

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

June 30, 2008

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URBANDALE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September, 2007 Election)		
Cynthia Munyon	President	2008
Doug Gulling	Vice President	2007
Steve Schuler	Board Member	2007
Kirby Wood	Board Member	2007
Jerry Tormey	Board Member	2008
Jeffrey Farrell	Board Member	2009
Diana Ripperger	Board Member	2009

Board of Education
(After September, 2007 Election)

Doug Gulling	President	2010
Jeffrey Farrell	Vice President	2009
Cynthia Munyon	Board Member	2008
Jerry Tormey	Board Member	2008
Diana Ripperger	Board Member	2009
Cate Newberg	Board Member	2010
Mark A. Wierson	Board Member	2010

School Officials

Greg Robinson, Ph.D.	Superintendent	2008
Shelly Clifford	District Secretary/Treasurer And Business Manager	2008
Sue Seitz for Belin, Lamson, McCormick, Zumbach, Flynn	Attorney	Indefinite
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



Independent Auditor's Report

To the Board of Education of
Urbandale Community School District:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Urbandale Community School District, Urbandale, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Urbandale Community School District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Governmental Auditing Standards, we have also issued our report dated October 20, 2008, on our consideration of the Urbandale Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 14 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urbandale Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Van Maanen & Associates, P.C.

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

October 20, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Urbandale Community School District is pleased to provide this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the District's financial performance is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- General Fund revenues increased from \$27,352,682 in fiscal 2007 to \$29,490,605 in fiscal 2008, while General Fund expenditures increased from \$28,105,953 in fiscal 2007 to \$30,948,758 in fiscal 2008. The District's General Fund balance decreased from \$3,444,140 in fiscal 2007 to \$1,985,987 in fiscal 2008, a 42.3 percent decrease from the prior year.
- The District has a General Fund solvency ratio of 6.5 percent at fiscal year end 2008. The solvency ratio is widely used as a comparative tool and is considered to be a good measure of a District's financial health. It is calculated by dividing the district's undesignated and unreserved General Fund balance by its actual General Fund revenues. An ideal ratio is typically between 5 and 10 percent, according to the Iowa Association of School Boards.
- The District has utilized a large portion of local option sales and services tax (LOSST) revenues since fiscal year 2001 for existing debt reduction and capital projects. The District's LOSST revenues for fiscal year 2008 were \$3,245,382, an increase of 2.8 percent over prior year. At its inception, the District committed 50 percent of the LOSST revenues for debt service payments of principle and interest on existing debt obligations. The remaining funds received from this tax are being used for various site improvements and as contingency reserves for the high school construction project currently underway.

Overview of the Financial Statements

This annual report consists of five parts:

1. Management's Discussion and Analysis (this section)
2. Basic Financial Statements
3. Notes to Financial Statements
4. Required Supplementary Information
5. Other Supplementary Information

The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first, the Statement of net Assets, and the Statement of Activities, are *District-wide Financial Statements* that provide information about the District as a whole and present an overall view of the District's finances
- The second are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements as follows:
 - The *Governmental Fund Statements* explain how basic service such as regular and special education were financed in the *short-term* as well as what remains for future spending.
 - The *Proprietary Fund Statements* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
 - The statements for *Fiduciary Funds* provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

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

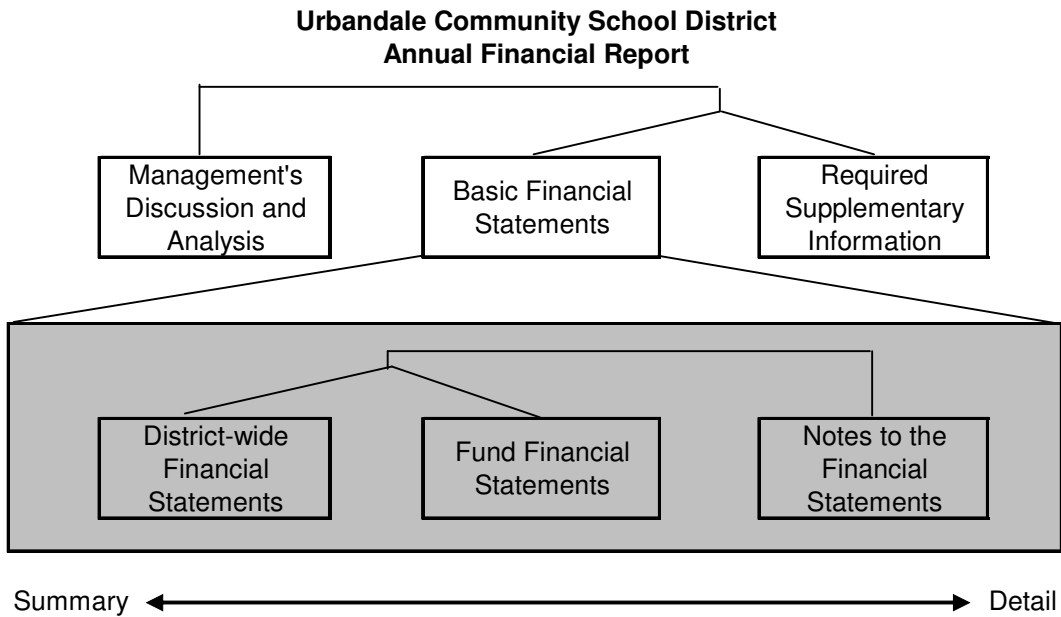


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the District-Wide and Fund Financial Statements			
	District-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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
Required Financial Statements	<input type="checkbox"/> Statement of net assets <input type="checkbox"/> Statement of activities	<input type="checkbox"/> Balance Sheet <input type="checkbox"/> Statement of revenues, expenditures, and changes in fund balances	<input type="checkbox"/> Statement of revenues, expenses and changes in fund net assets <input type="checkbox"/> Statement of cash flows <input type="checkbox"/> Statement of 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
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
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

District-wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District’s assets and liabilities and how they have changed. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District’s *net assets* and how they have changed. Net assets - the difference between the District’s assets and liabilities - are one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District’s overall health, readers should consider additional non-financial factors, such as changes in the District’s property tax base and the condition of school building and other facilities.

In the government-wide financial statements, the District’s activities are divided into two categories:

- *Governmental activities:* Most of the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

- *Business type activities:* The District charges fees to help it cover the cost of certain services it provides. The District's food service operations and child care programs would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for various students activity funds or to demonstrate that it is properly using certain revenues.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
 - The District's governmental funds include the General Fund, the Management Levy Fund, the Student Activity Fund, The Physical Plant and Equipment Levy (PPEL) Fund, the Physical Education and Recreation Levy (PERL) Fund, two Capital Projects Funds – one for Bond Proceeds and one for Local Option Sales and Services Tax, and the Debt Service Fund.
 - The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
 - The District's enterprise funds (one type of proprietary fund) are the same as its business type activities but provide more detail and additional information, such as cash flows. The District has two enterprise funds: the Nutrition Fund and the Adventuretime (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 PTA organization. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets – Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2008 compared to 2007.

Figure A-3							
Condensed Statement of Net Assets							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$ 41,670,921	49,603,602	777,430	729,874	42,448,351	50,333,476	-15.7%
Capital assets	68,935,492	51,519,120	296,277	341,967	69,231,769	51,861,087	33.5%
Total assets	110,606,413	101,122,722	1,073,707	1,071,841	111,680,120	102,194,563	9.3%
Long-term debt outstanding	60,239,967	50,516,938	-	-	60,239,967	50,516,938	19.2%
Other liabilities	18,939,890	20,992,963	68,623	174,613	19,008,513	21,167,576	-10.2%
Total liabilities	79,179,857	71,509,901	68,623	174,613	79,248,480	71,684,514	10.6%
Net assets							
Invested in capital assets, net of related debt	24,177,948	23,944,560	296,277	383,421	24,474,225	24,327,981	0.6%
Restricted	5,553,801	491,899	-	-	5,553,801	491,899	1029.1%
Unrestricted	1,694,807	5,176,362	708,807	513,807	2,403,614	5,690,169	-57.8%
Total net assets	\$ 31,426,556	29,612,821	1,005,084	897,228	32,431,640	30,510,049	6.3%

The District's combined net assets increased from \$30,510,049 in prior year to \$32,431,640 for 2008, a 6.3 percent increase. As noted earlier, net assets may serve over time as useful indicators of a government's financial position.

Significant portions of the District's combined net assets reflect its investment in capital assets, which are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond anticipation notes in the amount of \$9,600,000 were issued in 2008, and general obligation bond debt retired during the same period was \$1,350,000.

As shown in A-3, capital assets increased by 33.5 percent and current assets decreased by 15.7 percent. This change was the result of cash paid out for completed phases of construction at the high school. Significant percentages of change from prior year in the restricted and unrestricted assets categories are due to a reporting change whereby over \$5,000,000 of capital projects funds were reported as unrestricted in 2007, but will now be reported as restricted in 2008 and beyond.

Changes in Net Assets – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2008 and 2007. These two main components are subtracted to yield the change in net assets under the full accrual method of accounting. The change in net assets for 2008 was \$1.9 million, compared to a \$2.4 million change in net assets for 2007.

Revenue is further divided into two major components in this analysis: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support. Property tax revenues of nearly \$15 million and unrestricted state grants of over \$11 million account for 62 percent of the District's total revenues in 2008 for all funds, which were nearly \$42 million as shown in A-4. These total revenues were 10.8 percent higher than prior year.

The District's expenses were primarily in the instruction and support services functions, which represented 81 percent of the total expenses shown in Figure A-4. The District's total expenses for fiscal year 2008 in all funds were 12.9 percent higher than the prior year.

Figure A-4 Changes in Net Assets						
	Governmental Activities		Business Type Activities		Total District	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for service	\$5,046,016	4,681,687	2,504,913	2,235,426	7,550,929	6,917,113
Operating grants, contributions and restricted interest	3,446,219	2,743,089	470,520	316,790	3,916,739	3,059,879
General revenues:						
Property tax	14,962,156	12,462,245	-	-	14,962,156	12,462,245
Local option sales and service tax	3,245,382	3,154,284	-	-	3,245,382	3,154,284
Unrestricted state grants	11,075,123	10,608,287	-	-	11,075,123	10,608,287
Unrestricted investment earnings	897,441	1,548,160	3,392	-	900,833	1,548,160
Other	341,124	151,289	4,400	-	345,524	151,289
Total revenues	39,013,461	35,349,041	2,983,225	2,552,216	41,996,686	37,901,257
Program expenses:						
Governmental activities:						
Instruction	21,058,089	19,258,738	-	-	21,058,089	19,258,738
Support services	11,451,307	10,590,822	-	-	11,451,307	10,590,822
Non-instructional programs	-	-	2,875,369	2,629,320	2,875,369	2,629,320
Other expenses	4,690,330	3,004,070	-	-	4,690,330	3,004,070
Total expenses	37,199,726	32,853,630	2,875,369	2,629,320	40,075,095	35,482,950
Transfers in (out)	-	-	-	-	-	-
Change in net assets	\$1,813,735	2,495,411	107,856	(77,104)	1,921,591	2,418,307

Governmental Activities

Total revenues shown in A-4 for governmental activities in 2008 were \$39,013,461 and total expenses were \$37,199,726. Net assets increased by \$1,813,735 during the period. Property tax revenues rose by 20 percent over prior year, primarily due to a substantial increase in property tax collections for debt service. Local option sales and service tax revenues had a slight increase over prior year of nearly 3 percent. Unrestricted state grants increased by 4.4 percent over the prior year, largely due to an increase in state aid revenue. Unrestricted investment earnings decreased by 42 percent, due to reduced amounts of invested reserves and lower interest rates.

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

Figure A-5 Total and Net Cost of Governmental Activities		
	Total Cost of Services	Net Cost of Services
Instruction	\$ 21,058,089	13,822,920
Support services	11,451,307	11,229,139
Other expenses	4,690,330	3,655,432
Totals	\$ 37,199,726	28,707,491

The total cost of all governmental activities as shown above was \$37,199,726. Some of this cost, or approximately \$5 million was financed by users of the District's programs, such as from fees or admissions revenues. Another \$3.4 million was subsidized by federal and state governments through restricted program grants and contributions. These revenues are categorized as program revenues because they are specifically related to a certain program and, therefore, must be expended within that program.

The net cost of services for all governmental activities was \$28,707,491, financed primarily with \$11 million in unrestricted state aid and \$18.2 million in local tax revenues. State aid and property tax are examples of general revenues, since they are not specific to a program and are available to be expended for more universal purposes within a specific fund. The costs subsidized by grants and contributions or financed by users increased by more than \$1 million over the prior year.

Business Type Activities

As previously discussed, the District's business type funds include two enterprise funds, the Nutrition Fund and the Adventuretime (child care) Fund. The two funds are combined for annual reporting purposes and coincidentally have very similar levels of revenue and expense. Revenues for the Nutrition Fund were \$1,492,580 for 2008, an increase of more than \$160,000 over prior year. The boost in revenues is primarily due to increases in hot lunch program participation and ala carte food sales. Nutrition Fund expenses were \$1,412,458 for 2008, and increase of approximately \$22,000 over prior year.

The Adventuretime Fund had revenues of \$1,490,644 for 2008, an increase of approximately \$270,000 over prior year. The program provides child care services before and after school, and during summer months. Expenses for 2008 were \$1,462,910 and increased by about \$223,000 over fiscal year 2007. The increase in both revenues and expenses for this fund is also due to an increase in the community's use of these services.

Financial Analysis of the District's Funds

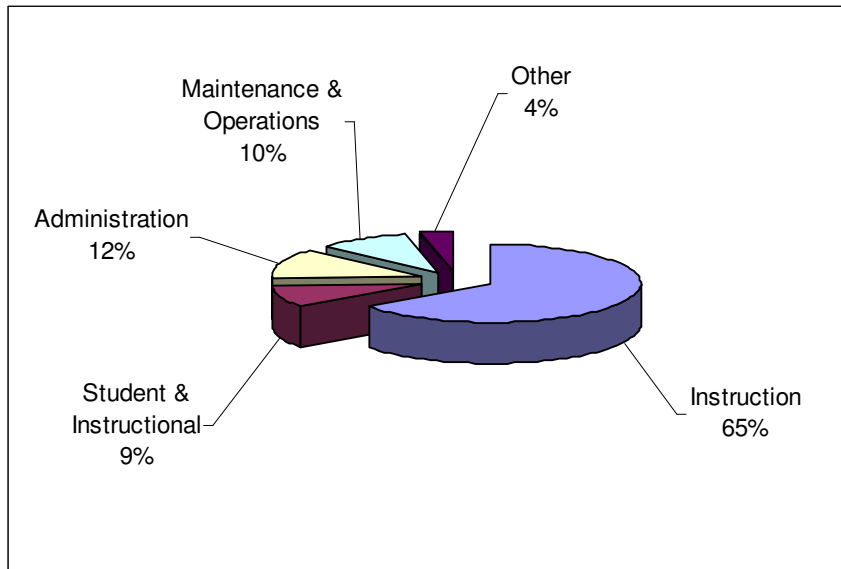
The Urbandale Community School District uses fund accounting to ensure and demonstrate compliance with finance-related statutory requirements. A summary financial analysis of individual District funds follows, categorized into governmental and business types:

Governmental Fund Highlights

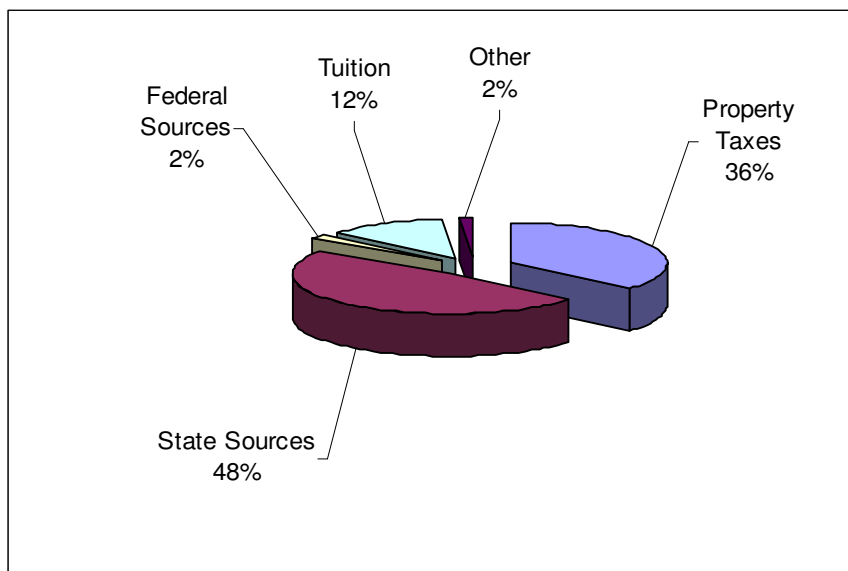
The financial performance of the District as a whole is largely reflected in its governmental funds, particularly by analysis of the fund balances. Overall, the District's governmental funds had combined fund balances of \$22,498,819 at June 30, 2008, a decrease of \$7,607,395 from prior year. The following is a closer look at each individual major fund:

The **General Fund** reported a drop in fund balance of \$1,458,153, decreasing from \$3,444,140 at June 30, 2007 to \$1,985,987 on June 30, 2008. This decrease is primarily due to an increase in expenditures for instructional costs, which rose by 11.8 percent. The support services category which includes expenses such as administration, maintenance, transportation, and other operational costs rose by 7.5 percent. The General Fund solvency ratio at June 30, 2008 is 6.5 percent, down from 12.3 percent for prior year.

Total General Fund expenditures for fiscal year 2008 were \$30,948,758, an increase of 10.1 percent over prior year. Of all the governmental funds, the General Fund is the largest, comprising 54.7 percent of the total \$56.5 million in governmental fund expenses for the fiscal year. Because of a construction project underway, another large portion of total expenditures was in Capital Projects Funds which accounted for 35 percent of the total. The graph below focuses on only the General Fund and indicates how this fund's total of \$30,948,748 was spent according to functional categories. Instructional costs were \$19.4 million, comprising 65 percent of all General Fund expenses. Student and instructional support services were \$3.9 million or 9 percent, administrative services were 12 percent of expenses at \$3.7 million, and the maintenance and operations expenses totaled \$2.9 million or 10 percent of all costs.



General Fund revenues totaled \$29,490,605 for fiscal year 2008. The graph below shows a comparison of the major revenue streams by percentage, according to the source of funding. Local property tax revenues were \$10.3 million, and state sources were \$13.8 million, together accounting for 84 percent of all General Fund revenues. The other most significant category is for tuition payments from other districts for open enrollment and special education services, which totaled nearly \$4 million or 12 percent of all revenues.



The **Debt Service Fund** balance increased by just \$203 from the prior year. This fund is used to account for current year principal and interest payments on debt to the District's bond holders or other long term debt holders. Local property tax collections of \$3,432,108 were the primary revenues. \$225,000 was transferred in from the Local Option Sales and Services Tax Fund to meet current debt obligations, and \$233,843 was transferred in from the Physical Plant and Equipment Levy Fund for current obligations on Apple Computer lease purchase agreements.

- The two **Capital Projects Funds** are combined for annual reporting purposes, but the District uses separate funds to account for projects funded by bond issue proceeds and for projects funded by local option sales and services tax revenues. A high school construction project in being completed in phases due to limitations associated with rebuilding on the same site. Therefore the Capital Projects Bond Fund has increased as bond issues occur, and decreased as work progresses on a multi-phase construction schedule. The District issued general obligation bonds of \$24,080,000 during fiscal year 2007 and \$9,600,000 during 2008. Construction expenditures during fiscal year 2008 were \$19,586,017 and were \$7,917,547 during 2007. The combined Capital Projects Funds balance was \$19,492,680 at June 30, 2008 and was \$25,944,668 at end of prior year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2008, the District had invested \$69,231,769, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, computer and audiovisual equipment. As shown in Figure A-6 below, Buildings assets increased by \$24 million, or nearly 110 percent over the prior year, as significant phases of construction were completed at the new high school. Construction in Progress decreased by 26.2 percent as construction contracts underway neared completion.

Figure A-6
Capital Assets, net of depreciation

	Governmental Activities		Business type Activities		Total District		Total Change June 30, 2007-2008
	June 30,		June 30,		June 30,		
	2008	2007	2008	2007	2008	2007	
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	19,878,817	26,920,593	-	-	19,878,817	26,920,593	-26.2%
Buildings	46,020,348	21,958,877	-	-	46,020,348	21,958,877	109.6%
Improvements	595,576	315,135	-	-	595,576	315,135	89.0%
Equipment and furniture	906,759	790,523	296,277	341,967	1,203,036	1,132,490	6.2%
Total	\$ 68,935,492	51,519,120	296,277	341,967	69,231,769	51,861,087	33.5%

Equipment and Furniture shows a small increase of 6.2 percent from prior year, and the District's total capital assets net of depreciation increased by 33.5 percent over the prior period.

Long-Term Debt

At year-end 2008, the District had \$48,945,000 in general obligation bonds, \$9,600,000 in bond anticipation notes, \$701,167 in obligations under capital lease, and \$993,800 in early retirement obligations, as shown in Figure A-7 below. Total long-term debt increased by about \$8 million over the prior year, primarily due to issuance of the bond anticipation notes which will mature in 2010.

	June 30,		Percent Change
	2008	2007	
General obligation bonds	\$ 48,945,000	50,295,000	-2.68%
Bond anticipation notes	9,600,000	-	
Obligation under capital lease	701,167	593,567	18.13%
Early retirement	993,800	1,239,622	-19.83%
Total	<u>\$ 60,239,967</u>	<u>52,128,189</u>	<u>15.56%</u>

Factors Bearing on District's Future

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

- Under Iowa's school funding formula, the District's spending authority is highly dependent upon student enrollment. Future enrollment stability is a critical element in maintaining a sound financial foundation. Actual enrollment increased at the start of the 2008-09 school year by 97 students, or about 3 percent over the previous year. Revenues are also received from other districts for open enrolled students, which decreased by 23 students. This net gain of 64 students will have a positive affect on budgetary allowable growth in the following fiscal year.
- Construction continues at the high school and the work will progress in phases during fiscal year 2009. Bond proceeds will finance the project to its completion, along with contingency funds held in the local option sales tax fund.
- The Iowa Legislature passed a state-wide one-cent sales tax for school infrastructure, to be allocated to Iowa school districts according to student enrollment. This revenue stream will replace the District's local option sales and services tax which will sunset in 2010. The new state-wide sales tax is in effect for a period of 20 years, which will allow school districts to issue bonds to fund larger construction projects. This new funding has allowed the District to begin plans for a significant renovation project at the Middle School, and an Elementary addition.

Contacting the District's Financial Management

The financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's commitment of accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shelly Clifford, Director of Business Services, Urbandale Community School District, 11152 Aurora Avenue, Urbandale, Iowa 50322.

Basic Financial Statements

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 24,901,677	726,660	25,628,337
Receivables:			
Property tax:			
Delinquent	76,317	-	76,317
Succeeding year	15,077,331	-	15,077,331
Accounts	44,090	1,777	45,867
Accrued interest	418,350	-	418,350
Due from other governments	799,806	-	799,806
Inventories	-	48,993	48,993
Prepaid expense	2,367	-	2,367
Total current assets	<u>41,319,938</u>	<u>777,430</u>	<u>42,097,368</u>
Non-current assets:			
Bond issuance costs	350,983	-	350,983
Capital assets:			
Capital assets, nondepreciable	21,412,809	-	21,412,809
Capital assets, depreciable, net of depreciation	47,522,683	296,277	47,818,960
Total non-current assets	<u>69,286,475</u>	<u>296,277</u>	<u>69,582,752</u>
Total assets	<u>\$ 110,606,413</u>	<u>1,073,707</u>	<u>111,680,120</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 645,494	19,131	664,625
Accrued salaries and benefits payable	2,810,227	24,673	2,834,900
Accrued interest payable	225,127	-	225,127
Unearned revenue:			
Succeeding year property tax	15,077,331	-	15,077,331
Other	181,711	24,819	206,530
Bonds payable	1,610,000	-	1,610,000
Obligations under capital lease	333,268	-	333,268
Early retirement	270,372	-	270,372
Total current liabilities	<u>21,153,530</u>	<u>68,623</u>	<u>21,222,153</u>
Non-current liabilities:			
Bonds payable	47,335,000	-	47,335,000
Bond anticipation notes	9,600,000	-	9,600,000
Obligations under capital lease	367,899	-	367,899
Early retirement	723,428	-	723,428
Total non-current liabilities	<u>58,026,327</u>	<u>-</u>	<u>58,026,327</u>
Total liabilities	<u>79,179,857</u>	<u>68,623</u>	<u>79,248,480</u>

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business type Activities	Total
Net assets			
Invested in capital assets, net of related debt	24,177,948	296,277	24,474,225
Restricted for:			
State grants	60,340	-	60,340
Sales tax levy	5,004,057	-	
Public education and recreation levy	96,783	-	
Physical plant and equipment levy	343,369	-	343,369
Other special revenue purposes	49,252	-	49,252
Unrestricted	1,694,807	708,807	2,403,614
Total net assets	31,426,556	1,005,084	32,431,640
Total liabilities and net assets	\$ 110,606,413	1,073,707	111,680,120

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental activities:				
Instruction:				
Regular instruction	\$ 14,146,392	3,379,043	1,617,784	-
Special instruction	3,440,990	781,456	547,115	-
Other instruction	3,470,707	822,245	87,526	-
	<u>21,058,089</u>	<u>4,982,744</u>	<u>2,252,425</u>	<u>-</u>
Support Service:				
Student services	1,472,801	-	-	-
Instructional staff services	1,759,685	-	-	-
Administration services	3,868,457	-	1,140	-
Operating and maintenance of plant services	3,342,227	28,126	-	-
Transportation services	1,008,137	35,146	157,756	-
	<u>11,451,307</u>	<u>63,272</u>	<u>158,896</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	1,426,788	-	-	-
Long-term debt interest	2,228,644	-	-	-
AEA flowthrough	1,034,898	-	1,034,898	-
	<u>4,690,330</u>	<u>-</u>	<u>1,034,898</u>	<u>-</u>
Total governmental activities	37,199,726	5,046,016	3,446,219	-
Business type activities:				
Non-instructional programs:				
Nutrition services	1,412,458	1,128,102	357,224	-
Day Care services	1,462,911	1,376,811	113,296	-
	<u>2,875,369</u>	<u>2,504,913</u>	<u>470,520</u>	<u>-</u>
Total primary government	<u>\$ 40,075,095</u>	<u>7,550,929</u>	<u>3,916,739</u>	<u>-</u>

Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(9,149,565)	-	(9,149,565)
(2,112,419)	-	(2,112,419)
(2,560,936)	-	(2,560,936)
(13,822,920)	-	(13,822,920)
(1,472,801)	-	(1,472,801)
(1,759,685)	-	(1,759,685)
(3,867,317)	-	(3,867,317)
(3,314,101)	-	(3,314,101)
(815,235)	-	(815,235)
(11,229,139)	-	(11,229,139)
(1,426,788)	-	(1,426,788)
(2,228,644)	-	(2,228,644)
-	-	-
(3,655,432)	-	(3,655,432)
(28,707,491)	-	(28,707,491)
-	72,868	72,868
-	27,196	27,196
-	100,064	100,064
(28,707,491)	100,064	(28,607,427)

Exhibit B

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

	Program Revenues			
Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Totals continued from previous pages	\$ 40,075,095	7,550,929	3,916,739	-
General Revenues:				
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				
Gain on sale of assets				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
(28,707,491)	100,064	(28,607,427)
11,074,772	-	11,074,772
3,432,108	-	3,432,108
455,276	-	455,276
3,245,382	-	3,245,382
11,075,123	-	11,075,123
897,441	3,392	900,833
341,124	-	341,124
-	4,400	4,400
<u>30,521,226</u>	<u>7,792</u>	<u>30,529,018</u>
1,813,735	107,856	1,921,591
<u>29,612,821</u>	<u>897,228</u>	<u>30,510,049</u>
<u>\$ 31,426,556</u>	<u>1,005,084</u>	<u>32,431,640</u>

URBAN DALE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments	\$ 4,478,991	2,200	19,266,309	1,154,177	24,901,677
Receivables:					
Property tax:					
Current year delinquent	52,087	17,887	-	6,343	76,317
Succeeding year	10,359,854	3,447,988	-	1,269,489	15,077,331
Accounts	44,090	-	-	-	44,090
Accrued interest	-	-	418,350	-	418,350
Due from other governments	799,806	-	-	-	799,806
Prepaid expenses	2,367	-	-	-	2,367
Total assets	\$ 15,737,195	3,468,075	19,684,659	2,430,009	41,319,938
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 435,186	175	191,979	18,154	645,494
Salaries and benefits payable	2,785,586	-	-	-	2,785,586
Payroll deductions and withholdings payable	24,641	-	-	-	24,641
Deferred revenue:					
Succeeding year tuition and fees	145,941	-	-	35,770	181,711
Succeeding year property tax	10,359,854	3,447,988	-	1,269,489	15,077,331
Early retirement payable	-	-	-	106,356	106,356
Total liabilities	13,751,208	3,448,163	191,979	1,429,769	18,821,119
Fund balances:					
Reserved for:					
State grants	60,340	-	-	-	60,340
Debt service	-	19,912	-	-	19,912
Unreserved:					
Undesignated, reported in:					
General fund	1,925,647	-	-	-	1,925,647
Capital projects fund	-	-	19,492,680	-	19,492,680
Special revenue funds:					
Management fund	-	-	-	510,836	510,836
Student activity fund	-	-	-	49,252	49,252
Public education and recreation fund	-	-	-	96,783	96,783
Physical plant and equipment fund	-	-	-	343,369	343,369
Total fund balances	1,985,987	19,912	19,492,680	1,000,240	22,498,819
Total liabilities and fund balances	\$ 15,737,195	3,468,075	19,684,659	2,430,009	41,319,938

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET -
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
 June 30, 2008

Total fund balances of governmental funds (Exhibit C) \$ 22,498,819

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. 68,935,492

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

General obligation bonds payable	\$	(48,945,000)	
Bond anticipation notes payable		(9,600,000)	
Obligations under capital lease payable		(701,167)	
Bond issuance costs		350,983	
Accrued interest		(225,127)	
Early retirement		(993,800)	
Portion of early retirement reflected on governmental funds		106,356	<u>(60,007,755)</u>

Net assets of governmental activities (Exhibit A) \$ 31,426,556

See notes to financial statements.

Exhibit E

URBAN DALE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 Year ended June 30, 2008

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 10,286,939	3,432,108	-	1,243,109	14,962,156
Tuition	3,983,075	-	-	-	3,983,075
Other	608,228	-	3,965,912	879,620	5,453,760
Intermediate sources	86,218	-	-	-	86,218
State sources	13,870,394	1,533	-	574	13,872,501
Federal sources	655,751	-	-	-	655,751
Total revenues	<u>29,490,605</u>	<u>3,433,641</u>	<u>3,965,912</u>	<u>2,123,303</u>	<u>39,013,461</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	13,674,958	-	-	265,829	13,940,787
Special instruction	3,304,600	-	-	-	3,304,600
Other instruction	2,443,467	-	-	890,850	3,334,317
	<u>19,423,025</u>	<u>-</u>	<u>-</u>	<u>1,156,679</u>	<u>20,579,704</u>
Support services:					
Student services	1,450,069	-	-	-	1,450,069
Instructional staff services	1,435,433	-	182,883	321,328	1,939,644
Administration services	3,691,952	-	-	26,825	3,718,777
Operation and maintenance of plant services	2,905,244	-	-	320,756	3,226,000
Transportation services	1,008,137	-	-	-	1,008,137
	<u>10,490,835</u>	<u>-</u>	<u>182,883</u>	<u>668,909</u>	<u>11,342,627</u>
Other expenditures:					
Facilities acquisition	-	-	19,586,017	77,378	19,663,395
Long-term debt:					
Principal	-	1,558,749	-	-	1,558,749
Interest and fiscal charges	-	2,333,532	24,000	-	2,357,532
AEA flowthrough	1,034,898	-	-	-	1,034,898
	<u>1,034,898</u>	<u>3,892,281</u>	<u>19,610,017</u>	<u>77,378</u>	<u>24,614,574</u>
Total expenditures	<u>30,948,758</u>	<u>3,892,281</u>	<u>19,792,900</u>	<u>1,902,966</u>	<u>56,536,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,458,153)</u>	<u>(458,640)</u>	<u>(15,826,988)</u>	<u>220,337</u>	<u>(17,523,444)</u>
Other financing sources (uses):					
Operating transfers in	-	458,843	-	-	458,843
Operating transfers out	-	-	(225,000)	(233,843)	(458,843)
Bond anticipation note proceeds	-	-	9,600,000	-	9,600,000
Capital leases	-	-	-	316,349	316,349
Total other financing sources	<u>-</u>	<u>458,843</u>	<u>9,375,000</u>	<u>82,506</u>	<u>9,916,349</u>
Net change in fund balances	(1,458,153)	203	(6,451,988)	302,843	(7,607,095)
Fund balances beginning of year	3,444,140	19,709	25,944,668	697,397	30,105,914
Fund balances end of year	<u>\$ 1,985,987</u>	<u>19,912</u>	<u>19,492,680</u>	<u>1,000,240</u>	<u>22,498,819</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, 2008

Net change in fund balances - total governmental funds (Exhibit E) \$ (7,607,095)

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

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

Expenditures for capital assets	\$ 18,552,956	
Depreciation expense	<u>(1,136,584)</u>	17,416,372

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the Statement of Activities. Current year items are as follows:

Bond anticipation notes issued	(9,600,000)	
Obligations under capital lease issued	(316,349)	
Repayments of bond and note principal	1,558,749	
Amortization of bond issuance costs	<u>(20,646)</u>	(8,378,246)

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. 149,534

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	<u>233,170</u>
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Change in net assets of governmental activities (Exhibit B) \$ 1,813,735

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Non-major Enterprise Funds
Assets	
Current assets:	
Cash and pooled investments	\$ 726,660
Receivables:	
Accounts	1,777
Inventories	48,993
Total current assets	777,430
Capital assets, net of accumulated depreciation	296,277
Total assets	\$ 1,073,707
 Liabilities	
Current liabilities:	
Accounts payable	\$ 19,131
Salaries and benefits payable	24,673
Unearned revenue	24,819
Total current liabilities	68,623
Total liabilities	68,623
 Net assets	
Invested in capital assets, net of related debt	296,277
Unrestricted	708,807
Total net assets	1,005,084
Total liabilities and net assets	\$ 1,073,707

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2008

	Non-major Enterprise Funds
Operating revenue:	
Local sources:	
Charges for services	\$ 2,504,913
Operating expenses:	
Non-instructional programs:	
Community service operations:	
Other	1,462,911
Food service operations:	
Depreciation	56,179
Other	1,356,279
Total operating expenses	2,875,369
Operating loss	(370,456)
Non-operating revenue:	
State sources	126,829
Federal sources	343,691
Gain on asset disposal	4,400
Interest income	3,392
Total non-operating revenue	478,312
Change in net assets	107,856
Net assets beginning of year	897,228
Net assets end of year	\$ 1,005,084

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2008

	Non-major Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,107,077
Cash received from miscellaneous operating activities	1,277,564
Cash payments to employees for services	(1,926,922)
Cash payments to suppliers for goods or services	(857,128)
Net cash used by operating activities	(399,409)
Cash flows from non-capital financing activities:	
State grants received	126,829
Federal grants received	298,252
Net cash provided by non-capital financing activities	425,081
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(10,489)
Proceeds from sale of capital assets	4,400
Net cash used by capital and related financing activities	(6,089)
Cash flows from investing activities:	
Interest on cash and investments	3,392
Net cash provided by investing activities	3,392
Net increase in cash and cash equivalents	22,975
Cash and cash equivalents at beginning of year	703,685
Cash and cash equivalents at end of year	\$ 726,660
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (370,456)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	45,439
Depreciation	56,179
(Increase) in receivables	(1,230)
(Increase) in inventories	(23,351)
Increase in accounts payable	11,664
Increase in salaries and benefits payable	1,388
Decrease in deferred revenue	(119,042)
Net cash used by operating activities	\$ (399,409)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received federal commodities valued at \$45,439.

See notes to financial statements.

URBAN DALE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 June 30, 2008

	Agency
Assets	
Cash and pooled investments	\$ 112,552
Total assets	112,552
Liabilities	
Other payables	112,552
Total liabilities	112,552
Net assets	\$ -

See notes to financial statements.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

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

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund accounts for all sources used to finance District operation and maintenance, except those required to be accounted for in another fund.

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

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

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

URBANDALE COMMUNITY SCHOOL DISTRICT

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June 30, 2008

Physical Plant and Equipment Levy (PPEL) Fund: This fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of school houses, certain equipment expenditures and other expenditures authorized in Iowa Code 298.3.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Child Care Fund: This fund, also called Adventuretime, accounts for transactions for before and after school child care and summer child care programs authorized by Iowa Code 298A.12 and 279.49.

Fiduciary Fund Types: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Agency Funds: These funds account for assets held in a custodial capacity by the District for individuals, private organizations or other governments. The District only reports assets and liabilities for these funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

URBANDALE COMMUNITY SCHOOL DISTRICT

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June 30, 2008

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

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

URBANDALE COMMUNITY SCHOOL DISTRICT

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June 30, 2008

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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

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

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

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

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

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

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year's property tax receivable and prepaid tuition and fees.

Unearned revenue on the Statement of Net Assets consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and prepaid tuition and fees.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. However, these benefits must be used by the end of the following fiscal year, June 30, 2009. 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 not available for appropriation or legally restricted by outside parties for use for a specific purpose.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures exceeded the amounts budgeted in the instruction, non-instructional programs and other expenditures functional areas.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2008 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.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

At June 30, 2008, the District had investments as follows:

Wells Fargo Adv Government MM Fund	\$	8,456,960
Federal Home Loan Notes		7,215,955
West Bank Certificate of Deposit		7,686,586
Iowa School Joint Investment Trust: Diversified Portfolio		48,197
	<u>\$</u>	<u>23,407,698</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Wells Fargo Adv Government Money Market Fund is not rated and the Federal Home Loan Notes and the Iowa School Joint Investment Trust Diversified Portfolio were rated Aaa by Moody's Investors Service.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant & Equipment Levy	\$ 233,843
Debt Service	Capital Projects	225,000
		<u>\$ 458,843</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, 2008

(4) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Construction in progress	26,920,593	18,190,081	25,231,857	19,878,817
Total capital assets not being depreciated	<u>28,454,585</u>	<u>18,190,081</u>	<u>25,231,857</u>	<u>21,412,809</u>
Capital assets being depreciated:				
Buildings	37,359,835	24,919,068	-	62,278,903
Improvements other than buildings	367,963	312,789	-	680,752
Furniture and equipment	1,353,463	46,526	-	1,399,989
Leased equipment	1,229,756	316,349	-	1,546,105
Total capital assets being depreciated	<u>40,311,017</u>	<u>25,594,732</u>	<u>-</u>	<u>65,905,749</u>
Less accumulated depreciation for:				
Buildings	15,400,958	857,597	-	16,258,555
Improvements other than buildings	52,828	32,348	-	85,176
Furniture and equipment	1,035,164	76,151	-	1,111,315
Leased equipment	757,532	170,488	-	928,020
Total accumulated depreciation	<u>17,246,482</u>	<u>1,136,584</u>	<u>-</u>	<u>18,383,066</u>
Total capital assets being depreciated, net	<u>23,064,535</u>	<u>24,458,148</u>	<u>-</u>	<u>47,522,683</u>
Governmental activities capital assets, net	<u>\$ 51,519,120</u>	<u>42,648,229</u>	<u>25,231,857</u>	<u>68,935,492</u>
Business type activities:				
Furniture and equipment	\$ 675,413	10,489	-	685,902
Less accumulated depreciation	333,446	56,179	-	389,625
Business type activities capital assets, net	<u>\$ 341,967</u>	<u>(45,690)</u>	<u>-</u>	<u>296,277</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 431,902
Special	136,390
Other	136,390

Support services:

Student support	22,732
Instructional staff	136,390
Administration	136,390
Operation and maintenance of plant	136,390

1,136,584

Unallocated depreciation

-

Total governmental activities depreciation expense

\$ 1,136,584

Business type activities:

Food services

\$ 56,179

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 50,295,000	-	1,350,000	48,945,000	1,610,000
Bond anticipation notes	-	9,600,000	-	9,600,000	-
Obligation under capital lease	593,567	316,349	208,749	701,167	333,268
Early retirement	1,239,622	62,412	308,234	993,800	270,372
	<u>\$ 52,128,189</u>	<u>9,978,761</u>	<u>1,866,983</u>	<u>60,239,967</u>	<u>2,213,640</u>

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year ending June 30,	School Refunding Bond Issue on December 1, 1996			
	Interest Rate	Principal	Interest	Total
2009	3.20%	\$ 725,000	36,250	761,250
		<u>\$ 725,000</u>	<u>36,250</u>	<u>761,250</u>

Year ending June 30,	Bond Issue on June 1, 2004			
	Interest Rate	Principal	Interest	Total
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
		<u>\$ 15,325,000</u>	<u>7,473,025</u>	<u>22,798,025</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Year ending June 30,	Bond Issue on October 1, 2005			
	Interest Rate	Principal	Interest	Total
2009	3.55%	\$ 400,000	335,944	735,944
2010	3.55%	425,000	321,744	746,744
2011	3.55%	450,000	306,656	756,656
2012	3.55%	450,000	290,681	740,681
2013	3.55%	475,000	274,706	749,706
2014	3.55%	500,000	257,844	757,844
2015	3.55%	425,000	240,094	665,094
2016	3.55%	500,000	225,006	725,006
2017	3.65%	575,000	207,256	782,256
2018	3.70%	625,000	186,269	811,269
2019	3.75%	725,000	163,144	888,144
2020	3.80%	650,000	135,956	785,956
2021	3.85%	675,000	111,256	786,256
2022	3.85%	700,000	85,269	785,269
2023	3.88%	725,000	58,319	783,319
2024	3.90%	775,000	30,225	805,225
		\$ 9,075,000	3,230,369	12,305,369

Year ending June 30,	Bond Issue on July 1, 2006			
	Interest Rate	Principal	Interest	Total
2009	4.250%	\$ 250,000	652,634	902,634
2010	4.250%	580,000	642,009	1,222,009
2011	4.250%	600,000	617,359	1,217,359
2012	4.375%	625,000	591,859	1,216,859
2013	4.375%	655,000	565,296	1,220,296
2014	4.375%	680,000	536,640	1,216,640
2015	4.375%	710,000	506,890	1,216,890
2016	4.500%	745,000	475,828	1,220,828
2017	4.500%	775,000	443,234	1,218,234
2018	4.550%	815,000	408,359	1,223,359
2019	4.600%	850,000	371,684	1,221,684
2020	4.625%	890,000	333,009	1,223,009
2021	4.625%	935,000	292,069	1,227,069
2022	4.625%	975,000	248,825	1,223,825
2023	4.625%	1,025,000	203,731	1,228,731
2024	4.625%	1,075,000	156,325	1,231,325
2025	4.625%	1,125,000	106,606	1,231,606
2026	4.625%	1,180,000	54,575	1,234,575
		\$ 14,490,000	7,206,932	21,696,932

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Year ending June 30,	Bond Issue on January 1, 2007			
	Interest Rate	Principal	Interest	Total
2009	3.65%	\$ 235,000	361,158	596,158
2010	3.65%	215,000	352,580	567,580
2011	3.65%	220,000	344,732	564,732
2012	3.65%	245,000	336,702	581,702
2013	3.65%	240,000	327,760	567,760
2014	3.65%	240,000	319,000	559,000
2015	3.65%	250,000	310,240	560,240
2016	3.65%	245,000	301,115	546,115
2017	3.70%	250,000	292,172	542,172
2018	3.75%	275,000	282,923	557,923
2019	3.85%	260,000	272,610	532,610
2020	3.90%	270,000	262,600	532,600
2021	3.90%	275,000	252,070	527,070
2022	3.95%	290,000	241,345	531,345
2023	3.95%	295,000	229,890	524,890
2024	3.95%	285,000	218,238	503,238
2025	3.95%	2,570,000	206,980	2,776,980
2026	3.95%	2,670,000	105,465	2,775,465
		<u>\$ 9,330,000</u>	<u>5,017,580</u>	<u>14,347,580</u>

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2009	\$ 1,610,000	2,131,886	3,741,886
2010	1,945,000	2,062,233	4,007,233
2011	2,025,000	1,983,834	4,008,834
2012	2,110,000	1,901,298	4,011,298
2013	2,195,000	1,815,256	4,010,256
2014	2,285,000	1,722,822	4,007,822
2015	2,385,000	1,625,474	4,010,474
2016	2,490,000	1,520,199	4,010,199
2017	2,600,000	1,410,912	4,010,912
2018	2,715,000	1,295,801	4,010,801
2019	2,835,000	1,175,688	4,010,688
2020	2,960,000	1,049,815	4,009,815
2021	3,095,000	916,145	4,011,145
2022	3,235,000	775,689	4,010,689
2023	3,380,000	628,690	4,008,690
2024	3,535,000	474,788	4,009,788
2025	3,695,000	313,586	4,008,586
2026	3,850,000	160,040	4,010,040
	<u>\$ 48,945,000</u>	<u>22,964,156</u>	<u>71,909,156</u>

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

School Bond and Revenue Anticipation Project Notes

Details of the District's June 30, 2008 school bond and revenue anticipation project notes are as follows:

Anticipation Note Issue of June 30, 2008				
Year ended June 30,	Rates	Principal	Interest	Total
2009	3.00%	\$ -	264,000	264,000
2010	3.00%	9,600,000	288,000	9,888,000
Total		\$ 9,600,000	552,000	10,152,000

The school bond and revenue anticipation project note is issued pursuant to the provisions of Section 76.13 of the Code of Iowa, for the purpose of completion of construction, renovation and equipping of the Urbandale High School and related construction and improvements as provided in the proposal approved by the voters on May 9, 2006, and in conformity to a Resolution of the Board of the District duly passed and approved, for the purpose of defraying part of the cost of acquiring the High School project.

This Note is not a general obligation of the Issuer nor is the Issuer's full faith and credit and taxing power pledged to the payment hereof. The Issuer is not obligated to levy any ad valorem taxes nor to expend any monies of the Issuer to pay this Note, except the Project Fund pledged under the Resolution. Under no circumstances shall the District be in any manner liable by reason of the failure of the Project Fund to be sufficient for the payment hereof.

The Notes shall be designated School Bond and Revenue Anticipation Project Notes, shall be issued and delivered in two series designated 2009 and 2009 in the amounts of \$9,600,000 and \$2,795,000, respectively, shall consist of Notes dated their respective dates of delivery, in the denomination of \$5,000 or multiples thereof, and shall be consecutively numbered from one. The Series 2008 Notes shall bear interest at the rate of 3.00% per annum and a delivery date of June 30, 2008. The Series 2009 Notes shall bear interest at a rate of 3.10% per annum and a delivery date of January 7, 2009. Interest is payable on June 1, 2009 and semi-annually thereafter until maturity at the office of Wells Fargo Bank, National Association, Des Moines, Iowa. Both series of Notes shall mature on June 1, 2010. They will be repaid from general obligation proceeds issued at that time.

Capital Lease Payable

The District entered into capital lease arrangements on June 15, 2004, July 5, 2005 and June 30, 2006 for the purchase of computer equipment for the District. The following is a schedule of the future minimum payments required under the lease together with their present value as of June 30, 2008:

Year ending June 30,	Apple Computer, Inc. Capital Lease			
	2005 Lease	2006 Lease	2007 Lease	Total
2009	\$ 227,038	73,258	85,973	386,269
2010	-	73,258	85,973	159,231
2011	-	73,258	85,973	159,231
	-	-	85,973	85,973
Total minimum lease payments	227,038	219,774	343,892	790,704
Less amount representing interest	35,434	26,560	27,543	89,537
Present value of minimum lease payments	\$ 191,604	193,214	316,349	701,167

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

As of June 30, 2008, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	\$ 1,663,519,650
Debt limit of 5% of total assessed valuation	\$ 83,175,983
Amount of debt applicable to debt limit, total general obligation bonded debt	59,246,167
Excess of debt limit over bonded debt issued, legal debt margin.	\$ 23,929,816

(6) Operating Leases

The District entered into a seven year and one month agreement which expires January 31, 2015 for the lease of its administrative offices. The agreement requires minimum base rents at various monthly rates plus a prorated share of the property and operating expenses. The District has a one-time right to terminate the lease on January 31, 2013. The total minimum lease commitment under the agreement is as follows:

Year ending June 30,	Minimum Lease Payments
2009	\$ 44,126
2010	44,126
2011	44,126
2012	44,126
2013	44,126
2014	44,126
2015	25,740
	\$ 290,496

The total lease expense for the year ended June 30, 2008 was \$18,386

(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 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Plan members were required to contribute 3.70% of their annual salary and the District was required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006, were \$1,280,362, \$1,095,945, and \$939,476, respectively, equal to the required contributions for each year.

URBANDALE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

(8) Termination Benefits

The District offers a voluntary early retirement plan to its employees. To be eligible for the benefits, an employee must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 30% of the salary (salary only – excluding longevity, teacher compensation add-ons, flex spending, car allowance, extra duty, shift differential, overtime pay or TSA allowance) with single insurance until the employee is eligible for Medicare. The maximum retirement benefit is \$30,000.

Early retirement benefits are paid in three equal installments beginning in January following the start of retirement. The second payment is paid the following July, and the third and final payment is paid during July of the next year. At June 30, 2008, the District had obligations to thirty-seven participants with a total liability of \$993,800. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$308,234.

(9) 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.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,034,898 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Construction Commitment

The District has entered into contracts totaling \$38,794,200 for the construction of a new school and remodeling projects. As of June 30, 2008, costs of \$19,878,817 had been incurred against the contracts. The balance of \$18,915,383 remaining at June 30, 2008 will be paid as work on the projects progresses.

Project	Contract Amount	Costs through June 30, 2008
High school project 2A	\$ 23,347,800	16,193,132
High school project 2B (Stadium)	5,508,900	3,321,240
High school project 2C&D	9,937,500	364,445
	<u>\$ 38,794,200</u>	<u>19,878,817</u>

Required Supplementary Information

Urbandale Community School District

URBANDALE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN BALANCES - BUDGET AND ACTUAL -
 ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local sources	\$ 24,398,991	2,508,305
Intermediate sources	86,218	-
State sources	13,872,501	126,829
Federal sources	655,751	343,691
Total revenues	<u>39,013,461</u>	<u>2,978,825</u>
Expenditures:		
Instruction	20,579,704	-
Support services	11,342,627	-
Non-instructional programs	-	2,875,369
Other expenditures	24,614,574	-
Total expenditures	<u>56,536,905</u>	<u>2,875,369</u>
Excess (deficiency) of revenues over (under) expenditures	(17,523,444)	103,456
Other financing sources, net	<u>9,916,349</u>	<u>4,400</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,607,095)	107,856
Balances beginning of year	<u>30,105,914</u>	<u>897,228</u>
Balances end of year	<u>\$ 22,498,819</u>	<u>1,005,084</u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
	Original	Final	
26,907,296	26,455,659	26,455,659	451,637
86,218	-	-	86,218
13,999,330	13,721,520	13,721,520	277,810
999,442	1,291,977	1,291,977	(292,535)
41,992,286	41,469,156	41,469,156	523,130
20,579,704	20,257,311	20,257,311	(322,393)
11,342,627	12,243,676	12,243,676	901,049
2,875,369	2,552,000	2,768,463	(106,906)
24,614,574	17,578,179	19,500,000	(5,114,574)
59,412,274	52,631,166	54,769,450	(4,642,824)
(17,419,988)	(11,162,010)	(13,300,294)	(4,119,694)
9,920,749	15,000	15,000	9,905,749
(7,499,239)	(11,147,010)	(13,285,294)	5,786,055
31,003,142	29,865,594	29,865,594	1,137,548
23,503,903	18,718,584	16,580,300	6,923,603

URBANDALE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2008

(1) Basis of Presentation

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

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

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

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for budgeted governmental and enterprise funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. During the year ended June 30, 2008, the District over-expended the instruction, non-instructional programs and other expenditures functional areas by \$322,393, \$106,906 and \$5,114,574, respectively. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

During the year, a budget amendment increased budgeted expenditures by \$2,138,284. The budget amendment was primarily due to an increase in teacher compensation funding and an accelerated construction schedule.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$1,034,898 for the year ended June 30, 2008.

Other Supplementary Information

URBANDALE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2008

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Assets					
Cash and pooled investments	\$ 613,202	98,197	96,142	346,636	1,154,177
Receivables:					
Property tax:					
Delinquent	3,990	-	641	1,712	6,343
Succeeding year	794,998	-	128,091	346,400	1,269,489
Total assets	\$ 1,412,190	98,197	224,874	694,748	2,430,009
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	-	13,175	-	4,979	18,154
Deferred revenue:					
Succeeding year property tax	794,998	-	128,091	346,400	1,269,489
Succeeding year activity fee	-	35,770	-	-	35,770
Early retirement payable	106,356	-	-	-	106,356
Total liabilities	901,354	48,945	128,091	351,379	1,429,769
Fund equity:					
Unreserved fund balances	510,836	49,252	96,783	343,369	1,000,240
Total liabilities and fund equity	\$ 1,412,190	98,197	224,874	694,748	2,430,009

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, 2008

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Revenues:					
Local sources:					
Local tax:					
Property tax	\$ 748,716	-	120,349	321,759	1,190,824
Utility tax replacement excise tax	39,117	-	6,286	6,882	52,285
	<u>787,833</u>	<u>-</u>	<u>126,635</u>	<u>328,641</u>	<u>1,243,109</u>
Other local sources:					
Interest on investments	-	3,953	-	10,155	14,108
Student activities	-	822,245	-	-	822,245
Miscellaneous	43,267	-	-	-	43,267
	<u>43,267</u>	<u>826,198</u>	<u>-</u>	<u>10,155</u>	<u>879,620</u>
	<u>831,100</u>	<u>826,198</u>	<u>126,635</u>	<u>338,796</u>	<u>2,122,729</u>
State sources:					
Revenue in lieu of taxes :					
Military credit	515	-	59	-	574
Total revenues	<u>831,615</u>	<u>826,198</u>	<u>126,694</u>	<u>338,796</u>	<u>2,123,303</u>
Expenditures:					
Instruction:					
Regular, special, and vocational instruction:					
Benefits	265,829	-	-	-	265,829
	<u>265,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,829</u>
Co-curricular instruction:					
Salaries	-	7,291	-	-	7,291
Benefits	-	2,202	-	-	2,202
Services	-	47,901	-	-	47,901
Supplies	-	833,456	-	-	833,456
	<u>-</u>	<u>890,850</u>	<u>-</u>	<u>-</u>	<u>890,850</u>
Total instruction	<u>265,829</u>	<u>890,850</u>	<u>-</u>	<u>-</u>	<u>1,156,679</u>
Support services:					
Instructional support services:					
Property	-	-	-	321,328	321,328
	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,328</u>	<u>321,328</u>
Administration services:					
Benefits	26,825	-	-	-	26,825
	<u>26,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,825</u>
Operation and maintenance of plant services:					
Salaries	-	147	-	-	147
Benefits	5,578	-	-	-	5,578
Services	304,636	-	-	-	304,636
Property	-	-	10,395	-	10,395
	<u>310,214</u>	<u>147</u>	<u>10,395</u>	<u>-</u>	<u>320,756</u>
Total support services	<u>337,039</u>	<u>147</u>	<u>10,395</u>	<u>321,328</u>	<u>668,909</u>

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2008

	Management	Student Activity	Public Education & Recreation Levy	Physical Plant and Equipment Levy	Total
Other expenditures:					
Facilities acquisition and construction:					
Services	-	-	77,378	-	77,378
Total expenditures	602,868	890,997	87,773	321,328	1,902,966
Excess (deficiency) of revenues over (under) expenditures	228,747	(64,799)	38,921	17,468	220,337
Other financing sources (uses):					
Capital leases	-	-	-	316,349	316,349
Operating transfers out	-	-	-	(233,843)	(233,843)
Total other financing sources	-	-	-	82,506	82,506
Excess (deficiency) of revenues and other financing sources over (under) expen- ditures and other financing uses	228,747	(64,799)	38,921	99,974	302,843
Fund balances beginning of year	282,089	114,051	57,862	243,395	697,397
Fund balances end of year	\$ 510,836	49,252	96,783	343,369	1,000,240

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2008

<u>Account</u>	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Activities/Athletics	\$ 1,057	(56,087)	55,915	585	300
Art	1,947	-	-	85	1,862
Art Club	127	-	-	-	127
At Risk	672	-	-	-	672
Boys Basketball	-	-	29,105	30,777	(1,672)
Boys Baseball	-	-	14,183	14,183	-
Boys Cross Country	-	-	1,568	1,568	-
Boys Football	80	-	36,149	36,229	-
Boys Golf	-	-	302	302	-
Boys Soccer	-	-	200	200	-
Boys Track	-	-	5,398	5,396	2
Boys Wrestling	-	-	21,253	21,253	-
Cadet Teachers	520	-	-	-	520
Character Counts	781	-	775	510	1,046
Cheerleaders	-	-	20,488	20,488	-
Debate	-	687	-	-	687
DECA	226	-	26,291	23,773	2,744
Drug Foundation	450	-	-	-	450
Environmental Club	121	-	99	154	66
ESL Activity	31	-	-	-	31
Family Consumer Science	12	-	156	147	21
Flag Drill Team	97	-	-	-	97
Future Business Leaders	280	-	450	589	141
GAPP School Exchange	1,651	-	-	1,651	-
German Club	1,037	-	7,693	7,623	1,107
Girls Basketball	-	-	11,910	11,910	-
Girls Cross Country	-	-	4,168	4,168	-
Girls Golf	61	-	1,177	1,238	-
Girls Soccer	-	-	4,726	4,726	-
Girls Softball	-	-	33,013	33,104	(91)
Girls Track	-	-	1,882	1,882	-
Girls Volleyball	-	-	24,209	24,482	(273)
Guidance	213	-	1,099	1,050	262
H.S. Support Fund	35	-	-	-	35
Human Rights	5	-	-	-	5
Industrial Arts Club	4,012	-	754	4,766	-
Industrial Arts House	1,645	10,000	-	9,229	2,416
Instrumental Music	-	-	70,774	70,774	-
International Friends Club	384	-	-	-	384
Japanese Trip Account	344	-	20,800	21,144	-
Jayhawker	74	-	10,074	6,912	3,236
Jaywalkers	-	-	54,170	54,170	-
Key Club	2,267	-	760	796	2,231
Library	5,834	-	4,356	10,190	-
Lock	154	-	-	-	154
Mass Media	423	-	-	-	423
Media Paper Fees	19	-	-	-	19
MCNS - Reaching Training	180	-	-	-	180
Music	14	-	-	-	14
Parenting Comm. Network	850	-	-	-	850
Peer Helpers	188	-	-	-	188
Pep Club	143	-	-	-	143
Physics	44	-	-	40	4
Picture	1,970	-	9,575	11,545	-

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2008

<u>Account</u>	Balance Beginning of Year	Interaccount Transfers	Revenues and Financing Sources	Expenditures	Balance End of Year
Science Activity	549	-	-	269	280
Spanish Honor Society	-	-	1,928	1,591	337
Spanish Trip	722	-	-	458	264
Speech and Drama	3,758	-	6,712	10,470	-
Special Ed	500	-	-	-	500
Special Projects	6,333	-	3,953	10,093	193
Strings	103	-	-	-	103
Student Participation Fee	-	-	61,285	61,285	-
Student Pop	60	-	1	-	61
Student Senate	2,132	38,000	1,963	42,095	-
Summer School/Driver Ed	22	-	-	-	22
Tag Activities	261	-	-	-	261
Tag Activities Fees	9,814	-	814	241	10,387
Tag Trips	145	-	-	-	145
Teen Leadership Connection	99	-	-	-	99
The Roaring Leo Club	270	-	351	335	286
US West Tech Project	145	-	-	-	145
Vocal Music	-	-	98,094	98,094	-
Yearbook	463	-	31,587	32,050	-
Building Activity	485	-	80,627	81,112	-
Elementary Band Fundraiser	2,295	-	10,321	12,616	-
I-Movie Club	4,322	-	2,493	4,781	2,034
Jensen Activity	16,674	-	7,592	24,266	-
Jensen Web Clickers	189	-	-	-	189
K.A. Activity	6,495	-	7,976	14,471	-
M.S. Atlases	3,086	-	889	-	3,975
M.S. Tag Store Account	1,545	-	190	-	1,735
Memory Book	28	7,400	10,032	17,460	-
Olmsted Activity	9,173	-	9,866	14,395	4,644
Olmsted Media Paper	145	-	-	74	71
Olmsted Web Clickers	414	-	-	-	414
Rolling Green Activity	5,457	-	1,008	6,465	-
Rolling Green Media Paper	1,473	-	-	840	633
Rolling Green Web Clickers	3,000	-	2,191	2,536	2,655
Valerius Activity	4,451	-	9,259	13,710	-
Valerius Web Clickers	-	-	450	421	29
Webster Elementary	1,495	-	3,144	3,230	1,409
Total	\$ 114,051	-	826,198	890,997	49,252

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Enterprise Funds		
	Child Care	School Nutrition	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 258,958	467,702	726,660
Receivables:			
Accounts	-	1,777	1,777
Inventories	-	48,993	48,993
Total current assets	<u>258,958</u>	<u>518,472</u>	<u>777,430</u>
Noncurrent assets:			
Capital assets:			
Equipment	-	685,902	685,902
Accumulated depreciation	-	(389,625)	(389,625)
Total noncurrent assets	<u>-</u>	<u>296,277</u>	<u>296,277</u>
Total assets	<u>\$ 258,958</u>	<u>814,749</u>	<u>1,073,707</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 16,672	2,459	19,131
Salaries and benefits payable	17,856	6,817	24,673
Unearned revenue	-	24,819	24,819
Total current liabilities	<u>34,528</u>	<u>34,095</u>	<u>68,623</u>
Total liabilities	<u>34,528</u>	<u>34,095</u>	<u>68,623</u>
Net assets			
Invested in capital assets, net of related debt	-	296,277	296,277
Unrestricted	224,430	484,377	708,807
Total net assets	<u>224,430</u>	<u>780,654</u>	<u>1,005,084</u>
Total net assets and liabilities	<u>\$ 258,958</u>	<u>814,749</u>	<u>1,073,707</u>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2008

	Enterprise Funds		
	Child Care	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	1,128,102	1,128,102
Sale of services	1,376,811	-	1,376,811
Total operating revenue	1,376,811	1,128,102	2,504,913
Operating expenses:			
Non-instructional programs:			
Community service operations:			
Salaries	1,118,326	-	1,118,326
Benefits	141,891	-	141,891
Supplies	202,694	-	202,694
	1,462,911	-	1,462,911
Food services operations:			
Salaries	-	593,975	593,975
Benefits	-	74,118	74,118
Services	-	6,941	6,941
Supplies	-	26,834	26,834
Food supplies	-	650,912	650,912
Depreciation	-	56,179	56,179
Other	-	3,499	3,499
	-	1,412,458	1,412,458
Total operating expenses	1,462,911	1,412,458	2,875,369
Operating loss	(86,100)	(284,356)	(370,456)
Non-operating revenue:			
State sources	113,296	13,533	126,829
Federal sources	-	343,691	343,691
Gain on asset disposal	-	4,400	4,400
Interest income	538	2,854	3,392
Total non-operating revenue	113,834	364,478	478,312
Changes in net assets	27,734	80,122	107,856
Net assets beginning of year	196,696	700,532	897,228
Net assets end of year	\$ 224,430	780,654	1,005,084

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2008

	Enterprise Funds		
	Child Care	Student Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	1,107,077	1,107,077
Cash received from miscellaneous operating activities	1,277,564	-	1,277,564
Cash payments to employees for services	(1,259,536)	(667,386)	(1,926,922)
Cash payments to suppliers for goods or services	(192,224)	(664,904)	(857,128)
Net cash used by operating activities	(174,196)	(225,213)	(399,409)
Cash flows from non-capital financing activities:			
State grants received	113,296	13,533	126,829
Federal grants received	-	298,252	298,252
Net cash provided by non-capital financing activities	113,296	311,785	425,081
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(10,489)	(10,489)
Proceeds from sale of capital assets	-	4,400	4,400
Net cash used by capital and related financing activities	-	(6,089)	(6,089)
Cash flows from investing activities:			
Interest on cash and investments	538	2,854	3,392
Net cash provided by investing activities	538	2,854	3,392
Net increase in cash and cash equivalents	(60,362)	83,337	22,975
Cash and cash equivalents at beginning of year	319,320	384,365	703,685
Cash and cash equivalents at end of year	\$ 258,958	467,702	726,660
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (86,100)	(284,356)	(370,456)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Commodities used	-	45,439	45,439
Depreciation	-	56,179	56,179
Decrease (increase) in accounts receivable	175	(1,405)	(1,230)
(Increase) in inventories	-	(23,351)	(23,351)
Increase in accounts payable	10,470	1,194	11,664
Increase in salaries and benefits payable	681	707	1,388
(Decrease) in deferred revenue	(99,422)	(19,620)	(119,042)
Net cash used by operating activities	\$ (174,196)	(225,213)	(399,409)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received federal commodities valued at \$45,439.

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year ended June 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 94,115	18,437	-	112,552
Prepaid expense	35,852	-	35,852	-
Total assets	\$ 129,967	18,437	35,852	\$ 112,552
Liabilities				
Accounts payable	\$ 992	-	992	-
Fiduciary liabilities	128,975	-	16,423	112,552
Total liabilities	\$ 129,967	-	17,415	112,552

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	2008	2007	2006	2005	2004	2003
Revenues:						
Local sources:						
Local tax	\$ 14,962,156	12,462,245	11,744,150	9,750,575	10,360,388	10,217,745
Tuition	3,983,075	3,579,207	3,029,192	2,808,071	2,791,249	2,460,528
Other	5,453,760	5,919,637	4,960,173	4,464,451	3,958,665	3,841,958
Intermediate sources	86,218	3,500	59,245	64,032	-	-
State sources	13,872,501	12,806,667	11,988,093	11,253,792	10,907,982	11,098,101
Federal sources	655,751	547,590	622,358	465,842	227,507	229,277
Total	<u>\$ 39,013,461</u>	<u>35,318,846</u>	<u>32,403,211</u>	<u>28,806,763</u>	<u>28,245,791</u>	<u>27,847,609</u>
Expenditures:						
Instruction:						
Regular instruction	\$ 13,940,787	12,592,354	11,229,073	11,603,223	11,842,571	11,332,841
Special instruction	3,304,600	2,938,166	2,764,943	2,293,389	1,310,821	1,320,698
Other instruction	3,334,317	3,177,877	3,303,712	2,234,517	2,069,716	1,816,463
Support services:						
Student services	1,450,069	1,380,503	1,215,891	1,154,219	1,256,766	1,265,832
Instructional staff services	1,939,644	1,528,527	1,071,345	863,833	716,993	749,501
Administration services	3,718,777	3,182,290	3,338,334	2,756,534	2,604,124	2,864,958
Operation and maintenance of plant services	3,226,000	3,200,792	2,778,499	2,189,167	2,073,942	2,102,798
Transportation services	1,008,137	938,182	819,778	795,186	725,629	705,242
Central support services	-	-	-	-	10,000	15,000
Other expenditures:						
Facilities acquisition	19,663,395	7,987,873	17,376,103	3,672,970	1,555,812	1,946,611
Long-term debt:						
Principal	1,558,749	1,398,299	3,943,464	1,622,214	1,484,140	1,267,478
Interest and other charges	2,357,532	1,763,878	1,105,710	1,049,009	328,152	473,678
AEA flowthrough	1,034,898	970,817	892,229	846,216	847,006	897,431
Total	<u>\$ 56,536,905</u>	<u>41,059,558</u>	<u>49,839,081</u>	<u>31,080,477</u>	<u>26,825,672</u>	<u>26,758,531</u>

See accompanying independent auditor's report.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2008

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY 08	<u>\$ 45,440</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 08	26,419
National School Lunch Program	10.555	FY 08	<u>271,832</u>
			<u>298,251</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY 08	<u>23,452</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 08	<u>160,557</u>
Vocational Education - Basic Grants to States	84.048	FY 08	<u>80,181</u>
Safe and Drug-Free Schools and Communities- National Programs	84.184	FY 08	<u>8,386</u>
Advanced Placement Program	84.330	FY 08	<u>159</u>
Improving Teacher Quality State Grants	84.367	FY 08	<u>71,634</u>
Grants for State Assessments and Related Activities	84.369	FY 08	<u>24,465</u>
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY 08	<u>172,025</u>
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs	93.938	FY 08	<u>525</u>
Corporation For National and Community Service:			
Iowa Department of Education:			
Learn & Serve America - School & Community Based Programs	94.004	FY 08	<u>14,812</u>
Total			<u><u>\$ 899,887</u></u>

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

See accompanying independent auditor's report.



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

To the Board of Education of
Urbandale Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Urbandale Community School District, Urbandale, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated October 20, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Urbandale Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Urbandale Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Urbandale Community School District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects Urbandale Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Urbandale Community School District's financial statements that is more than inconsequential will not be prevented or detected by Urbandale Community School District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Urbandale Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Urbandale Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

Van Maanen & Associates, P.C.

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

October 20, 2008



Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Urbandale Community School District:

Compliance

We have audited the compliance of Urbandale Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Urbandale Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Urbandale Community School District's management. Our responsibility is to express an opinion on Urbandale Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Urbandale Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Urbandale Community School District's compliance with those requirements.

In our opinion, Urbandale Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item IV-A-08.

Internal Control Over Compliance

The management of Urbandale Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Urbandale Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Urbandale Community School District's internal control over compliance.

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

Van Maanen & Associates, P.C.

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

October 20, 2008

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - CFDA Number 84.010 - Title I Grants to Local Education Agencies
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Urbandale Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

URBANDALE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-08 Certified Budget and General Fund Spending Authority - Expenditures for the year ended June 30, 2008, exceeded the final amended certified budget amounts in the instruction, non-instructional programs and other expenditures functional areas by \$322,393, \$106,906 and \$5,114,574, respectively.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We will contact the Iowa Department of Education and the School Budget Review Committee to resolve the issue regarding the unspent authorized budget.
- Conclusion - Response accepted.
- IV-B-08 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-08 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-08 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-08 Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-H-08 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.