

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

June 30, 2013

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**Urbandale Community School District
Board of Education and School District Officials
Year Ended June 30, 2013**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2012 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 Wiersen	Board Member	2015
(After September 2012 Election)		
Adam Obrecht	President	2015
Ryan Judas	Vice President	2013
Jeffrey Farrell	Board Member	2013
Shawn St. John	Board Member	2013
Kyle Kruidenier	Board Member	2015
Cate Newberg	Board Member	2015
Mark Wiersen	Board Member	2015
School District Officials		
Doug Stilwell	Superintendent	2015
Shelly Clifford	District Secretary/Treasurer and Business Manager	2015
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education of Urbandale Community School District:

Report on the Financial Statements

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 Urbandale Community School District, Urbandale, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Urbandale Community School District at June 30, 2013, and the respective changes in financial position and where applicable cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urbandale Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012, (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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 14, 2013, 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* in considering Urbandale Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

November 14, 2013

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, 2013. 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 \$37,678,771 in fiscal 2013, increased by over \$1.25 million or 3.4 percent, as compared to \$36,431,132 in fiscal year 2012. The District tax levy remained steady at \$17.64 for the third consecutive year, and the increase was primarily in tuition revenues. General Fund expenditures were \$37,200,854 in fiscal 2013, compared to \$35,524,190 in fiscal year 2012, an increase of \$1.68 million or 4.7 percent. The increase in General Fund expenses was primarily in instructional costs, which grew by 6 percent over the previous fiscal year.
- As the District continues to build cash reserves, General Fund balance increased from \$4,359,382 in fiscal year 2012, to \$4,837,299 in fiscal 2013, an 11 percent increase over the prior year. The General Fund solvency ratio increased to 12.6 percent. The solvency ratio is widely used as a comparative tool and considered to be a good measure of a District's financial health. A graph showing the District's solvency ratio history is included later in this section.
- The District began a self-funded program for its health and dental insurance plans on July 1, 2012. The District utilizes a governmental internal services fund for accounting and reporting purposes. Revenues include withholdings from employee payrolls for monthly insurance premiums and payments of premium costs from retirees who remain on the plan. Expenses include claims paid, third-party administration costs, and re-insurance premiums. The fund's revenues for fiscal year 2013 totaled nearly \$3.2 million, and expenses were just under \$2.3 million. The District's transition to a self-funded insurance program has been deemed highly successful in the first twelve months.

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, 2013**

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

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

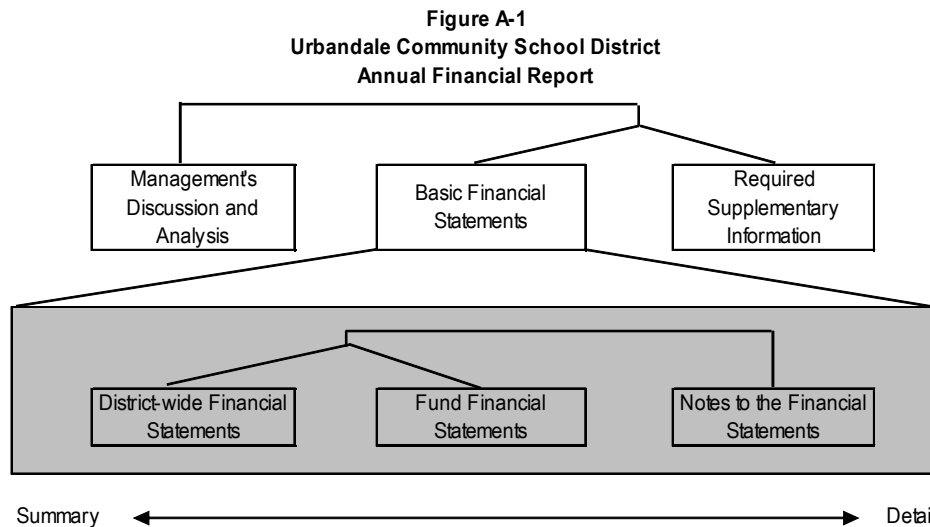


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services, 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 position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in fund net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
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 Education and Recreation Levy (PERL) Fund, the Capital Projects - Sales and Services Tax Fund, The Physical Plant and Equipment Levy (PPEL) 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, 2013**

- 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 position – Figure A-3 provides a summary of the District's net position for the year ended June 30, 2013 compared to 2012.

Figure A-3 Condensed Statement of Net Position							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current assets	\$ 59,595,432	58,193,081	1,602,119	1,623,158	61,197,551	59,816,239	2.3%
Capital assets, net	94,680,565	97,412,472	641,052	696,044	95,321,617	98,108,516	-2.8%
Other noncurrent assets	664,618	713,693	-	-	664,618	713,693	-6.9%
Total assets	154,940,615	156,319,246	2,243,171	2,319,202	157,183,786	158,638,448	-0.9%
Current liabilities	34,626,867	27,885,108	94,765	100,745	34,721,632	27,985,853	24.1%
Long-term liabilities	86,555,245	96,476,839	62,029	74,966	86,617,274	96,551,805	-10.3%
Total liabilities	121,182,112	124,361,947	156,794	175,711	121,338,906	124,537,658	-2.6%
Net position:							
Invested in capital assets, net of related debt	18,011,246	17,570,773	641,052	696,044	18,652,298	18,266,817	2.1%
Restricted	10,515,990	10,254,775	-	-	10,515,990	10,254,775	2.5%
Unrestricted	5,231,267	4,131,751	1,445,325	1,447,447	6,676,592	5,579,198	19.7%
Total net position	\$ 33,758,503	31,957,299	2,086,377	2,143,491	35,844,880	34,100,790	5.1%

The District's combined total net assets increased from \$34,100,790 in prior year to \$35,844,880 for 2013, a 5.1 percent increase. The increase was primarily in the unrestricted net position, which increased by \$1.1 million, or 19.7 percent over prior year. As noted earlier, net assets may serve over time as useful indicators of a government's financial position.

Significant portions of the District's total net position 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 2013 through scheduled payments on principle was \$3,270,000.

As shown in A-3, total assets decreased by less than 1 percent, while total liabilities decreased by nearly \$3.2 million or 2.6 percent over prior year. Current liabilities increased by \$6.7 million, primarily due to refunding activity causing changes in the scheduled general obligation bond payments. A corresponding decrease to long-term liabilities, plus scheduled payments on principal resulted in a \$9.9 decrease to long-term liabilities. The net effect on total liabilities was an overall decrease of \$3.2 million, or 2.6 percent, compared to prior year.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2013**

Changes in Net Position – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2013 and 2012. These two main components calculate a change in net position under the full accrual method of accounting. The change in net position for 2013 was an increase of \$1.7 million, compared to an increase of \$2.2 million in net position for 2012.

Revenue is 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 6.7 percent; while operating grants, contributions, and restricted interest decreased by 0.4 percent as compared to prior year. General revenue includes levied taxes and unrestricted grants such as State foundation aid. Property tax revenues were steady, decreasing just \$288,534, or 1.5 percent over the prior fiscal year. Property tax rates were held at \$17.64 per \$1000 of taxable valuation, for the third consecutive year. Unrestricted state grants increased by 2.1 percent, due to the State's increase for budgetary growth for 2012. Total revenues increased by \$0.7 million, or 1.4 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 2013 were \$1.2 million higher, a 2.5 percent increase over prior year.

Figure A-4 Changes in Net Position								
Governmental Activities		Business Type Activities		Total District		Total Change		
Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,		
2013	2012	2013	2012	2013	2012	2012-2013		
Revenues:								
Program revenues:								
Charges for service	\$ 6,969,437	5,573,316	2,892,594	3,665,552	9,862,031	9,238,868	6.7%	
Operating grants, contributions and restricted interest	5,021,088	5,026,711	734,016	705,109	5,755,104	5,731,820	0.4%	
General revenues:								
Property tax	18,826,632	19,115,166	-	-	18,826,632	19,115,166	-1.5%	
Statewide sales and services tax	2,877,524	2,825,218	-	-	2,877,524	2,825,218	1.9%	
Unrestricted state grants	13,284,256	13,007,141	-	-	13,284,256	13,007,141	2.1%	
Unrestricted investment earnings	85,359	76,875	44	138	85,403	77,013	10.9%	
Other	322,497	298,195	-	-	322,497	298,195	8.1%	
Total revenues	47,386,793	45,922,622	3,626,654	4,370,799	51,013,447	50,293,421	1.4%	
Program expenses:								
Governmental activities:								
Instruction	26,585,703	25,380,929	-	-	26,585,703	25,380,929	4.7%	
Support services	12,959,116	12,895,197	-	-	12,959,116	12,895,197	0.5%	
Non-instructional programs	158,401	102,666	3,683,768	4,201,714	3,842,169	4,304,380	-10.7%	
Other expenses	5,882,369	5,491,617	-	-	5,882,369	5,491,617	7.1%	
Total expenses	45,585,589	43,870,409	3,683,768	4,201,714	49,269,357	48,072,123	2.5%	
Increase in net position	1,801,204	2,052,213	(57,114)	169,085	1,744,090	2,221,298	-21.5%	
Net position at the beginning of year	31,957,299	29,905,086	2,143,491	1,974,406	31,879,492	29,163,966	9.3%	
Net position end of year	\$ 33,758,503	31,957,299	2,086,377	2,143,491	33,623,582	31,385,264	7.1%	

Governmental Activities

Total revenues shown in A-4 for governmental activities in 2013 were \$47,386,793 and total expenses were \$45,585,589. The net change in governmental assets was an increase of \$1,801,204 during the period, compared to a net increase of \$2,052,213 during the prior year. The business type activities had total revenues of \$3,626,654 and total expenses of \$3,683,768. This business type activities decrease in net position of \$57,114 for 2013 is significantly changed from 2012 when these activities reported an increase in net position of \$169,085. The decrease was primarily in the Child Care activities, where net position decreased by \$115,770 during 2013.

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

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services		Total Change	Net Cost of Services		Total Change
	2013	2012	2012-2013	2013	2012	2012-2013
Instruction	\$ 26,585,703	25,380,929	4.7%	16,058,672	16,241,951	-1.1%
Support services	12,959,116	12,895,197	0.5%	12,721,416	12,651,144	0.6%
Non-instructional	158,401	102,666	54.3%	158,401	102,666	54.3%
Other expenses	5,882,369	5,491,617	7.1%	4,656,575	4,274,621	8.9%
Totals	\$ 45,585,589	43,870,409	3.9%	33,595,064	33,270,382	1.0%

The total cost of all governmental activities as shown above was \$45,585,589. Some of this cost, or nearly \$7 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 for 2013 was \$33,595,064, financed with approximately \$13 million in unrestricted state aid, \$2.8 million in state-wide sales tax revenues, and \$18.8 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 just \$324,682 or 1 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 Position in the Other Supplementary Information section of this report.

Revenues for the Nutrition Fund were \$1,899,267 for 2013, a decrease of \$39,820, or 2 percent over prior year. Nutrition Fund expenses were \$1,855,776 for 2013, a decrease of just \$524 from prior year. Nutrition fund net position was \$1,784,704 at June 30, 2013, compared to \$1,741,213 for prior year. The change in net position was an increase of \$43,491, or 2.5 percent.

The Adventuretime Fund had revenues of \$1,548,440 for 2013, a decrease of \$78,096, or 4.8 percent from prior year. The program provides preschool, child care services before and after school, and all day during summer months. Expenses for 2013 were \$1,664,210 and increased by \$87,495, or 5.5 percent compared to fiscal year 2012. Adventuretime Fund net assets at end of 2013 were \$155,399, compared to \$271,169 for 2012, a decrease of 42.7 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 are 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 position for this fund at fiscal year-end 2013 including an inventory of one finished home, and two residential building lots was \$91,849.

The J-Hawk Camp Fund was created during fiscal year 2012 to account for District-sponsored youth sports camp revenues and expenses. Net position at end of prior year was \$28,748 due to timing of revenues collected before June 30. Fiscal year 2013 revenues were \$4,140 and expenses were \$32,769, leaving a more typical \$119 net position at fiscal year end.

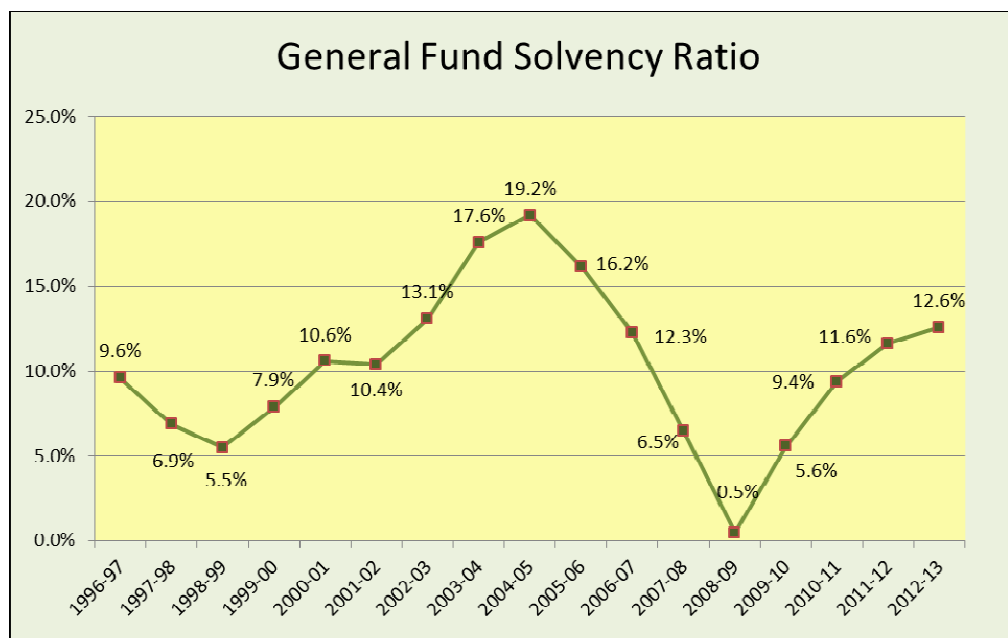
Financial Analysis of the District's Funds

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:

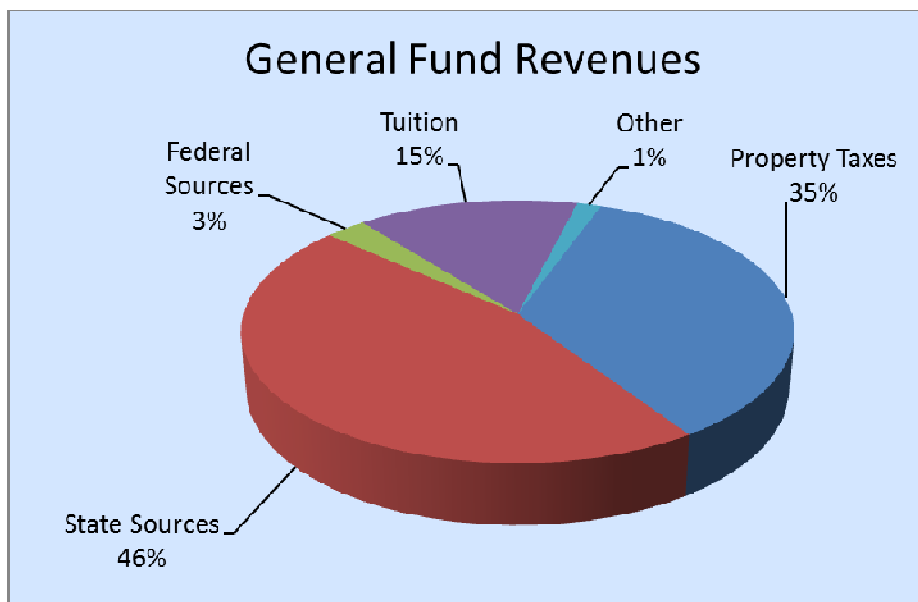
Governmental Fund Highlights

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 \$35,234,422 at June 30, 2013, an increase of \$476,374, or 1.4 percent over prior year. The following is a closer look at each individual major fund:

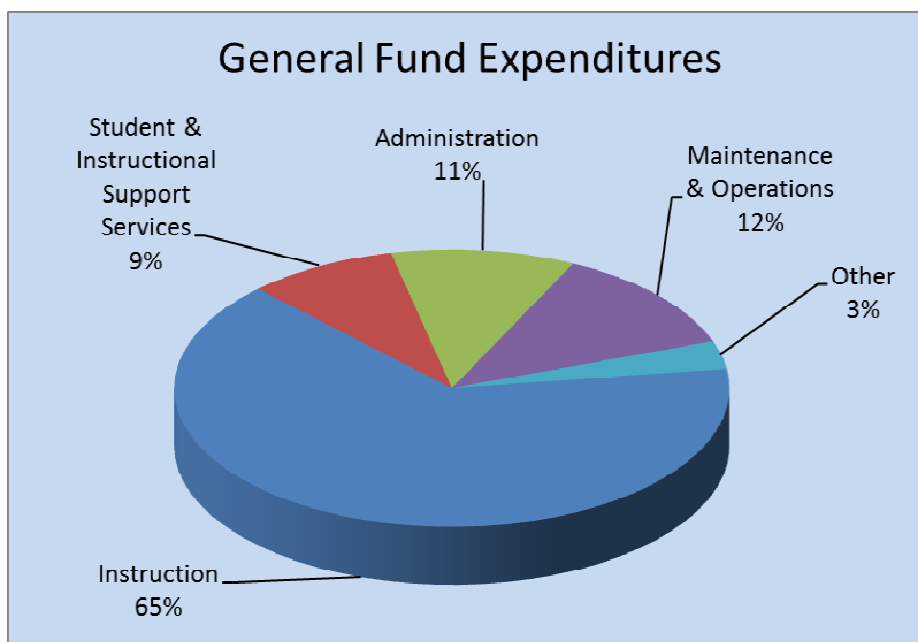
The **General Fund** reported an ending fund balance of \$4,837,299 for 2013. This \$0.48 million increase over prior year was accomplished through continued expense reduction. The solvency ratio increased from 11.6 percent in 2012 to 12.6 percent for 2013. As previously mentioned, the solvency ratio 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. 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 \$37,678,771 for fiscal year 2013, an increase of \$1.25 million over 2012. The graph below shows percentage totals for the major revenue streams according to the source of funding. Local property tax revenues were \$13.2 million, or 35 percent of the total. State sources were \$17.3 million, representing 46 percent of total revenues. The other largest revenue stream at 15 percent is for tuition payments from other school districts for open enrollment and special education services, which totaled over \$5.5 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 \$1.1 million or 25 percent over prior year.



Total General Fund expenses for fiscal year 2013 were \$37.2 million, an increase of \$1.67 million or 4.7 percent over prior year. Of all the governmental funds, the General Fund is the largest, comprising 79.3 percent of the total \$46.9 million in governmental fund expenses for the fiscal year. The graph below indicates how General Fund monies were spent according to functional categories.



Instructional costs were \$24.15 million, comprising 65 percent of all General Fund expenses. Expenses for student and instructional support services were \$3.26 million or 9 percent, administrative services were 11 percent at \$4 million, and the maintenance and operations expenses, including transportation, totaled \$4.56 million or 12 percent of all costs.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2013**

The **Debt Service 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. Twenty million in crossover refunding bonds were sold during fiscal year 2012, resulting in \$1.4 million in future savings. The proceeds are reported on the balance sheet, held in escrow to refund selected future payments of General Obligation Bonds. The Debt Service Fund balance at June 30, 2013 is \$20,893,619, including the large escrow balance. Revenues from property taxes and other local sources were \$4.6 million and \$2.3 million was transferred in from the Capital Projects fund. Expenditures totaling \$7 million included \$3.27 million reducing principle, and \$3.739 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. Revenues totaled \$3.3 million for 2013, up 2.4 percent over prior year. Revenues are primarily derived from the statewide sales tax, which accounted for \$2.878 million for 2013, a 1.9 percent increase over the 2012 amount of statewide sales tax revenues. Capital Projects Funds expenses totaled \$1.054 million for 2013, compared to \$3.28 million in fiscal year 2011. Larger projects, such as a Middle School Additions and Renovation, were significantly complete in 2012, funded through sales tax revenue bonds. Smaller projects were contracted during fiscal year 2013, including playground renovations and structural repairs to an elementary building. The combined Capital Projects Funds balance was nearly \$8.5 million at June 30, 2013, with \$2.1 million reserved for debt service. The remaining \$6.4 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 2013 in each functional area.

	Budget	Expenditures	Variance
Instruction	\$ 26,470,000	25,210,429	1,259,571
Support services	13,897,000	12,660,619	1,236,381
Non-instructional programs	4,800,000	3,683,768	1,116,232
Other expenditures	13,632,089	9,039,371	4,592,718
	<u>\$ 58,799,089</u>	<u>50,594,187</u>	<u>8,204,902</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 2013. The larger variance of \$4.59 million in 'Other expenditure' category is due to a larger estimate for capital projects that might occur during the following fiscal year, often a difficult estimate at budget certification.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the District had invested \$95,321,617, 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, Improvements, and Equipment and Furniture categories each reported a decrease, due to annual accumulated depreciation. No significant change to capital assets occurred, since all equipment additions during fiscal year 2013 fell below the District's capitalization threshold of \$5000 per unit. The total decrease for all categories was 2.8 percent.

Figure A-6

	Capital Assets, net of depreciation						
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Buildings	92,317,765	94,758,805	-	-	92,317,765	94,758,805	-2.6%
Improvements	362,829	411,396	-	-	362,829	411,396	-11.8%
Equipment and furniture	465,979	708,279	641,052	696,044	1,107,031	1,404,323	-21.2%
Total	\$ 94,680,565	97,412,472	641,052	696,044	95,321,617	98,108,516	-2.8%

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 \$97,556,053 in long-term debt obligations at year-end 2013, a 3.56 percent decrease over prior year. As previously discussed, this increase is primarily due to issuance of crossover refunding bonds. With scheduled payments on principal, general obligation bonds decreased by 3.17 percent, and revenue bonds decreased by 3.61 percent. Obligations for the early retirement program and other postemployment benefits decreased by 31.42 percent and 16.27 percent, respectively, as obligations to many former employees were fulfilled. No new early retirement incentive was offered during 2013.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2013	2012	2012-2013
General obligation bonds	\$ 72,190,000	74,550,000	-3.17%
Revenue bonds	24,290,000	25,200,000	-3.61%
Early retirement	525,378	766,029	-31.42%
Compensated absences	62,930	56,621	11.14%
Other postemployment benefits	487,745	582,555	-16.27%
Total	<u>\$ 97,556,053</u>	<u>101,155,205</u>	<u>-3.56%</u>

Factors Bearing on District's Future

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

- The District has continued to improve its financial health for the past several 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 12.6 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 2013-14 school year by nearly 50 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.
- Urbandale Community School District is one of the smallest urban districts in the Des Moines metro area. It is unique with smaller elementary schools tucked into its residential neighborhoods. 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 the older District sites, a demographics study was used to ascertain the areas of future growth within the District. The administration and facilities committee will now work to determine future school building configurations.

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 Position
June 30, 2013

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 37,555,357	1,468,704	39,024,061
Receivables:			
Property tax:			
Delinquent	83,435	-	83,435
Succeeding year	19,600,958	-	19,600,958
Due from other funds	300,000	(300,000)	-
Due from other governments	2,055,682	-	2,055,682
Inventories	-	433,415	433,415
Total current assets	59,595,432	1,602,119	61,197,551
Non-current assets:			
Bond discount and issuance costs, net	664,618	-	664,618
Capital assets:			
Capital assets, nondepreciable	1,533,992	-	1,533,992
Capital assets, depreciable, net of depreciation	93,146,573	641,052	93,787,625
Total non-current assets	95,345,183	641,052	95,986,235
Total assets	\$ 154,940,615	2,243,171	157,183,786
Liabilities			
Current liabilities:			
Accounts payable	\$ 10,605	6,994	17,599
Medical insurance claims payable	333,891	-	333,891
Accrued salaries and benefits payable	3,551,110	37,375	3,588,485
Due to other funds	434	(434)	-
Due to other governments	94,972	-	94,972
Accrued interest payable	870,039	-	870,039
Unearned revenue:			
Succeeding year property tax	19,600,958	-	19,600,958
Other	187,665	44,345	232,010
General obligation bonds payable	8,795,000	-	8,795,000
Revenue bonds payable	945,000	-	945,000
Early retirement	180,748	-	180,748
Compensated absences	56,445	6,485	62,930
Total current liabilities	34,626,867	94,765	34,721,632
Non-current liabilities:			
Bonds premiums, net	110,580	-	110,580
General obligation bonds payable	63,395,000	-	63,395,000
Deferred amount on refunding	(1,065,681)	-	(1,065,681)
Revenue bonds payable	23,345,000	-	23,345,000
Early retirement	344,630	-	344,630
Other postemployment benefits	425,716	62,029	487,745
Total non-current liabilities	86,555,245	62,029	86,617,274
Total liabilities	121,182,112	156,794	121,338,906

Exhibit A

Urbandale Community School District
Statement of Net Position
June 30, 2013

	Governmental Activities	Business type Activities	Total
Net Position			
Net investment in capital assets	18,011,246	641,052	18,652,298
Restricted for:			
Categorical funding	259,284	-	259,284
Debt service	3,390,753	-	3,390,753
Management levy purposes	164,469	-	164,469
Student activities	267,638	-	267,638
Public education & recreation levy purposes	57,808	-	57,808
School infrastructure	6,063,410	-	6,063,410
Physical plant and equipment	312,628	-	312,628
Unrestricted	5,231,267	1,445,325	6,676,592
Total net position	\$ 33,758,503	2,086,377	35,844,880

See notes to financial statements.

Urbandale Community School District
Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Position	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
Governmental activities:						
Instruction:						
Regular	\$ 16,615,324	4,357,545	2,791,365	-	(9,466,414)	-
Special	5,248,236	1,424,799	857,166	-	(2,966,271)	-
Other	4,722,143	1,042,621	53,535	-	(3,625,987)	-
	<u>26,585,703</u>	<u>6,824,965</u>	<u>3,702,066</u>	<u>-</u>	<u>(16,058,672)</u>	<u>-</u>
Support Service:						
Student	1,871,758	-	-	-	(1,871,758)	-
Instructional staff	1,851,348	-	-	-	(1,851,348)	-
Administration	4,154,755	-	-	-	(4,154,755)	-
Operating and maintenance of plant	3,874,147	84,368	-	-	(3,789,779)	-
Transportation	1,207,108	60,104	93,228	-	(1,053,776)	-
	<u>12,959,116</u>	<u>144,472</u>	<u>93,228</u>	<u>-</u>	<u>(12,721,416)</u>	<u>-</u>
Non-instructional programs	158,401	-	-	-	(158,401)	-
Other expenditures:						
Facilities acquisition	804,294	-	-	-	(804,294)	-
Long-term debt interest	3,852,281	-	-	-	(3,852,281)	-
AEA flowthrough	1,225,794	-	1,225,794	-	-	-
	<u>5,882,369</u>	<u>-</u>	<u>1,225,794</u>	<u>-</u>	<u>(4,656,575)</u>	<u>-</u>
Total governmental activities	45,585,589	6,969,437	5,021,088	-	(33,595,064)	-
Business type activities:						
Non-instructional programs:						
Nutrition services	1,855,776	1,224,286	674,937	-	-	43,447
Child Care services	1,664,210	1,489,361	59,079	-	-	(115,770)
Student Construction services	11,180	668	-	-	-	(10,512)
Community Education	119,833	174,139	-	-	-	54,306
J Hawk Camp	32,769	4,140	-	-	-	(28,629)
	<u>3,683,768</u>	<u>2,892,594</u>	<u>734,016</u>	<u>-</u>	<u>-</u>	<u>(57,158)</u>
Total primary government	<u>\$ 49,269,357</u>	<u>9,862,031</u>	<u>5,755,104</u>	<u>-</u>	<u>(33,595,064)</u>	<u>(57,158)</u>
General Revenues:						
Property tax levied for:						
General purposes					13,788,525	-
Debt service					4,521,087	-
Capital outlay					517,020	-
Statewide sales, services and use tax					2,877,524	-
Unrestricted state grants					13,284,256	-
Unrestricted investment earnings					85,359	44
Other general revenues					322,497	-
					<u>35,396,268</u>	<u>44</u>
Total general revenues, capital contributions and transfers						35,396,312
Change in net position					1,801,204	(57,114)
Net position beginning of year					31,957,299	2,143,491
Net position end of year					<u>\$ 33,758,503</u>	<u>2,086,377</u>

See notes to financial statements.

Exhibit C

Urbandale Community School District
Balance Sheet
Governmental Funds
June 30, 2013

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Assets					
Cash and pooled investments	\$ 7,019,104	20,872,703	7,733,793	1,014,491	36,640,091
Receivables:					
Property tax:					
Current year delinquent	57,612	20,916	1,740	3,167	83,435
Succeeding year	13,751,327	4,507,814	385,823	955,994	19,600,958
Due from other funds	-	-	300,000	-	300,000
Due from other governments	1,600,427	-	455,255	-	2,055,682
Total assets	\$ 22,428,470	25,401,433	8,876,611	1,973,652	58,680,166
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 7,828	-	2,577	200	10,605
Salaries and benefits payable	3,548,945	-	-	2,165	3,551,110
Due to other funds	434	-	-	-	434
Due to other governments	94,972	-	-	-	94,972
Deferred revenue:					
Succeeding year property tax	13,751,327	4,507,814	385,823	955,994	19,600,958
Other	187,665	-	-	-	187,665
Total liabilities	17,591,171	4,507,814	388,400	958,359	23,445,744
Fund balances:					
Restricted for:					
Categorical funding	259,284	-	-	-	259,284
Debt service	-	20,893,619	2,112,173	-	23,005,792
Management levy purposes	-	-	-	689,847	689,847
Student activities	-	-	-	267,638	267,638
Public education & recreation levy purposes	-	-	-	57,808	57,808
School infrastructure	-	-	6,063,410	-	6,063,410
Physical plant and equipment	-	-	312,628	-	312,628
Unassigned	4,578,015	-	-	-	4,578,015
Total fund balances	4,837,299	20,893,619	8,488,211	1,015,293	35,234,422
Total liabilities and fund balances	\$ 22,428,470	25,401,433	8,876,611	1,973,652	58,680,166

See notes to financial statements.

Exhibit D

**Urbandale Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2013**

Total fund balances of governmental funds (Exhibit C) **\$ 35,234,422**

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 94,680,565

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 581,375

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	\$ (72,190,000)	
Revenue bonds payable	(24,290,000)	
Bond discounts and issuance costs	664,618	
Deferred amount on refunding	1,065,681	
Bond premiums	(110,580)	
Accrued interest	(870,039)	
Early retirement	(525,378)	
Compensated absences	(56,445)	
Other postemployment benefits	(425,716)	(96,737,859)

Net position of governmental activities (Exhibit A) **\$ 33,758,503**

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, 2013

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 13,203,590	4,521,087	3,253,593	725,886	21,704,156
Tuition	5,540,588	-	-	-	5,540,588
Other	594,904	75,003	81,013	1,049,482	1,800,402
Intermediate sources	3,500	-	-	-	3,500
State sources	17,320,955	1,559	130	269	17,322,913
Federal sources	1,015,234	-	-	-	1,015,234
Total revenues	37,678,771	4,597,649	3,334,736	1,775,637	47,386,793
Expenditures:					
Current:					
Instruction:					
Regular	15,498,635	-	-	278,226	15,776,861
Special	4,946,672	-	-	-	4,946,672
Other	3,706,976	-	-	779,920	4,486,896
	24,152,283	-	-	1,058,146	25,210,429
Support services:					
Student	1,738,728	-	-	-	1,738,728
Instructional staff	1,526,617	-	249,813	-	1,776,430
Administration	3,991,997	-	-	152,829	4,144,826
Operation and maintenance of plant	3,360,026	-	-	435,200	3,795,226
Transportation	1,205,409	-	-	-	1,205,409
	11,822,777	-	249,813	588,029	12,660,619
Other expenditures:					
Facilities acquisition	-	-	804,294	-	804,294
Long-term debt:					
Principal	-	3,270,000	-	-	3,270,000
Interest and fiscal charges	-	3,739,283	-	-	3,739,283
AEA flowthrough	1,225,794	-	-	-	1,225,794
	1,225,794	7,009,283	804,294	-	9,039,371
Total expenditures	37,200,854	7,009,283	1,054,107	1,646,175	46,910,419
Excess (deficiency) of revenues over (under) expenditures	477,917	(2,411,634)	2,280,629	129,462	476,374

Exhibit E

Urbandale Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2013

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Other financing sources (uses):					
Operating transfers in	-	2,299,090	-	-	2,299,090
Operating transfers out	-	-	(2,299,090)	-	(2,299,090)
Total other financing sources (uses)	-	2,299,090	(2,299,090)	-	-
Net change in fund balances	477,917	(112,544)	(18,461)	129,462	476,374
Fund balances beginning of year	4,359,382	21,006,163	8,506,672	885,831	34,758,048
Fund balances end of year	<u>\$ 4,837,299</u>	<u>20,893,619</u>	<u>8,488,211</u>	<u>1,015,293</u>	<u>35,234,422</u>

See notes to financial statements.

Urbandale Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2013

Net change in fund balances - total governmental funds (Exhibit E) **\$ 476,374**

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 Position 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:

Depreciation expense	(2,731,907)
----------------------	-------------

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Position. 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 Position. 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	3,270,000	
Amortization of bond premiums	7,105	
Amortization of bond discounts and issuance costs	(49,075)	
Amortization of deferred amount on refunding	(97,620)	3,130,410

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.

26,592

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	240,651	
Compensated absences	(4,164)	
Other postemployment benefits	81,873	318,360

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in Net Position of the Internal Service Fund is reported with governmental activities.

581,375

Change in net position of governmental activities (Exhibit B)

\$ 1,801,204

See notes to financial statements.

Exhibit G

**Urbandale Community School District
Statement of Net Position
Proprietary Funds
June 30, 2013**

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and pooled investments	\$ 1,468,704	915,266
Due from other funds	434	-
Inventories	433,415	-
Total current assets	1,902,553	915,266
Capital assets, net of accumulated depreciation	641,052	-
Total assets	\$ 2,543,605	915,266
Liabilities		
Current liabilities:		
Accounts payable	\$ 6,994	-
Salaries and benefits payable	37,375	-
Due to other funds	300,000	-
Unearned revenue	44,345	-
Compensated absences	6,485	-
Total current liabilities	395,199	-
Noncurrent liabilities:		
Other postemployment benefits	62,029	-
Total noncurrent liabilities	62,029	-
Total liabilities	457,228	-
Net Position		
Invested in capital assets, net of related debt	641,052	-
Unrestricted	1,445,325	915,266
Total net position	2,086,377	915,266
Total liabilities and Net Position	\$ 2,543,605	915,266

See notes to financial statements.

Exhibit H

Urbandale Community School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenue:		
Local sources:		
Charges for services	\$ 2,892,594	3,180,806
Operating expenses:		
Instructional Programs:		
Support services:		
Administrative services:		
Other	-	2,265,540
	-	2,265,540
Non-instructional programs:		
Community service operations:		
Other	1,816,812	-
Food service operations:		
Depreciation	88,333	-
Other	1,767,443	-
Other enterprise operations:		
Other	11,180	-
	3,683,768	-
Total operating expenses	3,683,768	2,265,540
Operating loss	(791,174)	915,266
Non-operating revenue:		
State sources	72,918	-
Federal sources	661,098	-
Interest income	44	-
Total non-operating revenue	734,060	-
Change in net position	(57,114)	915,266
Net position beginning of year	2,143,491	-
Net position end of year	\$ 2,086,377	915,266

See notes to financial statements.

Exhibit I

Urbandale Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,233,250	-
Cash received from miscellaneous operating activities	1,677,058	3,180,806
Cash payments to employees for services	(2,371,969)	(2,265,540)
Cash payments to suppliers for goods or services	(1,484,727)	-
Net cash used by operating activities	(946,388)	915,266
Cash flows from non-capital financing activities:		
Due to other funds proceeds	300,000	-
State grants received	72,918	-
Federal grants received	561,023	-
Net cash provided by non-capital financing activities	933,941	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(33,341)	-
Net cash provided by investing activities	(33,341)	-
Cash flows from investing activities:		
Interest on cash and investments	44	-
Net cash provided by investing activities	44	-
Net increase in cash and cash equivalents	(45,744)	915,266
Cash and cash equivalents at beginning of year	1,514,448	-
Cash and cash equivalents at end of year	\$ 1,468,704	915,266
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (791,174)	915,266
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used	100,075	-
Depreciation	88,333	-
Decrease in receivables	21,204	-
(Increase) in due from other funds	(434)	-
(Increase) in inventories	(345,909)	-
(Decrease) in accounts payable	(21,864)	-
Increase in salaries and benefits payable	17,229	-
(Decrease) in unearned revenue	(3,056)	-
Increase in compensated absences	2,145	-
(Decrease) in other postemployment benefits	(12,937)	-
Net cash used by operating activities	\$ (946,388)	915,266

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received federal commodities valued at \$100,075.

See notes to financial statements.

Exhibit J

**Urbandale Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013**

	<u>Agency</u>
Assets	
Cash and pooled investments	<u>\$ 132,035</u>
Total assets	<u>132,035</u>
Liabilities	
Other payables	<u>132,035</u>
Total liabilities	<u>132,035</u>
Net position	<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 Position (previously referred to as 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 Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets 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 position results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has 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 position, 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.

Internal Service Funds: The internal service funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service funds:

Self-Insurance Fund: This fund accounts for transactions for self-insured health insurances including medical, dental, prescription and vision received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

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 Position 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

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 Position. 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 Position 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, 2013. 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 Position.

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 Position – In the government-wide Statement of Net Position, Net Position 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, 2013, expenditures did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 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, 2013, the District had investments as follows:

Wells Fargo Adv Government MM Fund	\$	5,457,164
The Education Liquidity Fund		3,502,076
US Treasury Notes		19,283,355
Iowa School Joint Investment Trust		
Diversified Portfolio		5,854,195
	\$	<u>34,096,790</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 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.

(3) Due From and Due to Other Funds

The detail of interfund receivable and payables for the year ended June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Nutrition Fund	General Fund	\$ 434
Capital Projects - Statewide Sales, Services and Use Tax	Student Construction	300,000
		<u>\$ 300,434</u>

The Capital Projects Fund is repaying the General Fund for property tax incorrectly recorded in the prior year. The balance is to be repaid by June 30, 2014.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects - Statewide Sales, Services and Use Tax	\$ 2,299,090
		<u>\$ 2,299,090</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, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Total capital assets not being depreciated	1,533,992	-	-	1,533,992
Capital assets being depreciated:				
Buildings	118,597,497	-	-	118,597,497
Improvements other than buildings	689,480	-	-	689,480
Furniture and equipment	2,090,783	-	-	2,090,783
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	122,923,865	-	-	122,923,865
Less accumulated depreciation for:				
Buildings	23,838,692	2,441,040	-	26,279,732
Improvements other than buildings	278,084	48,567	-	326,651
Furniture and equipment	1,445,774	179,030	-	1,624,804
Leased equipment	1,482,835	63,270	-	1,546,105
Total accumulated depreciation	27,045,385	2,731,907	-	29,777,292
Total capital assets being depreciated, net	95,878,480	(2,731,907)	-	93,146,573
Governmental activities capital assets, net	\$ 97,412,472	(2,731,907)	-	94,680,565
Business type activities:				
Furniture and equipment	\$ 1,420,292	33,341	-	1,453,633
Less accumulated depreciation	724,248	88,333	-	812,581
Business type activities capital assets, net	\$ 696,044	(54,992)	-	641,052

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 1,203,224
Special	372,820
Other	292,445

Support services:

Student support	152,160
Instructional staff	88,722
Administration	295,912
Operation and maintenance of plant	144,241
Transportation	-
Noninstructional	182,383

Total governmental activities depreciation expense

\$ 2,731,907

Business type activities:

Food services	\$ 88,333
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(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 74,550,000	-	2,360,000	72,190,000	2,420,000
Revenue bonds	25,200,000	-	910,000	24,290,000	945,000
Early retirement	766,029	-	240,651	525,378	180,747
Compensated absences	52,281	56,445	52,281	56,445	56,445
Net OPEB liability	507,589	-	80,373	427,216	-
Subtotal, governmental activities	101,075,899	56,445	3,643,305	97,489,039	3,602,192
Business type activities:					
Compensated absences	4,340	6,485	4,340	6,485	6,485
Net OPEB liability	74,966	-	14,437	60,529	-
Subtotal, business type activities	79,306	6,485	18,777	67,014	6,485
Total	\$ 101,155,205	62,930	3,662,082	97,556,053	3,608,677

General Obligation Bonds

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year ending June 30,	Bond Issue on October 1, 2005			
	Interest Rate	Principal	Interest	Total
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
		6,875,000	1,700,638	8,575,638

Year ending June 30,	Bond Issue on July 1, 2006			
	Interest Rate	Principal	Interest	Total
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
		11,780,000	4,137,775	15,917,775

Urbandale Community School District
Notes to Financial Statements
June 30, 2013

General Obligation Bonds (continued)

Year ending June 30,	Bond Issue on January 1, 2007			
	Interest Rate	Principal	Interest	Total
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
		8,175,000	3,294,648	11,469,648

Year ending June 30,	Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
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	8,206,325	20,601,325

Year ending June 30,	Refunding Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
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
		12,965,000	2,851,613	15,816,613

Urbandale Community School District
Notes to Financial Statements
June 30, 2013

General Obligation Bonds (continued)

Year ending June 30,	Crossover Refunding Bond Issue on December 1, 2011			
	Interest Rate	Principal	Interest	Total
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	1,839,345	11,839,345

Year ending June 30,	Crossover Refunding Bond Issue on January 1, 2012			
	Interest Rate	Principal	Interest	Total
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	1,593,525	11,593,525

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
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
	\$ 72,190,000	23,623,869	95,813,869

Advance Refunding – May 1, 2011

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, 2012 and January 1, 2013

On December 1, 2012 and January 1, 2013, 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, 2013, \$26,830,000 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, 2013 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
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>\$ 24,290,000</u>	<u>12,089,423</u>	<u>36,379,423</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 \$36,679,423. For the current year, \$910,000 principal and \$1,182,554 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$2,877,524.

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, 2013.

As of June 30, 2013, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	\$ 1,833,984,222
Debt limit of 5% of total assessed valuation	\$ 91,699,211
Amount of debt applicable to debt limit	96,480,000
Crossover bond proceeds held in trust for refunding purposes	(18,745,000)
Excess of debt limit over bonded debt issued, legal debt margin.	<u>\$ 13,964,211</u>

Early Retirement

The District offered a voluntary early retirement plan to its employees through June 30, 2011. 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, 2013, the District had no obligations to participants for the annuity benefit. A total of 34 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, 2013 totaled \$240,651.

(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
2014	44,126
2015	25,740
	<u>\$ 69,866</u>

The total lease expense for the year ended June 30, 2013 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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011, were \$2,211,352, \$1,968,505, and \$1,613,610, 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, 2013, 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	26,215
Adjustment to annual required contribution	<u>(22,025)</u>
Annual OPEB cost	397,190
Contributions made	<u>(492,000)</u>
Increase in net OPEB obligation	(94,810)
Net OPEB obligation beginning of year	<u>582,555</u>
Net OPEB obligation end of year	<u>\$ 487,745</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, 2013.

For the year ended June 30, 2013, the District contributed \$6,730 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, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of	
		Annual OPEB	Net OPEB Obligation
		Cost Contributed	
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
June 30, 2013	397,190	123.87%	487,745

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2013, 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 \$22,731,852, and the ratio of the UAAL to covered payroll was 18.0%. As of June 30, 2013, 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, 2012 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.

The District operates a self-funded insurance medical plan and dental plan administered by a third party administrator for its employees and eligible dependents. The medical plan is supplemented with reinsurance (specific and aggregate protection), which limits the District's liability to \$35,000 per individual medical claim and an aggregate limit of 125% during the contractual plan year which aligns with fiscal year. Reinsurance is not purchased for the dental plan. The dental plan liability is limited to \$1,000 per individual per year and the dental plan does not exceed the two percent of the general fund budget; thus, actuarial opinions are not obtained nor is the dental plan required to file with the State of Iowa Insurance Division.

The medical plan received an annual actuarial opinion and the annual report is filed with the State of Iowa Insurance Division. The medical insurance claims liability of \$333,891 at June 30, 2013 is based on the requirements of Section 509A.15 of the Iowa Code and the requirements of the GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Such liabilities are the amount for claims that have been incurred but not reported.

(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 \$1,225,794 for the year ended June 30, 2013 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, 2013

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%
2013	July 1, 2012	-	4,100,000	4,100,000	0.0%	22,731,852	18.0%

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, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 29,045,146	2,892,638	31,937,784	29,245,757	2,692,027
Intermediate sources	3,500	-	3,500	5,000	(1,500)
State sources	17,322,913	72,918	17,395,831	21,115,567	(3,719,736)
Federal sources	1,015,234	661,098	1,676,332	1,425,000	251,332
Total revenues	47,386,793	3,626,654	51,013,447	51,791,324	(777,877)
Expenditures:					
Instruction	25,210,429	-	25,210,429	26,470,000	1,259,571
Support services	12,660,619	-	12,660,619	13,897,000	1,236,381
Non-instructional programs	-	3,683,768	3,683,768	4,800,000	1,116,232
Other expenditures	9,039,371	-	9,039,371	13,632,089	4,592,718
Total expenditures	46,910,419	3,683,768	50,594,187	58,799,089	8,204,902
Excess (deficiency) of revenues over (under) expenditures	476,374	(57,114)	419,260	(7,007,765)	7,427,025
Balances beginning of year	34,758,048	2,143,491	36,901,539	33,946,048	2,955,491
Balances end of year	\$ 35,234,422	2,086,377	37,320,799	26,938,283	10,382,516

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, 2013, 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 \$1,225,794 for the year ended June 30, 2013.

Supplementary Information

Schedule 1

Urbandale Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Management	Student Activity	Public Education & Recreation Levy	Total
Assets				
Cash and pooled investments	\$ 687,295	270,003	57,193	1,014,491
Receivables:				
Property tax:				
Delinquent	2,552	-	615	3,167
Succeeding year	809,999	-	145,995	955,994
Total assets	\$ 1,499,846	270,003	203,803	1,973,652
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	200	-	200
Salaries and benefits payable	-	2,165	-	2,165
Deferred revenue:				
Succeeding year property tax	809,999	-	145,995	955,994
Total liabilities	809,999	2,365	145,995	958,359
Fund Balances:				
Restricted for:				
Management levy purposes	689,847	-	-	689,847
Student activities	-	267,638	-	267,638
Public education & recreation levy purposes	-	-	57,808	57,808
Unassigned	689,847	267,638	57,808	1,015,293
Total liabilities and fund equity	\$ 1,499,846	270,003	203,803	1,973,652

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, 2013

	Special Revenue Funds			Total
	Management	Student Activity	Public Education & Recreation Levy	
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ 554,264	-	133,560	687,824
Utility tax replacement excise tax	30,671	-	7,391	38,062
	584,935	-	140,951	725,886
Other local sources:				
Interest on investments	-	60	-	60
Other	12,171	1,037,251	-	1,049,422
	12,171	1,037,311	-	1,049,482
	597,106	1,037,311	140,951	1,775,368
State sources:				
Revenue in lieu of taxes :				
Military credit	217	-	52	269
Total revenues	597,323	1,037,311	141,003	1,775,637
Expenditures:				
Current:				
Instruction:				
Regular	258,330	-	19,896	278,226
Other	-	779,920	-	779,920
Support services:				
Administration:	62,861	-	89,968	152,829
Operation and maintenance of plant	435,200	-	-	435,200
Total expenditures	756,391	779,920	109,864	1,646,175
Excess (deficiency) of revenues over (under) expenditures	(159,068)	257,391	31,139	129,462
Fund balances beginning of year	848,915	10,247	26,669	885,831
Fund balances end of year	\$ 689,847	267,638	57,808	1,015,293

See accompanying independent auditor's report.

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Interaccount Transfers</u>	<u>Revenues and Financing Sources</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Jensen Activity	\$ -	-	10,666	1,864	8,802
Jensen Picture	-	-	6,217	-	6,217
Jensen Web Clickers	189	-	-	-	189
K.A. Elementary-Activity	-	-	8,203	97	8,106
K.A. Elementary-Picture	-	-	3,133	-	3,133
K.A. Elementary-Student	-	-	279	77	202
K.A. Elementary-Student Senate	-	428	2,013	1,630	811
Olmsted Activity	-	-	12,659	5,348	7,311
Olmsted Picture	-	(2,129)	1,624	(912)	407
Olmsted Student	-	-	323	121	202
Olmsted Webclickers	-	2,129	-	2,129	-
Rolling Green Activity	-	-	7,308	1,922	5,386
Rolling Green Picture	-	(1,746)	925	(1,746)	925
Valerius Activity	-	-	29,954	6,995	22,959
Valerius Picture	-	-	1,219	-	1,219
Valerius Web Clickers	29	-	-	-	29
Webster Activity	-	-	6,211	1,024	5,187
Webster Picture	-	-	2,678	-	2,678
Webster Student	-	-	1,053	473	580
Webster Web Clickers	265	(265)	2,605	-	2,605
Elementary Band	-	-	20,048	3,100	16,948
Middle School:					
Activities	-	11,420	1,239	12,659	-
Drama	-	2,658	-	-	2,658
Vocal	-	-	36,140	6,615	29,525
Instrumental	-	-	10,005	7,449	2,556
Boys Basketball	-	(1,439)	1,744	305	-
Boys Cross Country	-	730	305	1,035	-
Boys Football	-	28,019	3,435	31,454	-
Boys Track	-	(6,317)	460	(5,857)	-
Boys Wrestling	-	697	1,996	2,693	-
Girls Basketball	-	(478)	1,145	667	-
Girls Cross Country	-	1,727	40	1,767	-
Girls Softball	-	21,355	2,363	23,718	-
Girls Track	-	(4,932)	620	(4,312)	-
Girls Volleyball	-	9,393	1,378	10,771	-
Library	-	724	(724)	-	-
Student Senate	-	(4,627)	606	(4,021)	-
Student Interest	-	130	35	-	165
Memory Book	-	12,417	10,898	23,315	-
Building Activity	-	-	5,148	2,272	2,876
I-Movie Club	-	637	-	637	-
Picture	-	-	5,283	-	5,283
High School:					
Activity/Athletic Sponsor	401	105,088	216,260	321,749	-
Art	633	(633)	2,895	181	2,714
Art Club	127	-	-	-	127
At Risk	599	-	-	-	599
Boys Basketball	39	(23,677)	40,995	17,357	-
Boys Baseball	-	74,651	23,343	97,994	-
Boys Cross Country	-	8,054	721	8,775	-
Boys Football	-	(49,835)	19,707	(30,128)	-
Boys Golf	-	8,850	2,699	11,549	-
Boys Soccer	1,168	(30,734)	4,748	(24,818)	-
Boys Swimming	-	1,620	-	1,620	-
Boys Tennis	151	(1,480)	-	(1,329)	-
Boys Track	-	(15,772)	2,090	(13,682)	-

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Interaccount Transfers</u>	<u>Revenues and Financing Sources</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Boys Wrestling	387	(16,996)	8,195	(8,414)	-
Building Activity	-	(21,751)	68,959	47,208	-
Cadet Teachers	520	-	-	-	520
Character Counts	-	692	1	499	194
Cheerleaders	-	17,474	4,689	22,163	-
DECA	-	169	10,370	10,539	-
Drama	-	-	18,474	6,545	11,929
Drug Foundation	450	-	-	-	450
Environmental Club	210	-	172	178	204
Family Consumer Science	13	-	-	-	13
Future Business Leaders	80	-	1	-	81
German Club	408	(408)	1,682	711	971
Girls Basketball	100	(37,720)	7,721	(29,899)	-
Girls Bowling	-	3,455	270	3,725	-
Girls Cross Country	-	3,516	716	4,232	-
Girls Golf	-	2,889	1,813	4,702	-
Girls Soccer	-	(23,922)	5,951	(17,971)	-
Girls Softball	386	(31,293)	6,254	(24,653)	-
Girls Swimming	-	1,620	(810)	810	-
Girls Tennis	-	3,337	981	4,318	-
Girls Track	-	2,328	2,400	4,728	-
Girls Volleyball	-	(19,220)	11,902	(7,318)	-
Guidance	-	490	2,900	3,390	-
Industrial Arts Club	711	(711)	4,789	1,577	3,212
Industrial Arts House	-	110	15	125	-
Instrumental Music	-	32,909	34,123	67,032	-
Interest Student Fund	161	(20,776)	25	(20,615)	25
Japanese Trip	4	59	29,500	28,946	617
Jayhawker	-	-	4,336	1,628	2,708
Jaywalkers	-	8,600	25,777	34,377	-
Key Club	193	(193)	6,275	1,438	4,837
Library	-	-	6,344	748	5,596
Memory Book	-	-	2,645	-	2,645
Parenting Network	850	-	-	-	850
Peer Helpers	-	235	594	526	303
Physics	4	-	-	-	4
Picture	1,045	(1,045)	1,770	-	1,770
Science Activity	174	-	-	-	174
Spanish Honor Society	-	-	2,429	-	2,429
Spanish Trip	266	(248)	2,286	1,859	445
Special Ed	20	480	-	-	500
Student Participation Fee	470	(470)	-	-	-
Student Senate	-	(50,401)	16,567	(48,985)	15,151
Tag Activities	80	-	-	-	80
Tag Activities Fees	-	-	7,710	678	7,032
The Roaring Leo Club	114	128	249	-	491
Vocal Music	-	-	180,539	143,973	36,566
Yearbook	-	-	46,005	18,563	27,442
	<u>\$ 10,247</u>	<u>-</u>	<u>1,037,311</u>	<u>779,920</u>	<u>267,638</u>

See accompanying independent auditor's report

Schedule 4

Urbandale Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 7,422,905	310,888	7,733,793
Receivables:			
Property tax:			
Current year delinquent	-	1,740	1,740
Succeeding year	-	385,823	385,823
Due from other funds	300,000	-	300,000
Due from other governments	455,255	-	455,255
Total assets	\$ 8,178,160	698,451	8,876,611
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,577	-	2,577
Deferred revenue:			
Succeeding year property tax	-	385,823	385,823
Total liabilities	2,577	385,823	388,400
Fund balances:			
Restricted for:			
Debt service	2,112,173	-	2,112,173
School infrastructure	6,063,410	-	6,063,410
Physical plant and equipment	-	312,628	312,628
	8,175,583	312,628	8,488,211
Total liabilities and fund balances	\$ 8,178,160	698,451	8,876,611

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, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax:			
Property tax	\$ -	358,003	358,003
Utility tax replacement excise tax	-	18,066	18,066
Statewide sales, services and use tax	2,877,524	-	2,877,524
	<u>2,877,524</u>	<u>376,069</u>	<u>3,253,593</u>
Other local sources:			
Interest on investments	8,461	33	8,494
Other	72,519	-	72,519
	<u>80,980</u>	<u>33</u>	<u>81,013</u>
	<u>2,958,504</u>	<u>376,102</u>	<u>3,334,606</u>
State sources:			
Revenue in lieu of taxes :			
Military credit	-	130	130
Total revenues	<u>2,958,504</u>	<u>376,232</u>	<u>3,334,736</u>
Expenditures:			
Current:			
Support Services:			
Instructional staff:			
Property	-	249,813	249,813
	<u>-</u>	<u>249,813</u>	<u>249,813</u>
Other expenditures:			
Facilities acquisition			
Property	776,194	28,100	804,294
	<u>776,194</u>	<u>28,100</u>	<u>804,294</u>
Total expenditures	<u>776,194</u>	<u>277,913</u>	<u>1,054,107</u>
Excess (deficiency) of revenues over (under) expenditures	2,182,310	98,319	2,280,629
Other financing uses:			
Operating transfers out	(2,299,090)	-	(2,299,090)
Total other financing uses	<u>(2,299,090)</u>	<u>-</u>	<u>(2,299,090)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(116,780)	98,319	(18,461)
Fund balances beginning of year	8,292,363	214,309	8,506,672
Fund balances end of year	<u>\$ 8,175,583</u>	<u>312,628</u>	<u>8,488,211</u>

See accompanying independent auditor's report.

Urbandale Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2013

	Business Type Activities						Governmental Activities
	Enterprise Funds						Internal Service Funds
	School Nutrition	Child Care	Student Construction	Community Education	J Hawk Camp	Total	Self-funded Insurance
Assets							
Current assets:							
Cash and pooled investments	\$ 1,176,098	229,855	6,159	56,005	587	1,468,704	915,266
Due from other funds	434	-	-	-	-	434	-
Inventories	43,646	-	389,769	-	-	433,415	-
Total current assets	1,220,178	229,855	395,928	56,005	587	1,902,553	915,266
Noncurrent assets:							
Capital assets:							
Equipment	1,453,633	-	-	-	-	1,453,633	-
Accumulated depreciation	(812,581)	-	-	-	-	(812,581)	-
Total noncurrent assets	641,052	-	-	-	-	641,052	-
Total assets	\$ 1,861,230	229,855	395,928	56,005	587	2,543,605	915,266
Liabilities							
Current liabilities:							
Accounts payable	\$ -	2,915	4,079	-	-	6,994	-
Medical insurance claims liability	\$ -	-	-	-	-	-	333,891
Salaries and benefits payable	-	36,907	-	-	468	37,375	-
Due to other funds	-	-	300,000	-	-	300,000	-
Unearned revenue	42,480	1,865	-	-	-	44,345	-
Compensated absences	907	5,578	-	-	-	6,485	-
Total current liabilities	43,387	47,265	304,079	-	468	395,199	333,891
Noncurrent liabilities:							
Other postemployment benefits	33,139	27,191	-	1,699	-	62,029	-
Total noncurrent liabilities	33,139	27,191	-	1,699	-	62,029	-
Total liabilities	76,526	74,456	304,079	1,699	468	457,228	333,891
Net Position							
Invested in capital assets, net of related debt	641,052	-	-	-	-	641,052	-
Unrestricted	1,143,652	155,399	91,849	54,306	119	1,445,325	581,375
Total Net Position	1,784,704	155,399	91,849	54,306	119	2,086,377	581,375
Total Net Position and liabilities	\$ 1,861,230	229,855	395,928	56,005	587	2,543,605	915,266

See accompanying independent auditor's report.

Urbandale Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities						Governmental Activities
	Enterprise Funds						Internal Service Funds
	School Nutrition	Child Care	Student Construction	Community Education	J Hawk Camp	Total	Self-funded Insurance
Operating revenue:							
Local sources:							
Other local sources:							
Sale of lunches and breakfasts	\$ 1,217,426	-	-	-	-	1,217,426	-
Sale of services	-	1,454,011	-	160,639	-	1,614,650	3,180,806
Other revenues	6,860	35,350	668	13,500	4,140	60,518	-
Total operating revenue	1,224,286	1,489,361	668	174,139	4,140	2,892,594	3,180,806
Operating expenses:							
Instructional Programs:							
Support services:							
Administrative services:							
Benefits	-	-	-	-	-	-	2,599,431
	-	-	-	-	-	-	2,599,431
Non-instructional programs:							
Community service operations:							
Salaries	-	1,341,177	-	26,525	9,119	1,376,821	-
Benefits	-	198,309	-	5,671	1,480	205,460	-
Services	-	28,438	-	26,970	-	55,408	-
Supplies	-	96,286	-	60,667	22,170	179,123	-
	-	1,664,210	-	119,833	32,769	1,816,812	-
Food services operations:							
Salaries	704,783	-	-	-	-	704,783	-
Benefits	91,342	-	-	-	-	91,342	-
Services	55,025	-	-	-	-	55,025	-
Supplies	916,293	-	-	-	-	916,293	-
Depreciation	88,333	-	-	-	-	88,333	-
	1,855,776	-	-	-	-	1,855,776	-
Other enterprise operations:							
Services	-	-	11,180	-	-	11,180	-
	-	-	11,180	-	-	11,180	-
Total operating expenses	1,855,776	1,664,210	11,180	119,833	32,769	3,683,768	2,599,431
Operating gain (loss)	(631,490)	(174,849)	(10,512)	54,306	(28,629)	(791,174)	581,375
Non-operating revenue:							
State sources	13,839	59,079	-	-	-	72,918	-
Federal sources	661,098	-	-	-	-	661,098	-
Interest income	44	-	-	-	-	44	-
Total non-operating revenue	674,981	59,079	-	-	-	734,060	-
Change in Net Position	43,491	(115,770)	(10,512)	54,306	(28,629)	(57,114)	581,375
Net Position beginning of year	1,741,213	271,169	102,361	-	28,748	2,143,491	-
Net Position end of year	\$ 1,784,704	155,399	91,849	54,306	119	2,086,377	581,375

See accompanying independent auditor's report

Urbandale Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities						Governmental Activities
	Enterprise Funds						Internal Service Funds
	Student Nutrition	Child Care	Student Construction	Community Education	J Hawk Camp	Total	Self-funded Insurance
Cash flows from operating activities:							
Cash received from sale of lunches and breakfasts	\$ 1,233,250	-	-	-	-	1,233,250	-
Cash received from miscellaneous operating activities	6,860	1,491,251	668	174,139	4,140	1,677,058	3,180,806
Cash payments to employees for services	(805,186)	(1,522,047)	-	(30,497)	(14,239)	(2,371,969)	(2,265,540)
Cash payments to suppliers for goods or services	(881,464)	(128,031)	(365,425)	(87,637)	(22,170)	(1,484,727)	-
Net cash provided (used) by operating activities	(446,540)	(158,827)	(364,757)	56,005	(32,269)	(946,388)	915,266
Cash flows from non-capital financing activities:							
Due to other funds proceeds	-	-	300,000	-	-	300,000	-
State grants received	13,839	59,079	-	-	-	72,918	-
Federal grants received	561,023	-	-	-	-	561,023	-
Net cash provided by non-capital financing activities	574,862	59,079	300,000	-	-	933,941	-
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(33,341)	-	-	-	-	(33,341)	-
Net cash provided by investing activities	(33,341)	-	-	-	-	(33,341)	-
Cash flows from investing activities:							
Interest on cash and investments	44	-	-	-	-	44	-
Net cash provided by investing activities	44	-	-	-	-	44	-
Net increase (decrease) in cash and cash equivalents	95,025	(99,748)	(64,757)	56,005	(32,269)	(45,744)	915,266
Cash and cash equivalents at beginning of year	1,081,073	329,603	70,916	-	32,856	1,514,448	-
Cash and cash equivalents at end of year	\$ 1,176,098	229,855	6,159	56,005	587	1,468,704	915,266
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:							
Operating gain (loss)	\$ (631,490)	(174,849)	(10,512)	54,306	(28,629)	(791,174)	581,375
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:							
Commodities used	100,075	-	-	-	-	100,075	-
Depreciation	88,333	-	-	-	-	88,333	-
(Increase) in accounts receivable	21,179	25	-	-	-	21,204	-
(Increase) in due from other funds	(434)	-	-	-	-	(434)	-
(Increase) decrease in inventories	(5,304)	-	(340,605)	-	-	(345,909)	-
Increase (decrease) in accounts payable	(4,917)	(3,307)	(13,640)	-	-	(21,864)	-
Increase (decrease) in medical insurance claims payable	-	-	-	-	-	-	333,891
Increase (decrease) in salaries and benefits payable	-	20,869	-	-	(3,640)	17,229	-
Increase (decrease) in unearned revenue	(4,921)	1,865	-	-	-	(3,056)	-
Increase in compensated absences	907	1,238	-	-	-	2,145	-
Increase (decrease) in other postemployment benefits	(9,968)	(4,668)	-	1,699	-	(12,937)	-
Net cash provided (used) by operating activities	\$ (446,540)	(158,827)	(364,757)	56,005	(32,269)	(946,388)	915,266

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received federal commodities valued at \$100,075.

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, 2013

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 112,042	19,993	-	132,035
Total assets	\$ 112,042	19,993	-	132,035
Liabilities				
Accounts payable	\$ 3,220	-	3,220	-
Fiduciary liabilities	108,822	23,213	-	132,035
Total liabilities	\$ 112,042	23,213	3,220	132,035

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 21,704,156	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
Tuition	5,540,588	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
Other	1,800,402	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
Intermediate sources	3,500	3,500	5,000	3,500	6,010	86,218	3,500	59,245	64,032	-
State sources	17,322,913	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
Federal sources	1,015,234	936,609	1,810,673	2,934,121	1,034,983	655,751	547,590	622,358	465,842	227,507
Total	\$ 47,386,793	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
Expenditures:										
Instruction:										
Regular	\$ 15,776,861	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
Special	4,946,672	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
Other	4,486,896	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
Support services:										
Student	1,738,728	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
Instructional staff	1,776,430	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
Administration	4,144,826	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
Operation and maintenance of plant	3,795,226	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
Transportation	1,205,409	1,156,656	1,097,086	1,026,983	1,006,725	1,008,137	938,182	819,778	795,186	725,629
Central support	-	-	-	-	-	-	-	-	-	10,000
Non-instructional programs	-	-	-	7,341	-	-	-	-	-	-
Other expenditures:										
Facilities acquisition	804,294	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
Long-term debt:										
Principal	3,270,000	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
Interest and other charges	3,739,283	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
AEA flowthrough	1,225,794	1,216,996	1,296,055	1,259,842	1,109,997	1,034,898	970,817	892,229	846,216	847,006
Total	\$ 46,910,419	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

See accompanying independent auditor's report.

Urbandale Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

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 13	\$ 62,957
National School Lunch Program	10.555	FY 13	598,141 *
			<u>661,098</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY 13	<u>25,395</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 13	<u>260,322</u>
District Defined IDEA Subgrants	84.027	FY 13	12,621
Special Education - Grants to States (Part B Section 611)(High Cost Claim)	84.027	FY 13	<u>129,888</u>
			<u>142,509</u>
Vocational Education - Basic Grants to States	84.048	FY 13	<u>45,819</u>
Improving Teacher Quality State Grants	84.367	FY 13	<u>53,616</u>
Grants for State Assessments and Related Activities	84.369	FY 13	<u>24,447</u>
Heartland Area Education Agency:			
Special Education - Grants to States (Part B Section 611)(Mandated flowthrough)	84.027	FY 13	<u>183,667</u>
Total			<u>\$ 1,396,873</u>

* Includes \$100,075 of non-cash rewards.

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

See Notes to Schedule of Expenditures of Federal Awards.

Urbandale Community School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

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, 2013. 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 \$100,075 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 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, the 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, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urbandale Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Urbandale Community School District's internal control.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

November 14, 2013

**Independent Auditor's Report on Compliance for Each Major Federal Program,
on Internal Control over Compliance and on the Schedule of Expenditures
of Federal Awards Required by OMB Circular A-133**

To the Board of Education of Urbandale Community School District:

Report on Compliance for Each Major Federal Program

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, 2013. Urbandale Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Urbandale Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Urbandale Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Urbandale Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Urbandale Community School District complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

The management of Urbandale Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Urbandale Community School District's internal control over compliance with type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

November 14, 2013

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified 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 unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - CFDA Number 84.027 – Special Education – Grant to States (IDEA)
 - 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, 2013

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-13 Certified Budget and General Fund Spending Authority - Expenditures for the year ended June 30, 2013, did not exceed the certified budget amounts.
- IV-B-13 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-13 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-13 Business Transactions - Business transactions between the District and District officials or employees for the year ended June 30, 2013 are detailed as follows:.

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Wayne Fleishman, Teacher Owner of Fleishman construction Services, Inc.	Construction Services	\$ 60,226

Recommendation – The District should consult legal counsel to determine whether this transaction is in violation of the Code of Iowa.

Response – We will consult with legal counsel.

Conclusion – Response accepted.

- IV-E-13 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-13 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-13 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-13 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-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-K-13 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, 2013

IV-L-13 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	8,292,363
Revenues/transfers in:			
Sales tax revenues	\$	2,877,524	
Other local revenues		80,980	
Transfers from other funds:			
Other capital projects		-	2,958,504
			<u>11,250,867</u>
Expenditures/transfers out:			
School infrastructure construction		776,194	
Transfers to other funds:			
Debt service funds		2,299,090	3,075,284
			<u>3,075,284</u>
Ending balance		\$	<u>8,175,583</u>

For the year ended June 30, 2013, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy	
	Reduction Per	
	\$1000 of Taxable	Property Tax Dollars
	Valuation	Reduced
Debt service levy	\$ 2.75575	2,877,524