

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

June 30, 2011

Table of Contents

		<u>Page</u>
Board of Education and School District Officials		2
Independent Auditor's Report		3-4
Management's Discussion and Analysis (MD&A)		5-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	16-17
Statement of Activities	B	18
Governmental Funds Financial Statements:		
Balance Sheet	C	19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances	E	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds To the Statement of Activities	F	23
Proprietary Funds Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Notes to Financial Statements		28-43
Required Supplementary Information:		
Schedule of Funding Progress for the Retiree Health Plan		45
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		46
Notes to Required Supplementary Information - Budgetary Reporting		47
Other Supplementary Information:	<u>Schedule/Statement</u>	
Non-major Governmental Funds:		
Combining Balance Sheet	1	49
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	50
Capital Projects Accounts:		
Combining Balance Sheet	3	51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	52
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	53-54
Proprietary Funds:		
Combining Statement of Net Assets	6	55
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	7	56
Combining Statement of Cash Flows	8	57
Agency Fund:		
Schedule of Changes in Fiduciary Assets and Liabilities	9	58
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	10	59
Schedule of Expenditures of Federal Awards	11	60
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 <i>Government Auditing Standards</i>		61-62
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		63-64
Schedule of Findings and Questioned Costs		65-67

**Urbandale Community School District
Board of Education and School District Officials
Year Ended June 30, 2011**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Mark A. Wierson	President	2011
Ryan Judas	Vice President	2013
Cynthia Munyon	Board Member	2011
Cate Newberg	Board Member	2011
Jeffrey Farrell	Board Member	2013
Adam Obrecht	Board Member	2013
Shawn St. John	Board Member	2013
School District Officials		
Doug Stilwell	Superintendent	2011
Shelly Clifford	District Secretary/Treasurer and Business Manager	2011
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education of Urbandale Community School District:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Urbandale Community School District, Urbandale, Iowa, as of and for the year ended June 30, 2011, 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, 2011, 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 19, 2011, 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 eight years ended June 30, 2010, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, 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 19, 2011

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, 2011. 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 were \$34,993,164 in fiscal 2011, down by just \$329,683 or less than 1 percent, as compared to \$35,322,847 in fiscal year 2010. The District levied an additional \$1M to recoup a portion of the \$1.5 million in cash reserves depleted due to State of Iowa 10 percent across the board cut in prior year. General Fund expenditures were \$34,031,306 in fiscal 2011, compared to \$33,218,573 in fiscal year 2010, an increase of 2.4 percent.
- As the District continues to restore cash reserves, General Fund balance increased from \$2,413,900 in fiscal year 2010, to \$3,443,595 in fiscal 2011, a 43 percent increase over the prior year. The General Fund solvency ratio increased to 9.4 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.
- With a new High School construction and a \$2.6 million Elementary Addition recently completed, the District had a \$15 million Middle School Addition and Renovation underway during 2011, funded through sales tax revenue bonds. New facilities in the secondary grades and in the location of new housing development makes the District well positioned to maintain and increase enrollments.

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 governmental, proprietary and agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2011**

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

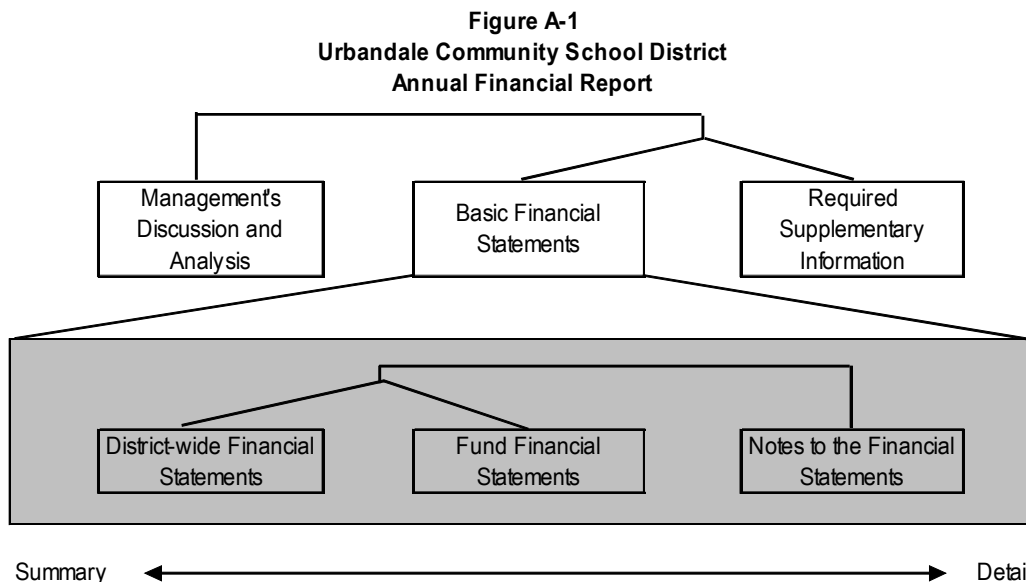


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services, student construction and childcare	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 three major funds – the General Fund, the Debt Service Fund and the Capital Projects Fund. The Capital Projects consists of the Statewide Sales, Services and Use Tax Fund, the Physical Plant and Equipment Levy (PPEL) Fund and the Other Capital Projects Fund. In addition, there are three non-major governmental funds consisting of the Management Fund, the Student Activity Fund and the Public Education and Recreation Levy (PERL) 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 Agency 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, 2011 compared to 2010.

Figure A-3							
Condensed Statement of Net Assets							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current assets	\$ 39,865,198	49,618,920	1,350,080	946,053	41,215,278	50,564,973	-18.5%
Capital assets, net	97,332,384	88,749,308	781,776	883,419	98,114,160	89,632,727	9.5%
Other noncurrent assets	585,568	622,829	-	-	585,568	622,829	-6.0%
Total assets	137,783,150	138,991,057	2,131,856	1,829,472	139,915,006	140,820,529	-0.6%
Current liabilities	27,941,485	28,205,904	78,577	73,895	28,020,062	28,279,799	-0.9%
Long-term liabilities	79,936,579	83,329,832	78,873	46,932	80,015,452	83,376,764	-4.0%
Total liabilities	107,878,064	111,535,736	157,450	120,827	108,035,514	111,656,563	-3.2%
Net assets:							
Invested in capital assets, net of related debt	18,140,084	20,316,404	781,776	883,419	18,921,860	21,199,823	-10.7%
Restricted	9,016,374	5,737,900	-	-	9,016,374	5,737,900	57.1%
Unrestricted	2,748,628	1,401,017	1,192,630	825,226	3,941,258	2,226,243	77.0%
Total net assets	\$ 29,905,086	27,455,321	1,974,406	1,708,645	31,879,492	29,163,966	9.3%

The District's combined total net assets increased from \$29,163,966 in prior year to \$31,879,492 for 2011, a 9.3 percent increase. 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. Long-term debt retired during 2011 through scheduled payments was \$2,436,898.

As shown in A-3, current assets decreased by \$9.3 million, or 18.5 percent, and capital assets increased nearly \$8.5 million or 9.5 percent, the result of construction project completions. Unrestricted net assets increased by \$1.7 million or 77 percent during 2011, as the District continued to replenish cash reserves.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2011**

Changes in Net Assets – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2011 and 2010. 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 2011 was an increase of \$2.7 million, compared to a decrease of \$1.8 million in net assets for 2010.

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 \$1.9 million, or 11.4 percent over the prior fiscal year. The increase was primarily due to a levy rate increase of \$1.38 per \$1000 of taxable valuation. Unrestricted state grants increased by \$1.88 million, nearly 20 percent, while restricted operating grants decreased by \$0.5 million, or 7.1 percent. This increase in unrestricted funding and change in funding streams was largely due to the State of Iowa's increased spending for State Aid and discontinued use of restricted federal American Recovery and Reinvestment Act (ARRA) funding. The total of all revenues increased by \$3,482,699, or 7.8 percent over prior year.

The District's expenses were primarily in the instruction and support services functions, which represented 80 percent of the total expenses shown in Figure A-4. The District's total expenses for fiscal year 2011 were \$1.04 million lower, or 2.2 percent less than prior year.

Figure A-4							
Changes in Net Assets							
Governmental Activities		Business Type Activities		Total District		Total Change	
Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,	
2011	2010	2011	2010	2011	2010	2010-2011	
\$ 5,256,203	5,119,238	2,860,791	2,768,695	8,116,994	7,887,933	2.9%	
5,832,431	6,408,930	715,573	638,580	6,548,004	7,047,510	-7.1%	
18,741,925	16,830,252	-	-	18,741,925	16,830,252	11.4%	
3,012,320	2,655,107	-	-	3,012,320	2,655,107	13.5%	
11,325,159	9,441,641	-	-	11,325,159	9,441,641	19.9%	
45,085	192,262	647	351	45,732	192,613	-76.3%	
287,587	539,966	-	-	287,587	539,966	-46.7%	
44,500,710	41,187,396	3,577,011	3,407,626	48,077,721	44,595,022	7.8%	
24,512,995	23,560,094	-	-	24,512,995	23,560,094	4.0%	
11,944,361	12,434,852	-	-	11,944,361	12,434,852	-3.9%	
66,769	235,951	3,311,250	3,229,924	3,378,019	3,465,875	-2.5%	
5,526,820	6,942,933	-	-	5,526,820	6,942,933	-20.4%	
42,050,945	43,173,830	3,311,250	3,229,924	45,362,195	46,403,754	-2.2%	
\$ 2,449,765	(1,986,434)	265,761	177,702	2,715,526	(1,808,732)	-250.1%	

Governmental Activities

Total revenues shown in A-4 for governmental activities in 2011 were \$44,500,710 and total expenses were \$42,050,945. The net change in governmental assets was an increase of \$2,449,765 during the period, compared to a net decrease of \$1,986,434 during the prior year. This positive net change was due to a significant property tax revenue increase, along with a reduction in support services and other non-instructional expenses.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2011**

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

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services		Total Change	Net Cost of Services		Total Change
	2011	2010	2010-2011	2011	2010	2010-2011
Instruction	\$ 24,512,995	23,560,094	4.0%	14,916,393	13,460,602	10.8%
Support services	11,944,361	12,434,852	-3.9%	11,748,384	12,266,018	-4.2%
Non-instructional	66,769	235,951	-71.7%	66,769	235,951	-71.7%
Other expenses	5,526,820	6,942,933	-20.4%	4,230,765	5,683,091	-25.6%
Totals	\$ 42,050,945	43,173,830	-2.6%	30,962,311	31,645,662	-2.2%

The total cost of all governmental activities as shown above was \$42,050,945. 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 \$4.5 million was subsidized by federal and state governments through restricted program grants and contributions and \$1.3 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 \$30,962,311, financed primarily with over \$11 million in unrestricted state aid and over \$21 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 cost of all governmental activities not subsidized by grants and contributions or financed by users decreased by \$683,351 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. More detail on these funds can be found in the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets in the Other Supplementary Information section of this report.

Revenues for the Nutrition Fund were \$1,892,696 for 2011, an increase of just \$25,534 over prior year. Nutrition Fund expenses were \$1,828,060 for 2011, an increase of \$66,031 over prior year. Nutrition fund net assets were \$1,658,426 at June 30, 2011, compared to \$1,593,790 for prior year. The change in net assets was an increase of \$64,636, or 4.1 percent.

The Adventuretime Fund had revenues of \$1,337,073 for 2011, a decrease of \$163,632 from prior year. The program provides child care services before and after school, and during summer months. Expenses for 2011 were \$1,190,821 and decreased by \$277,074 compared to fiscal year 2010. This decrease in both revenues and expenses was due to the Statewide Voluntary Preschool Program funding and its related expenses now accounted for in General Fund. Adventuretime Fund net assets at end of 2011 were \$221,348, compared to \$75,096 for 2010, an increase of nearly 195 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 \$344,000 at beginning of fiscal year 2011 was sold at a profit, and after two successful home constructions, net assets for this fund at June 30, 2011 were \$94,632.

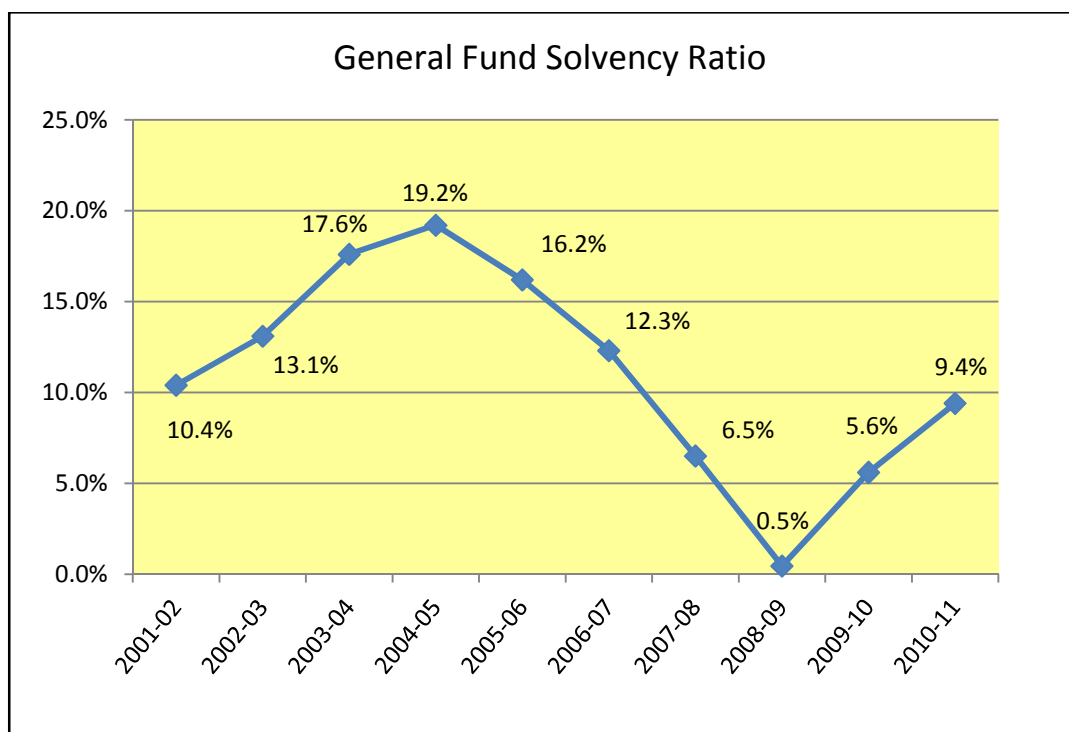
Financial Analysis of the District's Funds

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:

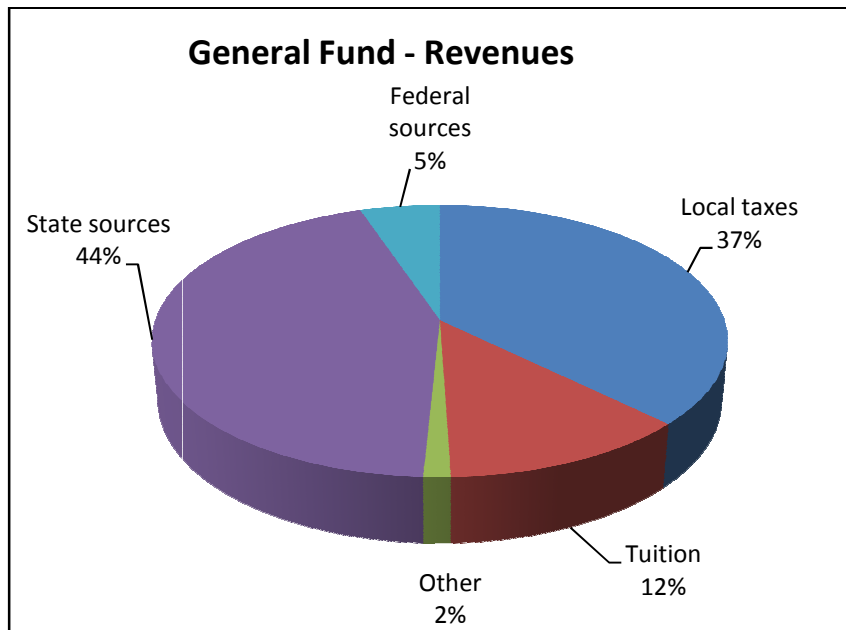
Governmental Fund Highlights

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 \$16,487,947 at June 30, 2011, decrease of \$8,410,569, or 33.8 percent from prior year. The following is a closer look at each individual major fund:

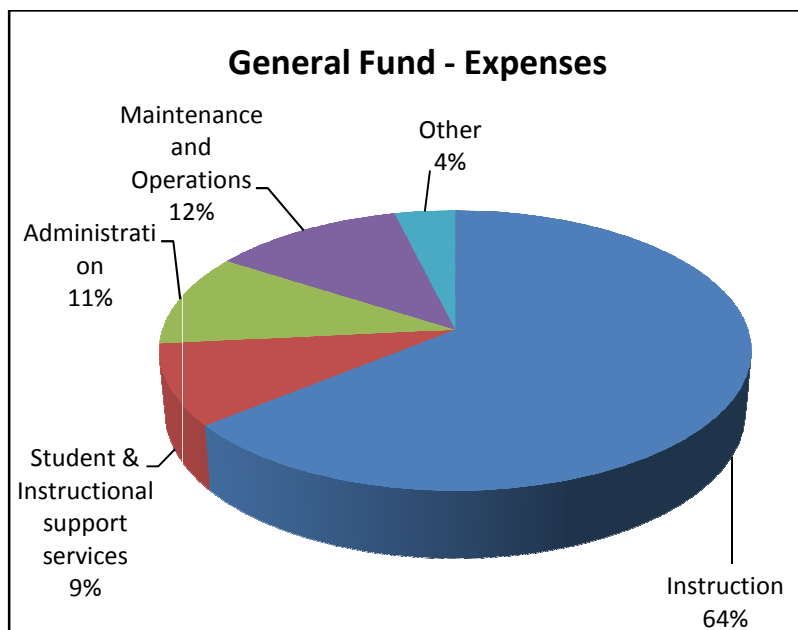
The **General Fund** reported an ending fund balance of \$3,443,595 for 2011. This \$1.03 million increase over prior year was the result of the District continuing to restore cash reserves. As previously mentioned, the solvency ratio is used as a measure of financial health and is a calculation of the general fund unreserved, undesignated fund balance divided by actual revenues. The solvency ratio increased from 5.6 percent in 2010 to 9.4 percent for 2011. A ten-year history of Urbandale's general fund solvency ratio is shown below. The Board of Directors had set a minimum target of 7.5 percent for solvency ratio.



General Fund revenues totaled \$34,993,164 for fiscal year 2011, a decrease of just \$0.3 million from 2010. The graph below shows percentage totals for the major revenue streams according to the source of funding. Local property tax revenues were \$13 million, or 37 percent of the total. This category decreased by \$2 million from fiscal year 2010, during which the District had levied significant cash reserves. State sources were \$15.4 million, significantly up from \$12.9 million in the prior year and represented 44 percent of total revenues. The other largest revenue stream at 12 percent is for tuition payments from other school districts for open enrollment and special education services, which totaled over \$4.2 million. As the Urbandale District is highly desired as an open enrollment school choice, this category has seen a steady trend of increase in recent years and was up \$302,933 or 7.6 percent over 2010.



Total General Fund expenses for fiscal year 2011 were \$34,031,306, an increase of \$812,733 or 2.5 percent over prior year. Of all the governmental funds, the General Fund is the largest, comprising 64.3 percent of the total \$52.9 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 \$21.8 million, comprising 64 percent of all General Fund expenses. Expenses for student and instructional support services were \$3.2 million or 9 percent, administrative services were 11 percent at \$3.6 million, and the maintenance and operations expenses, including transportation, totaled \$4.1 million or 12 percent of all costs.



The **Debt Service Fund** balance for 2011 was \$1,848,238, an increase of \$1,194,060 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 increase in fund balance is primarily due to transfers in from sales tax revenues for scheduled payments to be made from a reserve account held in this fund. Revenues from property taxes and other local sources were \$4.5 million and \$2.7 million was transferred in from the Capital Projects fund as budgeted. Expenditures of nearly \$6 million in scheduled payments for general obligation and revenue bonds debt included \$2.437 million on principal and \$3.449 million in interest.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2011**

The implementation of the Government Accounting Standards Board (GASB) Statement 54 required changes to the **Capital Projects Funds**. The Physical Plant and Equipment Levy (PEEL) Fund, previously a non-major special revenue fund, is now reported as a Capital Project Fund. While there are now three funds within this category – PEEL, Capital Projects Bonds Fund, and Capital Projects Sales Tax Fund, the District uses separate funds to account for projects funded by these different revenue streams. Revenues from statewide sales taxes were \$2.619 million, down only slightly from \$2.655 million in fiscal year 2010. Construction began in 2010 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 \$10,375,283 at June 30, 2011, as compared to \$21,015,500 as restated for 2010.

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 budget amounts as compared to the actual expenditures for fiscal year 2011 in each functional area.

	Budget	Expenditures	Variance
Instruction	\$ 24,316,969	22,916,261	1,400,708
Support services	12,447,992	11,325,247	1,122,745
Non-instructional programs	3,905,004	3,311,250	593,754
Other expenditures	25,238,379	18,669,771	6,568,608
	<u>\$ 65,908,344</u>	<u>56,222,529</u>	<u>9,685,815</u>

The District made no amendments to its certified budget during fiscal year 2011. The larger variance in 'Other expenditure' category is due to the timing of completions on construction projects and their related cash flows during the fiscal year, often a difficult estimate.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the District had invested \$98,114,160, 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, the Buildings category increased by 16.2 percent, primarily due to a \$13.6 million increase for the final phase of the completed high school project. A corresponding amount of decrease was seen in the Construction in Progress category, but with an increase of over \$10 million for work on the Middle School project this category saw a total decrease of \$3.3 million or 21 percent. Equipment and Furniture increased by \$374,356 or 28.4 percent as purchases were made to furnish new and remodeled classrooms at the Middle School.

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,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	12,466,197	15,770,448	-	-	12,466,197	15,770,448	-21.0%
Buildings	81,961,917	70,510,945	-	-	81,961,917	70,510,945	16.2%
Improvements	459,963	499,607	-	-	459,963	499,607	-7.9%
Equipment and furniture	910,315	434,316	781,776	883,419	1,692,091	1,317,735	28.4%
Total	<u>\$ 97,332,384</u>	<u>88,749,308</u>	<u>781,776</u>	<u>883,419</u>	<u>98,114,160</u>	<u>89,632,727</u>	<u>9.5%</u>

The District's total capital assets net of depreciation increased by \$8.5 million, or 9.5 percent over the prior period.

Long-Term Debt

As shown in Figure A-7 below, the District had \$84,986,157 in long-term debt obligations at year-end 2011, a 2.89 percent decrease from prior year. The only addition to long-term debt was \$233,614 for new obligations of Other Post Employment Benefits. More detail on OPEB reporting is available in the notes to financial statements. Decreases for general obligation bonds totaled \$2.3 million or 3.87 percent, and there were no scheduled payments of principal in 2011 on Revenue Bonds. Capital lease obligations to Apple Computer, Inc were reduced by 64.17 percent, and these obligations will end in fiscal year 2012 with the final payment of \$82,024. Early retirement obligations such as retiree health insurance and other incentives decreased by \$354,647, or 23.38 percent from prior year.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2011	2010	2010-2011
General obligation bonds	\$ 56,895,000	59,185,000	-3.87%
Revenue bonds	26,160,000	26,160,000	0.00%
Obligation under capital lease	82,024	228,922	-64.17%
Early retirement	1,168,551	1,523,198	-23.28%
Compensated absences	45,027	46,777	-3.74%
Other postemployment benefits	635,555	370,000	71.77%
Total	\$ 84,986,157	87,513,897	-2.89%

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 connection with the global financial downturn has been cause for concern at most educational institutions. In fiscal 2010, the Governor instituted a 10 percent across-the-board cut to state general fund appropriations. This reduction amounted to over \$1.5 million for the Urbandale School District. The Board of Directors had committed to restoring general fund reserves through a \$3.8 million cash reserve levy in 2010. Additionally, the District proactively reduced many supply budgets by 50 percent for 2010 and reduced recurring labor costs by nearly \$1 million for the 2011 fiscal year. The District's aggressive action during 2010 and 2011 allowed for uninterrupted delivery of educational services, and significant gains to its financial health. Therefore, even given zero percent allowable growth for fiscal year 2012, the District is well positioned to maintain financial goals.
- 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 resident enrollment decreased at the start of the 2011-12 school year by 16 students. However, the net open enrollment number of students increased by 60 students. This will result in reduced funding through the State Foundation Formula, but an increase in tuition revenues. This increase in the total number of students served will have a positive effect on budgetary allowable growth in the following fiscal year.
- The District's financial health has improved during the past two fiscal years and financial targets for two key school finance indicators have been set. The target for solvency ratio is a minimum of 7.5 percent and the District now has a solvency ratio of 9.4 percent. The target for unspent balance of spending authority is a minimum of 10 percent of annual expenses, and the District's balance is now projected to be over 11 percent. Even during the recent financial downturn, and legislated zero percent allowable growth for 2011-12, maintaining the positive trend for these financial measures is an important goal. To do so will require a spending plan closely related to the District's budgetary allowable growth each year. Recurring expenses such as salaries and benefits, representing 80 percent of the operating budget, must be scrutinized and adjusted as necessary to maintain the District's financial health.

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, 2011

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 19,192,608	1,235,917	20,428,525
Receivables:			
Property tax:			
Delinquent	102,298	-	102,298
Succeeding year	19,237,662	-	19,237,662
Internal balances	354,608	(354,608)	-
Due from other governments	978,022	-	978,022
Inventories	-	468,771	468,771
Total current assets	39,865,198	1,350,080	41,215,278
Non-current assets:			
Bond discounts	499,140	-	499,140
Bond issuance costs	86,428	-	86,428
Capital assets:			
Capital assets, nondepreciable	14,000,189	-	14,000,189
Capital assets, depreciable, net of depreciation	83,332,195	781,776	84,113,971
Total non-current assets	97,917,952	781,776	98,699,728
Total assets	\$ 137,783,150	2,131,856	139,915,006
Liabilities			
Current liabilities:			
Accounts payable	\$ 323,643	-	323,643
Accrued salaries and benefits payable	3,430,585	46,808	3,477,393
Accrued interest payable	894,211	-	894,211
Unearned revenue:			
Succeeding year property tax	19,237,662	-	19,237,662
Other	224,684	27,896	252,580
General obligation bonds payable	2,345,000	-	2,345,000
Revenue bonds payable	960,000	-	960,000
Obligations under capital lease	82,024	-	82,024
Early retirement	402,522	-	402,522
Compensated absences	41,154	3,873	45,027
Total current liabilities	27,941,485	78,577	28,020,062
Non-current liabilities:			
Bonds premiums	124,790	-	124,790
General obligation bonds payable	54,550,000	-	54,550,000
Deferred amount on refunding	(1,260,922)	-	(1,260,922)
Revenue bonds payable	25,200,000	-	25,200,000
Early retirement	766,029	-	766,029
Other postemployment benefits	556,682	78,873	635,555
Total non-current liabilities	79,936,579	78,873	80,015,452
Total liabilities	107,878,064	157,450	108,035,514

Exhibit A

Urbandale Community School District
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business type Activities	Total
Net assets			
Invested in capital assets, net of related debt	18,140,084	781,776	18,921,860
Restricted for:			
Categorical funding	263,921	-	263,921
Physical plant and equipment levy	299,738	-	299,738
Public education and recreation levy	69,343	-	69,343
Student activities	37,603	-	37,603
School infrastructure	5,077,405	-	5,077,405
Debt service	3,268,364	-	3,268,364
Unrestricted	2,748,628	1,192,630	3,941,258
Total net assets	29,905,086	1,974,406	31,879,492
Total liabilities and net assets	\$ 137,783,150	2,131,856	139,915,006

See notes to financial statements.

Urbandale Community School District
Statement of Activities
Year Ended June 30, 2011

	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
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 15,881,366	3,770,713	3,293,757	-	(8,816,896)	-
Special	4,200,483	719,135	1,122,651	-	(2,358,697)	-
Other	4,431,146	648,627	41,719	-	(3,740,800)	-
	<u>24,512,995</u>	<u>5,138,475</u>	<u>4,458,127</u>	<u>-</u>	<u>(14,916,393)</u>	<u>-</u>
Support Service:						
Student	1,787,292	-	-	-	(1,787,292)	-
Instructional staff	1,650,601	-	-	-	(1,650,601)	-
Administration	3,836,372	-	-	-	(3,836,372)	-
Operating and maintenance of plant	3,507,265	59,295	-	-	(3,447,970)	-
Transportation	1,162,831	58,433	78,249	-	(1,026,149)	-
	<u>11,944,361</u>	<u>117,728</u>	<u>78,249</u>	<u>-</u>	<u>(11,748,384)</u>	<u>-</u>
Non-instructional programs	66,769	-	-	-	(66,769)	-
Other expenditures:						
Facilities acquisition	386,366	-	-	-	(386,366)	-
Long-term debt interest	3,844,399	-	-	-	(3,844,399)	-
AEA flowthrough	1,296,055	-	1,296,055	-	-	-
	<u>5,526,820</u>	<u>-</u>	<u>1,296,055</u>	<u>-</u>	<u>(4,230,765)</u>	<u>-</u>
Total governmental activities	42,050,945	5,256,203	5,832,431	-	(30,962,311)	-
Business type activities:						
Non-instructional programs:						
Nutrition services	1,828,060	1,294,004	598,045	-	-	63,989
Day Care services	1,190,821	1,222,695	114,378	-	-	146,252
Student Construction services	292,369	344,092	3,150	-	-	54,873
	<u>3,311,250</u>	<u>2,860,791</u>	<u>715,573</u>	<u>-</u>	<u>-</u>	<u>265,114</u>
Total primary government	<u>\$ 45,362,195</u>	<u>8,116,994</u>	<u>6,548,004</u>	<u>-</u>	<u>(30,962,311)</u>	<u>265,114</u>
General Revenues:						
Property tax levied for:						
General purposes					13,743,154	-
Debt service					4,491,468	-
Capital outlay					507,303	-
Statewide sales, services and use tax					3,012,320	-
Unrestricted state grants					11,325,159	-
Unrestricted investment earnings					45,085	647
Other general revenues					219,750	-
Gain on sale of assets					67,837	-
Total general revenues, capital contributions and transfers					<u>33,412,076</u>	<u>647</u>
Change in net assets					2,449,765	265,761
Net assets beginning of year					27,455,321	1,708,645
Net assets end of year					<u>\$ 29,905,086</u>	<u>1,974,406</u>

See notes to financial statements.

Exhibit C

Urbandale Community School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Assets					
Cash and pooled investments	\$ 6,647,825	1,580,849	9,985,578	978,356	19,192,608
Receivables:					
Property tax:					
Current year delinquent	70,954	24,762	2,018	4,564	102,298
Succeeding year	13,436,725	4,577,773	378,342	844,822	19,237,662
Due from other funds	9,440	351,887	346,580	-	707,907
Due from other governments	585,028	-	392,994	-	978,022
Total assets	\$ 20,749,972	6,535,271	11,105,512	1,827,742	40,218,497
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 214,383	109,260	-	-	323,643
Salaries and benefits payable	3,430,585	-	-	-	3,430,585
Due to other funds	-	-	351,887	1,412	353,299
Deferred revenue:					
Succeeding year property tax	13,436,725	4,577,773	378,342	844,822	19,237,662
Other	224,684	-	-	-	224,684
Early retirement payable	-	-	-	160,677	160,677
Total liabilities	17,306,377	4,687,033	730,229	1,006,911	23,730,550
Fund balances:					
Restricted for:					
Categorical funding	263,921	-	-	-	263,921
Debt service	-	1,848,238	2,314,337	-	4,162,575
Management levy purposes	-	-	-	713,885	713,885
Student activities	-	-	-	37,603	37,603
Public education & recreation levy purposes	-	-	-	69,343	69,343
School infrastructure	-	-	7,761,208	-	7,761,208
Physical plant and equipment	-	-	299,738	-	299,738
Unassigned	3,179,674	-	-	-	3,179,674
Total fund balances	3,443,595	1,848,238	10,375,283	820,831	16,487,947
Total liabilities and fund balances	\$ 20,749,972	6,535,271	11,105,512	1,827,742	40,218,497

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, 2011**

Total fund balances of governmental funds (Exhibit C)	\$ 16,487,947
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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.	97,332,384
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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	\$ (56,895,000)	
Revenue bonds payable	(26,160,000)	
Obligations under capital lease payable	(82,024)	
Bond discounts	499,140	
Bond issuance costs	86,428	
Deferred amount on refunding	1,260,922	
Bond premiums	(124,790)	
Accrued interest	(894,211)	
Early retirement	(1,168,551)	
Portion of early retirement reflected on governmental funds	160,677	
Compensated absences	(41,154)	
Other postemployment benefits	(556,682)	(83,915,245)
	<hr/>	<hr/>

Net assets of governmental activities (Exhibit A)	\$ 29,905,086
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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, 2011

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 13,045,495	4,491,468	3,378,292	838,990	21,754,245
Tuition	4,268,376	-	-	-	4,268,376
Other	456,118	73	64,806	663,942	1,184,939
Intermediate sources	5,000	-	-	-	5,000
State sources	15,407,502	1,674	136	328	15,409,640
Federal sources	1,810,673	-	-	-	1,810,673
Total revenues	34,993,164	4,493,215	3,443,234	1,503,260	44,432,873
Expenditures:					
Current:					
Instruction:					
Regular	14,452,719	-	-	470,297	14,923,016
Special	3,864,902	-	-	-	3,864,902
Other	3,491,822	-	-	636,521	4,128,343
	21,809,443	-	-	1,106,818	22,916,261
Support services:					
Student	1,640,619	-	-	-	1,640,619
Instructional staff	1,539,337	-	27,425	-	1,566,762
Administration	3,629,377	-	-	3,117	3,632,494
Operation and maintenance of plant	3,052,642	-	16,325	319,319	3,388,286
Transportation	1,063,833	-	-	33,253	1,097,086
	10,925,808	-	43,750	355,689	11,325,247
Other expenditures:					
Facilities acquisition	-	-	11,343,347	34,860	11,378,207
Long-term debt:					
Principal	-	2,436,898	-	-	2,436,898
Interest and fiscal charges	-	3,558,611	-	-	3,558,611
AEA flowthrough	1,296,055	-	-	-	1,296,055
	1,296,055	5,995,509	11,343,347	34,860	18,669,771
Total expenditures	34,031,306	5,995,509	11,387,097	1,497,367	52,911,279
Excess (deficiency) of revenues over (under) expenditures	961,858	(1,502,294)	(7,943,863)	5,893	(8,478,406)

Exhibit E

Urbandale Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2011

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Other financing sources (uses):					
Operating transfers in	-	2,696,354	-	-	2,696,354
Operating transfers out	-	-	(2,696,354)	-	(2,696,354)
Proceeds from sale of capital assets	67,837	-	-	-	67,837
Total other financing sources (uses)	67,837	2,696,354	(2,696,354)	-	67,837
Net change in fund balances	1,029,695	1,194,060	(10,640,217)	5,893	(8,410,569)
Fund balances beginning of year, as restated	2,413,900	654,178	21,015,500	814,938	24,898,516
Fund balances end of year	\$ 3,443,595	1,848,238	10,375,283	820,831	16,487,947

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, 2011

Net change in fund balances - total governmental funds (Exhibit E) **\$ (8,410,569)**

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	\$ 10,991,841	
Gain on sale of assets	67,837	
Proceeds from sale of capital assets	(67,837)	
Depreciation expense	<u>(2,408,765)</u>	8,583,076

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:

Repayments of bond and note principal	2,436,898	
Amortization of bond premiums	7,105	
Amortization of bond issuance costs	(5,459)	
Amortization of bond discounts	(31,802)	
Amortization of deferred amount on refunding	<u>(97,620)</u>	2,309,122

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.

(158,012)

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	359,238	
Compensated absences	524	
Other postemployment benefits	<u>(233,614)</u>	126,148

Change in net assets of governmental activities (Exhibit B) **\$ 2,449,765**

See notes to financial statements.

Exhibit G

Urbandale Community School District
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Non-major Enterprise
Assets	
Current assets:	
Cash and pooled investments	\$ 1,235,917
Inventories	468,771
Total current assets	<u>1,704,688</u>
Capital assets, net of accumulated depreciation	781,776
Total assets	<u><u>\$ 2,486,464</u></u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	\$ 46,808
Due to other funds	354,608
Unearned revenue	27,896
Compensated absences	3,873
Total current liabilities	<u>433,185</u>
Noncurrent liabilities:	
Other postemployment benefits	78,873
Total noncurrent liabilities	<u>78,873</u>
Total liabilities	<u><u>512,058</u></u>
Net assets	
Invested in capital assets, net of related debt	781,776
Unrestricted	1,192,630
Total net assets	<u><u>1,974,406</u></u>
Total liabilities and net assets	<u><u>\$ 2,486,464</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, 2011

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 2,860,791
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	1,190,821
Food service operations:	
Depreciation	101,643
Other	1,726,417
Other enterprise operations:	
Other	292,369
Total operating expenses	3,311,250
Operating loss	(450,459)
Non-operating revenue:	
Contributions	80,538
State sources	49,128
Federal sources	585,907
Interest income	647
Total non-operating revenue	716,220
Change in net assets	265,761
Net assets beginning of year	1,708,645
Net assets end of year	\$ 1,974,406

See notes to financial statements.

Exhibit I

Urbandale Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,300,586
Cash received from miscellaneous operating activities	1,566,787
Cash payments to employees for services	(1,806,287)
Cash payments to suppliers for goods or services	(1,419,354)
Net cash used by operating activities	<u>(358,268)</u>
Cash flows from non-capital financing activities:	
Due to other funds received	48,028
Due from other funds collected	49,946
Contributions received	80,538
State grants received	49,128
Federal grants received	467,042
Net cash provided by non-capital financing activities	<u>694,682</u>
Cash flows from investing activities:	
Interest on cash and investments	647
Net cash provided by investing activities	<u>647</u>
Net increase in cash and cash equivalents	337,061
Cash and cash equivalents at beginning of year	<u>898,856</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,235,917</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (450,459)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	128,380
Depreciation	101,643
Decrease in receivables	4,200
(Increase) in inventories	(178,655)
(Decrease) in accounts payable	(7,625)
Increase in salaries and benefits payable	9,925
Increase in deferred revenue	2,382
Increase in other post employment benefits	31,941
Net cash used by operating activities	<u><u>\$ (358,268)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$128,380.

See notes to financial statements.

Exhibit J

**Urbandale Community School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	<u>Agency</u>
Assets	
Cash and pooled investments	<u>\$ 102,150</u>
Total assets	<u>102,150</u>
Liabilities	
Other payables	<u>102,150</u>
Total liabilities	<u>102,150</u>
Net assets	<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. Combining schedules are also included for the Capital Project Fund accounts.

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 property tax and other revenues to be used 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 and other capital assets.

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.

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.

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

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 in the Wells Fargo Adv Government MM Fund and the Federal Home Loan Notes are stated at fair value. The Investments in the Iowa Schools Joint investment Trust and the IPAS education Institutional MM Fund are at amortized cost.

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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.

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, 2011. 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, fund balances are classified as follows:

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

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

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, 2011, expenditures did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 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, 2011, the District had investments as follows:

Wells Fargo Adv Government MM Fund	\$	6,255,753
Federal Home Loan Notes		5,123,680
IPAS education Institutional MM Fund		3,000,934
Iowa School Joint Investment Trust		
Diversified Portfolio		609,781
	\$	<u>14,990,148</u>

The investments in the Iowa School Joint Investment Trust and IPAS education Institutional MM Fund are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The negotiable investments in the Wells Fargo Adv Government MM Fund and the Federal Home loan Notes are reported at fair value.

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, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
General	Activity	\$ 1,412
General	Proprietary - Child Care	8,028
Capital Projects	Proprietary - Student Construction	346,580
Debt Service	Capital Projects	351,887
		<u>\$ 707,907</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects - Physical Plant & Equipment Levy	\$ 159,231
Debt Service	Capital Projects - Statewide Sales, Services and Use Tax	2,537,123
		<u>\$ 2,696,354</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, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Construction in progress	15,770,448	10,300,072	13,604,323	12,466,197
Total capital assets not being depreciated	17,304,440	10,300,072	13,604,323	14,000,189
Capital assets being depreciated:				
Buildings	90,032,021	13,604,323	-	103,636,344
Improvements other than buildings	680,752	8,728	-	689,480
Furniture and equipment	1,361,520	683,041	-	2,044,561
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	93,620,398	14,296,092	-	107,916,490
Less accumulated depreciation for:				
Buildings	19,521,076	2,153,351	-	21,674,427
Improvements other than buildings	181,145	48,372	-	229,517
Furniture and equipment	1,166,904	93,882	-	1,260,786
Leased equipment	1,306,405	113,160	-	1,419,565
Total accumulated depreciation	22,175,530	2,408,765	-	24,584,295
Total capital assets being depreciated, net	71,444,868	11,887,327	-	83,332,195
Governmental activities capital assets, net	\$ 88,749,308	22,187,399	13,604,323	97,332,384
Business type activities:				
Furniture and equipment	\$ 1,447,079	-	28,534	1,418,545
Less accumulated depreciation	563,660	101,643	28,534	636,769
Business type activities capital assets, net	\$ 883,419	(101,643)	-	781,776

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 1,093,230
Special	292,573
Other	264,331

Support services:

Student support	136,764
Instructional staff	80,958
Administration	256,403
Operation and maintenance of plant	136,628
Transportation	65,745
Noninstructional	82,133

Total governmental activities depreciation expense	\$ 2,408,765
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Business type activities:

Food services	\$ 101,643
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(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 59,185,000	-	2,290,000	56,895,000	2,345,000
Revenue bonds	26,160,000	-	-	26,160,000	960,000
Obligation under capital lease	228,922	-	146,898	82,024	82,024
Early retirement	1,523,198	-	354,647	1,168,551	402,522
Compensated absences	41,678	-	524	41,154	41,154
Net OPEB liability	323,068	233,614	-	556,682	-
Total	\$ 87,461,866	233,614	2,792,069	84,903,411	3,830,700
Business type activities:					
Compensated absences	5,098	-	1,225	3,873	3,873
Net OPEB liability	46,932	31,941	-	78,873	-
Total	\$ 87,836,964	499,169	2,793,294	85,542,839	3,834,573

General Obligation Bonds

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year ending June 30,	Bond Issue on October 1, 2005			
	Interest Rate	Principal	Interest	Total
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
		7,800,000	2,266,025	10,066,025

Urbandale Community School District
Notes to Financial Statements
June 30, 2011

General Obligation Bonds (continued)

Year ending June 30,	Bond Issue on July 1, 2006			
	Interest Rate	Principal	Interest	Total
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
		13,060,000	5,294,930	18,354,930

Year ending June 30,	Bond Issue on January 1, 2007			
	Interest Rate	Principal	Interest	Total
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
		8,660,000	3,959,110	12,619,110

Year ending June 30,	Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
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	9,287,865	21,682,865

Urbandale Community School District
Notes to Financial Statements
June 30, 2011

General Obligation Bonds (continued)

Year ending June 30,	Refunding Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
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
		14,980,000	3,771,588	18,751,588

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
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
	\$ 56,895,000	24,579,518	81,474,518

Revenue Bonds

Details of the District's June 30, 2011 statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year ending June 30,	Revenue bond Issue of April 9, 2009			
	Interest Rate	Principal	Interest	Total
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>14,493,099</u>	<u>40,653,099</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 \$40,653,099. For the current year, no principal and \$1,240,922 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$3,012,320.

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, 2011.

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 a capital lease arrangement 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, 2011:

Year ending June 30,	Apple Computer, Inc. Capital Lease	
	2008 Lease	Total
2012	\$ 85,973	85,973
Total minimum lease payments	85,973	85,973
Less amount representing interest	3,949	3,949
Present value of minimum lease payments	\$ 82,024	82,024

As of June 30, 2011, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	\$ 1,866,678,814
Debt limit of 5% of total assessed valuation	\$ 93,333,941
Amount of debt applicable to debt limit	83,137,024
Excess of debt limit over bonded debt issued, legal debt margin.	\$ 10,196,917

Early Retirement

The District offered a voluntary early retirement plan to its employees through June 30, 2010. To be eligible for the benefits, an employee needed to 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 was subject to approval by the Board of Education.

Early retirement benefits offered during those years 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, 2011, the District had obligations to 24 participants for the annuity benefit with a total liability of \$124,782. A total of 48 participants receive single health insurance coverage with premium costs ranging from \$455 to \$526 per month. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$354,647.

(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
2012	\$ 44,126
2013	44,126
2014	44,126
2015	25,740
	<u>\$ 158,118</u>

The total lease expense for the year ended June 30, 2011 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 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009, were \$1,613,610, \$1,567,916, and \$1,465,403, 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 48 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.

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.

Urbandale Community School District
Notes to Financial Statements
June 30, 2011

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, 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		16,650
Adjustment to annual required contribution		(14,095)
Annual OPEB cost		<u>835,555</u>
Contributions made		<u>(570,000)</u>
Increase in net OPEB obligation		265,555
Net OPEB obligation beginning of year		<u>370,000</u>
Net OPEB obligation end of year	\$	<u>635,555</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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, 2011.

For the year ended June 30, 2011, the District contributed \$6,430 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, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 834,000	68.35%	370,000
June 30, 2011	835,555	68.22%	635,555

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, 2011, 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 \$22,644,748, and the ratio of the UAAL to covered payroll was 34.9%. As of June 30, 2011, 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 \$1,296,055 for the year ended June 30, 2011 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 \$15,150,000 for the Middle School renovation project. As of June 30, 2011, costs of \$12,466,197 had been incurred against the contracts. The balance of \$2,683,803 remaining at June 30, 2011 will be paid as work on the projects progresses. A summary of the project is as follows:

Project	Contract Amount	Costs through June 30, 2011
Middle School Renovation	\$ 15,150,000	12,466,197

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 20,847,845	167,655
Change in fund type classification per implementation of GASB Statement No. 54	167,655	(167,655)
Balances July 1, 2010, as restated	\$ 21,015,500	-

Required Supplementary Information

Urbandale Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information
Year ended June 30, 2011

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%
2011	July 1, 2009	-	7,900,000	7,900,000	0.0%	22,644,748	34.9%

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.

See accompanying independent auditor's report.

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, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 27,207,560	2,941,976	30,149,536	28,130,356	2,019,180
Intermediate sources	5,000	-	5,000	10,000	(5,000)
State sources	15,409,640	49,128	15,458,768	19,684,426	(4,225,658)
Federal sources	1,810,673	585,907	2,396,580	1,740,827	655,753
Total revenues	44,432,873	3,577,011	48,009,884	49,565,609	(1,555,725)
Expenditures:					
Instruction	22,916,261	-	22,916,261	24,316,969	1,400,708
Support services	11,325,247	-	11,325,247	12,447,992	1,122,745
Non-instructional programs	-	3,311,250	3,311,250	3,905,004	593,754
Other expenditures	18,669,771	-	18,669,771	25,238,379	6,568,608
Total expenditures	52,911,279	3,311,250	56,222,529	65,908,344	9,685,815
Deficiency of revenues under expenditures	(8,478,406)	265,761	(8,212,645)	(16,342,735)	8,130,090
Other financing sources, net	67,837	-	67,837	-	67,837
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(8,410,569)	265,761	(8,144,808)	(16,342,735)	8,197,927
Balances beginning of year	24,898,516	1,708,645	26,607,161	24,428,664	2,178,497
Balances end of year	\$ 16,487,947	1,974,406	18,462,353	8,085,929	10,376,424

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.

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 \$1,296,055 for the year ended June 30, 2011.

Other Supplementary Information

Schedule 1

Urbandale Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Funds			
	Management	Student Activity	Public Education & Recreation Levy	Total
Assets				
Cash and pooled investments	\$ 870,767	39,015	68,574	978,356
Receivables:				
Property tax:				
Delinquent	3,795	-	769	4,564
Succeeding year	700,001	-	144,821	844,822
Total assets	\$ 1,574,563	39,015	214,164	1,827,742
Liabilities and Fund Equity				
Liabilities:				
Due to other funds	-	1,412	-	1,412
Deferred revenue:				
Succeeding year property tax	700,001	-	144,821	844,822
Early retirement payable	160,677	-	-	160,677
Total liabilities	860,678	1,412	144,821	1,006,911
Fund Balances:				
Restricted for:				
Management levy purposes	713,885	-	-	713,885
Student activities	-	37,603	-	37,603
Public education & recreation levy purposes	-	-	69,343	69,343
Unassigned	713,885	37,603	69,343	820,831
Total liabilities and fund equity	\$ 1,574,563	39,015	214,164	1,827,742

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, 2011

	Special Revenue Funds			Total
	Management	Student Activity	Public Education & Recreation Levy	
Revenues:				
Local sources:				
Local tax	697,659	-	141,331	838,990
Other	20,328	637,954	5,660	663,942
State sources	273	-	55	328
Total revenues	718,260	637,954	147,046	1,503,260
Expenditures:				
Current:				
Instruction:				
Regular	341,845	-	128,452	470,297
Other	-	636,521	-	636,521
Support services:				
Administration:	3,117	-	-	3,117
Operation and maintenance of plant	319,319	-	-	319,319
Transportation	-	33,253	-	33,253
Other expenditures:				
Facilities acquisition and construction	-	-	34,860	34,860
Total expenditures	664,281	669,774	163,312	1,497,367
Excess (deficiency) of revenues over (under) expenditures	53,979	(31,820)	(16,266)	5,893
Fund balances beginning of year, as restated	659,906	69,423	85,609	814,938
Fund balances end of year	\$ 713,885	\$ 37,603	\$ 69,343	\$ 820,831

See accompanying independent auditor's report.

Schedule 3

Urbandale Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2011

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Funds	
Assets				
Cash and pooled investments	\$ 9,322,245	297,720	365,613	9,985,578
Receivables:				
Property tax:				
Current year delinquent	-	2,018	-	2,018
Succeeding year	-	378,342	-	378,342
Due from other funds	346,580	-	-	346,580
Due from other governments	392,994	-	-	392,994
Total assets	\$ 10,061,819	678,080	365,613	11,105,512
Liabilities and Fund Balances				
Liabilities:				
Due to other funds	\$ 351,887	-	-	351,887
Deferred revenue:				
Succeeding year property tax	-	378,342	-	378,342
Total liabilities	351,887	378,342	-	730,229
Fund balances:				
Restricted for:				
Debt service	2,314,337	-	-	2,314,337
School infrastructure	7,395,595	-	365,613	7,761,208
Physical plant and equipment	-	299,738	-	299,738
	9,709,932	299,738	365,613	10,375,283
Total liabilities and fund balances	\$ 10,061,819	678,080	365,613	11,105,512

See accompanying independent auditor's report.

Schedule 4

Urbandale Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts
Year ended June 30, 2011

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Funds	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ -	348,974	-	348,974
Utility tax replacement excise tax	-	16,998	-	16,998
Statewide sales, services and use tax	3,012,320	-	-	3,012,320
	3,012,320	365,972	-	3,378,292
Other local sources:				
Interest on investments	64,805	1	-	64,806
	64,805	1	-	64,806
	3,077,125	365,973	-	3,443,098
State sources:				
Revenue in lieu of taxes :				
Military credit	-	136	-	136
Total revenues	3,077,125	366,109	-	3,443,234
Expenditures:				
Current:				
Support Services:				
Instructional staff:				
Property	-	17,700	9,725	27,425
Operation and maintenance:				
Services	-	16,325	-	16,325
	-	34,025	9,725	43,750
Other expenditures:				
Facilities acquisition				
Services	10,396,876	-	50	10,396,926
Property	905,651	40,770	-	946,421
	11,302,527	40,770	50	11,343,347
Total expenditures	11,302,527	74,795	9,775	11,387,097
Excess (deficiency) of revenues over (under) expenditures	(8,225,402)	291,314	(9,775)	(7,943,863)
Other financing uses:				
Operating transfers out	(2,537,123)	(159,231)	-	(2,696,354)
Total other financing uses	(2,537,123)	(159,231)	-	(2,696,354)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(10,762,525)	132,083	(9,775)	(10,640,217)
Fund balances beginning of year, as restated	20,472,457	167,655	375,388	21,015,500
Fund balances end of year	\$ 9,709,932	299,738	365,613	10,375,283

See accompanying independent auditor's report.

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2011

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Jensen Activity	\$ 5,806	(5,456)	7,194	7,369	175
Jensen Web Clickers	189	-	-	-	189
K.A. Elementary-Activity	7,799	(3,602)	259	2,233	2,223
K.A. Elementary-Web Clickers	-	-	596	596	-
Olmsted Web Clickers	50	(50)	-	-	-
Olmsted Activity	3,873	(1,649)	1,407	2,519	1,112
Olmsted Media Paper	271	(271)	-	-	-
Rolling Green Activity	3,954	(2,226)	104	-	1,832
Rolling Green Web Clickers	1,832	-	-	1,832	-
Valerius Web Clickers	29	-	-	-	29
Valerius Activity	-	(10)	3,593	3,583	-
Webster Elementary	1,428	1,954	2,094	3,637	1,839
Activity/Athletic Sponsor	-	-	146,710	146,710	-
Art	1,261	(90)	1,207	1,771	607
Art Club	127	-	-	-	127
At Risk	599	(599)	-	-	-
Boys Basketball	-	-	22,722	22,722	-
Boys Baseball	-	-	23,118	23,118	-
Boys Cross Country	-	-	1,401	1,401	-
Boys Football	-	-	20,772	20,772	-
Boys Soccer	-	(328)	7,049	6,721	-
Boys Swimming	-	-	810	810	-
Boys Track	1,461	(1,461)	5,699	5,699	-
Boys Wrestling	-	-	24,210	24,210	-
Building Activity	-	712	22,239	22,595	356
Cadet Teachers	520	-	-	-	520
Character Counts	862	(334)	274	538	264
Cheerleaders	482	(482)	1,483	1,483	-
DECA	2,053	(1,387)	7,820	8,153	333
Drama	-	-	1,502	1,502	-
Drug Foundation	450	-	-	-	450
Environmental Club	98	(50)	454	404	98
Future Business Leaders	80	-	-	-	80
German Club	223	(223)	-	-	-
Girls Basketball	-	-	8,163	8,163	-
Girls Cross Country	-	-	919	919	-
Girls Golf	-	-	1,200	1,200	-
Girls Soccer	591	2,471	5,706	7,237	1,531
Girls Softball	-	10,502	18,535	23,712	5,325
Girls Swimming	-	-	810	810	-
Girls Tennis	-	-	1,210	1,210	-
Girls Track	487	(487)	7,246	7,246	-
Girls Volleyball	-	2,252	24,134	25,260	1,126
Guidance	79	571	600	925	325
I-Movie Club	3,387	(3,457)	493	423	-
Industrial Arts Club	3,750	(4,098)	607	259	-
Industrial Arts House	446	446	494	940	446
Instrumental Music	-	2,289	152,183	153,275	1,197
Interest Student Fund	70	(88)	104	-	86
Japanese Trip	63	-	-	-	63
Jayhawker	3,084	(1,226)	761	1,662	957

Schedule 5

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2011

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Jaywalkers	20	(20)	12,363	12,363	-
Key Club	800	2,234	2	1,411	1,625
Library	2,601	(2,460)	2,327	2,328	140
Memory Book	4,377	(4,377)	7,911	7,911	-
Parenting Comm. Network	850	-	-	-	850
Peer Helpers	188	188	320	508	188
Physics	3	1	-	-	4
Picture	12,359	(11,205)	9,312	9,889	577
Science Activity	200	(171)	-	15	14
Spanish Honor Society	1,090	1,090	139	1,229	1,090
Spanish Trip	159	157	3,451	3,608	159
Special Ed	500	-	-	-	500
Student Participation Fee	470	-	-	-	470
Student Pop	61	61	95	156	61
Student Senate	-	402	4,695	4,896	201
Tag Activities	54	26	100	126	54
Tag Activities Fees	-	-	100	100	-
The Roaring Leo Club	287	265	57	322	287
Vocal Music	-	-	60,401	60,401	-
Yearbook	-	20,186	10,799	20,892	10,093
Total	\$ 69,423	-	637,954	669,774	37,603

See accompanying independent auditor's report.

Urbandale Community School District
Combining Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Funds			Total
	Student Construction	Child Care	School Nutrition	
Assets				
Current assets:				
Cash and pooled investments	\$ 1,110	267,542	967,265	1,235,917
Inventories	440,102	-	28,669	468,771
Total current assets	441,212	267,542	995,934	1,704,688
Noncurrent assets:				
Capital assets:				
Equipment	-	-	1,418,545	1,418,545
Accumulated depreciation	-	-	(636,769)	(636,769)
Total noncurrent assets	-	-	781,776	781,776
Total assets	\$ 441,212	267,542	1,777,710	2,486,464
Liabilities				
Current liabilities:				
Salaries and benefits payable	\$ -	-	46,808	46,808
Due to other funds	346,580	8,028	-	354,608
Unearned revenue	-	-	27,896	27,896
Compensated absences	-	3,873	-	3,873
Total current liabilities	346,580	11,901	74,704	433,185
Noncurrent liabilities:				
Other postemployment benefits	-	34,293	44,580	78,873
Total noncurrent liabilities	-	34,293	44,580	78,873
Total liabilities	346,580	46,194	119,284	512,058
Net assets				
Invested in capital assets, net of related debt	-	-	781,776	781,776
Unrestricted	94,632	221,348	876,650	1,192,630
Total net assets	94,632	221,348	1,658,426	1,974,406
Total net assets and liabilities	\$ 441,212	267,542	1,777,710	2,486,464

See accompanying independent auditor's report.

Schedule 7

Urbandale Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2011

	Enterprise Funds			
	Student Construction	Child Care	School Nutrition	Total
Operating revenue:				
Local sources:				
Other local sources:				
Sale of lunches and breakfasts	\$ -	-	1,287,039	1,287,039
Sale of services	-	1,207,347	-	1,207,347
Sale of construction project	344,000	-	-	344,000
Other revenues	92	15,348	6,965	22,405
Total operating revenue	344,092	1,222,695	1,294,004	2,860,791
Operating expenses:				
Non-instructional programs:				
Community service operations:				
Salaries	-	904,646	-	904,646
Benefits	-	138,389	-	138,389
Services	-	2,342	-	2,342
Supplies	-	145,444	-	145,444
	-	1,190,821	-	1,190,821
Food services operations:				
Salaries	-	-	695,702	695,702
Benefits	-	-	109,416	109,416
Services	-	-	33,499	33,499
Supplies	-	-	887,800	887,800
Depreciation	-	-	101,643	101,643
	-	-	1,828,060	1,828,060
Other enterprise operations:				
Services	-	-	-	-
Supplies	292,369	-	-	292,369
	292,369	-	-	292,369
Total operating expenses	292,369	1,190,821	1,828,060	3,311,250
Operating gain (loss)	51,723	31,874	(534,056)	(450,459)
Non-operating revenue:				
Contributions	3,150	77,388	-	80,538
State sources	-	36,990	12,138	49,128
Federal sources	-	-	585,907	585,907
Interest income	-	-	647	647
Total non-operating revenue	3,150	114,378	598,692	716,220
Change in net assets	54,873	146,252	64,636	265,761
Net assets beginning of year	39,759	75,096	1,593,790	1,708,645
Net assets end of year	\$ 94,632	221,348	1,658,426	1,974,406

See accompanying independent auditor's report.

Schedule 8

Urbandale Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Enterprise Funds			Total
	Student Construction	Child Care	Student Nutrition	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ -	-	1,300,586	1,300,586
Cash received from miscellaneous operating activities	344,092	1,222,695	-	1,566,787
Cash payments to employees for services	-	(1,059,778)	(746,509)	(1,806,287)
Cash payments to suppliers for goods or services	(461,751)	(154,501)	(803,102)	(1,419,354)
Net cash provided (used) by operating activities	(117,659)	8,416	(249,025)	(358,268)
Cash flows from non-capital financing activities:				
Due to other funds	40,000	8,028	-	48,028
Due from other funds	-	49,946	-	49,946
Contributions - operating	3,150	77,388	-	80,538
State grants received	-	36,990	12,138	49,128
Federal grants received	-	-	467,042	467,042
Net cash provided by non-capital financing activities	43,150	172,352	479,180	694,682
Cash flows from investing activities:				
Interest on cash and investments	-	-	647	647
Net cash provided by investing activities	-	-	647	647
Net increase (decrease) in cash and cash equivalents	(74,509)	180,768	230,802	337,061
Cash and cash equivalents at beginning of year	75,619	86,774	736,463	898,856
Cash and cash equivalents at end of year	\$ 1,110	267,542	967,265	1,235,917
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:				
Operating gain (loss)	\$ 51,723	31,874	(534,056)	(450,459)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:				
Commodities used	-	-	128,380	128,380
Depreciation	-	-	101,643	101,643
Decrease in accounts receivable	-	-	4,200	4,200
(Increase) in inventories	(169,082)	-	(9,573)	(178,655)
(Decrease) in accounts payable	(300)	(6,715)	(610)	(7,625)
Increase (decrease) in salaries and benefits payable	-	(29,692)	39,617	9,925
Increase in deferred revenue	-	-	2,382	2,382
Increase in other postemployment benefits	-	12,949	18,992	31,941
Net cash provided (used) by operating activities	\$ (117,659)	8,416	(249,025)	(358,268)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$128,380.

See accompanying independent auditor's report.

Schedule 9

Urbandale Community School District
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year ended June 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 144,421	-	42,271	102,150
Total assets	\$ 144,421	-	42,271	102,150
Liabilities				
Accounts payable	\$ 5,758	-	5,758	-
Fiduciary liabilities	138,663	-	36,513	102,150
Total liabilities	\$ 144,421	-	42,271	102,150

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 Nine Years

	Modified Accrual Basis								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:									
Local sources:									
Local tax	\$ 21,754,245	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	4,268,376	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	1,184,939	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	5,000	3,500	6,010	86,218	3,500	59,245	64,032	-	-
State sources	15,409,640	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	1,810,673	2,934,121	1,034,983	655,751	547,590	622,358	465,842	227,507	229,277
Total	\$ 44,432,873	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	\$ 14,923,016	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	3,864,902	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	4,128,343	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	1,640,619	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	1,566,762	1,665,018	1,715,917	1,939,644	1,528,527	1,071,345	863,833	716,993	749,501
Administration	3,632,494	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	3,388,286	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	1,097,086	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	11,378,207	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	2,436,898	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	3,558,611	3,487,380	2,487,967	2,357,532	1,763,878	1,105,710	1,049,009	328,152	473,678
AEA flowthrough	1,296,055	1,259,842	1,109,997	1,034,898	970,817	892,229	846,216	847,006	897,431
Total	\$ 52,911,279	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.

Urbandale Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

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 11	\$ 48,351
National School Lunch Program	10.555	FY 11	537,556 *
			<u>585,907</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY 11	<u>25,336</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 11	<u>222,595</u>
Vocational Education - Basic Grants to States	84.048	FY 11	<u>32,658</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>73,646</u>
Grants for State Assessments and Related Activities	84.369	FY 11	<u>23,998</u>
ARRA - State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund(SFSF) -			
Education State Grants, Recovery Act	84.394	FY 11	169,586
ARRA - State Fiscal Stabilization Fund(SFSF) -			
Government Services, Recovery Act	84.397	FY 11	<u>151,263</u>
			<u>320,849</u>
ARRA - Education Jobs Fund	84.410	FY 11	<u>644,384</u>
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY 11	<u>181,930</u>
U.S. Department of Health:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive Health Programs			
to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY 11	<u>154</u>
Total			<u>\$ 2,111,457</u>

* Includes \$128,380 of non-cash awards.

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

See accompanying independent auditor's report.

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

To the Board of Education of Urbandale Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Urbandale Community School District, Urbandale, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated October 19, 2011. 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, 2011 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 19, 2011

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 Urbandale Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Urbandale Community School District's major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 19, 2011

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 84.410 – ARRA – Education Job fund
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Urbandale Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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, 2011**

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-11 Certified Budget and General Fund Spending Authority - Expenditures for the year ended June 30, 2011, did not exceed the certified budget amounts.
- IV-B-11 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-11 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-11 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-11 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-11 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-11 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-11 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-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-K-11 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, 2011

IV-L-11 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. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	20,472,457
Revenues/transfers in:			
Sales tax revenues	\$	3,012,320	
Other local revenues		64,805	3,077,125
			<u>23,549,582</u>
Expenditures/transfers out			
School infrastructure construction		11,302,527	
Transfers to other funds:			
Debt service funds		2,537,123	13,839,650
			<u>13,839,650</u>
Ending balance		\$	<u>9,709,932</u>

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy	
	Reduction Per	
	\$1,000 of Taxable	Property Tax Dollars
	Valuation	Reduced
Debt service levy	\$ 2.41538	2,537,123