

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

**June 30, 2012**



## 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)		5-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	17-18
Statement of Activities	B	19
Governmental Funds Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds To the Statement of Activities	F	24
Proprietary Funds Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	28
Notes to Financial Statements		29-44
Required Supplementary Information:		
Schedule of Funding Progress for the Retiree Health Plan		46
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		47
Notes to Required Supplementary Information - Budgetary Reporting		48
Other Supplementary Information:	<u>Schedule/Statement</u>	
Non-major Governmental Funds:		
Combining Balance Sheet	1	50
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	51
Capital Projects Accounts:		
Combining Balance Sheet	3	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	53
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	54-55
Proprietary Funds:		
Combining Statement of Net Assets	6	56
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	7	57
Combining Statement of Cash Flows	8	58
Agency Fund:		
Schedule of Changes in Fiduciary Assets and Liabilities	9	59
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	10	60
Schedule of Expenditures of Federal Awards	11	61
Notes to Schedule of Expenditures of Federal Awards		62
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>		63-64
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		65-66
Schedule of Findings and Questioned Costs		67-69

**Urbandale Community School District  
Board of Education and School District Officials  
Year Ended June 30, 2012**

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
(Before September 2011 Election)		
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
(After September 2011 Election)		
Ryan Judas	President	2013
Adam Obrecht	Vice President	2015
Jeffrey Farrell	Board Member	2013
Shawn St. John	Board Member	2013
Kyle Kruidenier	Board Member	2015
Cate Newberg	Board Member	2015
Mark Wierson	Board Member	2015
<b>School District Officials</b>		
Doug Stilwell	Superintendent	2015
Shelly Clifford	District Secretary/Treasurer and Business Manager	2015
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



## 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, 2012, 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, 2012, 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 November 15, 2012, 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 nine years ended June 30, 2011, (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information 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

November 15, 2012

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, 2012. 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 \$36,431,132 in fiscal 2012, increased by over \$1.4 million or 4.1 percent, as compared to \$34,993,164 in fiscal year 2011. The District tax levy remained steady at \$17.64 for the second year, and the increase was primarily in State Aid revenues. General Fund expenditures were \$35,524,190 in fiscal 2012, compared to \$34,031,306 in fiscal year 2011, an increase of 4.4 percent.
- As the District continues to restore cash reserves, General Fund balance increased from \$3,443,595 in fiscal year 2011, to \$4,359,382 in fiscal 2012, a 27 percent increase over the prior year. The General Fund solvency ratio increased to 11.6 percent. The solvency ratio is widely used as a comparative tool and considered to be a good measure of a District's financial health. A graph showing the District's solvency ratio history is included later in this section.
- A \$15 million Middle School Addition and Renovation project, phased over two years, was completed at fiscal year-end 2012. The project was funded through sales tax revenue bonds and will finish significantly under budget, allowing for additional building improvements such as ADA compliance modifications throughout the District. Newer facilities, especially in the location of new housing developments make 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.

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2012**

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

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

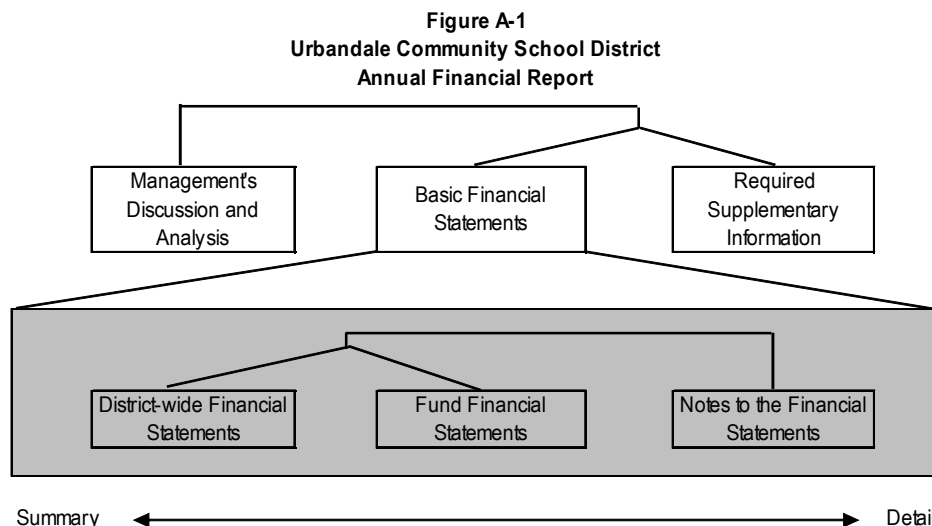


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services, 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 student activity funds or to demonstrate that it is properly using certain revenues.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
  - The District's governmental funds include the General Fund, the Management Levy Fund, the Student Activity Fund, The Physical Plant and Equipment Levy (PPEL) Fund, the Physical Education and Recreation Levy (PERL) Fund, the Capital Projects - Sales and Services Tax Fund, and the Debt Service Fund.
  - The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2012**

- 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 five enterprise funds: the Nutrition Fund, the Adventuretime (Childcare) Fund, and the Building Trades (Student Construction) Fund, Community Education Fund, and the J-Hawk Camps Fund.
- *Internal service funds*, (the other type of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District began utilizing an internal service fund for fiscal year 2012-13 health insurance transactions on July 1, 2012.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as a PTA organization. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**Financial Analysis of the District as a Whole**

**Net Assets** – Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2012 compared to 2011.

<b>Figure A-3 Condensed Statement of Net Assets</b>							
	<b>Governmental activities</b>		<b>Business type activities</b>		<b>Total</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2011-2012</b>
Current assets	\$ 58,193,081	39,865,198	1,623,158	1,350,080	59,816,239	41,215,278	45.1%
Capital assets, net	97,412,472	97,332,384	696,044	781,776	98,108,516	98,114,160	0.0%
Other noncurrent assets	713,693	585,568	-	-	713,693	585,568	21.9%
<b>Total assets</b>	<b>156,319,246</b>	<b>137,783,150</b>	<b>2,319,202</b>	<b>2,131,856</b>	<b>158,638,448</b>	<b>139,915,006</b>	<b>13.4%</b>
Current liabilities	27,885,108	27,941,485	100,745	78,577	27,985,853	28,020,062	-0.1%
Long-term liabilities	96,476,839	79,936,579	74,966	78,873	96,551,805	80,015,452	20.7%
<b>Total liabilities</b>	<b>124,361,947</b>	<b>107,878,064</b>	<b>175,711</b>	<b>157,450</b>	<b>124,537,658</b>	<b>108,035,514</b>	<b>15.3%</b>
<b>Net assets:</b>							
Invested in capital assets, net of related debt	17,570,773	18,140,084	696,044	883,419	18,266,817	19,023,503	-4.0%
Restricted	10,254,775	9,016,374	-	-	10,254,775	9,016,374	13.7%
Unrestricted	4,131,751	2,748,628	1,447,447	825,226	5,579,198	3,573,854	56.1%
<b>Total net assets</b>	<b>\$ 31,957,299</b>	<b>29,905,086</b>	<b>2,143,491</b>	<b>1,708,645</b>	<b>34,100,790</b>	<b>31,613,731</b>	<b>7.9%</b>

The District's combined total net assets increased from \$31,613,731 in prior year to \$34,100,790 for 2012, a 7.9 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 2012 through scheduled payments on principle was \$3,387,024.

As shown in A-3, capital assets net of depreciation remained steady at \$98.1 million, while current assets increased by \$18.6 million or 45.1 percent over prior year, primarily due to bond proceeds escrowed for crossover refunding. Unrestricted net assets increased by over \$2 million or 56.1 percent during 2012, as the District continued to build cash reserves.

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2012**

**Changes in Net Assets** – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2012 and 2011. These two main components calculate a change in net assets under the full accrual method of accounting. The change in net assets for 2012 was an increase of \$2.2 million, compared to an increase of \$2.7 million in net assets for 2011.

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. Charges for services increased by 13.8 percent; while operating grants, contributions, and restricted interest decreased by 12.5 percent as compared to prior year. General revenue includes taxes and unrestricted grants such as State foundation aid. Property tax revenues were steady, increasing just \$373,241, or 2 percent over the prior fiscal year. Property tax rates were held at \$17.64 per \$1000 of taxable valuation, the same rate as prior year. Unrestricted state grants increased by \$1.68 million, or 14.9 percent, due to the State's increase for budgetary growth for 2012. Total revenues increased by \$2.2 million, or 4.6 percent over the 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 2012 were \$2.7 million higher, a 6 percent increase over prior year.

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

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>June 30,</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2011-2012</b>
Revenues:							
Program revenues:							
Charges for service	\$ 5,573,316	5,256,203	3,665,552	2,860,791	9,238,868	8,116,994	13.8%
Operating grants, contributions and restricted interest	5,026,711	5,832,431	705,109	715,573	5,731,820	6,548,004	-12.5%
General revenues:							
Property tax	19,115,166	18,741,925	-	-	19,115,166	18,741,925	2.0%
Statewide sales and services tax	2,825,218	3,012,320	-	-	2,825,218	3,012,320	-6.2%
Unrestricted state grants	13,007,141	11,325,159	-	-	13,007,141	11,325,159	14.9%
Unrestricted investment earnings	76,875	45,085	138	647	77,013	45,732	68.4%
Other	298,195	287,587	-	-	298,195	287,587	3.7%
Total revenues	45,922,622	44,500,710	4,370,799	3,577,011	50,293,421	48,077,721	4.6%
Program expenses:							
Governmental activities:							
Instruction	25,380,929	24,512,995	-	-	25,380,929	24,512,995	3.5%
Support services	12,895,197	11,944,361	-	-	12,895,197	11,944,361	8.0%
Non-instructional programs	102,666	66,769	4,201,714	3,311,250	4,304,380	3,378,019	27.4%
Other expenses	5,491,617	5,526,820	-	-	5,491,617	5,526,820	-0.6%
Total expenses	43,870,409	42,050,945	4,201,714	3,311,250	48,072,123	45,362,195	6.0%
Increase in net assets	2,052,213	2,449,765	169,085	265,761	2,221,298	2,715,526	-18.2%
Net assets at the beginning of year, as restated	29,905,086	27,455,321	1,974,406	1,708,645	31,879,492	29,163,966	9.3%
Net assets end of year	\$ 31,957,299	29,905,086	2,143,491	1,974,406	34,100,790	31,879,492	7.0%

**Governmental Activities**

Total revenues shown in A-4 for governmental activities in 2012 were \$45,922,622 and total expenses were \$43,870,409. The net change in governmental assets was an increase of \$2,052,213 during the period, compared to a net increase of \$2,449,765 during the prior year. This small decrease in net change was primarily due to spending down the construction project funds as the Middle School Additions and Renovations project was completed.

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2012**

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

<b>Figure A-5 Total and Net Cost of Governmental Activities</b>						
	<b>Total Cost of Services</b>		<b>Total Change</b>	<b>Net Cost of Services</b>		<b>Total Change</b>
	<b>2012</b>	<b>2011</b>	<b>2011-2012</b>	<b>2012</b>	<b>2011</b>	<b>2011-2012</b>
Instruction	\$ 25,380,929	24,512,995	3.5%	16,241,951	14,916,393	8.9%
Support services	12,895,197	11,944,361	8.0%	12,651,144	11,748,384	7.7%
Non-instructional	102,666	66,769	53.8%	102,666	66,769	53.8%
Other expenses	5,491,617	5,526,820	-0.6%	4,274,621	4,230,765	1.0%
Totals	\$ 43,870,409	42,050,945	4.3%	33,270,382	30,962,311	7.5%

The total cost of all governmental activities as shown above was \$43,870,409. Some of this cost, or nearly \$5.4 million was financed by users of the District's programs, such as from fees or admissions revenues. Another \$3.8 million was subsidized by federal and state governments through restricted program grants and contributions and \$1.2 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 \$33,270,382, financed with approximately \$13 million in unrestricted state aid, \$2.8 million in state-wide sales tax revenues, and over \$19 million in local tax revenues. State aid and local property tax revenues 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 increased by \$2.3 million or 7.5 percent over the prior year. The Statement of Activities report in the basic financial statements section provides additional detail on the District's total and net cost of activities.

### **Business-type Activities**

As previously discussed, the District's business-type funds include five enterprise funds: the Nutrition Fund, the Adventuretime (child care) Fund, and the Building Trades (student construction) Fund, the Community Education Fund, and the J-Hawk Camps 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 \$1,939,087 for 2012, an increase of \$46,391, or 2.5 percent over prior year. Nutrition Fund expenses were \$1,856,300 for 2012, an increase of \$28,240, or 1.5 percent over prior year. Nutrition fund net assets were \$1,741,213 at June 30, 2012, compared to \$1,658,426 for prior year. The change in net assets was an increase of \$82,787, or 5 percent.

The Adventuretime Fund had revenues of \$1,626,536 for 2012, an increase of \$289,463, or 21.6 percent over prior year. The program provides child care services before and after school, and during summer months, and enrollment into the program continues to rise. Expenses for 2012 were \$1,576,715 and increased by \$385,894 compared to fiscal year 2011. Adventuretime Fund net assets at end of 2012 were \$271,169, compared to \$221,348 for 2011, an increase of 22.5 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 four successful home constructions have been sold since the program became financed through the District. Net assets for this fund at fiscal year-end 2012 including inventory of two residential building lots were \$102,361.

The J-Hawk Camp Fund was created during fiscal year 2012 to account for District-sponsored youth sports camp revenues and expenses. First year revenues of \$42,088 less expenses of \$13,340 leave a net asset balance of \$28,748 at fiscal year end.

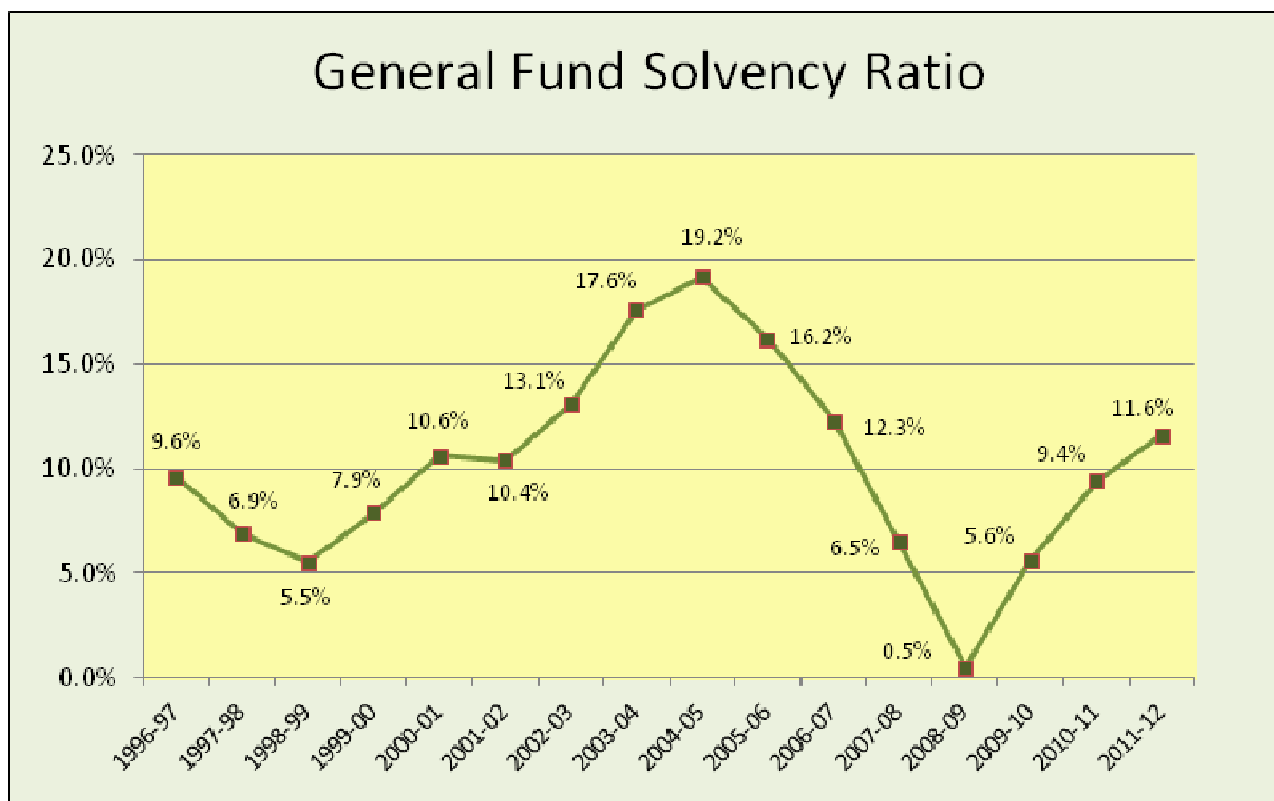
## Financial Analysis of the District's Funds

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

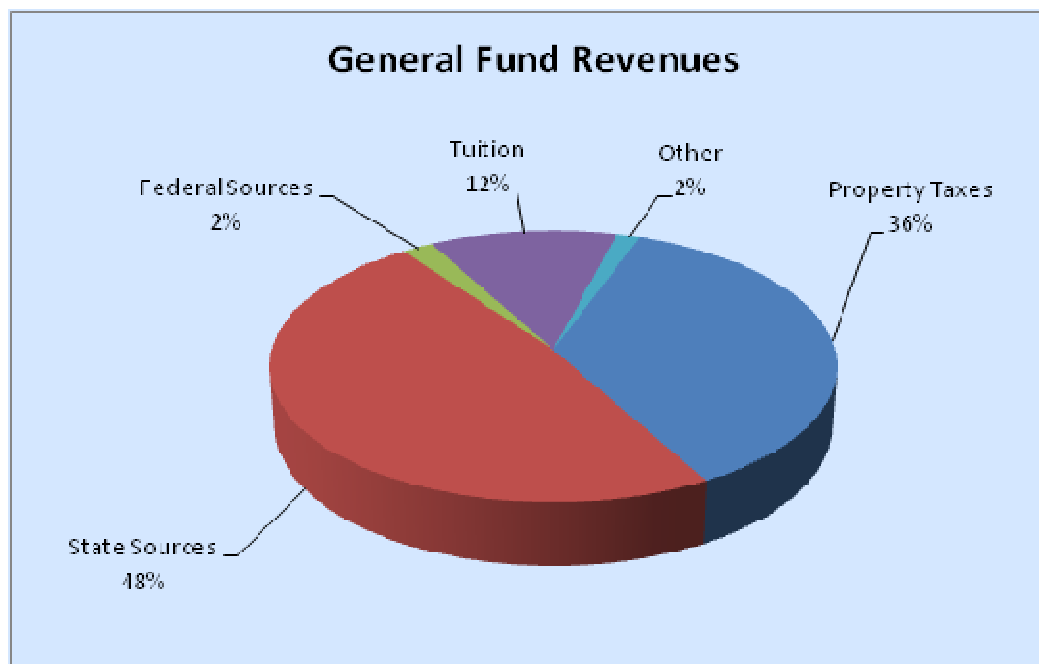
### Governmental Fund Highlights

The financial performance of the District as a whole is largely reflected in its governmental funds, particularly by analysis of the fund balances. Overall, the District's governmental funds had combined fund balances of \$34,758,048 at June 30, 2012, an increase of \$18,270,101, or 110.8 percent over prior year. The following is a closer look at each individual major fund:

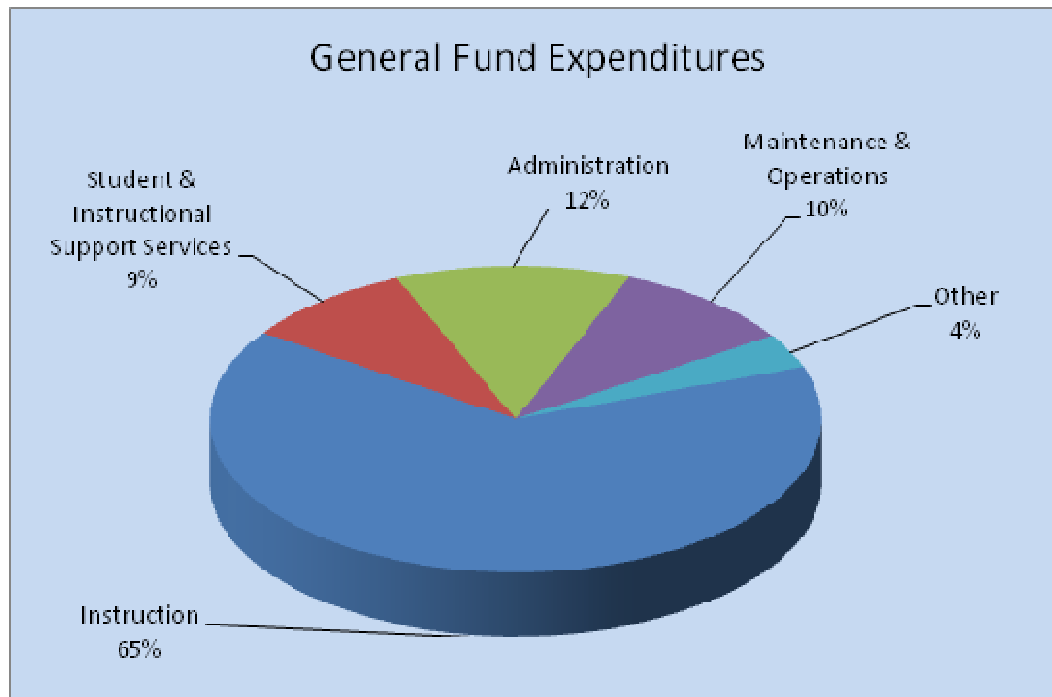
The **General Fund** reported an ending fund balance of \$4,359,382 for 2012. This \$0.9 million increase over prior year was accomplished through continued expense reduction. As previously mentioned, the solvency ratio is used as a measure of financial health and is a calculation of the general fund unrestricted, unassigned fund balance divided by actual revenues less AEA flow-through monies. The solvency ratio increased from 9.4 percent in 2011 to 11.6% for 2012. A 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, and the Iowa Association of School Boards recommends a range of 5 -15%.



General Fund revenues totaled \$36,431,132 for fiscal year 2012, an increase of \$1.4 million over 2011. The graph below shows percentage totals for the major revenue streams according to the source of funding. Local property tax revenues were \$13.4 million, or 36 percent of the total. This category increased by just \$0.3 million over fiscal year 2011, due to the District holding the tax rate steady. State sources were \$17.1 million, up from \$15.4 million in the prior year and represented 48 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 \$4.4 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 4 percent over 2011.



Total General Fund expenses for fiscal year 2012 were \$35.5 million, an increase of \$1.5 million or 4.4 percent over prior year. Of all the governmental funds, the General Fund is the largest, comprising 74.5 percent of the total \$47.65 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 \$22.8 million, comprising 65 percent of all General Fund expenses. Expenses for student and instructional support services were \$3.25 million or 9 percent, administrative services were 12 percent at \$3.9 million, and the maintenance and operations expenses, including transportation, totaled \$4.4 million or 10 percent of all costs.

The **Debt Service Fund** incurred the most significant change in governmental fund balances. 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. Crossover refunding bond proceeds totaling \$20 million were sold, resulting in \$1.4 million in future savings. The proceeds will be accounted for on the balance sheet, held in escrow to refund selected future payments of General Obligation Bonds. Therefore, the Debt Service Fund balance changed significantly, increasing by \$19.1 million. Revenues from property taxes and other local sources were \$4.6 million and \$1.8 million was transferred in from the Capital Projects and PPEL funds. Expenditures totaling \$7.2 million included \$3.387 million reducing principle, and \$3.725 million in interest and fiscal charges.

The **Capital Projects Funds** include the Physical Plant and Equipment Levy (PPEL) Fund and the Capital Projects Sales Tax Fund. The Capital Projects Bond Fund was closed out after completion of the High School project. Revenues for all capital projects totaled nearly \$3.3 million for 2012, similar to \$3.4 in fiscal year 2011. Revenues are primarily derived from the statewide sales tax, which accounted for \$2.825 million for 2012, an 8 percent increase over the \$2.619 million received for fiscal year 2011. Expenses totaled \$3.28 million for 2012, compared to \$11.4 million in fiscal year 2011. This significant expense decrease is due to construction timelines for the Middle School Additions and Renovation project, funded through sales tax revenue bonds. Construction progressed significantly during fiscal year 2011, and became essentially complete during 2012, therefore capital project expenses decreased. The combined Capital Projects Funds balance was \$8,506,672 at June 30, 2012, with \$2.2 million reserved for debt service. The remaining \$6.3 million in reserves is restricted funding for school infrastructure or equipment.

### Budgetary Highlights

As prescribed by GASB Statement No. 41 – *Budgetary Comparison Schedules – Perspective Differences*, the District reports budgetary comparison schedules in the Required Supplementary Information section of this report. In accordance with the Code of Iowa, the District's Board of Education annually adopts and certifies a budget for all funds except fiduciary funds. This certified budget is based on program expenditures within four functional areas, as shown below. This comparison shows the variance of final amended budget amounts as compared to the actual expenditures for fiscal year 2012 in each functional area.

	Budget	Expenditures	Variance
Instruction	\$ 24,717,478	23,913,506	803,972
Support services	13,117,375	12,284,007	833,368
Non-instructional programs	4,355,504	4,201,714	153,790
Other expenditures	13,205,956	11,455,008	1,750,948
	<u>\$ 55,396,313</u>	<u>51,854,235</u>	<u>3,542,078</u>

The District did not exceed the budget in any of the four functional areas, and made no amendments to its certified budget during fiscal year 2012. Variances in Instruction, Support Services, and Non-instructional Program categories were 3.5 percent or less. The larger variance of 13.3 percent 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, 2012, the District had invested \$98,108,516, 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 15.6 percent, primarily due to a \$12.8 million increase for the final phase of the completed middle school additions and renovation project. A corresponding decrease of \$12.5 million was seen in the Construction in Progress category, as all major construction projects are now complete. Equipment and Furniture decreased by \$287,768 or 17 percent as disposals and annual depreciation of these assets was in excess of new additions.

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2012**

<b>Figure A-6</b>							
<b>Capital Assets, net of depreciation</b>							
	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2011-2012</b>
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	-	12,466,197	-	-	-	12,466,197	-100.0%
Buildings	94,758,805	81,961,917	-	-	94,758,805	81,961,917	15.6%
Improvements	411,396	459,963	-	-	411,396	459,963	-10.6%
Equipment and furniture	708,279	910,315	696,044	781,776	1,404,323	1,692,091	-17.0%
<b>Total</b>	<b>\$ 97,412,472</b>	<b>97,332,384</b>	<b>696,044</b>	<b>781,776</b>	<b>98,108,516</b>	<b>98,114,160</b>	<b>0.0%</b>

The District total for capital assets net of depreciation had no significant change as compared to the prior period.

### Long-Term Debt

As shown in Figure A-7 below, the District had \$101,155,205 in long-term debt obligations at year-end 2012, a 19.03 percent increase over prior year. As previously discussed, this increase is primarily due to issuance of crossover refunding bonds. General obligation bonds increased by 31.03 percent, since no defeasance occurred and the new bond proceeds will be held in escrow for several years. Capital lease obligations were reduced by 100 percent, as all Apple Computer Inc. lease obligations ended in fiscal year 2012 with a final payment of \$82,024. Early retirement obligations such as retiree health insurance and other incentives decreased by \$402,522, or 34.45 percent from prior year as early retirement incentives were paid out.

<b>Figure A-7</b>			
<b>Outstanding Long-Term Obligations</b>			
	<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>
	<b>2012</b>	<b>2011</b>	<b>2011-2012</b>
General obligation bonds	\$ 74,550,000	56,895,000	31.03%
Revenue bonds	25,200,000	26,160,000	-3.67%
Obligation under capital lease	-	82,024	-100.00%
Early retirement	766,029	1,168,551	-34.45%
Compensated absences	56,621	45,027	25.75%
Other postemployment benefits	582,555	635,555	-8.34%
<b>Total</b>	<b>\$ 101,155,205</b>	<b>84,986,157</b>	<b>19.03%</b>

### Factors Bearing on District's Future

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

- The District has continued to improve its financial health for the past three fiscal years. The District's target for solvency ratio was set at a minimum of 7.5 percent and the solvency ratio has steadily risen in recent years from 0.5 percent to 11.4 percent. The Iowa Association of School Boards suggests a range of 5 to 15 percent for solvency. The District's target for unspent balance of spending authority is a minimum of 10 percent of annual expenses, and the balance is now projected to be over 14 percent. Maintaining these key indicators within a desired range for financial health is an important District goal. To do so will require a spending plan that is 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.



- 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 total number of students served increased at the start of the 2012-13 school year by more than 100 students. The Urbandale Community School District continues to be a desired school system in the metro area, and enjoys a positive net open enrollment population totaling nearly 15 percent of the student body. 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 has completed construction projects in recent years including a new High School, Elementary School, along with Additions and Renovation of the Middle School. With limited remaining Capital Funds available to upgrade other District sites, strategic planning including a demographics study will provide information necessary to determine future facility needs.

#### **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, Chief Financial Officer, Urbandale Community School District, 11152 Aurora Avenue, Urbandale, Iowa 50322.

## **Basic Financial Statements**

**Urbandale Community School District**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 37,265,234	1,514,448	38,779,682
Receivables:			
Property tax:			
Delinquent	85,337	-	85,337
Succeeding year	18,828,822	-	18,828,822
Accounts	19,596	21,204	40,800
Due from other governments	1,992,042	-	1,992,042
Inventories	-	87,506	87,506
Prepaid expense	2,050	-	2,050
Total current assets	58,193,081	1,623,158	59,816,239
Non-current assets:			
Bond discount and issuance costs, net	713,693	-	713,693
Capital assets:			
Capital assets, nondepreciable	1,533,992	-	1,533,992
Capital assets, depreciable, net of depreciation	95,878,480	696,044	96,574,524
Total non-current assets	98,126,165	696,044	98,822,209
<b>Total assets</b>	<b>156,319,246</b>	<b>2,319,202</b>	<b>158,638,448</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	559,837	28,858	588,695
Accrued salaries and benefits payable	3,634,176	20,146	3,654,322
Due to other governments	202,197	-	202,197
Accrued interest payable	896,631	-	896,631
Unearned revenue:			
Succeeding year property tax	18,828,822	-	18,828,822
Other	210,001	47,401	257,402
General obligation bonds payable	2,360,000	-	2,360,000
Revenue bonds payable	910,000	-	910,000
Early retirement	231,163	-	231,163
Compensated absences	52,281	4,340	56,621
Total current liabilities	27,885,108	100,745	27,985,853
Non-current liabilities:			
Bonds premiums, net	117,685	-	117,685
General obligation bonds payable	72,190,000	-	72,190,000
Deferred amount on refunding	(1,163,301)	-	(1,163,301)
Revenue bonds payable	24,290,000	-	24,290,000
Early retirement	534,866	-	534,866
Other postemployment benefits	507,589	74,966	582,555
Total non-current liabilities	96,476,839	74,966	96,551,805
<b>Total liabilities</b>	<b>124,361,947</b>	<b>175,711</b>	<b>124,537,658</b>

Exhibit A

**Urbandale Community School District**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business type Activities	Total
<b>Net assets</b>			
Invested in capital assets, net of related debt	17,570,773	696,044	18,266,817
Restricted for:			
Categorical funding	263,769	-	263,769
Debt service	1,364,532	-	1,364,532
Management levy purposes	82,886	-	82,886
Student activities	10,247	-	10,247
Public education & recreation levy purposes	26,669	-	26,669
School infrastructure	8,292,363	-	8,292,363
Physical plant and equipment	214,309	-	214,309
Unrestricted	4,131,751	1,447,447	5,579,198
<b>Total net assets</b>	<b>\$ 31,957,299</b>	<b>2,143,491</b>	<b>34,100,790</b>

See notes to financial statements.

**Urbandale Community School District**  
**Statement of Activities**  
**Year Ended June 30, 2012**

	Program Revenues				Net (Expense) Revenue & Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
<b>Functions/Programs</b>						
Governmental activities:						
Instruction:						
Regular	\$ 16,221,036	3,983,786	2,791,159	-	(9,446,091)	-
Special	4,373,810	664,343	870,514	-	(2,838,953)	-
Other	4,786,083	770,999	58,177	-	(3,956,907)	-
	25,380,929	5,419,128	3,719,850	-	(16,241,951)	-
Support Service:						
Student	1,861,764	-	-	-	(1,861,764)	-
Instructional staff	1,925,739	-	-	-	(1,925,739)	-
Administration	4,096,948	-	-	-	(4,096,948)	-
Operating and maintenance of plant	3,785,685	81,389	-	-	(3,704,296)	-
Transportation	1,225,061	72,799	89,865	-	(1,062,397)	-
	12,895,197	154,188	89,865	-	(12,651,144)	-
Non-instructional programs	102,666	-	-	-	(102,666)	-
Other expenditures:						
Facilities acquisition	407,441	-	-	-	(407,441)	-
Long-term debt interest	3,867,180	-	-	-	(3,867,180)	-
AEA flowthrough	1,216,996	-	1,216,996	-	-	-
	5,491,617	-	1,216,996	-	(4,274,621)	-
Total governmental activities	43,870,409	5,573,316	5,026,711	-	(33,270,382)	-
Business type activities:						
Non-instructional programs:						
Nutrition services	1,856,300	1,288,133	650,816	-	-	82,649
Day Care services	1,576,715	1,575,743	50,793	-	-	49,821
Student Construction services	755,359	759,588	3,500	-	-	7,729
J Hawk Camp	13,340	42,088	-	-	-	28,748
	4,201,714	3,665,552	705,109	-	-	168,947
Total primary government	\$ 48,072,123	9,238,868	5,731,820	-	(33,270,382)	168,947
General Revenues:						
Property tax levied for:						
General purposes					14,049,299	-
Debt service					4,546,209	-
Capital outlay					519,658	-
Statewide sales, services and use tax					2,825,218	-
Unrestricted state grants					13,007,141	-
Unrestricted investment earnings					76,875	138
Other general revenues					289,350	-
Gain on sale of assets					8,845	-
Total general revenues, capital contributions and transfers					35,322,595	138
Change in net assets					2,052,213	169,085
Net assets beginning of year					29,905,086	1,974,406
Net assets end of year					\$ 31,957,299	2,143,491

See notes to financial statements.

## Exhibit C

**Urbandale Community School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
<b>Assets</b>					
Cash and pooled investments	\$ 7,148,712	21,118,276	8,083,658	914,588	37,265,234
Receivables:					
Property tax:					
Current year delinquent	59,611	20,300	1,678	3,748	85,337
Succeeding year	13,204,991	4,521,744	376,124	725,963	18,828,822
Accounts	10,459	-	-	9,137	19,596
Due from other governments	1,543,892	-	448,150	-	1,992,042
Prepaid expense	-	-	-	2,050	2,050
<b>Total assets</b>	<b>\$ 21,967,665</b>	<b>25,660,320</b>	<b>8,909,610</b>	<b>1,655,486</b>	<b>58,193,081</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 364,669	132,413	26,814	35,941	559,837
Salaries and benefits payable	3,629,246	-	-	4,930	3,634,176
Due to other governments	199,376	-	-	2,821	202,197
Deferred revenue:					
Succeeding year property tax	13,204,991	4,521,744	376,124	725,963	18,828,822
Other	210,001	-	-	-	210,001
<b>Total liabilities</b>	<b>17,608,283</b>	<b>4,654,157</b>	<b>402,938</b>	<b>769,655</b>	<b>23,435,033</b>
Fund balances:					
Restricted for:					
Categorical funding	263,769	-	-	-	263,769
Debt service	-	21,006,163	2,200,922	-	23,207,085
Management levy purposes	-	-	-	848,915	848,915
Student activities	-	-	-	10,247	10,247
Public education & recreation levy purposes	-	-	-	26,669	26,669
School infrastructure	-	-	6,091,441	-	6,091,441
Physical plant and equipment	-	-	214,309	-	214,309
Unassigned	4,095,613	-	-	-	4,095,613
<b>Total fund balances</b>	<b>4,359,382</b>	<b>21,006,163</b>	<b>8,506,672</b>	<b>885,831</b>	<b>34,758,048</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,967,665</b>	<b>25,660,320</b>	<b>8,909,610</b>	<b>1,655,486</b>	<b>58,193,081</b>

See notes to financial statements.

Exhibit D

**Urbandale Community School District  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Assets  
June 30, 2012**

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<b>Total fund balances of governmental funds (Exhibit C)</b>	<b>\$ 34,758,048</b>
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***Amounts reported for governmental activities in the statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	97,412,472
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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	\$ (74,550,000)	
Revenue bonds payable	(25,200,000)	
Bond discounts and issuance costs	713,693	
Deferred amount on refunding	1,163,301	
Bond premiums	(117,685)	
Accrued interest	(896,631)	
Early retirement	(766,029)	
Compensated absences	(52,281)	
Other postemployment benefits	(507,589)	(100,213,221)
	<hr/>	<hr/>

<b>Net assets of governmental activities (Exhibit A)</b>	<b>\$ 31,957,299</b>
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See notes to financial statements.

## Exhibit E

**Urbandale Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year ended June 30, 2012**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 13,353,627	4,546,209	3,200,951	839,597	21,940,384
Tuition	4,438,667	-	-	-	4,438,667
Other	594,951	54,087	55,966	783,774	1,488,778
Intermediate sources	3,500	-	-	-	3,500
State sources	17,103,778	1,614	133	314	17,105,839
Federal sources	936,609	-	-	-	936,609
Total revenues	36,431,132	4,601,910	3,257,050	1,623,685	45,913,777
Expenditures:					
Current:					
Instruction:					
Regular	14,938,996	-	-	384,117	15,323,113
Special	4,100,174	-	-	-	4,100,174
Other	3,739,349	-	-	750,870	4,490,219
	22,778,519	-	-	1,134,987	23,913,506
Support services:					
Student	1,725,888	-	-	-	1,725,888
Instructional staff	1,524,327	-	322,147	-	1,846,474
Administration	3,865,343	-	-	20,606	3,885,949
Operation and maintenance of plant	3,289,801	-	12,535	366,704	3,669,040
Transportation	1,123,316	-	-	33,340	1,156,656
	11,528,675	-	334,682	420,650	12,284,007
Other expenditures:					
Facilities acquisition	-	-	2,945,571	3,048	2,948,619
Long-term debt:					
Principal	-	3,387,024	-	-	3,387,024
Bond underwriter discounts	-	177,200	-	-	177,200
Interest and fiscal charges	-	3,725,169	-	-	3,725,169
AEA flowthrough	1,216,996	-	-	-	1,216,996
	1,216,996	7,289,393	2,945,571	3,048	11,455,008
Total expenditures	35,524,190	7,289,393	3,280,253	1,558,685	47,652,521
Excess (deficiency) of revenues over (under) expenditures	906,942	(2,687,483)	(23,203)	65,000	(1,738,744)



Exhibit E

**Urbandale Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year ended June 30, 2012**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Other financing sources (uses):					
General obligation bonds issued	-	20,000,000	-	-	20,000,000
Operating transfers in	-	1,845,408	-	-	1,845,408
Operating transfers out	-	-	(1,845,408)	-	(1,845,408)
Proceeds from sale of capital assets	8,845	-	-	-	8,845
Total other financing sources (uses)	8,845	21,845,408	(1,845,408)	-	20,008,845
Net change in fund balances	915,787	19,157,925	(1,868,611)	65,000	18,270,101
Fund balances beginning of year	3,443,595	1,848,238	10,375,283	820,831	16,487,947
Fund balances end of year	\$ 4,359,382	21,006,163	8,506,672	885,831	34,758,048

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, 2012**

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**Net change in fund balances - total governmental funds (Exhibit E)** **\$ 18,270,101**

***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	\$ 2,541,178	
Gain on sale of assets	8,845	
Proceeds from sale of capital assets	(8,845)	
Depreciation expense	<u>(2,461,090)</u>	80,088

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	3,387,024	
Amortization of bond premiums	7,105	
Proceeds from bonds issued	(20,000,000)	
Bond discounts and issuance costs	177,200	
Amortization of bond discounts and issuance costs	(49,075)	
Amortization of deferred amount on refunding	<u>(97,621)</u>	(16,575,367)

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.

(2,420)

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	241,845	
Compensated absences	(11,127)	
Other postemployment benefits	<u>49,093</u>	279,811

**Change in net assets of governmental activities (Exhibit B)** **\$ 2,052,213**

See notes to financial statements.

## Exhibit G

**Urbandale Community School District**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	Non-major Enterprise
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 1,514,448
Receivables:	
Accounts	21,204
Inventories	87,506
Total current assets	<u>1,623,158</u>
Capital assets, net of accumulated depreciation	696,044
<b>Total assets</b>	<u><u>\$ 2,319,202</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 28,858
Salaries and benefits payable	20,146
Unearned revenue	47,401
Compensated absences	4,340
Total current liabilities	<u>100,745</u>
Noncurrent liabilities:	
Other postemployment benefits	74,966
Total noncurrent liabilities	<u>74,966</u>
<b>Total liabilities</b>	<u>175,711</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	696,044
Unrestricted	1,447,447
<b>Total net assets</b>	<u>2,143,491</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 2,319,202</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, 2012**

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 3,665,552
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	1,590,055
Food service operations:	
Depreciation	87,479
Other	1,768,821
Other enterprise operations:	
Other	755,359
Total operating expenses	4,201,714
Operating loss	(536,162)
Non-operating revenue:	
Contributions	17,099
State sources	50,956
Federal sources	637,054
Interest income	138
Total non-operating revenue	705,247
Change in net assets	169,085
Net assets beginning of year	1,974,406
Net assets end of year	\$ 2,143,491

See notes to financial statements.

## Exhibit I

**Urbandale Community School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2012**

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,280,503
Cash received from miscellaneous operating activities	2,383,350
Cash payments to employees for services	(2,317,848)
Cash payments to suppliers for goods or services	(1,285,516)
Net cash provided by operating activities	60,489
Cash flows from non-capital financing activities:	
Due to other funds repaid	(354,608)
Contributions received	17,099
State grants received	50,956
Federal grants received	506,204
Net cash provided by non-capital financing activities	219,651
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,747)
Net cash provided by investing activities	(1,747)
Cash flows from investing activities:	
Interest on cash and investments	138
Net cash provided by investing activities	138
Net increase in cash and cash equivalents	278,531
Cash and cash equivalents at beginning of year	1,235,917
Cash and cash equivalents at end of year	\$ 1,514,448
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (536,162)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	130,850
Depreciation	87,479
(Increase) in receivables	(21,204)
Decrease in inventories	381,265
Increase in accounts payable	32,966
(Decrease) in salaries and benefits payable	(30,770)
Increase in deferred revenue	19,505
Increase in compensated absences	467
(Decrease) in other postemployment benefits	(3,907)
Net cash provided by operating activities	\$ 60,489

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

During the year ended June 30, 2012, the District received federal commodities valued at \$130,850.

See notes to financial statements.

Exhibit J

**Urbandale Community School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012**

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	<u>Agency</u>
<b>Assets</b>	
Cash and pooled investments	<u>\$ 112,042</u>
Total assets	<u>112,042</u>
<b>Liabilities</b>	
Other payables	<u>112,042</u>
Total liabilities	<u>112,042</u>
<b>Net assets</b>	<u><u>\$ -</u></u>

See notes to financial statements.

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The J-Hawk Camp Fund: This fund accounts for transactions involved in operating District-sponsored youth sports camps.

**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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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, 2012. 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, 2012, expenditures did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 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, 2012, the District had investments as follows:

Wells Fargo Adv Government MM Fund	\$	9,423,955
Federal Home Loan Notes		1,550,313
The Education Liquidity Fund		501,819
US Treasury Notes		19,601,021
Iowa School Joint Investment Trust		
Diversified Portfolio		3,599,507
	\$	<u>34,676,615</u>

The investments in the Iowa School Joint Investment Trust and The Education Liquidity 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, the Federal Home Loan Notes and U.S. Treasury 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, U.S. Treasury Notes, The Education Liquidity Fund and the Iowa School Joint Investment Trust Diversified Portfolio were rated Aaa by Moody's Investors Service.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects - Physical Plant & Equipment Levy	\$ 85,973
Debt Service	Capital Projects - Statewide Sales, Services and Use Tax	1,759,435
Capital Projects - Statewide Sales, Services and Use Tax	Capital Projects - Other	365,613
		<u>\$ 2,211,021</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, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Construction in progress	12,466,197	2,494,956	14,961,153	-
Total capital assets not being depreciated	14,000,189	2,494,956	14,961,153	1,533,992
Capital assets being depreciated:				
Buildings	103,636,344	14,961,153	-	118,597,497
Improvements other than buildings	689,480	-	-	689,480
Furniture and equipment	2,044,561	46,222	-	2,090,783
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	107,916,490	15,007,375	-	122,923,865
Less accumulated depreciation for:				
Buildings	21,674,427	2,164,265	-	23,838,692
Improvements other than buildings	229,517	48,567	-	278,084
Furniture and equipment	1,260,786	184,988	-	1,445,774
Leased equipment	1,419,565	63,270	-	1,482,835
Total accumulated depreciation	24,584,295	2,461,090	-	27,045,385
Total capital assets being depreciated, net	83,332,195	12,546,285	-	95,878,480
Governmental activities capital assets, net	\$ 97,332,384	15,041,241	14,961,153	97,412,472
<b>Business type activities:</b>				
Furniture and equipment	\$ 1,418,545	1,747	-	1,420,292
Less accumulated depreciation	636,769	87,479	-	724,248
Business type activities capital assets, net	\$ 781,776	(85,732)	-	696,044

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 1,081,356
Special	279,658
Other	302,376

Support services:

Student support	138,866
Instructional staff	81,010
Administration	257,772
Operation and maintenance of plant	138,636
Transportation	68,405
Noninstructional	113,009

Total governmental activities depreciation expense	\$ 2,461,088
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Business type activities:

Food services	\$ 87,479
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**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2012**

**(6) Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 56,895,000	20,000,000	2,345,000	74,550,000	2,360,000
Revenue bonds	26,160,000	-	960,000	25,200,000	910,000
Obligation under capital lease	82,024	-	82,024	-	-
Early retirement	1,168,551	-	402,522	766,029	231,163
Compensated absences	41,154	52,281	41,154	52,281	52,281
Net OPEB liability	556,682	-	49,093	507,589	-
Subtotal, governmental activities	84,903,411	20,052,281	3,879,793	101,075,899	3,553,444
Business type activities:					
Compensated absences	3,873	4,340	3,873	4,340	4,340
Net OPEB liability	78,873	-	3,907	74,966	-
Subtotal, business type activities	82,746	4,340	7,780	79,306	4,340
Total	\$ 84,986,157	20,056,621	3,887,573	101,155,205	3,557,784

General Obligation Bonds

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year ending June 30,	Bond Issue on October 1, 2005			
	Interest Rate	Principal	Interest	Total
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
		7,350,000	1,975,344	9,325,344

Year ending June 30,	Bond Issue on July 1, 2006			
	Interest Rate	Principal	Interest	Total
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
		12,435,000	4,703,071	17,138,071

**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2012**

General Obligation Bonds (continued)

Year ending June 30,	Bond Issue on January 1, 2007			
	Interest Rate	Principal	Interest	Total
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
		8,415,000	3,622,408	12,037,408

Year ending June 30,	Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
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	8,747,095	21,142,095

Year ending June 30,	Refunding Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
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
		13,955,000	3,301,325	17,256,325



**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2012**

General Obligation Bonds (continued)

Year ending June 30,	Crossover Refunding Bond Issue on December 1, 2011			
	Interest Rate	Principal	Interest	Total
2013		-	206,298	206,298
2014		-	206,298	206,298
2015		-	206,298	206,298
2016	0.900%	220,000	206,298	426,298
2017	1.200%	670,000	204,318	874,318
2018	1.450%	1,025,000	196,278	1,221,278
2019	1.750%	1,040,000	181,415	1,221,415
2020	1.900%	1,060,000	163,215	1,223,215
2021	2.100%	1,085,000	143,075	1,228,075
2022	2.250%	1,100,000	120,290	1,220,290
2023	2.400%	1,130,000	95,540	1,225,540
2024	2.500%	1,160,000	68,420	1,228,420
2025	2.600%	1,190,000	39,420	1,229,420
2026	2.650%	320,000	8,480	328,480
		10,000,000	2,045,643	12,045,643

Year ending June 30,	Crossover Refunding Bond Issue on January 1, 2012			
	Interest Rate	Principal	Interest	Total
2013			186,312	186,312
2014			186,312	186,312
2015	1.00%	550,000	186,312	736,312
2016	1.00%	1,415,000	180,812	1,595,812
2017	1.20%	1,035,000	166,662	1,201,662
2018	1.45%	735,000	154,242	889,242
2019	1.75%	820,000	143,585	963,585
2020	1.90%	735,000	129,235	864,235
2021	2.10%	750,000	115,270	865,270
2022	2.25%	760,000	99,520	859,520
2023	2.40%	780,000	82,420	862,420
2024	2.50%	820,000	63,700	883,700
2025	2.70%	35,000	43,200	78,200
2026	2.70%	1,565,000	42,255	1,607,255
		10,000,000	1,779,837	11,779,837

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2013	2,360,000	2,550,854	4,910,854
2014	2,420,000	2,476,927	4,896,927
2015	3,050,000	2,392,266	5,442,266
2016	4,235,000	2,298,191	6,533,191
2017	4,390,000	2,189,400	6,579,400
2018	4,545,000	2,069,422	6,614,422
2019	4,750,000	1,939,502	6,689,502
2020	4,800,000	1,795,654	6,595,654
2021	4,955,000	1,644,822	6,599,822
2022	5,065,000	1,482,338	6,547,338
2023	5,250,000	1,310,314	6,560,314
2024	5,430,000	1,128,322	6,558,322
2025	4,920,000	947,601	5,867,601
2026	5,735,000	762,170	6,497,170
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
	\$ 74,550,000	26,174,723	100,724,723

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.

Crossover Refundings – December 1, 2011 and January 1, 2012

On December 1, 2011 and January 1, 2012, the District issued \$10,000,000 and \$10,000,000, respectively, in general obligation bonds to advance refund \$6,375,000 of outstanding general obligation bonds dated October 1, 2005, \$10,390,000 of outstanding general obligation bonds dated July 1, 2006 and \$1,980,000 of outstanding general obligation bonds dated January 1, 2007 in a crossover refunding. The proceeds of the refunding bonds have been placed in an irrevocable escrow account and have been invested in U.S. Government Obligations which have been certified to be sufficient to pay all principal and interest due on the Series 2005 bonds after June 1, 2015, principal and interest due on the Series 2006 bonds after June 1, 2014 and principal of \$1,980,000 on the Series 2007 issue on June 1, 2015. The new refunding bonds have been added to the appropriate financial statements and schedules. The district remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2012, \$28,200,000 of such bonds is outstanding. The district remains liable for the principal and interest on the non-callable portion of the bonds through fiscal year end 2015. The escrow funds pay interest on the new advance refunding bonds until that time. No advance payments on the general obligation bonds were paid in the current year and final payment to pay off these bonds is expected to take place June 1, 2015. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$1,385,360 and resulted in an economic gain of \$1,033,387.

Revenue Bonds

Details of the District's June 30, 2012 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
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>\$ 25,200,000</u>	<u>13,271,977</u>	<u>38,471,977</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 \$38,471,977. For the current year, \$960,000 principal and \$1,221,122 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$2,825,218.

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, 2012.

As of June 30, 2012, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	\$ 1,884,349,637
Debt limit of 5% of total assessed valuation	\$ 94,217,482
Amount of debt applicable to debt limit	83,137,024
Crossover bond proceeds held in trust for refunding purposes	(18,745,000)
Excess of debt limit over bonded debt issued, legal debt margin.	\$ 11,080,458

#### 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, 2012, the District had no obligations to participants for the annuity benefit. A total of 52 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, 2012 totaled \$402,522.

#### **(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
2013	44,126
2014	44,126
2015	25,740
	<u>\$ 113,992</u>

The total lease expense for the year ended June 30, 2012 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 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010, were \$1,968,505, \$1,613,610, and \$1,567,916, 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.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 393,000
Interest on net OPEB obligation	29,000
Adjustment to annual required contribution	(24,000)
Annual OPEB cost	<u>398,000</u>
Contributions made	<u>(451,000)</u>
Increase in net OPEB obligation	(53,000)
Net OPEB obligation beginning of year	<u>635,555</u>
Net OPEB obligation end of year	<u>\$ 582,555</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, 2012.

For the year ended June 30, 2012, 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, 2012 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
June 30, 2012	398,000	113.32%	582,555

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2012, the actuarial accrued liability was \$4.1 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$7.9 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$23,987,582, and the ratio of the UAAL to covered payroll was 17.1%. As of June 30, 2012, 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, 2011 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 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% 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 \$695 per month for retirees less than age 65 and \$834 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 \$1,216,996 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### **Required Supplementary Information**

**Urbandale Community School District**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**Required Supplementary Information**  
**Year ended June 30, 2012**

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%
2012	July 1, 2011	-	4,100,000	4,100,000	0.0%	24,327,520	16.9%

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, 2012**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 27,867,829	3,682,789	31,550,618	28,806,749	2,743,869
Intermediate sources	3,500	-	3,500	10,000	(6,500)
State sources	17,105,839	50,956	17,156,795	20,609,785	(3,452,990)
Federal sources	936,609	637,054	1,573,663	1,154,652	419,011
Total revenues	45,913,777	4,370,799	50,284,576	50,581,186	(296,610)
Expenditures:					
Instruction	23,913,506	-	23,913,506	24,717,478	803,972
Support services	12,284,007	-	12,284,007	13,117,375	833,368
Non-instructional programs	-	4,201,714	4,201,714	4,355,504	153,790
Other expenditures	11,455,008	-	11,455,008	13,205,956	1,750,948
Total expenditures	47,652,521	4,201,714	51,854,235	55,396,313	3,542,078
Deficiency of revenues under expenditures	(1,738,744)	169,085	(1,569,659)	(4,815,127)	3,245,468
Other financing sources, net	20,008,845	-	20,008,845	2,096,649	17,912,196
Excess (deficiency) of revenues and other financing sources over (under) expenditures	18,270,101	169,085	18,439,186	(2,718,478)	21,157,664
Balances beginning of year	16,487,947	1,974,406	18,462,353	10,420,512	8,041,841
Balances end of year	\$ 34,758,048	2,143,491	36,901,539	7,702,034	29,199,505

See accompanying independent auditor's report.

### **Basis of Presentation**

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

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

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

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for budgeted governmental and enterprise funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year. During the year ended June 30, 2012, actual expenditures did not exceed budget amounts.

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 \$1,216,996 for the year ended June 30, 2012.

### **Other Supplementary Information**

## Schedule 1

**Urbandale Community School District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2012**

	Special Revenue Funds			
	Management	Student Activity	Public Education & Recreation Levy	Total
<b>Assets</b>				
Cash and pooled investments	\$ 848,631	39,931	26,026	914,588
Receivables:				
Property tax:				
Delinquent	3,105	-	643	3,748
Succeeding year	584,997	-	140,966	725,963
Accounts	-	9,137	-	9,137
Prepaid expenses	-	2,050	-	2,050
<b>Total assets</b>	<b>\$ 1,436,733</b>	<b>51,118</b>	<b>167,635</b>	<b>1,655,486</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	35,941	-	35,941
Salaries and benefits payable	-	4,930	-	4,930
Due to other governments	2,821	-	-	2,821
Deferred revenue:				
Succeeding year property tax	584,997	-	140,966	725,963
Total liabilities	587,818	40,871	140,966	769,655
Fund Balances:				
Restricted for:				
Management levy purposes	848,915	-	-	848,915
Student activities	-	10,247	-	10,247
Public education & recreation levy purposes	-	-	26,669	26,669
Unassigned	848,915	10,247	26,669	885,831
<b>Total liabilities and fund equity</b>	<b>\$ 1,436,733</b>	<b>51,118</b>	<b>167,635</b>	<b>1,655,486</b>

See accompanying independent auditor's report.

## Schedule 2

**Urbandale Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year ended June 30, 2012**

	Special Revenue Funds			Total
	Management	Student Activity	Public Education & Recreation Levy	
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ 659,708	-	136,485	796,193
Utility tax replacement excise tax	35,964	-	7,440	43,404
	695,672	-	143,925	839,597
Other local sources:				
Interest on investments	-	75	-	75
Other	26,920	756,779	-	783,699
	26,920	756,854	-	783,774
	722,592	756,854	143,925	1,623,371
State sources:				
Revenue in lieu of taxes :				
Military credit	260	-	54	314
Total revenues	722,852	756,854	143,979	1,623,685
Expenditures:				
Current:				
Instruction:				
Regular	227,617	-	156,500	384,117
Other	-	750,870	-	750,870
Support services:				
Administration:	-	-	20,606	20,606
Operation and maintenance of plant	360,205	-	6,499	366,704
Transportation	-	33,340	-	33,340
Other expenditures:				
Facilities acquisition and construction	-	-	3,048	3,048
Total expenditures	587,822	784,210	186,653	1,558,685
Excess (deficiency) of revenues over (under) expenditures	135,030	(27,356)	(42,674)	65,000
Fund balances beginning of year, as restated	713,885	37,603	69,343	820,831
Fund balances end of year	\$ 848,915	10,247	26,669	885,831

See accompanying independent auditor's report.

## Schedule 3

**Urbandale Community School District**  
**Combining Balance Sheet**  
**Capital Project Accounts**  
**June 30, 2012**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 7,871,027	212,631	8,083,658
Receivables:			
Property tax:			
Current year delinquent	-	1,678	1,678
Succeeding year	-	376,124	376,124
Due from other governments	448,150	-	448,150
<b>Total assets</b>	<b>\$ 8,319,177</b>	<b>590,433</b>	<b>8,909,610</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 26,814	-	26,814
Deferred revenue:			
Succeeding year property tax	-	376,124	376,124
Total liabilities	26,814	376,124	402,938
Fund balances:			
Restricted for:			
Debt service	2,200,922	-	2,200,922
School infrastructure	6,091,441	-	6,091,441
Physical plant and equipment	-	214,309	214,309
	8,292,363	214,309	8,506,672
<b>Total liabilities and fund balances</b>	<b>\$ 8,319,177</b>	<b>590,433</b>	<b>8,909,610</b>

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Project Accounts**  
**Year ended June 30, 2012**

	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	\$ -	357,545	-	357,545
Utility tax replacement excise tax	-	18,188	-	18,188
Statewide sales, services and use tax	2,825,218	-	-	2,825,218
	2,825,218	375,733	-	3,200,951
Other local sources:				
Interest on investments	22,418	-	-	22,418
Other	33,548	-	-	33,548
	55,966	-	-	55,966
	2,881,184	375,733	-	3,256,917
State sources:				
Revenue in lieu of taxes :				
Military credit	-	133	-	133
Total revenues	2,881,184	375,866	-	3,257,050
Expenditures:				
Current:				
Support Services:				
Instructional staff:				
Property	-	322,147	-	322,147
Operation and maintenance:				
Services	-	12,535	-	12,535
	-	334,682	-	334,682
Other expenditures:				
Facilities acquisition				
Services	2,433,442	-	-	2,433,442
Property	471,489	40,640	-	512,129
	2,904,931	40,640	-	2,945,571
Total expenditures	2,904,931	375,322	-	3,280,253
Excess (deficiency) of revenues over (under) expenditures	(23,747)	544	-	(23,203)
Other financing uses:				
Operating transfers in	365,613	-	-	365,613
Operating transfers out	(1,759,435)	(85,973)	(365,613)	(2,211,021)
Total other financing uses	(1,393,822)	(85,973)	(365,613)	(1,845,408)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(1,417,569)	(85,429)	(365,613)	(1,868,611)
Fund balances beginning of year, as restated	9,709,932	299,738	365,613	10,375,283
Fund balances end of year	\$ 8,292,363	214,309	-	8,506,672

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2012**

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Jensen Activity	\$ 175	(176)	3,603	3,602	-
Jensen Web Clickers	189	-	-	-	189
K.A. Elementary-Activity	2,223	(2,223)	4,965	4,965	-
K.A. Elementary-Band	-	(2,041)	4,502	2,461	-
K.A. Elementary-Chrysalis Fund	-	-	2,000	2,000	-
K.A. Elementary-Student Senate	-	-	140	140	-
K.A. Elementary-Student	-	61	-	61	-
Olmsted Web Clickers	-	(1,162)	1,484	322	-
Olmsted Activity	1,112	(1,112)	4,480	4,480	-
Rolling Green Activity	1,832	(1,832)	916	916	-
Rolling Green Web Clickers	-	-	1,789	1,789	-
Valerius Web Clickers	29	-	-	-	29
Valerius Activity	-	-	18,191	18,191	-
Webster Elementary	1,839	(5,269)	6,528	3,098	-
Webster Elementary Web Clickers	-	-	378	113	265
Activity/Athletic Sponsor	-	50,151	64,302	114,052	401
Art	607	(607)	868	235	633
Art Club	127	-	-	-	127
At Risk	-	599	-	-	599
Boys Basketball	-	-	18,627	18,588	39
Boys Baseball	-	-	33,845	33,845	-
Boys Cross Country	-	-	3,376	3,376	-
Boys Football	-	1,660	77,474	79,134	-
Boys Golf	-	-	4,628	4,628	-
Boys Soccer	-	-	5,541	4,373	1,168
Boys Swimming	-	-	810	810	-
Boys Tennis	-	-	315	164	151
Boys Track	-	(2,414)	9,225	6,811	-
Boys Wrestling	-	-	14,502	14,115	387
Building Activity	356	-	41,844	42,200	-
Cadet Teachers	520	-	-	-	520
Character Counts	264	(221)	372	415	-
Cheerleaders	-	-	7,186	7,186	-
DECA	333	(333)	9,799	9,799	-
Drama	-	-	7,656	7,656	-
Drug Foundation	450	-	-	-	450
Environmental Club	98	-	263	151	210
Family Consumer Science	-	-	13	-	13
Future Business Leaders	80	-	-	-	80
German Club	-	-	26,320	25,912	408
Girls Basketball	-	-	8,433	8,333	100
Girls Bowling	-	-	1,592	1,592	-
Girls Cross Country	-	-	1,983	1,983	-
Girls Golf	-	-	2,136	2,136	-
Girls Soccer	1,531	(1,331)	9,159	9,359	-
Girls Softball	5,325	(5,325)	21,698	21,312	386
Girls Swimming	-	-	810	810	-
Girls Tennis	-	-	2,090	2,090	-
Girls Track	-	-	4,983	4,983	-
Girls Volleyball	1,126	(1,126)	25,452	25,452	-
Guidance	325	-	2,902	3,227	-
I-Movie Club	-	-	2,858	2,858	-
Industrial Arts Club	-	-	2,257	1,546	711
Industrial Arts House	446	-	48	494	-
Instrumental Music	1,197	(1,197)	84,848	84,848	-



**Urbandale Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2012**

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Interest Student Fund	86	-	75	-	161
Japanese Trip	63	(59)	-	-	4
Jayhawker	957	(957)	2,268	2,268	-
Jaywalkers	-	-	19,618	19,618	-
Key Club	1,625	(1,625)	859	666	193
Library	140	(140)	3,198	3,198	-
Memory Book	-	-	11,337	11,337	-
Parenting Comm. Network	850	-	-	-	850
Peer Helpers	188	59	353	600	-
Physics	4	-	-	-	4
Picture	577	(577)	8,093	7,048	1,045
Science Activity	14	186	-	26	174
Spanish Honor Society	1,090	(1,090)	-	-	-
Spanish Trip	159	-	335	228	266
Special Ed	500	(480)	-	-	20
Student Participation Fee	470	-	-	-	470
Student Pop	61	(61)	-	-	-
Student Senate	201	(201)	5,921	5,921	-
Tag Activities	54	-	100	74	80
Tag Activities Fees	-	-	1,595	1,595	-
The Roaring Leo Club	287	-	70	243	114
Vocal Music	-	-	141,296	141,296	-
Yearbook	10,093	(21,157)	14,545	3,481	-
Total	\$ 37,603	-	756,854	784,210	10,247

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Combining Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	Enterprise Funds				
	School Nutrition	Child Care	Student Construction	J Hawk Camp	Total
<b>Assets</b>					
Current assets:					
Cash and pooled investments	\$ 1,081,073	329,603	70,916	32,856	1,514,448
Receivables:					
Accounts	21,179	25	-	-	21,204
Inventories	38,342	-	49,164	-	87,506
Total current assets	1,140,594	329,628	120,080	32,856	1,623,158
Noncurrent assets:					
Capital assets:					
Equipment	1,420,292	-	-	-	1,420,292
Accumulated depreciation	(724,248)	-	-	-	(724,248)
Total noncurrent assets	696,044	-	-	-	696,044
<b>Total assets</b>	<b>\$ 1,836,638</b>	<b>329,628</b>	<b>120,080</b>	<b>32,856</b>	<b>2,319,202</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 4,917	6,222	17,719	-	28,858
Salaries and benefits payable	-	16,038	-	4,108	20,146
Unearned revenue	47,401	-	-	-	47,401
Compensated absences	-	4,340	-	-	4,340
Total current liabilities	52,318	26,600	17,719	4,108	100,745
Noncurrent liabilities:					
Other postemployment benefits	43,107	31,859	-	-	74,966
Total noncurrent liabilities	43,107	31,859	-	-	74,966
<b>Total liabilities</b>	<b>95,425</b>	<b>58,459</b>	<b>17,719</b>	<b>4,108</b>	<b>175,711</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	696,044	-	-	-	696,044
Unrestricted	1,045,169	271,169	102,361	28,748	1,447,447
<b>Total net assets</b>	<b>1,741,213</b>	<b>271,169</b>	<b>102,361</b>	<b>28,748</b>	<b>2,143,491</b>
<b>Total net assets and liabilities</b>	<b>\$ 1,836,638</b>	<b>329,628</b>	<b>120,080</b>	<b>32,856</b>	<b>2,319,202</b>

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2012**

	Enterprise Funds				
	School Nutrition	Child Care	Student Construction	J Hawk Camp	Total
Operating revenue:					
Local sources:					
Other local sources:					
Sale of lunches and breakfasts	\$ 1,282,177	-	-	-	1,282,177
Sale of services	-	1,569,586	-	-	1,569,586
Sale of construction projects	-	-	758,462	-	758,462
Other revenues	5,956	6,157	1,126	42,088	55,327
Total operating revenue	1,288,133	1,575,743	759,588	42,088	3,665,552
Operating expenses:					
Non-instructional programs:					
Community service operations:					
Salaries	-	1,258,412	-	3,665	1,262,077
Benefits	-	184,444	-	559	185,003
Services	-	25,391	-	-	25,391
Supplies	-	108,468	-	9,116	117,584
	-	1,576,715	-	13,340	1,590,055
Food services operations:					
Salaries	738,616	-	-	-	738,616
Benefits	102,050	-	-	-	102,050
Services	39,172	-	-	-	39,172
Supplies	888,983	-	-	-	888,983
Depreciation	87,479	-	-	-	87,479
	1,856,300	-	-	-	1,856,300
Other enterprise operations:					
Services	-	-	24,042	-	24,042
Supplies	-	-	731,281	-	731,281
Other	-	-	36	-	36
	-	-	755,359	-	755,359
Total operating expenses	1,856,300	1,576,715	755,359	13,340	4,201,714
Operating gain (loss)	(568,167)	(972)	4,229	28,748	(536,162)
Non-operating revenue:					
Contributions	-	13,599	3,500	-	17,099
State sources	13,762	37,194	-	-	50,956
Federal sources	637,054	-	-	-	637,054
Interest income	138	-	-	-	138
Total non-operating revenue	650,954	50,793	3,500	-	705,247
Change in net assets	82,787	49,821	7,729	28,748	169,085
Net assets beginning of year	1,658,426	221,348	94,632	-	1,974,406
Net assets end of year	\$ 1,741,213	271,169	102,361	28,748	2,143,491

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2012**

	Enterprise Funds				Total
	Student Nutrition	Child Care	Student Construction	J Hawk Camp	
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 1,280,503	-	-	-	1,280,503
Cash received from miscellaneous operating activities	5,956	1,575,718	759,588	42,088	2,383,350
Cash payments to employees for services	(888,947)	(1,428,785)	-	(116)	(2,317,848)
Cash payments to suppliers for goods or services	(802,061)	(127,637)	(346,702)	(9,116)	(1,285,516)
Net cash provided (used) by operating activities	(404,549)	19,296	412,886	32,856	60,489
Cash flows from non-capital financing activities:					
Due to other funds repaid	-	(8,028)	(346,580)	-	(354,608)
Contributions - operating	-	13,599	3,500	-	17,099
State grants received	13,762	37,194	-	-	50,956
Federal grants received	506,204	-	-	-	506,204
Net cash used in non-capital financing activities	519,966	42,765	(343,080)	-	219,651
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(1,747)	-	-	-	(1,747)
Net cash provided by investing activities	(1,747)	-	-	-	(1,747)
Cash flows from investing activities:					
Interest on cash and investments	138	-	-	-	138
Net cash provided by investing activities	138	-	-	-	138
Net increase (decrease) in cash and cash equivalents	113,808	62,061	69,806	32,856	278,531
Cash and cash equivalents at beginning of year	967,265	267,542	1,110	-	1,235,917
Cash and cash equivalents at end of year	\$ 1,081,073	329,603	70,916	32,856	1,514,448
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:					
Operating gain (loss)	\$ (568,167)	(972)	4,229	28,748	(536,162)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:					
Commodities used	130,850	-	-	-	130,850
Depreciation	87,479	-	-	-	87,479
(Increase) in accounts receivable	(21,179)	(25)	-	-	(21,204)
(Increase) decrease in inventories	(9,673)	-	390,938	-	381,265
Increase in accounts payable	4,917	6,222	17,719	4,108	32,966
Increase (decrease) in salaries and benefits payable	(46,808)	16,038	-	-	(30,770)
Increase in deferred revenue	19,505	-	-	-	19,505
Increase in compensated absences	-	467	-	-	467
Increase (decrease) in other postemployment benefits	(1,473)	(2,434)	-	-	(3,907)
Net cash provided (used) by operating activities	\$ (404,549)	19,296	412,886	32,856	60,489

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

During the year ended June 30, 2012, the District received federal commodities valued at \$130,850.

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, 2012**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 102,150	234,287	224,395	112,042
<b>Total assets</b>	<b>\$ 102,150</b>	<b>234,287</b>	<b>224,395</b>	<b>112,042</b>
<b>Liabilities</b>				
Accounts payable	\$ -	203,195	199,975	3,220
Fiduciary liabilities	102,150	6,672	-	108,822
<b>Total liabilities</b>	<b>\$ 102,150</b>	<b>209,867</b>	<b>199,975</b>	<b>112,042</b>

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Ten Years**

	Modified Accrual Basis									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Local sources:										
Local tax	\$ 21,940,384	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	4,438,667	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	1,488,778	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	3,500	5,000	3,500	6,010	86,218	3,500	59,245	64,032	-	-
State sources	17,105,839	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	936,609	1,810,673	2,934,121	1,034,983	655,751	547,590	622,358	465,842	227,507	229,277
Total	\$ 45,913,777	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	\$ 15,323,113	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	4,100,174	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	4,490,219	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	1,725,888	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	1,846,474	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	3,885,949	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	3,669,040	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	1,156,656	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	2,948,619	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	3,387,024	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	3,902,369	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	1,216,996	1,296,055	1,259,842	1,109,997	1,034,898	970,817	892,229	846,216	847,006	897,431
Total	\$ 47,652,521	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.

## Schedule 11

**Urbandale Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

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 12	\$ 53,754
National School Lunch Program	10.555	FY 12	583,299 *
			<u>637,053</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY 12	<u>25,395</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 12	<u>241,986</u>
District Defined IDEA Subgrants	84.027	FY 12	<u>63,424</u>
Vocational Education - Basic Grants to States	84.048	FY 12	<u>46,762</u>
Title III - English Language Acquisition State grants	84.365	FY 12	<u>12,246</u>
Improving Teacher Quality State Grants	84.367	FY 12	<u>56,425</u>
Grants for State Assessments and Related Activities	84.369	FY 12	<u>24,284</u>
ARRA - Education Jobs Fund	84.410	FY 12	<u>9,538</u>
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY 12	<u>182,229</u>
University of Northern Iowa:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Investing in Innovation			
(i3) Fund (Scaling-Up Grants) (UNI)	84.396	FY 12	<u>3,800</u>
Total			<u>\$ 1,303,142</u>

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Urbandale Community School District for the year ended June 30, 2012. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of states, Local Governments and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Significant Accounting Policies**

For governmental funds, in accordance with the modified accrual basis of accounting, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, in accordance with the accrued basis of accounting, revenues from federal grants are recognized in the period they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

**Note 3. Noncash Assistance**

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$103,850 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.



**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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated November 15, 2012. 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**

Management of Urbandale Community School District is responsible for establishing and maintaining effective 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, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Urbandale Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

November 15, 2012

**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, 2012. 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 auditing standards generally accepted in the United States of America, 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 compliance 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, 2012.

**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 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.

A deficiency in 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 that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

*Van Maanen, Sietstra & Meyer, PC*

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

November 15, 2012

**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 84.010 – Title I Grants to Local Educational Agencies
  - Clustered programs:
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Urbandale Community School District qualified as a low-risk auditee.

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**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 material weaknesses in internal control over major programs were noted.

**Urbandale Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012**

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

- IV-A-12      Certified Budget and General Fund Spending Authority - Expenditures for the year ended June 30, 2012, did not exceed the certified budget amounts.
- IV-B-12      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-12      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-12      Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-12      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-12      Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-12      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-12      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-12      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-12      Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-K-12      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, 2012**

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IV-L-12      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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	9,709,932
Revenues/transfers in:			
Sales tax revenues	\$	2,825,218	
Other local revenues		55,966	
Transfers from other funds:			
Other capital projects		365,613	3,246,797
			<u>12,956,729</u>
Expenditures/transfers out			
School infrastructure construction		2,904,931	
Transfers to other funds:			
Debt service funds		1,759,435	4,664,366
			<u>4,664,366</u>
Ending balance		\$	<u><u>8,292,363</u></u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.