

URBANDALE COMMUNITY SCHOOL DISTRICT

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

June 30, 2005



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URBANDALE COMMUNITY SCHOOL DISTRICT

**OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b> (Before September, 2004 Election)		
Steve Schuler	President	2004
Kirby Wood	Vice President	2004
Doug Getter	Board Member	2004
Cynthia Munyon	Board Member	2005
Jerry Tormey	Board Member	2005
Diana Ripperger	Board Member	2006
Theresa Weeg	Board Member	2006

<b>Board of Education</b> (After September, 2004 Election)		
Kirby Wood	President	2007
Diana Ripperger	Vice President	2006
Doug Gulling	Board Member	2007
Steve Schuler	Board Member	2007
Theresa Weeg	Board Member	2006
Cynthia Munyon	Board Member	2005
Jerry Tormey	Board Member	2005

**School Officials**

Greg Robinson, Ph.D.	Superintendent	2005
Carolyn Sparks	District Secretary/Treasurer	2005
Belin, Lamson, McCormick, Zumbach, Flynn	Attorneys	Indefinite
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



Independent Auditor's Report

To the Board of Education  
Urbandale Community School District  
Urbandale, Iowa

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Urbandale Community School District, Urbandale, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Urbandale Community School District and its aggregate discretely presented component units as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Governmental Auditing Standards, we have also issued our report dated August 24, 2005, on our consideration of the Urbandale 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 11 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urbandale Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Van Maanen & Associates, P.C.*

Van Maanen & Associates, P.C.  
Certified Public Accountants

August 24, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Urbandale Community School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2005. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### Financial Highlights

- General Fund revenues increased from \$23,238,554 in fiscal 2004 to \$23,411,174 in fiscal 2005, while General Fund expenditures increased from \$22,070,377 in fiscal 2004 to \$23,097,438 in fiscal 2005. This resulted in an increase in the District's General Fund balance from \$4,346,940 in fiscal 2004 to \$4,660,676 in fiscal 2005, a 7 percent increase from the prior year.

### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The *governmental funds statements* explain how basic service such as regular and special education were financed in the short-term as well as what remains for future spending.
- The *proprietary funds statements* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- The *fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-1

Urbandale Community School District  
Annual Financial Report

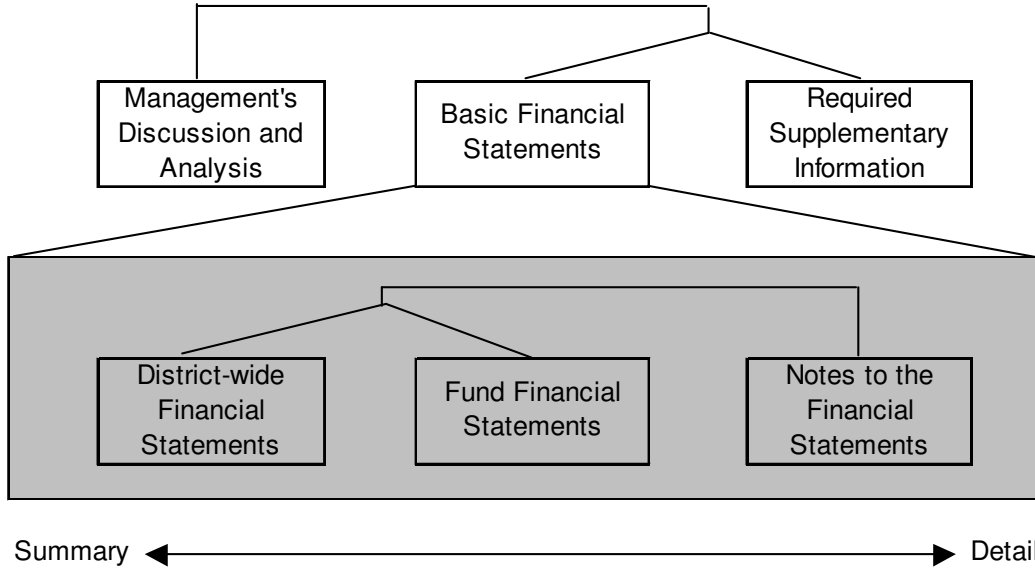




Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of managements discussion and analysis highlights the structure and contents of each of the statements.

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

### Government-wide Financial Statements

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

The two government-wide statements report the District's *net assets* and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities.

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 taxes and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help it cover the cost of certain services it provides. The District's food service and child care programs would be 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *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 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 has two enterprise funds: the School Nutrition Fund and the Childcare Fund. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

## Financial Analysis of the District as a Whole

*Net Assets:* The District's combined net assets on June 30, 2005, were \$25,606,601 (see Figure A-3).

Figure A-3 Condensed Statement of Net Assets Year ending June 30, 2005							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$ 34,268,082	34,138,140	602,381	407,759	34,870,463	34,545,899	0.9%
Capital assets	28,438,064	25,745,192	153,784	164,444	28,591,848	25,909,636	10.4%
<b>Total assets</b>	<b>62,706,146</b>	<b>59,883,332</b>	<b>756,165</b>	<b>572,203</b>	<b>63,462,311</b>	<b>60,455,535</b>	<b>5.0%</b>
Long-term debt outstanding	23,221,030	24,374,982	-	-	23,221,030	24,374,982	-4.7%
Other liabilities	14,550,650	12,050,376	84,030	119,444	14,634,680	12,169,820	20.3%
<b>Total liabilities</b>	<b>37,771,680</b>	<b>36,425,358</b>	<b>84,030</b>	<b>119,444</b>	<b>37,855,710</b>	<b>36,544,802</b>	<b>3.6%</b>
Net assets							
Invested in capital assets, net of related debt	20,981,361	19,116,833	153,784	164,444	21,135,145	19,281,277	9.6%
Restricted	782,931	1,285,824	-	-	782,931	1,285,824	-39.1%
Unrestricted	3,170,174	3,055,317	518,351	288,315	3,688,525	3,343,632	10.3%
<b>Total net assets</b>	<b>\$ 24,934,466</b>	<b>23,457,974</b>	<b>672,135</b>	<b>452,759</b>	<b>25,606,601</b>	<b>23,910,733</b>	<b>7.1%</b>

As noted earlier, net assets may serve over time as useful indicators of a government's financial position. The District's total net assets have increased from a year ago from \$23,910,733 to \$25,606,601.

The significant portions of the District's combined net assets reflects its investment in capital assets and are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$21,135,145 for 2005 and \$19,281,277 for 2004.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond debt retirement for the year was \$1,335,000.

Property tax and unrestricted state grants account for 85 percent of the total revenue. The District's expenses primarily related to instruction and support services that account for 87 percent of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$28,816,518 and expenses were \$27,340,026. Net assets increased by \$1,476,492.

Figure A-4 highlights the District's revenues and expenses for the fiscal years ended June 30, 2005 and 2004. These two main components are subtracted to yield the change in net assets. This exhibit utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

<b>Figure A-4</b>						
<b>Changes in Net Assets</b>						
<b>(Expressed in Thousands)</b>						
	Governmental Activities		Business type Activities		Total District	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for service	\$ 3,839	3,753	2,044	2,010	5,883	5,763
Operating grants, contributions and restricted interest	2,187	1,874	216	190	2,403	2,064
Capital grants, contributions and restricted interest	-	-	-	-	-	-
General revenues:						
Property tax	9,751	10,360	-	-	9,751	10,360
Local option sales and service tax	2,848	2,833	-	-	2,848	2,833
Unrestricted state grants	9,590	9,261	-	-	9,590	9,261
Unrestricted investment earnings	563	92	-	-	563	92
Other	38	74	-	-	38	74
Total revenues	<u>28,816</u>	<u>28,247</u>	<u>2,260</u>	<u>2,200</u>	<u>31,076</u>	<u>30,447</u>
Program expenses:						
Governmental activities:						
Instruction	16,874	16,130	-	-	16,874	16,130
Support services	8,119	7,830	-	-	8,119	7,830
Non-instructional programs	-	-	2,040	2,132	2,040	2,132
Other expenses	2,347	1,781	-	-	2,347	1,781
Total expenses	<u>27,340</u>	<u>25,741</u>	<u>2,040</u>	<u>2,132</u>	<u>29,380</u>	<u>27,873</u>
Change in net assets	<u>\$ 1,476</u>	<u>2,506</u>	<u>220</u>	<u>68</u>	<u>1,696</u>	<u>2,574</u>

## Business Type Activities

Revenues of the District's business type activities were \$2,259,839 and expenses were \$2,040,463. Net assets increased by \$219,376. The District's business type activities include the School Nutrition and Daycare funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Figure A-5 presents the cost of six major District activities: instruction, student and instructional services, administration services, operating and maintenance of plant services, transportation services, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and inter government aid provided by specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

<b>Figure A-5</b>		
<b>Total and Net Cost of Governmental Activities</b>		
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 16,873,738	11,853,925
Support services	8,119,415	7,958,711
Non-instructional programs	-	-
Other expenses	2,346,873	1,500,657
Totals	<u>\$ 27,340,026</u>	<u>21,313,293</u>

- The cost of all governmental activities was \$27,340,026.
- The cost financed by the users of the District's programs was \$3,839,529.
- The federal and state governments subsidized certain programs with grants and contributions totaling \$2,187,204.
- The net cost of government activities was financed with \$12,598,307 in property taxes, \$9,590,337 in unrestricted state aid, \$563,339 investment earnings, and \$37,802 other general receipts.

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2005, the District had invested \$28,591,848, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, computer and audiovisual equipment.

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,						June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Land	\$ 1,533,992	527,600	-	-	1,533,992	527,600	190.7%
Construction in progress	2,822,093	67,453	-	-	2,822,093	67,453	4083.8%
Buildings	23,486,747	24,335,806	-	-	23,486,747	24,335,806	-3.5%
Equipment and furniture	595,232	814,333	153,784	164,444	749,016	978,777	-23.5%
Total	\$ 28,438,064	25,745,192	153,784	164,444	28,591,848	25,909,636	10.4%

Construction in progress includes the work at the new elementary school and high school.

#### Long-Term Debt

At year-end, the District had \$21,205,000 in general obligation bonds, \$297,341 in obligations under capital lease, \$406,928 in obligations under a land installment contract, \$1,234,084 in early retirement obligations and \$77,677 in obligations for compensated absences.

#### Factors Bearing on District's Future

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

- The national recession that has adversely impacted the State of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid to schools (allowable growth) will be predicated upon the condition of the national economy.
- Under Iowa's school funding formula, District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation. For fiscal year 2005/2006, the student population within the District has increased by 29 students. Open enrollment into the District is up 10 students. This results in a net gain to the District of 39 students.
- Construction of a new elementary building and major renovations at the high school.

#### Contacting the District's Financial Management

The 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 Carolyn Sparks, Director of Business Services, Urbandale Community School District, 6200 Aurora Ave., Ste. 500 West, Urbandale, IA 50322.

## **Basic Financial Statements**

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2005

	Governmental Activities	Business type Activities	Total	Component Units
<b>Assets</b>				
Cash and cash equivalents	\$ 22,797,266	585,717	23,382,983	240,792
Receivables:				
Property tax:				
Delinquent	39,882	-	39,882	-
Succeeding year	10,873,782	-	10,873,782	-
Due from other governments	556,279	-	556,279	-
Inventories	-	16,664	16,664	-
Prepaid insurance	873	-	873	-
Capital assets, net of accumulated depreciation (note 4)	28,438,064	153,784	28,591,848	-
<b>Total assets</b>	<b>62,706,146</b>	<b>756,165</b>	<b>63,462,311</b>	<b>240,792</b>
<b>Liabilities</b>				
Excess of warrants issued over bank balance	4,839	-	4,839	-
Accounts payable	1,143,930	4,660	1,148,590	-
Salaries and benefits payable	2,110,829	21,941	2,132,770	-
Accrued interest payable	227,341	-	227,341	-
Deferred revenue:				
Succeeding year property tax	10,873,782	-	10,873,782	-
Other	189,929	57,429	247,358	-
Long-term liabilities (note 5):				
Portion due within one year:				
Bonds payable	1,390,000	-	1,390,000	-
Compensated absences	77,677	-	77,677	-
Early retirement	283,622	-	283,622	-
Contract payable	203,464	-	203,464	-
Portion due after one year:				
Bonds payable	19,815,000	-	19,815,000	-
Obligations under capital lease	297,341	-	297,341	-
Early retirement	950,462	-	950,462	-
Contract payable	203,464	-	203,464	-
<b>Total liabilities</b>	<b>37,771,680</b>	<b>84,030</b>	<b>37,855,710</b>	<b>-</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	20,981,361	153,784	21,135,145	-
Restricted for:				
Prepaid expenses	873	-	873	-
Iowa Early Intervention Grant	12,726	-	12,726	-
Gifted and Talented Grant	134,929	-	134,929	-
Management Levy	160,521	-	160,521	-
Debt Service	806	-	806	-
Physical plant and equipment levy	207,448	-	207,448	-
Other special revenue purposes	265,628	-	265,628	-
Unrestricted	3,170,174	518,351	3,688,525	240,792
<b>Total net assets</b>	<b>\$ 24,934,466</b>	<b>672,135</b>	<b>25,606,601</b>	<b>240,792</b>

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 12,074,980	2,354,684	858,679	-
Special instruction	2,428,815	514,927	296,841	-
Other instruction	2,369,943	925,728	68,954	-
	<u>16,873,738</u>	<u>3,795,339</u>	<u>1,224,474</u>	<u>-</u>
Support Service:				
Student services	1,154,219	-	-	-
Instructional staff services	999,259	-	-	-
Administration services	2,858,748	-	-	-
Operating and maintenance of plant services	2,340,203	13,298	-	-
Transportation services	766,986	30,892	116,514	-
Central support	-	-	-	-
	<u>8,119,415</u>	<u>44,190</u>	<u>116,514</u>	<u>-</u>
Non-instructional programs				
	-	-	-	-
Other expenditures:				
Facilities acquisition	318,866	-	-	-
Long-term debt interest	1,181,791	-	-	-
AEA flowthrough	846,216	-	846,216	-
Depreciation (unallocated)*	-	-	-	-
	<u>2,346,873</u>	<u>-</u>	<u>846,216</u>	<u>-</u>
Total governmental activities	27,340,026	3,839,529	2,187,204	-
Business type activities:				
Non-instructional programs:				
Nutrition services	1,085,160	905,121	215,973	-
Day Care services	955,303	1,138,745	-	-
	<u>2,040,463</u>	<u>2,043,866</u>	<u>215,973</u>	<u>-</u>
Total primary government	<u>\$ 29,380,489</u>	<u>5,883,395</u>	<u>2,403,177</u>	<u>-</u>
Component Units:				
Program Expenses	\$ 261,674	-	74,509	-
Management and general expenses	18,100	-	-	-
Fund raising expenses	241,251	-	461,065	-
Total component units	<u>\$ 521,025</u>	<u>-</u>	<u>535,574</u>	<u>-</u>



Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business Type Activities	Total	Component Units
(8,861,617)	-	(8,861,617)	-
(1,617,047)	-	(1,617,047)	-
(1,375,261)	-	(1,375,261)	-
(11,853,925)	-	(11,853,925)	-
(1,154,219)	-	(1,154,219)	-
(999,259)	-	(999,259)	-
(2,858,748)	-	(2,858,748)	-
(2,326,905)	-	(2,326,905)	-
(619,580)	-	(619,580)	-
-	-	-	-
(7,958,711)	-	(7,958,711)	-
-	-	-	-
(318,866)	-	(318,866)	-
(1,181,791)	-	(1,181,791)	-
-	-	-	-
-	-	-	-
(1,500,657)	-	(1,500,657)	-
(21,313,293)	-	(21,313,293)	-
-	35,934	35,934	-
-	183,442	183,442	-
-	219,376	219,376	-
(21,313,293)	219,376	(21,093,917)	-
-	-	-	(187,165)
-	-	-	(18,100)
-	-	-	219,814
-	-	-	14,549

Exhibit B

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

	Program Revenues			
Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Totals continued from previous pages	\$ 29,380,489	5,883,395	2,403,177	-
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other general revenues				
Gain (loss) on sale of assets				
Total general revenues				
Change in net assets				
Net assets beginning of year, as restated (note 12)				
Net assets end of year				

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

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business Type Activities	Total	Component Units
(21,313,293)	219,376	(21,093,917)	14,549
9,231,883	-	9,231,883	-
121,807	-	121,807	-
396,885	-	396,885	-
2,847,732	-	2,847,732	-
9,590,337	-	9,590,337	-
563,339	-	563,339	2,142
28,047	-	28,047	-
9,755	-	9,755	-
22,789,785	-	22,789,785	2,142
1,476,492	219,376	1,695,868	16,691
23,457,974	452,759	23,910,733	224,101
\$ 24,934,466	672,135	25,606,601	240,792

URBANDALE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<b>Assets</b>					
Cash and pooled investments	\$ 6,919,401	336	15,081,252	796,277	22,797,266
Receivables:					
Property tax:					
Current year delinquent	34,896	470	-	4,516	39,882
Succeeding year	8,573,137	1,230,683	-	1,069,962	10,873,782
Due from other governments	338,445	-	217,834	-	556,279
Prepaid expenses	873	-	-	-	873
<b>Total assets</b>	<b>\$ 15,866,752</b>	<b>1,231,489</b>	<b>15,299,086</b>	<b>1,870,755</b>	<b>34,268,082</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Excess of warrants issued over bank balance				4,839	4,839
Accounts payable	\$ 292,689	-	846,520	4,721	1,143,930
Salaries and benefits payable	2,072,648	-	-	-	2,072,648
Payroll deductions and withholdings payable	38,181	-	-	-	38,181
Deferred revenue:					
Succeeding year tuition and fees	151,744			38,185	189,929
Succeeding year property tax	8,573,137	1,230,683	-	1,069,962	10,873,782
Compensated absences	77,677	-	-	-	77,677
Early retirement payable	-	-	-	119,451	119,451
<b>Total liabilities</b>	<b>11,206,076</b>	<b>1,230,683</b>	<b>846,520</b>	<b>1,237,158</b>	<b>14,520,437</b>
Fund balances:					
Reserved for:					
Prepaid expense	873	-	-	-	873
Iowa early intervention block grant	12,726	-	-	-	12,726
Gifted and talented programs	134,929	-	-	-	134,929
Debt service	-	806	-	-	806
Unreserved	4,512,148		14,452,566	633,597	19,598,311
<b>Total fund balances</b>	<b>4,660,676</b>	<b>806</b>	<b>14,452,566</b>	<b>633,597</b>	<b>19,747,645</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,866,752</b>	<b>1,231,489</b>	<b>15,299,086</b>	<b>1,870,755</b>	<b>34,268,082</b>

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2005

**Total fund balances of governmental funds (Exhibit C)** \$ 19,747,645

***Amounts reported for governmental activities in the statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 28,438,064

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. (227,341)

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (23,023,902)

**Net assets of governmental activities (Exhibit A)** \$ 24,934,466

See notes to financial statements.

Exhibit E

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
Year ended June 30, 2005

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 8,524,032	121,807	-	1,104,736	9,750,575
Tuition	2,808,071	-	-	-	2,808,071
Other	272,685	-	3,254,124	937,642	4,464,451
Intermediate sources	64,032	-	-	-	64,032
State sources	11,253,040	70	-	682	11,253,792
Federal sources	465,842	-	-	-	465,842
<b>Total revenues</b>	<b>23,387,702</b>	<b>121,877</b>	<b>3,254,124</b>	<b>2,043,060</b>	<b>28,806,763</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	11,025,613	-	-	577,610	11,603,223
Special instruction	2,293,389	-	-	-	2,293,389
Other instruction	1,173,281	-	-	1,061,236	2,234,517
	<b>14,492,283</b>	<b>-</b>	<b>-</b>	<b>1,638,846</b>	<b>16,131,129</b>
Support services:					
Student services	1,154,219	-	-	-	1,154,219
Instructional staff services	863,833	-	-	-	863,833
Administration services	2,756,534	-	-	-	2,756,534
Operation and maintenance of plant services	2,189,167	-	-	-	2,189,167
Transportation services	795,186	-	-	-	795,186
	<b>7,758,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,758,939</b>
Non-instructional programs					
	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	3,255,754	417,216	3,672,970
Long-term debt:					
Principal	-	1,622,214	-	-	1,622,214
Interest and fiscal charges	-	1,049,009	-	-	1,049,009
AEA flowthrough	846,216	-	-	-	846,216
	<b>846,216</b>	<b>2,671,223</b>	<b>3,255,754</b>	<b>417,216</b>	<b>7,190,409</b>
<b>Total expenditures</b>	<b>23,097,438</b>	<b>2,671,223</b>	<b>3,255,754</b>	<b>2,056,062</b>	<b>31,080,477</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>290,264</b>	<b>(2,549,346)</b>	<b>(1,630)</b>	<b>(13,002)</b>	<b>(2,273,714)</b>
Other financing sources (uses):					
Sale of equipment	23,472	-	-	-	23,472
Operating transfers in	-	2,363,018	-	-	2,363,018
Operating transfers out	-	-	(2,042,000)	(321,018)	(2,363,018)
<b>Total other financing sources (uses)</b>	<b>23,472</b>	<b>2,363,018</b>	<b>(2,042,000)</b>	<b>(321,018)</b>	<b>23,472</b>
<b>Net change in fund balances</b>	<b>313,736</b>	<b>(186,328)</b>	<b>(2,043,630)</b>	<b>(334,020)</b>	<b>(2,250,242)</b>
<b>Fund balances beginning of year</b>	<b>4,346,940</b>	<b>187,134</b>	<b>16,496,196</b>	<b>967,617</b>	<b>21,997,887</b>
<b>Fund balances end of year</b>	<b>\$ 4,660,676</b>	<b>806</b>	<b>14,452,566</b>	<b>633,597</b>	<b>19,747,645</b>

See notes to financial statements.

URBANDALE 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, 2005

**Net change in fund balances - total governmental funds (Exhibit E)** \$ (2,250,242)

***Amounts reported for governmental activities in the statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 3,798,734	
Depreciation expense	(1,092,145)	2,706,589

In the government wide financial statements, only the net gain on the sale of capital assets is reported. However, in the governmental fund financial statements, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold. (13,717)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 1,622,214

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. (132,782)

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.

Early retirement	\$ (48,642)	
Compensated absences	-	(48,642)

Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets. (406,928)

**Change in net assets of governmental activities (Exhibit B)** \$ 1,476,492

See notes to financial statements.

Exhibit G

URBANDALE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND  
 Year Ended June 30, 2005

	Enterprise Funds
Operating revenue:	
Local sources:	
Charges for services	\$ 2,043,866
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	955,303
Food service operations:	
Depreciation	34,466
Other	1,050,694
Total operating expenses	2,040,463
Operating income	3,403
Non-operating revenue (expenses):	
State sources	9,219
Federal sources	206,754
Total non-operating revenue	215,973
Change in net assets	219,376
Net assets beginning of year	452,759
Net assets end of year	\$ 672,135

See notes to financial statements.



URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2005

	Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 905,937
Cash received from miscellaneous operating activities	1,093,150
Cash payments to employees for services	(1,365,662)
Cash payments to suppliers for goods or services	(595,782)
Net cash provided by operating activities	37,643
Cash flows from non-capital financing activities:	
State grants received	9,219
Federal grants received	171,227
Net cash provided by non-capital financing activities	180,446
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(23,806)
Net cash used by capital and related financing activities	(23,806)
Net increase in cash and cash equivalents	194,283
Cash and cash equivalents at beginning of year	391,434
Cash and cash equivalents at end of year	\$ 585,717
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating income	\$ 3,403
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	35,527
Depreciation	34,466
(Increase) in inventories	(339)
Increase in accounts payable	3,354
Increase in salaries and benefits payable	6,011
Decrease in deferred revenue	(44,779)
Net cash provided by operating activities	\$ 37,643

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

During the year ended June 30, 2005, the District received \$35,527 of federal commodities.

See notes to financial statements.

URBAN DALE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 June 30, 2005

	Agency
<b>Assets</b>	
Cash and pooled investments	\$ 121,820
Total assets	121,820
<b>Liabilities</b>	
Accounts payable	37
Other payables	121,783
Total liabilities	121,820
<b>Net assets</b>	\$ -

See notes to financial statements.

**Urbandale Community School District**

URBANDALE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF NET ASSETS - COMPONENT UNITS  
 June 30, 2005

	Karen Acres PTA	Urbandale Boosters, Inc.	Urbandale Performing Arts Booster Club	Urbandale Education Foundation	Urbandale Middle School PTO	Olmsted PTO
<b>Assets</b>						
Cash and pooled investments	\$ 21,240	10,494	37,846	102,930	-	10,367
<b>Total assets</b>	<b>21,240</b>	<b>10,494</b>	<b>37,846</b>	<b>102,930</b>	<b>-</b>	<b>10,367</b>
<b>Net assets</b>						
Unrestricted	21,240	10,494	37,846	102,930	-	10,367
<b>Total net assets</b>	<b>\$ 21,240</b>	<b>10,494</b>	<b>37,846</b>	<b>102,930</b>	<b>-</b>	<b>10,367</b>

See notes to financial statements.

Exhibit J

Jensen Elementary		Valerius PTO	Rolling Green PTO	Total
16,887	24,269	16,759	240,792	
16,887	24,269	16,759	240,792	
16,887	24,269	16,759	240,792	
16,887	24,269	16,759	240,792	

## Exhibit K

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - COMPONENT UNITS  
June 30, 2005

	Karen Acres PTA	Urbandale Boosters, Inc.	Urbandale Performing Arts Booster Club	Urbandale Education Foundation
Operating revenues:				
Contributions	\$ -	280	700	-
Membership dues	305	38,295	14,042	-
Grants	-	-	12,997	-
Fund Raisers	57,336	139,101	78,313	-
Total operating revenues	57,641	177,676	106,052	-
Operating expenses:				
Program expenses	21,820	90,189	65,702	-
Management and general expenses	1,092	12,466	47	113
Fund raising expenses	29,251	77,189	33,205	-
Total operating expenses	52,163	179,844	98,954	113
Operating income (loss)	5,478	(2,168)	7,098	(113)
Non-operating revenues (expenses):				
Interest income	216	222	169	64
Unrealized market gain (loss)	-	-	-	994
Net non-operating revenues (expenses)	216	222	169	1,058
Changes in net assets	5,694	(1,946)	7,267	945
Net assets beginning of year, as restated (note 12)	15,546	12,440	30,579	101,985
Net assets end of year	\$ 21,240	10,494	37,846	102,930

Exhibit K

Urbandale Middle School PTO	Olmsted PTO	Jensen Elementary PTO	Valerius PTO	Rolling Green PTO	Total
4,878	412	-	1,075	1,525	8,870
-	-	-	-	-	52,642
-	-	-	-	-	12,997
25,285	53,894	37,818	34,576	34,742	461,065
30,163	54,306	37,818	35,651	36,267	535,574
14,002	28,674	8,925	14,516	17,846	261,674
492	525	621	2,287	457	18,100
20,653	28,824	18,676	18,990	14,463	241,251
35,147	58,023	28,222	35,793	32,766	521,025
(4,984)	(3,717)	9,596	(142)	3,501	14,549
29	12	-	423	13	1,148
-	-	-	-	-	994
29	12	-	423	13	2,142
(4,955)	(3,705)	9,596	281	3,514	16,691
4,955	14,072	7,291	23,988	13,245	224,101
-	10,367	16,887	24,269	16,759	240,792

**Urbandale Community School District**



URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

**(1) Summary of Significant Accounting Policies**

Urbandale Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Urbandale, Iowa. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. Reporting Entity**

For financial reporting purposes, Urbandale 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.

**Discrete Component Units**

Karen Acres PTA is a legally separate not-for-profit entity. Karen Acres PTA was established for the purpose of providing additional educational opportunities for the students and faculty of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Karen Acres PTA, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Urbandale Boosters, Inc. is a legally separate not-for-profit entity. Urbandale Boosters, Inc. was established for the purpose of providing additional educational and athletic opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Urbandale Boosters, Inc., the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Urbandale Performing Arts Booster Club is a legally separate not-for-profit entity. Urbandale Performing Arts Booster Club was established for the purpose of providing additional opportunities for the students of Urbandale Community School District to excel in the arts. Although the District does not control the timing or amount of receipts from Urbandale Performing Arts Booster Club, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Urbandale Education Foundation is a legally separate not-for-profit entity. Urbandale Education Foundation was established for the purpose of providing additional educational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Urbandale Education Foundation, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Urbandale Middle School PTO is a legally separate not-for-profit entity. Urbandale Middle School PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Urbandale Middle School PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Olmsted PTO is a legally separate not-for-profit entity. Olmsted PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Olmsted PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Jensen Elementary PTO is a legally separate not-for-profit entity. Jensen Elementary PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Jensen Elementary PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Valerius PTO is a legally separate not-for-profit entity. Valerius PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Valerius PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Rolling Green PTO is a legally separate not-for-profit entity. Rolling Green PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Rolling Green PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Financial information of the above individual component units may be obtained from the Urbandale Community School District Business Manager.

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

B. Basis of Presentation

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but 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 that are 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.

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

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

The District's proprietary funds consist of the Enterprise, School Nutrition Fund and the Enterprise, Adventure-time Day Care Fund. These funds are used to account for the food service operations and the child daycare operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organization and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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 tax in the governmental funds are accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds become 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

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

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Property, furniture and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

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

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. However, these benefits must be used by the end of the following fiscal year, June 30, 2006. As such, these benefits are reported as a current liability in the General Fund as part of salaries and benefits payable.

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements in the other expenditures functional area exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2005 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, 2005, the District had investments as follows:

<u>Type</u>	<u>Fair Value</u>
Wells Fargo Cash Investment MM Fund	\$ 7,191,008
West Bank Certificate of Deposit	<u>13,278,494</u>
Total	<u>\$20,469,502</u>

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Public Education & Recreation Levy	Physical Plant & Equipment Levy	\$ 377
Debt Service	Physical Plant & Equipment Levy	321,018
Debt Service	Capital Projects	<u>2,042,000</u>
		<u>\$2,363,395</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(4) Capital Assets

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 527,600	1,006,392	-	1,533,992
Construction in progress	67,453	2,754,640	-	2,822,093
Total capital assets not being depreciated	595,053	3,761,032	-	4,356,085
Capital assets being depreciated:				
Buildings	37,188,998	-	-	37,188,998
Furniture and equipment	1,083,598	37,702	41,049	1,080,251
Leased equipment	788,695			788,695
Total capital assets being depreciated	39,061,291	37,702	41,049	39,057,944
Less accumulated depreciation for:				
Buildings	12,853,192	849,059	-	13,702,251
Furniture and equipment	925,333	35,037	27,332	933,038
Leased equipment	132,627	208,049		340,676
Total accumulated depreciation	13,911,152	1,092,145	27,332	14,975,965
Total capital assets being depreciated, net	25,150,139	(1,054,443)	13,717	24,081,979
Governmental activities capital assets, net	\$ 25,745,192	2,706,589	13,717	28,438,064
<b>Business type activities:</b>				
Furniture and equipment	\$ 369,368	23,806	-	393,174
Less accumulated depreciation	204,924	34,466		239,390
Business type activities capital assets, net	\$ 164,444	(10,660)	-	153,784

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 415,015
Special		135,426
Other		135,426
Support services:		
Instructional staff		135,426
Administration		135,426
Operation and maintenance of plant		135,426
		<u>1,092,145</u>
Unallocated depreciation		-
Total governmental activities depreciation expense		<u>\$ 1,092,145</u>
Business type activities:		
Food services		<u>\$ 34,466</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

**(5) Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2005 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 22,540,000	-	1,335,000	21,205,000	1,390,000
Obligation under capital lease	584,555	-	287,214	297,341	-
Obligation under land installment contract	-	406,928	-	406,928	203,464
Early retirement	1,184,729	339,292	289,937	1,234,084	283,622
Compensated absences	65,698	77,677	65,698	77,677	77,677
	<u>\$ 24,374,982</u>	<u>823,897</u>	<u>1,977,849</u>	<u>23,221,030</u>	<u>1,954,763</u>

Early Retirement

To be eligible for the benefits described below, an employee must have completed at least fifteen (15) continuous years of full-time service to the District. (Full-time is defined as 30 hours per week.) To be eligible, the employee must also have reached the age of 55 but not over 65 years on or before June 30. The early retirement stipend shall be 30% of the salary (salary only, not longevity, teacher compensation add-ons, flex-spending, car allowance, extra-duty, shift differential, overtime pay or TSA allowance) with single health insurance until the employee is eligible for Medicare. The maximum salary stipend for early retirement is \$30,000. An employee shall receive the maximum early retirement salary stipend in three equal payments. The first payment shall be paid to the employee during January of the first year for which early retirement is granted. The second payment shall be made during the following July and the third payment shall be paid during July of the next year. The payments will be treated by the District as salary payments to the employee when those payments are made to the employee, with appropriate withholding for taxes. Early retirement expenditures for the year ended June 30, 2005, totaled \$289,937.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year ending June 30,	School Refunding Bond Issue on December 1, 1996			
	Interest Rate	Principal	Interest	Total
2006	4.625%	700,000	143,062	843,062
2007	4.625%	750,000	110,688	860,688
2008	4.750%	775,000	76,000	851,000
2009	4.750%	825,000	39,188	864,188
		<u>\$ 3,050,000</u>	<u>368,938</u>	<u>3,418,938</u>

	School Refunding Bond Issue on December 1, 2002			
	Interest Rate	Principal	Interest	Total
2006	2.40%	690,000	136,163	826,163
2007	2.75%	700,000	104,312	804,312
2008	3.00%	715,000	70,900	785,900
2009	3.20%	725,000	36,250	761,250
		<u>\$ 2,830,000</u>	<u>347,625</u>	<u>3,177,625</u>

	Bond Issue on June 1, 2004			
	Interest Rate	Principal	Interest	Total
2006		-	745,900	745,900
2007		-	745,900	745,900
2008		-	745,900	745,900
2009		-	745,900	745,900
2010	4.25%	725,000	745,900	1,470,900
2011	4.38%	755,000	715,087	1,470,087
2012	4.38%	790,000	682,056	1,472,056
2013	4.63%	825,000	647,494	1,472,494
2014	4.75%	865,000	609,338	1,474,338
2015	5.00%	1,000,000	568,250	1,568,250
2016	5.00%	1,000,000	518,250	1,518,250
2017	5.00%	1,000,000	468,250	1,468,250
2018	5.00%	1,000,000	418,250	1,418,250
2019	5.00%	1,000,000	368,250	1,368,250
2020	5.00%	1,150,000	318,250	1,468,250
2021	5.00%	1,210,000	260,750	1,470,750
2022	5.00%	1,270,000	200,250	1,470,250
2023	5.00%	1,335,000	136,750	1,471,750
2024	5.00%	1,400,000	70,000	1,470,000
		<u>\$ 15,325,000</u>	<u>9,710,725</u>	<u>25,035,725</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

	Total Bond Indebtedness		
	Principal	Interest	Total
2006	\$ 1,390,000	1,025,125	2,415,125
2007	1,450,000	960,900	2,410,900
2008	1,490,000	892,800	2,382,800
2009	1,550,000	821,338	2,371,338
2010	725,000	745,900	1,470,900
2011	755,000	715,087	1,470,087
2012	790,000	682,056	1,472,056
2013	825,000	647,494	1,472,494
2014	865,000	609,338	1,474,338
2015	1,000,000	568,250	1,568,250
2016	1,000,000	518,250	1,518,250
2017	1,000,000	468,250	1,468,250
2018	1,000,000	418,250	1,418,250
2019	1,000,000	368,250	1,368,250
2020	1,150,000	318,250	1,468,250
2021	1,210,000	260,750	1,470,750
2022	1,270,000	200,250	1,470,250
2023	1,335,000	136,750	1,471,750
2024	1,400,000	70,000	1,470,000
	<u>\$ 21,205,000</u>	<u>10,427,288</u>	<u>31,632,288</u>

Capital Lease Payable - The District also entered into a capital lease arrangement on June 19, 2003 and a new lease agreement on June 15, 2004. Both are for the purchase of computer equipment for the District. The 2003 lease was paid in full during 2005. The 2004 lease calls for two more payments of \$160,584 on July 15, 2006 and 2007.

The following is a schedule of the future minimum payments required under the lease together with their present value as of June 30, 2005:

Year ending June 30,	Apple Computer, Inc. Capital Lease		
	2003 Lease	2004 Lease	Total
2007	\$ -	160,584	160,584
2008	-	160,584	160,584
Total minimum lease payments	-	321,168	321,168
Less amount representing interest	-	23,827	23,827
Present value of minimum lease payments	<u>\$ -</u>	<u>297,341</u>	<u>297,341</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

**(6) Operating Leases**

The District entered into a five-year agreement which expires in February, 2009 for the lease of its administrative offices. The agreement requires minimum base rents at various monthly rates plus a prorated share of the property and operating expenses. The District has the right to cancel the lease on the twenty fourth month should the High School bond issue pass. The total minimum lease commitment under the agreement is as follows:

Year ending June 30,	Minimum Lease Payments
2006	\$ 42,888
2007	42,888
2008	42,888
2009	28,592
	\$ 157,256

The total lease expense for the year ended June 30, 2005 was \$47,407.

The District entered into a one year noncancellable agreement which expired in June, 1999 for the lease of a building for the Metro West Academy. The agreement required minimum base rents payable monthly. The District has the right to renew the lease for five additional one-year periods. The District has renewed the lease. The total minimum lease commitment under the agreement is as follows:

<u>Year ending June 30,</u>	<u>Minimum Lease Payments</u>
2006	<u>\$32,000</u>

The total lease expense for the year ended June 30, 2005 was \$32,000.

**(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 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003, were \$902,823, \$891,111, and \$914,099, respectively, equal to the required contributions for each year.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

**(8) Risk Management**

Urbandale 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.

**(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 \$846,216 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Real Estate Contract**

A contract has been signed for the purchase of a parcel of land for future expansion. The contract is for a total cost of \$622,892, of which \$215,964 has been paid. The remaining payments of \$101,732 are due July 1 and December 1, 2005 and July 1 and September 24, 2006.

**(11) Deficit Fund Balance**

The Public Education and Recreation Levy fund had a deficit balance of \$4,324 as of June 30, 2005.

**(12) Restatements**

Changes to the reporting of component units include a \$3,028 increase to the beginning balance of the Urbandale Boosters, Inc and a \$4,329 decrease to the beginning balance of the Jensen Elementary PTO. This change decreases the total beginning net assets of the component units by \$1,301.

**Required Supplementary Information**

URBAN DALE COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN BALANCES - BUDGET AND ACTUAL (GAAP BASIS) - ALL GOVERNMENTAL  
 FUND TYPES AND PROPRIETARY FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Year Ended June 30, 2005

	Governmental Fund Types- Actual	Proprietary Fund Type- Actual
Revenues:		
Local sources	\$ 17,087,129	2,043,866
State sources	11,253,792	9,219
Federal sources	465,842	206,754
Total revenues	<u>28,806,763</u>	<u>2,259,839</u>
Expenditures:		
Instruction	16,131,129	-
Support services	7,758,939	-
Non-instructional programs	-	2,040,463
Other expenditures	7,190,409	-
Total expenditures	<u>31,080,477</u>	<u>2,040,463</u>
Excess (deficiency) of revenues over (under) expenditures	(2,273,714)	219,376
Other financing sources, net	<u>23,472</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,250,242)	219,376
Balances beginning of year	<u>21,997,887</u>	<u>452,759</u>
Balances end of year	<u>\$ 19,747,645</u>	<u>672,135</u>

See accompanying independent auditor's report.



Total Actual	Original Budget	Final Budget	Final to Actual Variance- Positive (Negative)
19,130,995	15,371,319	15,371,319	3,759,676
11,263,011	13,916,629	13,916,629	(2,653,618)
672,596	317,350	317,350	355,246
31,066,602	29,605,298	29,605,298	1,461,304
16,131,129	15,290,173	16,908,897	777,768
7,758,939	10,314,651	8,695,921	936,982
2,040,463	2,147,850	2,352,950	312,487
7,190,409	5,230,631	6,149,356	(1,041,053)
33,120,940	32,983,305	34,107,124	986,184
(2,054,338)	(3,378,007)	(4,501,826)	2,447,488
23,472	-	-	23,472
(2,030,866)	(3,378,007)	(4,501,826)	2,470,960
22,450,646	6,943,663	6,943,663	15,506,983
20,419,780	3,565,656	2,441,837	17,977,943

URBANDALE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
Year ended June 30, 2005

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 modified accrual basis. Encumbrances are not recognized on the modified accrual basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. 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 functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$1,123,819.

During the year ended June 30, 2005, disbursements in the other expenditures function exceeded the amount budgeted, but the District did not exceed its overall expenditure budget.

## **Other Supplementary Information**

URBANDALE COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2005

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
<b>Assets</b>					
Cash and pooled investments	\$ 277,075	312,858	-	206,344	796,277
Receivables:					
Property tax:					
Delinquent	2,897	-	515	1,104	4,516
Succeeding year	679,344	-	107,560	283,058	1,069,962
<b>Total assets</b>	<b>\$ 959,316</b>	<b>312,858</b>	<b>108,075</b>	<b>490,506</b>	<b>1,870,755</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Excess of warrants issued over bank balance	-	-	4,839	-	4,839
Accounts payable	-	4,721	-	-	4,721
Deferred revenue:					
Succeeding year property tax	679,344	-	107,560	283,058	1,069,962
Succeeding year activity fee	-	38,185	-	-	38,185
Early retirement payable	119,451	-	-	-	119,451
Total liabilities	798,795	42,906	112,399	283,058	1,237,158
Fund equity:					
Unreserved fund balances	160,521	269,952	(4,324)	207,448	633,597
<b>Total liabilities and fund equity</b>	<b>\$ 959,316</b>	<b>312,858</b>	<b>108,075</b>	<b>490,506</b>	<b>1,870,755</b>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2005

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Revenues:					
Local sources:					
Local tax:					
Property tax	\$ 658,907	-	101,788	269,337	1,030,032
Utility tax replacement excise tax	48,944	-	7,479	18,281	74,704
Mobile home tax	-	-	-	-	-
	<u>707,851</u>	<u>-</u>	<u>109,267</u>	<u>287,618</u>	<u>1,104,736</u>
Other local sources:					
Interest on investments	-	-	-	7,832	7,832
Student activities	-	925,728	-	-	925,728
Miscellaneous	4,082	-	-	-	4,082
	<u>4,082</u>	<u>925,728</u>	<u>-</u>	<u>7,832</u>	<u>937,642</u>
	<u>711,933</u>	<u>925,728</u>	<u>109,267</u>	<u>295,450</u>	<u>2,042,378</u>
State sources:					
Revenue in lieu of taxes :					
Military credit	446	-	68	168	682
Total revenues	<u>712,379</u>	<u>925,728</u>	<u>109,335</u>	<u>295,618</u>	<u>2,043,060</u>
Expenditures:					
Instruction:					
Regular, special, and vocational instruction:					
Salaries	-	-	-	-	-
Benefits	328,637	-	-	-	328,637
Services	248,973	-	-	-	248,973
	<u>577,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>577,610</u>
Co-curricular instruction:					
Salaries	-	36,206	-	-	36,206
Benefits	-	4,105	-	-	4,105
Services	-	49,512	-	-	49,512
Other	-	971,413	-	-	971,413
	<u>-</u>	<u>1,061,236</u>	<u>-</u>	<u>-</u>	<u>1,061,236</u>
Total instruction	<u>577,610</u>	<u>1,061,236</u>	<u>-</u>	<u>-</u>	<u>1,638,846</u>
Other expenditures:					
Facilities acquisition and construction:					
Salaries	-	-	-	-	-
Benefits	-	-	-	-	-
Supplies	-	-	-	295,221	295,221
Services	-	-	121,995	-	121,995
Other	-	-	-	-	-
Total other expenditures	<u>-</u>	<u>-</u>	<u>121,995</u>	<u>295,221</u>	<u>417,216</u>
Total expenditures	<u>577,610</u>	<u>1,061,236</u>	<u>121,995</u>	<u>295,221</u>	<u>2,056,062</u>

URBAN DALE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2005

	Management	Student Activity	Public Education & Recreation & Levy	Physical Plant and Equipment Levy	Total
Excess (deficiency) of revenues over (under) expenditures	134,769	(135,508)	(12,660)	397	(13,002)
Other financing sources (uses):					
Operating transfers in (out)			377	(321,395)	(321,018)
Total other financing sources (uses)	-	-	377	(321,395)	(321,018)
Excess (deficiency) of revenues and other financing sources over (under) expen- ditures and other financing uses	134,769	(135,508)	(12,283)	(320,998)	(334,020)
Fund balances beginning of year	25,752	405,460	7,959	528,446	967,617
Fund balances end of year	\$ 160,521	269,952	(4,324)	207,448	633,597

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2005

<u>Account</u>	Balance Beginning of Year	Revenues and Financing Sources	Expenditures	Balance End of Year
High School:				
Activities/Athletics	\$ 29,089	105,805	158,439	(23,545)
Act. Special Project	876	-	100	776
Art Club	529	350	-	879
At Risk	500	500	-	1,000
Baseball	1,449	49,690	50,655	484
Bowling	614	-	-	614
Boys Basketball	-	51,293	51,293	-
Boys Cross Country	-	6,677	6,677	-
Boys Golf	493	5,504	5,997	-
Boys Soccer	-	13,873	13,873	-
Boys Swimming	-	290	290	-
Boys Tennis	-	119	119	-
Boys Track	195	5,191	5,386	-
Cadet Teachers	520	-	-	520
Character Counts	24	354	378	-
Cheerleaders	3,361	26,150	21,685	7,826
Colorguard	98	-	-	98
Computer Club	2,610	-	-	2,610
Computer Lab	2,099	(354)	-	1,745
Debate	687	-	-	687
DECA	1,667	16,460	17,250	877
Environmental Club	121	-	-	121
ESL Activity	638	583	1,121	100
Football	390	57,915	58,305	-
German Club	6,287	2,681	2,597	6,371
Girls Basketball	-	12,676	12,676	-
Girls Cross Country	-	3,939	3,939	-
Girls Golf	-	1,103	1,103	-
Girls Soccer	504	14,207	14,711	-
Girls Swimming	-	171	171	-
Girls Tennis	360	1,819	2,179	-
Girls Track	-	1,886	1,886	-
Guidance	898	1,251	1,393	756
H.S. Support Fund	35	-	-	35
Human Rights	5	-	-	5
Industrial Arts Club	1,346	1,208	243	2,311
Industrial Arts House	1,645	-	-	1,645
Instrumental Music	7,565	60,524	66,438	1,651
Special Projects	53,762	(45)	24,238	29,479
International Friends Club	384	-	-	384
Japanese Trip Account	374	1,645	2,019	-
Jayhawker	33,060	(5,158)	3,145	24,757

URBAN DALE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2005

<u>Account</u>	Balance Beginning of Year	Revenues and Financing Sources	Expenditures	Balance End of Year
High School (continued):				
Jaywalkers	14,716	35,080	35,949	13,847
Key Club	3,011	1,433	2,145	2,299
Library	26,022	(23,581)	281	2,160
Mass Media	423	-	-	423
MCNS - Reaching Training	180	-	-	180
Parenting Comm. Network	850	-	-	850
Peer Helpers	188	-	-	188
Pep Club	143	-	-	143
Science Activity	549	-	-	549
Softball	1,992	33,299	34,352	939
Speech and Drama	5,398	14,026	15,182	4,242
Strings	231	-	-	231
Student Participation Fee	-	65,844	65,594	250
Student Senate	28,888	4,313	3,848	29,353
Summer School/Driver Ed	-	22	-	22
Special Ed	500	-	-	500
Tag Activities	315	(98)	-	217
Tag Activities Fees	4,428	6,640	2,387	8,681
Future Business Leaders	-	1,190	1,128	62
Tag Trips	145	-	-	145
Teen Leadership Connection	99	-	-	99
Vocal Music	17,739	139,724	136,710	20,753
Volleyball	-	33,234	33,234	-
Drug Foundation	-	450	-	450
Wrestling	-	23,482	23,386	96
Yearbook	9,991	17,444	13,140	14,295
Building Activity	18,620	34,102	36,448	16,274
Academic Decathlon	-	98	98	-
The Roaring Leo Club	233	265	319	179
Physics	404	-	200	204
Total High School	287,250	825,274	932,707	179,817



URBANDALE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2005

<u>Account</u>	Balance Beginning of Year	Revenues and Financing Sources	Expenditures	Balance End of Year
Middle School:				
Athletics	-	507	507	-
Boys Basketball	-	1,262	1,262	-
Boys Cross Country	-	315	315	-
Boys Track	10	1,451	1,461	-
Building Activity	26,240	10,320	28,250	8,310
Elementary Band Fundraiser	1,324	5,174	4,349	2,149
Football	-	4,644	4,644	-
Girls Basketball	-	1,935	1,935	-
Girls Track	-	2,431	2,431	-
I-Movie Club	831	2,289	1,281	1,839
Instrumental Music	8,114	14,856	7,227	15,743
Jensen Activity	7,536	5,390	4,778	8,148
Jensen Media Paper	1,185	-	167	1,018
K.A. Target Activity	193	1,472	1,665	-
K.A. Media Paper	1,081	(472)	-	609
K.A. Activity	4,022	7,402	4,947	6,477
Library	852	947	705	1,094
Lock	149	5	-	154
M.S. Atlases	3,550	1,030	1,069	3,511
M.S. Student Activity Tickets	13,519	(8,033)	3,500	1,986
M.S. Tag Store Account	971	310	-	1,281
Media Paper Fees	507	-	488	19
Memory Book	14,072	11,782	19,655	6,199
Olmsted Activity	3,414	17,462	14,119	6,757
Olmsted Media Paper	4,526	-	-	4,526
Other	8	45	-	53
Rolling Green Activity	4,603	3,386	2,868	5,121
Rolling Green Media Paper	1,751	-	-	1,751
Softball	-	424	424	-
Speech and Drama	1,020	724	1,744	-
Student Council	4,061	2,359	1,709	4,711
Valerius Activity	4,131	3,778	3,377	4,532
Valerius Media Paper	1,012	-	627	385
Vocal Music	9,528	3,024	8,790	3,762
Volleyball	-	1,933	1,933	-
Wrestling	-	2,302	2,302	-
Total Middle School	118,210	100,454	128,529	90,135
Total	\$ 405,460	925,728	1,061,236	269,952

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2005

	Enterprise Funds		
	Adventure- time	School Nutrition	Total
<b>Assets</b>			
Cash and pooled investments	\$ 230,212	355,505	585,717
Inventories	-	16,664	16,664
Fixed assets:			
Equipment	-	393,174	393,174
Accumulated depreciation	-	(239,390)	(239,390)
<b>Total assets</b>	<u>230,212</u>	<u>525,953</u>	<u>756,165</u>
<b>Liabilities</b>			
Accounts payable	4,616	44	4,660
Salaries and benefits payable	16,407	5,534	21,941
Deferred revenue	39,076	18,353	57,429
<b>Total liabilities</b>	<u>60,099</u>	<u>23,931</u>	<u>84,030</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	-	153,784	153,784
Unrestricted	170,113	348,238	518,351
<b>Total net assets</b>	<u>\$ 170,113</u>	<u>502,022</u>	<u>672,135</u>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS - PROPRIETARY FUNDS  
 Year Ended June 30, 2005

	Enterprise Funds		
	Adventure- time	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	905,121	905,121
Sale of services	1,138,745	-	1,138,745
Total operating revenue	1,138,745	905,121	2,043,866
Operating expenses:			
Non-instructional programs:			
Community service operations:			
Salaries	759,611	-	759,611
Benefits	95,203	-	95,203
Supplies	100,489	-	100,489
	955,303	-	955,303
Food services operations:			
Salaries	-	457,803	457,803
Benefits	-	59,056	59,056
Services	-	4,744	4,744
Supplies	-	25,065	25,065
Food supplies	-	348,225	348,225
Property	-	154,654	154,654
Depreciation	-	34,466	34,466
Other	-	1,147	1,147
	-	1,085,160	1,085,160
Total operating expenses	955,303	1,085,160	2,040,463
Operating gain (loss)	183,442	(180,039)	3,403
Non-operating revenue (expenses):			
State lunch and breakfast claims	-	9,219	9,219
National School Lunch and Breakfast Program	-	206,754	206,754
Total non-operating revenue	-	215,973	215,973
Changes in net assets	183,442	35,934	219,376
Net assets beginning of year	(13,329)	466,088	452,759
Net assets end of year	\$ 170,113	502,022	672,135

See accompanying independent auditor's report.

URBAN DALE COMMUNITY SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2005

	Enterprise Funds		
	Adventure- time	Student Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	905,937	905,937
Cash received from miscellaneous operating activities	1,093,150	-	1,093,150
Cash payments to employees for services	(848,951)	(516,711)	(1,365,662)
Cash payments to suppliers for goods or services	(97,179)	(498,603)	(595,782)
Net cash used by operating activities	<u>147,020</u>	<u>(109,377)</u>	<u>37,643</u>
Cash flows from non-capital financing activities:			
State grants received	-	9,219	9,219
Federal grants received	-	171,227	171,227
Net cash provided by non-capital financing activities	<u>-</u>	<u>180,446</u>	<u>180,446</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(23,806)	(23,806)
Net cash used by capital and related financing activities	<u>-</u>	<u>(23,806)</u>	<u>(23,806)</u>
Net increase (decrease) in cash and cash equivalents	147,020	47,263	194,283
Cash and cash equivalents at beginning of year	<u>83,192</u>	<u>308,242</u>	<u>391,434</u>
Cash and cash equivalents at end of year	<u>\$ 230,212</u>	<u>355,505</u>	<u>585,717</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 183,442	(180,039)	3,403
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Commodities used	-	35,527	35,527
Depreciation	-	34,466	34,466
(Increase) in inventories	-	(339)	(339)
Increase (decrease) in accounts payable	3,310	44	3,354
Increase in salaries and benefits payable	5,863	148	6,011
Increase (decrease) in deferred revenue	(45,595)	816	(44,779)
Net cash used by operating activities	<u>\$ 147,020</u>	<u>(109,377)</u>	<u>37,643</u>

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

During the year ended June 30, 2005, the District received federal commodities valued at \$35,527.

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year ended June 30, 2005

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 162,271	92,103	132,554	121,820
<b>Total assets</b>	<b>\$ 162,271</b>	<b>92,103</b>	<b>132,554</b>	<b>121,820</b>
<b>Liabilities</b>				
Accounts payable	-	37	-	37
Other payables	\$ 162,271	92,066	132,554	121,783
<b>Total liabilities</b>	<b>\$ 162,271</b>	<b>92,103</b>	<b>132,554</b>	<b>121,820</b>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Local sources:				
Local tax	\$ 9,750,575	10,360,388	10,217,745	10,014,748
Tuition	2,808,071	2,791,249	2,460,528	2,319,954
Other	4,464,451	3,958,665	3,841,958	3,655,527
Intermediate sources	64,032	-	-	-
State sources	11,253,792	10,907,982	11,098,101	10,983,867
Federal sources	465,842	227,507	229,277	273,868
Total	<u>\$ 28,806,763</u>	<u>28,245,791</u>	<u>27,847,609</u>	<u>27,247,964</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 11,603,223	11,842,571	\$ 11,332,841	11,705,751
Special instruction	2,293,389	1,310,821	1,320,698	1,191,304
Other instruction	2,234,517	2,069,716	1,816,463	1,627,504
Support services:				
Student services	1,154,219	1,256,766	1,265,832	1,208,057
Instructional staff services	863,833	716,993	749,501	800,586
Administration services	2,756,534	2,604,124	2,864,958	2,845,199
Operation and maintenance of plant services	2,189,167	2,073,942	2,102,798	1,986,518
Transportation services	795,186	725,629	705,242	712,904
Central support services	-	10,000	15,000	15,000
Other expenditures:				
Facilities acquisition	3,672,970	1,555,812	1,946,611	3,839,977
Long-term debt:				
Principal	1,622,214	1,484,140	1,267,478	1,190,929
Interest and other charges	1,049,009	328,152	473,678	511,442
AEA flowthrough	846,216	847,006	897,431	897,959
Total	<u>\$ 31,080,477</u>	<u>26,825,672</u>	<u>26,758,531</u>	<u>28,533,130</u>

See accompanying independent auditor's report.

**Van Maanen  
& ASSOCIATES, P.C.**

**Certified Public Accountants**

705 Main St.  
Pella, IA 50219  
641-628-3737

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  
Urbandale Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Urbandale Community School District and its aggregate discretely presented component units as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated August 24, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Urbandale Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. However, we noted no matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions as defined above.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance 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 noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Urbandale Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Urbandale 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.

*Van Maanen & Associates, P.C.*

Van Maanen & Associates, P.C.  
Certified Public Accountants

August 24, 2005



URBANDALE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED June 30, 2005

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

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

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**REPORTABLE CONDITIONS**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

Not applicable since less than \$500,000 in federal awards.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-04      Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
- IV-B-04      Certified Budget - Expenditures for the year ended June 30, 2005, exceeded the amount budgeted in the other expenditure functional area.  
  
                  Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.  
  
                  Response - Future budgets will be amended in sufficient amounts to ensure that the certified budget is not exceeded.  
  
                  Conclusion - Response accepted.
- IV-C-04      Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-04      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.
- IV-E-04      Business Transactions - No business transactions were noted between the District and District officials or employees.

URBANDALE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED June 30, 2005

- IV-F-04      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 ensure that coverage is adequate for current operations.
- IV-G-04      Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-H-04      Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-I-04      Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-J-04      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.
- IV-K-04      Sale of Property - During the year ended June 30, 2005, the District made sales of property in accordance with Chapter 297.22 of the Code of Iowa.
- IV-L-04      Financial Condition - The Public Education and Recreation Levy Fund had a deficit balance at June 30, 2005 of \$4,324.

Recommendation - The District should investigate alternatives to eliminate this deficit in order to return this account to a sound financial position.

Response - The deficit balance is being looked into and the District hopes to have the deficit balance resolved in the upcoming year.

Conclusion - Response accepted.