership grants	4,759
Total	<u><u>\$ 501,533</u></u>

Note 11. Construction Commitments

As of June 30, 2014, the District has not entered into any construction contracts. However, at June 30, 2014, the District has architectural fees as construction in progress for upgrades to the District's athletic complexes. This project is expected to be completed in fiscal 2015. Once completed, the costs of the projects will be added to the District's capital asset listing.

Note 12. Deficit Unassigned Fund Balance

At June 30, 2014, the District had one account in the Student Activity Fund with a deficit unassigned balance of \$3,224.

Note 13. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2014, expenditures in the instructional and non-instructional programs functional areas exceeded the amounts budgeted.

Note 14. Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is the following:

	Invested in Capital Assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	503,231	510,834	1,762,567
Invested in capital assets, net of accumulated depreciation	11,339,966	-	-	-
General obligation bond capitalized indebtedness	(1,290,000)	-	-	-
Revenue bond capitalized indebtedness	(3,520,000)	-	-	-
Capital loan note capitalized indebtedness	(885,000)	-	-	-
Lighting lease capitalized indebtedness	(88,219)	-	-	-
Bus loan capitalized indebtedness	(113,482)	-	-	-
Termination benefits	-	(170,561)	-	-
Accrued interest payable	-	-	(69,031)	-
Income Surtax	-	-	-	220,128
Assigned fund balance	-	-	-	13,343
Unassigned student activities	-	-	-	(3,224)
Internal service fund	-	-	-	41,059
Compensated absences	-	-	-	(8,665)
Net OPEB liability	-	-	-	(301,187)
Net position (Exhibit A)	<u>\$ 5,443,265</u>	<u>332,670</u>	<u>441,803</u>	<u>1,724,021</u>

Note 15. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68 Accounting and Financial Reporting for Pensions - an Amendment to GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

OGDEN COMMUNITY SCHOOL DISTRICT

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, 2014

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 4,995,261	196,817	5,192,078	5,622,565	5,622,565	(430,487)
State sources	3,770,241	2,879	3,773,120	3,108,261	3,108,261	664,859
Federal sources	152,377	130,347	282,724	328,271	328,271	(45,547)
Total revenues	8,917,879	330,043	9,247,922	9,059,097	9,059,097	188,825
Expenditures/Expenses:						
Instruction	5,165,028	-	5,165,028	5,131,441	5,131,441	(33,587)
Support services	1,955,202	-	1,955,202	1,890,207	2,009,009	53,807
Non-instructional programs	7,748	323,449	331,197	320,000	320,000	(11,197)
Other expenditures	1,436,819	-	1,436,819	2,162,088	2,162,088	725,269
Total expenditures/expenses	8,564,797	323,449	8,888,246	9,503,736	9,622,538	734,292
Excess(Deficiency) of revenues under expenditures/expenses	353,082	6,594	359,676	(444,639)	(563,441)	923,117
Other financing sources, net	1,499	777	2,276	-	-	2,276
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/ expenses	354,581	7,371	361,952	(444,639)	(563,441)	925,393
Balance beginning of year	4,158,657	240,748	4,399,405	3,764,594	3,764,594	634,811
Balance end of year	\$ 4,513,238	248,119	4,761,357	3,319,955	3,201,153	1,560,204

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OGDEN COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budget expenditures by \$118,802.

During the year ended June 30, 2014, expenditures in the instruction and non-instructional programs functional areas exceeded the amounts 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		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
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
2013	July 1, 2012	-	619,360	619,360	0.0	2,467,590	25.1
2014	July 1, 2012	-	367,055	367,055	0.0	2,646,127	13.9

See Note 6 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

OGDEN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Student Activity	Public Education and Recreation Levy	Total
ASSETS			
Cash and pooled investments	\$ 88,916	10,662	99,578
Receivables:			
Property tax:			
Delinquent	-	297	297
Succeeding year	-	30,620	30,620
Accounts	306	-	306
TOTAL ASSETS	\$ 89,222	41,579	130,801
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,821	105	7,926
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	30,620	30,620
Fund balances:			
Restricted for:			
Student activities	84,625	-	84,625
Public education and recreation levy	-	10,854	10,854
Unassigned	(3,224)	-	(3,224)
Total liabilities	81,401	10,854	92,255
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 89,222	41,579	130,801

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OGDEN COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Student Acitivity	Public Education and Recreation Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	30,260	30,260
Other	343,231	203	343,434
State sources	-	14	14
TOTAL REVENUES	343,231	30,477	373,708
EXPENDITURES:			
Current:			
Instruction:			
Other	347,181	-	347,181
Support services:			
Operation and maintenance of plant	-	24,365	24,365
Non-instructional programs:			
Community service operations	-	7,748	7,748
TOTAL EXPENDITURES	347,181	32,113	379,294
Change in fund balances	(3,950)	(1,636)	(5,586)
Fund balances beginning of year	85,351	12,490	97,841
Fund balances end of year	\$ 81,401	10,854	92,255

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OGDEN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2014

	Capital Projects			
	General Obligation Bond Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 9,445	1,098,025	117,348	1,224,818
Receivables:				
Property tax:				
Delinquent	-	-	3,667	3,667
Succeeding year	-	-	378,780	378,780
Due from other governments	-	225,499	-	225,499
TOTAL ASSETS	\$ 9,445	1,323,524	499,795	1,832,764
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,445	13,976	-	23,421
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	378,780	378,780
Fund balances:				
Restricted for:				
Debt service	-	301,088	-	301,088
School infrastructure	-	1,008,460	-	1,008,460
Physical plant and equipment	-	-	121,015	121,015
Total fund balances	-	1,309,548	121,015	1,430,563
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,445	1,323,524	499,795	1,832,764

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OGDEN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Capital Project Funds			Total
	General Obligation Bond Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ -	-	374,341	374,341
Other	984	25,332	33	26,349
State sources	-	535,032	169	535,201
TOTAL REVENUES	984	560,364	374,543	935,891
EXPENDITURES:				
Current:				
Support services:				
Administration	-	1,979	-	1,979
Operation and maintenance of plant	-	-	27,765	27,765
Transportation	-	14,440	-	14,440
Capital outlay	12,455	217,148	37,289	266,892
TOTAL EXPENDITURES	12,455	233,567	65,054	311,076
Excesss(Deficiency) of revenues over(under expenditures)	(11,471)	326,797	309,489	624,815
Other financing uses:				
Transfers out	-	(314,797)	(267,233)	(582,030)
Change in fund balances	(11,471)	12,000	42,256	42,785
Fund balances beginning of year	11,471	1,297,548	78,759	1,387,778
Fund balances end of year	\$ -	1,309,548	121,015	1,430,563

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OGDEN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
DRAMA	\$ 2	5,758	5,985	225	-
BOYS/GIRLS CROSS COUNTRY	-	92	2,169	2,077	-
BOYS/GIRLS GOLF	-	942	1,511	569	-
CHEERLEADERS	1,214	2,608	4,043	221	-
BOYS BASKETBALL	-	6,252	7,474	1,222	-
FOOTBALL	-	28,716	21,216	(5,761)	1,739
BASEBALL	804	12,062	9,089	(795)	2,982
BOYS TRACK	-	1,300	3,465	2,165	-
WRESTLING	-	8,658	8,716	58	-
GIRLS BASKETBALL	-	3,515	4,050	535	-
VOLLEYBALL	330	4,890	3,812	(1,408)	-
SOFTBALL	-	11,922	12,107	3,298	3,113
GIRLS TRACK	90	2,330	1,676	(744)	-
MIDDLE SCHOOL MISC. ATHLETICS	-	8,048	13,037	6,107	1,118
ATHLETIC RESALE	-	770	770	-	-
MISCELLANEOUS ATHLETICS	2,367	1,144	9,275	5,764	-
MIDDLE SCHOOL ATHLETIC RESALE	-	2,236	2,129	(107)	-
ORLANDO MUSIC TRIP	671	-	-	-	671
HIGH SCHOOL DESIGN GROUP	8,090	-	5,000	-	3,090
MIDDLE SCHOOL STUDENT COUNCIL	462	3,432	3,094	-	800
SENIORS	-	2,498	2,743	390	145
JUNIORS	1,951	1,467	2,031	(765)	622
SOPHOMORES	1,187	3,807	2,466	(271)	2,257
FRESHMAN	916	2,813	1,504	(916)	1,309
BOYS "O" CLUB	4,983	5,221	9,542	2,775	3,437
GIRLS "O" CLUB	4,215	3,811	3,700	(1,500)	2,826
DC/NYC TRIP	27,624	157,425	155,479	1,595	31,165
ENGLISH CLUB	49	-	-	-	49
CHARACTER EDUCATION	109	-	-	(109)	-
PHOENIX II CLUB	80	-	-	(80)	-
MIDDLE FUNDRAISING	11,654	23,016	18,395	(5,777)	10,498
ELEMENTARY FUNDRAISING	5,506	5,370	7,317	109	3,668
RSA CLUB	238	-	-	-	238
HIGH SCHOOL YEARBOOK	-	4,457	7,681	-	(3,224)
ACTIVITY TICKETS	-	6,965	-	(6,965)	-
STUDENT COUNCIL	4,485	4,064	3,603	(33)	4,913
CONCESSIONS	5,084	13,034	10,169	(7,949)	-
ART CLUB	135	-	-	-	135
CMS CLUB	1,895	-	583	8,032	9,344
INTERNATIONAL CLUB	228	-	225	-	3
MIDDLE SCHOOL CONCESSIONS	982	4,565	3,125	(1,922)	500
INTEREST	-	43	-	(40)	3
TOTALS	\$ 85,351	343,231	347,181	-	81,401

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OGDEN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 3,822,981	4,697,740	4,819,602	4,600,341	4,298,936	3,724,784	3,420,954	3,462,969	3,159,100	3,068,526
Tuition	654,110	620,059	570,273	613,464	517,543	525,364	591,169	631,539	601,446	592,000
Other	518,170	575,239	588,732	702,207	523,916	558,748	639,445	761,285	585,767	554,301
Intermediate sources	-	-	-	-	-	4,100	-	-	-	-
State sources	3,770,241	3,351,452	3,454,426	3,361,391	2,914,496	3,459,209	3,424,108	3,377,645	3,398,630	3,150,578
Federal sources	152,377	202,975	351,527	315,600	525,742	226,529	140,196	144,518	133,928	124,041
Total	\$ 8,917,879	9,447,465	9,784,560	9,593,003	8,780,633	8,498,734	8,215,872	8,377,956	7,878,871	7,489,446
Expenditures:										
Instruction:										
Regular	\$ 3,032,929	3,112,504	3,281,736	3,189,626	3,219,909	3,174,180	2,997,905	2,871,069	2,788,368	2,676,199
Special	914,766	796,357	840,823	819,529	819,316	827,996	780,523	732,927	691,607	947,610
Other	1,217,333	1,287,137	1,284,883	1,438,256	1,197,561	1,163,346	1,145,803	1,192,718	953,419	842,145
Support services:										
Student	134,412	141,091	136,099	135,890	127,297	158,562	177,496	167,385	164,512	220,374
Instructional staff	162,394	152,006	179,910	185,868	242,139	193,578	223,407	172,427	178,040	146,988
Administration	632,750	801,711	679,081	645,080	711,898	718,872	753,519	676,545	673,181	686,798
Operation and maintenance of plant	807,403	726,576	750,425	656,255	722,610	741,325	736,196	671,385	674,148	632,183
Transportation	218,243	337,267	424,942	342,511	334,651	325,124	331,405	338,826	308,142	301,708
Non-instructional programs	7,748	7,398	-	32,415	24,839	36,464	23,196	27,429	54,806	42,912
Capital outlay	266,892	808,021	2,597,211	586,836	351,769	1,591,511	490,629	272,948	176,549	1,688,930
Long-term debt:										
Principal	761,725	654,774	595,000	1,230,000	651,000	649,655	563,443	542,311	511,000	385,000
Interest and fiscal charges	163,750	271,411	247,322	188,126	206,846	229,919	221,534	245,894	262,985	244,439
Other expenditures:										
AEA flow-through	244,452	240,882	242,102	271,535	261,003	239,624	229,281	225,505	218,628	210,629
Total	\$ 8,564,797	9,337,135	11,259,534	9,721,927	8,870,838	10,050,156	8,674,337	8,137,369	7,655,385	9,025,915

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

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 the Ogden Community School District:

We have audited 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ogden Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Ogden Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and a significant deficiency.

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 on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-14 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ogden Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 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

Ogden Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Ogden Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.



NOLTE, CORNMAN & JOHNSON, P.C.

December 15, 2014
Newton, Iowa

OGDEN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparation, mailing and recording.
- 5) Inventories - ordering, receiving, issuing and storing.
- 6) Capital assets - purchasing, recording and reconciling.
- 7) Wire transfers - processing and approving.
- 8) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 9) Transfers - preparing and approving.
- 10) Financial reporting - preparing, reconciling and approving.
- 11) Computer systems - performing all general accounting functions and controlling all data input and output.
- 12) School lunch program - recording, journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing current personnel, including elected officials.

Response - The District will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

I-B-14 Student Activity Fund-Fundraisers - We noted during our audit that the District maintains fundraisers in the Student Activity Fund, however they are not approved by the Board. We recommend that all fundraisers be approved by Board.

Recommendation - Districts should have policies and/or procedures in place to address fund-raising activity including:

- a. The Board or its designee should approve all District-sponsored fundraising activity.
- b. The Board may also adopt a policy to require Board approval of all fundraising activity including fundraising activities of affiliated organizations such as Booster Clubs and the PTO.
- c. Boards should establish procedures for fund-raising activity for District sponsored fund-raisers as well as fund-raisers sponsored by outside groups and organizations to help ensure consistency and accountability over fund-raising activities.
- d. The Board should determine the extent, if any, of administrative support to be provided for District-sponsored and affiliated organization fundraising activity including the cost and/or expense associated with staff time used in collecting payments; preparing, printing and/or assembling mailings; postage; etc.
- e. Fund-raising activity should be clearly designated as District-sponsored and/or sponsored by an outside group or affiliated organization to clearly establish responsibility and accountability.
- f. If District-sponsored, the District should account for the fund-raising activity.

Response - The District will follow board policy to require Board approval of all fundraising activities and take the necessary action.

Conclusion - Response accepted.

Other Matters:

I-C-14 Deficit Lunch Account Balances - During our audit we noted multiple negative student lunch account balances on the Districts financial statements at June 30, 2014. Some of these negative amounts appeared to be excessive.

Recommendation - The District should develop policies regarding the treatment of negative account balances aimed at discouraging accounts from becoming excessively negative. The District may also wish to investigate alternatives to bring negative accounts back to a positive balance.

Response - The District will continue to monitor negative meal account balances and take necessary action with regards to collection.

Conclusion - Response accepted.

OGDEN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - District expenditures for the year ended June 30, 2014 exceeded the certified budgeted amounts in the instructional and non-instructional program functional areas.

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

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

Conclusion - Response accepted.

II-B-14 Questionable Disbursements -

Early Retirement - We noted the District had offered an early retirement incentive to qualified employees through June 30, 2013 and that the policy provides benefits in the form of premium contributions and a stipend that was to be paid in two installments in the year following retirement. However, it appears the District has not been following their policy, but instead allowing retirees to leave their stipend benefit with the District and apply it to their insurance premiums without tax, reducing the original benefit amount by those monthly premium contributions.

Recommendation - The District should determine the stipend portion remaining for each retiree and issue lump sum checks to these retirees, including applicable withholdings and distribute the checks to the retired employees. The District should also follow their Early Retirement Policy in the future. We recommend that the District contact legal counsel regarding this matter as well.

Response - The District has completed the process of distributing the remaining stipend portion for each applicable retiree.

Conclusion - Response accepted.

II-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-14 Business Transactions - No business transactions between the District and District officials or employees were noted.

II-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-14 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- II-I-14 Deposits and Investments - No instances of non-compliance 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.
- II-J-14 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-14 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-14 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales and services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 1,297,548
Revenues:		
Sales tax revenues	\$ 535,032	
Other local revenues	25,332	560,364
	<u> </u>	<u>1,857,912</u>
Expenditures:		
School infrastructure construction	217,148	
Equipment	14,440	
Other	1,979	
Transfers to other funds:		
Debt service fund	314,797	548,364
	<u> </u>	<u> </u>
Ending balance		<u><u>\$ 1,309,548</u></u>

For the year ended June 30, 2014 the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

	<u>Rate of</u>	
	Reduction	Property
	Per \$1,000	Tax
	of Taxable	Dollars
	Valuation	Reduced
Debt service levy	<u>\$ 0.04400</u>	<u>\$ 10,000</u>

- II-M-14 Financial Condition - The District had a deficit account in the Special Revenue, Student Activity Fund of \$3,224 at June 30, 2014.

Recommendation - The District should continue to monitor this account and investigate alternatives to eliminate the deficit balance. The District should review purchase approval procedures for this account and may wish to require additional approval before ordering goods and services from this account.

Response - The District has recognized the deficit balance within the Special Revenue, Student Activity Fund and will look at options to eliminate the deficit balance.

Conclusion - Response accepted.

- II-N-14 Officials Contracts - We noted during our audit that the Board President was not signing contracts of Athletic Officials in the Student Activity Fund. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contract entered into by the District.

Recommendation - The District should have the Board president sign all contracts entered into by the District to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District will implement a procedure to ensure the Board President signs the Athletic Officials contracts in the Student Activity Fund.

Conclusion - Response accepted.

- II-O-14 Non-certified Time Sheets - We noted during our audit that the District does not maintain documentation of hours worked by coaches who are non-certified staff. This creates a situation where calculating wage per hour amounts is not possible.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches. The District should then determine if wages paid comply with minimum wage and overtime requirements.

Response - The District will implement a procedure to ensure a time sheet is completed by coaches who are non-certified staff.

Conclusion - Response accepted.

- II-P-14 Student Activity Fund - During our audit issues arose about the properness of certain receipts collected in the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. More specific examples of these instances of questioned items and recommendations are as follows:

Target Donations: We noted during our audit that the District receipts Target donations in the Student Activity Fund.

Recommendation - Target donations are considered an undesignated donation; therefore, they should be receipted into the General Fund for use as determined by the District's Board of Directors. This designation should be noted annually in the District's board minutes.

Response - The District office will receipt Target donations into the General Fund beginning in fiscal year 2015. Contribution designation will be discussed with the Board of Directors at the regular June meeting.

Conclusion - Response accepted.

Lifetouch Picture Commissions: We noted during our audit that Lifetouch Picture commissions were being receipted to the Student Activity Fund. According to Chapter 298A.2 of the Code of Iowa all money received by a District must be accounted for in

the General Fund excepted for money required by law to be accounted for in another fund. Since commissions are not identified as allowable to the Student Activity Fund, they should be put in the General Fund.

Recommendation - According to Chapter 298A.2 of the Code of Iowa all money received by a District must be accounted for in the General Fund excepted for money required by law to be accounted for in another fund. Commissions are not specifically identified as allowable revenue for the Student Activity Fund, therefore Lifetouch Picture commissions should be receipted into the General Fund.

Response - The District will receipt Lifetouch Picture commissions into the General Fund beginning in fiscal year 2015. Contributions will be discussed with the Board of Directors at the regular June board meeting.

Conclusion – Response accepted.