

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

June 30, 2018

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**Urbandale Community School District
Board of Education and School District Officials
Year Ended June 30, 2018**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2017 Election)		
Graham Giles	President	2017
Tanya Ruden	Vice President	2019
Adam Obrect	Board Member	2017
Christopher Gunnare	Board Member	2017
Aldrich Cabildo	Board Member	2019
Katherine Howsare	Board Member	2019
Cate Newberg	Board Member	2019
(After September 2017 Election)		
Tanya Ruden	President	2019
Katherine Howsare	Vice President	2019
Aldrich Cabildo	Board Member	2019
Stacy Anderson	Board Member	2021
Judy Downs	Board Member	2021
Sarah Schmitz	Board Member	2021
Mark Smith	Board Member	2021
School District Officials		
Steve Bass	Superintendent	2018
Mary Beth Fast	District Secretary/Treasurer and Chief Financial Officer	2018
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education of Urbandale Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Urbandale Community School District, Urbandale, Iowa, as of and for the year ended June 30, 2018, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Urbandale Community School District as of June 30, 2018, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 16 to the financial statements, Urbandale Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 16 and 51 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urbandale Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the Urbandale Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urbandale Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 2, 2018

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, 2018. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues were \$45,639,735 in fiscal year 2018, increasing by \$350,000 or .78 percent, as compared to \$45,289,525 in the prior year. General Fund expenditures were \$45,105,444 in fiscal year 2018, compared to \$43,596,140 in fiscal year 2017, an increase of \$1.5 million or 3.5 percent. The District had revenues in excess of expenses for fiscal year 2018 of \$534,000, therefore maintaining the District's key financial indicators within the established financial targets.
- The district passed a \$59 million bond referendum for the purpose of building 2 new elementary buildings and a high school fitness center. The new elementary buildings will be built on the site of two of the district's current elementary building sites with the end result being a district of 4 elementary buildings instead of 6 elementary buildings. The general obligation bonds will be sold over a period of 7 years, with the first sale occurring in the summer of 2018. Additionally, the district refinanced five out of its six outstanding bonds, one of those being the Sales Tax Revenue Bond, during FY18. This was due to favorable interest rates. The district is expected realize a savings of \$3.5 million over the remaining lives of the five refinanced bonds.
- The District began reporting net pension fund liabilities in fiscal year 2015 in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This additional long-term debt represents the District's portion of the Iowa Public Employee Retirement System (IPERS) liability. The District's total net pension liability at June 30, 2018 totaled \$26.2 million for all funds. Additional detail is provided in the notes to Financial Statements Section.
- The District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, (OPEB), in fiscal year 2018. The beginning net position for governmental activities and business type activities were restated by \$329,787 and \$50,985, respectively, to retroactively report the increase in OPEB liability as of July 1 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

Using This Annual Report

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. Supplementary Information

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

- The *Government-wide Financial Statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the District as a whole and present an overall view of the District's finances
- The *Fund Financial Statements* provide more detailed information about the District's funds, focusing on its most significant 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. The District has three kinds of funds:
 - *Governmental Funds* explain how basic service such as regular and special education were financed in the *short-term* as well as what remains for future spending.
 - *Proprietary Funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

- *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.

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

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

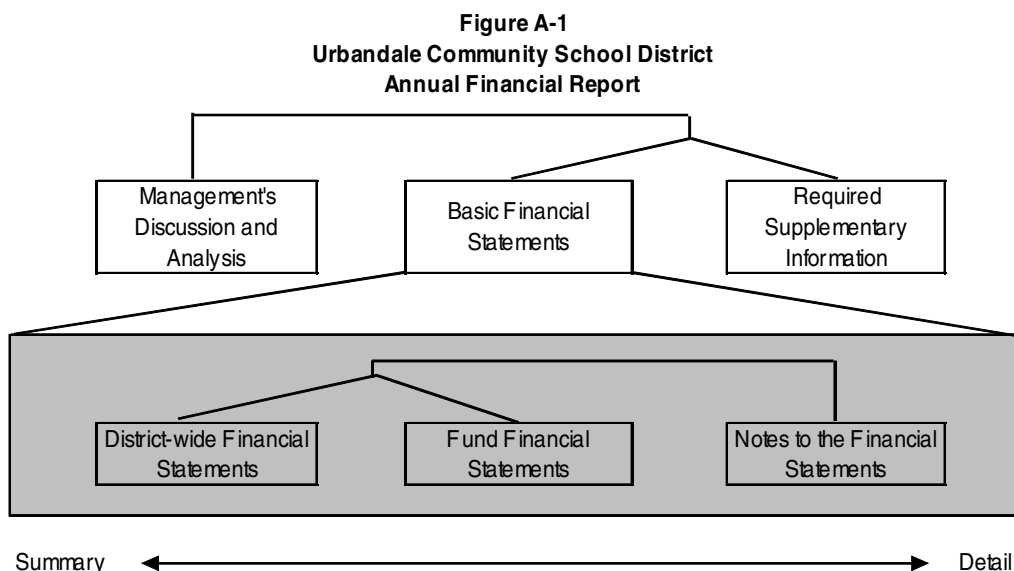


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services, student construction and childcare	Instances in which the district administers resources on behalf of someone else, such as scholarship programs.
Required Financial Statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in fund net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Reporting the District's Financial Activities

The Government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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 are included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

The District's governmental funds include the General Fund, the Management Levy Fund, the Student Activity Fund, the Physical Education and Recreation Levy (PERL) Fund, the Capital Projects - Sales and Services Tax Fund, The Physical Plant and Equipment Levy (PPEL) Fund, and the Debt Service Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. 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 3 Enterprise Funds: the Nutrition Fund, the Adventuretime (Childcare) Fund, and the Community Education Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District began a self-funded insurance program July 1, 2012, and utilizes an internal service fund for its health insurance transactions.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2018**

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a PTO 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.

Government-wide Financial Analysis

Net position – Figure A-3 below provides a summary of the District's net position at June 30, 2018 compared to 2017.

Figure A-3 Condensed Statement of Net Position							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2017		2017		2017		
	2018	(Not restated)	2018	(Not restated)	2018	(Not restated)	2017-2018
Current assets	\$ 75,809,103	46,224,733	2,310,012	2,103,400	78,119,115	48,328,133	61.6%
Capital assets, net	88,244,707	90,101,706	239,476	325,332	88,484,183	90,427,038	-2.1%
Total assets	164,053,810	136,326,439	2,549,488	2,428,732	166,603,298	138,755,171	20.1%
Deferred outflow of resources	11,801,469	10,295,562	895,742	738,851	12,697,211	11,034,413	15.1%
Current liabilities	32,234,135	10,870,336	159,749	108,314	32,393,884	10,978,650	195.1%
Long-term liabilities	85,470,526	82,925,803	2,050,807	1,886,946	87,521,333	84,812,749	3.2%
Total liabilities	117,704,661	93,796,139	2,210,556	1,995,260	119,915,217	95,791,399	25.2%
Deferred inflow of resources	28,528,251	24,856,895	395,228	262,628	28,923,479	25,119,523	15.1%
Net position:							
Invested in capital assets, net of related debt	32,380,871	27,839,195	239,476	325,332	32,620,347	28,164,527	15.8%
Restricted	6,572,283	9,200,268	-	-	6,572,283	9,200,268	-28.6%
Unrestricted	(9,330,787)	(9,070,496)	599,970	584,363	(8,730,817)	(8,486,133)	-2.9%
Total net position	\$ 29,622,367	27,968,967	839,446	909,695	30,461,813	28,878,662	5.5%

The District's total net position increased from \$28 million in prior year to \$30 million for 2018, a 5.5 percent increase. The increase is primarily in deferred outflow of resources, which increased by \$1.5 million, or 15% over prior year. The District reports net pension liability related to the Iowa Public Employees' Retirement System (IPERS). The increase is the net difference between projected and actual earnings on IPERS pension plan investments. Other assets and liability categories reported insignificant changes as compared to prior year.

Significant portions of the District's total net position reflect its investment in capital assets, which are not available for future spending. Although the District's investment in 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. The District's 2018 total net position for investment in capital assets, net of related debt was \$30 million, a 5.5 percent increase over prior year.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Figure A-3 shows the District's restricted net position decreased from \$9.2 million to \$6.6 million. Unrestricted net position includes resources that can be used to finance daily operations, because they have no constraints or legal restrictions that specifies their use. The unrestricted net position decreased by 2.9 percent to negative \$8.73 million. The unrestricted net position became negative in 2015 due to reporting on the District's net pension liability, as required by GASB 68.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2018**

Changes in Net Position – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2018 and 2017. These two main components calculate a change in net position under the full accrual method of accounting.

Figure A-4							
Changes in Net Position							
	Governmental		Business Type		Total		Total Change June 30, 2017-2018
	Activities		Activities		District		
	Year ended June 30,		Year ended June 30,		Year ended June 30,		
	2017		2017		2017		
	2018	(Not restated)	2018	(Not restated)	2018	(Not restated)	
Revenues:							
Program revenues:							
Charges for service	\$ 8,441,814	8,370,321	3,223,004	3,351,808	11,664,818	11,722,129	-0.5%
Operating grants, contributions and restricted interest	7,061,326	6,135,536	899,927	883,380	7,961,253	7,018,916	13.4%
General revenues:							
Property tax	21,477,995	20,924,315	-	-	21,477,995	20,924,315	2.6%
Statewide sales and services tax	3,164,830	3,261,001	-	-	3,164,830	3,261,001	-2.9%
Unrestricted state grants	15,254,449	15,211,568	-	-	15,254,449	15,211,568	0.3%
Unrestricted investment earnings	101,890	22,434	13,942	3,595	115,832	26,029	345.0%
Contributions	74,947	101,385	-	-	74,947	101,385	-26.1%
Other	1,140,627	1,625,884	-	-	1,140,627	1,625,884	-29.8%
Transfers	59,550	-	(59,550)	-	-	-	0.0%
Total revenues	56,777,428	55,652,444	4,077,323	4,238,783	60,854,751	59,891,227	1.6%
Program expenses:							
Governmental activities:							
Instruction	32,554,566	31,009,733	-	-	32,554,566	31,009,733	5.0%
Support services	16,721,744	15,901,848	-	-	16,721,744	15,901,848	5.2%
Non-instructional programs	80,167	77,552	4,096,587	3,995,317	4,176,754	4,072,869	2.6%
Other expenses	5,437,763	4,048,907	-	-	5,437,763	4,048,907	34.3%
Total expenses	54,794,240	51,038,040	4,096,587	3,995,317	58,890,827	55,033,357	7.0%
Increase in net position	1,983,188	4,614,404	(19,264)	243,466	1,963,924	4,857,870	-59.6%
Net position at the beginning of year, as restated	27,639,179	23,354,563	858,710	666,229	28,497,889	24,020,792	18.6%
Net position end of year	\$ 29,622,367	27,968,967	839,446	909,695	30,461,813	28,878,662	5.5%

Total net position including all funds increased by 5.5 percent over prior year. Revenue is divided into two major components in this analysis: program revenue and general revenue. Program revenue is defined as charges for services and sales, or as operating grants and contributions. Operating grants, contributions, and restricted interest increased by \$943,000, or 13.4% compared to prior year. General revenue includes levied taxes and unrestricted grants such as State foundation aid. Property tax revenues increased by 2.6% compared to prior fiscal year, while other general revenues decreased by 30%, and investment earnings raised from \$2,223 to \$26,029, due to increased investment opportunities.

The District's expenses were largely in the instruction and support services functions, which represent 89 percent of the total expenses shown in Figure A-4. These categories, which include most of the District's salaries and benefits, increased by 5 percent and 5 percent, respectively. Non-instructional program expenses such as for Nutrition Services and other enterprises were 2.6% lower than prior year, and other expenses such as for construction or debt service increased by 34% compared to 2017. This was due primarily to accounting of bond refinancing. The District's total expenses for all funds in fiscal year 2018 were \$58 million, up \$3.8 million from the prior year.

Governmental Activities

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

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services		Total Change 2017-2018	Net Cost of Services		Total Change 2017-2018
	2018	2017 (Not restated)		2018	2017 (Not restated)	
Instruction	\$ 32,554,566	31,009,733	5.0%	\$ 18,794,448	31,009,733	-39.4%
Support services	16,721,744	15,901,848	5.2%	16,429,747	15,901,848	3.3%
Non-instructional	80,167	77,552	3.4%	80,167	77,552	3.4%
Other expenses	5,437,763	4,048,907	34.3%	3,986,738	4,048,907	-1.5%
Totals	\$ 54,794,240	51,038,040	7.4%	\$ 39,291,100	51,038,040	-23.0%

The total cost of all governmental activities for 2018 as shown above was \$54 million. Some of this cost, \$8.4 million, was financed by users of the District's programs, such as from fees or admissions revenues. Another \$5.6 million was subsidized by federal and state governments through restricted program grants and contributions, and \$1.4 million was levied on behalf of the Area Education Agency as flow-through funding. These revenues are categorized as program revenues because they are specifically related to a certain program and, therefore, must be expended within that program.

The net cost of services for all governmental activities for 2018 was \$39.2 million, financed primarily with \$15.2 million in unrestricted state aid, \$3.2 million in state-wide sales tax revenues, and \$21.5 million in local tax revenues. State aid and local property tax revenues are examples of general revenues, since they are not specific to a program and are available to be expended for more universal purposes within a specific fund. The total net cost of services for all governmental activities – those not subsidized by grants and contributions or financed by users decreased by \$11.7 million or 23 percent as compared to prior year. The Statement of Activities report in the basic financial statements section provides additional detail on the District's total and net cost of activities.

Business-type Activities

As previously discussed, the District's business-type funds include three enterprise funds: the Nutrition Fund, the Adventuretime (child care) Fund, and the Community Education Fund. Information about the District's Internal Service Fund for health insurance is included here as well. More detail on these funds can be found in the Combining Statement of Revenues, Expenses and Changes in Fund Net Position in the Other Supplementary Information section of this report. Enterprise funds that utilize a high ratio of labor to total expenses, such as Adventuretime and Community Education are the most affected by pension fund liability reporting, as required by GASB 68 implementation in 2015. More detail is found in the Supplementary Information section.

Revenues for the Nutrition Fund were \$1,976,587 for 2018, compared to \$1,929,534 in prior year. Nutrition Fund expenses were \$1,935,117 for 2018, compared to \$1,871,892 for the prior year. The net change of (164,971) decreased the end of year net position for this fund to \$1,103,011 for 2018.

The Adventuretime Fund reported revenues of \$2,007,556 for the 2018 fiscal year, 3.5 percent more than the \$1,985,383 received the prior year. The program provides preschool, child care services before and after school, and all day during summer months. Expenses for 2018 were \$1,923,349, as compared to \$1,860,421 as compared to fiscal year 2017, a 3.3% increase. A positive net change of \$842,207 resulted in an end of year net position of (\$397,770). This fund is still recovering from the GASB 68 implementation, but is making gains.

The Community Education Fund reported revenues of \$299,621 and expenses of \$238,121 for 2018. Net position at fiscal year-end was 134,205 compared to 72,705 in prior year.

The Internal Service Fund for Self-funded health and dental insurance reported revenues of \$3.5 million and expenses of \$3.1 million, an increase of \$473,737 to net position. The District became self-funded in fiscal year 2013, with no increase to premiums for several years. This fund has reported steady increases to net position and now stands at \$2.87 million for 2018.

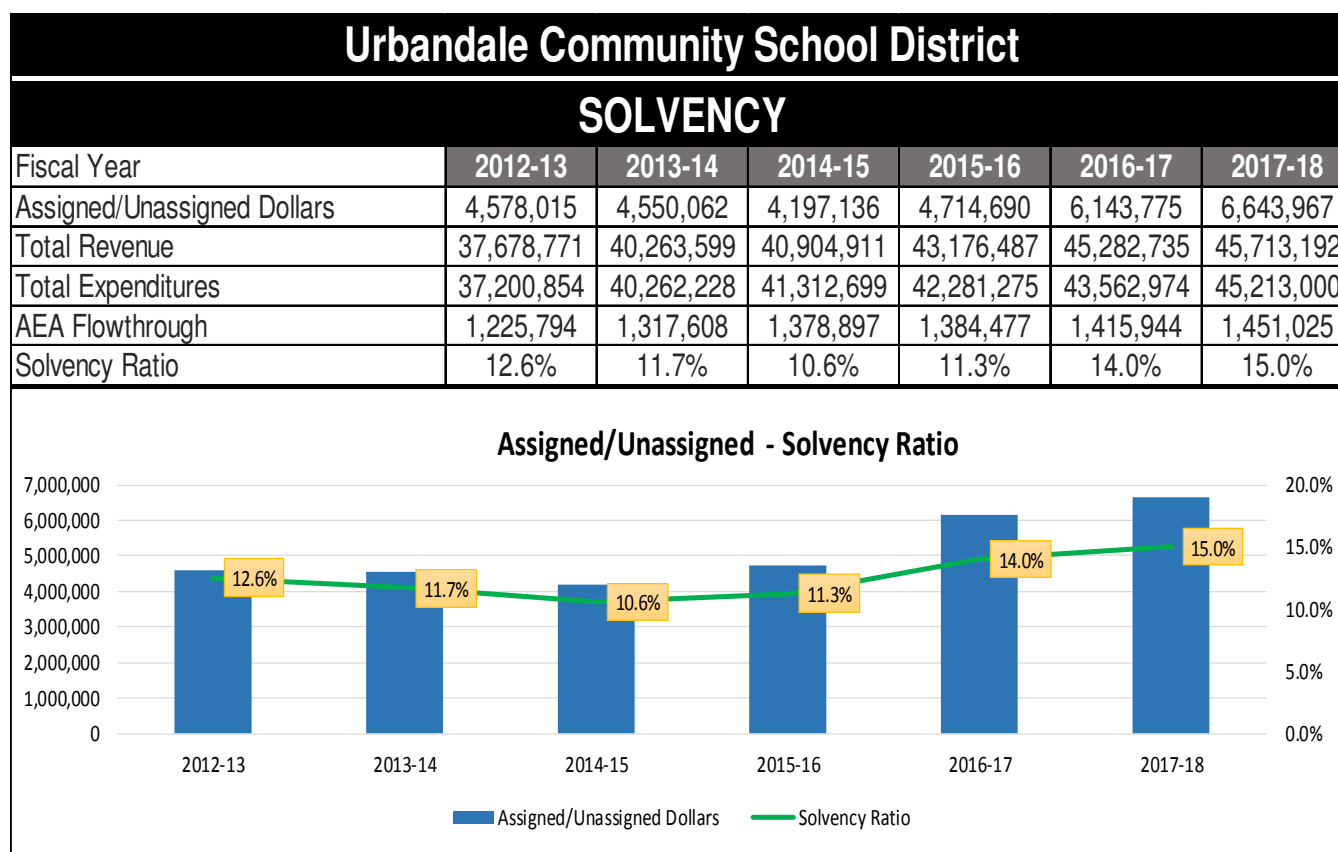
Individual Fund Analysis

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

The financial performance of the District as a whole is reflected primarily in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$43,083,190 at June 30, 2018, an increase of \$26,741,128 or 63.6 percent from prior year. The following highlights provide a closer look at each individual major fund:

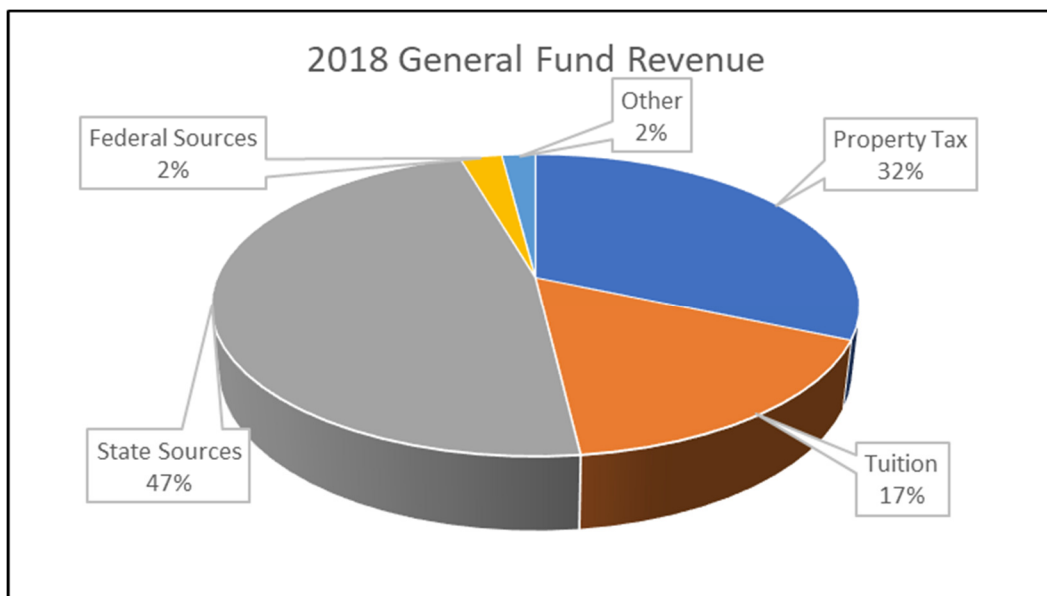
Governmental Fund Highlights

The **General Fund** ending fund balance was \$7,663,521 2018, as compared to \$7,058,409 in 2017, an increase of \$610,000 or 8.5 percent over prior year. The solvency ratio increased from 14 percent in 2017 to 15 percent for 2018. As previously mentioned, the solvency ratio is used as a measure of financial health and is a calculation of the general fund unrestricted, unassigned fund balance divided by actual revenues less AEA flow-through monies. The Iowa Association of School Boards recommends a ratio between 5 and 15 percent. A history of Urbandale's general fund solvency ratio is shown below. The Board of Directors recently set new financial goals, increasing their target for minimum solvency ratio from 7.5 to 10 percent. The District has successfully maintained the solvency ratio between 10 and 15 percent for the past 5 years.

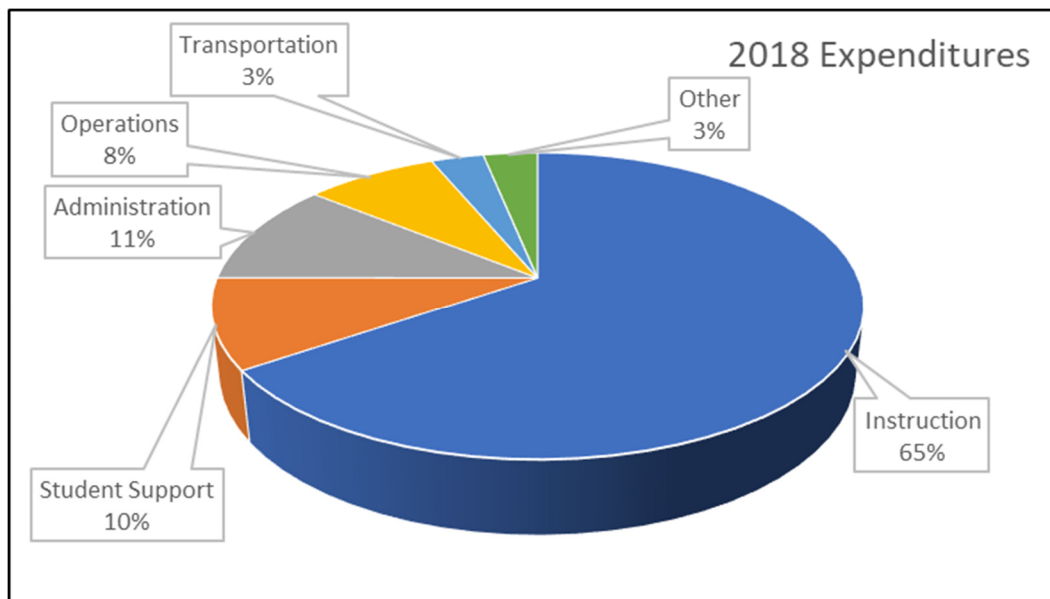


General Fund revenues totaled \$45,639,795 for fiscal year 2018, an increase of \$350,000 or .7 percent over 2017. This increase was due in part to local property tax revenues and increases in tuition revenue and state sources.

The following General Fund Revenues graph shows percentage totals for the major revenue streams according to the source of funding. Local property tax revenues were \$14.4 million, or 32% of the total. State sources were \$21.6 million, representing 47% of total revenues. The other large revenue stream at 17 percent is for tuition payments from other school districts for open enrollment and special education services, which totaled over \$7.5 million. Urbandale schools are highly desired for open enrollments from other school districts in and around the Des Moines metro area; therefore, this category has shown steady revenue increases for several years.



Total General Fund expenses for fiscal year 2018 were \$45,105,444, an increase of \$1.5 million or 3.4 percent over prior year. The General Fund is the largest of the governmental fund group, comprising just over 50% of the total \$89.8 million in governmental fund expenses for the fiscal year. The graph below indicates how General Fund monies were spent according to functional categories.



Instructional costs related to direct instruction in classrooms were \$29.6 million, comprising 65 percent of all General Fund expenses. Expenses for student and instructional support services such as guidance, technology costs, professional development, and libraries were \$4.1 million or 10%. Administrative services were 11 percent at \$5 million, and the maintenance and operations expenses, such as custodial, utilities, and transportation, totaled \$4.9 million or 11 percent of all costs.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2018**

The **Debt Service Fund** is used to account for current year principal and interest payments on debt to the District's bond holders or other long-term debt holders. Revenues from property taxes and other local sources in 2018 were \$4.2 million. An additional \$5.3 million was transferred in from the Capital Projects Sales Tax fund for payments on sales tax revenue bonds. The total \$40.8 million expended in 2018 included \$38.2 million used in principal reduction and bond refinancing, and \$2.5 million in interest and fiscal agency charges.

The **Capital Projects Funds** include the Physical Plant and Equipment Levy (PEEL) Fund and the Capital Projects Sales Tax Fund. Revenues totaled \$5.4 million for 2018, a 7% increase over prior year. While the Statewide Sales Tax revenues are these funds' largest source of revenue, totaling \$3.2 million in 2018. Capital Projects Funds expenses totaled \$2.6 million for 2018, compared to \$3 million in fiscal year 2017. Technology purchases and other capital projects totaled \$1.4 million. The combined Capital Projects Funds balance was \$12.5 million at June 30, 2018, including \$9.7 million reserved for debt service and general obligation bonds issued. The remaining \$2.7 million in cash reserves is restricted funding for school infrastructure projects or equipment purchases.

Budgetary Highlights

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

	Budget	Expenditures	Variance
Instruction	\$ 32,725,000	30,190,009	2,534,991
Support services	17,481,000	16,008,018	1,472,982
Non-instructional programs	5,000,000	4,096,587	903,413
Other expenditures	76,200,000	43,695,276	32,504,724
\$	131,406,000	93,989,890	37,416,110

This comparison shows the variance of final amended budget amounts as compared to the actual expenditures for fiscal year 2017 in each functional area. The District was required to certify the budget by the April 15 deadline, before any Legislative action to set the allowable growth percentage for schools, and consequently before labor contracts could be settled. Therefore, several categories have a higher variance, as the District set legal spending limits higher in the absence of final budget growth information and unknown labor costs.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2018, the District had invested \$988.2 million, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, computers and other equipment. As shown in Figure A-6 below, the Buildings, Improvements, and Equipment and Furniture categories each reported a decrease, primarily due to annual accumulated depreciation. Construction in progress decreased from \$5.3 million in FY17 to \$92,000, as the district had substantial completion on several projects. No other significant increases to capital assets occurred, since most equipment additions during fiscal year 2018 fell below the District's capitalization threshold of \$5000 per unit.

Figure A-6 Capital Assets, net of depreciation							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2018	2017	2018	2017	2018	2018	2017-2018
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	91,888	5,297,643	-	-	91,888	5,297,643	100.0%
Buildings	85,140,064	82,613,247	-	-	85,140,064	82,613,247	3.1%
Improvements	721,932	400,318	-	-	721,932	400,318	80.3%
Equipment and furniture	756,831	256,506	239,476	325,332	996,307	581,838	71.2%
Total	\$ 88,244,707	90,101,706	239,476	325,332	88,484,183	90,427,038	-2.1%

Long-Term Debt

As shown in Figure A-7 below, the District had \$112 million in long-term debt obligations at year-end 2018, a 26% increase from prior year. Funds are available to pay the 2009 Sales Tax Bond issue payment due July 1, 2018. Early retirement debt decreased by 50% due to regularly scheduled payments to retirees. Increases to long term debt are reported in net pension liability, rising by \$1.4 million or 5.7%. OPEB changes, due to implementation of GASB 75, for governmental activities had a beginning balance of \$715,076 with a restatement amount of \$88,422 while business type activities had a beginning balance of \$110,551 with a restatement amount of \$13,669. These increases are specifically due to a rise in the District's share of IPERS liability and the implicit rate subsidies related to retiree health insurance. More detail on long-term obligations and the current portion due within one year can be found in the notes to financial statements.

Figure A-7
Outstanding Long-Term Obligations, net of discounts and premiums

	Total District		Total Change
	June 30,		June 30,
	2018	2017	2017-2018
General obligation bonds	\$ 49,597,034	42,615,118	16.38%
Revenue bonds	35,131,000	20,322,594	72.87%
Early retirement	128,719	260,990	-50.68%
Compensated absences	91,982	121,414	-24.24%
Net pension liability	26,683,995	25,229,353	5.77%
Other postemployment benefits	927,718	444,853	108.54%
Total	\$ 112,560,448	88,994,322	26.48%

Economic Factors Bearing on District's Future

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

- The District's solvency ratio now stands at 15%, and the Board of Directors has set a financial target of 10 percent as a minimum solvency ratio. The Board's target for unspent authorized budget (UAB) ratio is also a minimum of 10 percent, and that balance is 16.5%. The Iowa Association of School Boards suggests a range of 5 to 15 percent for both solvency and UAB ratios. Maintaining these key indicators within a desired range for financial health is an important District goal. To do so requires a spending plan that is closely related to the District's budgetary allowable growth each year. Recurring expenses such as salaries and benefits, representing about 80 percent of the operating budget, must be scrutinized and adjusted as necessary to maintain the District's financial health.
- Under Iowa's school funding formula, the District's spending authority is highly dependent upon student enrollment. Future enrollment stability is a critical element in maintaining a sound financial foundation. The district's overall enrollment was up by 8 students. The District's total number of students served decreased at the start of the 2017-18 school year by a net total of 30 students. While the resident student count decreased by 16, the number of open enrolled students served in the District decreased by 13. Open enrolled students into the District is a steady trend, and reliable revenue stream totaling over \$5 million per year. Nearly 20 percent of all students served are open enrolled into Urbandale from other surrounding school districts. With significant increases in test scores, student achievement, and a graduation rate of 99.7 percent, the District expects this trend to continue. Monitoring the demographics of enrollment is important for major financial decisions such as staffing levels, new programming, and facility planning.
- The District had in excess of \$0.8 million in General Fund restricted fund balance at fiscal year-end 2018. The revenue and the spending authority to utilize it was received during 2018 or prior years. These balances are restricted because they must be used for various categorical State initiatives, such as Teacher Leadership and Compensation, and Teacher Professional Development. As the District spends down these reserves over time, these categorical expenses will reduce both the fund balance and spending authority in General Fund. This may affect future results of operations such that expenses will purposely be budgeted in excess of revenues during one or more future fiscal years. The District will closely monitor the new allocations and restricted reserves of categorical funding and budget total expenses accordingly.

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 Mary Beth Fast, Chief Financial Officer, Urbandale Community School District, 11152 Aurora Avenue, Urbandale, Iowa 50322.

Basic Financial Statements

Exhibit A

Urbandale Community School District
Statement of Net Position
June 30, 2018

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 48,296,631	2,208,463	50,505,094
Receivables:			
Property tax:			
Delinquent	33,968	-	33,968
Succeeding year	23,410,719	-	23,410,719
Accounts	11,951	-	11,951
Due from other governments	4,055,834	83,361	4,139,195
Inventories	-	18,188	18,188
Total current assets	75,809,103	2,310,012	78,119,115
Non-current assets:			
Capital assets:			
Capital assets, nondepreciable	1,625,880	-	1,625,880
Capital assets, depreciable, net of depreciation	86,618,827	239,476	86,858,303
Total non-current assets	88,244,707	239,476	88,484,183
Total assets	164,053,810	2,549,488	166,603,298
Deferred Outflows of Resources			
Pension related deferred outflows	11,801,469	895,742	12,697,211
Total deferred outflows of resources	11,801,469	895,742	12,697,211
Liabilities			
Current liabilities:			
Accounts payable	2,109,611	43,344	2,152,955
Medical insurance claims payable	374,467	-	374,467
Accrued salaries and benefits payable	3,798,040	22,372	3,820,412
Advances for services	163,511	89,751	253,262
Accrued interest payable	753,673	-	753,673
General obligation bonds payable	4,213,414	-	4,213,414
Revenue bonds payable	20,611,000	-	20,611,000
Early retirement	122,719	-	122,719
Compensated absences	87,700	4,282	91,982
Total current liabilities	32,234,135	159,749	32,393,884
Non-current liabilities:			
General obligation bonds payable	45,383,620	-	45,383,620
Revenue bonds payable	14,520,000	-	14,520,000
Early retirement	6,000	-	6,000
Net pension liability	24,757,408	1,926,587	26,683,995
Other postemployment benefits	803,498	124,220	927,718
Total non-current liabilities	85,470,526	2,050,807	87,521,333
Total liabilities	117,704,661	2,210,556	119,915,217
Deferred Inflows of Resources			
Unavailable property tax revenue	23,410,719	-	23,410,719
Pension related deferred inflows	5,098,544	392,292	5,490,836
OPEB related deferred inflows	18,988	2,936	21,924
Total deferred inflows of resources	28,528,251	395,228	28,923,479

Exhibit A

**Urbandale Community School District
Statement of Net Position
June 30, 2018**

	Governmental Activities	Business type Activities	Total
Net Position			
Net investment in capital assets	32,380,871	239,476	32,620,347
Restricted for:			
Categorical funding	899,204	-	899,204
Debt service	1,138,496	-	1,138,496
Management levy purpose	808,250	-	808,250
Student activities	257,239	-	257,239
Public education & recreation levy purposes	175,708	-	175,708
School infrastructure	536,548	-	536,548
Physical plant and equipment	2,756,838	-	2,756,838
Unrestricted	(9,330,787)	599,970	(8,730,817)
Total net position	\$ 29,622,367	839,446	30,461,813

See notes to financial statements.

Exhibit B

Urbandale Community School District
Statement of Activities
Year Ended June 30, 2018

	Program Revenues				Net (Expense) Revenue & Changes in Net Position	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 20,372,308	6,005,385	3,933,093	-	(10,433,830)	-
Special	6,979,459	1,663,971	761,068	-	(4,554,420)	-
Other	5,202,799	583,599	813,002	-	(3,806,198)	-
	32,554,566	8,252,955	5,507,163	-	(18,794,448)	-
Support Service:						
Student	1,910,715	-	-	-	(1,910,715)	-
Instructional staff	3,580,394	-	-	-	(3,580,394)	-
Administration	5,384,939	-	-	-	(5,384,939)	-
Operating and maintenance of plant	4,442,621	137,375	-	-	(4,305,246)	-
Transportation	1,403,075	51,484	103,138	-	(1,248,453)	-
	16,721,744	188,859	103,138	-	(16,429,747)	-
Non-instructional programs	80,167	-	-	-	(80,167)	-
Other expenditures:						
Facilities acquisition	531,430	-	-	-	(531,430)	-
Long-term debt interest	3,455,308	-	-	-	(3,455,308)	-
AEA flowthrough	1,451,025	-	1,451,025	-	-	-
	5,437,763	-	1,451,025	-	(3,986,738)	-
Total governmental activities	54,794,240	8,441,814	7,061,326	-	(39,291,100)	-
Business type activities:						
Non-instructional programs:						
Nutrition services	1,935,117	976,587	839,167	-	-	(119,363)
Child Care services	1,923,349	1,946,796	60,760	-	-	84,207
Community Education	238,121	299,621	-	-	-	61,500
	4,096,587	3,223,004	899,927	-	-	26,344
Total primary government	\$ 58,890,827	11,664,818	7,961,253	-	(39,291,100)	26,344
General Revenues:						
Property tax levied for:						
General purposes					15,027,053	-
Debt service					4,178,460	-
Capital outlay					2,272,482	-
Statewide sales, services and use tax					3,164,830	-
Unrestricted state grants					15,254,449	-
Unrestricted investment earnings					101,890	13,942
Contributions					74,947	-
Other general revenues					1,140,627	-
Transfers					59,550	(59,550)
Total general revenues and transfers					41,274,288	(45,608)
Change in net position					1,983,188	(19,264)
Net position beginning of year, as restated					27,639,179	858,710
Net position end of year					\$ 29,622,367	839,446

See notes to financial statements.

Exhibit C

Urbandale Community School District
Balance Sheet
Governmental Funds
June 30, 2018

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 9,113,076	21,554,914	13,012,561	1,383,252	45,063,803
Receivables:					
Property tax:					
Delinquent	23,220	6,333	3,203	1,212	33,968
Succeeding year	14,621,945	5,536,112	2,282,792	969,870	23,410,719
Accounts	-	-	-	-	-
Due from other governments	3,713,331	-	342,503	-	4,055,834
Total assets	\$ 27,471,572	27,097,359	15,641,059	2,354,334	72,564,324
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,224,555	32,992	836,769	14,548	2,108,864
Salaries and benefits payable	3,798,040	-	-	-	3,798,040
Advances for services	163,511	-	-	-	163,511
Total liabilities	5,186,106	32,992	836,769	14,548	6,070,415
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	14,621,945	5,536,112	2,282,792	969,870	23,410,719
Total deferred inflows of resources	14,621,945	5,536,112	2,282,792	969,870	23,410,719
Fund balances:					
Restricted for:					
Categorical funding	899,204	-	-	-	899,204
Debt service	-	21,528,255	-	-	21,528,255
Management levy purposes	-	-	-	936,969	936,969
Student activities	-	-	-	257,239	257,239
Public education & recreation levy purposes	-	-	-	175,708	175,708
School infrastructure	-	-	9,764,660	-	9,764,660
Physical plant and equipment	-	-	2,756,838	-	2,756,838
Unassigned	6,764,317	-	-	-	6,764,317
Total fund balances	7,663,521	21,528,255	12,521,498	1,369,916	43,083,190
Total liabilities, deferred inflows of resources and fund balances	\$ 27,471,572	27,097,359	15,641,059	2,354,334	72,564,324

See notes to financial statements.

Exhibit D

**Urbandale Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2018**

Total fund balances of governmental funds (Exhibit C)	\$	43,083,190
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***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		88,244,707
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The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		2,869,565
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Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$	11,801,469	
Deferred inflows of resources		(5,117,532)	6,683,937

Long-term liabilities, including bonds payable and notes payable, compensated absences, deferred amount on refunding, accrued interest, early retirement, other postemployment benefits and net pension liability, 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	(49,597,034)		
Revenue bonds payable	(35,131,000)		
Accrued interest	(753,673)		
Early retirement	(128,719)		
Compensated absences	(87,700)		
Net pension liability	(24,757,408)		
Other postemployment benefits	(803,498)		
			(111,259,032)

Net position of governmental activities (Exhibit A)	\$	29,622,367
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See notes to financial statements.

Exhibit E

Urbandale Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2018

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 14,438,516	4,178,460	2,113,287	747,732	21,477,995
Tuition	7,575,542	-	-	-	7,575,542
Other	788,485	7,058	77,088	562,549	1,435,180
Intermediate sources	53,839	-	-	-	53,839
State sources	21,645,827	127,146	3,229,135	24,417	25,026,525
Federal sources	1,137,586	-	-	-	1,137,586
Total revenues	45,639,795	4,312,664	5,419,510	1,334,698	56,706,667
Expenditures:					
Current:					
Instruction:					
Regular	18,753,279	-	25,500	134,644	18,913,423
Special	6,449,019	-	-	-	6,449,019
Other	4,357,307	-	-	470,260	4,827,567
	29,559,605	-	25,500	604,904	30,190,009
Support services:					
Student	1,761,169	-	-	-	1,761,169
Instructional staff	2,410,966	-	1,008,627	-	3,419,593
Administration	5,004,612	-	12,400	119,140	5,136,152
Operation and maintenance of plant	3,515,412	-	186,435	586,602	4,288,449
Transportation	1,402,655	-	-	-	1,402,655
	14,094,814	-	1,207,462	705,742	16,008,018
Other expenditures:					
Facilities acquisition	-	-	1,426,248	413	1,426,661
Long-term debt:					
Principal	-	38,270,000	-	-	38,270,000
Interest and fiscal charges	-	2,335,399	-	-	2,335,399
Purchased services	-	212,191	-	-	212,191
AEA flowthrough	1,451,025	-	-	-	1,451,025
	1,451,025	40,817,590	1,426,248	413	43,695,276
Total expenditures	45,105,444	40,817,590	2,659,210	1,311,059	89,893,303
Excess (deficiency) of revenues over (under) expenditures	534,351	(36,504,926)	2,760,300	23,639	(33,186,636)
Other financing sources (uses):					
Proceeds from sale of capital assets	11,211	-	-	-	11,211
General obligation bonds issued	-	33,980,000	9,320,000	-	43,300,000
Revenue bonds issued	-	15,971,000	-	-	15,971,000
Bond premiums	-	778,374	76,639	-	855,013
Bond discounts	-	(203,149)	(65,861)	-	(269,010)
Operating transfers in	59,550	5,330,912	-	-	5,390,462
Operating transfers out	-	-	(5,330,912)	-	(5,330,912)
Total other financing sources (uses)	70,761	55,857,137	3,999,866	-	59,927,764
Change in fund balances	605,112	19,352,211	6,760,166	23,639	26,741,128
Fund balances beginning of year	7,058,409	2,176,044	5,761,332	1,346,277	16,342,062
Fund balances end of year	\$ 7,663,521	21,528,255	12,521,498	1,369,916	43,083,190

See notes to financial statements.

Exhibit F

**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, 2018**

Net change in fund balances - total governmental funds (Exhibit E) **\$ 26,741,128**

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. These costs are not reported in the Statement of Activities, but they are allocated over their estimated useful lives of the capital assets as depreciation/amortization expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation/amortization expense in the current year as follows:

Expenditures for capital assets	\$ 895,231	
Depreciation/amortization expense	(2,752,230)	(1,856,999)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:

Issuance of bond and note principal	(59,271,000)	
Repayments of bond and note principal	38,270,000	
Bond premiums on issued bonds	(855,013)	
Bond discounts on issued bonds	269,010	
Amortization of bond premiums	106,581	
Amortization of bond discounts	(309,900)	
Amortization of deferred amount on refunding	(675,201)	(22,465,523)

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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (29,198)

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as a deferred outflow of resources in the Statement of Net Position. 2,575,194

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, as follows:

Early retirement	132,271	
Compensated absences	30,784	
Pension expense	(3,521,096)	
Other postemployment benefits	(107,410)	(3,465,451)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in Net Position of the Internal Service Fund is reported with governmental activities. 484,037

Change in net position of governmental activities (Exhibit B) **\$ 1,983,188**

See notes to financial statements.

Exhibit G

**Urbandale Community School District
Statement of Net Position
Proprietary Funds
June 30, 2018**

	Business Type Activities			Governmental Activities
	Child Care Fund	Non-major Enterprise Funds	Total	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalent	\$ 646,042	1,562,421	2,208,463	3,232,828
Receivables:				
Accounts	-	-	-	11,951
Due from other governments	-	83,361	83,361	-
Inventories	-	18,188	18,188	-
Total current assets	646,042	1,663,970	2,310,012	3,244,779
Noncurrent assets:				
Capital assets, net of accumulated depreciation	-	239,476	239,476	-
Total assets	646,042	1,903,446	2,549,488	3,244,779
Deferred Outflows of Resources				
Pension related deferred outflows	581,480	314,262	895,742	-
Liabilities				
Current liabilities:				
Accounts payable	11,299	32,045	43,344	747
Medical insurance claims liability	-	-	-	374,467
Salaries and benefits payable	22,372	-	22,372	-
Advances for services	39,552	50,199	89,751	-
Compensated absences	4,282	-	4,282	-
Total current liabilities	77,505	82,244	159,749	375,214
Noncurrent liabilities:				
Net pension liability	1,240,058	686,529	1,926,587	-
Other postemployment benefits	55,034	69,186	124,220	-
Total noncurrent liabilities	1,295,092	755,715	2,050,807	-
Total liabilities	1,372,597	837,959	2,210,556	375,214
Deferred Inflows of Resources				
Pension related deferred inflows	251,394	140,898	392,292	-
OPEB related deferred inflows	1,301	1,635	2,936	-
Total deferred inflows of resources	252,695	142,533	395,228	-
Net Position				
Net investment in capital assets	-	239,476	239,476	-
Unrestricted	(397,770)	997,740	599,970	2,869,565
Total net position	\$ (397,770)	1,237,216	839,446	2,869,565

See notes to financial statements.

Exhibit H

Urbandale Community School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2018

	Business Type Activities			Governmental Activities
	Child Care Fund	Non-major Enterprise Funds	Total	Internal Service Fund
Operating revenue:				
Local sources:				
Charges for services	\$ 1,946,796	\$ 1,276,208	\$ 3,223,004	3,528,618
Operating expenses:				
Instructional Programs:				
Support services:				
Administrative services:				
Other	-	-	-	3,054,881
	-	-	-	3,054,881
Non-instructional programs:				
Community service operations:				
Other	1,923,349	238,121	2,161,470	-
Food service operations:				
Depreciation	-	88,463	88,463	-
Other	-	1,846,654	1,846,654	-
	1,923,349	2,173,238	4,096,587	-
Total operating expenses	1,923,349	2,173,238	4,096,587	3,054,881
Operating income (loss)	23,447	(897,030)	(873,583)	473,737
Non-operating revenue:				
State sources	60,760	10,634	71,394	-
Federal sources	-	828,533	828,533	-
Interest income	-	13,942	13,942	10,300
Total non-operating revenue	60,760	853,109	913,869	10,300
Income(loss) before transfers	84,207	(43,921)	40,286	484,037
Transfer out	-	(59,550)	(59,550)	-
Change in net position	84,207	(103,471)	(19,264)	484,037
Net position beginning of year, as restated	(481,977)	1,340,687	858,710	2,385,528
Net position end of year	\$ (397,770)	1,237,216	839,446	2,869,565

See notes to financial statements.

Exhibit I

Urbandale Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2018

	Business Type Activities			Governmental Activities
	Child Care Fund	Non-major Enterprise Funds	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ -	983,265	983,265	-
Cash received from miscellaneous operating activities	1,957,186	300,131	2,257,317	3,516,667
Cash paid to employees for services	(1,746,188)	(932,157)	(2,678,345)	(3,076,849)
Cash paid to suppliers for goods or services	(118,819)	(982,339)	(1,101,158)	(34,291)
Net cash provided (used) by operating activities	92,179	(631,100)	(538,921)	405,527
Cash flows from non-capital financing activities:				
Transfer to other funds	-	(59,550)	(59,550)	-
State grants received	60,760	10,634	71,394	-
Federal grants received	-	633,854	633,854	-
Net cash provided by non-capital financing activities	60,760	584,938	645,698	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(2,607)	(2,607)	-
Net cash provided (used) by investing activities	-	(2,607)	(2,607)	-
Cash flows from investing activities:				
Interest on cash and investments	-	13,942	13,942	10,300
Net cash provided by investing activities	-	13,942	13,942	10,300
Net increase (decrease) in cash and cash equivalents	152,939	(34,827)	118,112	415,827
Cash and cash equivalents at beginning of year	493,103	1,597,248	2,090,351	2,817,001
Cash and cash equivalents at end of year	\$ 646,042	1,562,421	2,208,463	3,232,828
Reconciliation of operating loss to net cash used by operating activities:				
Operating income (loss)	\$ 23,447	(897,030)	(873,583)	473,737
Adjustments to reconcile operating loss to net cash used by operating activities:				
Commodities used	-	111,318	111,318	-
Depreciation	-	88,463	88,463	-
Decrease in receivables	-	-	-	(11,951)
(Increase) in inventories	-	(5,139)	(5,139)	-
Increase in accounts payable	(2,521)	27,374	24,853	26
Increase in medical insurance claims payable	-	-	-	(56,285)
Increase in salaries and benefits payable	7,652	-	7,652	-
Increase in advances for services	10,390	7,188	17,578	-
Increase in compensated absences	1,352	-	1,352	-
Increase in net pension liability	64,836	34,371	99,207	-
(Increase) in deferred outflows of resources	(105,075)	(51,816)	(156,891)	-
Increase in deferred inflows of resources	86,042	46,558	132,600	-
Increase in other post employment benefits	6,056	7,613	13,669	-
Net cash provided (used) by operating activities	\$ 92,179	\$ (631,100)	\$ (538,921)	405,527

Non-cash investing, capital and financing activities:

During the year ended June 30, 2018, the District received \$111,318 of federal commodities.

See notes to financial statements.

Exhibit J

**Urbandale Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018**

	<u>Agency</u>
Assets	
Cash, cash equivalent and pooled investments	\$ 255,146
Total assets	<u>255,146</u>
Liabilities	
Accounts payable	6,390
Due to other entities	<u>248,756</u>
Total liabilities	<u>255,146</u>
Net position	<u><u>\$ -</u></u>

See notes to financial statements.

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 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 non-major governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

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

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

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

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

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

Public Education and Recreation Levy (PERL) Fund: This fund is authorized by Iowa Code 300.2 and accounts for transactions related to schoolhouse playgrounds and recreational activities within the District. This fund also accounts for community education activity.

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

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

The following enterprise fund of the District are considered major:

The Child Care Fund: This fund accounts for transactions for children's programs with an instructional component for children who have not yet met the age requirement for school-aged education.

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

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

Community Education Fund: This fund accounts for transactions for facilities and services to provide further education opportunities to the local area.

The District has the following internal service funds:

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

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments in the Wells Fargo Adv Government MM Fund are stated at fair value. The Investments in the Iowa Schools Joint investment Trust and the Education Liquidity Fund are at amortized cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2017.

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, contributions from the District after the measurement date but before the end of the District's reporting period and the deferred charge on refunding reported in the government-wide statement of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

Advances - Proceeds received by the District for which services will be rendered in a succeeding fiscal year, such as prepaid registration fees, health payments and lunch money.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net position liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Urbandale Community School District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, expenditures did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2018 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2018, the District had investments as follows:

Type	
Iowa Schools Joint Investment Trust (ISJIT)	\$ 14,081,764
The Education Liquidity Fund (TELF)	1,013,018
Wells Fargo Adv Government MM Fund	19,636,086
	<u>\$ 34,730,868</u>

The investments in TELF and ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value. In addition, the fair value of the District's financial position in the pool is the same as the value of the pool shares. The negotiable investments in the Wells Fargo Adv Government MM Fund are reported at fair value.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within 397 days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within 15 months or receipt. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit risk: The investments in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Rating Service. The Iowa Schools Joint Investment Trust is sponsored by the Iowa Association of School Boards, governed by a representative board of trustees. The board of trustees serves as the regulatory oversight of the pool. The investments in The Education Liquidity Fund (TELF) pool are registered and not subject to rating. The District's investment policy does not formally address credit risk.

Custodial credit risk for deposits: In the case of deposits, this is a risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Chapter 12C of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

The District has no investments meeting the disclosure requirements of Governmental Accounting Standards Board No. 72

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects -	
	Statewide Sales, Services and Use Tax	\$ 5,330,912
General Fund	School Nutrition Fund	59,550
		<u>\$ 5,390,462</u>

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

Capital Projects – Statewide Sales, Services and Use Tax Fund transferred to the Debt Service Fund to pay for revenue bonds.

School Nutrition Fund transferred to General Fund for indirect costs.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2018 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	5,297,643	644,856	5,850,611	91,888
Total capital assets not being depreciated	6,831,635	644,856	5,850,611	1,625,880
Capital assets being depreciated:				
Buildings	118,597,497	5,030,314	-	123,627,811
Improvements other than buildings	885,354	368,998	-	1,254,352
Furniture and equipment	2,537,120	701,674	-	3,238,794
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	123,566,076	6,100,986	-	129,667,062
Less accumulated depreciation for:				
Buildings	35,984,250	2,503,497	-	38,487,747
Improvements other than buildings	485,036	47,384	-	532,420
Furniture and equipment	2,280,614	201,349	-	2,481,963
Leased equipment	1,546,105	-	-	1,546,105
Total accumulated depreciation	40,296,005	2,752,230	-	43,048,235
Total capital assets being depreciated, net	83,270,071	3,348,756	-	86,618,827
Governmental activities capital assets, net	\$ 90,101,706	3,993,612	5,850,611	88,244,707
Business type activities:				
Furniture and equipment	\$ 1,492,107	2,607	5,519	1,489,195
Less accumulated depreciation	1,166,775	88,463	5,519	1,249,719
Business type activities capital assets, net	\$ 325,332	(85,856)	-	239,476

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 1,216,653
Special	412,346
Other	295,261

Support services:

Student support	125,798
Instructional staff	137,225
Administration	325,370
Operation and maintenance of plant	136,521
Transportation	-
Noninstructional	103,056

Total governmental activities depreciation expense

\$ 2,752,230

Business type activities:

Food services	\$ 88,463
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(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2018 are summarized as follows:

	Balance Beginning of Year as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 42,815,000	43,300,000	37,160,000	48,955,000	4,135,000
Premiums on general obligation bonds	130,945	855,013	53,987	931,971	107,916
Discounts on general obligation bonds	(330,827)	(269,010)	(309,900)	(289,937)	(29,502)
Subtotal general obligation bonds	42,615,118	43,886,003	36,904,087	49,597,034	4,213,414
Revenue bonds	20,270,000	15,971,000	1,110,000	35,131,000	20,611,000
Premiums on revenue bonds	52,594	-	52,594	-	-
Subtotal revenue bonds	20,322,594	15,971,000	1,162,594	35,131,000	20,611,000
Early retirement	260,990	-	132,271	128,719	122,719
Compensated absences	118,484	87,700	118,484	87,700	87,700
Net pension liability	23,401,972	1,355,436	-	24,757,408	-
Net OPEB liability	715,076	88,422	-	803,498	-
Subtotal, governmental activities	87,434,234	61,388,561	38,317,436	110,505,359	25,034,833
Business type activities:					
Compensated absences	2,930	4,282	2,930	4,282	4,282
Net pension liability	1,827,380	99,207	-	1,926,587	-
Net OPEB liability	110,551	13,669	-	124,220	-
Subtotal, business type activities	1,940,861	117,158	2,930	2,055,089	4,282
Total	\$ 89,375,095	61,505,719	38,320,366	112,560,448	25,039,115

General Obligation Bonds

Details of the District's June 30, 2018 general obligation bonded indebtedness are as follows:

Year ending June 30,	Refunding Bond Issue on April 2, 2015			
	Interest Rate	Principal	Interest	Total
2019	2.50%	\$ -	163,750	163,750
2020	2.50%	-	163,750	163,750
2021	2.50%	-	163,750	163,750
2022	2.50%	-	163,750	163,750
2023	2.50%	-	163,750	163,750
2024	2.50%	-	163,750	163,750
2025	2.50%	1,180,000	163,750	1,343,750
2026	3.00%	580,000	134,250	714,250
2027	3.00%	-	116,850	116,850
2028	3.00%	-	116,850	116,850
2029	3.00%	-	116,850	116,850
2030	3.00%	2,260,000	116,850	2,376,850
2031	3.00%	1,635,000	49,050	1,684,050
		5,655,000	1,796,950	7,451,950

Urbandale Community School District
Notes to Financial Statements
June 30, 2018

General Obligation Bonds (continued)

Year ending June 30,	Refunding Bond Issue 2018A			
	Interest Rate	Principal	Interest	Total
2019	2.000%	\$ 1,460,000	297,135	1,757,135
2020	3.000%	280,000	256,050	536,050
2021	3.000%	-	247,650	247,650
2022	3.000%	-	247,650	247,650
2023	3.000%	-	247,650	247,650
2024	3.000%	-	247,650	247,650
2025	3.000%	125,000	247,650	372,650
2026	3.000%	875,000	243,900	1,118,900
2027	3.000%	2,080,000	217,650	2,297,650
2028	3.000%	2,360,000	155,250	2,515,250
2029	3.000%	2,250,000	84,450	2,334,450
2030	3.000%	565,000	16,950	581,950
		9,995,000	2,509,635	12,504,635

Year ending June 30,	Refunding Bond Issue 2018B			
	Interest Rate	Principal	Interest	Total
2019	2.000%	\$ 785,000	254,198	1,039,198
2020	2.000%	1,815,000	233,650	2,048,650
2021	2.000%	1,865,000	197,350	2,062,350
2022	3.000%	1,765,000	160,050	1,925,050
2023	3.000%	1,640,000	107,100	1,747,100
2024	3.000%	665,000	57,900	722,900
2025	3.000%	-	37,950	37,950
2026	3.000%	490,000	37,950	527,950
2027	3.000%	775,000	23,250	798,250
		9,800,000	1,109,398	10,909,398

Year ending June 30,	Refunding Bond Issue 2018C			
	Interest Rate	Principal	Interest	Total
2019	2.00%	\$ 1,010,000	206,306	1,216,306
2020	2.00%	1,080,000	176,750	1,256,750
2021	2.00%	1,075,000	155,200	1,230,200
2022	3.00%	900,000	130,950	1,030,950
2023	3.00%	1,040,000	101,850	1,141,850
2024	3.00%	1,325,000	66,375	1,391,375
2025	3.00%	1,550,000	23,250	1,573,250
		7,980,000	860,681	8,840,681

Year ending June 30,	Refunding Bond Issue 2018D			
	Interest Rate	Principal	Interest	Total
2019	2.00%	\$ 795,000	168,765	963,765
2020	3.00%	790,000	150,450	940,450
2021	3.00%	830,000	126,150	956,150
2022	3.00%	910,000	100,050	1,010,050
2023	3.00%	990,000	71,550	1,061,550
2024	3.00%	970,000	42,150	1,012,150
2025	3.00%	160,000	25,200	185,200
2026	3.00%	760,000	11,400	771,400
		6,205,000	695,715	6,900,715

Urbandale Community School District
Notes to Financial Statements
June 30, 2018

General Obligation Bonds (continued)

Year ending June 30,	General Obligation Bond 2018E			
	Interest Rate	Principal	Interest	Total
2019	3.00%	\$ 85,000	298,545	383,545
2020	3.00%	-	318,275	318,275
2021	3.00%	-	318,275	318,275
2022	3.00%	-	318,275	318,275
2023	3.00%	-	318,275	318,275
2024	3.00%	-	318,275	318,275
2025	3.00%	-	318,275	318,275
2026	3.00%	-	318,275	318,275
2027	3.00%	-	318,275	318,275
2028	3.00%	250,000	318,275	568,275
2029	3.00%	635,000	310,775	945,775
2030	3.25%	150,000	291,725	441,725
2031	3.30%	1,300,000	286,850	1,586,850
2032	3.35%	900,000	243,950	1,143,950
2033	3.40%	900,000	213,800	1,113,800
2034	3.45%	1,000,000	183,200	1,183,200
2035	3.55%	1,000,000	148,700	1,148,700
2036	3.60%	1,000,000	113,200	1,113,200
2037	3.65%	1,000,000	77,200	1,077,200
2038	3.70%	1,100,000	40,700	1,140,700
		9,320,000	5,073,120	14,393,120

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2019	\$ 4,135,000	1,388,699	5,523,699
2020	3,965,000	1,298,925	5,263,925
2021	3,770,000	1,208,375	4,978,375
2022	3,575,000	1,120,725	4,695,725
2023	3,670,000	1,010,175	4,680,175
2024	2,960,000	896,100	3,856,100
2025	3,015,000	816,075	3,831,075
2026	2,705,000	745,775	3,450,775
2027	2,855,000	676,025	3,531,025
2028	2,610,000	590,375	3,200,375
2029	2,885,000	512,075	3,397,075
2030	2,975,000	425,525	3,400,525
2031	2,935,000	335,900	3,270,900
2032	900,000	243,950	1,143,950
2033	900,000	213,800	1,113,800
2034	1,000,000	183,200	1,183,200
2035	1,000,000	148,700	1,148,700
2036	1,000,000	113,200	1,113,200
2037	1,000,000	77,200	1,077,200
2038	1,100,000	40,700	1,140,700
	\$ 48,955,000	10,688,849	59,643,849

During the year ended June 30, 2018, the District refinanced four of their five outstanding general obligation bonds. This was due to favorable interest rates. The District is expected to realize savings of \$3.234 million over the remaining lives of the four refinanced bonds.

Urbandale Community School District
Notes to Financial Statements
June 30, 2018

Revenue Bonds

Details of the District's June 30, 2018 statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year ending June 30,	Revenue Bond Issue April 9, 2009			
	Interest Rate	Principal	Interest	Total
2019	4.969%	\$ 19,160,000	476,086	19,636,086

Year ending June 30,	Revenue Bond Issue 2018A			
	Interest Rate	Principal	Interest	Total
2019	2.740%	\$ 900,000	295,311	1,195,311
2020	2.740%	900,000	249,340	1,149,340
2021	2.740%	900,000	224,680	1,124,680
2022	2.740%	900,000	200,020	1,100,020
2023	2.740%	900,000	175,360	1,075,360
2024	2.740%	1,000,000	150,700	1,150,700
2025	2.740%	1,000,000	123,300	1,123,300
2026	2.740%	1,000,000	95,900	1,095,900
2027	2.740%	1,000,000	68,500	1,068,500
2028	2.740%	1,000,000	41,100	1,041,100
2029	2.740%	500,000	13,700	513,700
		\$ 10,000,000	1,637,911	11,637,911

Year ending June 30,	Revenue Bond Issue 2018A			
	Interest Rate	Principal	Interest	Total
2019	2.770%	\$ 551,000	165,856	716,856
2020	2.770%	542,000	150,134	692,134
2021	2.770%	542,000	135,120	677,120
2022	2.770%	542,000	120,108	662,108
2023	2.770%	542,000	105,094	647,094
2024	2.770%	542,000	90,080	632,080
2025	2.770%	542,000	75,067	617,067
2026	2.770%	542,000	60,054	602,054
2027	2.770%	542,000	45,040	587,040
2028	2.770%	542,000	30,026	572,026
2029	2.770%	542,000	15,014	557,014
		\$ 5,971,000	991,593	6,962,593

Year ending June 30,	Total Revenue Bond Indebtedness		
	Principal	Interest	Total
2019	\$ 20,611,000	937,253	21,548,253
2020	1,442,000	399,474	1,841,474
2021	1,442,000	359,800	1,801,800
2022	1,442,000	320,128	1,762,128
2023	1,442,000	280,454	1,722,454
2024	1,542,000	240,780	1,782,780
2025	1,542,000	198,367	1,740,367
2026	1,542,000	155,954	1,697,954
2027	1,542,000	113,540	1,655,540
2028	1,542,000	71,126	1,613,126
2029	1,042,000	28,714	1,070,714
	\$ 35,131,000	3,105,590	38,236,590

The District has pledged future statewide sales, services and use tax revenues for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$38,236,590. For the current year, \$1,110,000 principal and \$975,066 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$3,164,830.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$2,112,173 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

During the year ended June 30, 2018, two new refunding revenue bonds were issued in the amounts of \$10,000,000 and \$5,971,000. These bond proceeds along with the \$2,112,173 Reserve Account funds and the Sinking Account funds of \$1,636,086 will be used to pay off the revenue bond of April 9, 2009 in full on July 1, 2018. There are no Reserve Account requirements on the two new refunding revenue bonds. The overall savings of this refinancing is \$266,000.

The District complied with all of the provisions during the year ended June 30, 2018.

As of June 30, 2018, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	\$ 1,984,571,499
Debt limit of 5% of total assessed valuation	\$ 99,228,575
Amount of debt applicable to debt limit	84,086,000
Excess of debt limit over bonded debt issued, legal debt margin.	\$ 15,142,575

Early Retirement

The District has two voluntary early retirement plans in effect at June 30, 2018. Eligibility for both plans is dependent on the employee's age and years of full-time continuous service to the District. Full time service is defined as at least thirty (30) hours per week. The employee must have been continuously employed on a regular contract or letter of assignment, and part-time years may not be accumulated to equal a full-time year. Years of service as a substitute employee do not count as a year of service. Any annuities offered on early retirement plans are calculated on base salary only, (excluding longevity, teacher compensation supplements, flex spending, car allowance, extra duty, shift differential, overtime pay, or TSA allowances.) All applications for voluntary early retirement were subject to approval by the Board of Education.

The first plan was offered during fiscal year ending June 30, 2011. To be eligible for the benefits under the 2011 plan, an employee needed to have completed at least fifteen (15) years of full-time continuous service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. Early retirement benefits offered on the plan included an annuity benefit equal to 15% of base salary, payable over two (2) years; and single insurance coverage until the employee is eligible for Medicare, limited to a maximum premium cost of \$600 per month. Early retirement annuity benefits are paid in two equal installments beginning in January following the start of retirement. The second payment is made the following July.

The second plan was offered during fiscal year ending June 30, 2014. To be eligible for the benefits under the 2014 plan, an employee needed to have completed at least fifteen (15) years of full-time continuous service to the District and must have reached the age of fifty-five on or before August 15, 2014. Early retirement benefits offered on the plan included an annuity benefit equal to

45% of base salary, payable over five (5) years. The early retirement annuity contribution shall be made in equal payments annually on November 1. The early retirement annuity contribution shall not be made if the employee dies after the Board has approved the early retirement but prior to the end of the final contract year of employment. If the employee dies on or after the end of the final contract year, the District shall make the early retirement contribution.

Under the 2011 plan, the District had no further obligations at June 30, 2014 to participants for annuity benefits. A total of 3 participants continue to receive single health insurance coverage with premium costs ranging from \$496 to \$600 per month under the 2011 plan. For the 2014 plan, there were a total of 18 participants who will receive \$106,359 per year in the form of an annuity for a total of five years, beginning November 1, 2014. The District's actual early retirement expenditures for the year ended June 30, 2018 totaled \$132,271.

(7) Operating Leases

The District entered into a seven-year agreement which expires January 31, 2022 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, 2020. The total minimum lease commitment under the agreement is as follows:

Year ending June 30,	Minimum Lease Payments
2019	\$ 45,677
2020	46,131
2021	46,585
2022	27,329
	\$ 165,722

The total lease expense for the year ended June 30, 2018 was \$45,223.

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first.. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2018 were \$2,763,679.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the District reported a liability of \$26,683,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the District's proportion was 0.404199%, which was an decrease of 0.00361% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$3,781,561. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 244,985	231,196
Changes of assumptions	4,636,448	-
Net difference between projected and actual earnings on IPERS' investments	4,844,946	5,123,651
Changes in proportion and differences between District contributions and proportionate share of contributions	207,154	135,990
District contributions subsequent to the measurement date	2,763,679	-
Total	\$ 12,697,212	5,490,837

\$2,763,679 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Urbandale Community School District
Notes to Financial Statements
June 30, 2018

Year Ended June, 30	
2018	\$ 762,188
2019	2,053,952
2020	1,183,710
2021	128,147
2022	314,699
	<u>\$ 4,442,696</u>

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation Rates vary by membership group
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees.

Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 43,964,520	\$ 26,683,995	\$ 12,165,035

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables IPERS - At June 30, 2018, the District reported payables to IPERS of \$223,774 for legally required District contributions and \$149,100 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(9) Other Post-Employment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits for employees are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

OPEB Benefits - Individuals who are employed by Urbandale Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	405
	<u>414</u>

Total OPEB Liability - The District's total OPEB liability of \$927,718 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2018)	2.75% per annum.
Rates of salary increase (effective June 30, 2018)	0.00% per annum including inflation
Discount rate (effective June 30, 2018)	3.72% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2018)	6.00% initial rate decreasing by 0.50% annually to an ultimate rate of 4.50%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2014 total dataset mortality table fully generational using Scale MP-2014. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ 825,627
Changes for the year:	
Service cost	105,776
Interest	33,747
Differences between expected and actual experiences	(22,457)
Changes in assumptions	-
Benefit payments	(14,975)
	102,091
	<u>\$ 927,718</u>

Changes of assumptions reflect a change in the discount rate from 4.00% in fiscal year 2017 to 3.72% in fiscal year 2018.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 1,048,146	935,762	823,377

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 788,321	943,396	1,098,471

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the District recognized OPEB expense of \$102,091. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -
Changes in assumptions	21,924
Total	<u>\$ 21,924</u>

The amount reported as deferred inflows of resources related to OPEB will be recognized as an offset to OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ (533)
2020	(533)
2021	(533)
2022	(533)
2023	(533)
Thereafter	(19,259)
	<u>\$ (21,924)</u>

(10) Risk Management

Urbandale Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

The medical plan received an annual actuarial opinion and the annual report is filed with the State of Iowa Insurance Division. The medical insurance claims liability of \$374,467 at June 30, 2018, is based on the requirements of Section 509A.15 of the Iowa Code and the requirements of the GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Such liabilities are the amount for claims that have been incurred but not reported.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,415,025 for the year ended June 30, 2018, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Urbandale	Urban renewal and economic development projects	\$ 61,676
City of Grimes	Urban renewal and economic development projects	1,066

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2018, this reimbursement amounted to \$29,183.

(13) Construction Commitment

The District has active construction projects as of June 30, 2018. The projects include the New Elementary School and Fitness Center. A summary of the projected costs of each project and the costs incurred through June 30, 2018 is as follows:

Project	Estimated Contract Amount	Costs through June 30, 2018
New Elementary School	\$ 29,200,000	86,888
Fitness Center	5,000,000	5,000
Total Construction In Progress	<u>\$ 34,200,000</u>	<u>91,888</u>

(14) Deficit Net Position

A net position deficit of \$397,770 exists in the Enterprise, Child Care Fund.

(15) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2018.

Program	Amount
Teacher Leadership State Aid	\$ 752,334
Successful progression for early readers	74,549
Professional development supplement	37,586
Community College Equipment and Training Fund	139
Textbook aid for nonpublic students	4,417
Home School Assistance Program (HSAP)	30,179
Total	<u>\$ 899,204</u>

(16) Accounting Change/Restatement

Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows or resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities and business type activities was related to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2017, as previously reported	\$ 27,968,967	909,695
OPEB obligation measured under previous standards	385,289	59,566
Total OPEB liability at June 30, 2017	(715,077)	(110,551)
Net position July 1, 2017, as restated:	<u>\$ 27,639,179</u>	<u>858,710</u>

(17) Subsequent Events

The District passed a \$59 million bond referendum for the purpose of building 2 new elementary buildings and a high school fitness center. The new elementary buildings will be built on the site of two of the District's current elementary building sites with the end result being a district of 4 elementary buildings instead of 6 elementary buildings. The general obligation bonds will be sold over a period of 7 years. The first sale of \$9,320,000 general obligations took place in June of 2018.

Required Supplementary Information

Urbandale Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information
Year ended June 30, 2018

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 30,488,717	3,236,946	33,725,663	36,551,567	36,551,567	(2,825,904)
Intermediate sources	53,839	-	53,839	60,000	60,000	(6,161)
State sources	25,026,525	71,394	25,097,919	25,878,461	25,878,461	(780,542)
Federal sources	1,137,586	828,533	1,966,119	1,950,000	1,950,000	16,119
Total revenues	56,706,667	4,136,873	60,843,540	64,440,028	64,440,028	(3,596,488)
Expenditures:						
Instruction	30,190,009	-	30,190,009	32,725,000	32,725,000	2,534,991
Support services	16,008,018	-	16,008,018	16,981,000	17,481,000	1,472,982
Non-instructional programs	-	4,096,587	4,096,587	5,000,000	5,000,000	903,413
Other expenditures	43,695,276	-	43,695,276	13,012,968	76,200,000	32,504,724
Total expenditures	89,893,303	4,096,587	93,989,890	67,718,968	131,406,000	37,416,110
Excess (deficiency) of revenues over (under) expenditures	(33,186,636)	40,286	(33,146,350)	(3,278,940)	(66,965,972)	33,819,622
Other financing sources (uses), net	59,927,764	(59,550)	59,868,214	-	59,271,000	597,214
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	26,741,128	(19,264)	26,721,864	(3,278,940)	(7,694,972)	34,416,836
Balances beginning of year, as restated	16,342,062	858,710	17,200,772	12,102,834	12,102,834	5,097,938
Balances end of year	\$ 43,083,190	839,446	43,922,636	8,823,894	4,407,862	39,514,774

See accompanying independent auditor's report.

Urbandale Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2018

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing expenditures by \$63,687,032.

During the year ended June 30, 2018, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

Urbandale Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
Last Four Years * (In Thousands)
Required Supplementary Information

	2018	2017	2016	2015
District's proportion of the net pension liability	0.404199%	0.404560%	0.406527%	0.408590%
District's proportion of the net pension pension liability	\$ 26,684	25,229	20,210	16,536
District's covered-employee payroll	\$ 29,912	28,768	28,029	27,285
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.21%	87.70%	72.10%	60.60%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

Urbandale Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years (In Thousands)
Required Supplementary Information

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 2,764	2,671	2,569	2,503	2,437	2,211	1,969	1,614	1,568	1,465
Contributions in relation to the statutorily required contribution	(2,764)	(2,671)	(2,569)	(2,503)	(2,437)	(2,211)	(1,969)	(1,614)	(1,568)	(1,465)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 30,948	29,912	28,768	28,029	27,285	25,506	24,393	23,217	23,578	23,077
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

See accompanying independent auditor's report.

Urbandale Community School District
Notes to Required Supplementary Information - Pension Liability
Year Ended June 30, 2018

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Urbandale Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Current Year
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 105,776
Interest cost	33,747
Difference between expected and actual experiences	(22,457)
Changes in assumptions	-
Benefit payments	(14,975)
Net change in total OPEB liability	102,091
Total OPEB liability beginning of year, as restated	825,627
Total OPEB liability end of year	<u>\$ 927,718</u>
Covered-employee payroll	\$ 26,217,960
Total OPEB liability as a percentage of covered-employee payroll	3.54%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.72%
Year ended June 30, 2017	4.00%

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

Urbandale Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue Funds			
	Student Activity	Management	Public Education & Recreation Levy	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 270,669	937,133	175,450	1,383,252
Receivables:				
Property tax:				
Delinquent	-	954	258	1,212
Succeeding year	-	799,998	169,872	969,870
Total assets	\$ 270,669	1,738,085	345,580	2,354,334
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 13,430	1,118	-	14,548
Total liabilities	13,430	1,118	-	14,548
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	799,998	169,872	969,870
Total deferred inflows of resources	-	799,998	169,872	969,870
Fund Balances:				
Restricted for:				
Management levy purposes	-	936,969	-	936,969
Student activities	257,239	-	-	257,239
Public education & recreation levy purposes	-	-	175,708	175,708
Total fund balances	257,239	936,969	175,708	1,369,916
Total liabilities, deferred inflows of resources and fund equity	\$ 270,669	1,738,085	345,580	2,354,334

See accompanying independent auditor's report.

Schedule 2

Urbandale Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2018

	Special Revenue Funds			
	Student		Public	
	Activity	Management	Education & Recreation Levy	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ -	557,392	150,771	708,163
Utility tax replacement excise tax	-	31,145	8,424	39,569
	-	588,537	159,195	747,732
Other local sources:				
Interest on investments	35	-	-	35
Other	502,737	59,777	-	562,514
	502,772	59,777	-	562,549
	502,772	648,314	159,195	1,310,281
State sources:				
Revenue in lieu of taxes :				
Military credit	-	161	44	205
Commercial & industrial replacement tax	-	19,057	5,155	24,212
	-	19,218	5,199	24,417
Total revenues	502,772	667,532	164,394	1,334,698
Expenditures:				
Current:				
Instruction:				
Regular	-	134,644	-	134,644
Other	470,260	-	-	470,260
	470,260	134,644	-	604,904
Support services:				
Administration:	-	2,000	117,140	119,140
Operation and maintenance of plant	-	586,602	-	586,602
Transportation	-	-	-	-
	-	588,602	117,140	705,742
Other expenditures:				
Facilities acquisition	-	-	413	413
Total expenditures	470,260	723,246	117,553	1,311,059
Excess (deficiency) of revenues over (under) expenditures	32,512	(55,714)	46,841	23,639
Fund balances beginning of year	224,727	992,683	128,867	1,346,277
Fund balances end of year	\$ 257,239	936,969	175,708	1,369,916

See accompanying independent auditor's report.

Schedule 3

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2018

Account	Balance Beginning of Year	Interaccount Transfers	Revenues and		Balance End of Year
			Financing Sources	Expenditures	
Jensen Activity	\$ 14,904	-	-	-	14,904
KA Activity	9,154	-	-	1,303	7,851
KA School Store	1,426	-	-	-	1,426
KA Student Senate	668	-	-	-	668
Olmsted School Store	884	-	2,377	2,993	268
Olmsted Activity	-	-	1,029	915	114
Rolling Green Act.	4,689	-	-	-	4,689
Valerius Activity	19,437	-	-	-	19,437
Snack Shack	-	-	244	146	98
Webster Activity	1,391	-	-	441	950
Webster School Store	290	-	-	-	290
Elementary Band Fundraiser	5,139	-	1,820	2,789	4,170
Web Clickers	2,899	-	-	488	2,411
Middle School:					
Drama	665	-	1,099	1,139	625
Vocal	17,766	-	8,578	7,370	18,974
Instrumental	7,776	-	12,120	14,760	5,136
Acivitty MS	-	-	360	160	200
Boys Basketball	-	-	5,663	5,663	-
Football	-	-	3,207	2,588	619
Boys Track	-	-	3,239	1,114	2,125
Wrestling	-	-	1,719	1,625	94
Girls Basketball	-	-	3,766	3,766	-
Girls Volleyball	-	-	3,918	2,190	1,728
Softball	-	-	4,893	4,893	-
Girls Track	-	-	2,494	1,559	935
Library	296	-	-	-	296
Peer Helpers	-	-	210	-	210
Student Senate	7,529	-	1,053	479	8,103
Student Interest	305	-	22	-	327
Memory Book	667	-	754	41	1,380
Building Activity	7,407	-	1,804	1,363	7,848
High School:					
Activities	(38,251)	-	73,054	33,536	1,267
Drama	5,874	-	4,770	3,362	7,282
Vocal	10,090	-	93,664	93,358	10,396
Band	-	-	34,217	25,941	8,276
Cheerleaders	-	-	23,142	13,437	9,705
Jaywalkers	-	-	33,378	23,260	10,118
Boys Basketball	-	-	15,919	15,919	-
Football	-	-	21,806	21,806	-
Boys Soccer	-	-	4,198	3,825	373
Baseball	-	-	12,435	12,435	-
Boys Track	-	-	1,682	1,447	235
Boys Cross Country	-	-	1,015	570	445
Boys Tennis	-	-	1,360	560	800
Boys Golf	-	-	2,558	2,558	-
Wrestling	-	-	9,387	8,370	1,017
Girls Basketball	-	-	6,490	6,467	23
Volleyball	-	-	10,782	8,405	2,377
Girls Soccer	-	-	6,825	5,460	1,365
Softball	-	-	7,890	7,840	50

Schedule 3

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2018

Account	Revenues and				Balance End of Year
	Balance Beginning of Year	Interaccount Transfers	Financing Sources	Expenditures	
Girls Track	-	-	3,632	2,183	1,449
Girls Cross Country	-	-	1,694	1,694	-
Girls Tennis	-	-	1,848	1,848	-
Girls Golf	-	-	350	340	10
Bowling	-	-	1,693	1,693	-
Art	10,504	(5,658)	-	101	4,745
Art Club	127	-	-	-	127
Cadet Teachers	520	-	-	-	520
Deca	716	-	5,801	6,032	485
Drug Foundation	450	-	-	-	450
Key Club	4,331	-	1,986	1,801	4,516
German Club	9,124	5,658	33,390	35,268	12,904
Special Ed	500	-	-	-	500
National Honor Society	331	-	-	-	331
Future leaders	81	-	-	-	81
Indust Arts Club	598	-	-	427	171
Jayhawker	1,287	-	-	48	1,239
Library	3,783	-	-	-	3,783
Battle of the Books	195	-	327	373	149
Character Counts	194	-	-	-	194
Student Senate	46,343	-	18,271	19,341	45,273
Family Consumer Science	13	-	-	-	13
Hope In Action	-	-	867	841	26
At Risk	599	-	-	-	599
Yearbook	43,666	-	6,725	50,391	-
The Roaring Leo Club	335	-	88	160	263
Peer Helpers	1,736	-	705	431	2,010
Tag Activities	5,608	-	-	375	5,233
Interest Student Fund	84	-	14	-	98
Spanish Honor Society	2,429	-	-	-	2,429
Parenting Network	850	-	-	-	850
Science Activity	174	-	-	-	174
Physics	4	-	-	-	4
Memory Book	2,645	-	-	-	2,645
School Store	2,411	-	-	-	2,411
Building Activity	1,876	-	248	554	1,570
Environmental Club	502	-	-	18	484
Interact Club	31	-	-	-	31
Japanese Trip	840	-	-	-	840
Human Rights	-	-	192	-	192
Spanish Trip	835	-	-	-	835
	<u>\$ 224,727</u>	<u>-</u>	<u>502,772</u>	<u>470,260</u>	<u>257,239</u>

See accompanying independent auditor's report.

Schedule 4

Urbandale Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2018

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 634,002	3,203,325	9,175,234	13,012,561
Receivables:				
Property tax:				
Delinquent	-	3,203	-	3,203
Succeeding year	-	2,282,792	-	2,282,792
Due from other governments	268,121	74,382	-	342,503
Total assets	\$ 902,123	5,563,702	9,175,234	15,641,059
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 233,500	524,072	79,197	836,769
Total liabilities	233,500	524,072	79,197	836,769
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	2,282,792	-	2,282,792
Total deferred inflows of resources	-	2,282,792	-	2,282,792
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
School infrastructure	668,623	-	9,096,037	9,764,660
Physical plant and equipment	-	2,756,838	-	2,756,838
Total fund balances	668,623	2,756,838	9,096,037	12,521,498
Total liabilities, deferred inflows of resources and fund balances	\$ 902,123	5,563,702	9,175,234	15,641,059

See accompanying independent auditor's report.

Schedule 5

Urbandale Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2018

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ -	2,009,077	-	2,009,077
Utility tax replacement excise tax	-	104,210	-	104,210
	-	2,113,287	-	2,113,287
Other local sources:				
Interest on investments	26,614	13,942	342	40,898
Other	-	36,190	-	36,190
	26,614	50,132	342	77,088
	26,614	2,163,419	342	2,190,375
State sources:				
Revenue in lieu of taxes :				
Statewide sales, services and use tax	3,164,830	-	-	3,164,830
Military credit	-	539	-	539
Commercial & industrial replacement tax	-	63,766	-	63,766
	3,164,830	64,305	-	3,229,135
Total revenues	3,191,444	2,227,724	342	5,419,510
Expenditures:				
Current:				
Instruction:				
Regular:				
Property	-	25,500	-	25,500
	-	25,500	-	25,500
Support Services:				
Instructional staff:				
Purchased services	17,685	60,477	-	78,162
Supplies	62,580	-	-	62,580
Property	39,361	828,524	-	867,885
	119,626	889,001	-	1,008,627
Administration:				
Purchased services	-	-	12,400	12,400
	-	-	12,400	12,400
Other expenditures:				
Operation and maintenance of plant services:				
Purchased services	-	114,846	-	114,846
Property	-	71,589	-	71,589
	-	186,435	-	186,435
Facilities acquisition				
Purchased services	454,574	18,304	222,683	695,561
Supplies	224,187	5,385	-	229,572
Property	214,105	287,010	-	501,115
	892,866	310,699	222,683	1,426,248
Total expenditures	1,012,492	1,411,635	235,083	2,659,210
Excess (deficiency) of revenues over (under) expenditures	2,178,952	816,089	(234,741)	2,760,300
Other financing uses:				
General obligation bonds issued	-	-	9,320,000	9,320,000
Bond premiums	-	-	76,639	76,639
Bond discount	-	-	(65,861)	(65,861)
Operating transfers out	(5,330,912)	-	-	(5,330,912)
Total other financing uses	(5,330,912)	-	9,330,778	3,999,866
Change in fund balances	(3,151,960)	816,089	9,096,037	6,760,166
Fund balances beginning of year	3,820,583	1,940,749	-	5,761,332
Fund balances end of year	\$ 668,623	2,756,838	9,096,037	12,521,498

See accompanying independent auditor's report.

Schedule 6

Urbandale Community School District
Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2018

	Business Type Activities		
	Nonmajor Enterprise Funds		
	School Nutrition	Community Education	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 1,377,817	184,604	1,562,421
Due from other governments	83,361	-	83,361
Inventories	18,188	-	18,188
Total current assets	1,479,366	184,604	1,663,970
Noncurrent assets:			
Capital assets:			
Equipment	1,489,195	-	1,489,195
Accumulated depreciation	(1,249,719)	-	(1,249,719)
Total noncurrent assets	239,476	-	239,476
Total assets	1,718,842	184,604	1,903,446
Deferred Outflows of Resources			
Pension related deferred outflows	289,953	24,309	314,262
Liabilities			
Current liabilities:			
Accounts payable	26,597	5,448	32,045
Advances for services	50,199	-	50,199
Total current liabilities	76,796	5,448	82,244
Noncurrent liabilities:			
Net pension liability	632,006	54,523	686,529
Other postemployment benefits	66,041	3,145	69,186
Total noncurrent liabilities	698,047	57,668	755,715
Total liabilities	774,843	63,116	837,959
Deferred Inflows of Resources			
Pension related deferred inflows	129,380	11,518	140,898
OPEB related deferred inflows	1,561	74	1,635
Total deferred inflows	130,941	11,592	142,533
Net Position			
Net investment in capital assets	239,476	-	239,476
Unrestricted	863,535	134,205	997,740
Total Net Position	\$ 1,103,011	134,205	1,237,216

See accompanying independent auditor's report.

Schedule 7

Urbandale Community School District

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Non-Major Proprietary Funds

Year ended June 30, 2018

	Business Type Activities		
	Enterprise Funds		
	School Nutrition	Community Education	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ 976,077	-	976,077
Sale of services	-	296,277	296,277
Other revenues	510	3,344	3,854
Total operating revenue	976,587	299,621	1,276,208
Operating expenses:			
Non-instructional programs:			
Community service operations:			
Salaries	-	61,297	61,297
Benefits	-	12,262	12,262
Services	-	24,351	24,351
Supplies	-	140,001	140,001
Other	-	210	210
	-	238,121	238,121
Food services operations:			
Salaries	668,987	-	668,987
Benefits	226,337	-	226,337
Services	8,204	-	8,204
Supplies	943,126	-	943,126
Depreciation	88,463	-	88,463
	1,935,117	-	1,935,117
Total operating expenses	1,935,117	238,121	2,173,238
Operating income (loss)	(958,530)	61,500	(897,030)
Non-operating revenue:			
State sources	10,634	-	10,634
Federal sources	828,533	-	828,533
Interest income	13,942	-	13,942
Total non-operating revenue	853,109	-	853,109
Income (Loss) before transfers	(105,421)	61,500	(43,921)
Transfer out	(59,550)	-	(59,550)
Change in net position	(164,971)	61,500	(103,471)
Net position beginning of year, as restated	1,267,982	72,705	1,340,687
Net position end of year	\$ 1,103,011	134,205	1,237,216

See accompanying independent auditor's report.

Schedule 8

Urbandale Community School District
Combining Statement of Cash Flows
Non-Major Proprietary Funds
Year ended June 30, 2018

	Business Type Activities		
	Enterprise Funds		
	Student Nutrition	Community Education	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 983,265	-	983,265
Cash received from miscellaneous operating activities	510	299,621	300,131
Cash paid to employees for services	(861,928)	(70,229)	(932,157)
Cash paid to suppliers for goods or services	(819,315)	(163,024)	(982,339)
Net cash provided (used) by operating activities	(697,468)	66,368	(631,100)
Cash flows from non-capital financing activities:			
Transfer to other funds	(59,550)	-	(59,550)
State grants received	10,634	-	10,634
Federal grants received	633,854	-	633,854
Net cash provided by non-capital financing activities	584,938	-	584,938
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(2,607)	-	(2,607)
Net cash used in investing activities	(2,607)	-	(2,607)
Cash flows from investing activities:			
Interest on cash and investments	13,942	-	13,942
Net cash provided by investing activities	13,942	-	13,942
Net increase (decrease) in cash and cash equivalents	(101,195)	66,368	(34,827)
Cash and cash equivalents at beginning of year	1,479,012	118,236	1,597,248
Cash and cash equivalents at end of year	\$ 1,377,817	184,604	1,562,421
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:			
Operating gain (loss)	\$ (958,530)	61,500	(897,030)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:			
Commodities used	111,318	-	111,318
Depreciation	88,463	-	88,463
(Increase) decrease in inventories	(5,139)	-	(5,139)
Increase (decrease) in accounts payable	25,836	1,538	27,374
Increase (decrease) in advances for services	7,188	-	7,188
Increase in net pension liability	31,741	2,630	34,371
(Increase) in deferred outflows of resources	(48,659)	(3,157)	(51,816)
Increase (decrease) in deferred inflows of resources	43,047	3,511	46,558
Increase (decrease) in other postemployment benefits	7,267	346	7,613
Net cash provided (used) by operating activities	\$ (697,468)	66,368	(631,100)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2018, the District received \$111,318 of federal commodities.

See accompanying independent auditor's report.

Schedule 9

Urbandale Community School District
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 244,210	10,936	-	255,146
Accounts receivable	1,000	-	1,000	-
Total assets	\$ 245,210	10,936	1,000	255,146
Liabilities				
Accounts payable	\$ 1,910	4,480	-	6,390
Fiduciary liabilities	243,300	5,456	-	248,756
Total liabilities	\$ 245,210	9,936	-	255,146

See accompanying independent auditor's report.

Schedule 10

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

	Modified Accrual Basis									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Local sources:										
Local tax	\$ 21,477,995	20,924,315	20,059,084	19,544,606	19,581,000	21,704,156	21,940,384	21,754,245	19,485,359	18,940,867
Tuition	7,575,542	7,374,464	6,654,194	6,441,098	6,270,499	5,540,588	4,438,667	4,268,376	3,965,443	3,973,010
Other	1,435,180	1,334,721	1,375,537	1,411,837	1,399,151	1,800,402	1,488,778	1,184,939	1,835,991	1,874,410
Intermediate sources	53,839	51,573	50,283	47,159	52,333	3,500	3,500	5,000	3,500	6,010
State sources	25,026,525	24,951,763	24,099,695	22,475,219	21,648,702	17,322,913	17,105,839	15,409,640	12,926,783	14,830,127
Federal sources	1,137,586	1,010,165	958,661	1,141,396	935,939	1,015,234	936,609	1,810,673	2,934,121	1,034,983
Total	\$ 56,706,667	55,647,001	53,197,454	51,061,315	49,887,624	47,386,793	45,913,777	44,432,873	41,151,197	40,659,407
Expenditures:										
Instruction:										
Regular	\$ 18,913,423	18,013,409	17,544,776	17,319,911	16,183,522	15,776,861	15,323,113	14,923,016	14,533,963	14,714,892
Special	6,449,019	6,200,676	5,738,416	6,075,902	5,901,859	4,946,672	4,100,174	3,864,902	3,719,448	3,803,760
Other	4,827,567	4,731,689	5,582,662	4,630,172	4,573,286	4,486,896	4,490,219	4,128,343	3,941,227	3,531,145
Support services:										
Student	1,761,169	1,701,680	1,305,528	1,950,183	1,986,932	1,738,728	1,725,888	1,640,619	1,713,989	1,641,787
Instructional staff	3,419,593	3,121,089	2,665,705	1,750,418	2,144,636	1,776,430	1,846,474	1,566,762	1,665,018	1,715,917
Administration	5,136,152	5,075,669	4,984,682	4,844,156	4,884,756	4,144,826	3,885,949	3,632,494	3,910,411	3,581,516
Operation and maintenance of plant	4,288,449	4,045,744	4,080,341	4,092,485	4,318,968	3,795,226	3,669,040	3,388,286	3,495,405	3,395,839
Transportation	1,402,655	1,300,724	1,223,161	1,226,147	1,233,783	1,205,409	1,156,656	1,097,086	1,026,983	1,006,725
Non-instructional programs	-	-	-	-	-	-	-	-	7,341	-
Other expenditures:										
Facilities acquisition	1,426,661	2,344,723	3,430,883	904,965	1,100,417	804,294	2,948,619	11,378,207	10,134,199	18,444,338
Long-term debt:										
Principal	38,270,000	3,855,000	3,770,000	21,685,000	9,740,000	3,270,000	3,387,024	2,436,898	14,478,977	1,943,268
Interest and other charges	2,547,590	2,438,763	2,541,566	3,314,256	3,630,246	3,739,283	3,902,369	3,558,611	3,487,380	2,487,967
AEA flowthrough	1,451,025	1,415,944	1,384,477	1,378,897	1,317,608	1,225,794	1,216,996	1,296,055	1,259,842	1,109,997
Total	\$ 89,893,303	54,245,110	54,252,197	69,172,492	57,016,013	46,910,419	47,652,521	52,911,279	63,374,183	57,377,151

See accompanying independent auditor's report.

Schedule 11

Urbandale Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY18	\$ 91,653
National School Lunch Program	10.555	FY18	736,880 *
			<u>828,533</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY18	<u>29,285</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY18	<u>302,980</u>
Special Education:			
District Defined IDEA Subgrants	84.027	FY18	<u>21,421</u>
Career and Technical Education - Basic Grants to States	84.048	FY18	<u>49,773</u>
Title III - English Language Acquisition State Grants	84.365	FY18	<u>3,126</u>
Supporting Effective Instruction State Grants	84.367	FY18	<u>54,744</u>
Heartland Area Education Agency:			
Special Education - Grants to States (Part B Section 611)(Mandated flowthrough)	84.027	FY18	<u>165,523</u>
U.S. Department of Health:			
Iowa Department of Education:			
Developmental Disabilities Projects of National Significance	93.631	FY18	<u>9,005</u>
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY18	<u>233</u>
Total			<u>\$ 1,464,623</u>

* Includes \$111,318 of non-cash awards.

See Notes to Schedule of Expenditures of Federal Awards.

Urbandale Community School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Urbandale Community School District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Urbandale Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Urbandale Community School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles on OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3. Indirect Cost Rate

Urbandale Community School District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Pass-through Funding

Of the federal expenditures presented in the schedule, the District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Career and Technical Education - Basic Grants to States	84.048	\$ 21,572

Note 5. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$111,318 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555



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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of Urbandale Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Urbandale Community School District, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. See Part II, internal control deficiency II-A-18.

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 result of our tests disclosed no instances of non-compliance or other matters which are required to be reported under *Governmental Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which 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, 2018 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 School District's Responses to the Findings

Urbandale Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Urbandale Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 2, 2018



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**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Education of Urbandale Community School District:

Report on Compliance for Each Major Federal Program

We have audited Urbandale Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. Urbandale Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Urbandale Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Urbandale Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Urbandale Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

The management of Urbandale Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Urbandale Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Urbandale Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 2, 2018

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U. S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Urbandale Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

- II-A-18 Cash Reconciliations – The reconciliation of cash was not reconciled to the general ledger account in a timely manner.
- Cause – The District has transitioned to a new accounting software.
- Effect – The District had difficulty in reconciling between the two software systems in a timely manner.
- Recommendation – The District should reconcile the accounts in a more timely manner.
- Response – We will review our procedures and strive for a more timely reconciliation of accounts to the general ledger.
- Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-18 Certified Budget - Expenditures for the year ended June 30, 2018, did not exceed the certified budget amounts.
- IV-B-18 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-18 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-18 Business Transactions – There were no business transactions between the District and District officials or employees for the year ended June 30, 2018.
- IV-E-18 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-18 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-18 Certified Enrollment – A variance in the basic enrollment data certified to the Iowa Department of Education was noted.
- Recommendation – The certified enrollment data should be corrected for students who exit the District.
- Response – We will correct the certified enrollment in the future for students exiting the system.
- Conclusion – Response accepted.
- IV-H-18 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-18 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-18 Supplementary Weighting – A variance regarding the supplementary weighting certified to the Iowa Department of Education was noted.
- Recommendation – The supplementary weighting data should be corrected for student Career Tech Education courses not allowed.
- Response – We will correct the supplementary weighting data in the future for student Career Tech Education course requirements.
- Conclusion – Response accepted.

Urbandale Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

IV-K-18 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-18 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2018, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	3,820,583
Revenues/transfers in:			
Sales tax revenues	\$	3,164,830	
Other local revenues		26,614	
Transfers from other funds:			
Other capital projects		-	3,191,444
			<u>7,012,027</u>
Expenditures/transfers out:			
School infrastructure construction		1,012,492	
Transfers to other funds:			
Debt service funds		5,330,912	6,343,404
			<u>6,343,404</u>
Ending balance		\$	<u>668,623</u>

For the year ended June 30, 2018, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-18 Deficit Balances –The Enterprise, Child Care Fund had a deficit balance at June 30, 2018.

Recommendation – The District should continue to investigate alternatives to eliminate this deficit in order to return these funds/accounts to a sound financial condition.

Response – We will continue to investigate alternatives to eliminate these deficits at the end of the fiscal year.

Conclusion – Response accepted.