

URBANDALE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

June 30, 2004

DRAFT COPY FOR REVIEW
AND DISCUSSION
PURPOSES ONLY

TABLE OF CONTENTS

		<u>Page</u>
Officials		2
Independent Auditor's Report		3-4
Management's Discussion and Analysis (MD&A)		5-11
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-17
Governmental Fund Financial Statements:		
Balance Sheet	C	18
Reconciliation of the Balance Sheet -		
Governmental Funds to the Statement of Net Assets	D	19
Statement of Revenues, Expenditures and Changes in Fund Balances	E	20
Reconciliation of the Statement of Revenues, Expenditures And Changes		
in Fund Balances - Governmental Funds To the Statement of Activities	F	21
Proprietary Fund Financial Statements:		
Statement of Revenues, Expenses and Changes in Net Assets	G	22
Statement of Cash Flows	H	23
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	I	24
Component Unit Financial Statements:		
Statement of Net Assets	J	25-26
Statement of Revenues, Expenses, and Changes in Net Assets	K	27-28
Notes to Financial Statements		29-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures		
and Changes in Balances - Budget and Actual (GAAP Basis) -		
All Governmental Funds and Proprietary Fund		44-45
Notes to Required Supplementary Information - Budgetary Reporting		46
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	1	48
Combining Schedule of Revenues, Expenditures and		
Changes in Fund Balances	2	49
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	50-52
Proprietary Funds:		
Combining Statement of Net Assets	4	53
Combining Statement of Revenues, Expenses and Changes in		
Fund Net Assets	5	54
Combining Statement of Cash Flows	6	55
Agency Fund:		
Schedule of Changes in Fiduciary Assets and Liabilities	7	56
Schedule of Revenues by Source and Expenditures by Function -		
All Governmental Fund Types	8	57
Independent Auditor's Report on Compliance on		
Internal Control over Financial Reporting		58-59
Schedule of Findings		60-61

URBANDALE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September, 2003 Election)		
Theresa Weeg	President	2003
Steve Schuler	Vice President	2004
Diana Ripperger	Board Member	2003
Doug Getter	Board Member	2004
Kirby Wood	Board Member	2004
Cynthia Munyon	Board Member	2005
Jerry Tormey	Board Member	2005

Board of Education
(After September, 2003 Election)

Steve Schuler	President	2004
Kirby Wood	Vice President	2004
Doug Getter	Board Member	2004
Cynthia Munyon	Board Member	2005
Jerry Tormey	Board Member	2005
Diana Ripperger	Board Member	2006
Theresa Weeg	Board Member	2006

School Officials

Greg Robinson, Ph.D.	Superintendent	2004
Carolyn Sparks	District Secretary/Treasurer	2004
Belin, Lamson, McCormick, Zumbach, Flynn	Attorneys	Indefinite
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



Independent Auditor's Report

To the Board of Education
Urbandale Community School District
Urbandale, Iowa

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Urbandale Community School District, Urbandale, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Urbandale Community School District and its aggregate discretely presented component units as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 13 to the financial statements, during the year ended June 30, 2004, Urbandale Community School District adopted Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations Are Component Units and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences.

In accordance with Governmental Auditing Standards, we have also issued our reports dated August 25, 2004, 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 grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 11 and 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urbandale Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003, (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 and 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Van Maanen & Associates, P.C.
Certified Public Accountants

August 25, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Urbandale Community School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2004. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- General Fund revenues increased from \$23,150,605 in fiscal 2003 to \$23,238,554 in fiscal 2004, while General Fund expenditures decreased from \$22,172,501 in fiscal 2003 to \$22,070,377 in fiscal 2004. This resulted in an increase in the District's General Fund balance from \$3,382,475 in fiscal 2003 to \$4,346,940 in fiscal 2004, a 29 percent increase from the prior year.
- The District passed a bond issue for \$32,600,000 in March, 2004, for construction of a new elementary school in the Timberline area and major remodel at the high school. Bonds were issued in June, 2004 for \$15,325,000 for the elementary building and Phase I of the high school.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The *governmental funds 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 funds statements* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- The *fiduciary funds statements* 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. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-1

Urbandale Community School District
Annual Financial Report

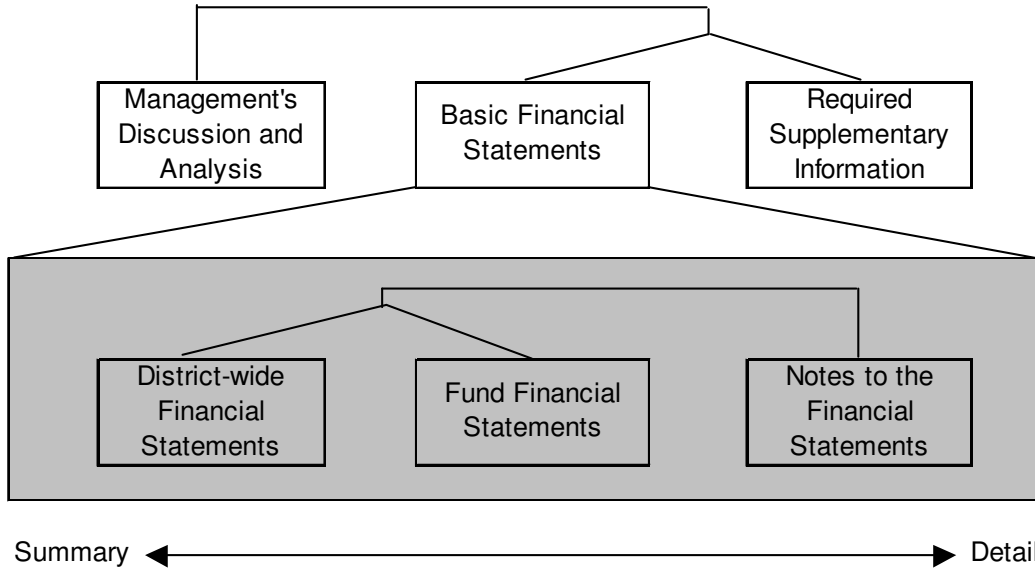


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of managements discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Revenues, Expenses and Changes in Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-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. 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 government-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, you need to 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 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

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.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business type activities but provide more detail and additional information, such as cash flows. The District has two enterprise funds: the School Nutrition Fund and the Childcare Fund. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

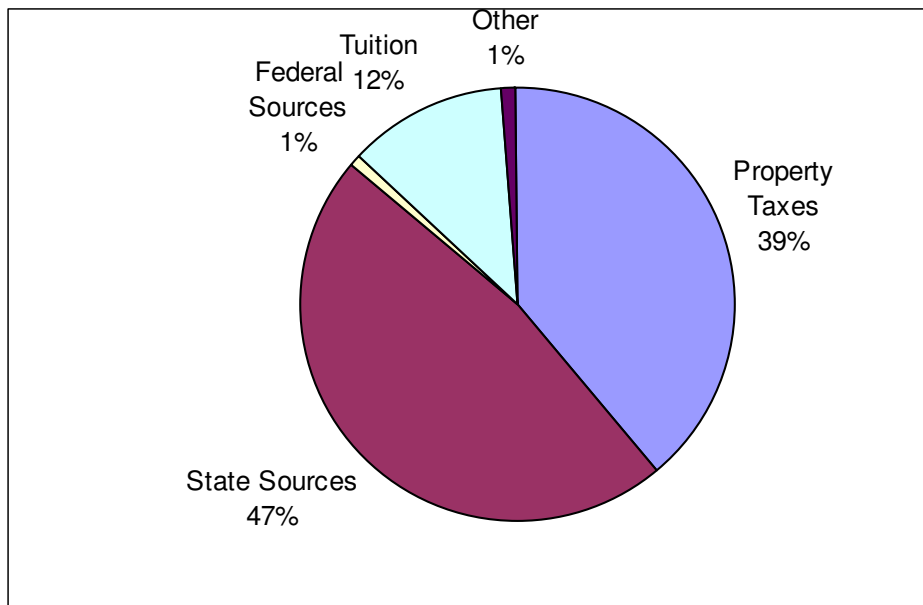
Financial Analysis of the District as a Whole

Net Assets: The District's combined net assets on June 30, 2004, were \$23,910,733 (see Figure A-3).

Figure A-3
Condensed Statement of Net Assets
Year ending June 30, 2004

	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2203-2004
Current and other assets	\$ 34,138,140	18,244,585	407,759	322,455	34,545,899	18,567,040	86.1%
Capital assets	25,745,192	25,076,060	164,444	197,469	25,909,636	25,273,529	2.5%
Total assets	59,883,332	43,320,645	572,203	519,924	60,455,535	43,840,569	37.9%
Long-term debt outstanding	24,374,982	7,754,096	-	-	24,374,982	7,754,096	214.3%
Other liabilities	12,050,376	14,614,430	119,444	135,331	12,169,820	14,749,761	-17.5%
Total liabilities	36,425,358	22,368,526	119,444	135,331	36,544,802	22,503,857	62.4%
Net assets							
Invested in capital assets, net of related debt	19,116,833	17,213,016	164,444	197,469	19,281,277	17,410,485	10.7%
Restricted	1,285,824	1,397,461	-	-	1,285,824	1,397,461	-8.0%
Unrestricted	3,055,317	2,341,642	288,315	187,124	3,343,632	2,528,766	32.2%
Total net assets	\$ 23,457,974	20,952,119	452,759	384,593	23,910,733	21,336,712	12.1%

Figure A-4
Sources of Revenues for Fiscal Year 2004



**Figure A-5
Expenses for Fiscal Year 2004**

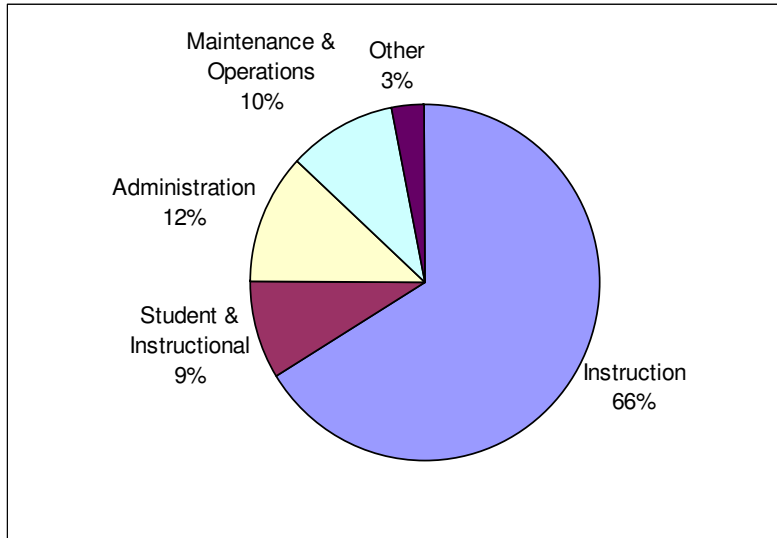


Figure A-6 presents the cost of six major District activities: instruction, student and instructional services, administration services, operating and maintenance of plant services, transportation services, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and inter government aid provided by specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-6
Total and Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$ 16,129,509	11,545,300
Support services	7,830,445	7,634,861
Non-instructional programs	-	-
Other expenses	1,781,077	934,071
Totals	\$ 25,741,031	20,114,232

- The cost of all governmental activities was \$25,741,031.
- The cost financed by the users of the District's programs was \$3,752,463.
- The federal and state governments subsidized certain programs with grants and contributions totaling \$1,874,336.
- The net cost of government activities was financed with \$13,192,785 in property taxes, \$9,261,153 in unrestricted state aid, \$91,805 investment earnings, and \$73,249 other general receipts.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2004, the District had invested \$25,909,636, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, computer and audiovisual equipment.

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,						June 30,
	2,004	2,003	2,004	2,003	2,004	2,003	2003-2004
Land	\$ 527,600	416,100	-	-	527,600	416,100	26.8%
Construction in progress	67,453	1,009,032	-	-	67,453	1,009,032	-93.3%
Buildings	24,335,806	23,205,754	-	-	24,335,806	23,205,754	4.9%
Equipment and furniture	814,333	445,174	164,444	197,469	978,777	642,643	52.3%
Total	\$ 25,745,192	25,076,060	164,444	197,469	25,909,636	25,273,529	2.5%

Construction in progress includes the work at the Middle School media center and tuck pointing at Jensen.

Long-Term Debt

At year-end, the District had \$22,540,000 in general obligation bonds, \$584,555 in obligations under capital lease, \$1,184,729 in early retirement obligations and \$65,698 in obligations for compensated absences.

Factors Bearing on District's Future

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

- The national recession that has adversely impacted the State of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid to schools (allowable growth) will be predicated upon the condition of the national economy.
- Under Iowa's school funding formula, District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation. For fiscal year 2005/2006, the student population within the District has increased by 18 students. Open enrollment into the District is up 19 students. This results in a net gain to the District of 37 students.

The District is working with an architect firm for the construction of a new elementary building and major renovations at the high school.

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 accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carolyn Sparks, Director of Business Services, Urbandale Community School District, 6200 Aurora Ave., Ste. 500 West, Urbandale, IA 50322.

Basic Financial Statements

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2004

	Governmental Activities	Business type Activities	Total	Component Units
Assets				
Cash and cash equivalents	\$ 23,781,766	391,434	24,173,200	225,402
Receivables:				
Property tax:				
Delinquent	54,765	-	54,765	-
Succeeding year	9,826,542	-	9,826,542	-
Accounts	1,713	-	1,713	-
Due from other governments	472,345	-	472,345	-
Inventories	-	16,325	16,325	-
Prepaid insurance	1,009	-	1,009	-
Capital assets, net of accumulated depreciation (note 4)	25,745,192	164,444	25,909,636	-
Total assets	59,883,332	572,203	60,455,535	225,402
Liabilities				
Accounts payable	120,737	1,306	122,043	-
Salaries and benefits payable	2,008,538	15,930	2,024,468	-
Accrued interest payable	94,559	-	94,559	-
Deferred revenue:				
Succeeding year property tax	9,826,542	-	9,826,542	-
Other	-	102,208	102,208	-
Long-term liabilities (note 5):				
Portion due within one year:				
Bonds payable	1,335,000	-	1,335,000	-
Obligations under capital lease	149,630	-	149,630	-
Compensated absences	65,698	-	65,698	-
Early retirement	289,937	-	289,937	-
Portion due after one year:				
Bonds payable	21,205,000	-	21,205,000	-
Obligations under capital lease	434,925	-	434,925	-
Early retirement	894,792	-	894,792	-
Total liabilities	36,425,358	119,444	36,544,802	-
Net assets				
Invested in capital assets, net of related debt	19,116,833	164,444	19,281,277	-
Restricted for:				
Iowa Early Intervention Grant	121,344	-	121,344	-
Gifted and Talented Grant	130,040	-	130,040	-
Debt Service	92,575	-	92,575	-
Physical plant and equipment levy	528,446	-	528,446	-
Other special revenue purposes	413,419	-	413,419	-
Unrestricted	3,055,317	288,315	3,343,632	225,402
Total net assets	\$ 23,457,974	452,759	23,910,733	225,402

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental activities:				
Instruction:				
Regular instruction	\$ 12,503,556	2,384,736	751,808	-
Special instruction	1,433,529	524,495	101,613	-
Other instruction	2,192,424	775,406	46,151	-
	<u>16,129,509</u>	<u>3,684,637</u>	<u>899,572</u>	<u>-</u>
Support Service:				
Student services	1,256,766	-	-	-
Instructional staff services	839,701	-	-	-
Administration services	2,828,629	-	-	-
Operating and maintenance of plant services	2,203,500	27,237	-	-
Transportation services	691,849	40,589	127,758	-
Central support	10,000	-	-	-
	<u>7,830,445</u>	<u>67,826</u>	<u>127,758</u>	<u>-</u>
Non-instructional programs				
	-	-	-	-
Other expenditures:				
Facilities acquisition	350,172	-	-	-
Long-term debt interest	583,899	-	-	-
AEA flowthrough	847,006	-	847,006	-
Depreciation (unallocated)*	-	-	-	-
	<u>1,781,077</u>	<u>-</u>	<u>847,006</u>	<u>-</u>
Total governmental activities	25,741,031	3,752,463	1,874,336	-
Business type activities:				
Non-instructional programs:				
Nutrition services	1,066,708	939,468	190,547	-
Day Care services	1,065,233	1,070,092	-	-
	<u>2,131,941</u>	<u>2,009,560</u>	<u>190,547</u>	<u>-</u>
Total primary government	\$ 27,872,972	5,762,023	2,064,883	-
Component Units:				
Program expenses	\$ 308,257	-	92,146	-
Management and general expenses	15,312	-	-	-
Fund raising expenses	207,174	-	497,860	-
Total component units	<u>\$ 530,743</u>	<u>-</u>	<u>590,006</u>	<u>-</u>

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business type Activities	Total	Component Units
(9,367,012)	-	(9,367,012)	-
(807,421)	-	(807,421)	-
(1,370,867)	-	(1,370,867)	-
(11,545,300)	-	(11,545,300)	-
(1,256,766)	-	(1,256,766)	-
(839,701)	-	(839,701)	-
(2,828,629)	-	(2,828,629)	-
(2,176,263)	-	(2,176,263)	-
(523,502)	-	(523,502)	-
(10,000)	-	(10,000)	-
(7,634,861)	-	(7,634,861)	-
-	-	-	-
(350,172)	-	(350,172)	-
(583,899)	-	(583,899)	-
-	-	-	-
-	-	-	-
(934,071)	-	(934,071)	-
(20,114,232)	-	(20,114,232)	-
-	63,307	63,307	-
-	4,859	4,859	-
-	68,166	68,166	-
(20,114,232)	68,166	(20,046,066)	-
-	-	-	(216,111)
-	-	-	(15,312)
-	-	-	290,686
-	-	-	59,263

Exhibit B

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

	Program Revenues		
Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Continued from previous page			
General Revenues:			
Totals from pages 14 and 15	\$ 27,872,972	5,762,023	2,064,883
Property tax levied for:			-
General purposes			
Debt service			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other general revenues			
Gifts to Urbandale Community School District			
Gain (loss) on sale of assets			
 Total general revenues			
 Change in net assets			
 Net assets beginning of year			
 Net assets end of year			

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business type Activities	Total	Component Units
(20,114,232)	68,166	(20,046,066)	59,263
9,680,955	-	9,680,955	-
298,764	-	298,764	-
380,669	-	380,669	-
2,832,397	-	2,832,397	-
9,261,153	-	9,261,153	-
91,805	-	91,805	4,057
73,249	-	73,249	-
-	-	-	(54,950)
1,095	-	1,095	-
22,620,087	-	22,620,087	(50,893)
2,505,855	68,166	2,574,021	8,370
20,952,119	384,593	21,336,712	217,032
\$ 23,457,974	452,759	23,910,733	225,402

URBANDALE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments	\$ 6,179,544	185,575	16,334,374	1,082,273	23,781,766
Receivables:					
Property tax:					
Current year delinquent	47,628	1,559	-	5,578	54,765
Succeeding year	8,590,745	123,673	-	1,112,124	9,826,542
Accounts	1,713	-	-	-	1,713
Due from other governments	249,677	-	222,668	-	472,345
Prepaid expenses	1,009	-	-	-	1,009
Total assets	\$ 15,070,316	310,807	16,557,042	2,199,975	34,138,140
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 56,112	-	60,846	3,779	120,737
Salaries and benefits payable	1,984,608	-	-	-	1,984,608
Payroll deductions and withholdings payable	23,930	-	-	-	23,930
Deferred revenue:					
Succeeding year property tax	8,590,745	123,673	-	1,112,124	9,826,542
Compensated absences	65,698	-	-	-	65,698
Early retirement payable (note 5)	2,283	-	-	116,455	118,738
Total liabilities	10,723,376	123,673	60,846	1,232,358	12,140,253
Fund balances:					
Reserved for:					
Prepaid expense	1,009	-	-	-	1,009
Iowa early intervention block grant	121,344	-	-	-	121,344
Gifted and talented programs	130,040	-	-	-	130,040
Debt service	-	187,134	-	-	187,134
Unreserved	4,094,547	-	16,496,196	967,617	21,558,360
Total fund balances	4,346,940	187,134	16,496,196	967,617	21,997,887
Total liabilities and fund balances	\$ 15,070,316	310,807	16,557,042	2,199,975	34,138,140

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2004

Total fund balances of governmental funds (pg 18) \$ 21,997,887

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 25,745,192

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. -

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (94,559)

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (24,190,546)

Net assets of governmental activities (pg. 13) \$ 23,457,974

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended June 30, 2004

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 9,024,859	298,764	-	1,036,765	10,360,388
Tuition	2,791,249	-	-	-	2,791,249
Other	286,957	-	2,891,229	780,479	3,958,665
State sources	10,907,982	-	-	-	10,907,982
Federal sources	227,507	-	-	-	227,507
Total revenues	<u>23,238,554</u>	<u>298,764</u>	<u>2,891,229</u>	<u>1,817,244</u>	<u>28,245,791</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	11,221,583	-	-	620,988	11,842,571
Special instruction	1,310,821	-	-	-	1,310,821
Other instruction	1,303,513	-	-	766,203	2,069,716
	<u>13,835,917</u>	<u>-</u>	<u>-</u>	<u>1,387,191</u>	<u>15,223,108</u>
Support services:					
Student services	1,256,766	-	-	-	1,256,766
Instructional staff services	716,993	-	-	-	716,993
Administration services	2,604,124	-	-	-	2,604,124
Operation and maintenance of plant services	2,073,942	-	-	-	2,073,942
Transportation services	725,629	-	-	-	725,629
Central support services	10,000	-	-	-	10,000
	<u>7,387,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,387,454</u>
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	1,054,303	501,509	1,555,812
Long-term debt:					
Principal	-	1,484,140	-	-	1,484,140
Interest and fiscal charges	-	328,152	-	-	328,152
AEA flowthrough	847,006	-	-	-	847,006
	<u>847,006</u>	<u>1,812,292</u>	<u>1,054,303</u>	<u>501,509</u>	<u>4,215,110</u>
Total expenditures	<u>22,070,377</u>	<u>1,812,292</u>	<u>1,054,303</u>	<u>1,888,700</u>	<u>26,825,672</u>
Excess (deficiency) of revenues over (under) expenditures	1,168,177	(1,513,528)	1,836,926	(71,456)	1,420,119
Other financing sources (uses):					
Sale of equipment	1,095	-	-	-	1,095
Operating transfers in	-	1,684,807	-	-	1,684,807
Operating transfers out	(204,807)	-	(1,480,000)	-	(1,684,807)
General obligation bonds issued	-	-	15,325,000	-	15,325,000
Total other financing sources (uses)	<u>(203,712)</u>	<u>1,684,807</u>	<u>13,845,000</u>	<u>-</u>	<u>15,326,095</u>
Net change in fund balances	964,465	171,279	15,681,926	(71,456)	16,746,214
Fund balances beginning of year	<u>3,382,475</u>	<u>15,855</u>	<u>814,270</u>	<u>1,039,073</u>	<u>5,251,673</u>
Fund balances end of year	<u>\$ 4,346,940</u>	<u>187,134</u>	<u>16,496,196</u>	<u>967,617</u>	<u>21,997,887</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, 2004

Net change in fund balances - total governmental funds (pg. 20) \$ 16,746,214

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 1,650,801	
Depreciation expense	<u>(981,669)</u>	669,132

Certain delinquent property tax not collected for several months after year end is not considered available revenue in the governmental funds and is deferred. It is recorded as revenue in the Statement of Activities.

-

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

1,429,140

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.

(60,746)

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	\$ (401,504)	
Compensated absences	<u>-</u>	(401,504)

Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets.

(15,876,381)

Change in net assets of governmental activities (pg. 17) \$ 2,505,855

See notes to financial statements.

Exhibit G

URBANDALE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2004

	Enterprise Funds
Operating revenue:	
Local sources:	
Charges for services	\$ 2,009,560
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	1,065,233
Food service operations:	
Depreciation	33,024
Other	1,033,684
Total operating expenses	2,131,941
Operating loss	(122,381)
Non-operating revenue:	
State sources	8,710
Federal sources	181,837
Total non-operating revenue	190,547
Change in net assets	68,166
Net assets beginning of year	384,593
Net assets end of year	\$ 452,759

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2004

	Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 941,946
Cash received from miscellaneous operating activities	1,053,153
Cash payments to employees for services	(1,464,876)
Cash payments to suppliers for goods or services	(591,233)
Net cash used by operating activities	(61,010)
Cash flows from non-capital financing activities:	
State grants received	8,710
Federal grants received	140,829
Net cash provided by non-capital financing activities	149,539
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Sales of capital assets	-
Repay interfund payable	-
Net cash provided by capital and related financing activities	-
Net increase in cash and cash equivalents	88,529
Cash and cash equivalents at beginning of year	302,905
Cash and cash equivalents at end of year	\$ 391,434
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (122,381)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	41,008
Depreciation	33,024
Decrease in inventories	3,226
(Decrease) in accounts payable	(2,183)
Increase in salaries and benefits payable	757
Decrease in deferred revenue	(14,461)
Net cash used by operating activities	\$ (61,010)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received \$41,008 of federal commodities.

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2004

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 162,271
Total assets	<u>162,271</u>
Liabilities	
Other payables	<u>162,271</u>
Total liabilities	<u>162,271</u>
Net assets	<u>\$ -</u>

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS - COMPONENT UNITS
 June 30, 2004

	Karen Acres PTA	Urbandale Boosters, Inc.	Urbandale Performing Arts Booster Club	Urbandale Education Foundation
Assets				
Cash and pooled investments	\$ 15,546	9,412	30,579	101,985
Total assets	\$ 15,546	9,412	30,579	101,985
Net Assets				
Unrestricted	\$ 15,546	9,412	30,579	101,985

See notes to financial statements.

Exhibit J

Urbandale Middle School PTO	Olmsted PTO	Jensen Elementary PTO	Valerius PTO	Rolling Green PTO	Total
4,955	14,072	11,620	23,988	13,245	225,402
4,955	14,072	11,620	23,988	13,245	225,402
4,955	14,072	11,620	23,988	13,245	225,402

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - COMPONENT UNITS
June 30, 2004

	Karen Acres PTA	Urbandale Boosters, Inc.	Urbandale Performing Arts Booster Club	Urbandale Education Foundation
Operating revenues:				
Contributions	\$ 1,768	3,441	981	-
Membership dues	-	53,896	12,072	-
Grants	-		11,487	-
Fund Raisers	24,126	164,961	105,100	-
Total operating revenues	25,894	222,298	129,640	-
Operating expenses:				
Program expenses	21,493	111,466	116,956	14,000
Management and general expenses	504	13,799	97	148
Fund raising expenses	6,901	80,473	6,934	-
Total operating expenses	28,898	205,738	123,987	14,148
Operating income (loss)	(3,004)	16,560	5,653	(14,148)
Non-operating revenues (expenses):				
Interest income	-	140	221	10
Dividend income	-	-	-	2,416
Unrealized market gain	-	-	-	1,136
Gifts to Urbandale Community School District	-	(10,120)	(5,100)	-
Net non-operating revenues (expenses)	-	(9,980)	(4,879)	3,562
Changes in net assets	(3,004)	6,580	774	(10,586)
Net assets beginning of year	18,550	2,832	29,805	112,571
Net assets end of year	\$ 15,546	9,412	30,579	101,985

See notes to financial statements.

Exhibit K

Urbandale Middle School PTO	Olmsted PTO	Jensen Elementary PTO	Valerius PTO	Rolling Green PTO	Total
4,955	601	100	1,267	1,578	14,691
-	-	-	-	-	65,968
-	-	-	-	-	11,487
25,732	61,155	47,264	32,584	36,938	497,860
30,687	61,756	47,364	33,851	38,516	590,006
277	13,083	7,888	9,782	13,312	308,257
49	44	437	166	68	15,312
22,214	28,375	25,934	17,839	18,504	207,174
22,540	41,502	34,259	27,787	31,884	530,743
8,147	20,254	13,105	6,064	6,632	59,263
4	11	-	116	3	505
-	-	-	-	-	2,416
-	-	-	-	-	1,136
(10,842)	(20,523)	(2,000)	(5,365)	(1,000)	(54,950)
(10,838)	(20,512)	(2,000)	(5,249)	(997)	(50,893)
(2,691)	(258)	11,105	815	5,635	8,370
7,646	14,330	515	23,173	7,610	217,032
4,955	14,072	11,620	23,988	13,245	225,402

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(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.

Discrete Component Units

Karen Acres PTA is a legally separate not-for-profit entity. Karen Acres PTA was established for the purpose of providing additional educational opportunities for the students and faculty of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Karen Acres PTA, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Urbandale Boosters, Inc. is a legally separate not-for-profit entity. Urbandale Boosters, Inc. was established for the purpose of providing additional educational and athletic opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Urbandale Boosters, Inc., the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Urbandale Performing Arts Booster Club is a legally separate not-for-profit entity. Urbandale Performing Arts Booster Club was established for the purpose of providing additional opportunities for the students of Urbandale Community School District to excel in the arts. Although the District does not control the timing or amount of receipts from Urbandale Performing Arts Booster Club, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Urbandale Education Foundation is a legally separate not-for-profit entity. Urbandale Education Foundation was established for the purpose of providing additional educational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Urbandale Education Foundation, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Urbandale Middle School PTO is a legally separate not-for-profit entity. Urbandale Middle School PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Urbandale Middle School PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Olmsted PTO is a legally separate not-for-profit entity. Olmsted PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Olmsted PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Jensen Elementary PTO is a legally separate not-for-profit entity. Jensen Elementary PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Jensen Elementary PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Valerius PTO is a legally separate not-for-profit entity. Valerius PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Valerius PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

Rolling Green PTO is a legally separate not-for-profit entity. Rolling Green PTO was established for the purpose of enhancing the educational and recreational opportunities for the students of Urbandale Community School District. Although the District does not control the timing or amount of receipts from Rolling Green PTO, the majority of the resources that are held are used for the benefit of Urbandale Community School District.

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

B. Basis of Presentation

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

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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

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

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

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

The District reports the following major governmental funds:

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.

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

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

The District's proprietary funds consist of the Enterprise, School Nutrition Fund and the Enterprise, Adventure-time Day Care Fund. These funds are used to account for the food service operations and the child daycare operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organization and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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 judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003.

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.

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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 is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year 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 benefits payable to employees. However, these benefits must be used by the end of the following fiscal year, June 30, 2005. As such, these benefits are reported as a current liability in the General Fund as part of salaries and benefits payable.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in the instruction and noninstructional programs functional areas exceeded the amounts budgeted.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2004 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.

The District had investments at June 30, 2004 as follows:

<u>Type</u>	<u>Risk Category</u>	<u>Fair Value</u>
Wells Fargo Cash Investment MM Fund	1	\$ 5,346,933
West Bank Certificate of Deposit	1	<u>15,000,000</u>
		<u>\$20,346,933</u>

Governmental Accounting Standards Board Statement Number 3 requires investment to be categorized to give an indication of the level of risk assumed by the District at year end. Investments in Category 1 are investments that are insured or registered and the securities are held by the District or its agent in the District's name.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 204,807
	Capital Projects	<u>1,480,000</u>
		<u>\$1,684,807</u>

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2004

(4) Capital Assets

Capital assets activity for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 416,100	111,500	-	527,600
Construction in progress	1,009,032	989,259	1,930,838	67,453
Total capital assets not being depreciated	<u>1,425,132</u>	<u>1,100,759</u>	<u>1,930,838</u>	<u>595,053</u>
Capital assets being depreciated:				
Buildings	35,258,160	1,930,838	-	37,188,998
Furniture and equipment	1,335,104	550,042	12,853	1,872,293
Total capital assets being depreciated	<u>36,593,264</u>	<u>2,480,880</u>	<u>12,853</u>	<u>39,061,291</u>
Less accumulated depreciation for:				
Buildings	12,052,406	800,786	-	12,853,192
Furniture and equipment	889,930	180,883	12,853	1,057,960
Total accumulated depreciation	<u>12,942,336</u>	<u>981,669</u>	<u>12,853</u>	<u>13,911,152</u>
Total capital assets being depreciated, net	<u>23,650,928</u>	<u>1,499,211</u>	<u>-</u>	<u>25,150,139</u>
Governmental activities capital assets, net	<u>\$ 25,076,060</u>	<u>2,599,970</u>	<u>1,930,838</u>	<u>25,745,192</u>
Business type activities:				
Furniture and equipment	\$ 369,368	-	-	369,368
Less accumulated depreciation	171,900	33,024	-	204,924
Business type activities capital assets, net	<u>\$ 197,468</u>	<u>(33,024)</u>	<u>-</u>	<u>164,444</u>
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 368,129
Special				122,708
Other				122,708
Support services:				
Instructional staff				122,708
Administration				122,708
Operation and maintenance of plant				122,708
Transportation				-
				<u>981,669</u>
Unallocated depreciation				-
Total governmental activities depreciation expense				<u>\$ 981,669</u>
Business type activities:				
Food services				<u>\$ 33,024</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2004 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 8,300,000	15,520,000	1,280,000	22,540,000	1,335,000
Obligation under capital lease	377,314	411,381	204,140	584,555	149,630
Early retirement	731,569	666,572	213,412	1,184,729	289,937
Compensated absences	45,143	65,698	45,143	65,698	65,698
	<u>\$ 9,454,026</u>	<u>16,663,651</u>	<u>1,742,695</u>	<u>24,374,982</u>	<u>1,840,265</u>

Early Retirement

To be eligible for the benefits described below, an employee must have completed at least fifteen (15) continuous years of full-time service to the District. (Full-time is defined as 30 hours per week.) To be eligible, the employee must also have reached the age of 55 but not over 65 years on or before June 30. The early retirement stipend shall be 30% of the salary (salary only, not longevity, teacher compensation add-ons, flex-spending, car allowance, extra-duty, shift differential, overtime pay or TSA allowance) with single health insurance until the employee is eligible for Medicare. The maximum salary stipend for early retirement is \$30,000. An employee shall receive the maximum early retirement salary stipend in three equal payments. The first payment shall be paid to the employee during January of the first year for which early retirement is granted. The second payment shall be made during the following July and the third payment shall be paid during July of the next year. The payments will be treated by the District as salary payments to the employee when those payments are made to the employee, with appropriate withholding for taxes. Early retirement expenditures for the year ended June 30, 2004, totaled \$225,647.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Bonds Payable

Details of the District's June 30, 2004 general obligation bonded indebtedness are as follows:

Year ending June 30,	School Refunding Bond Issue on December 1, 1996			
	Interest Rate	Principal	Interest	Total
2005	4.600%	\$ 675,000	174,113	849,113
2006	4.625%	700,000	143,062	843,062
2007	4.625%	750,000	110,688	860,688
2008	4.750%	775,000	76,000	851,000
2009	4.750%	825,000	39,188	864,188
		\$ 3,725,000	543,051	4,268,051

	School Refunding Bond Issue on December 1, 2002			
	Interest Rate	Principal	Interest	Total
2005	2.00%	\$ 660,000	165,562	825,562
2006	2.40%	690,000	136,163	826,163
2007	2.75%	700,000	104,312	804,312
2008	3.00%	715,000	70,900	785,900
2009	3.20%	725,000	36,250	761,250
		\$ 3,490,000	513,187	4,003,187

	Bond Issue on June 1, 2004			
	Interest Rate	Principal	Interest	Total
2005		\$ -	745,900	745,900
2006		-	745,900	745,900
2007		-	745,900	745,900
2008		-	745,900	745,900
2009		-	745,900	745,900
2010	4.25%	725,000	745,900	1,470,900
2011	4.38%	755,000	715,087	1,470,087
2012	4.38%	790,000	682,056	1,472,056
2013	4.63%	825,000	647,494	1,472,494
2014	4.75%	865,000	609,338	1,474,338
2015	5.00%	1,000,000	568,250	1,568,250
2016	5.00%	1,000,000	518,250	1,518,250
2017	5.00%	1,000,000	468,250	1,468,250
2018	5.00%	1,000,000	418,250	1,418,250
2019	5.00%	1,000,000	368,250	1,368,250
2020	5.00%	1,150,000	318,250	1,468,250
2021	5.00%	1,210,000	260,750	1,470,750
2022	5.00%	1,270,000	200,250	1,470,250
2023	5.00%	1,335,000	136,750	1,471,750
2024	5.00%	1,400,000	70,000	1,470,000
		\$ 15,325,000	10,456,625	25,781,625

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

	Total Bond Indebtedness		
	Principal	Interest	Total
2005	\$ 1,335,000	1,085,575	2,420,575
2006	1,390,000	1,025,125	2,415,125
2007	1,450,000	960,900	2,410,900
2008	1,490,000	892,800	2,382,800
2009	1,550,000	821,338	2,371,338
2010	725,000	745,900	1,470,900
2011	755,000	715,087	1,470,087
2012	790,000	682,056	1,472,056
2013	825,000	647,494	1,472,494
2014	865,000	609,338	1,474,338
2015	1,000,000	568,250	1,568,250
2016	1,000,000	518,250	1,518,250
2017	1,000,000	468,250	1,468,250
2018	1,000,000	418,250	1,418,250
2019	1,000,000	368,250	1,368,250
2020	1,150,000	318,250	1,468,250
2021	1,210,000	260,750	1,470,750
2022	1,270,000	200,250	1,470,250
2023	1,335,000	136,750	1,471,750
2024	1,400,000	70,000	1,470,000
	<u>\$ 22,540,000</u>	<u>11,512,863</u>	<u>34,052,863</u>

In addition, the District issued \$3,570,000 of School Refunding Bonds, series 2002 on December 19, 2002. The proceeds from these bonds were held in escrow by Wells Fargo until June, 2004 when the proceeds were used to defease the callable maturities of the School Bonds dated April 1, 1997.

Capital Lease Payable - The District also entered into a capital lease arrangement on June 19, 2003 and a new lease agreement on June 15, 2004. Both are for the purchase of computer equipment for the District. The 2003 lease calls for two more payments of \$93,530. The 2004 lease calls for an initial installment of \$67,094 on July 15, 2004 and the \$67,094 on July 15, 2005 with two additional installments of \$160,584 on July 15, 2006 and 2007.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2004

The following is a schedule of the future minimum payments required under the lease together with their present value as of June 30, 2004:

Year ending June 30,	Apple Computer, Inc. Capital Lease		
	2003 Lease	2004 Lease	Total
2005	\$ 93,530	67,094	160,624
2006	93,530	67,094	160,624
2007	-	160,584	160,584
2008	-	160,584	160,584
Total minimum lease payments	187,060	455,356	642,416
Less amount representing interest	13,886	43,975	57,861
Present value of minimum lease payments	\$ 173,174	411,381	584,555

(6) Operating Leases

The District entered into a five-year agreement which expires in February, 2009 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 the right to cancel the lease on the twenty fourth month should the High School bond issue pass. The total minimum lease commitment under the agreement is as follows:

Year ending June 30,	Minimum Lease Payments
2005	\$ 42,888
2006	42,888
2007	42,888
2008	42,888
2009	28,592
	<u>\$ 200,144</u>

The total lease expense for the year ended June 30, 2004 was \$40,024.

The District entered into a one year noncancellable agreement which expired in June, 1999 for the lease of a building for the Metro West Academy. The agreement required minimum base rents payable monthly. The District has the right to renew the lease for five additional one-year periods. The District has renewed the lease. The total minimum lease commitment under the agreement is as follows:

Year ending <u>June 30,</u> 2005	<u>Minimum Lease Payments</u> <u>\$32,000</u>
--	--

The total lease expense for the year ended June 30, 2004 was \$32,000.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(7) 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 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002, were \$891,111, \$914,099, and \$904,148, respectively, equal to the required contributions for each year.

(8) 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.

(9) 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 \$847,006 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Real Estate Contracts

Contracts have been signed for the purchase of two parcels of land for future expansion. One contract is for a total of \$495,000 of which \$99,000 has been paid and it has a closing date of September 30, 2004. The second contract is for a total cost of \$587,500 of which \$12,500 has been paid and it has a closing date of October, 2004.

(11) Construction Commitment

The District has issued general obligation bonds totaling \$15,325,000 for future elementary and high school building projects. No contracts have yet been signed.

(12) Deficit Fund Balance

The Adventure-time Enterprise Fund had a deficit balance of \$13,329 as of June 30, 2004.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(13) Accounting Change

Governmental Accounting Standards Board (GASB) Interpretation No. 39, Determining Whether Certain Organizations Are Component Units was implemented for the year ended June 30, 2004. The statement gives guidelines to the inclusion of component units on the financial statements. The District has presented the following entities as discretely presented component units: Karen Acres PTA, Urbandale Boosters, Inc., Urbandale Performing Arts Booster Club, Urbandale Education Foundation, Urbandale Middle School PTO, Olmsted PTO, Jensen Elementary PTO, Valerius PTO and Rolling Green PTO. Since the component units are discretely presented, there is no change in the District's previously reported net assets.

Required Supplementary Information

URBANDALE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN BALANCES - BUDGET AND ACTUAL (GAAP BASIS) - ALL GOVERNMENTAL
 FUND TYPES AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2004

	Governmental Fund Types- Actual	Proprietary Fund Type- Actual
Revenues:		
Local sources	\$ 17,110,302	2,009,560
State sources	10,907,982	8,710
Federal sources	227,507	181,837
Total revenues	<u>28,245,791</u>	<u>2,200,107</u>
Expenditures:		
Instruction	15,223,108	-
Support services	7,387,454	-
Noninstructional programs	-	2,131,941
Other expenditures	4,215,110	-
Total expenditures	<u>26,825,672</u>	<u>2,131,941</u>
Excess (deficiency) of revenues over (under) expenditures	1,420,119	68,166
Other financing sources, net	<u>15,326,095</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16,746,214	68,166
Balances beginning of year	<u>5,251,673</u>	<u>384,593</u>
Balances end of year	<u><u>\$ 21,997,887</u></u>	<u><u>452,759</u></u>

See accompanying independent auditor's report.

Total Actual	Budget	Final to Actual Variance- Positive (Negative)
19,119,862	15,329,119	3,790,743
10,916,692	13,872,562	(2,955,870)
409,344	259,100	150,244
30,445,898	29,460,781	985,117
15,223,108	15,048,593	(174,515)
7,387,454	9,446,193	2,058,739
2,131,941	1,983,300	(148,641)
4,215,110	5,880,119	1,665,009
28,957,613	32,358,205	3,400,592
1,488,285	(2,897,424)	4,385,709
15,326,095	-	15,326,095
16,814,380	(2,897,424)	19,711,804
5,636,266	7,874,080	(2,237,814)
22,450,646	4,976,656	17,473,990

URBANDALE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis. Encumbrances are not recognized on the modified accrual basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2004, expenditures in the instructional and non-instructional functional areas exceeded the amounts budgeted but the overall expenditures were under budget in total.

Other Supplementary Information

URBAN DALE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2004

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Assets					
Cash and pooled investments	\$ 138,745	409,239	7,391	526,898	1,082,273
Receivables:					
Property tax:					
Delinquent	3,462	-	568	1,548	5,578
Succeeding year	713,390	-	109,005	289,729	1,112,124
Total assets	\$ 855,597	409,239	116,964	818,175	2,199,975
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	-	3,779	-	-	3,779
Deferred revenue:					
Succeeding year property tax	713,390	-	109,005	289,729	1,112,124
Early retirement payable	116,455	-	-	-	116,455
Total liabilities	829,845	3,779	109,005	289,729	1,232,358
Fund equity:					
Unreserved fund balances	25,752	405,460	7,959	528,446	967,617
Total liabilities and fund equity	\$ 855,597	409,239	116,964	818,175	2,199,975

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2004

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Revenues:					
Local sources:					
Local tax:					
Property tax	\$ 608,740	-	99,849	254,064	962,653
Utility tax replacement excise tax	47,356	-	7,768	18,988	74,112
	<u>656,096</u>	<u>-</u>	<u>107,617</u>	<u>273,052</u>	<u>1,036,765</u>
Other local sources:					
Interest on investments	-	1,462	-	2,377	3,839
Student activities	-	775,406	-	-	775,406
Miscellaneous	1,234	-	-	-	1,234
	<u>1,234</u>	<u>776,868</u>	<u>-</u>	<u>2,377</u>	<u>780,479</u>
Total revenues	<u>657,330</u>	<u>776,868</u>	<u>107,617</u>	<u>275,429</u>	<u>1,817,244</u>
Expenditures:					
Instruction:					
Regular, special, and vocational instruction:					
Salaries	118,890	-	-	-	118,890
Benefits	146,129	-	-	-	146,129
Services	355,969	-	-	-	355,969
	<u>620,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,988</u>
Co-curricular instruction:					
Salaries	-	21,073	-	-	21,073
Benefits	-	2,644	-	-	2,644
Services	-	49,890	-	-	49,890
Other	-	692,596	-	-	692,596
	<u>-</u>	<u>766,203</u>	<u>-</u>	<u>-</u>	<u>766,203</u>
Total instruction	<u>620,988</u>	<u>766,203</u>	<u>-</u>	<u>-</u>	<u>1,387,191</u>
Other expenditures:					
Facilities acquisition and construction:					
Salaries	-	-	42,641	-	42,641
Benefits	-	-	5,236	-	5,236
Supplies	-	-	136,176	-	136,176
Other	-	-	-	317,456	317,456
Total other expenditures	<u>-</u>	<u>-</u>	<u>184,053</u>	<u>317,456</u>	<u>501,509</u>
Total expenditures	<u>620,988</u>	<u>766,203</u>	<u>184,053</u>	<u>317,456</u>	<u>1,888,700</u>
Excess (deficiency) of revenues over (under) expenditures	36,342	10,665	(76,436)	(42,027)	(71,456)
Fund balances beginning of year	<u>(10,590)</u>	<u>394,795</u>	<u>84,395</u>	<u>570,473</u>	<u>1,039,073</u>
Fund balances end of year	<u>\$ 25,752</u>	<u>405,460</u>	<u>7,959</u>	<u>528,446</u>	<u>967,617</u>

See accompanying independent auditor's report.

URBAN DALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2004

<u>Account</u>	Balance Beginning of Year	Revenues and Financing Sources	Expenditures	Balance End of Year
High School:				
Activities/Athletics	\$ 28,854	78,276	78,041	29,089
Act. Special Project	876	-	-	876
Art Club	479	238	188	529
At Risk	500	-	-	500
Baseball	1,626	38,966	39,143	1,449
Bowling	614	-	-	614
Boys Basketball	-	32,610	32,610	-
Boys Cross Country	-	3,876	3,876	-
Boys Golf	-	4,053	3,560	493
Boys Soccer	-	19,927	19,927	-
Boys Swimming	-	1,933	1,933	-
Boys Tennis	-	1,277	1,277	-
Boys Track	-	6,948	6,753	195
Cadet Teachers	520	-	-	520
Character Counts	-	24	-	24
Cheerleaders	-	9,048	5,687	3,361
Colorguard	98	-	-	98
Computer Club	2,610	-	-	2,610
Computer Lab	2,099	-	-	2,099
Debate	687	-	-	687
DECA	769	14,479	13,581	1,667
Environmental Club	-	353	232	121
ESL Activity	190	1,450	1,002	638
Football	-	29,346	28,956	390
GAPP/URB Hamburg Exchange	1,763	2,967	4,730	-
German Club	4,373	5,934	4,020	6,287
Girls Basketball	-	14,630	14,630	-
Girls Cross Country	-	2,818	2,818	-
Girls Golf	-	2,703	2,703	-
Girls Soccer	-	13,663	13,159	504
Girls Swimming	-	2,384	2,384	-
Girls Tennis	-	445	85	360
Girls Track	-	5,996	5,996	-
Guidance	326	2,023	1,451	898
H.S. OM Team	3,145	(3,145)	-	-
H.S. Support Fund	35	-	-	35
Human Rights	5	-	-	5
Industrial Arts Club	509	837	-	1,346
Industrial Arts House	1,674	247	276	1,645
Instrumental Music	7,485	56,800	56,720	7,565
Special Projects	78,082	1,454	25,774	53,762
International Friends Club	384	-	-	384
Japanese Trip Account	1,038	17,484	18,148	374
Jayhawker	30,248	2,855	43	33,060

Schedule 3

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2004

<u>Account</u>	Balance Beginning of Year	Revenues and Financing Sources	Expenditures	Balance End of Year
High School (continued):				
Jaywalkers	-	16,389	1,673	14,716
Key Club	2,654	2,778	2,421	3,011
Library	23,731	2,828	537	26,022
Mass Media	423	-	-	423
MCNS - Reaching Training	180	-	-	180
Parenting Comm. Network	848	2	-	850
Peer Helpers	188	-	-	188
Pep Club	143	-	-	143
Science Activity	549	-	-	549
Softball	7,811	33,186	39,005	1,992
Speech and Drama	5,252	6,026	5,880	5,398
Strings	231	-	-	231
Student Participation Fee	7,798	48,060	55,858	-
Student Senate	20,673	9,122	907	28,888
Special Ed	500	-	-	500
Tag Activities	4	6,446	6,135	315
Tag Activities Fees	1,119	6,100	2,791	4,428
Tag Trips	122	23	-	145
Teen Leadership Connection	99	-	-	99
Vocal Music	17,073	85,975	85,309	17,739
Volleyball	-	24,198	24,198	-
Wiegth Room	3,922	(1,072)	2,850	-
Wrestling	-	11,664	11,664	-
Yearbook	12,430	7,832	10,271	9,991
Building Activity	14,240	27,987	23,607	18,620
Jr. Wrestling	1,172	(1,172)	-	-
The Roaring Leo Club	193	644	604	233
Physics	229	225	50	404
Total High School	290,573	660,140	663,463	287,250

Schedule 3

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2004

<u>Account</u>	Balance Beginning of Year	Revenues and Financing Sources	Expenditures	Balance End of Year
Middle School:				
Athletics	1,497	(1,387)	110	-
Boys Basketball	-	2,486	2,486	-
Boys Cross Country	-	38	38	-
Boys Track	-	1,216	1,206	10
Building Activity	17,072	25,953	16,785	26,240
Cheerleading	2,025	(2,025)	-	-
Elementary Band Fundraiser	3,006	2,433	4,115	1,324
Football	-	4,701	4,701	-
Girls Basketball	-	2,626	2,626	-
Girls Track	-	320	320	-
I-Movie Club	501	2,150	1,820	831
Instrumental Music	8,503	10,202	10,591	8,114
Jensen Activity	5,573	5,402	3,439	7,536
Jensen Media Paper	1,110	75	-	1,185
K.A.Carver Grant	375	1,000	1,182	193
K.A. Media Paper	1,393	75	387	1,081
K.A. Activity	3,239	13,823	13,040	4,022
Library	669	183	-	852
Lock	55	108	14	149
M.S. Atlases	2,515	1,035	-	3,550
M.S. Student Activity Tickets	4,863	8,695	39	13,519
M.S. Tag Store Account	782	189	-	971
Media Paper Fees	2,813	557	2,863	507
Memory Book	21,239	203	7,370	14,072
Olmsted Activity	1,167	12,164	9,917	3,414
Olmsted Media Paper	4,636	265	375	4,526
Other	-	8	-	8
Rolling Green Activity	5,370	2,806	3,573	4,603
Rolling Green Media Paper	2,037	105	391	1,751
Softball	-	754	754	-
Speech and Drama	-	1,574	554	1,020
Student Council	3,629	1,317	885	4,061
Valerius Activity	2,582	4,573	3,024	4,131
Valerius Media Paper	1,012	-	-	1,012
Vocal Music	6,559	9,133	6,164	9,528
Volleyball	-	3,721	3,721	-
Wrestling	-	250	250	-
Total Middle School	104,222	116,728	102,740	118,210
Total	\$ 394,795	776,868	766,203	405,460

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2004

	Enterprise Funds		
	Adventure- time	School Nutrition	Total
Assets			
Cash and pooled investments	\$ 83,192	308,242	391,434
Inventories	-	16,325	16,325
Fixed assets:			
Equipment	-	369,368	369,368
Accumulated depreciation	-	(204,924)	(204,924)
Total assets	\$ 83,192	489,011	572,203
Liabilities			
Accounts payable	\$ 1,306	-	1,306
Salaries and benefits payable	10,544	5,386	15,930
Deferred revenue	84,671	17,537	102,208
Total liabilities	96,521	22,923	119,444
Net assets			
Invested in capital assets, net of related debt	-	164,444	164,444
Unrestricted	(13,329)	301,644	288,315
Total net assets	\$ (13,329)	466,088	452,759

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS - PROPRIETARY FUNDS
 Year Ended June 30, 2004

	Enterprise Funds		
	Adventure- time	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	939,468	939,468
Sale of services	1,070,092	-	1,070,092
Miscellaneous	-	-	-
Total operating revenue	<u>1,070,092</u>	<u>939,468</u>	<u>2,009,560</u>
Operating expenses:			
Non-instructional programs:			
Community service operations:			
Salaries	858,906	-	858,906
Benefits	107,263	-	107,263
Other	99,064	-	99,064
	<u>1,065,233</u>	<u>-</u>	<u>1,065,233</u>
Food services operations:			
Salaries	-	441,846	441,846
Benefits	-	57,618	57,618
Services	-	6,922	6,922
Supplies	-	26,625	26,625
Food supplies	-	493,958	493,958
Depreciation	-	33,024	33,024
Other	-	6,715	6,715
	<u>-</u>	<u>1,066,708</u>	<u>1,066,708</u>
Total operating expenses	<u>1,065,233</u>	<u>1,066,708</u>	<u>2,131,941</u>
Operating income (loss)	<u>4,859</u>	<u>(127,240)</u>	<u>(122,381)</u>
Non-operating revenue:			
State lunch and breakfast program claims	-	8,710	8,710
National School Lunch and Breakfast Program	-	181,837	181,837
Total non-operating revenue	<u>-</u>	<u>190,547</u>	<u>190,547</u>
Changes in net assets	4,859	63,307	68,166
Net assets beginning of year	<u>(18,188)</u>	<u>402,781</u>	<u>384,593</u>
Net assets end of year	<u>\$ (13,329)</u>	<u>466,088</u>	<u>452,759</u>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Enterprise Funds		
	Adventure- time	Student Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	941,946	941,946
Cash received from miscellaneous operating activities	1,053,153	-	1,053,153
Cash payments to employees for services	(965,696)	(499,180)	(1,464,876)
Cash payments to suppliers for goods or services	(101,247)	(489,986)	(591,233)
Net cash used by operating activities	(13,790)	(47,220)	(61,010)
Cash flows from non-capital financing activities:			
State grants received	-	8,710	8,710
Federal grants received	-	140,829	140,829
Net cash provided by non-capital financing activities	-	149,539	149,539
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from asset disposal	-	-	-
Repay interfund payable	-	-	-
Net cash used by capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(13,790)	102,319	88,529
Cash and cash equivalents at beginning of year	96,982	205,923	302,905
Cash and cash equivalents at end of year	\$ 83,192	308,242	391,434
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 4,859	(127,240)	(122,381)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Commodities used	-	41,008	41,008
Depreciation	-	33,024	33,024
Decrease in inventories	-	3,226	3,226
Decrease in receivables	-	-	-
Increase (decrease) in accounts payable	(2,183)	-	(2,183)
Increase in salaries and benefits payable	473	284	757
Increase (decrease) in deferred revenue	(16,939)	2,478	(14,461)
Net cash used by operating activities	\$ (13,790)	(47,220)	(61,010)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received federal commodities valued at \$41,008.

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year ended June 30, 2004

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 71,104	177,799	86,632	162,271
Total assets	\$ 71,104	177,799	86,632	162,271
Liabilities				
Other payables	\$ 71,104	177,799	86,632	162,271
Total liabilities	\$ 71,104	177,799	86,632	162,271

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Local sources:				
Local tax	\$ 10,360,388	10,217,745	10,014,748	9,267,348
Tuition	2,791,249	2,460,528	2,319,954	2,110,717
Other	3,958,665	3,841,958	3,655,527	4,022,723
State sources	10,907,982	11,098,101	10,983,867	10,816,884
Federal sources	227,507	229,277	273,868	474,175
Total	<u>\$ 28,245,791</u>	<u>27,847,609</u>	<u>27,247,964</u>	<u>26,691,847</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 11,842,571	11,332,841	11,705,751	10,583,206
Special instruction	1,310,821	1,320,698	1,191,304	1,782,880
Other instruction	2,069,716	1,816,463	1,627,504	1,647,363
Support services:				
Student services	1,256,766	1,265,832	1,208,057	981,717
Instructional staff services	716,993	749,501	800,586	1,084,420
Administration services	2,604,124	2,864,958	2,845,199	2,650,820
Operation and maintenance of plant services	2,073,942	2,102,798	1,986,518	2,060,881
Transportation services	725,629	705,242	712,904	672,970
Central support services	10,000	15,000	15,000	24,404
Other expenditures:				
Facilities acquisition	1,555,812	1,946,611	3,839,977	869,304
Long-term debt:				
Principal	1,484,140	1,267,478	1,190,929	1,134,899
Interest and other charges	328,152	473,678	511,442	566,777
AEA flowthrough	847,006	897,431	897,959	911,257
Total	<u>\$ 26,825,672</u>	<u>26,758,531</u>	<u>28,533,130</u>	<u>24,970,898</u>

See accompanying independent auditor's report.

**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
Pella, IA 50219
641-628-3737

Independent Auditor's Combined Report on Compliance
and on Internal Control over Financial Reporting

To the Board of Education
Urbandale Community School District
Urbandale, Iowa

We have audited the financial statements of the Urbandale Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated August 25, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved except for item IV-B-03.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Urbandale Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Urbandale Community School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Prior year reportable conditions have all been resolved.

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

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

Van Maanen & Associates, P.C.
Certified Public Accountants

August 25, 2004

URBANDALE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED June 30, 2004

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

Not applicable since less than \$500,000 in federal awards.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-04 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.
- IV-B-04 Certified Budget - Expenditures for the year ended June 30, 2004, exceeded the amounts budgeted in the instructional and non-instructional functional areas.

 Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

 Response - Future budgets will be amended in sufficient amounts to ensure that the certified budget is not exceeded.

 Conclusion - Response accepted.
- IV-C-04 Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-04 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-E-04 Business Transactions - No business transactions were noted between the District and District officials or employees.

URBANDALE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED June 30, 2004

- IV-F-04 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-G-04 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-H-04 Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-I-04 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-J-04 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-04 Sale of Property - During the year ended June 30, 2004, the District made sales of property in accordance with Chapter 297.22 of the Code of Iowa.
- IV-L-04 Financial Condition - The Adventure-time Enterprise Fund had a deficit balance at June 30, 2004 of \$13,329.

Recommendation - The District should investigate alternatives to eliminate this deficit in order to return this account to a sound financial position.

Response - The deficit balance is being looked into and the District hopes to have the deficit balance resolved in the upcoming year.

Conclusion - Response accepted.