

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

June 30, 2009

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URBANDALE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September, 2008 Election)		
Doug Gulling	President	2010
Jeffrey Farrell	Vice President	2009
Cynthia Munyon	Board Member	2008
Jerry Tormey	Board Member	2008
Diana Ripperger	Board Member	2009
Cate Newberg	Board Member	2010
Mark A. Wierson	Board Member	2010

Board of Education
(After September, 2008 Election)

Diana Ripperger	President	2009
Jeffrey Farrell	Vice President	2009
Shawn St. John	Board Member	2009
Doug Gulling	Board Member	2011*
Cynthia Munyon	Board Member	2011
Cate Newberg	Board Member	2011*
Mark A. Wierson	Board Member	2011*

School Officials

Greg Robinson, Ph.D.	Superintendent	2009
Shelly Clifford	District Secretary/Treasurer And Business Manager	2009
Sue Seitz for Belin, Lamson, McCormick, Zumbach, Flynn	Attorney	Indefinite
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite

* Board term extended per the District's transition plan for changing Board terms from three to four years in accordance with Chapter 39.24 of the Code of Iowa.



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education of
Urbandale Community School District:

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, 2009, 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, 2009, 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 December 18, 2009, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Schedule of Funding Progress for the Retiree Health Plan, and Budgetary Comparison Information on pages 5 through 14 and 44 through 46 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 six years ended June 30, 2008, (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, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

December 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Urbandale Community School District is pleased to provide this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the District's financial performance is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- Total District assets increased by 26.7 percent from \$111,680,120 in fiscal year 2008 to \$141,492,969 in 2009. Total revenues for 2009 increased by \$2,018,839 or 4.8 percent over prior year. Unrestricted investment earnings decreased by \$524,156, or 58.2 percent from prior year, due to lower reserves invested and a decreasing interest rate environment. Total District expenses increased 13.2 percent from \$40,075,095 in 2008 to \$45,374,467 in 2009.
- General Fund revenues increased from \$29,490,605 in fiscal year 2008 to \$30,619,132 in fiscal 2009, while General Fund expenditures increased from \$30,948,758 in fiscal year 2008 to \$32,346,659 in fiscal 2009. As the District utilized cash reserves, General Fund balance decreased from \$1,985,987 in fiscal year 2008, to \$273,427 in fiscal 2009, an 86.2 percent decrease from the prior year.
- The District has utilized a large portion of local option sales and services tax (LOSST) revenues since fiscal year 2001 for existing debt reduction and capital projects. The District's LOSST revenues for fiscal year 2009 were \$3,164,726, an increase of 4.0 percent over prior year. At its inception, the District committed 50 percent of the LOSST revenues for debt service payments of principle and interest on existing debt obligations. The remaining funds received from this tax are being used for various site improvements and as contingency reserves for the high school construction project currently underway. While the local option sales tax will sunset at fiscal year end 2010, the state-wide sales tax will begin. The District issued revenue bonds totaling \$26,160,000 on these future revenues for an Elementary addition and Middle School addition and renovation.

Overview of the Financial Statements

This annual report consists of five parts:

1. Management's Discussion and Analysis (this section)
2. Basic Financial Statements
3. Notes to Financial Statements
4. Required Supplementary Information
5. Other Supplementary Information

The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first, the Statement of Net Assets, and the Statement of Activities, are *District-wide Financial Statements* that provide information about the District as a whole and present an overall view of the District's finances
- The second are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements as follows:
 - The *Governmental Fund 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 Fund Statements* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
 - The statements for *Fiduciary Funds* 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.

Other Supplementary Information provides detailed information about the non-major Special Revenue and Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

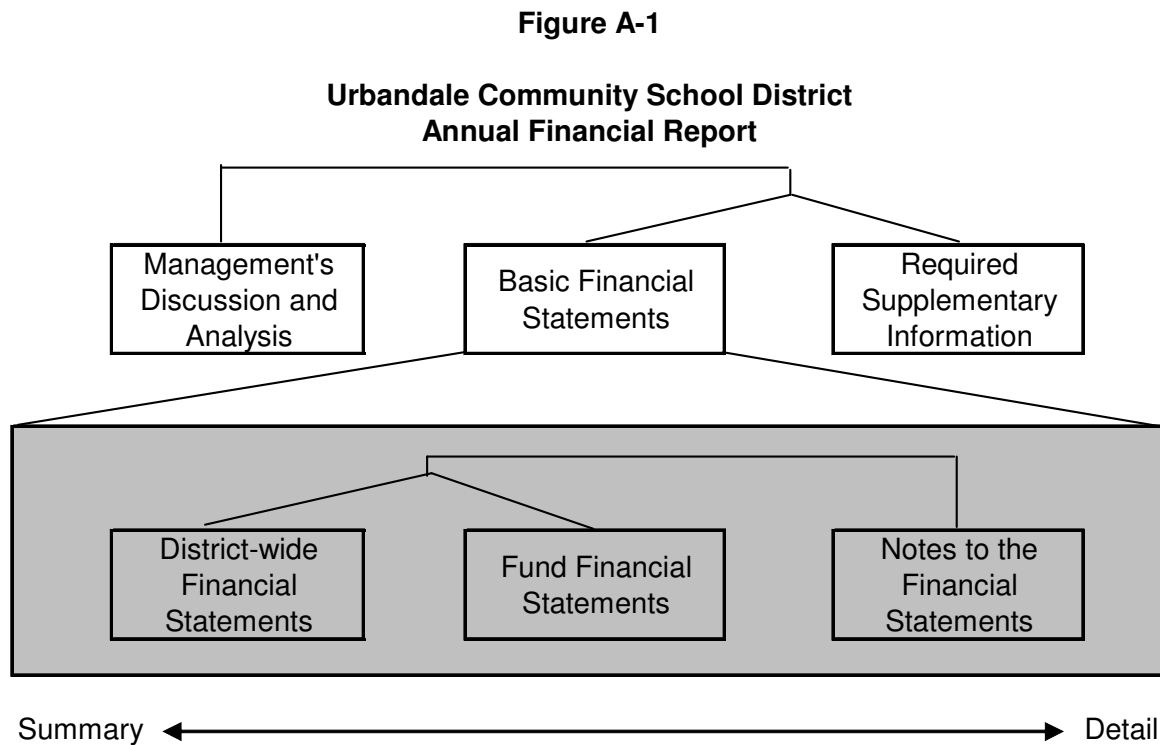


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and child care	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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

District-wide Financial Statements

The District-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 and how they have changed. 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 District-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, readers should 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 operations 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 accounting for various students activity funds or to demonstrate that it is properly using certain revenues.

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.
 - The District's governmental funds include the General Fund, the Management Levy Fund, the Student Activity Fund, The Physical Plant and Equipment Levy (PPEL) Fund, the Physical Education and Recreation Levy (PERL) Fund, two Capital Projects Funds – one for Bond Proceeds and one for Local Option Sales and Services Tax, and the Debt Service Fund.
 - The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- *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 three enterprise funds: the Nutrition Fund, the Adventuretime (Childcare) Fund, and the Building Trades (Student Construction) 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 PTA organization. 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 – Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2009 compared to 2008.

	Governmental activities		Business type activities		Total		Total Change June 30, 2008-2009
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	
Current assets	\$ 56,895,131	41,319,938	645,276	777,430	57,540,407	42,097,368	36.7%
Capital assets, net	82,641,724	68,935,492	980,501	296,277	83,622,225	69,231,769	20.8%
Other noncurrent assets	330,337	350,983	-	-	330,337	350,983	-5.9%
Total assets	139,867,192	110,606,413	1,625,777	1,073,707	141,492,969	111,680,120	26.7%
Current liabilities	37,240,343	21,153,530	80,430	68,623	37,320,773	21,222,153	75.9%
Long-term liabilities	73,185,094	58,026,327	14,404	-	73,199,498	58,026,327	26.1%
Total liabilities	110,425,437	79,179,857	94,834	68,623	110,520,271	79,248,480	39.5%
Net assets:							
Invested in capital assets, net of related debt	23,611,124	24,177,948	980,501	296,277	24,591,625	24,474,225	0.5%
Restricted	5,001,652	5,553,801	-	-	5,001,652	5,553,801	-9.9%
Unrestricted	828,979	1,694,807	550,442	708,807	1,379,421	2,403,614	-42.6%
Total net assets	\$ 29,441,755	31,426,556	1,530,943	1,005,084	30,972,698	32,431,640	-4.5%

The District's combined net assets decreased from \$32,431,640 in prior year to \$30,972,698 for 2009, a 4.5 percent decrease. As noted earlier, net assets may serve over time as useful indicators of a government's financial position.

Significant portions of the District's combined net assets reflect its investment in capital assets, which are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources necessary 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. Sales Tax revenue bonds in the amount of \$26,160,000 were issued in 2009, with 20-year repayment schedule. General obligation bond debt retired during 2009 was \$1,610,000.

As shown in A-3, current assets increased by 36.7 percent, primarily due to the sale of revenue bonds; and capital assets increased by 20.8 percent, the result of ongoing construction progress at the new high school. Total liabilities increased by 39.5 percent, with the sale of \$2.795 million in bond anticipation notes in January 2009, and the \$26.160 million in sales tax revenue bonds issued in April 2009. Unrestricted net assets decreased by \$1,024,193 or 42.6 percent, as the District utilized a portion of its cash reserves for operations.

Changes in Net Assets – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2009 and 2008. These two main components are subtracted to yield the change in net assets under the full accrual method of accounting. The change in net assets for 2009 was a decrease of \$1.5 million, compared to an increase of \$1,821,591 in net assets for 2008.

Revenue is further divided into two major components in this analysis: program revenue and general revenue. Program revenue is defined as charges for services and sales, or as operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support. Property tax revenues of nearly \$15.8 million and unrestricted state grants of nearly \$11.5 million account for 62.1 percent of the District's total revenues in 2009 for all funds, which were \$43.9 million as shown in A-4. These total revenues were 4.8 percent higher than prior year.

The District's expenses were primarily in the instruction and support services functions, which represented 78.9 percent of the total expenses shown in Figure A-4. The District's total expenses for fiscal year 2009 in all funds were 13.2 percent higher than prior year.

**Figure A-4
Changes in Net Assets**

	Governmental Activities		Business Type Activities		Total District	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for service	\$ 5,240,635	5,046,016	2,717,850	2,504,913	7,958,485	7,550,929
Operating grants and contributions	4,379,573	3,446,219	510,560	470,520	4,890,133	3,916,739
General revenues:						
Property tax	15,776,141	14,962,156	-	-	15,776,141	14,962,156
Local option sales and services tax	3,164,726	3,245,382	-	-	3,164,726	3,245,382
Unrestricted state grants	11,477,921	11,075,123	-	-	11,477,921	11,075,123
Investment earnings	372,081	897,441	4,596	3,392	376,677	900,833
Other	263,307	241,124	8,135	4,400	271,442	245,524
Transfers	(677,735)	-	677,735	-	-	-
Total revenues	<u>39,996,649</u>	<u>38,913,461</u>	<u>3,918,876</u>	<u>2,983,225</u>	<u>43,915,525</u>	<u>41,896,686</u>
Program expenses:						
Governmental activities:						
Instruction	23,804,965	21,058,089	-	-	23,804,965	21,058,089
Support services	11,973,492	11,451,307	-	-	11,973,492	11,451,307
Non-instructional programs	123,890	-	3,393,017	2,875,369	3,516,907	2,875,369
Other expenses	6,079,103	4,690,330	-	-	6,079,103	4,690,330
Total expenses	<u>41,981,450</u>	<u>37,199,726</u>	<u>3,393,017</u>	<u>2,875,369</u>	<u>45,374,467</u>	<u>40,075,095</u>
Change in net assets	<u>\$ (1,984,801)</u>	<u>1,713,735</u>	<u>525,859</u>	<u>107,856</u>	<u>(1,458,942)</u>	<u>1,821,591</u>

Governmental Activities

Total revenues shown in A-4 for governmental activities in 2009 were \$39,996,649 and total expenses were \$41,981,450. Net governmental assets decreased by \$1,984,801 during the period, primarily due to cash reserves expended in the General Fund and Physical Plant and Equipment Levy Fund. The largest increase in revenues was in the operating grants, which increased by \$973,394, or 24.9 percent. This increase was primarily from additional revenues provided by the State of Iowa to improve teacher's salaries, and from federal program revenues such as the American Recovery and Reinvestment Act funding which replaced unrestricted state aid. Property tax revenues rose by \$813,985, largely due to a levy rate increase for debt service requirements.

Figure A-5 presents the cost of three major District activities: instruction, support services, and other expenses. The table shows each activity's *net* cost, which is the total expense less any fees generated by the activities and intergovernmental aid provided for specific programs. Therefore, the net cost indicates the financial burden placed on the District's taxpayers for each of these District functions.

Figure A-5		
Total and Net Cost of Governmental Activities		
	Total Cost of Services	Net Cost of Services
Instruction	\$ 23,804,965	15,494,483
Support services	11,973,492	11,773,763
Non-instructional	123,890	123,890
Other expenses	6,079,103	4,969,106
Totals	<u>\$ 41,981,450</u>	<u>32,361,242</u>

The total cost of all governmental activities as shown above was \$41,981,450. Some of this cost, or approximately \$5.2 million was financed by users of the District's programs, such as from fees or admissions revenues. Another \$4.4 million was subsidized by federal and state governments through restricted program grants and contributions. These revenues are categorized as program revenues because they are specifically related to a certain program and, therefore, must be expended within that program.

The net cost of services for all governmental activities was \$32,361,242, financed primarily with \$11.5 million in unrestricted state aid and \$18.9 million in local tax revenues. State aid and property tax are examples of general revenues, since they are not specific to a program and are available to be expended for more universal purposes within a specific fund. Governmental activities costs subsidized by grants and contributions or financed by users increased by more than \$1.1 million over the prior year. The Statement of Activities report in the basic financial statements section provides additional detail on the District's total and net cost of activities.

Business-type Activities

As previously discussed, the District's business-type funds include three enterprise funds: the Nutrition Fund, the Adventuretime (child care) Fund, and the Building Trades (student construction) Fund.

Revenues for the Nutrition Fund were \$1,801,177 for 2009, an increase of \$308,597 over prior year. The increase in revenues is partly due to a new contract for food services, whereby the District now provides a hot lunch program at a nearby parochial school. Nutrition Fund expenses were \$1,770,909 for 2009, an increase of \$300,207 over prior year; and the Nutrition Fund received \$677,735 in contributed capital as construction work and equipment installations were completed at the new high school kitchen.

The Adventuretime Fund had revenues of \$1,439,964 for 2009, a decrease of approximately \$50,681 from prior year. The program provides child care services before and after school, and during summer months. Expenses for 2009 were \$1,622,108 and increased by about \$160,000 over fiscal year 2008.

The Building Trades Fund was created during fiscal year 2009 to account for financial activities associated with providing student instruction in the building trades industries. Each year, students in this course of study will construct a residential home, and sales proceeds will remain in the fund to provide resources to cash flow the program in future years. For 2009, inter-fund loans from the Capital Projects Sales Tax Fund provided the resources to begin the program. No revenues or expenses were reported during 2009, but finished inventory totaled \$301,762, and the home was sold at a profit shortly after fiscal year end.

Financial Analysis of the District's Funds

The Urbandale Community School District uses fund accounting to ensure and demonstrate compliance with finance-related statutory requirements. A summary financial analysis of individual District funds follows, categorized into governmental and business types:

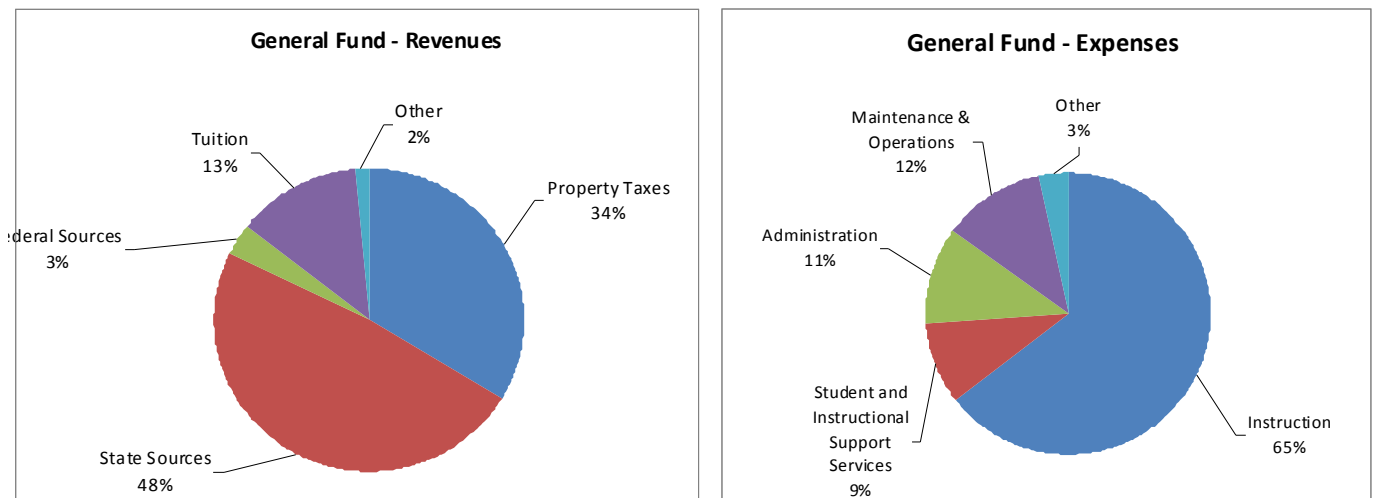
Governmental Fund Highlights

The financial performance of the District as a whole is largely reflected in its governmental funds, particularly by analysis of the fund balances. Overall, the District's governmental funds had combined fund balances of \$34,837,108 at June 30, 2009, an increase of \$12,338,289, or 54.8 percent over prior year. The following is a closer look at each individual major fund:

The **General Fund** reported a drop in fund balance of \$1,712,560, decreasing from \$1,985,987 at June 30, 2008 to \$273,427 on June 30, 2009.

General Fund revenues totaled \$30,619,132 for fiscal year 2009, an increase of 3.8 percent over prior year. The graph below shows percentage totals of the major revenue streams according to the source of funding. Local property tax revenues were \$10.3 million, and state sources were \$14.8 million, together accounting for 82 percent of all General Fund revenues. The other most significant revenue stream is for tuition payments from other districts for open enrollment and special education services, which totaled nearly \$4 million or 13 percent of all revenues.

Total General Fund expenses for fiscal year 2009 were \$32,346,659, an increase of 4.5 percent over prior year. Of all the governmental funds, the General Fund is the largest, comprising 54.7 percent of the total \$57.4 million in governmental fund expenses for the fiscal year. The graph below indicates how General Fund monies were spent according to functional categories. Instructional costs were \$20.8 million, comprising 64 percent of all General Fund expenses. Expenses for student and instructional support services were \$3 million or 10 percent, administrative services were 11 percent at \$3.6 million, and the maintenance and operations expenses, including transportation, totaled \$3.8 million or 12 percent of all costs.



- The **Debt Service Fund** balance for 2009 was \$1,722,344, a significant increase from just \$19,912 in prior year. This fund is used to account for current year principal and interest payments on debt to the District's bond holders or other long term debt holders. The large fund balance increase is primarily due to a reserve account in this fund, where \$1,551,153 is held for the 2009 Series revenue bonds sinking fund. The remaining fund balance of \$171,191 is available for other debt payments. Revenues from local property taxes were \$4,183,612, and an additional \$286,269 was transferred in from the Physical Plant and Equipment Levy Fund for current obligations on Apple Computer lease purchase agreements. Debt Service Fund expenses in 2009 were \$4,420,737.
- The two **Capital Projects Funds** are combined for annual reporting purposes, but the District uses separate funds to account for projects funded by bond issue proceeds and for projects funded by local or statewide sales and services tax revenues. The District had two bond anticipation notes issuances during 2008 and 2009, totaling \$12,395,000 to fund the final phases of construction at the new high school. These notes mature in June 2010, and will be retired with proceeds from a general obligation bonds issuance. Sales Tax revenue bonds totaling \$26,160,000 were issued in April 2009 for an elementary building addition and middle school renovation. Construction expenditures during fiscal year 2009 were \$18.3 million. The combined Capital Projects Funds balance was \$31,902,470 at June 30, 2009, as compared to \$19,492,680 in 2008.

Budgetary Highlights

As prescribed by GASB Statement No. 41 – *Budgetary Comparison Schedules – Perspective Differences*, the District reports budgetary comparison schedules in the Required Supplementary Information section of this report. In accordance with the Code of Iowa, the District’s Board of Education annually adopts and certifies a budget for all funds except fiduciary funds. This certified budget is based on program expenditures within four functional areas, as shown below. This comparison shows the variance of final amended budget amounts as compared to the actual expenditures for fiscal year 2009 in each functional area.

	Final Certified Budget	Actual Expenditures	Variance
Instruction	\$ 23,500,000	22,049,797	1,450,203
Support services	13,250,000	11,341,784	1,908,216
Non-instructional programs	3,650,000	3,393,017	256,983
Other expenditures	31,907,671	23,985,570	7,922,101
	<u>\$ 72,307,671</u>	<u>60,770,168</u>	<u>11,537,503</u>

The larger variance in ‘Other expenditure’ category is due to the timing of completions on construction projects and their related cash flows during the fiscal year, often a difficult estimate.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2008, the District had invested \$83,622,225, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, computer and audiovisual equipment. As shown in Figure A-6 below, Buildings assets increased by \$26.4 million, or 57.4 percent over the prior year, while Construction in Progress decreased by \$12.3 million, or 62.2 percent. These changes in both asset categories are due to construction progress at the new high school.

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	7,513,355	19,878,817	-	-	7,513,355	19,878,817	-62.2%
Buildings	72,419,734	46,020,348	-	-	72,419,734	46,020,348	57.4%
Improvements	547,592	595,576	-	-	547,592	595,576	-8.1%
Equipment and furniture	627,051	906,759	980,501	296,277	1,607,552	1,203,036	33.6%
Total	<u>\$ 82,641,724</u>	<u>68,935,492</u>	<u>980,501</u>	<u>296,277</u>	<u>83,622,225</u>	<u>69,231,769</u>	<u>20.8%</u>

The Equipment and Furniture category shows an increase of about \$400,000, and the District’s total capital assets net of depreciation increased by \$14.4 million, or 20.8 percent over the prior period.

Long-Term Debt

As shown in Figure A-7 below, at year-end 2009, the District had \$88,049,068 in long-term debt obligations, a 46 percent increase over 2008. Payments on general obligation bond principal totaled \$1,610,000, decreasing that category by 3.29 percent. Revenue bonds sold in April 2009 totaled \$26.16 million, and were the most significant increase in debt during 2009. A second series of bond anticipation notes were sold in January, 2009 totaling \$2.795 million, an increase of 29.1 percent in that category. Capital lease obligations were reduced by nearly half, as \$333,268 was paid on the District’s Apple Computer lease agreements, and no additional equipment was leased during the period. Early retirement obligations increased by \$629,577, as a large group of employees were incented during 2009. Compensated absences represent the District’s obligation totaling \$61,792 for employees who have a balance of paid vacation available to them. Other postemployment benefits, or OPEB, are a new reporting requirement and represent an actuarial calculation of the District’s obligation to future retirees who may receive certain termination benefits. More detail on OPEB reporting is available in the notes to financial statements.

Figure A-7			
Outstanding Long-Term Obligations			
	June 30,		Percent Change
	2009	2008	
General obligation bonds	\$ 47,335,000	48,945,000	-3.29%
Revenue bonds	\$ 26,160,000	-	100.00%
Bond anticipation notes	12,395,000	9,600,000	29.11%
Obligation under capital lease	367,899	701,167	-47.53%
Early retirement	1,623,377	993,800	63.35%
Compensated absences	61,792	48,787	26.66%
Other postemployment benefits	106,000	-	100.00%
Total	<u>\$ 88,049,068</u>	<u>60,288,754</u>	<u>46.05%</u>

Factors Bearing on District's Future

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

- The uncertainty of state and local finances in light of the national and global financial downturn is cause for concern at most educational institutions. In October 2009, Governor Culver announced a 10 percent across-the-board cut to state general fund appropriations for the 2010 fiscal year. This reduction amounts to over \$1.5 million for the Urbandale School District. While the District had levied to significantly increase General Fund reserves, this cut will deplete them by nearly half. It is uncertain whether there will be additional reductions; estimates made by the State Revenue Estimating Conference will be critical in determining future funding for all state appropriations. The District had proactively reduced many supply budgets by 50 percent in anticipation of a funding cut, and further reductions in staffing and course offerings are under consideration.
- Under Iowa's school funding formula, the District's spending authority is highly dependent upon student enrollment. Future enrollment stability is a critical element in maintaining a sound financial foundation. The District's enrollment increased at the start of the 2009-10 school year by 16 students. Revenues are also received from other districts for open enrolled students, which increased by 17 students. These enrollment increases will have a positive effect on budgetary allowable growth in the following fiscal year.
- Revenue bonds were issued in April 2009 for an elementary addition now underway, and for a middle school renovation which will begin in spring of 2010. The funding for principal and interest payments on these bonds will come from future collections of the new statewide sales tax. The District will begin receiving these tax collections in 2010, and the repayment schedule on the revenue bonds is 20 years.
- Construction is essentially finished at the new high school which was completed in phases over a three-year period. The high school project and the new Webster Elementary project completed in 2007 were funded through voter-approved general obligation bonds. During the past 10 years, the District will have used \$17.1 million, or more than 55 percent, of local option sales tax collections to significantly reduce its property tax levies. However, since no further local option tax will be collected after June 2010, this funding stream will no longer be available to reduce District property tax levies.

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 commitment of accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shelly Clifford, Director of Business Services, Urbandale Community School District, 11152 Aurora Avenue, Urbandale, Iowa 50322.

Basic Financial Statements

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 36,459,109	625,167	37,084,276
Receivables:			
Property tax:			
Delinquent	282,535	-	282,535
Succeeding year	16,860,135	-	16,860,135
Accounts	111,249	8,102	119,351
Internal balances	306,194	(306,194)	-
Due from other governments	2,731,923	-	2,731,923
Inventories	-	318,201	318,201
Prepaid expense	143,986	-	143,986
Total current assets	<u>56,895,131</u>	<u>645,276</u>	<u>57,540,407</u>
Non-current assets:			
Bond issuance costs	330,337	-	330,337
Capital assets:			
Capital assets, nondepreciable	9,047,347	-	9,047,347
Capital assets, depreciable, net of depreciation	73,594,377	980,501	74,574,878
Total non-current assets	<u>82,972,061</u>	<u>980,501</u>	<u>83,952,562</u>
Total assets	<u>\$ 139,867,192</u>	<u>1,625,777</u>	<u>141,492,969</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,845,398	10,109	1,855,507
Accrued salaries and benefits payable	2,978,758	41,053	3,019,811
Accrued interest payable	323,300	-	323,300
Unearned revenue:			
Succeeding year property tax	16,860,135	-	16,860,135
Other	297,804	29,268	327,072
General obligation bonds payable	1,945,000	-	1,945,000
Bond anticipation notes	12,395,000	-	12,395,000
Obligations under capital lease	138,977	-	138,977
Early retirement	394,179	-	394,179
Compensated absences	61,792	-	61,792
Total current liabilities	<u>37,240,343</u>	<u>80,430</u>	<u>37,320,773</u>
Non-current liabilities:			
Bonds premiums	85,378	-	85,378
General obligation bonds payable	45,390,000	-	45,390,000
Revenue bonds payable	26,160,000	-	26,160,000
Obligations under capital lease	228,922	-	228,922
Early retirement	1,229,198	-	1,229,198
Other postemployment benefits	91,596	14,404	106,000
Total non-current liabilities	<u>73,185,094</u>	<u>14,404</u>	<u>73,199,498</u>
Total liabilities	<u>110,425,437</u>	<u>94,834</u>	<u>110,520,271</u>

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business type Activities	Total
Net assets			
Invested in capital assets, net of related debt	23,611,124	980,501	24,591,625
Restricted for:			
Categorical funding	135,437	-	135,437
Physical plant and equipment levy	5,387	-	5,387
Public education and recreation levy	89,286	-	89,286
Other special revenue purposes	104,276	-	104,276
Capital projects	1,067,300	-	1,067,300
Debt service	3,599,966	-	3,599,966
Unrestricted	828,979	550,442	1,379,421
Total net assets	29,441,755	1,530,943	30,972,698
Total liabilities and net assets	\$ 139,867,192	1,625,777	141,492,969

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 16,103,403	3,422,365	2,480,682	-	(10,200,356)	-	(10,200,356)
Special	4,012,589	706,735	600,281	-	(2,705,573)	-	(2,705,573)
Other	3,688,973	1,028,202	72,217	-	(2,588,554)	-	(2,588,554)
	<u>23,804,965</u>	<u>5,157,302</u>	<u>3,153,180</u>	<u>-</u>	<u>(15,494,483)</u>	<u>-</u>	<u>(15,494,483)</u>
Support Service:							
Student	1,736,658	-	-	-	(1,736,658)	-	(1,736,658)
Instructional staff	1,772,093	-	-	-	(1,772,093)	-	(1,772,093)
Administration	3,852,563	-	4,560	-	(3,848,003)	-	(3,848,003)
Operating and maintenance of plant	3,597,993	38,582	-	-	(3,559,411)	-	(3,559,411)
Transportation	1,014,185	44,751	111,836	-	(857,598)	-	(857,598)
	<u>11,973,492</u>	<u>83,333</u>	<u>116,396</u>	<u>-</u>	<u>(11,773,763)</u>	<u>-</u>	<u>(11,773,763)</u>
Non-instructional programs	123,890	-	-	-	(123,890)	-	(123,890)
Other expenditures:							
Facilities acquisition	2,362,998	-	-	-	(2,362,998)	-	(2,362,998)
Long-term debt interest	2,606,108	-	-	-	(2,606,108)	-	(2,606,108)
AEA flowthrough	1,109,997	-	1,109,997	-	-	-	-
	<u>6,079,103</u>	<u>-</u>	<u>1,109,997</u>	<u>-</u>	<u>(4,969,106)</u>	<u>-</u>	<u>(4,969,106)</u>
Total governmental activities	41,981,450	5,240,635	4,379,573	-	(32,361,242)	-	(32,361,242)
Business type activities:							
Non-instructional programs:							
Nutrition services	1,770,909	1,364,264	431,044	-	-	24,399	24,399
Day Care services	1,622,108	1,353,586	79,516	-	-	(189,006)	(189,006)
	<u>3,393,017</u>	<u>2,717,850</u>	<u>510,560</u>	<u>-</u>	<u>-</u>	<u>(164,607)</u>	<u>(164,607)</u>
Total primary government	<u>\$ 45,374,467</u>	<u>7,958,485</u>	<u>4,890,133</u>	<u>-</u>	<u>(32,361,242)</u>	<u>(164,607)</u>	<u>(32,525,849)</u>
General Revenues:							
Property tax levied for:							
General purposes					11,119,491	-	11,119,491
Debt service					4,183,612	-	4,183,612
Capital outlay					473,038	-	473,038
Statewide sales and services tax					3,164,726	-	3,164,726
Unrestricted state grants					11,477,921	-	11,477,921
Unrestricted investment earnings					372,081	4,596	376,677
Other general revenues					248,340	-	248,340
Gain on sale of assets					14,967	8,135	23,102
Transfers - capital contribution					(677,735)	677,735	-
Total general revenues, capital contributions and transfers					<u>30,376,441</u>	<u>690,466</u>	<u>31,066,907</u>
Change in net assets					(1,984,801)	525,859	(1,458,942)
Net assets beginning of year					31,426,556	1,005,084	32,431,640
Net assets end of year					<u>\$ 29,441,755</u>	<u>1,530,943</u>	<u>30,972,698</u>

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Assets					
Cash and pooled investments	\$ 1,267,324	1,644,504	32,424,594	1,122,687	36,459,109
Receivables:					
Property tax:					
Current year delinquent	182,041	77,840	-	22,654	282,535
Succeeding year	15,068,663	393,833	-	1,397,639	16,860,135
Accounts	111,029	-	-	220	111,249
Due from other funds	264,987	-	306,194	(264,987)	306,194
Due from other governments	2,132,876	-	599,047	-	2,731,923
Prepaid expenses	1,400	-	-	142,586	143,986
Total assets	\$ 19,028,320	2,116,177	33,329,835	2,420,799	56,895,131
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 409,668	-	1,427,365	8,365	1,845,398
Salaries and benefits payable	2,767,313	-	-	-	2,767,313
Payroll deductions and withholdings payable	211,445	-	-	-	211,445
Deferred revenue:					
Succeeding year tuition and fees	297,804	-	-	-	297,804
Succeeding year property tax	15,068,663	393,833	-	1,397,639	16,860,135
Early retirement payable	-	-	-	75,928	75,928
Total liabilities	18,754,893	393,833	1,427,365	1,481,932	22,058,023
Fund balances:					
Reserved for:					
Categorical funding	135,437	-	-	-	135,437
Debt service	-	1,722,344	2,200,922	-	3,923,266
Unreserved:					
Undesignated, reported in:					
General fund	137,990	-	-	-	137,990
Capital projects fund	-	-	29,701,548	-	29,701,548
Special revenue funds:					
Management fund	-	-	-	739,918	739,918
Student activity fund	-	-	-	104,276	104,276
Public education and recreation fund	-	-	-	89,286	89,286
Physical plant and equipment fund	-	-	-	5,387	5,387
Total fund balances	273,427	1,722,344	31,902,470	938,867	34,837,108
Total liabilities and fund balances	\$ 19,028,320	2,116,177	33,329,835	2,420,799	56,895,131

See notes to financial statements.

URBAN DALE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET -
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
 June 30, 2009

Total fund balances of governmental funds (Exhibit C) \$ 34,837,108

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.

82,641,724

Long-term liabilities, including bonds payable and notes payable, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

General obligation bonds payable	\$	(47,335,000)	
Revenue bonds payable		(26,160,000)	
Bond anticipation notes payable		(12,395,000)	
Obligations under capital lease payable		(367,899)	
Bond issuance costs		330,337	
Bond premiums		(85,378)	
Accrued interest		(323,300)	
Early retirement		(1,623,377)	
Portion of early retirement reflected on governmental funds		75,928	
Compensated absences		(61,792)	
Other postemployment benefits		(91,596)	
		(88,037,077)	(88,037,077)

Net assets of governmental activities (Exhibit A) \$ 29,441,755

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, 2009

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 10,327,013	4,183,612	3,164,726	1,265,516	18,940,867
Tuition	3,973,010	-	-	-	3,973,010
Other	450,286	384	363,986	1,059,754	1,874,410
Intermediate sources	6,020	-	-	-	6,020
State sources	14,827,820	1,751	-	556	14,830,127
Federal sources	1,034,983	-	-	-	1,034,983
Total revenues	<u>30,619,132</u>	<u>4,185,747</u>	<u>3,528,712</u>	<u>2,325,826</u>	<u>40,659,417</u>
Expenditures:					
Current:					
Instruction:					
Regular	14,470,701	-	-	244,191	14,714,892
Special	3,803,760	-	-	-	3,803,760
Other	2,574,585	-	-	956,560	3,531,145
	<u>20,849,046</u>	<u>-</u>	<u>-</u>	<u>1,200,751</u>	<u>22,049,797</u>
Support services:					
Student	1,641,787	-	-	-	1,641,787
Instructional staff	1,415,945	-	299,972	-	1,715,917
Administration	3,561,207	-	-	20,309	3,581,516
Operation and maintenance of plant	2,953,616	-	-	442,223	3,395,839
Transportation	815,061	-	-	191,664	1,006,725
	<u>10,387,616</u>	<u>-</u>	<u>299,972</u>	<u>654,196</u>	<u>11,341,784</u>
Other expenditures:					
Facilities acquisition	-	-	18,298,355	145,983	18,444,338
Long-term debt:					
Principal	-	1,943,268	-	-	1,943,268
Interest and fiscal charges	-	2,477,469	10,498	-	2,487,967
AEA flowthrough	1,109,997	-	-	-	1,109,997
	<u>1,109,997</u>	<u>4,420,737</u>	<u>18,308,853</u>	<u>145,983</u>	<u>23,985,570</u>
Total expenditures	<u>32,346,659</u>	<u>4,420,737</u>	<u>18,608,825</u>	<u>2,000,930</u>	<u>57,377,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,727,527)</u>	<u>(234,990)</u>	<u>(15,080,113)</u>	<u>324,896</u>	<u>(16,717,734)</u>
Other financing sources (uses):					
Operating transfers in	-	1,937,422	-	-	1,937,422
Operating transfers out	-	-	(1,551,153)	(386,269)	(1,937,422)
Bond anticipation note proceeds	-	-	2,795,000	-	2,795,000
Revenue bonds issued	-	-	26,160,000	-	26,160,000
Bond issue premium	-	-	86,056	-	86,056
Proceeds from sale of capital assets	14,967	-	-	-	14,967
Total other financing sources (uses)	<u>14,967</u>	<u>1,937,422</u>	<u>27,489,903</u>	<u>(386,269)</u>	<u>29,056,023</u>
Net change in fund balances	(1,712,560)	1,702,432	12,409,790	(61,373)	12,338,289
Fund balances beginning of year	1,985,987	19,912	19,492,680	1,000,240	22,498,819
Fund balances end of year	<u>\$ 273,427</u>	<u>1,722,344</u>	<u>31,902,470</u>	<u>938,867</u>	<u>34,837,108</u>

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, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ 12,338,289

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. Capital outlay expenditures exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 15,411,157	
Depreciation expense	<u>(1,704,925)</u>	13,706,232

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the Statement of Activities. Current year items are as follows:

Proceeds from revenue bonds issued	(26,160,000)	
Proceeds from bond anticipation notes issued	(2,795,000)	
Premiums on revenue bonds issued	(86,056)	
Repayments of bond and note principal	1,943,268	
Amortization of bond premiums	678	
Amortization of bond issuance costs	<u>(20,646)</u>	(27,117,756)

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.

(98,143)

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	(660,035)	
Compensated absences	(61,792)	
Other postemployment benefits	(91,596)	<u>(813,423)</u>

Change in net assets of governmental activities (Exhibit B) \$ (1,984,801)

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Non-major Enterprise
Assets	
Current assets:	
Cash and pooled investments	\$ 625,167
Receivables:	
Accounts	8,102
Inventories	318,201
Total current assets	951,470
Capital assets, net of accumulated depreciation	980,501
Total assets	\$ 1,931,971
 Liabilities	
Current liabilities:	
Accounts payable	\$ 10,109
Salaries and benefits payable	41,053
Due to other funds	306,194
Unearned revenue	29,268
Total current liabilities	386,624
Noncurrent liabilities:	
Other postemployment benefits	14,404
Total noncurrent liabilities	14,404
Total liabilities	401,028
 Net assets	
Invested in capital assets, net of related debt	980,501
Unrestricted	550,442
Total net assets	1,530,943
Total liabilities and net assets	\$ 1,931,971

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 2,717,850
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	1,622,108
Food service operations:	
Depreciation	58,891
Other	1,712,018
Total operating expenses	3,393,017
Operating loss	(675,167)
Non-operating revenue:	
State sources	92,576
Federal sources	417,984
Gain on asset disposal	8,135
Interest income	4,596
Total non-operating revenue	523,291
Net loss before capital contributions	(151,876)
Capital contributions	677,735
Change in net assets	525,859
Net assets beginning of year	1,005,084
Net assets end of year	\$ 1,530,943

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,364,302
Cash received from miscellaneous operating activities	1,353,531
Cash payments to employees for services	(2,191,481)
Cash payments to suppliers for goods or services	(1,312,918)
Net cash used by operating activities	(786,566)
Cash flows from non-capital financing activities:	
Due to other funds	306,194
State grants received	92,576
Federal grants received	338,952
Net cash provided by non-capital financing activities	737,722
Cash flows from capital and related financing activities:	
Capital contributions	677,735
Acquisition of capital assets	(743,115)
Proceeds from sale of capital assets	8,135
Net cash used by capital and related financing activities	(57,245)
Cash flows from investing activities:	
Interest on cash and investments	4,596
Net cash provided by investing activities	4,596
Net decrease in cash and cash equivalents	(101,493)
Cash and cash equivalents at beginning of year	726,660
Cash and cash equivalents at end of year	\$ 625,167
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (675,167)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	79,032
Depreciation	58,891
(Increase) in receivables	(6,325)
(Increase) in inventories	(269,208)
(Decrease) in accounts payable	(9,022)
Increase in salaries and benefits payable	16,380
Increase in deferred revenue	4,449
Increase in other post employment benefits	14,404
Net cash used by operating activities	\$ (786,566)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$79,032.

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 June 30, 2009

	Agency
Assets	
Cash and pooled investments	\$ 129,890
Total assets	129,890
Liabilities	
Other payables	129,890
Total liabilities	129,890
Net assets	\$ -

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

(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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: 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.

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

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

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Physical Plant and Equipment Levy (PPEL) Fund: This fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of school houses, certain equipment expenditures and other expenditures authorized in Iowa Code 298.3.

Public Education and Recreation Levy (PERL) Fund: This fund is authorized by Iowa Code 300.2 and accounts for transactions related to schoolhouse playgrounds and recreational activities within the District. This fund also accounts for community education activity.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Child Care Fund: This fund, also called Adventuretime, accounts for transactions for before and after school child care and summer child care programs authorized by Iowa Code 298A.12 and 279.49.

Student Construction Fund: This fund accounts for transactions for the home building/remodeling activity performed by students as part of their instructional or extracurricular program. This fund also accounts for the sale of those homes.

Fiduciary Fund Types: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Agency Funds: These funds account for assets held in a custodial capacity by the District for individuals, private organizations or other governments. The District only reports assets and liabilities for these funds.

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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and 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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

Deferred and Unearned 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 the succeeding year's property tax receivable and prepaid tuition and fees.

Unearned revenue on the Statement of Net Assets consists of the succeeding year's tuition and fees as well as the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and prepaid tuition and fees.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or 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, 2009, expenditures did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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, 2009, the District had investments as follows:

Wells Fargo Adv Government MM Fund	\$ 8,227,572
Federal Home Loan Notes	4,166,974
Iowa School Joint Investment Trust: Diversified Portfolio	<u>20,932,332</u>
	<u>\$ 33,326,878</u>

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

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

Credit risk. The investments in the Wells Fargo Adv Government Money Market Fund is not rated and the Federal Home Loan Notes and the Iowa School Joint Investment Trust Diversified Portfolio were rated Aaa by Moody's Investors Service.

(3) Due From and Due To Other Funds

The detail of interfund receivables and payables for the year ended June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue - Physical Plant & Equipment Levy	\$ 264,987
Special Revenue - Student Activity	Special Revenue - Physical Plant & Equipment Levy	12,445
Capital Projects	Proprietary - Student Construction	306,194
		<u>\$ 583,626</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue - Physical Plant & Equipment Levy	\$ 386,269
Debt Service	Capital Projects	1,551,153
		<u>\$ 1,937,422</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, 2009

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Construction in progress	19,878,817	16,065,391	28,430,853	7,513,355
Total capital assets not being depreciated	21,412,809	16,065,391	28,430,853	9,047,347
Capital assets being depreciated:				
Buildings	62,278,903	27,753,118	-	90,032,021
Improvements other than buildings	680,752	-	-	680,752
Furniture and equipment	1,399,989	23,501	36,106	1,387,384
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	65,905,749	27,776,619	36,106	93,646,262
Less accumulated depreciation for:				
Buildings	16,258,555	1,353,732	-	17,612,287
Improvements other than buildings	85,176	47,984	-	133,160
Furniture and equipment	1,111,315	76,307	36,106	1,151,516
Leased equipment	928,020	226,902	-	1,154,922
Total accumulated depreciation	18,383,066	1,704,925	36,106	20,051,885
Total capital assets being depreciated, net	47,522,683	26,071,694	-	73,594,377
Governmental activities capital assets, net	\$ 68,935,492	42,137,085	28,430,853	82,641,724
Business type activities:				
Furniture and equipment	\$ 685,902	743,115	-	1,429,017
Less accumulated depreciation	389,625	58,891	-	448,516
Business type activities capital assets, net	\$ 296,277	684,224	-	980,501

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 799,532
Special	193,132
Other	143,239

Support services:

Student support	91,547
Instructional staff	60,035
Administration	191,431
Operation and maintenance of plant	94,659
Transportation	7,460
Noninstructional	123,890
	<u>1,704,925</u>

Unallocated depreciation

Total governmental activities depreciation expense	\$ <u>1,704,925</u>
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Business type activities:

Food services	\$ <u>58,891</u>
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URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 48,945,000	-	1,610,000	47,335,000	1,945,000
Revenue bonds	-	26,160,000	-	26,160,000	-
Bond anticipation notes	9,600,000	2,795,000	-	12,395,000	12,395,000
Obligation under capital lease	701,167	-	333,268	367,899	138,977
Early retirement	993,800	899,949	270,372	1,623,377	394,179
Compensated absences	-	61,792	-	61,792	61,792
Other postemployment benefits	-	91,596	-	91,596	-
Total	\$ 60,239,967	30,008,337	2,213,640	88,034,664	14,934,948
Business type activities:					
Other postemployment benefits	\$ -	14,404	-	14,404	-

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year ending June 30,	Bond Issue on June 1, 2004			
	Interest Rate	Principal	Interest	Total
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
		\$ 15,325,000	6,727,125	22,052,125

Year ending June 30,	Bond Issue on October 1, 2005			
	Interest Rate	Principal	Interest	Total
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
		\$ 8,675,000	2,894,425	11,569,425

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

General Obligation Bonds (continued)

Year ending June 30,	Bond Issue on July 1, 2006			
	Interest Rate	Principal	Interest	Total
2010	4.250%	580,000	642,009	1,222,009
2011	4.250%	600,000	617,359	1,217,359
2012	4.375%	625,000	591,859	1,216,859
2013	4.375%	655,000	565,296	1,220,296
2014	4.375%	680,000	536,640	1,216,640
2015	4.375%	710,000	506,890	1,216,890
2016	4.500%	745,000	475,828	1,220,828
2017	4.500%	775,000	443,234	1,218,234
2018	4.550%	815,000	408,359	1,223,359
2019	4.600%	850,000	371,684	1,221,684
2020	4.625%	890,000	333,009	1,223,009
2021	4.625%	935,000	292,069	1,227,069
2022	4.625%	975,000	248,825	1,223,825
2023	4.625%	1,025,000	203,731	1,228,731
2024	4.625%	1,075,000	156,325	1,231,325
2025	4.625%	1,125,000	106,606	1,231,606
2026	4.625%	1,180,000	54,575	1,234,575
		<u>\$ 14,240,000</u>	<u>6,554,298</u>	<u>20,794,298</u>

Year ending June 30,	Bond Issue on January 1, 2007			
	Interest Rate	Principal	Interest	Total
2010	3.65%	215,000	352,580	567,580
2011	3.65%	220,000	344,732	564,732
2012	3.65%	245,000	336,702	581,702
2013	3.65%	240,000	327,760	567,760
2014	3.65%	240,000	319,000	559,000
2015	3.65%	250,000	310,240	560,240
2016	3.65%	245,000	301,115	546,115
2017	3.70%	250,000	292,172	542,172
2018	3.75%	275,000	282,923	557,923
2019	3.85%	260,000	272,610	532,610
2020	3.90%	270,000	262,600	532,600
2021	3.90%	275,000	252,070	527,070
2022	3.95%	290,000	241,345	531,345
2023	3.95%	295,000	229,890	524,890
2024	3.95%	285,000	218,238	503,238
2025	3.95%	2,570,000	206,980	2,776,980
2026	3.95%	2,670,000	105,465	2,775,465
		<u>\$ 9,095,000</u>	<u>4,656,422</u>	<u>13,751,422</u>

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2010	1,945,000	2,062,233	4,007,233
2011	2,025,000	1,983,834	4,008,834
2012	2,110,000	1,901,298	4,011,298
2013	2,195,000	1,815,256	4,010,256
2014	2,285,000	1,722,822	4,007,822
2015	2,385,000	1,625,474	4,010,474
2016	2,490,000	1,520,199	4,010,199
2017	2,600,000	1,410,912	4,010,912
2018	2,715,000	1,295,801	4,010,801
2019	2,835,000	1,175,688	4,010,688
2020	2,960,000	1,049,815	4,009,815
2021	3,095,000	916,145	4,011,145
2022	3,235,000	775,689	4,010,689
2023	3,380,000	628,690	4,008,690
2024	3,535,000	474,788	4,009,788
2025	3,695,000	313,586	4,008,586
2026	3,850,000	160,040	4,010,040
	<u>\$ 47,335,000</u>	<u>20,832,270</u>	<u>68,167,270</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Revenue Bonds

Details of the District's June 30, 2009 local option sales and service tax revenue bonded indebtedness are as follows:

Year ending June 30,	Revenue bond Issue of April 9, 2009			
	Interest Rate	Principal	Interest	Total
2010	-	\$ -	930,692	930,692
2011	-	-	1,240,922	1,240,922
2012	4.125%	960,000	1,221,122	2,181,122
2013	4.125%	910,000	1,182,554	2,092,554
2014	4.125%	945,000	1,144,294	2,089,294
2015	4.125%	985,000	1,104,488	2,089,488
2016	4.125%	1,025,000	1,063,032	2,088,032
2017	4.125%	1,065,000	1,019,926	2,084,926
2018	4.125%	1,110,000	975,066	2,085,066
2019	4.375%	1,160,000	928,247	2,088,247
2020	4.500%	1,205,000	877,963	2,082,963
2021	4.700%	1,260,000	823,254	2,083,254
2022	4.800%	1,315,000	764,001	2,079,001
2023	5.000%	1,375,000	700,099	2,075,099
2024	5.000%	1,440,000	631,099	2,071,099
2025	5.125%	1,515,000	557,224	2,072,224
2026	5.150%	1,590,000	478,605	2,068,605
2027	5.250%	1,670,000	394,859	2,064,859
2028	5.250%	1,755,000	305,788	2,060,788
2029	5.375%	1,850,000	211,156	2,061,156
2030	5.375%	3,025,000	110,322	3,135,322
		<u>\$ 26,160,000</u>	<u>16,664,713</u>	<u>42,824,713</u>

The District has pledged future local option (statewide) sales and services tax revenues for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$42,824,713. For the current year, no principal or interest was paid on the bonds and total local option (statewide) sales and services tax revenues were \$3,164,726.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$2,616,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option (statewide) sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District complied with all of the provisions during the year ended June 30, 2009.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

School Bond and Revenue Anticipation Project Notes

Details of the District's June 30, 2009 school bond and revenue anticipation project notes are as follows:

Anticipation Note Issue of June 30, 2008				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.00%	\$ 9,600,000	288,000	9,888,000
Total		\$ 9,600,000	288,000	9,888,000

Anticipation Note Issue of January 1, 2009				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.10%	2,795,000	86,645	2,881,645
Total		\$ 2,795,000	86,645	2,881,645

Total Anticipation Note Indebtedness				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.10%	12,395,000	374,645	12,769,645
Total		\$ 12,395,000	374,645	12,769,645

The school bond and revenue anticipation project notes are issued pursuant to the provisions of Section 76.13 of the Code of Iowa, for the purpose of completion of construction, renovation and equipping of the Urbandale High School and related construction and improvements as provided in the proposal approved by the voters on May 9, 2006, and in conformity to a Resolution of the Board of the District duly passed and approved, for the purpose of defraying part of the cost of acquiring the High School project.

These notes are not a general obligation of the Issuer nor is the Issuer's full faith and credit and taxing power pledged to the payment hereof. The Issuer is not obligated to levy any ad valorem taxes nor to expend any monies of the Issuer to pay this note, except the Project Fund pledged under the Resolution. Under no circumstances shall the District be in any manner liable by reason of the failure of the Project Fund to be sufficient for the payment hereof.

The notes shall be designated School Bond and Revenue Anticipation Project Notes, shall be issued and delivered in two series designated 2008 and 2009 in the amounts of \$9,600,000 and \$2,795,000, respectively, shall consist of notes dated their respective dates of delivery, in the denomination of \$5,000 or multiples thereof, and shall be consecutively numbered from one. The Series 2008 Notes shall bear interest at the rate of 3.00% per annum and a delivery date of June 30, 2009. The Series 2009 Notes shall bear interest at a rate of 3.10% per annum and a delivery date of January 7, 2009. Interest is payable on June 1, 2009 and semi-annually thereafter until maturity at the office of Wells Fargo Bank, National Association, Des Moines, Iowa. Both series of notes shall mature on June 1, 2010. They will be repaid from general obligation proceeds issued at that time.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Capital Lease

The District entered into capital lease arrangements on June 15, 2004, July 5, 2005 and June 30, 2006 for the purchase of computer equipment for the District. The following is a schedule of the future minimum payments required under the lease together with their present value as of June 30, 2009:

Year ending June 30,	Apple Computer, Inc. Capital Lease		
	2006 Lease	2007 Lease	Total
2010	\$ 73,258	85,973	159,231
2011	73,258	85,973	159,231
Thereafter	-	85,973	85,973
Total minimum lease payments	146,516	257,919	404,435
Less amount representing interest	13,562	22,974	36,536
Present value of minimum lease payments	\$ 132,954	234,945	367,899

As of June 30, 2009, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 1,786,359,281</u>
Debt limit of 5% of total assessed valuation	\$ 89,317,964
Amount of debt applicable to debt limit	<u>86,257,899</u>
Excess of debt limit over bonded debt issued, legal debt margin.	<u>\$ 3,060,065</u>

Early Retirement

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 continuous 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 offered during 2009 included an annuity benefit equal to 30% of salary, payable over three years; and single insurance coverage until the employee is eligible for Medicare, limited to a maximum premium cost of \$600 per month. For purposes of calculating the annuity benefit, salary is considered to be base salary only (excludes longevity, teacher compensation supplements, flex spending, car allowance, extra duty, shift differential, overtime pay, or TSA allowance). Early retirement annuity benefits are paid in three equal installments beginning in January following the start of retirement. The second payment is made the following July, and the third and final payment is paid in July of the following year. At June 30, 2009, the District had obligations to 24 participants for the annuity benefit with a total liability of \$326,860. A total of 53 participants receive single health insurance coverage with premium costs ranging from \$412 to \$489 per month. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$270,372.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

(7) Operating Leases

The District entered into a seven year and one month agreement which expires January 31, 2015 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 a one-time right to terminate the lease on January 31, 2013. The total minimum lease commitment under the agreement is as follows:

Year ending June 30,	Minimum Lease Payments
2010	\$ 44,126
2011	44,126
2012	44,126
2013	44,126
2014	44,126
2015	25,740
	<u>\$ 246,370</u>

The total lease expense for the year ended June 30, 2009 was \$18,386.

(8) 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 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007, were \$1,465,403, \$1,280,362, and \$1,095,945, respectively, equal to the required contributions for each year.

(9) Other Post-Employment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 370 active and 38 retired members in the plan. Participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 15 continuous years prior to the retirement year. "Full-time" service is defined as at least 30 hours per week. Years of service as a substitute employee shall not count as a year of service. The employee must have been employed on a regular contract. Part-time years may not be accumulated to equal a full-time year. However, the voluntary early retirement plan for the 2009-2010 year shall also apply to employees who are at least age 55 and who have completed at least 20 years of service to the Urbandale Community School District from the last date of hire, whether full-time or part-time, if at least 10 of those years were full-time.

The medical/prescription drug coverage is provided through an insurance program administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 464,000
Contributions made	<u>(358,000)</u>
Increase in net OPEB obligation	106,000
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>\$ 106,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the District contributed \$7,000 per employee. Retiree and active members were not required to contribute.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 464,000	77.2%	\$ 106,000

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$4.317 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.317 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$22,608,950, and the ratio of the UAAL to covered payroll was 19.1%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$539 per month for retirees less than age 65 and \$600 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) 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.

(11) 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 \$1,109,997 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(12) Construction Commitment

The District has entered into contracts totaling \$9,937,500 for remodeling projects. As of June 30, 2009, costs of \$7,513,355 had been incurred against the contracts. The balance of \$2,424,145 remaining at June 30, 2009 will be paid as work on the projects progresses.

(13) Subsequent Event

On October 8, 2009, Governor Chet Culver announced a 10 percent across-the-board cut to state general fund appropriations effective immediately. The cut is a reduction of approximately \$238.5 million to Iowa schools and approximately \$800,000 to the Iowa Department of Education. What this will mean to Iowa school districts is still unfolding.

Required Supplementary Information

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 Year ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	4,317,000	4,317,000	0.0%	22,608,950	19.1%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

URBANDALE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN BALANCES - BUDGET AND ACTUAL -
 ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 24,788,287	2,722,446	27,510,733	27,854,531	27,854,531	(343,798)
Intermediate sources	6,020	-	6,020	5,000	5,000	1,020
State sources	14,830,127	92,576	14,922,703	15,511,053	15,511,053	(588,350)
Federal sources	1,034,983	417,984	1,452,967	890,000	890,000	562,967
Total revenues	<u>40,659,417</u>	<u>3,233,006</u>	<u>43,892,423</u>	<u>44,260,584</u>	<u>44,260,584</u>	<u>(368,161)</u>
Expenditures:						
Instruction	22,049,797	-	22,049,797	20,528,425	23,500,000	1,450,203
Support services	11,341,784	-	11,341,784	11,830,932	13,250,000	1,908,216
Non-instructional programs	-	3,393,017	3,393,017	2,700,000	3,650,000	256,983
Other expenditures	23,985,570	-	23,985,570	31,907,671	31,907,671	7,922,101
Total expenditures	<u>57,377,151</u>	<u>3,393,017</u>	<u>60,770,168</u>	<u>66,967,028</u>	<u>72,307,671</u>	<u>11,537,503</u>
Deficiency of revenues under expenditures	(16,717,734)	(160,011)	(16,877,745)	(22,706,444)	(28,047,087)	11,169,342
Other financing sources, net	<u>29,056,023</u>	<u>685,870</u>	<u>29,741,893</u>	<u>(270,000)</u>	<u>(270,000)</u>	<u>30,011,893</u>
Excess of revenues and other financing sources over expenditures	12,338,289	525,859	12,864,148	(22,976,444)	(28,317,087)	41,181,235
Balances beginning of year	<u>22,498,819</u>	<u>1,005,084</u>	<u>23,503,903</u>	<u>34,669,765</u>	<u>34,669,765</u>	<u>(11,165,862)</u>
Balances end of year	<u>\$ 34,837,108</u>	<u>1,530,943</u>	<u>36,368,051</u>	<u>11,693,321</u>	<u>6,352,678</u>	<u>30,015,373</u>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2009

(1) Basis of Presentation

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for budgeted governmental and enterprise funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

During the year, a budget amendment increased budgeted expenditures by \$5,340,643. The budget amendment was primarily due to an increase in teacher compensation funding and an accelerated construction schedule.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$1,109,997 for the year ended June 30, 2009.

Other Supplementary Information

URBANDALE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue Funds				Total
	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	
Assets					
Cash and pooled investments	\$ 659,291	93,842	87,035	282,519	1,122,687
Receivables:					
Property tax:					
Delinquent	13,969	-	2,251	6,434	22,654
Succeeding year	900,001	-	139,638	358,000	1,397,639
Accounts	-	220	-	-	220
Due from other funds	-	12,445	-	(12,445)	-
Prepaid expense	142,586	-	-	-	142,586
Total assets	\$ 1,715,847	106,507	228,924	634,508	2,685,786
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	-	2,231	-	6,134	8,365
Due to other funds	-			264,987	264,987
Deferred revenue:					
Succeeding year property tax	900,001	-	139,638	358,000	1,397,639
Early retirement payable	75,928	-	-	-	75,928
Total liabilities	975,929	2,231	139,638	629,121	1,746,919
Fund equity:					
Unreserved fund balances	739,918	104,276	89,286	5,387	938,867
Total liabilities and fund equity	\$ 1,715,847	106,507	228,924	634,508	2,685,786

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 Year ended June 30, 2009

	Special Revenue Funds				Total
	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local tax:					
Property tax	\$ 742,749	-	120,528	333,166	1,196,443
Utility tax replacement excise tax	49,729	-	7,157	12,187	69,073
	<u>792,478</u>	<u>-</u>	<u>127,685</u>	<u>345,353</u>	<u>1,265,516</u>
Other local sources:					
Interest on investments	-	46	-	2,758	2,804
Student activities	-	1,018,202	-	-	1,018,202
Miscellaneous	38,748	-	-	-	38,748
	<u>38,748</u>	<u>1,018,248</u>	<u>-</u>	<u>2,758</u>	<u>1,059,754</u>
	<u>831,226</u>	<u>1,018,248</u>	<u>127,685</u>	<u>348,111</u>	<u>2,325,270</u>
State sources:					
Revenue in lieu of taxes :					
Military credit	354	-	57	145	556
Total revenues	<u>831,580</u>	<u>1,018,248</u>	<u>127,742</u>	<u>348,256</u>	<u>2,325,826</u>
Expenditures:					
Instruction:					
Regular, special, and vocational instruction:					
Benefits	244,191	-	-	-	244,191
	<u>244,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,191</u>
Co-curricular instruction:					
Salaries	-	28,216	-	-	28,216
Benefits	-	4,996	-	-	4,996
Services	-	106,349	-	-	106,349
Supplies	-	814,344	-	-	814,344
Property	-	478	-	-	478
Other	-	2,177	-	-	2,177
	<u>-</u>	<u>956,560</u>	<u>-</u>	<u>-</u>	<u>956,560</u>
Total instruction	<u>244,191</u>	<u>956,560</u>	<u>-</u>	<u>-</u>	<u>1,200,751</u>
Support services:					
Administration:					
Benefits	20,309	-	-	-	20,309
	<u>20,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,309</u>
Operation and maintenance of plant:					
Benefits	3,921	-	-	-	3,921
Services	334,077	-	-	92,432	426,509
Property	-	-	7,975	3,818	11,793
	<u>337,998</u>	<u>-</u>	<u>7,975</u>	<u>96,250</u>	<u>442,223</u>
Transportation:					
Services	-	6,664	-	185,000	191,664
	<u>-</u>	<u>6,664</u>	<u>-</u>	<u>185,000</u>	<u>191,664</u>
Total support services	<u>358,307</u>	<u>6,664</u>	<u>7,975</u>	<u>281,250</u>	<u>654,196</u>

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 Year ended June 30, 2009

	Special Revenue Funds				Total
	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	
Other expenditures:					
Facilities acquisition and construction:					
Services	-	-	127,264	7,959	135,223
Property	-	-	-	10,760	10,760
Total other expenditures	-	-	127,264	18,719	145,983
Total expenditures	602,498	963,224	135,239	299,969	2,000,930
Excess (deficiency) of revenues over (under) expenditures	229,082	55,024	(7,497)	48,287	324,896
Other financing uses:					
Operating transfers out	-	-	-	(386,269)	(386,269)
Total other financing uses	-	-	-	(386,269)	(386,269)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	229,082	55,024	(7,497)	(337,982)	(61,373)
Fund balances beginning of year	510,836	49,252	96,783	343,369	1,000,240
Fund balances end of year	\$ 739,918	104,276	89,286	5,387	938,867

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2009

<u>Account</u>	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Jensen Activity	\$ -	-	17,365	6,407	10,958
Jensen Web Clickers	189	-	-	-	189
Jensen picture	-	-	1,627	-	1,627
K.A. Elementary-Band fundraiser	-	-	12,949	7,437	5,512
K.A. Elementary-Activity	-	-	10,906	3,321	7,585
K.A. Elementary-student pop	61	-	-	-	61
K.A. Elementary-picture	-	-	1,264	-	1,264
Olmsted Web Clickers	414	-	-	-	414
Olmsted picture	-	-	4,311	-	4,311
Olmsted Activity	4,644	-	5,676	4,859	5,461
Olmsted Media Paper	71	-	200	-	271
R.G.-Picture	-	-	1,990	220	1,770
Rolling Green Activity	-	-	5,413	1,067	4,346
Rolling Green Media Paper	633	-	-	497	136
Rolling Green Web Clickers	2,655	-	2,347	249	4,753
Valerius Web Clickers	29	-	-	-	29
Valerius picture	-	-	2,536	-	2,536
Valerius Activity	-	-	15,940	4,640	11,300
Webster picture	-	-	2,051	641	1,410
Webster Elementary	1,409	-	1,241	1,564	1,086
Middle School Drama	-	2,658	-	-	2,658
Middle School Vocal	-	3,894	10,565	4,921	9,538
Middle School Instrumental	-	6,804	19,076	19,632	6,248
Middle School Boys Basketball	-	(6,018)	6,018	-	-
Middle School Boys Football	-	(4,088)	4,088	-	-
Middle School Boys Track	-	(1,362)	1,362	-	-
Middle School Boys Wrestling	-	(3,806)	3,806	-	-
Middle School Girls Basketball	-	(5,283)	5,283	-	-
Middle School Girls Volleyball	-	(2,079)	2,079	-	-
Middle School Girls Softball	-	(1,328)	1,328	-	-
Middle School Girls Track	-	(1,544)	1,544	-	-
Middle School Library	-	6,996	2,659	6,147	3,508
Middle School Media	19	-	-	19	-
Middle School Lock	154	-	-	154	-
Middle School Student Senate	-	5,574	1,203	1,589	5,188
Middle School Tag	1,735	-	-	1,735	-
Middle School Student Interest	193	-	46	-	239
Middle School Atlas	3,975	-	-	3,975	-
Middle School Memory Book	-	-	10,871	4,778	6,093
Middle School Building Activity	-	-	12,125	7,125	5,000
Middle School I-movie	2,034	-	1,966	713	3,287
Middle School Picture	-	-	1,959	-	1,959
Activity/Athletic Sponsor	300	389	94,265	255,681	(160,727)
Art	1,862	-	-	75	1,787
Art Club	127	-	-	-	127
At Risk	672	-	-	73	599
Boys Basketball	(1,672)	6,018	39,533	43,965	(86)
Boys Baseball	-	-	43,007	43,007	-
Boys Cross Country	-	-	7,328	7,328	-
Boys Football	-	4,088	73,128	77,216	-
Boys Golf	-	-	3,784	3,784	-
Boys Soccer	-	-	40,479	40,479	-
Boys Swimming	-	-	428	428	-
Boys Tennis	-	-	1,249	1,249	-

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year ended June 30, 2009

<u>Account</u>	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Boys Track	2	1,362	1,007	2,371	-
Boys Wrestling	-	3,806	13,026	16,832	-
Building Activity	-	-	49,360	26,755	22,605
Cadet Teachers	520	-	-	-	520
Character Counts	1,046	-	543	727	862
Cheerleaders	-	-	14,476	14,476	-
Debate	687	-	-	687	-
DECA	2,744	-	17,877	19,544	1,077
Drama	-	(2,659)	11,222	758	7,805
Drug Foundation	450	-	-	-	450
Environmental Club	66	-	-	-	66
ESL Activity	31	-	-	31	-
Family Consumer Science	21	-	-	-	21
Flag Drill Team	97	-	-	97	-
Future Business Leaders	141	-	861	922	80
German Club	1,107	-	-	90	1,017
Girls Basketball	-	5,283	1,429	6,712	-
Girls Cross Country	-	-	4,071	4,071	-
Girls Golf	-	-	1,950	1,950	-
Girls Soccer	-	-	15,936	15,936	-
Girls Softball	(91)	1,328	17,530	18,767	-
Girls Tennis	-	-	1,164	1,164	-
Girls Track	-	1,544	3,352	4,896	-
Girls Volleyball	(273)	2,079	21,101	22,907	-
Guidance	262	-	1,418	1,642	38
H.S. Support Fund	35	-	-	35	-
Human Rights	5	(5)	-	-	-
Industrial Arts Club	-	-	5,211	1,711	3,500
Industrial Arts House	2,416	-	-	-	2,416
Instrumental Music	-	(6,804)	44,568	21,896	15,868
Interest Student Fund	-	-	10,203	-	10,203
International Friends Club	384	(384)	-	-	-
Jayhawker	3,236	-	4,821	2,499	5,558
Jaywalkers	-	-	35,178	33,809	1,369
Key Club	2,231	-	778	927	2,082
Library	-	(6,996)	10,448	1,035	2,417
Mass Media	423	-	-	423	-
MCNS - Reaching Training	180	-	-	180	-
Music	14	-	-	14	-
Parenting Comm. Network	850	-	-	-	850
Peer Helpers	188	-	-	-	188
Pep Club	143	-	-	143	-
Physics	4	-	-	1	3
Picture	-	-	1,770	-	1,770
Science Activity	280	-	-	80	200
Spanish Honor Society	337	-	1,393	766	964
Spanish Trip	264	-	2,230	2,335	159
Special Ed	500	-	-	-	500
Strings	103	-	-	103	-
Student Participation Fee	-	-	50,693	50,223	470
Student Senate	-	(5,574)	46,248	4,888	35,786
Summer School/Driver Ed	22	-	-	22	-
Tag Activities	261	-	100	307	54
Tag Activities Fees	10,387	-	2,432	3,202	9,617

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year ended June 30, 2009

<u>Account</u>	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Tag Trips	145	-	-	145	-
Teen Leadership Connection	99	-	-	99	-
The Roaring Leo Club	286	-	85	1	370
US West Tech Project	145	-	-	145	-
Vocal Music	-	(3,893)	118,692	108,686	6,113
Yearbook	-	-	32,080	13,239	18,841
 Total	 \$ 49,252	 -	 1,018,248	 963,224	 104,276

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2009

	Enterprise Funds			
	Student Construction	Child Care	School Nutrition	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 2,978	92,697	529,492	625,167
Receivables:				
Accounts	1,859	55	6,188	8,102
Inventories	301,762	-	16,439	318,201
Total current assets	<u>306,599</u>	<u>92,752</u>	<u>552,119</u>	<u>951,470</u>
Noncurrent assets:				
Capital assets:				
Equipment	-	-	1,429,017	1,429,017
Accumulated depreciation	-	-	(448,516)	(448,516)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>980,501</u>	<u>980,501</u>
Total assets	<u>\$ 306,599</u>	<u>\$ 92,752</u>	<u>1,532,620</u>	<u>1,931,971</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 405	\$ 9,270	434	10,109
Salaries and benefits payable	-	33,994	7,059	41,053
Due to other funds	306,194	-	-	306,194
Unearned revenue	-	-	29,268	29,268
Total current liabilities	<u>306,599</u>	<u>43,264</u>	<u>36,761</u>	<u>386,624</u>
Noncurrent liabilities:				
Other postemployment benefits	-	7,202	7,202	14,404
Total noncurrent liabilities	<u>-</u>	<u>7,202</u>	<u>7,202</u>	<u>14,404</u>
Total liabilities	<u>306,599</u>	<u>50,466</u>	<u>43,963</u>	<u>401,028</u>
Net assets				
Invested in capital assets, net of related debt	-	-	980,501	980,501
Unrestricted	-	42,286	508,156	550,442
Total net assets	<u>-</u>	<u>42,286</u>	<u>1,488,657</u>	<u>1,530,943</u>
Total net assets and liabilities	<u>\$ 306,599</u>	<u>92,752</u>	<u>1,532,620</u>	<u>1,931,971</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, 2009

	Enterprise Funds			Total
	Student Construction	Child Care	School Nutrition	
Operating revenue:				
Local sources:				
Other local sources:				
Sale of lunches and breakfasts	\$ -	-	1,364,264	1,364,264
Sale of services	-	1,353,586	-	1,353,586
Total operating revenue	-	1,353,586	1,364,264	2,717,850
Operating expenses:				
Non-instructional programs:				
Community service operations:				
Salaries	-	1,253,788	-	1,253,788
Benefits	-	173,816	-	173,816
Services	-	2,018	-	2,018
Supplies	-	192,486	-	192,486
	-	1,622,108	-	1,622,108
Food services operations:				
Salaries	-	-	701,394	701,394
Benefits	-	-	93,267	93,267
Services	-	-	28,455	28,455
Supplies	-	-	888,902	888,902
Depreciation	-	-	58,891	58,891
Other	-	-	-	-
	-	-	1,770,909	1,770,909
Total operating expenses	-	1,622,108	1,770,909	3,393,017
Operating loss	-	(268,522)	(406,645)	(675,167)
Non-operating revenue:				
State sources	-	79,516	13,060	92,576
Federal sources	-	-	417,984	417,984
Gain on asset disposal	-	6,425	1,710	8,135
Interest income	-	437	4,159	4,596
Total non-operating revenue	-	86,378	436,913	523,291
Net income (loss) before capital contributions	-	(182,144)	30,268	(151,876)
Capital contributions	-	-	677,735	677,735
Change in net assets	-	(182,144)	708,003	525,859
Net assets beginning of year	-	224,430	780,654	1,005,084
Net assets end of year	\$ -	\$ 42,286	\$ 1,488,657	\$ 1,530,943

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Enterprise Funds			Total
	Student Construction	Child Care	Student Nutrition	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ -	-	1,364,302	1,364,302
Cash received from miscellaneous operating activities	-	1,353,531	-	1,353,531
Cash payments to employees for services	-	(1,404,264)	(787,217)	(2,191,481)
Cash payments to suppliers for goods or services	(303,216)	(201,906)	(807,796)	(1,312,918)
Net cash used by operating activities	(303,216)	(252,639)	(230,711)	(786,566)
Cash flows from non-capital financing activities:				
Due to other funds	306,194	-	-	306,194
State grants received	-	79,516	13,060	92,576
Federal grants received	-	-	338,952	338,952
Net cash provided by non-capital financing activities	306,194	79,516	352,012	737,722
Cash flows from capital and related financing activities:				
Capital contributions	-	-	677,735	677,735
Acquisition of capital assets	-	-	(743,115)	(743,115)
Proceeds from sale of capital assets	-	6,425	1,710	8,135
Net cash provided (used) by capital and related financing activities	-	6,425	(63,670)	(57,245)
Cash flows from investing activities:				
Interest on cash and investments	-	437	4,159	4,596
Net cash provided by investing activities	-	437	4,159	4,596
Net increase (decrease) in cash and cash equivalents	2,978	(166,261)	61,790	(101,493)
Cash and cash equivalents at beginning of year	-	258,958	467,702	726,660
Cash and cash equivalents at end of year	\$ 2,978	92,697	529,492	625,167
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ -	(268,522)	(406,645)	(675,167)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Commodities used	-	-	79,032	79,032
Depreciation	-	-	58,891	58,891
(Increase) in accounts receivable	(1,859)	(55)	(4,411)	(6,325)
Decrease (increase) in inventories	(301,762)	-	32,554	(269,208)
Increase (decrease) in accounts payable	405	(7,402)	(2,025)	(9,022)
Increase in salaries and benefits payable	-	16,138	242	16,380
Increase in deferred revenue	-	-	4,449	4,449
Increase in other postemployment benefits	-	7,202	7,202	14,404
Net cash used by operating activities	\$ (303,216)	(252,639)	(230,711)	(786,566)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$79,032.

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 112,552	235,477	218,139	129,890
Total assets	\$ 112,552	235,477	218,139	\$ 129,890
Liabilities				
Accounts payable	\$ -	218,139	216,895	1,244
Fiduciary liabilities	112,552	16,094	-	128,646
Total liabilities	\$ 112,552	234,233	216,895	129,890

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	2009	2008	2007	2006	2005	2004	2003
Revenues:							
Local sources:							
Local tax	\$ 18,940,867	14,962,156	12,462,245	11,744,150	9,750,575	10,360,388	10,217,745
Tuition	3,973,010	3,983,075	3,579,207	3,029,192	2,808,071	2,791,249	2,460,528
Other	1,874,410	5,453,760	5,919,637	4,960,173	4,464,451	3,958,665	3,841,958
Intermediate sources	6,010	86,218	3,500	59,245	64,032	-	-
State sources	14,830,127	13,872,501	12,806,667	11,988,093	11,253,792	10,907,982	11,098,101
Federal sources	1,034,983	655,751	547,590	622,358	465,842	227,507	229,277
Total	\$ 40,659,407	39,013,461	35,318,846	32,403,211	28,806,763	28,245,791	27,847,609
Expenditures:							
Instruction:							
Regular	\$ 14,714,892	13,940,787	12,592,354	11,229,073	11,603,223	11,842,571	11,332,841
Special	3,803,760	3,304,600	2,938,166	2,764,943	2,293,389	1,310,821	1,320,698
Other	3,531,145	3,334,317	3,177,877	3,303,712	2,234,517	2,069,716	1,816,463
Support services:							
Student	1,641,787	1,450,069	1,380,503	1,215,891	1,154,219	1,256,766	1,265,832
Instructional staff	1,715,917	1,939,644	1,528,527	1,071,345	863,833	716,993	749,501
Administration	3,581,516	3,718,777	3,182,290	3,338,334	2,756,534	2,604,124	2,864,958
Operation and maintenance of plant	3,395,839	3,226,000	3,200,792	2,778,499	2,189,167	2,073,942	2,102,798
Transportation	1,006,725	1,008,137	938,182	819,778	795,186	725,629	705,242
Central support	-	-	-	-	-	10,000	15,000
Other expenditures:							
Facilities acquisition	18,444,338	19,663,395	7,987,873	17,376,103	3,672,970	1,555,812	1,946,611
Long-term debt:							
Principal	1,943,268	1,558,749	1,398,299	3,943,464	1,622,214	1,484,140	1,267,478
Interest and other charges	2,487,967	2,357,532	1,763,878	1,105,710	1,049,009	328,152	473,678
AEA flowthrough	1,109,997	1,034,898	970,817	892,229	846,216	847,006	897,431
Total	\$ 57,377,151	56,536,905	41,059,558	49,839,081	31,080,477	26,825,672	26,758,531

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2009

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 09	\$ 33,933
National School Lunch Program	10.555	FY 09	384,050
			<u>417,983</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY 09	24,792
Title V - Delinquency Prevention Program	16.548	FY 09	5,514
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 09	170,051
Vocational Education - Basic Grants to States	84.048	FY 09	65,050
Safe and Drug-Free Schools and Communities- National Programs	84.184	FY 09	7,500
Improving Teacher Quality State Grants	84.367	FY 09	69,219
Grants for State Assessments and Related Activities	84.369	FY 09	23,413
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389	FY 09	24,159
ARRA - State Fiscal Stabilization Fund(SFSF) - Education State Grants, Recovery Act	84.394	FY 09	258,760
Heartland Area Education Agency Special Education - Grants to States	84.027	FY 09	181,940
Corporation For National and Community Service:			
Iowa Department of Education:			
Learn & Serve America - School & Community Based Programs	94.004	FY 09	1,559
Total			<u>\$ 1,249,940</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.

Urbandale Community School District



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Van Maanen, Sietstra & Meyer, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, Urbandale, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated December 18, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Urbandale Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Urbandale Community School District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects Urbandale Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Urbandale Community School District's financial statements that is more than inconsequential will not be prevented or detected by Urbandale Community School District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Urbandale Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 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.

Urbandale Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Urbandale Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

December 18, 2009



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CERTIFIED PUBLIC ACCOUNTANTS

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, 2009. 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, 2009.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Urbandale Community School District's internal control over compliance.

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Urbandale Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Urbandale Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of 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, Sietstra & Meyer, PC
Certified Public Accountants

December 18, 2009

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies 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 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies – Recovery Act
 - 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 qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-09 Certified Budget and General Fund Spending Authority - Expenditures for the year ended June 30, 2009, did not exceed the final amended certified budget amounts.
- IV-B-09 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-09 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-09 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-09 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-09 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-09 Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-H-09 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-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

IV-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$	-
Statewide sales and services tax revenue		3,164,726
Expenditures:		
School infrastructure:		
Facilities acquisition and construction		<u>2,112,946</u>
Ending balance	\$	<u><u>1,051,780</u></u>