

**CITY OF OGDEN**

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

**JUNE 30, 2017**

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## CITY OF OGDEN

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Denny Good	Mayor	Dec. 2017
Brian Reimers	Council Member	Dec. 2017
David Ohlson	Council Member	Dec. 2017
Lori Anderson	Council Member	Dec. 2019
Margaret Liston	Council Member	Dec. 2019
Sean Thompson	Council Member	Dec. 2019
Emily Clausen	City Administrator	Indefinite
Melanie Elbert	Clerk	Indefinite
Lee Johnson	Attorney	Indefinite



Ogden is an attractive and friendly community of 2,044 people nestled in the heart of Iowa. Just 25 miles from Ames and 45 miles from Des Moines, Ogden residents can easily travel to big city amenities and come home to a small town where neighbors are friends.

### **Rich History**

Ogden celebrates its rich history and works to maintain its small-town values. The town was laid out by the railroad in 1866 and Ogden's main street was part of the famous Lincoln Highway; the first highway to cross the continent from New York City to San Francisco. Today, Ogden's downtown has the look and feel of those early days and offers goods and services to antique buffs and modern shoppers.

### **Moving Forward**

Ogden seeks out opportunities to grow, prosper and move forward. The local economic development group, Ogden Legacy, is working to help local businesses expand and grow. Ogden Legacy also sponsors great promotions like Ogden Fun Days, City-Wide Garage Sales, Oktoberfest and the Christmas Celebration. Ogden Legacy was instrumental in the recent opening of the new Boone County Family Medicine facility on Walnut Street.

Ogden was recognized in 2015 as a Certified Connected Community. Certified connected communities demonstrate measurable success in technology readiness. The Ogden Telephone Company is currently expanding its services. Areas included in this expansion are rural Ogden, Boone and Ames.

Ogden will begin accepting bids for the new \$5 million waste water treatment plant. Work should begin in the spring of 2018 with final completion by July 2019. The City has done over \$1 million in sanitary sewer lining as well.

The community is extremely proud of its modern and up-to-date schools. The citizens of Ogden approved a bond issue in June for a \$10 million expansion of the Ogden Community School District. The current middle school will become home to the elementary students. The high school will have a new addition and become home to junior high and high school students.

The Leonard Good Community Center provides a beautiful, well-equipped event and meeting place at affordable rates right here in Ogden. It has a great layout for wedding receptions, corporate meetings, reunions and graduation parties. The top level will seat up to 300 with a full kitchen. A nice conference room, meeting area and kitchen are available on the lower level as well.

Ogden offers many amenities such as affordable housing, a vital business district, local utility and telephone services and the security of a small town. The City of Ogden provides modern services too, with an attractive City Hall, a well-equipped Fire Department and a well-appointed Library. Ogden Municipal Utilities is in the beginning stages of a new street lighting project in the downtown area.

### **Area Recreational Opportunities**

Ogden is blessed with many scenic recreational opportunities. In town, area residents enjoy city parks with a band stand, shelters, children's play equipment and basketball courts. They can also enjoy a recreational trail that connects the city parks to the Community Center and the Ogden High School, meandering through a prairie wildflower area. Outside of town, area residents can enjoy a beautiful lake, modern campgrounds, and a challenging golf course at Don Williams Recreation Area. Also near Ogden is Seven Oaks Recreation Center, offering skiing in the winter, a "Gladiator Assault Challenge" in the spring and hiking and canoeing in the summer and fall. A short drive will take travelers to the Hickory Grove School Museum, the Battin Chapel and a collection of historic bridges including the Humpback Bridge, the Wagon Bridge and the Kate Shelley High Bridge.

### **Contact Us!**

Ogden is proud of its small town and welcomes you to visit us soon! For more information, contact Ogden City Hall at [cityofogden@netins.net](mailto:cityofogden@netins.net) or 515-275-2917.

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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the City'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 the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 City'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 City'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 cash basis financial position of the governmental activities, the business type activities, each major fund, the discretely presented component unit and the aggregate remaining information of the City of Ogden as of June 30, 2017, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.



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### Basis of Accounting

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ogden's basic financial statements. The financial statements for the prior nine years ended June 30, 2016 (which are not presented here in) were audited by another auditor who expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 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.

The other information, Introduction, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City and Utility's Proportionate Share of the Net Pension Liability, the Schedule of City and Utility's Contributions on pages 4, 7 through 12 and 31 through 36 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2017 on our consideration of the City of Ogden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Ogden's internal control over financial reporting and compliance.

*Houston & Seeman, P.C.*

Houston & Seeman, P.C.

October 2, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Ogden 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, 2017. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2017 FINANCIAL HIGHLIGHTS**

- The City's governmental activities receipts increased 6%, or approximately \$35,000, from fiscal year 2016.
- The City's governmental activities disbursements decreased 3%, or approximately \$49,000 from fiscal year 2016.
- The City's governmental activities cash balance at June 30, 2017 increased 6%, or approximately \$87,000 from June 30, 2016.

### **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 City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole, including the discretely presented component unit, and presents an overall view of the City'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 the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

### **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *The City's Reporting Entity Presentation*

This annual report includes all activities for which the City of Ogden is fiscally responsible. These activities, defined as the City's reporting entity, are operated within a separate legal entity that is the primary government and another separate legal entity that is included as a component unit.

The primary government consists of one legal entity, the City of Ogden. The component unit presentation consists of one legal entity, Ogden Municipal Utilities.

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into three kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.
- Discretely Presented Component Unit consists of Ogden Municipal Utilities, a legally separate organization that has the potential to provide specific benefits or impose specific financial burdens on the City.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of the funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefit and Local Option Sales Tax, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the storm water and sewer funds, considered to be major funds of the City.



The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased \$87,000 from a year ago, from \$1.381 million to \$1.468 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2016
Receipts and transfers:		
Program receipts:		
Charges for services and sales	\$ 33	36
Operating grants, contributions and restricted interest	325	352
Capital grants, contributions and restricted interest	278	215
General receipts:		
Property tax	808	754
Utility franchise tax	6	6
Local option sales tax	178	168
Unrestricted investment earnings	12	2
Dividend	40	37
Other general receipts	14	10
Transfers, net	13	12
Total receipts and transfers	1,707	1,592
Disbursements:		
Public safety	332	384
Public works	343	229
Health and social services	9	12
Culture and recreation	241	182
Community and economic development	90	47
General government	283	285
Debt service	182	133
Capital projects	140	398
Total disbursements	1,620	1,670
Change in cash basis net position	87	(78)
Cash basis net position beginning of year	1,381	1,459
Cash basis net position end of year	\$ 1,468	1,381

The City's total receipts for governmental activities increased by approximately 6%. The total cost of all programs and services increased by approximately 5%.

The cost of all governmental activities this year was \$1,620,920 compared to \$1,670,074 last year. However, as shown in the statement of activities and changes in cash balance on pages 14-15, the amount that our taxpayers ultimately financed for these activities was only \$1,056,811 because some of the cost was paid by those who directly benefited from the programs (\$32,911) or by other governments and organizations that subsidized certain programs with grants and contributions (\$603,889). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, increased in 2017 from approximately \$603,000 to approximately \$637,000, principally due to an increase in capital grants, contributions and restricted interest, related to the capital projects undertaken during the year. The City paid for the remaining public benefit portion of governmental activities with approximately \$992,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2016
Receipts and transfers:		
Program receipts:		
Charges for services and sales:		
Sewer	\$ 340	325
Storm water	36	35
General receipts:		
Unrestricted investment earnings	1	1
Bond proceeds	223	-
Transfers, net	(13)	(13)
Total receipts	587	348
Disbursements:		
Sewer	446	363
Storm water	3	44
Total disbursements and transfers	449	407
Change in cash basis net position	138	(59)
Cash basis net position beginning of year	464	523
Cash basis net position end of year	\$ 602	464

Total business type activities receipts for the fiscal year were approximately \$587,000 compared to approximately \$348,000 last year. The increase was primarily due to the bond proceeds of \$223,000. The cash balance increased by approximately \$138,000 from the prior year. Total disbursements for the fiscal year increased 10% to a total of \$449,000.

## INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

The City of Ogden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's funds is to provide information on near-term inflows, outflows and cash balances of spendable resources. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund has a balance of \$365,000, an increase of \$57,000 from the prior year.
- The Road Use Tax Fund cash balance decreased by \$48,000 to \$139,000 during the year. The decrease was due to an increase of \$125,000 in public works projects.
- The Employee Benefit Fund cash balance increased by \$3,000 to \$54,000 during the year.
- The Local Option Tax Fund was established in 1990 to collect a 1% local option sales and service tax. The City collected \$178,000 during this year, a 6% increase from the previous year.
- The Debt Service Fund is used to pay the principal and interest of the City's general obligation debt. The cash in this fund decreased by \$24,000 during the year with a balance of \$20,000 at the end of the year.
- The Capital Projects Fund cash balance increased by \$6,000 during the year with a balance at the end of the year of \$479,000.

#### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The cash balance of the Sewer Fund increased by approximately \$107,000 to \$466,000.
- The Storm Water Fund increased by approximately \$31,000 to \$136,000.

#### **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on May 9, 2017, to increase revenues and increase expenditures in certain City departments.

#### **DEBT ADMINISTRATION**

Outstanding Debt at Year-End (Expressed in Thousands)		
	2017	2016
General obligation bonds	\$ 600	700
Revenue bonds and notes	1,063	932
Other notes	73	128
	<u>\$ 1,736</u>	<u>1,760</u>

At year-end, the City had approximately \$1,736,000 in bonds and other long-term debt compared to approximately \$1,760,000 last year as shown above.

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$600,000 is below the City's \$2,600,000 legal debt limit.

More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the 2018 fiscal year budget, tax rates, and fees that will be charged for various City activities. Amounts available for appropriation in the budget are \$10 million, an increase of 102% from the final 2017 budget. Budgeted disbursements are \$10 million, an increase of 83% from the final 2017 budget.

The large increase in the 2018 budget is due to a major upgrade to the City's sewer plant commencing in FY2018. The project is expected to cost \$4.9 million. The upgrades are required by the State of Iowa due to changes to the water quality standards in 2006. The City's new NPDES (National Pollutant Discharge Elimination System) permit was issued to them February 2015.

If these estimates are realized, the City's budgeted cash balance is expected to increase by approximately \$598,000 by the close of 2018.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Melanie Elbert, City Clerk, 513 West Walnut, Box 694, Ogden, Iowa 50212.

## **Basic Financial Statements**

**CITY OF OGDEN**  
**Cash Basis Statement of Activities and Net Position**  
**As of and for the year ended June 30, 2017**

	Disbursements	Program Receipts		
		Charges for Service and Sales	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
<b>Functions / Programs:</b>				
Governmental activities:				
Public safety	\$ 332,847	\$ 142	\$ 18,374	\$ 200,504
Public works	342,762	-	289,442	-
Health and social services	9,400	-	-	-
Culture and recreation	240,553	25,211	17,707	14,545
Community and economic development	90,278	-	-	-
General government	282,545	7,558	-	-
Debt service	182,450	-	-	-
Capital projects	140,068	-	-	63,317
Total governmental activities	1,620,903	32,911	325,523	278,366
Business-type activities:				
Sewer	446,093	339,966	-	-
Storm Water	3,263	36,300	-	-
Total business-type activities	449,356	376,266	-	-
Total Primary Government	\$ 2,070,259	\$ 409,177	\$ 325,523	\$ 278,366
<b>Discretely Presented Component Unit:</b>				
Ogden Municipal Utilities	\$ 2,086,795	\$ 2,012,985	\$ -	\$ -
<b>General Receipts and Transfers:</b>				
Property tax levied for:				
General purposes				
Employee benefits				
Debt service				
Mobile home tax				
Local option sales tax				
Utility franchise tax				
Unrestricted interest on investments				
Dividend				
Bond proceeds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted				
Nonexpendable:				
Cemetery perpetual care				
Customer deposits				
Expendable:				
Streets				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts			
Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (113,827)	\$ -	\$ (113,827)	
(53,320)	-	(53,320)	
(9,400)	-	(9,400)	
(183,090)	-	(183,090)	
(90,278)	-	(90,278)	
(274,987)	-	(274,987)	
(182,450)	-	(182,450)	
(76,751)	-	(76,751)	
(984,103)	-	(984,103)	
-	(106,127)	(106,127)	
-	33,037	33,037	
-	(73,090)	(73,090)	
(984,103)	(73,090)	(1,057,193)	
			\$ (73,810)

489,075	-	489,075	-
196,157	-	196,157	-
121,615	-	121,615	-
829	-	829	-
177,969	-	177,969	-
6,225	-	6,225	-
11,895	997	12,892	4,089
40,040	-	40,040	-
-	222,897	222,897	-
14,425	-	14,425	226,312
12,627	(12,627)	-	-
1,070,857	211,267	1,282,124	230,401
86,754	138,177	224,931	156,591
1,380,748	463,845	1,844,593	1,218,131
\$ 1,467,502	\$ 602,022	\$ 2,069,524	\$ 1,374,722

\$ 69,579	\$ -	\$ 69,579	\$ -
-	-	-	39,424
138,624	-	138,624	-
19,877	102,727	122,604	-
479,261	-	479,261	247,049
395,201	-	395,201	-
364,960	499,295	864,255	1,088,249
\$ 1,467,502	\$ 602,022	\$ 2,069,524	\$ 1,374,722

**CITY OF OGDEN**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Governmental Funds**  
**As of and for the year ended June 30, 2017**

	Special Revenue			Debt Service	
		Road Use	Employee	Local	
	General	Tax	Benefit	Option	Debt
				Sales Tax	Service
Receipts:					
Property tax	\$ 496,129	\$ -	\$ 196,157	\$ -	\$ 121,615
Other city tax	6,225	-	-	177,969	-
Licenses and permits	2,268	-	-	-	-
Use of money and property	51,685	-	-	-	-
Intergovernmental	50,408	253,750	-	-	-
Charges for services	16,499	-	-	-	-
Miscellaneous	181,995	-	-	-	-
Total receipts	805,209	253,750	196,157	177,969	121,615
Disbursements:					
Operating:					
Public safety	330,803	-	-	-	-
Public works	53,782	288,980	-	-	-
Health and social services	-	-	-	9,400	-
Culture and recreation	236,728	-	-	-	-
Community and economic development	77,778	-	-	12,500	-
General government	281,440	-	-	-	-
Debt service	-	-	-	-	182,450
Capital projects	-	-	-	-	-
Total disbursements	980,531	288,980	-	21,900	182,450
Excess (deficiency) of receipts over (under) disbursements	(175,322)	(35,230)	196,157	156,069	(60,835)
Other financing sources (uses):					
Operating transfers in	232,184	-	-	-	36,490
Operating transfers out	-	(12,900)	(193,050)	(90,111)	-
Total other financing sources (uses)	232,184	(12,900)	(193,050)	(90,111)	36,490
Change in cash balances	56,862	(48,130)	3,107	65,958	(24,345)
Cash balances beginning of year	308,098	186,754	50,578	204,047	44,222
Cash balances end of year	\$ 364,960	\$ 138,624	\$ 53,685	\$ 270,005	\$ 19,877
Cash Basis Fund Balances					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Debt service	-	-	-	-	19,877
Streets	-	138,624	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	53,685	270,005	-
Unassigned	364,960	-	-	-	-
Total cash basis fund balances	\$ 364,960	\$ 138,624	\$ 53,685	\$ 270,005	\$ 19,877

See notes to financial statements.



Capital Projects	Other Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 813,901
-	-	184,194
-	-	2,268
250	-	51,935
45,969	-	350,127
-	-	16,499
17,348	76,763	276,106
63,567	76,763	1,695,030
-	2,044	332,847
-	-	342,762
-	-	9,400
-	3,825	240,553
-	-	90,278
-	1,105	282,545
-	-	182,450
140,068	-	140,068
140,068	6,974	1,620,903
(76,501)	69,789	74,127
82,400	-	351,074
-	(42,386)	(338,447)
82,400	(42,386)	12,627
5,899	27,403	86,754
473,362	113,687	1,380,748
\$ 479,261	\$ 141,090	\$ 1,467,502
\$ -	\$ 69,579	\$ 69,579
-	-	19,877
-	-	138,624
479,261	-	479,261
-	71,511	395,201
-	-	364,960
\$ 479,261	\$ 141,090	\$ 1,467,502

**CITY OF OGDEN**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Proprietary Funds**  
**As of and for the year ended June 30, 2017**

**Exhibit C**

	Enterprise Funds		
	Sewer	Non-Major Storm Water	Total
Operating receipts:			
Use of money and property	\$ 997	\$ -	\$ 997
Charges for services	339,966	36,300	376,266
Total operating receipts	340,963	36,300	377,263
Operating disbursements:			
Business-type activities	335,453	3,263	338,716
Total operating disbursements	335,453	3,263	338,716
Excess of operating receipts over operating disbursements	5,510	33,037	38,547
Non-operating (disbursements):			
Debt service	(110,640)	-	(110,640)
Excess of receipts over disbursements	(105,130)	33,037	(72,093)
Bond proceeds	222,897	-	222,897
Transfers in	113,671	-	113,671
Transfers out	(124,638)	(1,660)	(126,298)
Change in cash balances	106,800	31,377	138,177
Cash balances beginning of year	359,115	104,730	463,845
Cash balances end of year	\$ 465,915	\$ 136,107	\$ 602,022
<b>Cash Basis Fund Balances</b>			
Restricted for:			
Debt service	\$ 102,727	\$ -	\$ 102,727
Unrestricted	363,188	136,107	499,295
Total cash basis fund balances	\$ 465,915	\$ 136,107	\$ 602,022

See notes to financial statements.

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

For financial reporting purposes, the City of Ogden has included all funds, organizations, agencies, boards, commissions and authorities that are not legally separate from such. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The component unit that is discretely presented in the City's report is presented below:

**Component Unit**

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

The Utilities issues a publicly available audited financial report that includes financial statements and other supplementary information. The report may be obtained by writing to: Ogden Municipal Utilities, PO Box 70, Ogden, Iowa 50212-0070.

**Jointly Governed Organizations**

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Boone County Assessor's Conference Board, Boone County Solid Waste Management Commission, and Boone County E911 Board.

The City Council members also sit on the Rural Fire Services Board. The City has an ongoing financial interest in this Board. (See Note 8)

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. Activities between the primary government (the City) and the discretely presented component unit (Ogden Municipal Utilities) are reported as if they were external transactions and area classified separately from internal activities within the primary government.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund and customer deposits.

Expendable restricted net position results when constraints placed on the use of cash balances 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 cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

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

**Fund Financial Statements**

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Employee Benefit Fund is used to account for employee benefits.

The Local Option Sales Tax Fund is used to account for the proceeds from the 1% local option sales and the related designation of payments for property tax relief, human services, and capital projects authorized by the local option sales tax resolution.

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

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

The City reports the following major proprietary funds:

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

The Enterprise, Storm Water Fund accounts for the operation and maintenance of the City's storm water system.

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

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

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

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

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

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**D. Governmental Cash Basis Fund Balances**

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the debt service function.

**Note 2 – Cash and Pooled Investments**

The City's and Utility's deposits in banks at June 30, 2017, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The City and Utility had \$767,560 in certificates of deposit and \$2,295,858 in checking and savings accounts at June 30, 2017.

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

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

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

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

Credit Risk – The City's investment in the Ogden Telephone Company stock is unrated.

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 3 – Loans Payable/Revenue Bonds**

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

Year	General Obligation		Sewer Revenue		Other		Total	
Ending	Bonds		Bonds		Loans			
June	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
30,								
2018	\$ 100,000	\$ 17,000	\$ 317,897	\$ 14,700	\$ 43,351	\$ 2,696	\$ 461,248	\$ 34,396
2019	100,000	14,700	97,000	13,038	14,680	1,199	211,680	28,937
2020	100,000	12,100	100,000	11,340	15,289	591	215,289	24,031
2021	100,000	9,300	103,000	9,590	-	-	203,000	18,890
2022	100,000	6,300	106,000	7,788	-	-	206,000	14,088
2023	100,000	3,200	110,000	5,933	-	-	210,000	9,133
2024	-	-	113,000	4,008	-	-	113,000	4,008
2025	-	-	116,000	2,030	-	-	116,000	2,030
Total	\$ 600,000	\$ 62,600	\$ 1,062,897	\$ 68,427	\$ 73,320	\$ 4,486	\$ 1,736,217	\$ 135,513

Revenue Bonds and Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,222,897 of sewer revenue bonds issued in June 2004 and June 2016. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment plant. The bonds are payable solely from sewer customer net receipts and are payable through 2025. The total principal and interest remaining to be paid on the bonds is \$1,062,897 and \$68,427, respectively. For the current year, principal and interest paid was \$92,000 and \$16,310, respectively. Annual principal and interest payments are expected to require less than 75% of net receipts.

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

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

The City is not in compliance with the provisions of the Revenue Bond Resolution. Principal and interest was not paid from the Sinking Fund and the City has not met the net revenue requirement.

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 3 – Loans Payable/Revenue Bonds (continued)**

Ogden Municipal Utilities Electric Revenue Capital Loan Note

Annual debt service requirements to maturity for the revenue note are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 85,642	\$ 29,020	\$ 114,662
2019	88,679	25,983	114,662
2020	91,763	22,899	114,662
2021	95,079	19,583	114,662
2022	98,450	16,212	114,662
2023	101,942	12,720	114,662
2024	105,534	9,128	114,662
2025	109,300	5,362	114,662
2026	<u>93,621</u>	<u>1,931</u>	<u>95,552</u>
	<u>\$ 870,010</u>	<u>\$ 142,838</u>	<u>\$ 1,012,848</u>

The Utility has pledged future electric customer receipts, net of specified operating disbursements, to repay \$1,122,646 of electric revenue capital loan note issued in April 2014. Proceeds from the note provided financing for constructing improvements and extensions to the electric utility. The note is payable solely from electric customer net receipts and is payable through 2026. Annual principal and interest payments on the note are expected to require less than 80 percent of net receipts. The total principal and interest remaining to be paid on the note is \$1,012,848. For the current year, principal and interest paid and total customer net receipts were \$114,662 and \$232,806, respectively.

As part of the Electric Revenue Loan Note agreement, the Electric Revenue Fund was required to establish a Project Fund for costs of improvements for the Electric Utility, after the refunding of the Series 2001 Electric Capital Loan note. The Electric Utility utilized funds for improvements to the system.

User rates shall be established at a level which produce and maintain net receipts at a level not less than 125 percent of the amount of principal and interest on the notes falling due in the fiscal year.

Funds can only be deposited in financial institutions which are members of the Federal Deposit Insurance Corporation (FDIC).

**Note 4 – Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals



**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 4 – Pension Plan (continued)**

or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percent point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2017 totaled \$39,154. The Utility's contributions to IPERS for the year ended June 30, 2017 were \$37,212.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$222,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 4 – Pension Plan (continued)**

contributions of all IPERS participating employers. At June 30, 2016, the City's proportion was 0.0035421%, which was an increase of 0.000522% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$38,656, \$102,578, and \$50,279 respectively.

At June 30, 2017, the Utility reported a liability of \$318,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utility's proportion of the net pension liability was based on the Utility's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the Utility's proportion was 0.0050545 percent, which was a decrease of 0.000326 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the Utility's pension expense, deferred outflows and deferred inflows totaled \$35,291, \$41,243, and \$24,240 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit Opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	<u>100%</u>	
	26	

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 4 – Pension Plan (continued)**

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City's proportionate share of the net pension liability	\$ 439,219	\$ 222,914	\$ 40,151
Utility's proportionate share of the net pension liability	\$ 514,639	\$ 318,098	\$ 152,214

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Note 5 – Compensated Absences**

City and Utility employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City and Utility until used or paid. The City's and Utility's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2017, primarily relating to the General Fund for the City and Electric & Water Fund for the Utility, is as follows:

	City <u>Amount</u>	Utility <u>Amount</u>
Vacation	\$ 14,000	\$ 14,000
Compensatory Time	<u>25,000</u>	<u>-</u>
	\$ <u>39,000</u>	\$ <u>14,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2017.

For the City, sick leave is payable when used. It is not paid upon termination, retirement or death.

**Note 6 – Risk Management**

The City and Utility are 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 except for the possible damage to the Utility's distribution system which is currently uninsured. The City and Utility assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks, except for the Utility's distribution system, have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 7 – Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2017, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund:	Special Revenue:	
General	Employee Benefit	\$ 193,050
	Local Option Sales Tax	20,611
	Rural Fire	5,896
	Enterprise:	
	Sewer	10,967
	Storm Water	<u>1,660</u>
		\$ <u>232,184</u>
Debt Service:	Special Revenue:	
	Rural Fire	\$ <u>36,490</u>
Capital Project:	Special Revenue:	
Park Improvements	Local Option Sales Tax	\$ <u>1,000</u>
Truck Fund	Local Option Sales Tax	\$ <u>20,000</u>
EMS Equipment	Local Option Sales Tax	\$ <u>5,000</u>
Fire Equipment	Local Option Sales Tax	\$ <u>15,000</u>
Street Equipment	Local Option Sales Tax	\$ <u>15,000</u>
Warning Siren	Local Option Sales Tax	\$ <u>5,000</u>
Police Car	Local Option Sales Tax	\$ <u>8,500</u>
Quiet Zone	Road Use Tax	\$ <u>12,900</u>
Total		\$ <u>351,074</u>

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

**Note 8 – Related Party Transactions**

The City had business transactions between the City and City officials, totaling \$2,177 during the year ended June 30, 2017.

As stated in Note 1, Ogden Municipal Utilities is a component unit of the City of Ogden, Iowa. The City pays a processing fee of \$2,250 on a quarterly basis for the computation and collection of the sewer rentals to the Utility.

**Note 9 – Health Insurance**

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

**CITY OF OGDEN**  
**Notes to Financial Statements**

**Note 10 – Rural Fire Services Board**

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

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

**Note 11 – Construction Commitments**

The City has committed \$4.9 million for a major upgrade to their sewer plant commencing in FY2018. The upgrades are required by the State of Iowa due to changes to the water quality standards in 2006. The City's new NPDES (National Pollutant Discharge Elimination System) permit was issued to them February 2015.

**Note 12 – Subsequent Events**

In August 2017, the City purchased a new ambulance for the fire station for \$152,000.

## **Other Information**

**CITY OF OGDEN**  
**Budgetary Comparison Schedule**  
**of Receipts, Disbursements, and Changes in Balances -**  
**Budget and Actual (Cash Basis) - All Governmental Funds, Proprietary Funds,**  
**and Discretely Presented Component Unit**  
**Other Information**  
**Year ended June 30, 2017**

	Governmental Funds Actual	Proprietary Funds Actual	Discretely Presented Component Unit
Receipts:			
Property tax	\$ 813,901	\$ -	\$ -
Other city tax	184,194	-	-
Licenses and permits	2,268	-	-
Use of money and property	51,935	997	4,089
Intergovernmental	350,127	-	-
Charges for services	16,499	376,266	2,012,985
Miscellaneous	276,106	-	226,312
Total receipts	1,695,030	377,263	2,243,386
Disbursements:			
Public safety	332,847	-	-
Public works	342,762	-	-
Health and social services	9,400	-	-
Culture and recreation	240,553	-	-
Community and economic development	90,278	-	-
General government	282,545	-	-
Debt service	182,450	-	-
Capital projects	140,068	-	-
Business-type activities	-	449,356	2,086,795
Total disbursements	1,620,903	449,356	2,086,795
Excess (deficiency) of receipts over disbursements	74,127	(72,093)	156,591
Other financing sources, net	12,627	210,270	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	86,754	138,177	156,591
Balances beginning of year	1,380,748	463,845	1,218,131
Balances end of year	\$ 1,467,502	\$ 602,022	\$ 1,374,722

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 813,901	\$ 789,609	\$ 789,609	\$ 24,292
184,194	179,615	179,615	4,579
2,268	1,800	1,800	468
57,021	53,500	53,500	3,521
350,127	649,350	819,350	(469,223)
2,405,750	2,786,750	2,789,550	(383,800)
502,418	228,150	203,150	299,268
4,315,679	4,688,774	4,836,574	(520,895)
332,847	376,045	377,145	44,298
342,762	364,525	372,125	29,363
9,400	11,150	11,150	1,750
240,553	202,246	284,471	43,918
90,278	391,400	391,400	301,122
282,545	282,556	305,106	22,561
182,450	156,326	157,326	(25,124)
140,068	322,000	339,900	199,832
2,536,151	2,761,673	2,961,673	425,522
4,157,054	4,867,921	5,200,296	1,043,242
158,625	(179,147)	(363,722)	522,347
222,897	-	203,500	19,397
381,522	(179,147)	(160,222)	541,744
3,062,724	2,889,800	2,889,800	172,924
\$ 3,444,246	\$ 2,710,653	\$ 2,729,578	\$ 714,668



## **CITY OF OGDEN**

### **Notes to Other Information – Budgetary Reporting**

**June 30, 2017**

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$332,375 and increased budgeted revenues by \$147,800. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the Debt Service fund and disbursements exceeded the amounts budgeted in the Culture & Recreation and Debt Service funds before the budget was amended.

**CITY OF OGDEN**  
**Schedule of the City's and Discretely Presented Component Unit's**  
**Proportionate Share of the Net Pension Liability**

**Iowa Public Employees' Retirement System**  
**For the Last Three Years\***  
**(In Thousands)**

**Other Information**

	<b>2017</b>		<b>2016</b>		<b>2015</b>	
	Primary Government (City)	Discretely Presented Component Unit (Utility)	Primary Government (City)	Discretely Presented Component Unit (Utility)	Primary Government (City)	Discretely Presented Component Unit (Utility)
Proportion of the net pension liability	0.0035421%	0.0050545%	0.0030197%	0.0053801%	0.0025789%	0.0053077%
Proportionate share of the net pension liability	\$ 223	\$ 318	\$ 149	\$ 266	\$ 102	\$ 210
Covered-employee payroll	\$ 437	\$ 417	\$ 401	\$ 368	\$ 413	\$ 368
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.03%	76.34%	37.16%	72.18%	24.70%	57.14%
IPERS' net position as a percentage of the total pension liability	81.82%	81.82%	85.19%	85.19%	87.61%	87.61%

\*In accordance with GASB Statement No. 68, the amounts for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

**CITY OF OGDEN**  
**Schedule of City and Discretely Presented Component Unit Contributions**

**Iowa Public Employees' Retirement System**  
**For the Last Four Years**  
**(In Thousands)**

**Other Information**

	2017	2016	2015	2014
<b>Primary Government (City)</b>				
Statutorily required contribution	\$ 39	\$ 37	\$ 39	\$ 35
Contributions in relation to the statutorily required contribution	(39)	(37)	(39)	(35)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 437	\$ 401	\$ 413	\$ 375
Contributions as a percentage of covered-employee payroll	8.92%	9.23%	9.44%	9.33%
<b>Discretely Presented Component Unit (Utility)</b>				
Statutorily required contribution	\$ 37	\$ 33	\$ 33	\$ 32
Contributions in relation to the statutorily required contribution	(37)	(33)	(33)	(32)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Utility's covered-employee payroll	\$ 417	\$ 368	\$ 368	\$ 355
Contributions as a percentage of covered-employee payroll	8.93%	8.83%	8.93%	8.93%

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years which informatin is available.

See accompanying independent auditor's report.

## **CITY OF OGDEN**

### **Notes to Other Information – Pension Liability**

**Year ended June 30, 2017**

#### Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

#### Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

## **Supplementary Information**

**CITY OF OGDEN**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Nonmajor Governmental Funds**  
**As of and for the year ended June 30, 2017**

**Schedule 1**

	Special Revenue			Permanent Cemetery Perpetual Care	Total
	Wellness Center	Rural Fire	Asset Forfeiture		
Receipts:					
Miscellaneous	\$ 3,825	\$ 68,694	\$ 3,144	\$ 1,100	\$ 76,763
Total receipts	3,825	68,694	3,144	1,100	76,763
Disbursements:					
Governmental activities:					
Public safety	-	-	2,044	-	2,044
Culture and recreation	3,825	-	-	-	3,825
General government	-	5	1,100	-	1,105
Total disbursements	3,825	5	3,144	-	6,974
Excess (deficiency) of receipts over (under) disbursements	-	68,689	-	1,100	69,789
Other financing sources (uses):					
Operating transfers out	-	(42,386)	-	-	(42,386)
Total other financing sources (uses)	-	(42,386)	-	-	(42,386)
Net change in cash balances	-	26,303	-	1,100	27,403
Cash balances beginning of year	-	45,208	-	68,479	113,687
Cash balances end of year	\$ -	\$ 71,511	\$ -	\$ 69,579	\$ 141,090
<b>Cash Basis Fund Balances</b>					
Nonexpendable:					
Cemetery perpetual care		-	-	69,579	69,579
Restricted for:					
Other purposes	-	71,511	-	-	71,511
Total cash basis fund balances	\$ -	\$ 71,511	\$ -	\$ 69,579	\$ 141,090

See accompanying independent auditor's report.

**CITY OF OGDEN**  
**Schedule of Indebtedness**  
**Year Ended June 30, 2017**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
Primary Government								
General obligation bonds:								
Series 2010	September 2010	1.30-4.00 %	\$ 1,315,000	\$ 700,000	\$ -	\$ 100,000	\$ 600,000	\$ 19,100
Revenue Bonds:								
Sewer	June 2004	1.75 %	\$ 2,000,000	932,000	-	92,000	840,000	16,310
Sewer	June 2016	0.00 %	428,900	-	222,897	-	222,897	-
				\$ 932,000	\$ 222,897	\$ 92,000	\$ 1,062,897	\$ 16,310
Other debt:								
Fire Truck Loan	March 2013	3.95 %	\$ 153,051	21,457	-	10,509	10,948	790
Fire Truck Loan	June 2015	3.95 %	70,674	70,674	-	26,590	44,084	5,169
Cemetery Land Purchase	July 2014	2.00 %	45,000	36,353	-	18,065	18,288	1,728
Total				\$ 128,484	\$ -	\$ 55,164	\$ 73,320	\$ 7,687
Discretely presented component unit								
Revenue Notes:								
Electric Capital								
Loan Note	April 2014	3.49 %	\$ 1,122,646	\$ 952,207	\$ -	\$ 82,197	\$ 870,010	\$ 32,465

See accompanying independent auditor's report.

**CITY OF OGDEN**  
**Bond and Note Maturities**  
**June 30, 2017**

Primary Government							
General Obligation			Revenue Bonds				
Loans Payable							
Series 2010			Sewer Bonds		Sewer Bonds		
Year	Issued September 2010		Issued June 2004		Issued June 2016		Total
Ending	Interest		Interest		Interest		Revenue
June 30,	Rates	Amount	Rates	Amount	Rates	Amount	Bonds
2018	3.21%	100,000	1.75%	95,000	0.00%	222,897	317,897
2019	3.42%	100,000	1.75%	97,000			97,000
2020	3.60%	100,000	1.75%	100,000			100,000
2021	4.00%	100,000	1.75%	103,000			103,000
2022	4.00%	100,000	1.75%	106,000			106,000
2023	4.00%	100,000	1.75%	110,000			110,000
2024		-	1.75%	113,000			113,000
2025		-	1.75%	116,000			116,000
Total		<u>\$ 600,000</u>		<u>\$ 840,000</u>		<u>\$ 222,897</u>	<u>\$ 1,062,897</u>
Other Debt							
Fire Truck Loan			Fire Truck Loan		Cemetery		
Issued March 2013			Issued July 2015		Land Purchase		
Year	Issued March 2013		Issued July 2015		Issued July 2014		Total
Ending	Interest		Interest		Interest		Other
June 30,	Rates	Amount	Rates	Amount	Rates	Amount	Debt
2018	3.95%	10,948	3.95%	14,115	2.30%	18,288	43,351
2019		-	3.95%	14,680		-	14,680
2020		-	3.95%	15,289		-	15,289
Total		<u>\$ 10,948</u>		<u>\$ 44,084</u>		<u>\$ 18,288</u>	<u>\$ 73,320</u>

See accompanying independent auditor's report



Year Ending June 30,	Discretely Presented Component Unit	
	Revenue Notes	
	Electric Capital	
	Loan Notes	
	Issued April 25, 2014	
	Interest	
	Rates	Amount
2018	3.49%	\$ 85,642
2019	3.49%	88,679
2020	3.49%	91,763
2021	3.49%	95,079
2022	3.49%	98,450
2023	3.49%	101,942
2024	3.49%	105,534
2025	3.49%	109,300
2026	3.49%	93,621
Total		<u>\$ 870,010</u>

**CITY OF OGDEN**  
**Schedule of Receipts By Source and**  
**Disbursements By Function -**  
**All Governmental Funds**

**Schedule 4**

For the Last Ten Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Receipts:</b>										
Property and other City tax	\$ 813,901	\$ 753,192	\$ 732,003	\$ 699,000	\$ 702,128	\$ 709,542	\$ 695,970	\$ 584,866	\$ 522,705	\$ 542,778
Other city tax	184,194	174,595	175,723	164,512	162,200	154,968	145,657	141,946	150,412	147,074
Licenses and permits	2,268	1,818	1,874	1,878	1,703	2,535	2,078	1,768	1,530	5,835
Use of money and property	51,935	49,406	50,719	48,271	55,885	187,847	102,266	67,514	70,972	66,632
Intergovernmental	350,127	352,085	280,561	337,507	549,013	500,936	795,988	379,435	223,110	281,280
Charges for services	16,499	26,913	17,847	25,283	14,652	14,437	16,919	29,853	23,370	25,934
Special assessments	-	-	-	-	-	575	1,167	5,898	-	-
Miscellaneous	276,106	221,150	307,304	491,949	406,304	144,031	96,650	124,689	200,018	104,908
<b>Total</b>	<b>1,695,030</b>	<b>1,579,159</b>	<b>1,566,031</b>	<b>1,768,400</b>	<b>1,891,885</b>	<b>1,714,871</b>	<b>1,856,695</b>	<b>1,335,969</b>	<b>1,192,117</b>	<b>1,174,441</b>
<b>Disbursements:</b>										
<b>Operating:</b>										
Public safety	332,847	383,951	324,304	291,575	578,720	291,778	285,367	313,392	315,532	295,791
Public works	342,762	228,744	323,210	189,743	279,674	252,628	254,100	192,507	282,287	286,326
Health and social services	9,400	11,900	12,242	7,150	6,400	8,250	5,400	5,400	14,350	15,850
Culture and recreation	240,553	182,332	151,914	143,877	217,430	159,162	168,044	222,888	222,061	248,162
Community and economic developm	90,278	46,947	40,658	108,093	38,033	27,072	39,936	5,516	27,883	68,173
General government	282,545	284,999	269,397	251,040	234,087	226,051	187,816	143,911	149,455	167,770
Debt service	182,450	132,799	143,946	241,337	146,366	148,518	170,216	37,921	39,992	70,355
Capital projects	140,068	398,402	507,344	687,995	371,905	346,772	1,567,280	255,247	40,715	14,295
<b>Total</b>	<b>\$ 1,620,903</b>	<b>\$ 1,670,074</b>	<b>\$ 1,773,015</b>	<b>\$ 1,920,810</b>	<b>\$ 1,872,615</b>	<b>\$ 1,460,231</b>	<b>\$ 2,678,159</b>	<b>\$ 1,176,782</b>	<b>\$ 1,092,275</b>	<b>\$ 1,166,722</b>

See accompanying independent auditor's report.

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

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the 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, the discretely presented component unit and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 2, 2017. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ogden'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 the City of Ogden's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ogden'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 deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Ogden's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as item I-A-17 and I-B-17 to be material weaknesses.



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## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Ogden and are reported in Part II of the accompanying Schedule of Findings. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

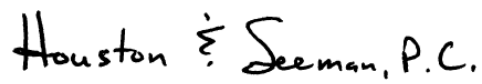
## The City of Ogden's Responses to Findings

The City of Ogden's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Ogden'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 control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City'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 City'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 the City of Ogden during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
Houston & Seeman, P.C.

October 2, 2017

**CITY OF OGDEN**  
**Schedule of Findings**  
**Year ended June 30, 2017**

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

**INTERNAL CONTROL DEFICIENCIES:**

- I-A-17 Segregation of Duties – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – Duties are not able to be properly segregated. Currently one individual prepares the bank reconciliations, has the ability to make transfers, prepares and posts entries to the general ledger, prepares and distributes payroll checks, and prepares council minutes for City Council Meetings.

Cause – The limited number of office employees prevents a proper segregation of accounting duties necessary to assure optimal internal control.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – City officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – The management of the City is aware of the segregation issue within the City. However, with a small department, even with careful consideration when assigning duties, these issues are unavoidable. Management believes it has built in sufficient oversight controls throughout the financial management process to effectively mitigate the risk of fraud.

- I-B-17 Disbursements – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management, and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include established policies addressing proper asset use and proper supporting documentation.

Condition – Supporting documentation for one of the sixty transactions tested was not maintained. Supporting documentation for nineteen of the sixty transactions tested were not cancelled.

Cause – The City did not receive proper documentation for all disbursements. After the invoices have been paid they were not marked as paid to prevent a double payment.

Effect – Lack of supporting documentation for disbursements and supporting documentation not being cancelled could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – All disbursements should be supported by invoices or other supporting documentation and properly cancelled after payment is made.

Response – All disbursements will be supported by invoices or other supporting documentation and properly cancelled once payment has been made.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**CITY OF OGDEN**  
**Schedule of Findings**  
**Year ended June 30, 2017**

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

- II-A-17 Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the Debt Service fund and disbursements exceeded the amounts budgeted in the Culture & Recreation and Debt Service funds before the budget was amended. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – Although the budget was amended, it should have been amended in a sufficient amount to prevent disbursements from exceeding budgeted amounts.

Response – The budget will be amended to prevent disbursements from exceeding budgeted amounts.

Conclusion – Response accepted.

- II-B-17 Questionable Disbursements – We noted no disbursements we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-17 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-17 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Larry Zahasky Spouse of Jane Zahasky, former City Administrator	Frame for sign	\$ 75
Hayes Handyman Service Husband of Leslie Hayes, Library Board President	Concession stand construction and misc. library repairs	2,102

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with Larry Zahasky does not represent a conflict of interest since the transaction did not exceed the \$1,500 limit set by the Code of Iowa.

The transactions with Hayes Handyman Service do not appear to represent a conflict of interest in accordance with Chapter 362.5(3)(d) of the Code of Iowa since the contract was entered into through competitive bidding.

- II-E-17 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- II-F-17 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- II-G-17 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the code of Iowa and the City’s investment policy were noted.

**CITY OF OGDEN**  
**Schedule of Findings**  
**Year ended June 30, 2017**

II-H-17 Revenue Notes and Bonds – The City has complied with the sewer revenue bond resolutions, except as follows:

Principal and interest on the bond was paid from the Sewer Fund rather than the Sewer Sinking Fund as required by the bond resolution.

The City is not in compliance with the net revenue requirement of the bond resolution which requires that net revenues of the Sewer Fund be at least 110% of the amount of annual principal and interest payments coming due on the bond.

Recommendation – The City should establish sewer utility rates at a level sufficient to produce net revenues at a level not less than 110% of the amount of principal and interest due in the same year. the payment of principal and interest on the sewer revenue bond should be made from the Sewer Sinking Fund, as required.

Response – The City will be sure to comply with all revenue bond resolutions.

Conclusion – Response accepted.

II-I-17 Payroll Taxes Payable – Payroll taxes accrued from fiscal year 2016 were paid late in fiscal year 2017 and penalties were charged for late payments.

Recommendation – The City needs to pay accrued payroll taxes on time to avoid late payment fees.

Response – We will be sure to pay accrued payroll taxes in a timely manner.

Conclusion – Response accepted.