

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

**June 30, 2010**



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**Urbandale Community School District  
Board of Education and School District Officials  
Year Ended June 30, 2010**

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
(Before September, 2009 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*

(After September, 2009 Election)

Jeffrey Farrell	President	2013
Mark A. Wierson	Vice President	2011*
Cynthia Munyon	Board Member	2011
Cate Newberg	Board Member	2011*
Ryan Judas	Board Member	2013
Adam Obrecht	Board Member	2013
Shawn St. John	Board Member	2013

**School District Officials**

Greg Robinson, Ph.D.	Superintendent	2010
Shelly Clifford	District Secretary/Treasurer And Business Manager	2010
Sue Seitz for Belin, Lamson, McCormick, Zumback, 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.



## 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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 15, 2010, 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 45 through 47 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 seven years ended June 30, 2009, (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

October 15, 2010

## 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, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which immediately follow this section.

### Financial Highlights

- General Fund revenues improved by \$4.7 million or 15.4 percent, increasing from \$30,619,132 in fiscal year 2009 to \$35,322,847 in fiscal 2010. The District utilized local option sales tax reserves for debt service levy reduction to offset a large General Fund cash reserve levy with no increase to total tax rate. General Fund expenditures increased by 2.7 percent, and were \$32,346,659 in fiscal year 2009 compared to \$33,218,573 in fiscal 2010.
- As the District restored cash reserves, General Fund balance increased from \$273,427 in fiscal year 2009, to \$2,413,900 in fiscal 2010, a 783 percent increase over the prior year. The General Fund solvency ratio increased to 5.6 percent. The solvency ratio is widely used as a comparative tool and considered to be a good measure of a District's financial health. A graph showing the District's solvency ratio history is included later in this section.
- The District issued two series of general obligation bonds during 2010. A \$12.395 million issuance replaces maturing bond anticipation notes associated with the completed high school construction project. The District also issued \$16 million in refunding bonds, taking advantage of a favorable bond market and lower interest rates.

### 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.

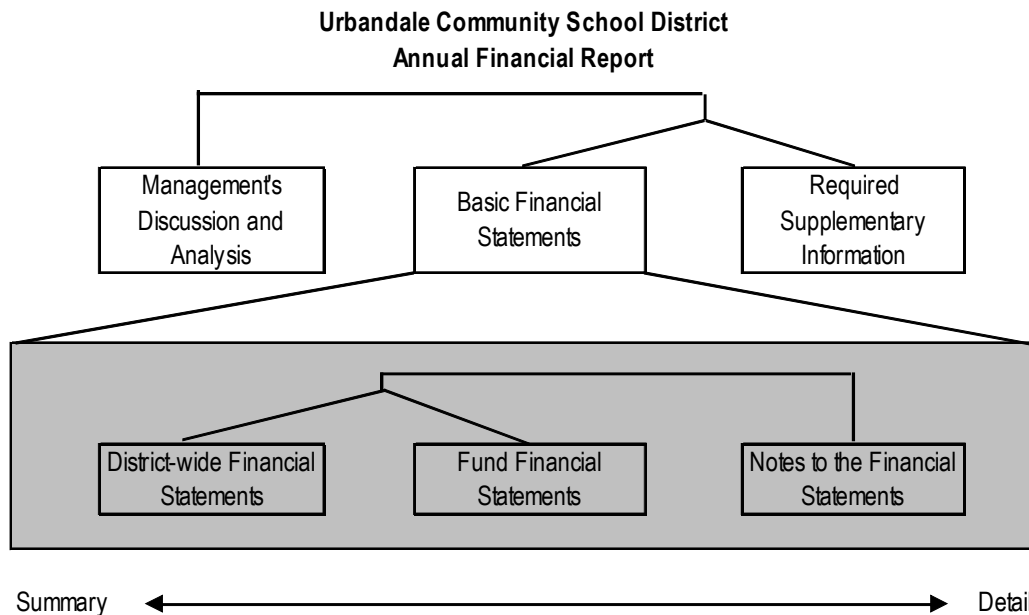


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

<b>Figure A-2</b>				
<b>Major Features of the District-Wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs.
Required Financial Statements	* 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 fund 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, 2010 compared to 2009.

Figure A-3 Condensed Statement of Net Assets							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Current assets	\$ 49,618,920	56,895,131	946,053	645,276	50,564,973	57,540,407	-12.1%
Capital assets, net	88,749,308	82,641,724	883,419	980,501	89,632,727	83,622,225	7.2%
Other noncurrent assets	622,829	330,337	-	-	622,829	330,337	88.5%
<b>Total assets</b>	<b>138,991,057</b>	<b>139,867,192</b>	<b>1,829,472</b>	<b>1,625,777</b>	<b>140,820,529</b>	<b>141,492,969</b>	<b>-0.5%</b>
Current liabilities	28,205,904	37,240,343	73,895	80,430	28,279,799	37,320,773	-24.2%
Long-term liabilities	83,329,832	73,185,094	46,932	14,404	83,376,764	73,199,498	13.9%
<b>Total liabilities</b>	<b>111,535,736</b>	<b>110,425,437</b>	<b>120,827</b>	<b>94,834</b>	<b>111,656,563</b>	<b>110,520,271</b>	<b>1.0%</b>
Net assets:							
Invested in capital assets, net of related debt	20,316,404	23,611,124	883,419	980,501	21,199,823	24,591,625	-13.8%
Restricted	5,737,900	5,001,652	-	-	5,737,900	5,001,652	14.7%
Unrestricted	1,401,017	828,979	825,226	550,442	2,226,243	1,379,421	61.4%
<b>Total net assets</b>	<b>\$ 27,455,321</b>	<b>29,441,755</b>	<b>1,708,645</b>	<b>1,530,943</b>	<b>29,163,966</b>	<b>30,972,698</b>	<b>-5.8%</b>

The District's combined total net assets decreased from \$30,972,698 in prior year to \$29,163,966 for 2010, a 5.8 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. General obligation bonds totaling \$12.395 million were issued to replace matured bond anticipation notes in May 2010, which decreased current liabilities and increased long-term liabilities. Additionally, \$16 million in refunding bonds were issued to defease the Series 2004 general obligation bonds and reduce interest costs. Other long-term debt retired during 2010 through scheduled payments was \$2,083,977.

As shown in A-3, current assets decreased by nearly \$7 million, or 12.1 percent, and capital assets increased by \$6 million or 7.2 percent, the result of construction project completions. Unrestricted net assets increased by \$846,822 or 61.4 percent during 2010, as the District began to replenish cash reserves.

**Changes in Net Assets** – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2010 and 2009. 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 2010 was a decrease of \$1.8 million, compared to a decrease of \$1.5 million in net assets for 2009.

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 aid. Property tax revenues increased by \$1.05 million in 2010 due to property taxable valuation increases. Unrestricted state grants decreased by \$2.04 million while restricted operating grants increased by \$2.15 million. This change in funding streams was primarily due to the State's use of American Recovery and Reinvestment Act (ARRA) funding to replace shortfalls in State foundation aid. The total of all revenues increased by \$679,497 or 1.5 percent over prior year.

The District's expenses were primarily in the instruction and support services functions, which represented 77.6 percent of the total expenses shown in Figure A-4. The District's total expenses for fiscal year 2010 in all funds were 2.3 percent higher than prior year.

<b>Figure A-4</b>								
<b>Changes in Net Assets</b>								
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total District</b>		<b>Total Change</b>	
	<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2009-2010</b>	
Revenues:								
Program revenues:								
Charges for service	\$ 5,119,238	5,240,635	2,768,695	2,717,850	7,887,933	7,958,485	-0.9%	
Operating grants, contributions and restricted interest	6,408,930	4,379,573	638,580	510,560	7,047,510	4,890,133	44.1%	
General revenues:								
Property tax	16,830,252	15,776,141	-	-	16,830,252	15,776,141	6.7%	
Statewide sales and services tax	2,655,107	3,164,726	-	-	2,655,107	3,164,726	-16.1%	
Unrestricted state grants	9,441,641	11,477,921	-	-	9,441,641	11,477,921	-17.7%	
Unrestricted investment earnings	192,262	372,081	351	4,596	192,613	376,677	-48.9%	
Other	539,966	263,307	-	8,135	539,966	271,442	98.9%	
Transfers	-	(677,735)	-	677,735	-	-	-	
Total revenues	41,187,396	39,996,649	3,407,626	3,918,876	44,595,022	43,915,525	1.5%	
Program expenses:								
Governmental activities:								
Instruction	23,560,094	23,804,965	-	-	23,560,094	23,804,965	-1.0%	
Support services	12,434,852	11,973,492	-	-	12,434,852	11,973,492	3.9%	
Non-instructional programs	235,951	123,890	3,229,924	3,393,017	3,465,875	3,516,907	-1.5%	
Other expenses	6,942,933	6,079,103	-	-	6,942,933	6,079,103	14.2%	
Total expenses	43,173,830	41,981,450	3,229,924	3,393,017	46,403,754	45,374,467	2.3%	
Change in net assets	\$ (1,986,434)	(1,984,801)	177,702	525,859	(1,808,732)	(1,458,942)	24.0%	

### Governmental Activities

Total revenues shown in A-4 for governmental activities in 2009 were \$41,187,396 and total expenses were \$43,173,830. Net governmental assets decreased by \$1,986,434 during the period, primarily due to bond proceeds expended in the Capital Projects Funds. Property tax revenues rose by \$1,054,111, or 6.7 percent, due to increases in taxable valuations of property within the District. The total levy rate of \$16.27 per \$1000 of taxable valuation for 2010 was the same total rate levied by the District for 2009.

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.

<b>Figure A-5</b>						
<b>Total and Net Cost of Governmental Activities</b>						
	<b>Total Cost of Services</b>		<b>Total</b>	<b>Net Cost of Services</b>		<b>Total</b>
	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
			<b>2009-2010</b>			<b>2009-2010</b>
Instruction	\$ 23,560,094	23,804,965	-1.0%	13,460,602	15,494,483	-13.1%
Support services	12,434,852	11,973,492	3.9%	12,266,018	11,773,763	4.2%
Non-instructional	235,951	123,890	90.5%	235,951	123,890	90.5%
Other expenses	6,942,933	6,079,103	14.2%	5,683,091	4,969,106	14.4%
<b>Totals</b>	<b>\$ 43,173,830</b>	<b>41,981,450</b>	<b>2.8%</b>	<b>31,645,662</b>	<b>32,361,242</b>	<b>-2.2%</b>

The total cost of all governmental activities as shown above was \$43,173,830. Some of this cost, or approximately \$5.1 million was financed by users of the District's programs, such as from fees or admissions revenues. Another \$5.15 million was subsidized by federal and state governments through restricted program grants and contributions and \$1.26 million was levied on behalf of the Area Education Agency as flow-through funding. 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 \$31,645,662, financed primarily with \$9.4 million in unrestricted state aid and \$19.5 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. The total of all governmental activities costs subsidized by grants and contributions or financed by users decreased by \$715,580 or 2.2 percent from 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 \$1,867,162 for 2010, an increase of \$65,985 over prior year. Nutrition Fund expenses were \$1,762,029 for 2009, an increase of just \$8,880 over prior year. Nutrition fund net assets were \$1,593,790 at June 30, 2010, compared to \$1,488,657 for prior year. The change in net assets was an increase of \$105,133, or 7.1 percent.

The Adventuretime Fund had revenues of \$1,500,705 for 2009, an increase of \$60,741 from prior year. The program provides child care services before and after school, and during summer months. Expenses for 2010 were \$1,467,895 and decreased by about \$154,000 over fiscal year 2009. Adventuretime Fund net assets at end of 2010 were \$75,096, compared to \$42,286 for 2009, an increase of 77.6 percent.

The Building Trades Fund accounts for financial activities associated with providing student instruction in the building trades industries. Each year, students in this course of study construct a residential home, and sales proceeds remain in the fund to provide resources to cash flow the program in future years. Inter-fund loans from the Capital Project Fund were utilized to fund the construction project until sold. Finished inventory of \$301,762 at beginning of the year was sold at a profit, and net assets at June 30, 2010 were \$39,759.

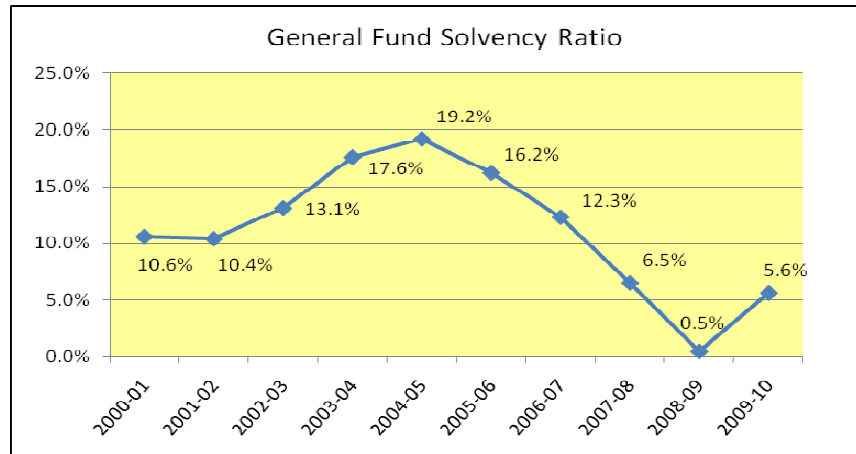
### Financial Analysis of the District's Funds

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

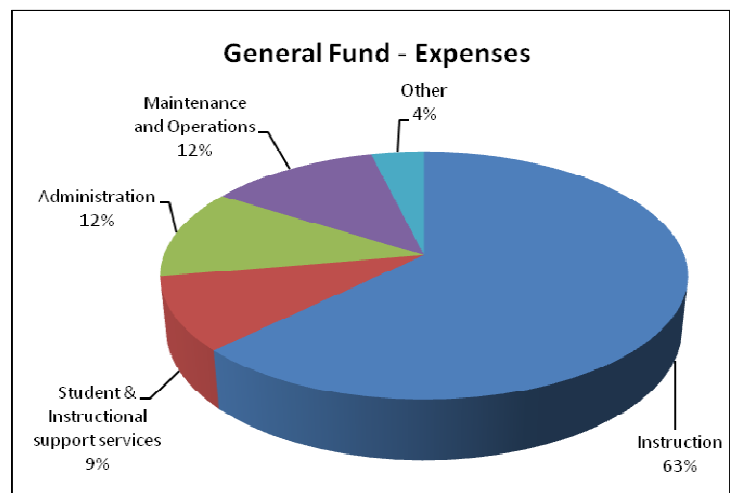
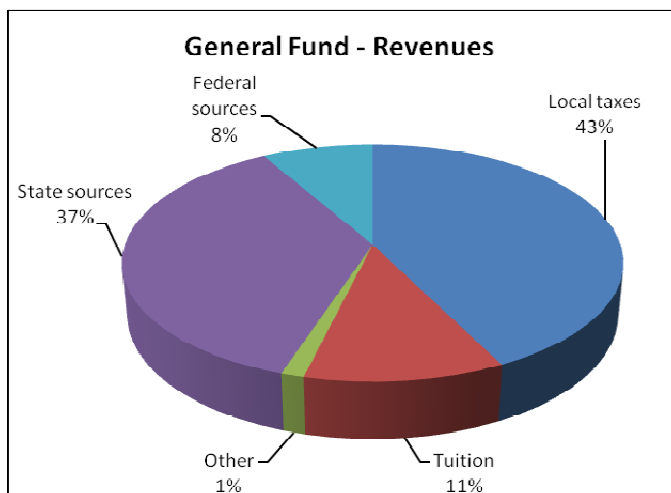
The financial performance of the District as a whole is largely reflected in its governmental funds, particularly by analysis of the fund balances. Overall, the District's governmental funds had combined fund balances of \$24,898,516 at June 30, 2010, decrease of \$9,938,592, or 28.5 percent over prior year. The following is a closer look at each individual major fund:

The **General Fund** reported an ending fund balance of \$2,413,900 for 2010. This \$2.1 million increase over prior year was the result of the District beginning to restore spent cash reserves. As previously mentioned, the solvency ratio is used as a measure of financial health and is a calculation of the general fund unreserved, undesignated fund balance divided by actual revenues. The solvency ratio increased from 0.5 percent in 2009 to 5.6 percent for 2010. A ten-year history of Urbandale's general fund solvency ratio is shown below. The District's targeted solvency ratio is 7.5 percent.



General Fund revenues totaled \$35,322,847 for fiscal year 2010, an increase of \$4.7 million or 15.4 percent over prior year. The graph below shows percentage totals for the major revenue streams according to the source of funding. Local property tax revenues were \$15 million, or 43% of the total. This category increased by \$4.7 million over the prior year. State sources were \$12.9 million, down from \$14.8 million in the prior year and represented 37% of total 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 and 11% percent of all revenues.

Total General Fund expenses for fiscal year 2010 were \$33,218,573, an increase of \$871,914 or 2.7 percent over prior year. Of all the governmental funds, the General Fund is the largest, comprising 52.4 percent of the total \$63.4 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 63 percent of all General Fund expenses. Expenses for student and instructional support services were \$3.2 million or 9 percent, administrative services were 12 percent at \$3.9 million, and the maintenance and operations expenses, including transportation, totaled \$4 million or 12 percent of all costs.



The **Debt Service Fund** balance for 2010 was \$654,178, a decrease of \$1,068,166 from 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 decrease in fund balance is primarily due to scheduled payments made from a reserve account held in this fund. Revenues from property taxes and other local sources were \$415,765 and \$4 million was transferred in from the Capital Projects fund as budgeted. General Obligation Bonds of \$12.395 million were sold to replace Bond Anticipation notes that matured June 2010, and a \$16 million Refunding Bonds issuance defeased the Series 2004 issue.

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. Revenues from sales taxes were \$2.655 million, down from \$3.164 million in fiscal year 2009. The new high school construction, funded through general obligation bonds, was completed during 2010; and construction began on a three-phase middle school additions and renovation project, funded through sales tax revenue bonds. As construction progresses, these special revenue fund balances will continue to decrease. The combined Capital Projects Funds balance was \$20,847,846 at June 30, 2010, as compared to \$31,902,470 in 2009.

### 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 2010 in each functional area.

	Budget	Expenditures	Variance
Instruction	\$ 24,564,024	22,194,638	2,369,386
Support services	13,065,673	11,811,806	1,253,867
Non-instructional programs	3,700,000	3,237,265	462,735
Other expenditures	48,684,120	29,360,398	19,323,722
	<u>\$ 90,013,817</u>	<u>66,604,107</u>	<u>23,409,710</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. Also, in anticipation of favorable interest rates, the District amended this category in spring of 2010 to set a larger budget capacity for possible refunding bond issuances.

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2010, the District had invested \$89,632,727, 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, improvements, and equipment categories had small decreases, primarily due to yearly depreciation. A significant increase is shown in the construction in progress category, up \$8.25 million, or 109.9 percent over the prior year, as work began on a middle school addition and renovation project.

Figure A-6 Capital Assets, net of depreciation							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	15,770,448	7,513,355	-	-	15,770,448	7,513,355	109.9%
Buildings	70,510,945	72,419,734	-	-	70,510,945	72,419,734	-2.6%
Improvements	499,607	547,592	-	-	499,607	547,592	-8.8%
Equipment and furniture	434,316	627,051	883,419	980,501	1,317,735	1,607,552	-18.0%
Total	<u>\$ 88,749,308</u>	<u>82,641,724</u>	<u>883,419</u>	<u>980,501</u>	<u>89,632,727</u>	<u>83,622,225</u>	<u>7.2%</u>

The District's total capital assets net of depreciation increased by \$6 million, or 7.2 percent over the prior period.

## Long-Term Debt

As shown in Figure A-7 below, the District had \$87,513,897 in long-term debt obligations at year-end 2010, a 0.61 percent decrease from prior year. Additions to general obligation bond principal included a \$16 million refunding bond issuance which defeased the Series 2004 issue, and \$12.395 million issued to replace maturing bond anticipation notes. Decreases for general obligation bonds totaled \$16,545,000, including \$15.325 million on Series 2004 defeasance and other scheduled payments on principal of \$1.945 million. Revenue bonds sold in April 2009 remained at \$26.16 million, since no payments on principal are scheduled until 2012. Capital lease obligations to Apple Computer, Inc were reduced by nearly 38 percent, and if no additional equipment is leased, these obligations will end by 2012. Early retirement obligations, such as retiree health insurance and other incentives, decreased by \$100,179, or 6.17 percent from prior year. Compensated absences totaling \$46,777 represent the District's obligation for employees who have a balance of unused paid vacation available to them. Other postemployment benefits, or OPEB, 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.

<b>Figure A-7</b>			
<b>Outstanding Long-Term Obligations</b>			
	<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>
	<b>2010</b>	<b>2009</b>	<b>2009-2010</b>
General obligation bonds	\$ 59,185,000	47,335,000	25.03%
Revenue bonds	26,160,000	26,160,000	0.00%
Bond anticipation notes	-	12,395,000	-100.00%
Obligation under capital lease	228,922	367,899	-37.78%
Early retirement	1,523,198	1,623,377	-6.17%
Compensated absences	46,777	61,792	-24.30%
Other postemployment benefits	370,000	106,000	249.06%
<b>Total</b>	<b>\$ 87,513,897</b>	<b>88,049,068</b>	<b>-0.61%</b>

## 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 finances in light of the national and global financial downturn is cause for concern at most educational institutions. In October 2009, the Governor instituted a 10 percent across-the-board cut to state general fund appropriations for the 2010 fiscal year. This reduction amounted to over \$1.5 million for the Urbandale School District. While the State utilized American Recovery and Reinvestment Act (ARRA) funding to supplement the reduced State Aid during 2010, this funding stream will not be available in 2011. State foundation aid will be underfunded for 2011, and it is uncertain whether there will be additional Federal or State funding reductions. The District reduced many supply budgets by 50 percent during 2010 and reduced recurring costs such as labor and benefits by nearly \$1 million for the 2011 fiscal year.
- 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 2010-11 school year by 58 students. These enrollment increases will have a positive effect on budgetary allowable growth in the following fiscal year.
- The District has made significant improvements to facilities in the past several years. Construction of a large new elementary school, high school, performing arts center, and stadium were supported by voters and funded through general obligation bond issuances. These long term debt obligations will be funded through local property tax collections for many years. Revenue bonds were issued in April 2009 for an elementary addition and a middle school additions and renovation project. The funding to service 20 years of revenue bond debt will come from future collections of the new statewide sales tax, which begins July 2010. The District will have a significantly reduced amount of capital resources and debt capacity available for improving and maintaining its other five school buildings.

### **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, 2010**

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 27,656,381	898,856	28,555,237
Receivables:			
Property tax:			
Delinquent	161,071	-	161,071
Succeeding year	18,803,881	-	18,803,881
Accounts	21,014	4,200	25,214
Internal balances	256,634	(256,634)	-
Due from other governments	2,676,539	9,515	2,686,054
Inventories	-	290,116	290,116
Prepaid expense	43,400	-	43,400
Total current assets	49,618,920	946,053	50,564,973
Non-current assets:			
Bond discounts	530,942	-	530,942
Bond issuance costs	91,887	-	91,887
Capital assets:			
Capital assets, nondepreciable	17,304,440	-	17,304,440
Capital assets, depreciable, net of depreciation	71,444,868	883,419	72,328,287
Total non-current assets	89,372,137	883,419	90,255,556
<b>Total assets</b>	<b>\$ 138,991,057</b>	<b>1,829,472</b>	<b>140,820,529</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 2,579,201	7,625	2,586,826
Accrued salaries and benefits payable	2,967,438	35,658	3,003,096
Accrued interest payable	736,199	-	736,199
Unearned revenue:			
Succeeding year property tax	18,803,881	-	18,803,881
Other	213,798	25,514	239,312
General obligation bonds payable	2,290,000	-	2,290,000
Obligations under capital lease	146,898	-	146,898
Early retirement	426,811	-	426,811
Compensated absences	41,678	5,098	46,776
Total current liabilities	28,205,904	73,895	28,279,799
Non-current liabilities:			
Bonds premiums	131,895	-	131,895
General obligation bonds payable	56,895,000	-	56,895,000
Deferred amount on refunding	(1,358,542)	-	(1,358,542)
Revenue bonds payable	26,160,000	-	26,160,000
Obligations under capital lease	82,024	-	82,024
Early retirement	1,096,387	-	1,096,387
Other postemployment benefits	323,068	46,932	370,000
Total non-current liabilities	83,329,832	46,932	83,376,764
<b>Total liabilities</b>	<b>111,535,736</b>	<b>120,827</b>	<b>111,656,563</b>

Exhibit A

**Urbandale Community School District**  
**Statement of Net Assets**  
**June 30, 2010**

	Governmental Activities	Business type Activities	Total
<b>Net assets</b>			
Invested in capital assets, net of related debt	20,316,404	883,419	21,199,823
Restricted for:			
Categorical funding	431,866	-	431,866
Physical plant and equipment levy	167,654	-	167,654
Public education and recreation levy	85,609	-	85,609
Other special revenue purposes	69,423	-	69,423
Capital projects	2,864,447	-	2,864,447
Debt service	2,118,901	-	2,118,901
Unrestricted	1,401,017	825,226	2,226,243
<b>Total net assets</b>	<b>27,455,321</b>	<b>1,708,645</b>	<b>29,163,966</b>
<b>Total liabilities and net assets</b>	<b>\$ 138,991,057</b>	<b>1,829,472</b>	<b>140,820,529</b>

See notes to financial statements.

**Urbandale Community School District**  
**Statement of Activities**  
**Year Ended June 30, 2010**

	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
<b>Functions/Programs</b>						
Governmental activities:						
Instruction:						
Regular	\$ 15,395,654	3,643,599	3,754,279	-	(7,997,776)	-
Special	4,004,171	576,418	1,268,618	-	(2,159,135)	-
Other	4,160,269	812,491	44,087	-	(3,303,691)	-
	<u>23,560,094</u>	<u>5,032,508</u>	<u>5,066,984</u>	<u>-</u>	<u>(13,460,602)</u>	<u>-</u>
Support Service:						
Student	1,851,251	-	-	-	(1,851,251)	-
Instructional staff	1,748,964	-	-	-	(1,748,964)	-
Administration	4,182,012	-	-	-	(4,182,012)	-
Operating and maintenance of plant	3,625,642	56,693	-	-	(3,568,949)	-
Transportation	1,026,983	30,037	82,104	-	(914,842)	-
	<u>12,434,852</u>	<u>86,730</u>	<u>82,104</u>	<u>-</u>	<u>(12,266,018)</u>	<u>-</u>
Non-instructional programs	<u>235,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(235,951)</u>	<u>-</u>
Other expenditures:						
Facilities acquisition	1,840,524	-	-	-	(1,840,524)	-
Long-term debt interest	3,842,567	-	-	-	(3,842,567)	-
AEA flowthrough	1,259,842	-	1,259,842	-	-	-
	<u>6,942,933</u>	<u>-</u>	<u>1,259,842</u>	<u>-</u>	<u>(5,683,091)</u>	<u>-</u>
Total governmental activities	<u>43,173,830</u>	<u>5,119,238</u>	<u>6,408,930</u>	<u>-</u>	<u>(31,645,662)</u>	<u>-</u>
Business type activities:						
Non-instructional programs:						
Nutrition services	1,762,029	1,342,984	523,827	-	-	104,782
Day Care services	1,467,895	1,389,602	111,103	-	-	32,810
Student Construction services	-	36,109	3,650	-	-	39,759
	<u>3,229,924</u>	<u>2,768,695</u>	<u>638,580</u>	<u>-</u>	<u>-</u>	<u>177,351</u>
Total primary government	<u>\$ 46,403,754</u>	<u>7,887,933</u>	<u>7,047,510</u>	<u>-</u>	<u>(31,645,662)</u>	<u>177,351</u>
General Revenues:						
Property tax levied for:						
General purposes					15,939,242	-
Debt service					394,230	-
Capital outlay					496,780	-
Statewide sales, services and use tax					2,655,107	-
Unrestricted state grants					9,441,641	-
Unrestricted investment earnings					192,262	351
Other general revenues					503,767	-
Gain on sale of assets					36,199	-
Total general revenues, capital contributions and transfers					<u>29,659,228</u>	<u>351</u>
Change in net assets					(1,986,434)	177,702
Net assets beginning of year					29,441,755	1,530,943
Net assets end of year					<u>\$ 27,455,321</u>	<u>1,708,645</u>

See notes to financial statements.

## Exhibit C

**Urbandale Community School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
<b>Assets</b>					
Cash and pooled investments	\$ 3,544,270	649,189	22,242,082	1,220,840	27,656,381
Receivables:					
Property tax:					
Current year delinquent	142,698	4,989	-	13,384	161,071
Succeeding year	13,089,240	4,505,706	-	1,208,935	18,803,881
Accounts	18,033	-	-	2,981	21,014
Due from other funds	-	-	306,580	-	306,580
Due from other governments	2,237,769	-	438,770	-	2,676,539
Prepaid expenses	43,400	-	-	-	43,400
<b>Total assets</b>	<b>\$ 19,075,410</b>	<b>5,159,884</b>	<b>22,987,432</b>	<b>2,446,140</b>	<b>49,668,866</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 387,896	-	2,139,586	51,719	2,579,201
Salaries and benefits payable	2,906,166	-	-	46,808	2,952,974
Payroll deductions and withholdings payable	14,464	-	-	-	14,464
Due to other funds	49,946	-	-	-	49,946
Deferred revenue:					
Succeeding year tuition and fees	213,798	-	-	-	213,798
Succeeding year property tax	13,089,240	4,505,706	-	1,208,935	18,803,881
Early retirement payable	-	-	-	156,086	156,086
<b>Total liabilities</b>	<b>16,661,510</b>	<b>4,505,706</b>	<b>2,139,586</b>	<b>1,463,548</b>	<b>24,770,350</b>
Fund balances:					
Reserved for:					
Categorical funding	431,866	-	-	-	431,866
Debt service	-	654,178	2,200,922	-	2,855,100
Unreserved, reported in:					
General fund	1,982,034	-	-	-	1,982,034
Capital projects fund	-	-	18,646,924	-	18,646,924
Special revenue funds:					
Management fund	-	-	-	659,906	659,906
Student activity fund	-	-	-	69,423	69,423
Public education and recreation fund	-	-	-	85,609	85,609
Physical plant and equipment fund	-	-	-	167,654	167,654
<b>Total fund balances</b>	<b>2,413,900</b>	<b>654,178</b>	<b>20,847,846</b>	<b>982,592</b>	<b>24,898,516</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,075,410</b>	<b>5,159,884</b>	<b>22,987,432</b>	<b>2,446,140</b>	<b>49,668,866</b>

See notes to financial statements.

Exhibit D

**Urbandale Community School District  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Assets  
June 30, 2010**

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<b>Total fund balances of governmental funds (Exhibit C)</b>	<b>\$ 24,898,516</b>
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***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.	88,749,308
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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	\$ (59,185,000)	
Revenue bonds payable	(26,160,000)	
Obligations under capital lease payable	(228,922)	
Bond discounts	530,942	
Bond issuance costs	91,887	
Deferred amount on refunding	1,358,542	
Bond premiums	(131,895)	
Accrued interest	(736,199)	
Early retirement	(1,523,198)	
Portion of early retirement reflected on governmental funds	156,086	
Compensated absences	(41,678)	
Other postemployment benefits	(323,068)	(86,192,503)
	<hr/>	<hr/>

<b>Net assets of governmental activities (Exhibit A)</b>	<b>\$ 27,455,321</b>
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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, 2010**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 15,040,934	394,230	2,655,107	1,395,088	19,485,359
Tuition	3,965,443	-	-	-	3,965,443
Other	452,808	21,376	508,424	853,383	1,835,991
Intermediate sources	3,500	-	-	-	3,500
State sources	12,926,041	159	-	583	12,926,783
Federal sources	2,934,121	-	-	-	2,934,121
Total revenues	35,322,847	415,765	3,163,531	2,249,054	41,151,197
Expenditures:					
Current:					
Instruction:					
Regular	13,957,697	-	-	576,266	14,533,963
Special	3,719,448	-	-	-	3,719,448
Other	3,132,780	-	-	808,447	3,941,227
	20,809,925	-	-	1,384,713	22,194,638
Support services:					
Student	1,713,989	-	-	-	1,713,989
Instructional staff	1,477,753	-	187,265	-	1,665,018
Administration	3,884,446	-	-	25,965	3,910,411
Operation and maintenance of plant	3,079,602	-	-	415,803	3,495,405
Transportation	993,016	-	-	33,967	1,026,983
	11,148,806	-	187,265	475,735	11,811,806
Noninstructional programs:	-	-	-	7,341	7,341
Other expenditures:					
Facilities acquisition	-	-	9,955,890	178,309	10,134,199
Long-term debt:					
Principal	-	14,478,977	-	-	14,478,977
Refunding bond issuance costs	-	92,796	-	-	92,796
Interest and fiscal charges	-	3,394,584	-	-	3,394,584
AEA flowthrough	1,259,842	-	-	-	1,259,842
	1,259,842	17,966,357	9,955,890	178,309	29,360,398
Total expenditures	33,218,573	17,966,357	10,143,155	2,046,098	63,374,183
Excess (deficiency) of revenues over (under) expenditures	2,104,274	(17,550,592)	(6,979,624)	202,956	(22,222,986)

Exhibit E

**Urbandale Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year ended June 30, 2010**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Other financing sources (uses):					
Operating transfers in	-	4,234,231	-	-	4,234,231
Operating transfers out	-	-	(4,075,000)	(159,231)	(4,234,231)
Refunding bond proceeds	-	16,000,000	-	-	16,000,000
Bond issue premium	-	51,116	-	-	51,116
Payment to refunded bond escrow agent	-	(15,974,811)	-	-	(15,974,811)
General obligation bond proceeds	-	12,395,000	-	-	12,395,000
Bond issue discount	-	(223,110)	-	-	(223,110)
Proceeds from sale of capital assets	36,199	-	-	-	36,199
Total other financing sources (uses)	36,199	16,482,426	(4,075,000)	(159,231)	12,284,394
Net change in fund balances	2,140,473	(1,068,166)	(11,054,624)	43,725	(9,938,592)
Fund balances beginning of year	273,427	1,722,344	31,902,470	938,867	34,837,108
Fund balances end of year	\$ 2,413,900	654,178	20,847,846	982,592	24,898,516

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, 2010**

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**Net change in fund balances - total governmental funds (Exhibit E)** **\$ (9,938,592)**

***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	\$ 8,293,675	
Gain on sale of assets	36,199	
Proceeds from sale of capital assets	(36,199)	
Depreciation expense	<u>(2,186,091)</u>	6,107,584

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 general obligation bonds issued	(12,395,000)	
Proceeds from general obligation refunding bonds issued	(16,000,000)	
Payments to refunded bond escrow agent	15,974,811	
Discounts on general obligation bonds issued	223,110	
Premiums on refunding general obligation bonds issued	(51,116)	
Bond issuance costs	92,796	
Repayments of bond and note principal	14,478,977	
Amortization of bond premiums	4,599	
Amortization of bond issuance costs	(909)	
Amortization of bond discounts	(22,505)	
Amortization of deferred amount on refunding	<u>(16,269)</u>	2,288,494

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.

(412,899)

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	180,337	
Compensated absences	20,114	
Other postemployment benefits	(231,472)	<u>(31,021)</u>

**Change in net assets of governmental activities (Exhibit B)** **\$ (1,986,434)**

See notes to financial statements.

**Urbandale Community School District**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Non-major Enterprise
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 898,856
Receivables:	
Accounts	4,200
Due from other fund	49,946
Due from other governments	9,515
Inventories	290,116
Total current assets	<u>1,252,633</u>
Capital assets, net of accumulated depreciation	883,419
<b>Total assets</b>	<u><u>\$ 2,136,052</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 7,625
Salaries and benefits payable	35,658
Due to other funds	306,580
Unearned revenue	25,514
Compensated absences	5,098
Total current liabilities	<u>380,475</u>
Noncurrent liabilities:	
Other postemployment benefits	46,932
Total noncurrent liabilities	<u>46,932</u>
<b>Total liabilities</b>	<u><u>427,407</u></u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	883,419
Unrestricted	825,226
<b>Total net assets</b>	<u><u>1,708,645</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 2,136,052</u></u>

See notes to financial statements.

Exhibit H

**Urbandale Community School District**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2010**

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 2,768,695
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	1,467,895
Food service operations:	
Depreciation	115,144
Other	1,646,885
Total operating expenses	3,229,924
Operating loss	(461,229)
Non-operating revenue:	
Contributions	67,785
State sources	61,136
Federal sources	509,659
Interest income	351
Total non-operating revenue	638,931
Change in net assets	177,702
Net assets beginning of year	1,530,943
Net assets end of year	\$ 1,708,645

See notes to financial statements.

## Exhibit I

**Urbandale Community School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2010**

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,337,969
Cash received from miscellaneous operating activities	1,461,511
Cash payments to employees for services	(2,079,909)
Cash payments to suppliers for goods or services	(888,271)
Net cash used by operating activities	<u>(168,700)</u>
Cash flows from non-capital financing activities:	
Due to other funds	386
Due from other funds	(49,946)
Contributions	67,785
State grants received	61,136
Federal grants received	380,739
Net cash provided by non-capital financing activities	<u>460,100</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(18,062)
Net cash used by capital and related financing activities	<u>(18,062)</u>
Cash flows from investing activities:	
Interest on cash and investments	351
Net cash provided by investing activities	<u>351</u>
Net increase in cash and cash equivalents	273,689
Cash and cash equivalents at beginning of year	<u>625,167</u>
Cash and cash equivalents at end of year	<u><u>\$ 898,856</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (461,229)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	119,405
Depreciation	115,144
Decrease in receivables	3,902
Decrease in inventories	28,085
(Decrease) in accounts payable	(2,484)
(Decrease) in salaries and benefits payable	(297)
(Decrease) in deferred revenue	(3,754)
Increase in other post employment benefits	32,528
Net cash used by operating activities	<u><u>\$ (168,700)</u></u>

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

During the year ended June 30, 2010, the District received federal commodities valued at \$119,405.

See notes to financial statements.

Exhibit J

**Urbandale Community School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010**

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	<u>Agency</u>
<b>Assets</b>	
Cash and pooled investments	<u>\$ 144,421</u>
Total assets	<u>144,421</u>
<b>Liabilities</b>	
Other payables	<u>144,421</u>
Total liabilities	<u>144,421</u>
<b>Net assets</b>	<u><u>\$ -</u></u>

See notes to financial statements.

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

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

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

A. Reporting Entity

For financial reporting purposes, Urbandale Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Urbandale Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or 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.

Physical Plant and Equipment Levy (PEEL) 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.

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.

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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which 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, 2010. 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, 2010, expenditures did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2010, the District had investments as follows:

Wells Fargo Adv Government MM Fund	\$	7,298,321
Federal Home Loan Notes		8,225,500
IPASeducation Institutional MM Fund		10,002,502
Iowa School Joint Investment Trust		
Diversified Portfolio		1,588,374
	\$	<u>27,114,697</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, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
Proprietary -	General	
Child Care		\$ (49,946)
Capital Projects	Proprietary -	
	Student Construction	306,580
		<u>\$ 256,634</u>

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue -	
	Physical Plant & Equipment Levy	\$ 159,231
Debt Service	Capital Projects	4,075,000
		<u>\$ 4,234,231</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Construction in progress	7,513,355	8,257,093	-	15,770,448
Total capital assets not being depreciated	9,047,347	8,257,093	-	17,304,440
Capital assets being depreciated:				
Buildings	90,032,021	-	-	90,032,021
Improvements other than buildings	680,752	-	-	680,752
Furniture and equipment	1,387,384	36,582	62,446	1,361,520
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	93,646,262	36,582	62,446	93,620,398
Less accumulated depreciation for:				
Buildings	17,612,287	1,908,789	-	19,521,076
Improvements other than buildings	133,160	47,985	-	181,145
Furniture and equipment	1,151,516	77,834	62,446	1,166,904
Leased equipment	1,154,922	151,483	-	1,306,405
Total accumulated depreciation	20,051,885	2,186,091	62,446	22,175,530
Total capital assets being depreciated, net	73,594,377	(2,149,509)	-	71,444,868
Governmental activities capital assets, net	\$ 82,641,724	6,107,584	-	88,749,308
<b>Business type activities:</b>				
Furniture and equipment	\$ 1,429,017	18,062	-	1,447,079
Less accumulated depreciation	448,516	115,144	-	563,660
Business type activities capital assets, net	\$ 980,501	(97,082)	-	883,419

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 1,014,767
Special	245,123
Other	181,799

Support services:

Student support	128,776
Instructional staff	74,517
Administration	255,179
Operation and maintenance of plant	128,962
Noninstructional	156,968

Total governmental activities depreciation expense	\$ 2,186,091
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Business type activities:

Food services	\$ 115,144
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**(6) Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 47,335,000	28,395,000	16,545,000	59,185,000	2,290,000
Revenue bonds	26,160,000	-	-	26,160,000	-
Bond anticipation notes	12,395,000	-	12,395,000	-	-
Obligation under capital lease	367,899	-	138,977	228,922	146,898
Early retirement	1,623,377	294,000	394,179	1,523,198	426,811
Compensated absences	61,792	-	20,114	41,678	41,678
Other postemployment benefits	91,596	231,472	-	323,068	-
Total	\$ 88,034,664	28,920,472	29,493,270	87,461,866	2,905,387
Business type activities:					
Other postemployment benefits	\$ 14,404	32,528	-	46,932	-

General Obligation Bonds

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year ending June 30,	Bond Issue on October 1, 2005			
	Interest Rate	Principal	Interest	Total
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
		8,250,000	2,572,681	10,822,681

**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2010**

General Obligation Bonds (continued)

Year ending June 30,	Bond Issue on July 1, 2006			
	Interest Rate	Principal	Interest	Total
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
		13,660,000	5,912,289	19,572,289

Year ending June 30,	Bond Issue on January 1, 2007			
	Interest Rate	Principal	Interest	Total
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
		8,880,000	4,303,842	13,183,842

Year ending June 30,	Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
2011		-	540,770	540,770
2012		-	540,770	540,770
2013		-	540,770	540,770
2014		-	540,770	540,770
2015		-	540,770	540,770
2016		-	540,770	540,770
2017		-	540,770	540,770
2018		-	540,770	540,770
2019		-	540,770	540,770
2020		-	540,770	540,770
2021		-	540,770	540,770
2022		-	540,770	540,770
2023		-	540,770	540,770
2024		-	540,770	540,770
2025		-	540,770	540,770
2026		-	540,770	540,770
2027	4.25%	3,710,000	540,770	4,250,770
2028	4.30%	3,865,000	383,095	4,248,095
2029	4.50%	4,030,000	216,900	4,246,900
2030	4.50%	790,000	35,550	825,550
		12,395,000	9,828,635	22,223,635

**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2010**

General Obligation Bonds (continued)

Year ending June 30,	Refunding Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
2011	2.000%	1,020,000	490,662	1,510,662
2012	2.000%	1,025,000	470,263	1,495,263
2013	2.000%	990,000	449,712	1,439,712
2014	3.000%	1,000,000	430,063	1,430,063
2015	3.000%	1,115,000	401,662	1,516,662
2016	3.000%	1,110,000	368,362	1,478,362
2017	3.250%	1,085,000	334,988	1,419,988
2018	3.750%	1,070,000	300,581	1,370,581
2019	3.850%	1,055,000	266,294	1,321,294
2020	3.375%	1,195,000	230,869	1,425,869
2021	3.625%	1,235,000	190,312	1,425,312
2022	3.750%	1,240,000	146,319	1,386,319
2023	3.875%	1,295,000	99,644	1,394,644
2024	4.000%	1,315,000	50,644	1,365,644
2025	4.000%	-	10,625	10,625
2026	4.000%	-	10,625	10,625
2027	4.250%	250,000	10,625	260,625
		16,000,000	4,262,250	20,262,250

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2011	2,290,000	2,300,179	4,590,179
2012	2,345,000	2,230,275	4,575,275
2013	2,360,000	2,158,244	4,518,244
2014	2,420,000	2,084,317	4,504,317
2015	2,500,000	1,999,656	4,499,656
2016	2,600,000	1,911,081	4,511,081
2017	2,685,000	1,818,420	4,503,420
2018	2,785,000	1,718,902	4,503,902
2019	2,890,000	1,614,502	4,504,502
2020	3,005,000	1,503,204	4,508,204
2021	3,120,000	1,386,477	4,506,477
2022	3,205,000	1,262,528	4,467,528
2023	3,340,000	1,132,354	4,472,354
2024	3,450,000	996,202	4,446,202
2025	3,695,000	864,981	4,559,981
2026	3,850,000	711,435	4,561,435
2027	3,960,000	551,395	4,511,395
2028	3,865,000	383,095	4,248,095
2029	4,030,000	216,900	4,246,900
2030	790,000	35,550	825,550
	\$ 59,185,000	26,879,697	86,064,697



Revenue Bonds

Details of the District's June 30, 2010 statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year ending June 30,	Revenue bond Issue of April 9, 2009			Total
	Interest Rate	Principal	Interest	
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>15,734,021</u>	<u>41,894,021</u>

The District has pledged future statewide sales, services and use 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 statewide sales, services and use 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 \$41,894,021. For the current year, no principal and \$930,692 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$2,655,107.

The resolution providing for the issuance of the statewide sales, services and use 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 statewide sales, services and use 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, 2010.

#### Advance Refunding – May 1, 2010

The District issued \$16,000,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$14,600,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$1,374,810. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by \$318,975 and resulted in an economic gain of \$178,136.

#### Capital Lease

The District entered into capital lease arrangements on June 30, 2006 and June 27, 2008 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, 2010:

Year ending June 30,	Apple Computer, Inc. Capital Lease		
	2006 Lease	2008 Lease	Total
2011	\$ 73,258	85,973	159,231
Thereafter	-	85,973	85,973
Total minimum lease payments	73,258	171,946	245,204
Less amount representing interest	4,618	11,664	16,282
Present value of minimum lease payments	\$ 68,640	160,282	228,922

As of June 30, 2010, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	\$ 1,828,255,832
Debt limit of 5% of total assessed valuation	\$ 91,412,792
Amount of debt applicable to debt limit	85,573,922
Excess of debt limit over bonded debt issued, legal debt margin.	\$ 5,838,870

#### 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 the fiscal year included an annuity benefit equal to 15% of salary, payable over two 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 two equal installments beginning in January following the start of retirement. The second payment is made the following July. At June 30, 2010, the District had obligations to 25 participants for the annuity benefit with a total liability of \$258,532. A total of 52 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, 2010 totaled \$394,179.

**(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
2011	\$ 44,126
2012	44,126
2013	44,126
2014	44,126
2015	25,740
	<u>\$ 202,244</u>

The total lease expense for the year ended June 30, 2010 was \$44,126.

**(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 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008, were \$1,567,916, \$1,465,403, and \$1,280,362, respectively, equal to the required contributions for each year.

**(9) Other Post-Employment Benefits (OPEB)**

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 508 active and 52 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.

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, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	833,000
Interest on net OPEB obligation		5,000
Adjustment to annual required contribution		(4,000)
Annual OPEB cost		<u>834,000</u>
Contributions made		<u>(570,000)</u>
Increase in net OPEB obligation		264,000
Net OPEB obligation beginning of year		<u>106,000</u>
Net OPEB obligation end of year	\$	<u><u>370,000</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, 2010.

For the year ended June 30, 2010, the District contributed \$6,300 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, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 833,000	68.00%	370,000

**Funded Status and Funding Progress** - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$7.9 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$7.9 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$23,053,600, and the ratio of the UAAL to covered payroll was 34.3%. As of June 30, 2010, 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% 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, 2008 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2008.

Projected claim costs of the medical plan are \$669 per month for retirees less than age 65 and \$745 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 \$1,259,842 for the year ended June 30, 2010 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 \$28,538,745 for remodeling projects. As of June 30, 2010, costs of \$15,770,448 had been incurred against the contracts. The balance of \$12,768,297 remaining at June 30, 2010 will be paid as work on the projects progresses. A summary of projects is as follows:

Project	Contract Amount	Costs through June 30, 2010
High school project 2C&D	\$ 11,370,000	11,351,873
Webster Elementary Phase II	2,018,745	1,953,211
Middle School Renovation	15,150,000	2,465,364
	<u>\$ 28,538,745</u>	<u>15,770,448</u>

### **Required Supplementary Information**

**Urbandale Community School District**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**Required Supplementary Information**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
2009	July 1, 2008	\$ -	\$ 4,317,000	\$ 4,317,000	0.0%	22,608,950	19.1%
2010	July 1, 2009	\$ -	\$ 7,900,000	\$ 7,900,000	0.0%	\$ 23,053,600	34.3%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, 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, 2010**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 25,286,793	2,836,831	28,123,624	30,426,004	30,426,004	(2,302,380)
Intermediate sources	3,500	-	3,500	100,000	100,000	(96,500)
State sources	12,926,783	61,136	12,987,919	16,910,284	16,910,284	(3,922,365)
Federal sources	2,934,121	509,659	3,443,780	1,212,000	1,212,000	2,231,780
Total revenues	41,151,197	3,407,626	44,558,823	48,648,288	48,648,288	(4,089,465)
Expenditures:						
Instruction	22,194,638	-	22,194,638	24,564,024	24,564,024	2,369,386
Support services	11,811,806	-	11,811,806	13,065,673	13,065,673	1,253,867
Non-instructional programs	7,341	3,229,924	3,237,265	3,700,000	3,700,000	462,735
Other expenditures	29,360,398	-	29,360,398	38,684,120	48,684,120	19,323,722
Total expenditures	63,374,183	3,229,924	66,604,107	80,013,817	90,013,817	23,409,710
Deficiency of revenues under expenditures	(22,222,986)	177,702	(22,045,284)	(31,365,529)	(41,365,529)	19,320,245
Other financing sources, net	12,284,394	-	12,284,394	12,095,000	22,095,000	(9,810,606)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(9,938,592)	177,702	(9,760,890)	(19,270,529)	(19,270,529)	9,509,639
Balances beginning of year	34,837,108	1,530,943	36,368,051	30,843,109	30,843,109	5,524,942
Balances end of year	\$ 24,898,516	1,708,645	26,607,161	11,572,580	11,572,580	15,034,581

See accompanying independent auditor's report.



### **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 \$10,000,000. The budget amendment was primarily due to an increase in bonds issued.

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 \$1,259,842 for the year ended June 30, 2010.

### **Other Supplementary Information**

## Schedule 1

**Urbandale Community School District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2010**

	Special Revenue Funds				
	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
<b>Assets</b>					
Cash and pooled investments	\$ 858,730	113,744	84,277	164,089	1,220,840
Receivables:					
Property tax:					
Delinquent	8,487	-	1,332	3,565	13,384
Succeeding year	699,999	-	141,804	367,132	1,208,935
Accounts	-	2,981	-	-	2,981
<b>Total assets</b>	<b>\$ 1,567,216</b>	<b>116,725</b>	<b>227,413</b>	<b>534,786</b>	<b>2,446,140</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	4,417	47,302	-	-	51,719
Salaries and benefits payable	46,808	-	-	-	46,808
Deferred revenue:					
Succeeding year property tax	699,999	-	141,804	367,132	1,208,935
Early retirement payable	156,086	-	-	-	156,086
Total liabilities	907,310	47,302	141,804	367,132	1,463,548
Fund equity:					
Unreserved fund balances	659,906	69,423	85,609	167,654	982,592
<b>Total liabilities and fund equity</b>	<b>\$ 1,567,216</b>	<b>116,725</b>	<b>227,413</b>	<b>534,786</b>	<b>2,446,140</b>

See accompanying independent auditor's report.

## Schedule 2

**Urbandale Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year ended June 30, 2010**

	Special Revenue Funds				Total
	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local tax:					
Property tax	\$ 851,189	-	132,079	339,519	1,322,787
Utility tax replacement excise tax	47,119	-	7,311	17,871	72,301
	898,308	-	139,390	357,390	1,395,088
Other local sources:					
Interest on investments	-	70	-	42	112
Student activities	-	807,491	-	-	807,491
Miscellaneous	45,780	-	-	-	45,780
	45,780	807,561	-	42	853,383
	944,088	807,561	139,390	357,432	2,248,471
State sources:					
Revenue in lieu of taxes :					
Military credit	380	-	59	144	583
Total revenues	944,468	807,561	139,449	357,576	2,249,054
Expenditures:					
Instruction:					
Regular, special, and vocational instruction:					
Benefits	576,266	-	-	-	576,266
	576,266	-	-	-	576,266
Co-curricular instruction:					
Salaries	-	33,734	-	-	33,734
Benefits	-	5,985	-	-	5,985
Services	-	162,978	-	-	162,978
Supplies	-	576,509	-	-	576,509
Property	-	8,088	-	-	8,088
Other	-	21,153	-	-	21,153
	-	808,447	-	-	808,447
Total instruction	576,266	808,447	-	-	1,384,713
Support services:					
Administration:					
Benefits	25,965	-	-	-	25,965
	25,965	-	-	-	25,965
Operation and maintenance of plant:					
Benefits	17,155	-	-	-	17,155
Services	397,753	-	-	-	397,753
Property	-	-	895	-	895
	414,908	-	895	-	415,803
Transportation:					
Services	-	33,967	-	-	33,967
	-	33,967	-	-	33,967
Total support services	440,873	33,967	895	-	475,735
Noninstructional programs:					
Benefits	7,341	-	-	-	7,341
	7,341	-	-	-	7,341

## Schedule 2

**Urbandale Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year ended June 30, 2010**

	Special Revenue Funds				Total
	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	
Other expenditures:					
Facilities acquisition and construction:					
Services	-	-	142,231	1,008	143,239
Property	-	-	-	35,070	35,070
Total other expenditures	-	-	142,231	36,078	178,309
Total expenditures	1,024,480	842,414	143,126	36,078	2,046,098
Excess (deficiency) of revenues over (under) expenditures	(80,012)	(34,853)	(3,677)	321,498	202,956
Other financing uses:					
Operating transfers out	-	-	-	(159,231)	(159,231)
Total other financing uses	-	-	-	(159,231)	(159,231)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(80,012)	(34,853)	(3,677)	162,267	43,725
Fund balances beginning of year	739,918	104,276	89,286	5,387	938,867
Fund balances end of year	\$ 659,906	69,423	85,609	167,654	982,592

See accompanying independent auditor's report.

## Schedule 3

**Urbandale Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2010**

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Jensen Activity	\$ 10,958		4,000	9,152	5,806
Jensen Web Clickers	189		-	-	189
Jensen picture	1,627		734	-	2,361
K.A. Elementary-Band fundraiser	5,512	(5,021)	1,794	2,285	-
K.A. Elementary-Activity	7,585		2,196	1,982	7,799
K.A. Elementary-student pop	61		-	-	61
K.A. Elementary-picture	1,264		-	-	1,264
Olmsted Web Clickers	414		-	364	50
Olmsted picture	4,311		-	-	4,311
Olmsted Activity	5,461		6,405	7,993	3,873
Olmsted Media Paper	271		-	-	271
R.G.-Picture	1,770		-	249	1,521
Rolling Green Activity	4,346		1,056	1,448	3,954
Rolling Green Media Paper	136		-	136	-
Rolling Green Web Clickers	4,753		1,826	4,747	1,832
Valerius Web Clickers	29		-	-	29
Valerius picture	2,536		-	-	2,536
Valerius Activity	11,300		1,853	13,153	-
Webster picture	1,410		-	1,041	369
Webster Elementary	1,086		1,351	1,009	1,428
Middle School Drama	2,658		-	-	2,658
Middle School Vocal	9,538	(9,538)	18,277	6,307	11,970
Middle School Instrumental	6,248	(6,248)	24,562	16,757	7,805
Middle School Boys Basketball	-		989	989	-
Middle School Boys Football	-		1,793	14,383	(12,590)
Middle School Boys Track	-		3,096	984	2,112
Middle School Boys Wrestling	-		827	3,177	(2,350)
Middle School Girls Basketball	-		902	951	(49)
Middle School Girls Volleyball	-		1,767	2,713	(946)
Middle School Girls Softball	-		-	12,857	(12,857)
Middle School Girls Track	-		2,504	906	1,598
Middle School Library	3,508		-	3,324	184
Middle School Student Senate	5,188		1,271	1,781	4,678
Middle School Student Interest	239	(239)	70	-	70
Middle School Memory Book	6,093		-	1,716	4,377
Middle School Building Activity	5,000	(5,000)	6,603	4,498	2,105
Middle School I-movie	3,287		691	591	3,387
Middle School Picture	1,959		-	3,732	(1,773)
Activity/Athletic Sponsor	(160,727)	160,730	203,342	203,345	-
Art	1,787		-	526	1,261
Art Club	127		-	-	127
At Risk	599		-	-	599
Boys Basketball	(86)	86	36,413	36,413	-
Boys Baseball	-		26,266	26,266	-
Boys Cross Country	-		2,049	2,049	-
Boys Football	-		100,102	87,512	12,590
Boys Golf	-		2,100	2,100	-
Boys Soccer	-		6,614	6,614	-
Boys Tennis	-		1,260	1,260	-
Boys Track	-		4,878	5,529	(651)
Boys Wrestling	-		20,030	17,680	2,350
Building Activity	22,605	(22,605)	29,611	31,716	(2,105)
Cadet Teachers	520		-	-	520
Character Counts	862		-	-	862
Cheerleaders	-		2,245	1,763	482

**Urbandale Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2010**

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
DECA	1,077		16,840	15,864	2,053
Drama	7,805	(10,463)	10,101	10,101	(2,658)
Drug Foundation	450		-	-	450
Environmental Club	66		378	346	98
Family Consumer Science	21		-	21	-
Future Business Leaders	80		-	-	80
German Club	1,017		6,685	7,479	223
Girls Basketball	-		9,274	9,225	49
Girls Bowling	-		584	584	-
Girls Cross Country	-		1,677	1,677	-
Girls Golf	-		1,483	1,483	-
Girls Soccer	-		10,267	9,676	591
Girls Softball	-		22,977	10,120	12,857
Girls Tennis	-		1,306	1,306	-
Girls Track	-		9,494	10,605	(1,111)
Girls Volleyball	-		23,882	22,936	946
Guidance	38		300	259	79
Industrial Arts Club	3,500		250	-	3,750
Industrial Arts House	2,416		-	1,970	446
Instrumental Music	15,868	(15,868)	24,461	32,266	(7,805)
Interest Student Fund	10,203	(10,203)			-
Japanese Trip	-		63	-	63
Jayhawker	5,558		-	2,474	3,084
Jaywalkers	1,369	(86)	24,998	26,261	20
Key Club	2,082		-	1,282	800
Library	2,417		-	-	2,417
Parenting Comm. Network	850		-	-	850
Peer Helpers	188		-	-	188
Physics	3		-	-	3
Picture	1,770		-	-	1,770
Science Activity	200		-	-	200
Spanish Honor Society	964		126	-	1,090
Spanish Trip	159		-	-	159
Special Ed	500		-	-	500
Student Participation Fee	470		-	-	470
Student Senate	35,786	(40,974)	3,386	2,876	(4,678)
Tag Activities	54		100	100	54
Tag Activities Fees	9,617	(9,617)	741	741	-
The Roaring Leo Club	370		50	133	287
Vocal Music	6,113	(6,113)	103,359	115,329	(11,970)
Yearbook	18,841	(18,841)	15,302	15,302	-
<b>Total</b>	<b>\$ 104,276</b>	<b>0</b>	<b>807,561</b>	<b>842,414</b>	<b>69,423</b>

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Combining Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Enterprise Funds			
	Student Construction	Child Care	School Nutrition	Total
<b>Assets</b>				
Current assets:				
Cash and pooled investments	\$ 75,619	86,774	736,463	898,856
Receivables:				
Accounts	-	-	4,200	4,200
Due from other fund	-	49,946	-	49,946
Due from other governments	-	-	9,515	9,515
Inventories	271,020	-	19,096	290,116
Total current assets	346,639	136,720	769,274	1,252,633
Noncurrent assets:				
Capital assets:				
Equipment	-	-	1,447,079	1,447,079
Accumulated depreciation	-	-	(563,660)	(563,660)
Total noncurrent assets	-	-	883,419	883,419
<b>Total assets</b>	<b>\$ 346,639</b>	<b>136,720</b>	<b>1,652,693</b>	<b>2,136,052</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 300	6,715	610	7,625
Salaries and benefits payable	-	33,565	7,191	40,756
Due to other funds	306,580	-	-	306,580
Unearned revenue	-	-	25,514	25,514
Total current liabilities	306,880	40,280	33,315	380,475
Noncurrent liabilities:				
Other postemployment benefits	-	21,344	25,588	46,932
Total noncurrent liabilities	-	21,344	25,588	46,932
<b>Total liabilities</b>	<b>306,880</b>	<b>61,624</b>	<b>58,903</b>	<b>427,407</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	-	-	883,419	883,419
Unrestricted	39,759	75,096	710,371	825,226
<b>Total net assets</b>	<b>39,759</b>	<b>75,096</b>	<b>1,593,790</b>	<b>1,708,645</b>
<b>Total net assets and liabilities</b>	<b>\$ 346,639</b>	<b>136,720</b>	<b>1,652,693</b>	<b>2,136,052</b>

See accompanying independent auditor's report.



## Schedule 5

**Urbandale Community School District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2010**

	Enterprise Funds			
	Student Construction	Child Care	School Nutrition	Total
Operating revenue:				
Local sources:				
Other local sources:				
Sale of lunches and breakfasts	\$ -	-	1,339,735	1,339,735
Sale of services	35,575	1,380,743	-	1,416,318
Other revenues	534	8,859	3,249	12,642
Total operating revenue	36,109	1,389,602	1,342,984	2,768,695
Operating expenses:				
Non-instructional programs:				
Community service operations:				
Salaries	-	1,171,171	-	1,171,171
Benefits	-	169,470	-	169,470
Supplies	-	127,254	-	127,254
	-	1,467,895	-	1,467,895
Food services operations:				
Salaries	-	-	666,095	666,095
Benefits	-	-	105,404	105,404
Services	-	-	32,646	32,646
Supplies	-	-	842,740	842,740
Depreciation	-	-	115,144	115,144
	-	-	1,762,029	1,762,029
Total operating expenses	-	1,467,895	1,762,029	3,229,924
Operating gain (loss)	36,109	(78,293)	(419,045)	(461,229)
Non-operating revenue:				
Contributions	3,650	64,135	-	67,785
State sources	-	46,968	14,168	61,136
Federal sources	-	-	509,659	509,659
Interest income	-	-	351	351
Total non-operating revenue	3,650	111,103	524,178	638,931
Change in net assets	39,759	32,810	105,133	177,702
Net assets beginning of year	-	42,286	1,488,657	1,530,943
Net assets end of year	\$ 39,759	75,096	1,593,790	1,708,645

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2010**

	Enterprise Funds			
	Student Construction	Child Care	Student Nutrition	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ -	-	1,337,969	1,337,969
Cash received from miscellaneous operating activities	68,605	1,389,657	3,249	1,461,511
Cash payments to employees for services	-	(1,326,928)	(752,981)	(2,079,909)
Cash payments to suppliers for goods or services	-	(129,809)	(758,462)	(888,271)
Net cash provided (used) by operating activities	68,605	(67,080)	(170,225)	(168,700)
Cash flows from non-capital financing activities:				
Due to other funds	386	-	-	386
Due from other funds	-	(49,946)	-	(49,946)
Contributions - operating	3,650	64,135	-	67,785
State grants received	-	46,968	14,168	61,136
Federal grants received	-	-	380,739	380,739
Net cash provided by non-capital financing activities	4,036	61,157	394,907	460,100
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	(18,062)	(18,062)
Net cash used by capital and related financing activities	-	-	(18,062)	(18,062)
Cash flows from investing activities:				
Interest on cash and investments	-	-	351	351
Net cash provided by investing activities	-	-	351	351
Net increase (decrease) in cash and cash equivalents	72,641	(5,923)	206,971	273,689
Cash and cash equivalents at beginning of year	2,978	92,697	529,492	625,167
Cash and cash equivalents at end of year	\$ 75,619	86,774	736,463	898,856
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:				
Operating gain (loss)	\$ 36,109	(78,293)	(419,045)	(461,229)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:				
Commodities used	-	-	119,405	119,405
Depreciation	-	-	115,144	115,144
Decrease(increase) in accounts receivable	1,859	55	1,988	3,902
Decrease (increase) in inventories	30,742	-	(2,657)	28,085
Increase (decrease) in accounts payable	(105)	(2,555)	176	(2,484)
Increase (decrease) in salaries and benefits payable	-	(429)	132	(297)
Increase (decrease) in deferred revenue	-	-	(3,754)	(3,754)
Increase in other postemployment benefits	-	14,142	18,386	32,528
Net cash provided (used) by operating activities	\$ 68,605	(67,080)	(170,225)	(168,700)

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

During the year ended June 30, 2010, the District received federal commodities valued at \$119,405.

See accompanying independent auditor's report.

## Schedule 7

**Urbandale Community School District**  
**Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Fund**  
**Year ended June 30, 2010**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 129,890	15,775	1,244	144,421
<b>Total assets</b>	<b>\$ 129,890</b>	<b>15,775</b>	<b>1,244</b>	<b>144,421</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,244	5,758	1,244	5,758
Fiduciary liabilities	128,646	10,017	-	138,663
<b>Total liabilities</b>	<b>\$ 129,890</b>	<b>15,775</b>	<b>1,244</b>	<b>144,421</b>

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 Eight Years**

	Modified Accrual Basis							
	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:								
Local sources:								
Local tax	\$ 19,485,359	18,940,867	14,962,156	12,462,245	11,744,150	9,750,575	10,360,388	10,217,745
Tuition	3,965,443	3,973,010	3,983,075	3,579,207	3,029,192	2,808,071	2,791,249	2,460,528
Other	1,835,991	1,874,410	5,453,760	5,919,637	4,960,173	4,464,451	3,958,665	3,841,958
Intermediate sources	3,500	6,010	86,218	3,500	59,245	64,032	-	-
State sources	12,926,783	14,830,127	13,872,501	12,806,667	11,988,093	11,253,792	10,907,982	11,098,101
Federal sources	2,934,121	1,034,983	655,751	547,590	622,358	465,842	227,507	229,277
Total	\$ 41,151,197	40,659,407	39,013,461	35,318,846	32,403,211	28,806,763	28,245,791	27,847,609
Expenditures:								
Instruction:								
Regular	\$ 14,533,963	14,714,892	13,940,787	12,592,354	11,229,073	11,603,223	11,842,571	11,332,841
Special	3,719,448	3,803,760	3,304,600	2,938,166	2,764,943	2,293,389	1,310,821	1,320,698
Other	3,941,227	3,531,145	3,334,317	3,177,877	3,303,712	2,234,517	2,069,716	1,816,463
Support services:								
Student	1,713,989	1,641,787	1,450,069	1,380,503	1,215,891	1,154,219	1,256,766	1,265,832
Instructional staff	1,665,018	1,715,917	1,939,644	1,528,527	1,071,345	863,833	716,993	749,501
Administration	3,910,411	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	3,495,405	3,395,839	3,226,000	3,200,792	2,778,499	2,189,167	2,073,942	2,102,798
Transportation	1,026,983	1,006,725	1,008,137	938,182	819,778	795,186	725,629	705,242
Central support	-	-	-	-	-	-	10,000	15,000
Non-instructional programs	7,341	-	-	-	-	-	-	-
Other expenditures:								
Facilities acquisition	10,134,199	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	14,478,977	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	3,487,380	2,487,967	2,357,532	1,763,878	1,105,710	1,049,009	328,152	473,678
AEA flowthrough	1,259,842	1,109,997	1,034,898	970,817	892,229	846,216	847,006	897,431
Total	\$ 63,374,183	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.

## Schedule 9

**Urbandale Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2010**

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 10	\$ 37,368
National School Lunch Program	10.555	FY 10	355,114
			<u>392,482</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY 10	<u>25,831</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY 10	218,205
ARRA - Title I Grants to Local Education Agencies, Recovery Act	84.389	FY 10	<u>120,849</u>
			<u>339,054</u>
Vocational Education - Basic Grants to States	84.048	FY 10	<u>31,480</u>
Safe and Drug-Free Schools and Communities- National Programs	84.184	FY 10	<u>7,914</u>
Improving Teacher Quality State Grants	84.367	FY 10	<u>75,869</u>
Grants for State Assessments and Related Activities	84.369	FY 10	<u>23,868</u>
ARRA - State Fiscal Stabilization Fund(SFSF) - Education State Grants, Recovery Act	84.394	FY 10	<u>1,448,681</u>
Heartland Area Education Agency			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	FY 10	181,953
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	<u>497,524</u>
			<u>679,477</u>
Total			<u>\$ 3,024,656</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.

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

To the 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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated October 15, 2010. 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 an 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 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.

A handwritten signature in black ink that reads "Van Maanen, Sietstra & Meyer, PC". The signature is written in a cursive, flowing style.

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

October 15, 2010



**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, 2010. 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, 2010.

**Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

October 15, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses 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 material weaknesses 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 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
  - Clustered programs:
    - CFDA 84.027 – Special Education – Grants to States
    - CFDA 84.391 – ARRA – Special Education – Grants to States, Recovery Act
  - 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**

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**Urbandale Community School District**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2010**

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

- IV-A-10      Certified Budget and General Fund Spending Authority - Expenditures for the year ended June 30, 2010, did not exceed the final amended certified budget amounts.
- IV-B-10      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-10      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-10      Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-10      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-10      Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-10      Certified Enrollment – A variance in the basic enrollment data certified to the Department of Education was noted.
- Recommendation – The certified enrollment data should be corrected for students who exit the District.
- Response – We will correct the certified enrollment in the future for students exiting the system.
- Conclusion – Response accepted.
- IV-H-10      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-10      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-10      Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-K-10      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, 2010**

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IV-L-10      Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$	1,051,780
Statewide sales, services and use tax revenue		2,655,107
Expenditures/transfers out		
School infrastructure:		
Facilities acquisition and construction		(3,706,887)
	\$	-

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1000 of	
	Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 2.56693	\$ 2,655,107

IV-M-10      Deficit Balances – Several student activity accounts had deficit balances at June 30, 2010.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.