

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

June 30, 2006



## TABLE OF CONTENTS

		<u>Page</u>
Officials		2
Independent Auditor's Report		3-4
Management's Discussion and Analysis (MD&A)		5-11
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-17
Governmental Fund Financial Statements:		
Balance Sheet	C	18
Reconciliation of the Balance Sheet -		
Governmental Funds to the Statement of Net Assets	D	19
Statement of Revenues, Expenditures and Changes in Fund Balances	E	20
Reconciliation of the Statement of Revenues, Expenditures and Changes		
in Fund Balances - Governmental Funds To the Statement of Activities	F	21
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	22
Statement of Revenues, Expenses and Changes in Net Assets	H	23
Statement of Cash Flows	I	24
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	25
Notes to Financial Statements		26-37
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures		
and Changes in Balances - Budget and Actual (GAAP Basis) -		
All Governmental Funds and Proprietary Fund		40-41
Notes to Required Supplementary Information - Budgetary Reporting		42
Other Supplementary Information:	<u>Schedule</u>	
Non-major Special Revenue Funds:		
Combining Balance Sheet	1	44
Combining Schedule of Revenues, Expenditures and		
Changes in Fund Balances	2	45-46
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	47-48
Proprietary Funds:		
Combining Statement of Net Assets	4	49
Combining Statement of Revenues, Expenses and Changes in		
Fund Net Assets	5	50
Combining Statement of Cash Flows	6	51
Agency Fund:		
Schedule of Changes in Fiduciary Assets and Liabilities	7	52
Schedule of Revenues by Source and Expenditures by Function -		
All Governmental Fund Types	8	53
Schedule of Expenditures of Federal Awards	9	54
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		55-56
Independent Auditor's Report on Compliance with Requirements Applicable to		
Each Major Program and on Internal Control Over Compliance in Accordance		
with OMB Circular A-133		57-58
Schedule of Findings and Questioned Costs		59-60

# URBANDALE COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b> (Before September, 2005 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

### **Board of Education** (After September, 2005 Election)

Diana Ripperger	President	2006
Cynthia Munyon	Vice President	2008
Jerry Tormey	Board Member	2008
Doug Gulling	Board Member	2007
Steve Schuler	Board Member	2007
Kirby Wood	Board Member	2007
Theresa Weeg	Board Member	2006

### **School Officials**

Greg Robinson, Ph.D.	Superintendent	2006
Carolyn Sparks	District Secretary/Treasurer	2006
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, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 as of June 30, 2006, 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 October 18, 2006, 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, 2005, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Van Maanen & Associates, P.C.*

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

October 18, 2006

## 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, 2006. 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 \$23,411,174 in fiscal 2005 to \$25,310,227 in fiscal 2006, while General Fund expenditures increased from \$23,097,438 in fiscal 2005 to \$25,803,687 in fiscal 2006. This resulted in a decrease in the District's General Fund balance from \$4,660,676 in fiscal 2005 to \$4,167,216 in fiscal 2006, a 10.6 percent decrease 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**

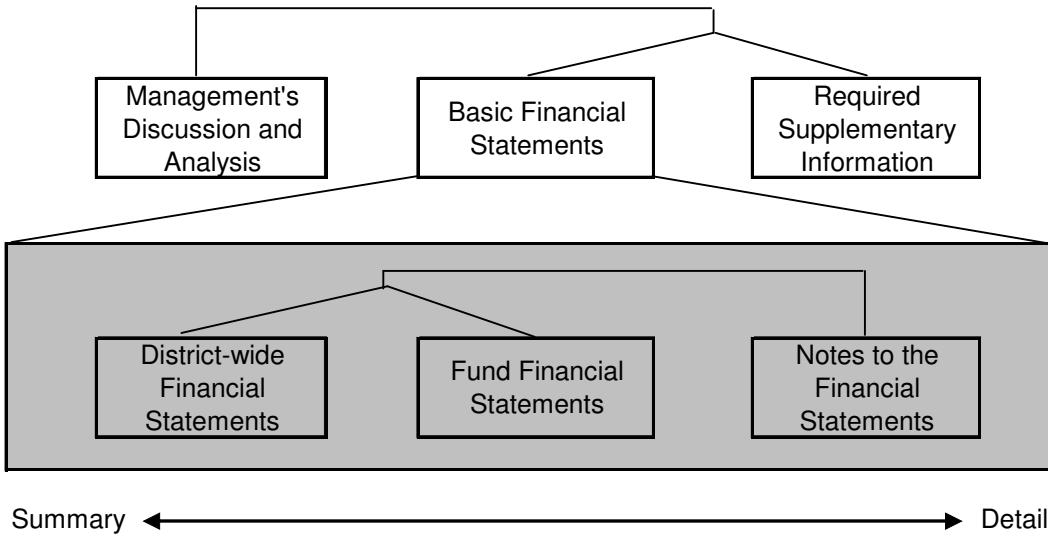




Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents 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>1. Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>2. Balance Sheet</li> <li>3. Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>4. Statement of Revenues, Expenses and Changes in Net Assets</li> <li>5. Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>6. Statement of Fiduciary Net Assets</li> <li>7. 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, 2006, were \$28,091,742 (see Figure A-3).

Figure A-3 Condensed Statement of Net Assets Year ending June 30, 2006							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	\$ 28,731,364	34,268,082	679,545	602,381	29,410,909	34,870,463	-15.7%
Capital assets	44,612,590	28,438,064	400,212	153,784	45,012,802	28,591,848	57.4%
<b>Total assets</b>	<b>73,343,954</b>	<b>62,706,146</b>	<b>1,079,757</b>	<b>756,165</b>	<b>74,423,711</b>	<b>63,462,311</b>	<b>17.3%</b>
Long-term debt outstanding	28,206,866	23,221,030	-	-	28,206,866	23,221,030	21.5%
Other liabilities	18,019,678	14,550,650	105,425	84,030	18,125,103	14,634,680	23.9%
<b>Total liabilities</b>	<b>46,226,544</b>	<b>37,771,680</b>	<b>105,425</b>	<b>84,030</b>	<b>46,331,969</b>	<b>37,855,710</b>	<b>22.4%</b>
<b>Net assets</b>							
Invested in capital assets, net of related debt	16,405,724	20,981,361	383,421	153,784	16,789,145	21,135,145	-20.6%
Restricted	599,318	782,931	-	-	599,318	782,931	-23.5%
Unrestricted	10,112,368	3,170,174	590,911	518,351	10,703,279	3,688,525	190.2%
<b>Total net assets</b>	<b>\$ 27,117,410</b>	<b>24,934,466</b>	<b>974,332</b>	<b>672,135</b>	<b>28,091,742</b>	<b>25,606,601</b>	<b>9.7%</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 \$25,606,601 to \$28,091,742.

The significant portions of the District's combined net assets reflect 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 \$16,789,145 for 2006.

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 \$3,740,000.

Property tax and unrestricted state grants account for 85 percent of general revenue and 63 percent of total revenue. The District's expenses primarily related to instruction and support services that account for 86 percent of total expenses.

### Governmental Activities

Revenues for governmental activities were \$32,420,142 and expenses were \$30,237,198. Net assets increased by \$2,182,944.

Figure A-4 highlights the District's revenues and expenses for the fiscal years ended June 30, 2006 and 2005. 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.

**Figure A-4**  
**Changes in Net Assets**  
**(Expressed in Thousands)**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total District</b>	
	<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>Year ended June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Revenues:						
Program revenues:						
Charges for service	\$ 4,150	3,839	2,034	2,044	6,184	5,883
Operating grants, contributions and restricted interest	2,579	2,187	243	216	2,822	2,403
Capital grants, contributions and restricted interest	-	-	-	-	-	-
General revenues:						
Property tax	11,744	9,751	-	-	11,744	9,751
Local option sales and service tax	2,934	2,848	-	-	2,934	2,848
Unrestricted state grants	10,084	9,590	-	-	10,084	9,590
Unrestricted investment earnings	762	563	-	-	762	563
Other	167	38	-	-	167	38
Total revenues	<u>32,420</u>	<u>28,816</u>	<u>2,277</u>	<u>2,260</u>	<u>34,697</u>	<u>31,076</u>
Program expenses:						
Governmental activities:						
Instruction	17,987	16,874	-	-	17,987	16,874
Support services	9,765	8,119	-	-	9,765	8,119
Non-instructional programs	-	-	2,205	2,040	2,205	2,040
Other expenses	2,255	2,347	-	-	2,255	2,347
Total expenses	<u>30,007</u>	<u>27,340</u>	<u>2,205</u>	<u>2,040</u>	<u>32,212</u>	<u>29,380</u>
Transfers in (out)	<u>(230)</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 2,183</u>	<u>1,476</u>	<u>302</u>	<u>220</u>	<u>2,485</u>	<u>1,696</u>

**Business Type Activities**

Revenues of the District's business type activities were \$2,277,221 and expenses were \$2,204,661. Net assets increased by \$302,197. 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	\$ 17,987,030	12,318,869
Support services	9,764,957	9,596,566
Other expenses	2,255,574	1,363,345
Totals	<u>\$ 30,007,561</u>	<u>23,278,780</u>

- The cost of all governmental activities was \$30,007,561.
- The cost financed by the users of the District's programs was \$4,150,057.
- The federal and state governments subsidized certain programs with grants and contributions totaling \$2,578,724.

- The net cost of government activities was financed with \$14,678,163 in property taxes, \$10,084,376 in unrestricted state aid, \$762,439 investment earnings, and \$166,383 other general receipts.

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2006, the District had invested \$45,012,802, 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,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	19,241,552	2,822,093	-	-	19,241,552	2,822,093	581.8%
Buildings	22,637,685	23,486,747	-	-	22,637,685	23,486,747	-3.6%
Improvements	347,479	-	-	-	347,479	-	
Equipment and furniture	851,882	595,232	400,212	153,784	1,252,094	749,016	67.2%
Total	\$ 44,612,590	28,438,064	400,212	153,784	45,012,802	28,591,848	57.4%

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

#### Long-Term Debt

At year-end, the District had \$27,265,000 in general obligation bonds, \$734,802 in obligations under capital lease, \$203,464 in obligations under a land installment contract, \$1,403,059 in early retirement obligations and \$50,457 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 Phase II renovation 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 Jan Miller-Hook, 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, 2006

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 15,453,287	665,498	16,118,785
Receivables:			
Property tax:			
Delinquent	57,463	-	57,463
Succeeding year	12,510,220	-	12,510,220
Due from other governments	710,394	-	710,394
Inventories	-	14,047	14,047
Prepaid insurance	-	-	-
Capital assets, net of accumulated depreciation (note 4)	44,612,590	400,212	45,012,802
<b>Total assets</b>	<b>73,343,954</b>	<b>1,079,757</b>	<b>74,423,711</b>
<b>Liabilities</b>			
Accounts payable	1,453,778	4,476	1,458,254
Salaries and benefits payable	2,287,679	22,847	2,310,526
Accrued interest payable	125,932	-	125,932
Deferred revenue:			
Succeeding year property tax	12,510,220	-	12,510,220
Other	188,553	78,102	266,655
Long-term liabilities (note 5):			
Portion due within one year:			
Bonds payable	1,050,000	-	1,050,000
Obligations under capital lease	144,835	-	144,835
Compensated absences	50,457	-	50,457
Early retirement	319,141	-	319,141
Contract payable	203,464	-	203,464
Portion due after one year:			
Bonds payable	26,215,000	-	26,215,000
Obligations under capital lease	593,567	-	593,567
Early retirement	1,083,918	-	1,083,918
<b>Total liabilities</b>	<b>46,226,544</b>	<b>105,425</b>	<b>46,331,969</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	16,405,724	383,421	16,789,145
Restricted for:			
Iowa Early Intervention Grant	58,899	-	58,899
Gifted and Talented Grant	16,760	-	16,760
Physical plant and equipment levy	281,303	-	281,303
Other special revenue purposes	242,356	-	242,356
Unrestricted	10,112,368	590,911	10,703,279
<b>Total net assets</b>	<b>\$ 27,117,410</b>	<b>974,332</b>	<b>28,091,742</b>

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

	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	\$ 11,642,622	2,667,192	1,008,201	-
Special instruction	2,902,820	536,286	459,458	-
Other instruction	3,441,588	905,977	91,047	-
	<u>17,987,030</u>	<u>4,109,455</u>	<u>1,558,706</u>	<u>-</u>
Support Service:				
Student services	1,238,870	-	-	-
Instructional staff services	1,209,221	-	-	-
Administration services	3,552,157	-	-	-
Operating and maintenance of plant services	2,959,996	6,343	-	-
Transportation services	804,713	34,259	127,789	-
Central support	-	-	-	-
	<u>9,764,957</u>	<u>40,602</u>	<u>127,789</u>	<u>-</u>
Non-instructional programs				
	-	-	-	-
Other expenditures:				
Facilities acquisition	359,044	-	-	-
Long-term debt interest	1,004,301	-	-	-
AEA flowthrough	892,229	-	892,229	-
Depreciation (unallocated)*	-	-	-	-
	<u>2,255,574</u>	<u>-</u>	<u>892,229</u>	<u>-</u>
Total governmental activities	30,007,561	4,150,057	2,578,724	-
Business type activities:				
Non-instructional programs:				
Nutrition services	1,143,974	928,413	242,831	-
Day Care services	1,060,687	1,105,977	-	-
	<u>2,204,661</u>	<u>2,034,390</u>	<u>242,831</u>	<u>-</u>
Total primary government	<u>\$ 32,212,222</u>	<u>6,184,447</u>	<u>2,821,555</u>	<u>-</u>



Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(7,967,229)	-	(7,967,229)
(1,907,076)	-	(1,907,076)
(2,444,564)	-	(2,444,564)
(12,318,869)	-	(12,318,869)
(1,238,870)	-	(1,238,870)
(1,209,221)	-	(1,209,221)
(3,552,157)	-	(3,552,157)
(2,953,653)	-	(2,953,653)
(642,665)	-	(642,665)
-	-	-
(9,596,566)	-	(9,596,566)
-	-	-
(359,044)	-	(359,044)
(1,004,301)	-	(1,004,301)
-	-	-
-	-	-
(1,363,345)	-	(1,363,345)
(23,278,780)	-	(23,278,780)
-	27,270	27,270
-	45,290	45,290
-	72,560	72,560
(23,278,780)	72,560	(23,206,220)

Exhibit B

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Totals continued from previous pages	\$ 32,212,222	6,184,447	2,821,555	-
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				
Transfers - capital contribution				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

\* This amount excludes the depreciation that is included in the direct 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
(23,278,780)	72,560	(23,206,220)
9,859,738	-	9,859,738
1,469,509	-	1,469,509
414,903	-	414,903
2,934,013	-	2,934,013
10,084,376	-	10,084,376
762,439	-	762,439
149,452	-	149,452
16,931	-	16,931
25,691,361	-	25,691,361
(229,637)	229,637	-
2,182,944	302,197	2,485,141
24,934,466	672,135	25,606,601
\$ 27,117,410	974,332	28,091,742

Exhibit C

URBANDALE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<b>Assets</b>					
Cash and pooled investments	\$ 6,313,573	19,064	8,218,261	902,389	15,453,287
Receivables:					
Property tax:					
Current year delinquent	44,711	7,181	-	5,571	57,463
Succeeding year	9,813,014	1,457,756	-	1,239,450	12,510,220
Due from other governments	511,069	-	199,325	-	710,394
<b>Total assets</b>	<b>\$ 16,682,367</b>	<b>1,484,001</b>	<b>8,417,586</b>	<b>2,147,410</b>	<b>28,731,364</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 203,866	-	1,245,261	4,651	1,453,778
Salaries and benefits payable	2,231,257	-	-	-	2,231,257
Payroll deductions and withholdings payable	56,422	-	-	-	56,422
Deferred revenue:					
Succeeding year tuition and fees	159,374	-	-	29,179	188,553
Succeeding year property tax	9,813,014	1,457,756	-	1,239,450	12,510,220
Compensated absences	50,457	-	-	-	50,457
Early retirement payable	761	-	-	111,210	111,971
<b>Total liabilities</b>	<b>12,515,151</b>	<b>1,457,756</b>	<b>1,245,261</b>	<b>1,384,490</b>	<b>16,602,658</b>
Fund balances:					
Reserved for:					
Iowa early intervention block grant	58,899	-	-	-	58,899
Gifted and talented programs	16,760	-	-	-	16,760
Debt service	-	26,245	-	-	26,245
Unreserved	4,091,557	-	7,172,325	762,920	12,026,802
<b>Total fund balances</b>	<b>4,167,216</b>	<b>26,245</b>	<b>7,172,325</b>	<b>762,920</b>	<b>12,128,706</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,682,367</b>	<b>1,484,001</b>	<b>8,417,586</b>	<b>2,147,410</b>	<b>28,731,364</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, 2006

**Total fund balances of governmental funds (Exhibit C)** \$ 12,128,706

***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. 44,612,590

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. (125,932)

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. (29,497,954)

**Net assets of governmental activities (Exhibit A)** \$ 27,117,410

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, 2006

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 9,135,808	1,469,509	-	1,138,833	11,744,150
Tuition	3,029,192	-	-	-	3,029,192
Other	459,995	-	3,570,755	929,423	4,960,173
Intermediate sources	59,245	-	-	-	59,245
State sources	11,986,698	770	-	625	11,988,093
Federal sources	622,358	-	-	-	622,358
<b>Total revenues</b>	<b>25,293,296</b>	<b>1,470,279</b>	<b>3,570,755</b>	<b>2,068,881</b>	<b>32,403,211</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	10,894,814	-	-	334,259	11,229,073
Special instruction	2,764,943	-	-	-	2,764,943
Other instruction	2,353,905	-	-	949,807	3,303,712
	<b>16,013,662</b>	<b>-</b>	<b>-</b>	<b>1,284,066</b>	<b>17,297,728</b>
Support services:					
Student services	1,215,891	-	-	-	1,215,891
Instructional staff services	1,071,345	-	-	-	1,071,345
Administration services	3,338,334	-	-	-	3,338,334
Operation and maintenance of plant services	2,452,448	-	-	326,051	2,778,499
Transportation services	819,778	-	-	-	819,778
	<b>8,897,796</b>	<b>-</b>	<b>-</b>	<b>326,051</b>	<b>9,223,847</b>
Non-instructional programs					
	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	17,250,996	125,107	17,376,103
Long-term debt:					
Principal	-	3,943,464	-	-	3,943,464
Interest and fiscal charges	-	1,105,710	-	-	1,105,710
AEA flowthrough	892,229	-	-	-	892,229
	<b>892,229</b>	<b>5,049,174</b>	<b>17,250,996</b>	<b>125,107</b>	<b>23,317,506</b>
<b>Total expenditures</b>	<b>25,803,687</b>	<b>5,049,174</b>	<b>17,250,996</b>	<b>1,735,224</b>	<b>49,839,081</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(510,391)</b>	<b>(3,578,895)</b>	<b>(13,680,241)</b>	<b>333,657</b>	<b>(17,435,870)</b>
<b>Other financing sources (uses):</b>					
Sale of equipment	16,931	-	-	-	16,931
Operating transfers in	-	3,604,334	-	-	3,604,334
Operating transfers out	-	-	(3,400,000)	(204,334)	(3,604,334)
General obligation bonds issued	-	-	9,800,000	-	9,800,000
<b>Total other financing sources (uses)</b>	<b>16,931</b>	<b>3,604,334</b>	<b>6,400,000</b>	<b>(204,334)</b>	<b>9,816,931</b>
<b>Net change in fund balances</b>	<b>(493,460)</b>	<b>25,439</b>	<b>(7,280,241)</b>	<b>129,323</b>	<b>(7,618,939)</b>
<b>Fund balances beginning 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>
<b>Fund balances end of year</b>	<b>\$ 4,167,216</b>	<b>26,245</b>	<b>7,172,325</b>	<b>762,920</b>	<b>12,128,706</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, 2006

**Net change in fund balances - total governmental funds (Exhibit E)** \$ (7,618,939)

***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	\$ 17,323,493	
Depreciation expense	<u>(1,148,967)</u>	16,174,526

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. 3,943,464

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. 101,409

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 (176,455)

Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets. (10,241,061)

**Change in net assets of governmental activities (Exhibit B)** \$ 2,182,944

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2006

	School Nutrition
<b>Assets</b>	
Cash and pooled investments	\$ 665,498
Inventories	14,047
Capital assets, net of accumulated depreciation	400,212
<b>Total assets</b>	1,079,757
 <b>Liabilities</b>	
Accounts payable	4,476
Salaries and benefits payable	22,847
Deferred revenue:	
Other	78,102
<b>Total liabilities</b>	105,425
 <b>Net assets</b>	
Invested in capital assets, net of related debt	383,421
Unrestricted	590,911
<b>Total net assets</b>	\$ 974,332

See notes to financial statements.



Exhibit H

URBANDALE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND  
 Year ended June 30, 2006

	Enterprise Funds
Operating revenue:	
Local sources:	
Charges for services	\$ 2,034,390
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	1,060,687
Food service operations:	
Depreciation	35,811
Other	1,108,163
Total operating expenses	2,204,661
Operating loss	(170,271)
Non-operating revenue (expenses):	
State sources	9,940
Federal sources	232,891
Total non-operating revenue	242,831
Income before capital contributions	72,560
Capital contributions	229,637
Change in net assets	302,197
Net assets beginning of year	672,135
Net assets end of year	\$ 974,332

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year ended June 30, 2006

	Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 930,577
Cash received from miscellaneous operating activities	1,124,486
Cash payments to employees for services	(1,475,929)
Cash payments to suppliers for goods or services	(653,460)
Net cash used by operating activities	(74,326)
Cash flows from non-capital financing activities:	
State grants received	9,940
Federal grants received	196,769
Net cash provided by non-capital financing activities	206,709
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(52,602)
Net cash used by capital and related financing activities	(52,602)
Net increase in cash and cash equivalents	79,781
Cash and cash equivalents at beginning of year	585,717
Cash and cash equivalents at end of year	\$ 665,498
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (170,271)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	36,122
Depreciation	35,811
Decrease in inventories	2,617
(Decrease) in accounts payable	(184)
Increase in salaries and benefits payable	906
Increase in deferred revenue	20,673
Net cash used by operating activities	\$ (74,326)

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

During the year ended June 30, 2006, the District received \$36,122 of federal commodities.

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 June 30, 2006

	Agency
<b>Assets</b>	
Cash and pooled investments	\$ 97,130
Total assets	97,130
<b>Liabilities</b>	
Accounts payable	2,196
Other payables	94,934
Total liabilities	97,130
<b>Net assets</b>	\$ -

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

(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. Urbandale Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – 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 non-fiduciary 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 non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt 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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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 non-major 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.

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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 judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2005.

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, 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.

<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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

Deferred revenue on the Statement of Net Assets includes the 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, 2007. 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.

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, 2006, expenditures in the instruction functional area exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2006 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, 2006, the District had investments as follows:

<u>Type</u>	<u>Fair Value</u>
Wells Fargo Cash Investment MM Fund	\$ 6,139,933
West Bank Certificate of Deposit	<u>7,228,286</u>
Total	<u>\$13,368,219</u>

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



URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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.

Credit risk. The investments in the Wells Fargo Cash Investment Money Market Fund were rated Aaa by Moody's Investors Service.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nutrition	Capital Projects	\$ 229,637
Debt Service	Physical Plant & Equipment Levy	204,334
Debt Service	Capital Projects	<u>3,400,000</u>
		<u>\$3,833,971</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, 2006

(4) Capital Assets

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Construction in progress	2,822,093	16,419,459	-	19,241,552
Total capital assets not being depreciated	4,356,085	16,419,459	-	20,775,544
Capital assets being depreciated:				
Buildings	37,188,998	-	-	37,188,998
Improvements other than buildings	-	367,963	-	367,963
Furniture and equipment	1,080,251	95,010	-	1,175,261
Leased equipment	788,695	441,061	-	1,229,756
Total capital assets being depreciated	39,057,944	904,034	-	39,961,978
Less accumulated depreciation for:				
Buildings	13,702,251	849,062	-	14,551,313
Improvements other than buildings	-	20,484	-	20,484
Furniture and equipment	933,038	33,053	-	966,091
Leased equipment	340,676	246,368	-	587,044
Total accumulated depreciation	14,975,965	1,148,967	-	16,124,932
Total capital assets being depreciated, net	24,081,979	(244,933)	-	23,837,046
Governmental activities capital assets, net	\$ 28,438,064	16,174,526	-	44,612,590
<b>Business type activities:</b>				
Furniture and equipment	\$ 393,174	282,239	-	675,413
Less accumulated depreciation	239,390	35,811	-	275,201
Business type activities capital assets, net	\$ 153,784	246,428	-	400,212
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 436,607
Special				137,877
Other				137,876
Support services:				
Student support				22,979
Instructional staff				137,876
Administration				137,876
Operation and maintenance of plant				137,876
				1,148,967
Unallocated depreciation				-
Total governmental activities depreciation expense				\$ 1,148,967
Business type activities:				
Food services				\$ 35,811

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2006 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 21,205,000	9,800,000	3,740,000	27,265,000	1,050,000
Obligation under capital lease	297,341	441,061	-	738,402	144,835
Obligation under land installment contract	406,928	-	203,464	203,464	203,464
Early retirement	1,234,084	416,106	247,131	1,403,059	319,141
Compensated absences	77,677	-	27,220	50,457	50,457
	<u>\$ 23,221,030</u>	<u>10,657,167</u>	<u>4,217,815</u>	<u>29,660,382</u>	<u>1,767,897</u>

General Obligation Bonds Payable

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year ending June 30,	School Refunding Bond Issue on December 1, 1996			
	Interest Rate	Principal	Interest	Total
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>\$ 2,140,000</u>	<u>211,462</u>	<u>2,351,462</u>

Year ending June 30,	Bond Issue on June 1, 2004			
	Interest Rate	Principal	Interest	Total
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>8,964,825</u>	<u>24,289,825</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

Year ending June 30,	Bond Issue on October 1, 2005			
	Interest Rate	Principal	Interest	Total
2007	3.50%	\$ 350,000	361,506	711,506
2008	3.55%	375,000	349,256	724,256
2009	3.55%	400,000	335,944	735,944
2010	3.55%	425,000	321,744	746,744
2011	3.55%	450,000	306,656	756,656
2012	3.55%	450,000	290,681	740,681
2013	3.55%	475,000	274,706	749,706
2014	3.55%	500,000	257,844	757,844
2015	3.55%	425,000	240,094	665,094
2016	3.55%	500,000	225,006	725,006
2017	3.65%	575,000	207,256	782,256
2018	3.70%	625,000	186,269	811,269
2019	3.75%	725,000	163,144	888,144
2020	3.80%	650,000	135,956	785,956
2021	3.85%	675,000	111,256	786,256
2022	3.85%	700,000	85,269	785,269
2023	3.88%	725,000	58,319	783,319
2024	3.90%	775,000	30,225	805,225
		<u>\$ 9,800,000</u>	<u>3,941,131</u>	<u>13,741,131</u>

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2007	\$ 1,050,000	1,211,718	2,261,718
2008	1,090,000	1,166,056	2,256,056
2009	1,125,000	1,118,094	2,243,094
2010	1,150,000	1,067,644	2,217,644
2011	1,205,000	1,021,743	2,226,743
2012	1,240,000	972,737	2,212,737
2013	1,300,000	922,200	2,222,200
2014	1,365,000	867,182	2,232,182
2015	1,425,000	808,344	2,233,344
2016	1,500,000	743,256	2,243,256
2017	1,575,000	675,506	2,250,506
2018	1,625,000	604,519	2,229,519
2019	1,725,000	531,394	2,256,394
2020	1,800,000	454,206	2,254,206
2021	1,885,000	372,006	2,257,006
2022	1,970,000	285,519	2,255,519
2023	2,060,000	195,069	2,255,069
2024	2,175,000	100,225	2,275,225
	<u>\$ 27,265,000</u>	<u>13,117,418</u>	<u>40,382,418</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

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, 2006:

Year ending June 30,	Apple Computer, Inc. Capital Lease			
	2004 Lease	2005 Lease	2006 Lease	Total
2007	\$ 160,584	-	-	160,584
2008	160,584	-	73,258	233,842
2009	-	227,038	73,258	300,296
2010	-	-	73,258	73,258
2011	-	-	73,258	73,258
Total minimum lease payments	321,168	227,038	293,032	841,238
Less amount representing interest	23,827	35,434	43,575	102,836
Present value of minimum lease payments	\$ 297,341	191,604	249,457	738,402

**(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
2007	\$ 42,888
2008	42,888
2009	28,592
	<u>\$ 114,368</u>

The total lease expense for the year ended June 30, 2006 was \$47,407.

The District entered into a one year non-cancelable 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:

Year ending <u>June 30,</u> 2007	<u>Minimum Lease Payments</u> <u>\$32,000</u>
----------------------------------------	--------------------------------------------------

The total lease expense for the year ended June 30, 2006 was \$32,000.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

**(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 covered payroll for the years ended 2006, 2005 and 2004. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004, were \$939,476, \$902,823, and \$891,111, respectively, equal to the required contributions for each year.

**(8) Termination Benefits**

The District offers a voluntary early retirement plan to its employees. To be eligible for the benefits, an employee must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 30% of the salary (salary only – excluding longevity, teacher compensation add-ons, flex spending, car allowance, extra duty, shift differential, overtime pay or TSA allowance) with single insurance until the employee is eligible for Medicare. The maximum retirement benefit is \$30,000.

Early retirement benefits are paid in three equal installments beginning in January following the start of retirement. The second payment is paid the following July, and the third and final payment is paid during July of the next year. At June 30, 2006, the District had obligations to thirty-seven participants with a total liability of \$1,393,929. Actual early retirement expenditures for the year ended June 30, 2006 totaled \$283,622.

**(9) 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.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$892,229 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

**(11) 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 \$419,428 has been paid. The remaining payments of \$101,732 are due July 1 and September 24, 2006.

**(12) Construction Commitment**

The District has entered into contracts totaling \$23,465,610 for the construction of a new school and a remodeling project. As of June 30, 2006, costs of \$19,241,552 had been incurred against the contract. The balance of \$4,224,058 remaining at June 30, 2006 will be paid as work on the project progresses.

**Required Supplementary Information**



**Urbandale Community School District**

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, 2006

	Governmental Fund Types- Actual	Proprietary Fund Type- Actual
Revenues:		
Local sources	\$ 19,733,515	2,034,390
Intermediate sources	59,245	-
State sources	11,988,093	9,940
Federal sources	622,358	232,891
Total revenues	<u>32,403,211</u>	<u>2,277,221</u>
Expenditures:		
Instruction	17,297,728	-
Support services	9,223,847	-
Non-instructional programs	-	2,204,661
Other expenditures	23,317,506	-
Total expenditures	<u>49,839,081</u>	<u>2,204,661</u>
Excess (deficiency) of revenues over (under) expenditures	(17,435,870)	72,560
Other financing sources, net	<u>9,816,931</u>	<u>229,637</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,618,939)	302,197
Balances beginning of year	<u>19,747,645</u>	<u>672,135</u>
Balances end of year	<u>\$ 12,128,706</u>	<u>974,332</u>

See accompanying independent auditor's report.

Total Actual	Original Budget	Final Budget	Final to Actual Variance- Positive (Negative)
21,767,905	17,803,474	17,803,474	3,964,431
59,245	-	-	59,245
11,998,033	14,531,593	14,531,593	(2,533,560)
855,249	329,500	329,500	525,749
34,680,432	32,664,567	32,664,567	2,015,865
17,297,728	16,991,512	16,991,512	(306,216)
9,223,847	9,851,500	9,851,500	627,653
2,204,661	2,517,500	2,517,500	312,839
23,317,506	18,886,565	25,686,525	2,369,019
52,043,742	48,247,077	55,047,037	3,003,295
(17,363,310)	(15,582,510)	(22,382,470)	5,019,160
10,046,568	-	6,799,960	3,246,608
(7,316,742)	(15,582,510)	(15,582,510)	8,265,768
20,419,780	23,085,632	23,085,632	(2,665,852)
13,103,038	7,503,122	7,503,122	5,599,916

URBAN DALE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
Year ended June 30, 2006

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 expenditures by \$6,799,960.

During the year ended June 30, 2006, expenditures in the instruction 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  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2006

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
<b>Assets</b>					
Cash and pooled investments	\$ 346,928	260,806	14,819	279,836	902,389
Receivables:					
Property tax:					
Delinquent	3,543	-	561	1,467	5,571
Succeeding year	788,499	-	124,020	326,931	1,239,450
<b>Total assets</b>	<b>\$ 1,138,970</b>	<b>260,806</b>	<b>139,400</b>	<b>608,234</b>	<b>2,147,410</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	-	4,651	-	-	4,651
Deferred revenue:					
Succeeding year property tax	788,499	-	124,020	326,931	1,239,450
Succeeding year activity fee	-	29,179	-	-	29,179
Early retirement payable	111,210	-	-	-	111,210
Total liabilities	899,709	33,830	124,020	326,931	1,384,490
Fund equity:					
Unreserved fund balances	239,261	226,976	15,380	281,303	762,920
<b>Total liabilities and fund equity</b>	<b>\$ 1,138,970</b>	<b>260,806</b>	<b>139,400</b>	<b>608,234</b>	<b>2,147,410</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, 2006

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Revenues:					
Local sources:					
Local tax:					
Property tax	\$ 678,236	-	107,385	282,598	1,068,219
Utility tax replacement excise tax	45,694	-	7,235	17,685	70,614
	<u>723,930</u>	<u>-</u>	<u>114,620</u>	<u>300,283</u>	<u>1,138,833</u>
Other local sources:					
Interest on investments	-	854	-	7,875	8,729
Student activities	-	905,977	-	-	905,977
Miscellaneous	14,717	-	-	-	14,717
	<u>14,717</u>	<u>906,831</u>	<u>-</u>	<u>7,875</u>	<u>929,423</u>
	<u>738,647</u>	<u>906,831</u>	<u>114,620</u>	<u>308,158</u>	<u>2,068,256</u>
State sources:					
Revenue in lieu of taxes :					
Military credit	403	-	64	158	625
Total revenues	<u>739,050</u>	<u>906,831</u>	<u>114,684</u>	<u>308,316</u>	<u>2,068,881</u>
Expenditures:					
Instruction:					
Regular, special, and vocational instruction:					
Benefits	334,259	-	-	-	334,259
	<u>334,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,259</u>
Co-curricular instruction:					
Salaries	-	19,034	-	-	19,034
Benefits	-	4,552	-	-	4,552
Services	-	49,495	-	-	49,495
Supplies	-	876,726	-	-	876,726
	<u>-</u>	<u>949,807</u>	<u>-</u>	<u>-</u>	<u>949,807</u>
Total instruction	<u>334,259</u>	<u>949,807</u>	<u>-</u>	<u>-</u>	<u>1,284,066</u>
Support services:					
Operation and maintenance of plant services:					
Services	326,051	-	-	-	326,051
Total support services	<u>326,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,051</u>

Schedule 2

URBANDALE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 Year ended June 30, 2006

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Other expenditures:					
Facilities acquisition and construction:					
Supplies	-	-	-	30,127	30,127
Services	-	-	94,980	-	94,980
Total other expenditures	-	-	94,980	30,127	125,107
Total expenditures	660,310	949,807	94,980	30,127	1,735,224
Excess (deficiency) of revenues over (under) expenditures	78,740	(42,976)	19,704	278,189	333,657
Other financing sources (uses):					
Operating transfers in (out)	-	-	-	(204,334)	(204,334)
Total other financing sources (uses)	-	-	-	(204,334)	(204,334)
Excess (deficiency) of revenues and other financing sources over (under) expen- ditures and other financing uses	78,740	(42,976)	19,704	73,855	129,323
Fund balances beginning of year	160,521	269,952	(4,324)	207,448	633,597
Fund balances end of year	\$ 239,261	226,976	15,380	281,303	762,920

See accompanying independent auditor's report.



URBANDALE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2006

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Academic Decathlon	\$ -	-	69	69	-
Activities/Athletics	(20,945)	(4,804)	98,199	106,675	(34,225)
Art	752	-	-	-	752
Art Club	127	-	-	-	127
At Risk	1,000	-	-	328	672
Boys Basketball	-	-	51,358	51,831	(473)
Boys Baseball	484	-	47,865	48,669	(320)
Boys Cross Country	-	-	479	496	(17)
Boys Football	-	-	60,986	65,584	(4,598)
Boys Golf	-	-	6,121	5,971	150
Boys Soccer	-	-	13,249	14,704	(1,455)
Boys Tennis	-	-	354	354	-
Boys Track	-	-	13,007	13,069	(62)
Boys Wrestling	96	-	33,915	27,194	6,817
Cadet Teachers	520	-	-	-	520
Character Counts	-	-	80	80	-
Cheerleaders	7,826	-	7,524	15,194	156
Computer Club	2,610	-	-	-	2,610
Cross Country	-	-	3,698	4,093	(395)
Debate	687	-	-	-	687
DECA	877	-	11,008	10,744	1,141
Drug Foundation	450	-	-	-	450
Environmental Club	121	-	-	-	121
ESL Activity	100	-	-	69	31
Family Consumer Science	-	-	37	25	12
Flag Drill Team	98	-	-	1	97
Future Business Leaders	62	-	741	785	18
GAPP School Exchange	-	-	4,851	3,800	1,051
German Club	6,371	-	6,498	12,760	109
Girls Basketball	-	-	21,022	22,853	(1,831)
Girls Cross Country	-	-	1,257	580	677
Girls Golf	-	-	1,898	1,872	26
Girls Soccer	-	-	15,975	14,782	1,193
Girls Softball	939	-	35,197	30,683	5,453
Girls Tennis	-	-	3,450	3,600	(150)
Girls Track	-	-	8,739	8,483	256
Girls Volleyball	-	-	33,106	33,294	(188)
Guidance	756	-	1,520	1,985	291
H.S. Support Fund	35	-	-	-	35
Human Rights	5	-	-	-	5
Industrial Arts Club	2,311	-	2,163	1,793	2,681
Industrial Arts House	1,645	-	-	-	1,645
Instrumental Music	17,394	640	32,360	39,548	10,846
International Friends Club	384	-	-	-	384
Japanese Trip Account	-	-	21,201	20,907	294
Jayhawker	24,757	2,790	2,875	18,335	12,087
Jaywalkers	13,847	-	35,264	63,709	(14,598)
Key Club	2,299	-	2,417	1,927	2,789
Library	3,254	-	2,327	357	5,224
Lock	154	-	-	-	154
Mass Media	423	-	-	-	423
Media Paper Fees	19	-	-	-	19
MCNS - Reaching Training	180	-	-	-	180
Music	-	-	695	-	695
Parenting Comm. Network	850	-	-	-	850

URBANDALE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2006

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Peer Helpers	188	-	-	-	188
Pep Club	143	-	-	-	143
Physics	204	-	-	120	84
Science Activity	549	-	-	-	549
Spanish Trip	-	-	1,100	-	1,100
Speech and Drama	4,242	-	5,812	8,660	1,394
Special Ed	500	-	-	-	500
Special Projects	30,255	(8,903)	21,716	9,825	33,243
Strings	231	-	-	128	103
Student Participation Fee	250	-	64,406	64,656	-
Student Senate	34,064	-	5,247	3,506	35,805
Summer School/Driver Ed	22	-	-	-	22
Tag Activities	217	-	44	-	261
Tag Activities Fees	8,681	-	1,408	994	9,095
Tag Trips	145	-	-	-	145
Teen Leadership Connection	99	-	-	-	99
The Roaring Leo Club	179	-	676	439	416
US West Tech Project	1,745	-	-	1,600	145
Vocal Music	24,515	469	96,547	91,329	30,202
Yearbook	14,295	(336)	15,583	13,917	15,625
Building Activity	24,637	2,809	45,301	50,210	22,537
Elementary Band Fundraiser	2,149	-	7,800	5,908	4,041
I-Movie Club	1,839	-	4,005	1,743	4,101
Jensen Activity	8,148	-	12,433	7,099	13,482
Jensen Media Paper	1,018	-	-	195	823
K.A.Target Activity	-	-	600	600	-
K.A. Media Paper	609	-	-	369	240
K.A. Activity	6,477	-	5,515	5,173	6,819
M.S. Atlases	3,511	-	1,022	567	3,966
M.S. Tag Store Account	1,281	-	143	60	1,364
Memory Book	6,199	6,498	8,092	11,500	9,289
Olmsted Activity	6,757	837	16,359	15,004	8,949
Olmsted Media Paper	4,526	-	-	-	4,526
Rolling Green Activity	5,121	-	3,129	3,476	4,774
Rolling Green Media Paper	1,751	-	-	-	1,751
Rolling Green Web Clickers	-	-	5,435	1,527	3,908
Valerius Activity	4,532	-	2,953	3,998	3,487
Valerius Media Paper	385	-	-	1	384
<b>Total</b>	<b>\$ 269,952</b>	<b>-</b>	<b>906,831</b>	<b>949,807</b>	<b>226,976</b>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2006

	Enterprise Funds		
	Adventure- time	School Nutrition	Total
<b>Assets</b>			
Cash and pooled investments	\$ 294,449	371,049	665,498
Inventories	-	14,047	14,047
Fixed assets:			
Equipment	-	675,413	675,413
Accumulated depreciation	-	(275,201)	(275,201)
<b>Total assets</b>	<u>294,449</u>	<u>785,308</u>	<u>1,079,757</u>
<b>Liabilities</b>			
Accounts payable	4,476	-	4,476
Salaries and benefits payable	16,985	5,862	22,847
Deferred revenue	57,585	20,517	78,102
<b>Total liabilities</b>	<u>79,046</u>	<u>26,379</u>	<u>105,425</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	-	383,421	383,421
Unrestricted	215,403	375,508	590,911
<b>Total net assets</b>	<u>\$ 215,403</u>	<u>758,929</u>	<u>974,332</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, 2006

	Enterprise Funds		
	Adventure- time	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	912,140	912,140
Sale of services	1,105,977	-	1,105,977
Miscellaneous food service revenue	-	16,273	16,273
Total operating revenue	<u>1,105,977</u>	<u>928,413</u>	<u>2,034,390</u>
Operating expenses:			
Non-instructional programs:			
Community service operations:			
Salaries	839,706	-	839,706
Benefits	105,069	-	105,069
Supplies	115,912	-	115,912
	<u>1,060,687</u>	<u>-</u>	<u>1,060,687</u>
Food services operations:			
Salaries	-	471,877	471,877
Benefits	-	60,183	60,183
Services	-	6,299	6,299
Supplies	-	30,268	30,268
Food supplies	-	538,272	538,272
Depreciation	-	35,811	35,811
Other	-	1,264	1,264
	<u>-</u>	<u>1,143,974</u>	<u>1,143,974</u>
Total operating expenses	<u>1,060,687</u>	<u>1,143,974</u>	<u>2,204,661</u>
Operating gain (loss)	<u>45,290</u>	<u>(215,561)</u>	<u>(170,271)</u>
Non-operating revenue (expenses):			
State lunch and breakfast claims	-	9,940	9,940
National School Lunch and Breakfast Program	-	232,891	232,891
Total non-operating revenue	<u>-</u>	<u>242,831</u>	<u>242,831</u>
Income (loss) before capital contributions	45,290	27,270	72,560
Capital contributions	-	229,637	229,637
Changes in net assets	<u>45,290</u>	<u>256,907</u>	<u>302,197</u>
Net assets beginning of year	<u>170,113</u>	<u>502,022</u>	<u>672,135</u>
Net assets end of year	<u>\$ 215,403</u>	<u>758,929</u>	<u>974,332</u>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
 Year ended June 30, 2006

	Enterprise Funds		
	Adventure- time	Student Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	930,577	930,577
Cash received from miscellaneous operating activities	1,124,486	-	1,124,486
Cash payments to employees for services	(944,197)	(531,732)	(1,475,929)
Cash payments to suppliers for goods or services	(116,052)	(537,408)	(653,460)
Net cash provided (used) by operating activities	<u>64,237</u>	<u>(138,563)</u>	<u>(74,326)</u>
Cash flows from non-capital financing activities:			
State grants received	-	9,940	9,940
Federal grants received	-	196,769	196,769
Net cash provided by non-capital financing activities	<u>-</u>	<u>206,709</u>	<u>206,709</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(52,602)	(52,602)
Net cash used by capital and related financing activities	<u>-</u>	<u>(52,602)</u>	<u>(52,602)</u>
Net increase in cash and cash equivalents	64,237	15,544	79,781
Cash and cash equivalents at beginning of year	<u>230,212</u>	<u>355,505</u>	<u>585,717</u>
Cash and cash equivalents at end of year	<u>\$ 294,449</u>	<u>371,049</u>	<u>665,498</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 45,290	(215,561)	(170,271)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Commodities used	-	36,122	36,122
Depreciation	-	35,811	35,811
Decrease in inventories	-	2,617	2,617
Decrease in accounts payable	(140)	(44)	(184)
Increase in salaries and benefits payable	578	328	906
Increase in deferred revenue	18,509	2,164	20,673
Net cash provided (used) by operating activities	<u>\$ 64,237</u>	<u>(138,563)</u>	<u>(74,326)</u>

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

During the year ended June 30, 2006, the District received federal commodities valued at \$36,122.

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year ended June 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 121,820	122,849	147,539	97,130
<b>Total assets</b>	<b>\$ 121,820</b>	<b>122,849</b>	<b>147,539</b>	<b>97,130</b>
<b>Liabilities</b>				
Accounts payable	\$ 37	147,742	147,503	276
Fiduciary liabilities	121,783	122,849	147,778	96,854
<b>Total liabilities</b>	<b>\$ 121,820</b>	<b>270,591</b>	<b>295,281</b>	<b>97,130</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			
	2006	2005	2004	2003
Revenues:				
Local sources:				
Local tax	\$ 11,744,150	9,750,575	10,360,388	10,217,745
Tuition	3,029,192	2,808,071	2,791,249	2,460,528
Other	4,960,173	4,464,451	3,958,665	3,841,958
Intermediate sources	59,245	64,032	-	-
State sources	11,988,093	11,253,792	10,907,982	11,098,101
Federal sources	622,358	465,842	227,507	229,277
Total	<u>\$ 32,403,211</u>	<u>28,806,763</u>	<u>28,245,791</u>	<u>27,847,609</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 11,229,073	11,603,223	11,842,571	11,332,841
Special instruction	2,764,943	2,293,389	1,310,821	1,320,698
Other instruction	3,303,712	2,234,517	2,069,716	1,816,463
Support services:				
Student services	1,215,891	1,154,219	1,256,766	1,265,832
Instructional staff services	1,071,345	863,833	716,993	749,501
Administration services	3,338,334	2,756,534	2,604,124	2,864,958
Operation and maintenance of plant services	2,778,499	2,189,167	2,073,942	2,102,798
Transportation services	819,778	795,186	725,629	705,242
Central support services	-	-	10,000	15,000
Other expenditures:				
Facilities acquisition	17,376,103	3,672,970	1,555,812	1,946,611
Long-term debt:				
Principal	3,943,464	1,622,214	1,484,140	1,267,478
Interest and other charges	1,105,710	1,049,009	328,152	473,678
AEA flowthrough	892,229	846,216	847,006	897,431
Total	<u>\$ 49,839,081</u>	<u>31,080,477</u>	<u>26,825,672</u>	<u>26,758,531</u>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2006

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY 06	<u>\$ 36,122</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 06	12,176
National School Lunch Program	10.555	FY 06	<u>184,592</u>
			<u>196,768</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 06	<u>113,129</u>
Vocational Education - Basic Grants to States	84.048	FY 06	<u>30,419</u>
Safe and Drug-Free Schools and Communities- National Programs	84.184	FY 06	<u>14,091</u>
State Grants for Innovative Programs	84.298	FY 06	<u>8,745</u>
Improving Teacher Quality State Grants	84.367	FY 06	<u>71,699</u>
Grants for State Assessments and Related Activities	84.369	FY 06	<u>19,764</u>
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY 06	<u>165,612</u>
Total			<u>\$ 656,349</u>

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

See accompanying independent auditor's report.





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 as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated October 18, 2006. 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 and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 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

October 18, 2006



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

To the Board of Education of  
Urbandale Community School District:

Compliance

We have audited the compliance of Urbandale Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Urbandale Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Urbandale Community School District's management. Our responsibility is to express an opinion on Urbandale Community School District's compliance based on our audit.

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

In our opinion, Urbandale Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Urbandale Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Urbandale Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted no matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Urbandale Community School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.

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 non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program 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 compliance would not necessarily disclose all matters in the 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 and its operation that we consider to be a material weakness as defined above.

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 Urbandale Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Van Maanen & Associates, P.C.*

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

October 18, 2006

URBANDALE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2006

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

- (a) Unqualified opinions were 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.
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
  - CFDA Number 84.027 - Special Education - Grants to States
  - Clustered programs:
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Urbandale Community School District did not qualify as a low-risk auditee.

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

**REPORTABLE CONDITIONS**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

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

**REPORTABLE CONDITIONS:**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

URBANDALE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2006

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

- IV-A-06      Certified Budget - Expenditures for the year ended June 30, 2006, exceeded the certified budget amount in the instruction function.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.
- Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion - Response accepted.
- IV-B-06      Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-06      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-D-06      Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-06      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-F-06      Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-06      Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-H-06      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-I-06      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.