

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

June 30, 2017

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**Urbandale Community School District
Board of Education and School District Officials
Year Ended June 30, 2017**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2016 Election)		
Christopher Gunnare	President	2017
Cate Newberg	Vice President	2019
Aaron Applegate	Board Member	2017
Graham Giles	Board Member	2017
Aldrich Cabildo	Board Member	2019
Katherine Hawsare	Board Member	2019
Tanya Ruden	Board Member	2019
(After September 2016 Election)		
Graham Giles	President	2017
Tanya Ruden	Vice President	2019
Aaron Applegate (Resigned 5/22/2017)	Board Member	2017
Adam Obrect (Appointed 5/22/2017)	Board Member	2017
Christopher Gunnare	Board Member	2017
Aldrich Cabildo	Board Member	2019
Katherine Hawsare	Board Member	2019
Cate Newberg	Board Member	2019
School District Officials		
Steve Bass	Superintendent	2017
Shelly Clifford	District Secretary/Treasurer and Chief Financial Officer	2017
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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 48 through 53 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, 2016, (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 16, 2017 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 16, 2017

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, 2017. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues were \$45,289,525 in fiscal year 2017, increasing by \$2.3 million or 5.3 percent, as compared to \$43,007,257 in the prior year. General Fund expenditures were \$43,596,140 in fiscal year 2017, compared to \$42,246,942 in fiscal year 2016, an increase of \$1.3 million or 3.2 percent. The District had revenues in excess of expenses for fiscal year 2017 in the amount of \$1.69 million, therefore maintaining the District's key financial indicators within the established financial targets.
- The Karen Acres Elementary Additions and Renovation project was underway in August 2015, and was completed during the summer of 2017. The \$5 million project includes a gymnasium addition, reconfigured and upgraded classrooms, offices, technology, and improvements to building safety and security.
- 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, 2017 totaled \$25.2 million for all funds. Additional detail is provided in the notes to Financial Statements Section.

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.

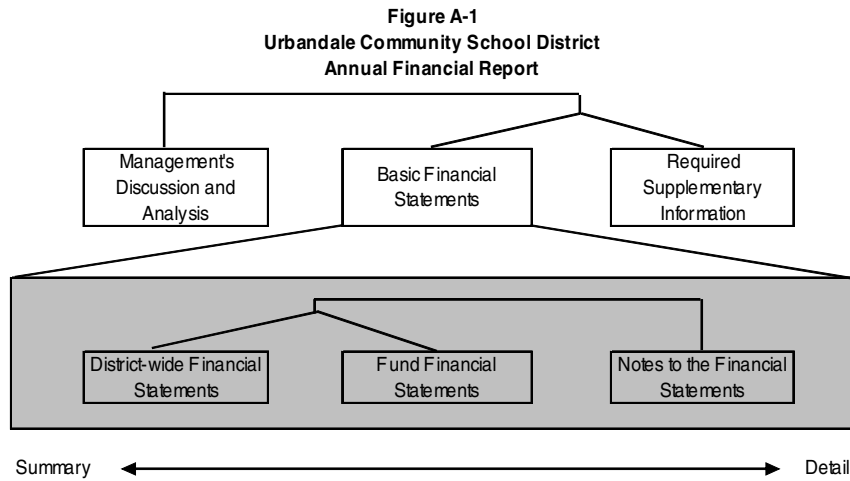


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2017**

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.
- *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, 2016 compared to 2015.

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	2016	2017	2016	2017	2016	2016-2017
Current assets	\$ 46,224,733	44,037,145	2,103,400	1,932,305	48,328,133	45,969,450	5.1%
Capital assets, net	90,101,706	90,376,125	325,332	402,679	90,427,038	90,778,804	-0.4%
Total assets	136,326,439	134,413,270	2,428,732	2,334,984	138,755,171	136,748,254	1.5%
Deferred outflow of resources	10,295,562	7,459,030	738,851	538,515	11,034,413	7,997,545	38.0%
Current liabilities	10,870,336	10,889,104	108,314	330,371	10,978,650	11,219,475	-2.1%
Long-term liabilities	82,925,803	82,299,411	1,886,946	1,537,562	84,812,749	83,836,973	1.2%
Total liabilities	93,796,139	93,188,515	1,995,260	1,867,933	95,791,399	95,056,448	0.8%
Deferred inflow of resources	24,856,895	25,329,222	262,628	339,337	25,119,523	25,668,559	-2.1%
Net position:							
Invested in capital assets, net of related debt	27,839,195	24,368,346	325,332	402,679	28,164,527	24,771,025	13.7%
Restricted	9,200,268	9,036,918	-	-	9,200,268	9,036,918	1.8%
Unrestricted	(9,070,496)	(10,050,701)	584,363	263,550	(8,486,133)	(9,787,151)	13.3%
Total net position	\$ 27,968,967	23,354,563	909,695	666,229	28,878,662	24,020,792	20.2%

The District's total net position increased from \$24 million in prior year to \$29 million for 2017, a 20 percent increase. The increase is primarily in deferred outflow of resources, which increased by \$3 million, or 38% 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 2017 total net position for investment in capital assets, net of related debt was \$28 million, a 13.7 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 increased slightly from \$9 million to \$9.2 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 13.3 percent to negative \$8.49 million. The unrestricted net position became negative in 2015 due to reporting on the District's net pension liability, as required by GASB 68.

Changes in Net Position – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2017 and 2016. These two main components calculate a change in net position under the full accrual method of accounting.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2017**

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2017	2016	2017	2016	2017	2016	2016-2017
Revenues:							
Program revenues:							
Charges for service	\$ 8,370,321	7,739,589	3,351,808	3,514,051	11,722,129	11,253,640	4.2%
Operating grants, contributions and restricted interest	6,135,536	6,486,446	883,380	843,090	7,018,916	7,329,536	-4.2%
General revenues:							
Property tax	20,924,315	20,059,084	-	-	20,924,315	20,059,084	4.3%
Statewide sales and services tax	3,261,001	3,199,361	-	-	3,261,001	3,199,361	1.9%
Unrestricted state grants	15,211,568	14,562,121	-	-	15,211,568	14,562,121	4.5%
Unrestricted investment earnings	22,434	2,220	3,595	3	26,029	2,223	1070.9%
Contributions	101,385	93,038	-	-	101,385	93,038	9.0%
Other	1,625,884	1,083,457	-	-	1,625,884	1,083,457	50.1%
Transfers	-	140,522	-	(140,522)	-	-	0.0%
Total revenues	55,652,444	53,365,838	4,238,783	4,216,622	59,891,227	57,582,460	4.0%
Program expenses:							
Governmental activities:							
Instruction	31,009,733	29,849,968	-	-	31,009,733	29,849,968	3.9%
Support services	15,901,848	14,523,016	-	-	15,901,848	14,523,016	9.5%
Non-instructional programs	77,552	28,313	3,995,317	4,160,447	4,072,869	4,188,760	-2.8%
Other expenses	4,048,907	4,032,620	-	-	4,048,907	4,032,620	0.4%
Total expenses	51,038,040	48,433,917	3,995,317	4,160,447	55,033,357	52,594,364	4.6%
Increase in net position	4,614,404	4,931,921	243,466	56,175	4,857,870	4,988,096	-2.6%
Net position at the beginning of year	23,354,563	18,422,642	666,229	610,054	24,020,792	19,032,696	26.2%
Net position end of year	\$ 27,968,967	23,354,563	909,695	666,229	28,878,662	24,020,792	20.2%

Total net position including all funds increased by 20.2 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 decreased slightly by \$300,000, or (4%) compared to prior year. General revenue includes levied taxes and unrestricted grants such as State foundation aid. Property tax revenues increased by 4.3% compared to prior fiscal year, while other general revenues increased by 50 percent, 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 85 percent of the total expenses shown in Figure A-4. These categories, which include most of the District's salaries and benefits, increased by 4 percent and 9.5 percent, respectively. Non-instructional program expenses such as for Nutrition Services and other enterprises were 2.8% lower than prior year, and other expenses such as for construction or debt service remained flat compared to 2016. The District's total expenses for all funds in fiscal year 2017 were \$55 million, up slightly (\$2.4 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	Net Cost of Services		Total Change
	2017	2016	2016-2017	2017	2016	2016-2017
Instruction	\$ 31,009,733	29,849,968	3.9%	18,217,776	17,302,241	5.3%
Support services	15,901,848	14,523,016	9.5%	15,603,892	14,229,185	9.7%
Non-instructional	77,552	28,313	173.9%	77,552	28,313	173.9%
Other expenses	4,048,907	4,032,620	0.4%	2,632,963	2,648,143	-0.6%
Totals	\$ 51,038,040	48,433,917	5.4%	36,532,183	34,207,882	6.8%

The total cost of all governmental activities for 2017 as shown above was \$51 million. Some of this cost, \$8.3 million, was financed by users of the District's programs, such as from fees or admissions revenues. Another \$4.7 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 2017 was \$36.5 million, financed primarily with \$15.2 million in unrestricted state aid, \$3.3 million in state-wide sales tax revenues, and \$20.9 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 increased by \$2.3 million or 7 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 four 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 \$1,929,534 for 2017, compared to \$1,876,364 in prior year. Nutrition Fund expenses were \$1,871,892 for 2017, compared to \$1,941,771 for the prior year. The net change of 57,642 increased the end of year net position for this fund to \$1,295,088 for 2017.

The Adventuretime Fund reported revenues of \$1,985,383 for the 2017 fiscal year, 3.5 percent more than the \$1,918,412 received in 2016. The program provides preschool, child care services before and after school, and all day during summer months. Expenses for 2017 were \$1,880,421, as compared to \$1,710,630 as compared to fiscal year 2016, a 10% increase. A positive net change of \$104,962 resulted in an end of year net position of (\$459,389). This fund is still recovering from the GASB 68 implementation, but is making gains.

The Community Education Fund reported revenues of \$323,866 and expenses of \$234,004 for 2017. Net position at fiscal year-end was 73,996 compared to (\$6,866) in prior year.

The Internal Service Fund for Self-funded health and dental insurance reported revenues of \$3.6 million and expenses of \$3.3 million, an increase of \$333,426 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 \$2.39 million for 2017.

Individual Fund Analysis

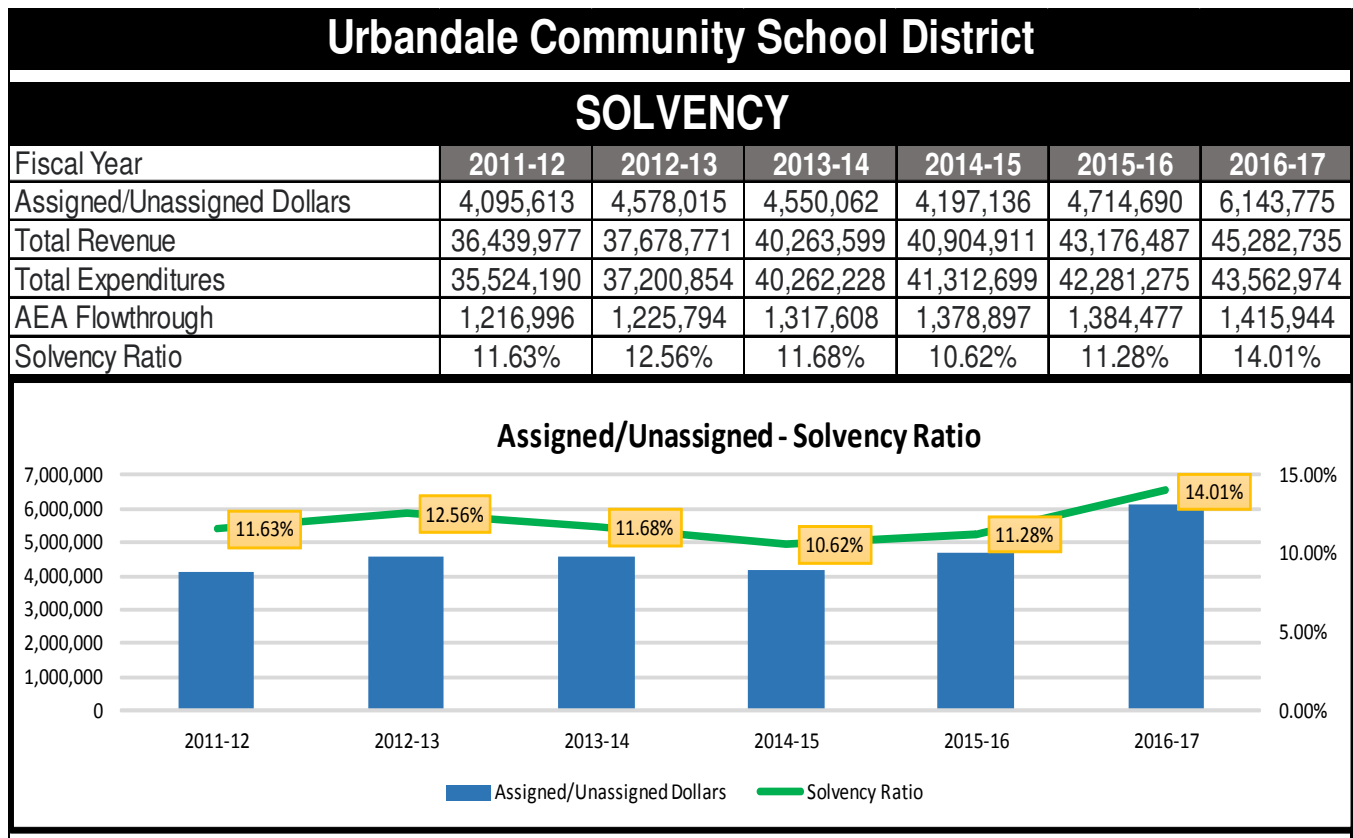
The Urbandale Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A summary financial analysis of individual District funds follows, categorized into governmental and business types.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2017**

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 \$16,342,062 at June 30, 2017, an increase of \$1,407,334, or 9.4 percent from prior year. The following highlights provide a closer look at each individual major fund:

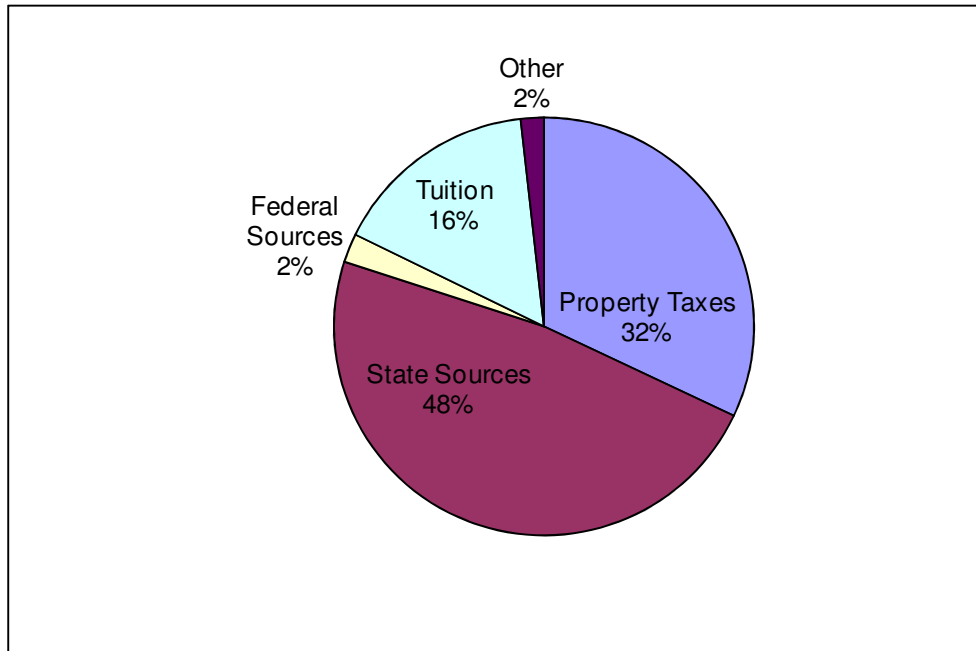
Governmental Fund Highlights

The **General Fund** ending fund balance was \$7,058,409 for 2017, as compared to \$5,359,581 in 2016, an increase of \$1.7M or 32 percent over prior year. The solvency ratio increased from 11.3 percent in 2016 to 14 percent for 2017. 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.

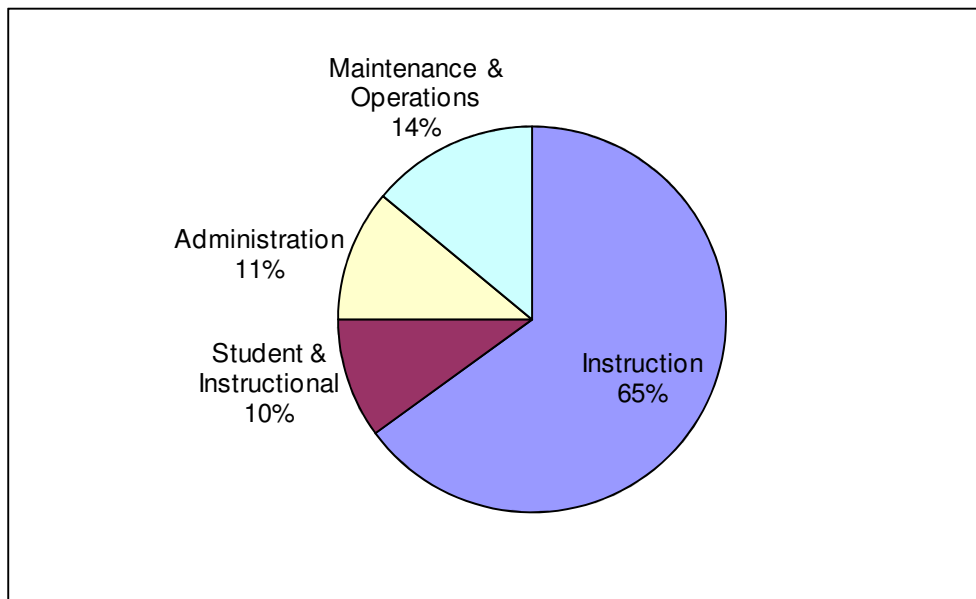


General Fund revenues totaled \$45,289,525 for fiscal year 2017, an increase of \$2.3 million or 5.3 percent over 2016. This increase was due in part to local property tax revenues and increases in tuition revenue and state sources.

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 million, or 32% of the total. State sources were \$21.5 million, representing 48% of total revenues. The other large revenue stream at 16 percent is for tuition payments from other school districts for open enrollment and special education services, which totaled over \$7.4 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 2017 were \$43,596,140, an increase of \$1.3 million or 3.1 percent over prior year. The General Fund is the largest of all the governmental fund group, comprising 80% of the total \$54.2 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 \$28.3 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 \$4.2 million or 10%. Administrative services were 11 percent at \$5 million, and the maintenance and operations expenses, such as custodial, utilities, and transportation, totaled \$4.7 million or 14 percent of all costs.

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 2017 were \$4.3 million. An additional \$2.1 million was transferred in from the Capital Projects Sales Tax fund for payments on sales tax revenue bonds. The total \$6.3 million expended in 2017 included \$3.9 million reducing principle and \$2.4 million in interest and fiscal agency charges.

**Urbandale Community School District
Management's Discussion & Analysis
Year ended June 30, 2017**

The **Capital Projects Funds** include the Physical Plant and Equipment Levy (PEEL) Fund and the Capital Projects Sales Tax Fund. Revenues totaled \$4.6 million for 2017, a 7% increase over prior year. While the Statewide Sales Tax revenues are these funds' largest source of revenue, totaling \$3.3 million in 2017, the voted PEEL levy substantially increased local tax revenues by \$245,000. Capital Projects Funds expenses totaled \$3 million for 2017, compared to \$4.1 million in fiscal year 2016. Technology purchases and other capital projects totaled \$.6 million. The combined Capital Projects Funds balance was \$6.3 million at June 30, 2017, including \$2.1 million reserved for debt service. The remaining \$4.2 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	\$ 31,833,728	28,945,774	2,887,954
Support services	18,301,843	15,244,906	3,056,937
Non-instructional programs	4,814,552	3,995,317	819,235
Other expenditures	11,607,339	10,054,430	1,552,909
	<u>\$ 66,557,462</u>	<u>58,240,427</u>	<u>8,317,035</u>

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, 2017, the District had invested \$90.1 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 increased from \$3.3 million in FY16 to \$5.3 million, as the district had a baseball lighting and other projects ongoing. No other significant increases to capital assets occurred, since most equipment additions during fiscal year 2017 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,
	2017	2016	2017	2016	2017	2016	2016-2017
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	5,297,643	3,332,240	-	-	5,297,643	3,332,240	100.0%
Buildings	82,613,247	85,033,100	-	-	82,613,247	85,033,100	-2.8%
Improvements	400,318	253,493	-	-	400,318	253,493	57.9%
Equipment and furniture	256,506	223,300	325,332	402,679	581,838	625,979	-7.1%
Total	<u>\$ 90,101,706</u>	<u>90,376,125</u>	<u>325,332</u>	<u>402,679</u>	<u>90,427,038</u>	<u>90,778,804</u>	<u>-0.4%</u>

Long-Term Debt

As shown in Figure A-7 below, the District had \$89 million in long-term debt obligations at year-end 2017, a slight 1.21% increase from prior year. Regular scheduled payments on general obligation and revenue bonds decreased those debt categories by \$3.8 million. Early retirement debt decreased by 38%, due to regularly scheduled payments to retirees. Increases to long term debt were reported in net pension liability, rising by \$5 million or 24.8%, along with a 4 percent rise in other postemployment benefits. 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,
	2017	2016	2016-2017
General obligation bonds	\$ 42,615,118	45,388,908	-6.11%
Revenue bonds	20,322,594	21,391,692	-5.00%
Early retirement	260,990	423,133	-38.32%
Compensated absences	121,414	87,429	38.87%
Net pension liability	25,229,353	20,210,270	24.83%
Other postemployment benefits	444,853	428,001	3.94%
Total	\$ 88,994,322	87,929,433	1.21%

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 14.7%, 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 14.9%. 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 9 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 17, 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 \$0.9 million in General Fund restricted fund balance at fiscal year-end 2017. The revenue and the spending authority to utilize it was received during 2017 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

Urbandale Community School District
Statement of Net Position
June 30, 2017

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 19,789,517	2,090,351	21,879,868
Receivables:			
Property tax:			
Delinquent	45,375	-	45,375
Succeeding year	21,529,925	-	21,529,925
Accounts	54,354	-	54,354
Due from other governments	4,805,562	-	4,805,562
Inventories	-	13,049	13,049
Total current assets	46,224,733	2,103,400	48,328,133
Non-current assets:			
Capital assets:			
Capital assets, nondepreciable	6,831,635	-	6,831,635
Capital assets, depreciable, net of depreciation	83,270,071	325,332	83,595,403
Total non-current assets	90,101,706	325,332	90,427,038
Total assets	136,326,439	2,428,732	138,755,171
Deferred Outflows of Resources			
Deferred charge on refunding	675,201	-	675,201
Pension related deferred outflows	9,620,361	738,851	10,359,212
Total deferred outflows of resources	10,295,562	738,851	11,034,413
Liabilities			
Current liabilities:			
Accounts payable	1,241,167	18,491	1,259,658
Medical insurance claims payable	430,752	-	430,752
Accrued salaries and benefits payable	4,161,310	14,720	4,176,030
Other payables	391	-	
Advances for services	133,598	72,173	205,771
Accrued interest payable	724,475	-	724,475
General obligation bonds payable	2,813,790	-	2,813,790
Revenue bonds payable	1,114,098	-	1,114,098
Early retirement	132,271	-	132,271
Compensated absences	118,484	2,930	121,414
Total current liabilities	10,870,336	108,314	10,978,650
Non-current liabilities:			
General obligation bonds payable	39,801,328	-	39,801,328
Revenue bonds payable	19,208,496	-	19,208,496
Early retirement	128,719	-	128,719
Net pension liability	23,401,972	1,827,380	25,229,352
Other postemployment benefits	385,288	59,566	444,854
Total non-current liabilities	82,925,803	1,886,946	84,812,749
Total liabilities	93,796,139	1,995,260	95,791,399
Deferred Inflows of Resources			
Unavailable property tax revenue	21,529,925	-	21,529,925

Exhibit A

**Urbandale Community School District
Statement of Net Position
June 30, 2017**

	Governmental Activities	Business type Activities	Total
Pension related deferred inflows	3,326,970	262,628	3,589,598
Total deferred inflows of resources	24,856,895	262,628	25,119,523
Net Position			
Net investment in capital assets	27,839,195	325,332	28,164,527
Restricted for:			
Categorical funding	902,080	-	902,080
Debt service	3,563,742	-	3,563,742
Management levy purpose	731,693	-	731,693
Student activities	224,727	-	224,727
Public education & recreation levy purposes	128,867	-	128,867
School infrastructure	1,708,410	-	1,708,410
Physical plant and equipment	1,940,749	-	1,940,749
Unrestricted	(9,070,496)	584,363	(8,486,133)
Total net position	\$ 27,968,967	909,695	28,878,662

See notes to financial statements.

Urbandale Community School District
Statement of Activities
Year Ended June 30, 2017

	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	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 19,291,868	5,670,386	3,760,143	-	(9,861,339)	-	(9,861,339)
Special	6,669,626	1,877,053	799,874	-	(3,992,699)	-	(3,992,699)
Other	5,048,239	616,897	67,604	-	(4,363,738)	-	(4,363,738)
	<u>31,009,733</u>	<u>8,164,336</u>	<u>4,627,621</u>	<u>-</u>	<u>(18,217,776)</u>	<u>-</u>	<u>(18,217,776)</u>
Support Service:							
Student	1,831,650	-	-	-	(1,831,650)	-	(1,831,650)
Instructional staff	3,266,358	-	-	-	(3,266,358)	-	(3,266,358)
Administration	5,332,172	-	-	-	(5,332,172)	-	(5,332,172)
Operating and maintenance of plant	4,170,888	118,939	-	-	(4,051,949)	-	(4,051,949)
Transportation	1,300,780	87,046	91,971	-	(1,121,763)	-	(1,121,763)
	<u>15,901,848</u>	<u>205,985</u>	<u>91,971</u>	<u>-</u>	<u>(15,603,892)</u>	<u>-</u>	<u>(15,603,892)</u>
Non-instructional programs	77,552	-	-	-	(77,552)	-	(77,552)
Other expenditures:							
Facilities acquisition	86,492	-	-	-	(86,492)	-	(86,492)
Long-term debt interest	2,546,471	-	-	-	(2,546,471)	-	(2,546,471)
AEA flowthrough	1,415,944	-	1,415,944	-	-	-	-
	<u>4,048,907</u>	<u>-</u>	<u>1,415,944</u>	<u>-</u>	<u>(2,632,963)</u>	<u>-</u>	<u>(2,632,963)</u>
Total governmental activities	51,038,040	8,370,321	6,135,536	-	(36,532,183)	-	(36,532,183)
Business type activities:							
Non-instructional programs:							
Nutrition services	1,871,892	1,103,939	822,000	-	-	54,047	54,047
Child Care services	1,880,421	1,924,003	61,380	-	-	104,962	104,962
Community Education	243,004	323,866	-	-	-	80,862	80,862
	<u>3,995,317</u>	<u>3,351,808</u>	<u>883,380</u>	<u>-</u>	<u>-</u>	<u>239,871</u>	<u>239,871</u>
Total primary government	\$ 55,033,357	11,722,129	7,018,916	-	(36,532,183)	239,871	(36,292,312)
General Revenues:							
Property tax levied for:							
General purposes					15,357,057	-	15,357,057
Debt service					4,199,749	-	4,199,749
Capital outlay					1,367,509	-	1,367,509
Statewide sales, services and use tax					3,261,001	-	3,261,001
Unrestricted state grants					15,211,568	-	15,211,568
Unrestricted investment earnings					22,434	3,595	26,029
Contributions					101,385	-	101,385
Other general revenues					1,625,884	-	1,625,884
Total general revenues					<u>41,146,587</u>	<u>3,595</u>	<u>41,150,182</u>
Change in net position					4,614,404	243,466	4,857,870
Net position beginning of year					<u>23,354,563</u>	<u>666,229</u>	<u>24,020,792</u>
Net position end of year					<u>\$ 27,968,967</u>	<u>909,695</u>	<u>28,878,662</u>

See notes to financial statements.

Exhibit C

**Urbandale Community School District
Balance Sheet
Governmental Funds
June 30, 2017**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 8,092,575	2,167,277	5,360,754	1,351,910	16,972,516
Receivables:					
Property tax:					
Delinquent	32,080	8,767	2,530	1,998	45,375
Succeeding year	14,474,049	4,188,121	2,118,172	749,583	21,529,925
Accounts	54,354	-	-	-	54,354
Due from other governments	4,188,129	-	617,433	-	4,805,562
Total assets	\$ 26,841,187	6,364,165	8,098,889	2,103,491	43,407,732
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,013,430	-	219,385	7,631	1,240,446
Salaries and benefits payable	4,161,310	-	-	-	4,161,310
Advances for services	133,598	-	-	-	133,598
Other liabilities	391	-	-	-	391
Total liabilities	5,308,729	-	219,385	7,631	5,535,745
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	14,474,049	4,188,121	2,118,172	749,583	21,529,925
Total deferred inflows of resources	14,474,049	4,188,121	2,118,172	749,583	21,529,925
Fund balances:					
Restricted for:					
Categorical funding	902,080	-	-	-	902,080
Debt service	-	2,176,044	2,112,173	-	4,288,217
Management levy purposes	-	-	-	992,683	992,683
Student activities	-	-	-	224,727	224,727
Public education & recreation levy purposes	-	-	-	128,867	128,867
School infrastructure	-	-	1,708,410	-	1,708,410
Physical plant and equipment	-	-	1,940,749	-	1,940,749
Unassigned	6,156,329	-	-	-	6,156,329
Total fund balances	7,058,409	2,176,044	5,761,332	1,346,277	16,342,062
Total liabilities, deferred inflows of resources and fund balances	\$ 26,841,187	6,364,165	8,098,889	2,103,491	43,407,732

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, 2017**

Total fund balances of governmental funds (Exhibit C) \$ 16,342,062

***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. 90,101,706

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. 2,385,528

Pension 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	\$	9,620,361	
Deferred inflows of resources		(3,326,970)	6,293,391

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	(42,615,118)		
Revenue bonds payable	(20,322,594)		
Deferred amount on refunding	675,201		
Accrued interest	(724,475)		
Early retirement	(260,990)		
Compensated absences	(118,484)		
Net pension liability	(23,401,972)		
Other postemployment benefits	(385,288)		
			(87,153,720)

Net position of governmental activities (Exhibit A) \$ 27,968,967

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, 2017

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 14,607,675	4,199,749	1,211,835	905,056	20,924,315
Tuition	7,374,464	-	-	-	7,374,464
Other	758,742	1,043	40,181	534,755	1,334,721
Intermediate sources	51,573	-	-	-	51,573
State sources	21,486,906	134,147	3,299,709	31,001	24,951,763
Federal sources	1,010,165	-	-	-	1,010,165
Total revenues	45,289,525	4,334,939	4,551,725	1,470,812	55,647,001
Expenditures:					
Current:					
Instruction:					
Regular	17,851,629	-	-	161,780	18,013,409
Special	6,200,676	-	-	-	6,200,676
Other	4,230,487	-	-	501,202	4,731,689
	28,282,792	-	-	662,982	28,945,774
Support services:					
Student	1,701,680	-	-	-	1,701,680
Instructional staff	2,525,689	-	595,400	-	3,121,089
Administration	4,959,924	-	-	115,745	5,075,669
Operation and maintenance of plant	3,409,514	-	87,126	549,104	4,045,744
Transportation	1,300,597	-	-	127	1,300,724
	13,897,404	-	682,526	664,976	15,244,906
Other expenditures:					
Facilities acquisition	-	-	2,319,723	25,000	2,344,723
Long-term debt:					
Principal	-	3,855,000	-	-	3,855,000
Interest and fiscal charges	-	2,433,713	-	-	2,433,713
Purchased services	-	5,050	-	-	5,050
AEA flowthrough	1,415,944	-	-	-	1,415,944
	1,415,944	6,293,763	2,319,723	25,000	10,054,430
Total expenditures	43,596,140	6,293,763	3,002,249	1,352,958	54,245,110
Excess (deficiency) of revenues over (under) expenditures	1,693,385	(1,958,824)	1,549,476	117,854	1,401,891

Exhibit E

Urbandale Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2017

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Other financing sources (uses):					
Proceeds from sale of capital assets	5,443	-	-	-	5,443
Operating transfers in	-	2,106,917	-	-	2,106,917
Operating transfers out	-	-	(2,106,917)	-	(2,106,917)
Total other financing sources (uses)	5,443	2,106,917	(2,106,917)	-	5,443
Change in fund balances	1,698,828	148,093	(557,441)	117,854	1,407,334
Fund balances beginning of year	5,359,581	2,027,951	6,318,773	1,228,423	14,934,728
Fund balances end of year	\$ 7,058,409	2,176,044	5,761,332	1,346,277	16,342,062

See notes to financial statements.

**Urbandale Community School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds to the Statement of Activities
 Year ended June 30, 2017**

Net change in fund balances - total governmental funds (Exhibit E) \$ 1,407,334

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	\$ 2,258,231	
Depreciation/amortization expense	<u>(2,532,650)</u>	(274,419)

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:

Repayments of bond and note principal	3,855,000	
Amortization of bond premiums	19,777	
Amortization of bond discounts	(31,889)	
Amortization of deferred amount on refunding	<u>(97,620)</u>	3,745,268

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. 2,024

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. 2,481,674

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	162,143	
Compensated absences	(48,557)	
Pension expense	(3,179,903)	
Other postemployment benefits	<u>(14,596)</u>	(3,080,913)

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. 333,436

Change in net position of governmental activities (Exhibit B) \$ 4,614,404

See notes to financial statements.

Exhibit G

**Urbandale Community School District
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalent	\$ 2,090,351	2,817,001
Inventories	13,049	-
Total current assets	<u>2,103,400</u>	<u>2,817,001</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	325,332	-
Total assets	<u>2,428,732</u>	<u>2,817,001</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>738,851</u>	-
Liabilities		
Current liabilities:		
Accounts payable	18,491	721
Medical insurance claims liability	-	430,752
Salaries and benefits payable	14,720	-
Advances for services	72,173	-
Compensated absences	2,930	-
Total current liabilities	<u>108,314</u>	<u>431,473</u>
Noncurrent liabilities:		
Net pension liability	1,827,380	-
Other postemployment benefits	59,566	-
Total noncurrent liabilities	<u>1,886,946</u>	<u>-</u>
Total liabilities	<u>1,995,260</u>	<u>431,473</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>262,628</u>	-
Net Position		
Net investment in capital assets	325,332	-
Unrestricted	584,363	2,385,528
Total net position	<u>\$ 909,695</u>	<u>2,385,528</u>

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, 2017

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Operating revenue:		
Local sources:		
Charges for services	\$ 3,351,808	3,629,848
Operating expenses:		
Instructional Programs:		
Support services:		
Administrative services:		
Other	-	3,300,315
	-	3,300,315
Non-instructional programs:		
Community service operations:		
Other	2,123,425	-
Food service operations:		
Depreciation	89,644	-
Other	1,782,248	-
	3,995,317	-
Total operating expenses	3,995,317	3,300,315
Operating income (loss)	(643,509)	329,533
Non-operating revenue:		
State sources	75,121	-
Federal sources	808,259	-
Interest income	3,595	3,903
Total non-operating revenue	886,975	3,903
Change in net position	243,466	333,436
Net position beginning of year	666,229	2,052,092
Net position end of year	\$ 909,695	2,385,528

See notes to financial statements.

Urbandale Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,108,843	-
Cash received from miscellaneous operating activities	2,110,274	3,629,848
Cash paid to employees for services	(2,659,876)	(3,230,242)
Cash paid to suppliers for goods or services	(1,094,712)	(54,479)
Net cash provided (used) by operating activities	<u>(535,471)</u>	<u>345,127</u>
Cash flows from non-capital financing activities:		
Due to other funds proceeds	(13,234)	-
State grants received	75,121	-
Federal grants received	689,525	-
Net cash provided by non-capital financing activities	<u>751,412</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(12,297)	-
Net cash provided by investing activities	<u>(12,297)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on cash and investments	3,595	3,903
Net cash provided by investing activities	<u>3,595</u>	<u>3,903</u>
Net increase in cash and cash equivalents	207,239	349,030
Cash and cash equivalents at beginning of year	<u>1,883,112</u>	<u>2,467,971</u>
Cash and cash equivalents at end of year	<u>\$ 2,090,351</u>	<u>2,817,001</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	\$ (643,509)	329,533
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used	118,734	-
Depreciation	89,644	-
Decrease in receivables	31,328	-
(Increase) in inventories	(1,924)	-
Decrease in prepaid expense	6,740	-
(Decrease) in accounts payable	(21,465)	(1,037)
Increase in medical insurance claims payable	-	16,631
(Decrease) in salaries and benefits payable	(8,767)	-
(Decrease) in advances for services	(164,019)	-
(Decrease) in compensated absences	(14,572)	-
Increase in net pension liability	347,127	-
(Increase) in deferred outflows of resources	(200,336)	-
(Decrease) in deferred inflows of resources	(76,709)	-
Increase in other post employment benefits	2,257	-
Net cash provided (used) by operating activities	<u>\$ (535,471)</u>	<u>345,127</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2017, the District received \$118,734 of federal commodities.

See notes to financial statements.

Exhibit J

**Urbandale Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	<u>Agency</u>
Assets	
Cash, cash equivalent and pooled investments	\$ 244,210
Receivables:	
Other	<u>1,000</u>
Total assets	<u>245,210</u>
Liabilities	
Accounts payable	1,910
Due to other entities	<u>243,300</u>
Total liabilities	<u>245,210</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.

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 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..

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.

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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2016.

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.

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 the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or 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, 2017, expenditures did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2017, 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, 2017, the District had investments as follows:

Type	
Iowa Schools Joint Investment Trust (ISJIT)	\$ 5,018,437
The Education Liquidity Fund (TELF)	3,006,937
Wells Fargo Adv Government MM Fund	4,853,171
	<u>\$ 12,878,545</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, 2017 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects - Statewide Sales, Services and Use Tax	\$ 2,106,917

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

Urbandale Community School District
Notes to Financial Statements
June 30, 2017

(5) Capital Assets

Capital assets activity for the year ended June 30, 2017 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	3,332,240	1,965,403	-	5,297,643
Total capital assets not being depreciated	4,866,232	1,965,403	-	6,831,635
Capital assets being depreciated:				
Buildings	118,597,497	-	-	118,597,497
Improvements other than buildings	706,964	178,390	-	885,354
Furniture and equipment	2,422,682	114,438	-	2,537,120
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	123,273,248	292,828	-	123,566,076
Less accumulated depreciation for:				
Buildings	33,564,397	2,419,853	-	35,984,250
Improvements other than buildings	453,471	31,565	-	485,036
Furniture and equipment	2,199,382	81,232	-	2,280,614
Leased equipment	1,546,105	-	-	1,546,105
Total accumulated depreciation	37,763,355	2,532,650	-	40,296,005
Total capital assets being depreciated, net	85,509,893	(2,239,822)	-	83,270,071
Governmental activities capital assets, net	\$ 90,376,125	(274,419)	-	90,101,706
Business type activities:				
Furniture and equipment	\$ 1,479,810	12,297	-	1,492,107
Less accumulated depreciation	1,077,131	89,644	-	1,166,775
Business type activities capital assets, net	\$ 402,679	(77,347)	-	325,332

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 1,124,641
Special	388,339
Other	266,518

Support services:

Student support	116,344
Instructional staff	130,258
Administration	294,363
Operation and maintenance of plant	117,808
Transportation	-
Noninstructional	94,379

Total governmental activities depreciation expense \$ 2,532,650

Business type activities:

Food services	\$ 89,644
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Urbandale Community School District
Notes to Financial Statements
June 30, 2017

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017 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	\$ 45,605,000	-	2,790,000	42,815,000	2,830,000
Premiums on general obligation bonds	146,624	-	15,679	130,945	15,679
Discounts on general obligation bonds	(362,716)	-	(31,889)	(330,827)	(31,889)
Subtotal general obligation bonds	45,388,908	-	2,773,790	42,615,118	2,813,790
Revenue bonds	21,335,000	-	1,065,000	20,270,000	1,110,000
Premiums on revenue bonds	56,692	-	4,098	52,594	4,098
Subtotal revenue bonds	21,391,692	-	1,069,098	20,322,594	1,114,098
Early retirement	423,133	-	162,143	260,990	132,271
Compensated absences	69,927	118,484	69,927	118,484	118,484
Net pension liability	18,730,017	4,671,955	-	23,401,972	-
Net OPEB liability	370,692	14,596	-	385,288	-
Subtotal, governmental activities	86,374,369	4,805,035	4,074,958	87,104,446	4,178,643
Business type activities:					
Compensated absences	17,502	2,930	17,502	2,930	2,930
Net pension liability	1,480,253	347,127	-	1,827,380	-
Net OPEB liability	57,309	2,257	-	59,566	-
Subtotal, business type activities	1,555,064	352,314	17,502	1,889,876	2,930
Total	\$ 87,929,433	5,157,349	4,092,460	88,994,322	4,181,573

General Obligation Bonds

Details of the District's June 30, 2017 general obligation bonded indebtedness are as follows:

Year ending June 30,	Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
2018	4.25%	\$ -	540,770	540,770
2019	4.25%	-	540,770	540,770
2020	4.25%	-	540,770	540,770
2021	4.25%	-	540,770	540,770
2022	4.25%	-	540,770	540,770
2023	4.25%	-	540,770	540,770
2024	4.25%	-	540,770	540,770
2025	4.25%	-	540,770	540,770
2026	4.25%	-	540,770	540,770
2027	4.25%	3,710,000	540,770	4,250,770
2028	4.30%	3,865,000	383,095	4,248,095
2029	4.50%	4,030,000	216,900	4,246,900
2030	4.50%	790,000	35,550	825,550
		12,395,000	6,043,245	18,438,245

Urbandale Community School District
Notes to Financial Statements
June 30, 2017

General Obligation Bonds (continued)

Year ending June 30,	Refunding Bond Issue on May 1, 2010			
	Interest Rate	Principal	Interest	Total
2018	3.750%	\$ 1,070,000	300,581	1,370,581
2019	3.850%	1,055,000	266,294	1,321,294
2020	3.375%	1,195,000	230,869	1,425,869
2021	3.625%	1,235,000	190,312	1,425,312
2022	3.750%	1,240,000	146,319	1,386,319
2023	3.875%	1,295,000	99,644	1,394,644
2024	4.000%	1,315,000	50,644	1,365,644
2025	4.000%	-	10,625	10,625
2026	4.000%	-	10,625	10,625
2027	4.250%	250,000	10,625	260,625
		<u>8,655,000</u>	<u>1,316,538</u>	<u>9,971,538</u>

Year ending June 30,	Crossover Refunding Bond Issue on December 1, 2011			
	Interest Rate	Principal	Interest	Total
2018	1.450%	\$ 1,025,000	196,278	1,221,278
2019	1.750%	1,040,000	181,415	1,221,415
2020	1.900%	1,060,000	163,215	1,223,215
2021	2.100%	1,085,000	143,075	1,228,075
2022	2.250%	1,100,000	120,290	1,220,290
2023	2.400%	1,130,000	95,540	1,225,540
2024	2.500%	1,160,000	68,420	1,228,420
2025	2.600%	1,190,000	39,420	1,229,420
2026	2.650%	320,000	8,480	328,480
		<u>9,110,000</u>	<u>1,016,133</u>	<u>10,126,133</u>

Year ending June 30,	Crossover Refunding Bond Issue on January 1, 2012			
	Interest Rate	Principal	Interest	Total
2018	1.45%	\$ 735,000	154,242	889,242
2019	1.75%	820,000	143,585	963,585
2020	1.90%	735,000	129,235	864,235
2021	2.10%	750,000	115,270	865,270
2022	2.25%	760,000	99,520	859,520
2023	2.40%	780,000	82,420	862,420
2024	2.50%	820,000	63,700	883,700
2025	2.70%	35,000	43,200	78,200
2026	2.70%	1,565,000	42,255	1,607,255
		<u>7,000,000</u>	<u>873,427</u>	<u>7,873,427</u>

Urbandale Community School District
Notes to Financial Statements
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General Obligation Bonds (continued)

Year ending June 30,	Refunding Bond Issue on April 2, 2015			
	Interest Rate	Principal	Interest	Total
2018	2.50%	\$ -	163,750	163,750
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
		<u>5,655,000</u>	<u>1,960,700</u>	<u>7,615,700</u>

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2018	\$ 2,830,000	1,355,621	4,185,621
2019	2,915,000	1,295,814	4,210,814
2020	2,990,000	1,227,839	4,217,839
2021	3,070,000	1,153,177	4,223,177
2022	3,100,000	1,070,649	4,170,649
2023	3,205,000	982,124	4,187,124
2024	3,295,000	887,284	4,182,284
2025	2,405,000	797,765	3,202,765
2026	2,465,000	736,380	3,201,380
2027	3,960,000	668,245	4,628,245
2028	3,865,000	499,945	4,364,945
2029	4,030,000	333,750	4,363,750
2030	3,050,000	152,400	3,202,400
2031	1,635,000	49,050	1,684,050
	<u>\$ 42,815,000</u>	<u>11,160,993</u>	<u>53,975,993</u>

Urbandale Community School District
Notes to Financial Statements
June 30, 2017

Revenue Bonds

Details of the District's June 30, 2017 statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year ending June 30,	Revenue bond Issue of April 9, 2009			
	Interest Rate	Principal	Interest	Total
2018	4.125%	\$ 1,110,000	975,066	2,085,066
2019	4.375%	1,160,000	928,247	2,088,247
2020	4.500%	1,205,000	877,963	2,082,963
2021	4.700%	1,260,000	823,254	2,083,254
2022	4.800%	1,315,000	764,001	2,079,001
2023	5.000%	1,375,000	700,099	2,075,099
2024	5.000%	1,440,000	631,099	2,071,099
2025	5.125%	1,515,000	557,224	2,072,224
2026	5.150%	1,590,000	478,605	2,068,605
2027	5.250%	1,670,000	394,859	2,064,859
2028	5.250%	1,755,000	305,788	2,060,788
2029	5.375%	1,850,000	211,156	2,061,156
2030	5.375%	3,025,000	110,322	3,135,322
		<u>\$ 20,270,000</u>	<u>7,757,683</u>	<u>28,027,683</u>

The District has pledged future statewide sales, services and use tax revenues for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$28,027,683. For the current year, \$1,065,000 principal and \$1,019,926 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$3,261,001.

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.

The District complied with all of the provisions during the year ended June 30, 2017.

As of June 30, 2017, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 1,955,835,267</u>
Debt limit of 5% of total assessed valuation	\$ 97,791,763
Amount of debt applicable to debt limit	<u>63,085,000</u>
Excess of debt limit over bonded debt issued, legal debt margin.	<u>\$ 34,706,763</u>

Early Retirement

The District has two voluntary early retirement plans in effect at June 30, 2017. 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 5 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, 2017 totaled \$162,143.

(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
2018	\$ 45,223
2019	45,677
2020	46,131
2021	46,585
2022	27,329
	\$ 210,945

The total lease expense for the year ended June 30, 2017 was \$44,769.

(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 7401 Register Drive, 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 starting 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. 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 2017, 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, 2017 were \$2,666,063.

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Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the District reported a liability of \$25,229,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District's proportion was 0.404560%, which was an decrease of 0.001967% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$3,434,374. At June 30, 2017, 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	\$ 222,778	301,102
Changes of assumptions	384,920	-
Net difference between projected and actual earnings on IPERS' investments	6,716,457	3,122,071
Changes in proportion and differences between District contributions and proportionate share of contributions	368,994	166,425
District contributions subsequent to the measurement date	2,666,063	-
Total	\$ 10,359,212	3,589,598

\$2,666,063 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2018	\$ 604,639
2019	604,639
2020	1,897,662
2021	1,026,670
2022	(30,059)
	\$ 4,103,551

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 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, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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>
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, 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 (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 40,817,679	\$ 25,229,352	\$ 12,072,602

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, 2017, the District reported payables to IPERS of \$222,484 for legally required District contributions and \$148,239 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 operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 406 active and 33 retired members in the plan. Retired participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 15 continuous years prior to the retirement year. "Full-time" service is defined as at least 30 hours per week. Years of service as a substitute employee

Urbandale Community School District
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shall not count as a year of service. The employee must have been employed on a regular contract. Part-time years may not be accumulated to equal a full-time year.

The medical/prescription drug coverage is provided through an insurance program administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 246,000
Interest on net OPEB obligation	17,120
Adjustment to annual required contribution	(14,267)
Annual OPEB cost	<u>248,853</u>
Contributions made	<u>(232,000)</u>
Increase in net OPEB obligation	16,853
Net OPEB obligation beginning of year	<u>428,001</u>
Net OPEB obligation end of year	<u><u>\$ 444,854</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the District contributed \$6,730 per employee. Active employee members and some retirees were not required to contribute. Retirees, who were not participants of Early Retirement Plans in 2011 or before, pay 100% of premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 834,000	68.35%	\$ 370,000
June 30, 2011	835,555	68.22%	635,555
June 30, 2012	398,000	113.32%	582,555
June 30, 2013	397,190	123.87%	488,000
June 30, 2014	231,255	117.75%	447,000
June 30, 2015	231,073	122.04%	396,073
June 30, 2016	247,928	93.23%	428,001
June 30, 2017	248,853	93.23%	444,854

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$2,039,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,039,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,110,000, and the ratio of the UAAL to covered payroll was 8.1%. As of June 30, 2017, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.0% discount rate based on the District's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$664 per month for retirees less than age 65 and \$698 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

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

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

The medical plan received an annual actuarial opinion and the annual report is filed with the State of Iowa Insurance Division. The medical insurance claims liability of \$430,752 at June 30, 2017, 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 \$1,415,944 for the year ended June 30, 2017, 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, 2017 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	\$ 184,201
City of Grimes	Urban renewal and economic development projects	1,160

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, 2017, this reimbursement amounted to \$83,023.

13) Construction Commitment

The District has active construction projects as of June 30, 2017. The projects include the Karen Acres Elementary Addition/renovation project, a network system project and a baseball lighting project. A summary of the projected costs of each project and the costs incurred through June 30, 2017 is as follows:

Project	Contract Amount	Costs through June 30, 2017
Karen Acres Elementary Addition/Renovation	\$ 5,021,314	4,719,227
Network System Project	791,653	563,781
Baseball Lighting Project	230,506	14,635
Total Construction In Progress	\$ 6,043,473	5,297,643

(14) Deficit Net Position

A net position deficit of \$459,389 exists in the Enterprise, Child Care Fund.

(15) New Accounting Pronouncement

The District adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the District.

(16) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

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, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 29,633,500	3,355,403	32,988,903	35,739,384	(2,750,481)
Intermediate sources	51,573	-	51,573	60,000	(8,427)
State sources	24,951,763	75,121	25,026,884	24,981,282	45,602
Federal sources	1,010,165	808,259	1,818,424	2,482,646	(664,222)
Total revenues	55,647,001	4,238,783	59,885,784	63,263,312	(3,377,528)
Expenditures:					
Instruction	28,945,774	-	28,945,774	31,833,728	2,887,954
Support services	15,244,906	-	15,244,906	18,301,843	3,056,937
Non-instructional programs	-	3,995,317	3,995,317	4,814,552	819,235
Other expenditures	10,054,430	-	10,054,430	11,607,339	1,552,909
Total expenditures	54,245,110	3,995,317	58,240,427	66,557,462	8,317,035
Excess (deficiency) of revenues over (under) expenditures	1,401,891	243,466	1,645,357	(3,294,150)	4,939,507
Other financing sources (uses), net	5,443	-	5,443	-	5,443
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	1,407,334	243,466	1,650,800	(3,294,150)	4,944,950
Balances beginning of year	14,934,728	666,229	15,600,957	9,458,056	6,142,901
Balances end of year	\$ 16,342,062	909,695	17,251,757	6,163,906	11,087,851

See accompanying independent auditor's report.

Urbandale Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2017

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 did not need to adopt a budget amendment.

During the year ended June 30, 2017, 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 Three Years * (In Thousands)
Required Supplementary Information

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 2,671	2,569	2,503	2,437	2,211	1,969	1,614	1,568	1,465	1,280
Contributions in relation to the statutorily required contribution	(2,671)	(2,569)	(2,503)	(2,437)	(2,211)	(1,969)	(1,614)	(1,568)	(1,465)	(1,280)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 29,912	28,768	28,029	27,285	25,506	24,393	23,217	23,578	23,077	21,163
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

See accompanying independent auditor's report.

Urbandale Community School District
Notes to Required Supplementary Information - Pension Liability
Year Ended June 30, 2017

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.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- 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 Funding Progress for the Retiree Health Plan
Required Supplementary Information**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	4,317,000	4,317,000	0.0%	\$ 22,608,950	19.1%
2010	July 1, 2009	-	7,900,000	7,900,000	0.0%	23,053,600	34.3%
2011	July 1, 2009	-	7,900,000	7,900,000	0.0%	22,644,748	34.9%
2012	July 1, 2011	-	4,100,000	4,100,000	0.0%	24,327,520	16.9%
2013	July 1, 2012	-	4,100,000	4,100,000	0.0%	22,731,852	18.0%
2014	July 1, 2013	-	2,125,000	2,125,000	0.0%	22,845,386	9.3%
2015	July 1, 2013	-	2,125,000	2,125,000	0.0%	23,277,744	9.1%
2016	July 1, 2015	-	2,039,000	2,039,000	0.0%	23,879,731	8.5%
2017	July 1, 2015	-	2,039,000	2,039,000	0.0%	25,107,723	8.1%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Urbandale Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017

	Special Revenue Funds			
	Student Activity	Management	Public Education & Recreation Levy	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 232,358	991,029	128,523	1,351,910
Receivables:				
Property tax:				
Delinquent	-	1,654	344	1,998
Succeeding year	-	589,997	159,586	749,583
Total assets	\$ 232,358	1,582,680	288,453	2,103,491
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 7,631	-	-	7,631
Total liabilities	7,631	-	-	7,631
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	589,997	159,586	749,583
Total deferred inflows of resources	-	589,997	159,586	749,583
Fund Balances:				
Restricted for:				
Management levy purposes	-	992,683	-	992,683
Student activities	224,727	-	-	224,727
Public education & recreation levy purposes	-	-	128,867	128,867
Unassigned	224,727	992,683	128,867	1,346,277
Total liabilities, deferred inflows of resources and fund equity	\$ 232,358	1,582,680	288,453	2,103,491

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, 2017

	Special Revenue Funds			Total
	Student Activity	Management	Public Education & Recreation Levy	
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ -	714,312	148,389	862,701
Utility tax replacement excise tax	-	35,070	7,285	42,355
	-	749,382	155,674	905,056
Other local sources:				
Interest on investments	66	-	-	66
Other	534,689	-	-	534,689
	534,755	-	-	534,755
	534,755	749,382	155,674	1,439,811
State sources:				
Revenue in lieu of taxes :				
Military credit	-	219	46	265
Commercial & industrial replacement tax	-	25,449	5,287	30,736
	-	25,668	5,333	31,001
Total revenues	534,755	775,050	161,007	1,470,812
Expenditures:				
Current:				
Instruction:				
Regular	-	161,780	-	161,780
Other	501,202	-	-	501,202
	501,202	161,780	-	662,982
Support services:				
Administration:	-	-	115,745	115,745
Operation and maintenance of plant	-	549,104	-	549,104
Transportation	127	-	-	127
	127	549,104	115,745	664,976
Other expenditures:				
Facilities acquisition	-	-	25,000	25,000
Total expenditures	501,329	710,884	140,745	1,352,958
Excess (deficiency) of revenues over (under) expenditures	33,426	64,166	20,262	117,854
Fund balances beginning of year	191,301	928,517	108,605	1,228,423
Fund balances end of year	\$ 224,727	992,683	128,867	1,346,277

See accompanying independent auditor's report.

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2017

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Interaccount Transfers</u>	<u>Revenues and Financing Sources</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Jensen Activity	\$ 14,904	-	-	-	14,904
K.A. Elementary-Activity	9,889	-	-	735	9,154
K.A. Elementary School Store	1,426	-	-	-	1,426
K.A. Elementary-Student Senate	668	-	-	-	668
Olmsted Activity	6,146	77	904	7,127	0
Olmsted Student	1,497	(77)	1,473	2,009	884
Rolling Green Activity	5,348	-	860	1,519	4,689
Valerius Activity	19,437	-	-	-	19,437
Webster Activity	2,059	-	-	668	1,391
Webster School Store	290	-	-	-	290
Elementary Band	4,855	-	1,812	1,528	5,139
Web Clickers	2,899	-	-	-	2,899
Middle School:					
Activities	-	796	-	796	-
Drama	687	-	324	346	665
Vocal	17,927	-	7,812	7,973	17,766
Instrumental	10,117	-	4,302	6,643	7,776
Boys Basketball	-	(238)	3,091	2,853	-
Football	-	1,706	3,234	4,940	-
Boys Track	-	(1,903)	3,090	1,187	-
Boys Cross Country	-	268	-	268	-
Wrestling	-	(358)	1,650	1,292	-
Girls Basketball	-	108	1,652	1,760	-
Volleyball	-	1,440	3,146	4,586	-
Softball	-	3,824	-	3,824	-
Girls Track	-	(1,573)	2,990	1,417	-
Girls Cross Country	-	268	-	268	-
Library	296	-	-	-	296
Student Senate	6,963	-	1,209	643	7,529
Student Interest	267	-	38	-	305
Memory Book	191	-	2,196	1,720	667
Building Activity	7,014	-	2,131	1,738	7,407
High School:					
Activities	(23,213)	(7,331)	75,093	82,800	(38,251)
Drama	778	-	8,673	3,577	5,874
Vocal	(3,349)	(2,395)	116,189	100,355	10,090
Band	1,637	5,576	42,122	49,335	-
Cheerleaders	-	(7,556)	11,407	3,851	-
Jaywalkers	-	(201)	21,269	21,068	-
Boys Basketball	-	6,128	10,362	16,490	-
Football	-	(18,033)	45,037	27,004	-
Boys Soccer	-	(653)	6,874	6,221	-
Baseball	-	5,417	17,611	23,028	-
Boys Track	-	313	4,471	4,784	-
Boys Cross Country	-	(263)	263	-	-
Boys Tennis	-	858	240	1,098	-
Boys Golf	-	2,042	-	2,042	-
Wrestling	-	(5,115)	13,814	8,699	-
Girls Basketball	-	(1,575)	7,846	6,271	-
Volleyball	-	(4,115)	10,957	6,842	-
Girls Soccer	-	54	3,191	3,245	-
Softball	-	(1,842)	10,798	8,956	-
Girls Track	-	(1,873)	3,145	1,272	-
Girls Cross Country	-	1,275	423	1,698	-
Girls Tennis	-	(600)	600	-	-
Girls Golf	-	300	-	300	-

Urbandale Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2017

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Interaccount Transfers</u>	<u>Revenues and Financing Sources</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Bowling	-	597	-	597	-
Art	2,471	2,394	5,660	21	10,504
Art Club	127	-	-	-	127
Cadet Teachers	520	-	-	-	520
DECA	675	-	7,877	7,836	716
Drug Foundation	450	-	-	-	450
Key Club	4,086	-	2,002	1,757	4,331
German Club	3,387	-	5,906	169	9,124
Special Ed	500	-	-	-	500
National Honor Society	-	-	331	-	331
Future Leaders	81	-	-	-	81
Industrial Arts Club	858	-	-	260	598
Jayhawker	1,287	-	-	-	1,287
Library	3,783	-	-	-	3,783
Battle of the Books	-	-	893	698	195
Character Counts	194	-	-	-	194
Student Senate	22,887	22,260	17,180	15,984	46,343
Family Consumer Science	13	-	-	-	13
At Risk	599	-	-	-	599
Yearbook	40,717	-	9,375	6,426	43,666
The Roaring Leo Club	335	-	-	-	335
Peer Helpers	1,378	-	692	334	1,736
Tag Activities	5,708	-	-	100	5,608
Interest Student Fund	57	-	27	-	84
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	1,876	-	-	-	1,876
Environmental Club	343	-	159	-	502
Interact Club	-	-	150	119	31
Japanese Trip	888	-	32,204	32,252	840
Spanish Trip	835	-	-	-	835
	\$ 191,301	0	534,755	501,329	224,727

See accompanying independent auditor's report.

**Urbandale Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2017**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 3,477,235	1,883,519	5,360,754
Receivables:			
Property tax:			
Delinquent	-	2,530	2,530
Succeeding year	-	2,118,172	2,118,172
Due from other governments	542,691	74,742	617,433
Total assets	\$ 4,019,926	4,078,963	8,098,889
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 199,343	20,042	219,385
Total liabilities	199,343	20,042	219,385
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	2,118,172	2,118,172
Total deferred inflows of resources	-	2,118,172	2,118,172
Fund balances:			
Restricted for:			
Debt service	2,112,173	-	2,112,173
School infrastructure	1,708,410	-	1,708,410
Physical plant and equipment	-	1,940,749	1,940,749
	3,820,583	1,940,749	5,761,332
Total liabilities, deferred inflows of resources and fund balances	\$ 4,019,926	4,078,963	8,098,889

See accompanying independent auditor's report.

Urbandale Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2017

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax:			
Property tax	\$ -	1,158,949	1,158,949
Utility tax replacement excise tax	-	52,886	52,886
	-	1,211,835	1,211,835
Other local sources:			
Interest on investments	3,449	3,596	7,045
Other	33,136	-	33,136
	36,585	3,596	40,181
	36,585	1,215,431	1,252,016
State sources:			
Revenue in lieu of taxes :			
Statewide sales, services and use tax	3,261,001	-	3,261,001
Military credit	-	330	330
Commercial & industrial replacement tax	-	38,378	38,378
	3,261,001	38,708	3,299,709
Total revenues	3,297,586	1,254,139	4,551,725
Expenditures:			
Current:			
Support Services:			
Instructional staff:			
Property	581,957	13,443	595,400
	581,957	13,443	595,400
Other expenditures:			
Operation and maintenance of plant services:			
Purchased services	-	87,126	87,126
	-	87,126	87,126
Facilities acquisition			
Purchased services	1,568,892	14,635	1,583,527
Supplies	9,750	2,344	12,094
Property	493,403	230,699	724,102
	2,072,045	247,678	2,319,723
Total expenditures	2,654,002	348,247	3,002,249
Excess (deficiency) of revenues over (under) expenditures	643,584	905,892	1,549,476
Other financing uses:			
Operating transfers out	(2,106,917)	-	(2,106,917)
Total other financing uses	(2,106,917)	-	(2,106,917)
Change in fund balances	(1,463,333)	905,892	(557,441)
Fund balances beginning of year	5,283,916	1,034,857	6,318,773
Fund balances end of year	\$ 3,820,583	1,940,749	5,761,332

See accompanying independent auditor's report.

Urbandale Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2017

	Business Type Activities				Governmental Activities
	Enterprise Funds				Internal Service Funds
	School Nutrition	Child Care	Community Education	Total	Self-funded Insurance
Assets					
Current assets:					
Cash, cash equivalents and pooled investments	\$ 1,479,012	493,103	118,236	2,090,351	2,817,001
Inventories	13,049	-	-	13,049	-
Total current assets	1,492,061	493,103	118,236	2,103,400	2,817,001
Noncurrent assets:					
Capital assets:					
Equipment	1,492,107	-	-	1,492,107	-
Accumulated depreciation	(1,166,775)	-	-	(1,166,775)	-
Total noncurrent assets	325,332	-	-	325,332	-
Total assets	1,817,393	493,103	118,236	2,428,732	2,817,001
Deferred Outflows of Resources					
Pension related deferred outflows	241,294	476,405	21,152	738,851	-
Liabilities					
Current liabilities:					
Accounts payable	761	13,820	3,910	18,491	721
Medical insurance claims liability	-	-	-	-	430,752
Salaries and benefits payable	-	14,720	-	14,720	-
Advances for services	43,011	29,162	-	72,173	-
Compensated absences	-	2,930	-	2,930	-
Total current liabilities	43,772	60,632	3,910	108,314	431,473
Noncurrent liabilities:					
Net pension liability	600,265	1,175,222	51,893	1,827,380	-
Other postemployment benefits	31,668	26,390	1,508	59,566	-
Total noncurrent liabilities	631,933	1,201,612	53,401	1,886,946	-
Total liabilities	675,705	1,262,244	57,311	1,995,260	431,473
Deferred Inflows of Resources					
Pension related deferred inflows	87,894	166,653	8,081	262,628	-
Net Position					
Net investment in capital assets	325,332	-	-	325,332	-
Unrestricted	969,756	(459,389)	73,996	584,363	2,385,528
Total Net Position	\$ 1,295,088	(459,389)	73,996	909,695	2,385,528

See accompanying independent auditor's report.

Urbandale Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities				Governmental
	Enterprise Funds				Internal Service
	School Nutrition	Child Care	Community Education	Total	Funds Self-funded Insurance
Operating revenue:					
Local sources:					
Other local sources:					
Sale of lunches and breakfasts	\$ 1,103,595	-	-	1,103,595	-
Sale of services	-	1,921,611	290,522	2,212,133	3,629,848
Other revenues	344	2,392	33,344	36,080	-
Total operating revenue	1,103,939	1,924,003	323,866	3,351,808	3,629,848
Operating expenses:					
Instructional Programs:					
Support services:					
Administrative services:					
Salaries	-	-	-	-	5,000
Benefits	-	-	-	-	3,241,873
Services	-	-	-	-	41,062
Supplies	-	-	-	-	12,380
	-	-	-	-	3,300,315
Non-instructional programs:					
Community service operations:					
Salaries	-	1,401,286	66,539	1,467,825	-
Benefits	-	359,439	10,906	370,345	-
Services	-	12,528	17,059	29,587	-
Supplies	-	107,168	148,500	255,668	-
	-	1,880,421	243,004	2,123,425	-
Food services operations:					
Salaries	648,703	-	-	648,703	-
Benefits	222,003	-	-	222,003	-
Services	13,746	-	-	13,746	-
Supplies	897,796	-	-	897,796	-
Depreciation	89,644	-	-	89,644	-
	1,871,892	-	-	1,871,892	-
Other enterprise operations:					
Services	-	-	-	-	-
	-	-	-	-	-
Total operating expenses	1,871,892	1,880,421	243,004	3,995,317	3,300,315
Operating income (loss)	(767,953)	43,582	80,862	(643,509)	329,533
Non-operating revenue:					
Contributions	-	-	-	-	-
State sources	13,741	61,380	-	75,121	-
Federal sources	808,259	-	-	808,259	-
Interest income	3,595	-	-	3,595	3,903
Total non-operating revenue	825,595	61,380	-	886,975	3,903
Income (Loss) before transfers	57,642	104,962	80,862	243,466	333,436
Transfer out	-	-	-	-	-
Change in net position	57,642	104,962	80,862	243,466	333,436
Net position beginning of year	1,237,446	(564,351)	(6,866)	666,229	2,052,092
Net position end of year	\$ 1,295,088	(459,389)	73,996	909,695	2,385,528

See accompanying independent auditor's report.

Urbandale Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities				Governmental
	Enterprise Funds				Activities
	Student Nutrition	Child Care	Community Education	Total	Internal Service Funds Self-funded Insurance
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 1,108,843	-	-	1,108,843	-
Cash received from miscellaneous operating activities	344	1,809,252	300,678	2,110,274	3,629,848
Cash paid to employees for services	(854,858)	(1,725,498)	(79,520)	(2,659,876)	(3,230,242)
Cash paid to suppliers for goods or services	(813,688)	(118,350)	(162,674)	(1,094,712)	(54,479)
Net cash provided (used) by operating activities	(559,359)	(34,596)	58,484	(535,471)	345,127
Cash flows from non-capital financing activities:					
Due to other funds repayment	-	-	(13,234)	(13,234)	-
State grants received	13,741	61,380	-	75,121	-
Federal grants received	689,525	-	-	689,525	-
Net cash provided by non-capital financing activities	703,266	61,380	(13,234)	751,412	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(12,297)	-	-	(12,297)	-
Net cash used in investing activities	(12,297)	-	-	(12,297)	-
Cash flows from investing activities:					
Interest on cash and investments	3,595	-	-	3,595	3,903
Net cash provided by investing activities	3,595	-	-	3,595	3,903
Net increase (decrease) in cash and cash equivalents	135,205	26,784	45,250	207,239	349,030
Cash and cash equivalents at beginning of year	1,343,807	466,319	72,986	1,883,112	2,467,971
Cash and cash equivalents at end of year	\$ 1,479,012	493,103	118,236	2,090,351	2,817,001
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:					
Operating gain (loss)	\$ (767,953)	43,582	80,862	(643,509)	329,533
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:					
Commodities used	118,734	-	-	118,734	-
Depreciation	89,644	-	-	89,644	-
(Increase) decrease in accounts receivable	234	31,094	-	31,328	-
(Increase) decrease in inventories	(1,924)	-	-	(1,924)	-
Decrease in prepaid expense	-	-	6,740	6,740	-
Increase (decrease) in accounts payable	(18,956)	1,346	(3,855)	(21,465)	(1,037)
Increase in medical insurance claims payable	-	-	-	-	16,631
Increase (decrease) in salaries and benefits payable	(1,080)	(7,687)	-	(8,767)	-
Increase (decrease) in advances for services	5,014	(145,845)	(23,188)	(164,019)	-
Increase (decrease) in compensated absences	(5,750)	(6,596)	(2,226)	(14,572)	-
Increase in net pension liability	113,960	222,079	11,088	347,127	-
(Increase) in deferred outflows of resources	(67,254)	(124,600)	(8,482)	(200,336)	-
(Decrease) in deferred inflows of resources	(25,228)	(48,969)	(2,512)	(76,709)	-
Increase (decrease) in other postemployment benefits	1,200	1,000	57	2,257	-
Net cash provided (used) by operating activities	\$ (559,359)	(34,596)	58,484	(535,471)	345,127

Non-cash investing, capital and financing activities:

During the year ended June 30, 2017, the District received \$118,734 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, 2017

	Balance			Balance End of
	Beginning of Year	Additions	Deductions	Year
Assets				
Cash	\$ 213,713	30,497	-	244,210
Accounts receivable	1,000	-	-	1,000
Total assets	\$ 214,713	30,497	-	245,210
Liabilities				
Accounts payable	\$ 4,141	-	2,231	1,910
Fiduciary liabilities	210,572	32,728	-	243,300
Total liabilities	\$ 214,713	32,728	2,231	245,210

See accompanying independent auditor's report.

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

	Modified Accrual Basis									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Local sources:										
Local tax	\$ 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	14,962,156
Tuition	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	3,983,075
Other	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	5,453,760
Intermediate sources	51,573	50,283	47,159	52,333	3,500	3,500	5,000	3,500	6,010	86,218
State sources	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	13,872,501
Federal sources	1,010,165	958,661	1,141,396	935,939	1,015,234	936,609	1,810,673	2,934,121	1,034,983	655,751
Total	\$ 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	39,013,461
Expenditures:										
Instruction:										
Regular	\$ 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	13,940,787
Special	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	3,304,600
Other	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	3,334,317
Support services:										
Student	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	1,450,069
Instructional staff	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	1,939,644
Administration	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	3,718,777
Operation and maintenance of plant	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	3,226,000
Transportation	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	1,008,137
Non-instructional programs	-	-	-	-	-	-	-	7,341	-	-
Other expenditures:										
Facilities acquisition	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	19,663,395
Long-term debt:										
Principal	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	1,558,749
Interest and other charges	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	2,357,532
AEA flowthrough	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	1,034,898
Total	\$ 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	56,536,905

See accompanying independent auditor's report.

Urbandale Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

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	FY17	\$ 94,176
National School Lunch Program	10.555	FY17	714,084 *
			808,260
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY17	12,136
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY17	343,309
Special Education:			
District Defined IDEA Subgrants	84.027	FY17	1,000
Grants to States (Part B Section 611)(High Cost Claim)	84.027	FY17	31,899
			32,899
Vocational Education - Basic Grants to States	84.048	FY17	54,025
Improving Teacher Quality State Grants	84.367	FY17	57,440
Grants for State Assessments and Related Activities	84.369	FY17	7,898
Heartland Area Education Agency:			
Special Education - Grants to States (Part B Section 611)(Mandated flowthrough)	84.027	FY17	169,205
Total			\$ 1,485,172

* Includes \$118,734 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, 2017

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, 2017. 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	\$ 22,648

Note 5. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$118,734 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, 2017, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2017.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2017 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 16, 2017



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CERTIFIED PUBLIC ACCOUNTANTS

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, 2017. 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, 2017.

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 16, 2017

**Urbandale Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2017**

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) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) 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:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

**Urbandale Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2017**

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-17 Certified Budget - Expenditures for the year ended June 30, 2017, did not exceed the certified budget amounts.
- IV-B-17 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-17 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-17 Business Transactions – There were no business transactions between the District and District officials or employees for the year ended June 30, 2017.
- IV-E-17 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-17 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-17 Certified Enrollment – No variance in the basic enrollment data certified to the Department of Education were noted.
- IV-H-17 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-17 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-17 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.
- IV-K-17 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

**Urbandale Community School District
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2017**

IV-L-17 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, 2017, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	5,283,916
Revenues/transfers in:			
Sales tax revenues	\$	3,261,001	
Other local revenues		36,585	
Transfers from other funds:			
Other capital projects		-	3,297,586
			8,581,502
Expenditures/transfers out			
School infrastructure construction		2,654,002	
Transfers to other funds:			
Debt service funds		2,106,917	4,760,919
			8,581,502
Ending balance		\$	3,820,583

For the year ended June 30, 2017, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.70000	2,106,917

IV-M-17 Deficit Balances – One student activity account had a deficit balance at June 30, 2017. The Enterprise, Child Care Fund had a deficit balance at June 30, 2017.

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

Response – The District is continuing to investigate alternatives to eliminate these deficits at the end of the fiscal year.

Conclusion – Response accepted.