

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

**June 30, 2019**



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**Urbandale Community School District  
Board of Education and School District Officials  
Year Ended June 30, 2019**

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Katherine Howsare	President	2019
Tanya Ruden	Vice President	2019
Aldrich Cabildo	Board Member	2019
Judy Downs	Board Member	2019
Stacy Anderson	Board Member	2021
Sarah Schmitz	Board Member	2021
Mark Smith	Board Member	2021
<b>School District Officials</b>		
Steve Bass	Superintendent	2019
Mary Beth Fast	District Secretary/Treasurer and Chief Financial Officer	2019
Ahlers & Cooney, P.C.	School Attorney	Indefinite
Dickinson, Mackaman, Tyler, and Hagan	Attorneys	Indefinite



705 Main Street  
Pella, IA 50219  
Ph.: 641-628-3737  
Fax: 641-628-3757

[www.vanmaanencpa.com](http://www.vanmaanencpa.com)

**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**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, 2019, 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, 2019, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urbandale Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018, (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 December 3, 2019, 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

December 3, 2019

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, 2019. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **Financial Highlights**

- General Fund revenues were \$45,538,141 in fiscal year 2019, increasing by \$100,000 or .2 percent, as compared to \$45,639,795 in the prior year. General Fund expenditures were \$45,649,020 in fiscal year 2019, compared to \$45,105,444 in fiscal year 2018, an increase of \$540,000 or 1 percent. The District had expenses in excess of revenues for fiscal year 2019 of \$111,000, continuing to maintain the District's key financial indicators within the established financial targets.
- The District passed a \$59 million bond referendum for the purpose of building 2 new elementary buildings and a high school fitness center in February, 2018. The district sold \$10 million in bonds in anticipation of these projects starting. The high school fitness center is expected to be complete in FY20 at a cost of approximately \$4.5 million.
- 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, 2019 totaled \$25.8 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.

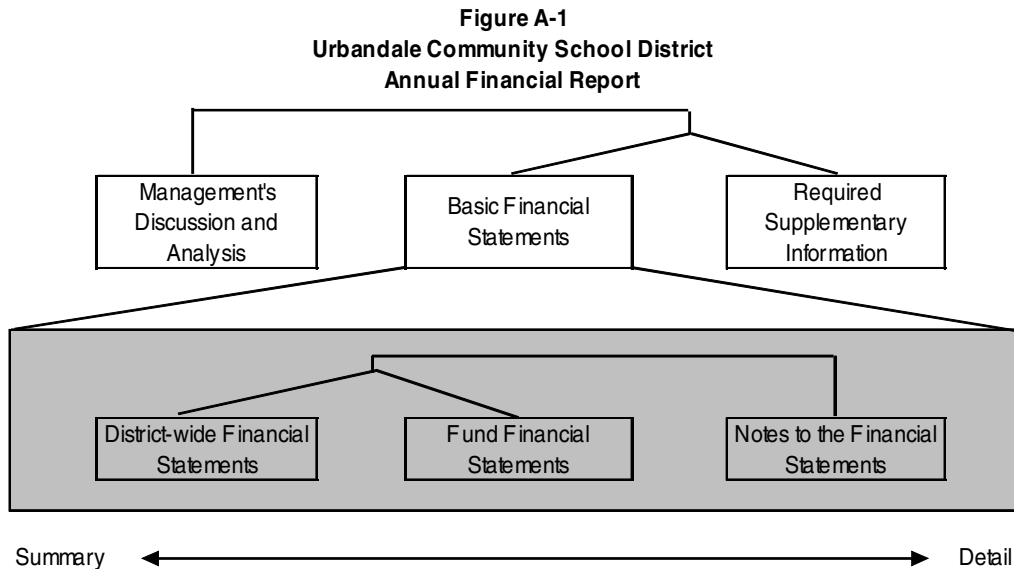




Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

### Reporting the District's Financial Activities

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

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help it cover the cost of certain services it provides. The District's food service operations and child care programs are included here.

### Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2019**

- *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, 2019 compared to 2018.

<b>Figure A-3 Condensed Statement of Net Position</b>							
	<b>Governmental activities</b>		<b>Business type activities</b>		<b>Total</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018-2019</b>
Current assets	\$ 66,063,742	75,302,761	2,394,562	2,310,012	68,458,304	77,612,773	-11.8%
Capital assets, net	88,407,918	88,244,707	163,478	239,476	88,571,396	88,484,183	0.1%
Total assets	154,471,660	163,547,468	2,558,040	2,549,488	157,029,700	166,096,956	-5.5%
Deferred outflow of resources	9,272,901	11,801,469	711,011	895,742	9,983,912	12,697,211	-21.4%
Current liabilities	11,800,912	32,234,135	106,195	159,749	11,907,107	32,393,884	-63.2%
Long-term liabilities	89,246,385	85,470,526	1,999,951	2,050,807	91,246,336	87,521,333	4.3%
Total liabilities	101,047,297	117,704,661	2,106,146	2,210,556	103,153,443	119,915,217	-14.0%
Deferred inflow of resources	28,197,613	28,528,251	317,076	395,228	28,514,689	28,923,479	-1.4%
Net position:							
Invested in capital assets, net of related debt	35,779,028	32,380,871	163,478	239,476	35,942,506	32,620,347	10.2%
Restricted	9,120,003	6,572,283	-	-	9,120,003	6,572,283	38.8%
Unrestricted	(10,399,380)	(9,837,129)	682,351	599,970	(9,717,029)	(9,237,159)	-5.2%
<b>Total net position</b>	<b>\$ 34,499,651</b>	<b>29,116,025</b>	<b>845,829</b>	<b>839,446</b>	<b>35,345,480</b>	<b>29,955,471</b>	<b>18.0%</b>

The District's total net position increased from \$29 million in prior year to \$34 million for 2019, a 18 percent increase. The increase is primarily in restricted net position which increased by \$2.5 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 2019 total net position for investment in capital assets, net of related debt was \$36 million, a 10.2 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 from \$6.6 million to \$9.1 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 5.2 percent to negative \$9.72 million. The unrestricted net position became negative in 2015 due to reporting on the District's net pension liability, as required by GASB 68.

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2019**

**Changes in Net Position** – Figure A-4 below summarizes and compares the District's revenues and expenses for the fiscal years ended June 30, 2019 and 2018. These two main components calculate a change in net position under the full accrual method of accounting.

Figure A-4							
Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change June 30, 2017-2018
	Year ended June 30,		Year ended June 30,		Year ended June 30,		
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for service	\$ 8,355,497	7,935,472	3,278,746	3,223,004	11,634,243	11,158,476	4.3%
Operating grants, contributions and restricted interest	7,002,170	7,061,326	978,974	899,927	7,981,144	7,961,253	0.2%
General revenues:							
Property tax	23,255,089	21,477,995	-	-	23,255,089	21,477,995	8.3%
Statewide sales and services tax	3,492,705	3,164,830	-	-	3,492,705	3,164,830	10.4%
Unrestricted state grants	15,224,330	15,254,449	-	-	15,224,330	15,254,449	-0.2%
Unrestricted investment earnings	286,293	101,890	34,499	13,942	320,792	115,832	176.9%
Contributions	83,060	74,947	-	-	83,060	74,947	10.8%
Other	953,827	1,140,627	-	-	953,827	1,140,627	-16.4%
Transfers	-	59,550	-	(59,550)	-	-	0.0%
Total revenues	58,652,971	56,271,086	4,292,219	4,077,323	62,945,190	60,348,409	4.3%
Program expenses:							
Governmental activities:							
Instruction	32,805,895	32,554,566	-	-	32,805,895	32,554,566	0.8%
Support services	17,125,696	16,721,744	-	-	17,125,696	16,721,744	2.4%
Non-instructional programs	71,143	80,167	4,285,836	4,096,587	4,356,979	4,176,754	4.3%
Other expenses	3,266,611	5,437,763	-	-	3,266,611	5,437,763	-39.9%
Total expenses	53,269,345	54,794,240	4,285,836	4,096,587	57,555,181	58,890,827	-2.3%
Increase in net position	5,383,626	1,476,846	6,383	(19,264)	5,390,009	1,457,582	269.8%
Net position at the beginning of year	29,116,025	27,639,179	839,446	858,710	29,955,471	28,497,889	5.1%
Net position end of year	\$ 34,499,651	29,116,025	845,829	839,446	35,345,480	29,955,471	18.0%

Total net position including all funds increased by 18 percent over prior year. Revenue is divided into two major components in this analysis: program revenue and general revenue. Program revenue is defined as charges for services and sales, or as operating grants and contributions. Operating grants, contributions, and restricted interest increased by \$20,000, or .2% compared to prior year. General revenue includes levied taxes and unrestricted grants such as State foundation aid. Property tax revenues increased by 8.3% compared to prior fiscal year, while other general revenues decreased by 16%, and investment earnings raised from \$115,832 to \$320,792, due to increased investment opportunities.

The District's expenses were largely in the instruction and support services functions, which represent 87 percent of the total expenses shown in Figure A-4. These categories, which include most of the District's salaries and benefits, increased by .8 percent and 2.4 percent, respectively. Non-instructional program expenses such as for Nutrition Services and other enterprises were 4.3% higher than prior year, and other expenses such as for construction or debt service decreased by 40% compared to 2018. This was due primarily to accounting of bond refinancing, as compared to no additional bond refinancing in 2019. The District's total expenses for all funds in fiscal year 2019 were \$57 million, down \$1.3 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**

	<b>Total Cost of Services</b>		<b>Total Change</b>	<b>Net Cost of Services</b>		<b>Total Change</b>
	<b>2019</b>	<b>2018</b>	<b>2018-2019</b>	<b>2019</b>	<b>2018</b>	<b>2018-2019</b>
Instruction	\$ 32,805,895	32,554,566	0.8%	\$ 19,198,789	19,300,790	-0.5%
Support services	17,125,696	16,721,744	2.4%	16,857,665	16,429,747	2.6%
Non-instructional	71,143	80,167	-11.3%	71,143	80,167	-11.3%
Other expenses	3,266,611	5,437,763	-39.9%	1,784,081	3,986,738	-55.2%
<b>Totals</b>	<b>\$ 53,269,345</b>	<b>54,794,240</b>	<b>-2.8%</b>	<b>\$ 37,911,678</b>	<b>39,797,442</b>	<b>-4.7%</b>

The total cost of all governmental activities for 2019 as shown above was \$53 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 \$5.6 million was subsidized by federal and state governments through restricted program grants and contributions, and \$1.4 million was levied on behalf of the Area Education Agency as flow-through funding. These revenues are categorized as program revenues because they are specifically related to a certain program and, therefore, must be expended within that program.

The net cost of services for all governmental activities for 2019 was \$37.9 million, financed primarily with \$15.2 million in unrestricted state aid, \$3.5 million in state-wide sales tax revenues, and \$24.3 million in local tax revenues. State aid and local property tax revenues are examples of general revenues, since they are not specific to a program and are available to be expended for more universal purposes within a specific fund. The total net cost of services for all governmental activities – those not subsidized by grants and contributions or financed by users decreased by \$1.8 million or 5 percent as compared to prior year. The Statement of Activities report in the basic financial statements section provides additional detail on the District's total and net cost of activities.

### Business-type Activities

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

Operating revenues for the Nutrition Fund were \$1,067,806 for 2019, compared to \$976,587 in prior year. Nutrition Fund operating expenses were \$1,981,405 for 2019, compared to \$1,935,117 for the prior year. The net change of \$32,330 increased the end of year net position for this fund to \$1,135,341 for 2019.

The Adventuretime Fund reported revenues of \$2,024,110 for the 2019 fiscal year, 1 percent more than the \$2,007,556 received the prior year. The program provides preschool, child care services before and after school, and all day during summer months. Expenses for 2019 were \$2,064,891, as compared to \$1,923,349 as compared to fiscal year 2018, a 7% increase. A negative net change of \$40,781 resulted in an end of year net position of (\$438,551). This fund is still recovering from the GASB 68 implementation.

The Community Education Fund reported operating revenues of \$249,098 and expenses of \$239,540 for 2019. Net position at fiscal year-end was \$149,039 compared to \$134,205 in prior year.

The Internal Service Fund for Self-funded health and dental insurance reported revenues of \$3.2 million and expenses of \$2.7 million, an increase of \$494,369 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 \$3.36 million for 2019.

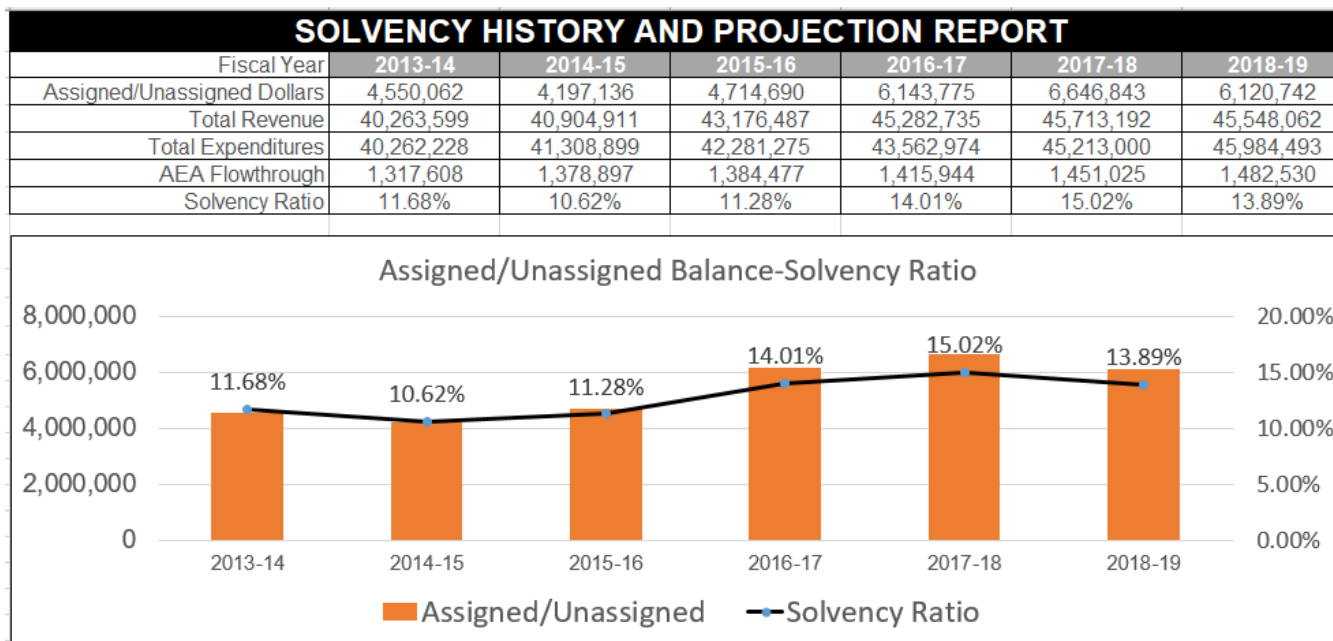
### Individual Fund Analysis

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

The financial performance of the District as a whole is reflected primarily in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$32,695,123 at June 30, 2019, a decrease of \$9,881,725 or 23.2 percent from prior year. The following highlights provide a closer look at each individual major fund:

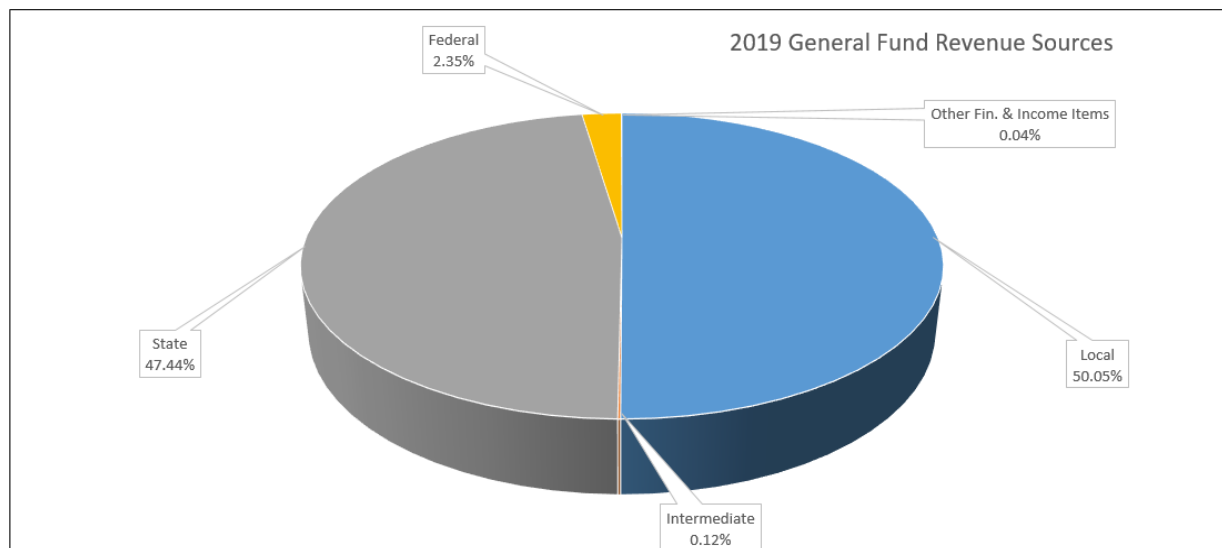
#### Governmental Fund Highlights

The **General Fund** ending fund balance was \$7,055,823 in 2019, as compared to \$7,157,179 in 2018, a decrease of \$101,000 or 1.4 percent over prior year. The solvency ratio decreased from 15 percent in 2018 to 13.9 percent for 2019. 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.

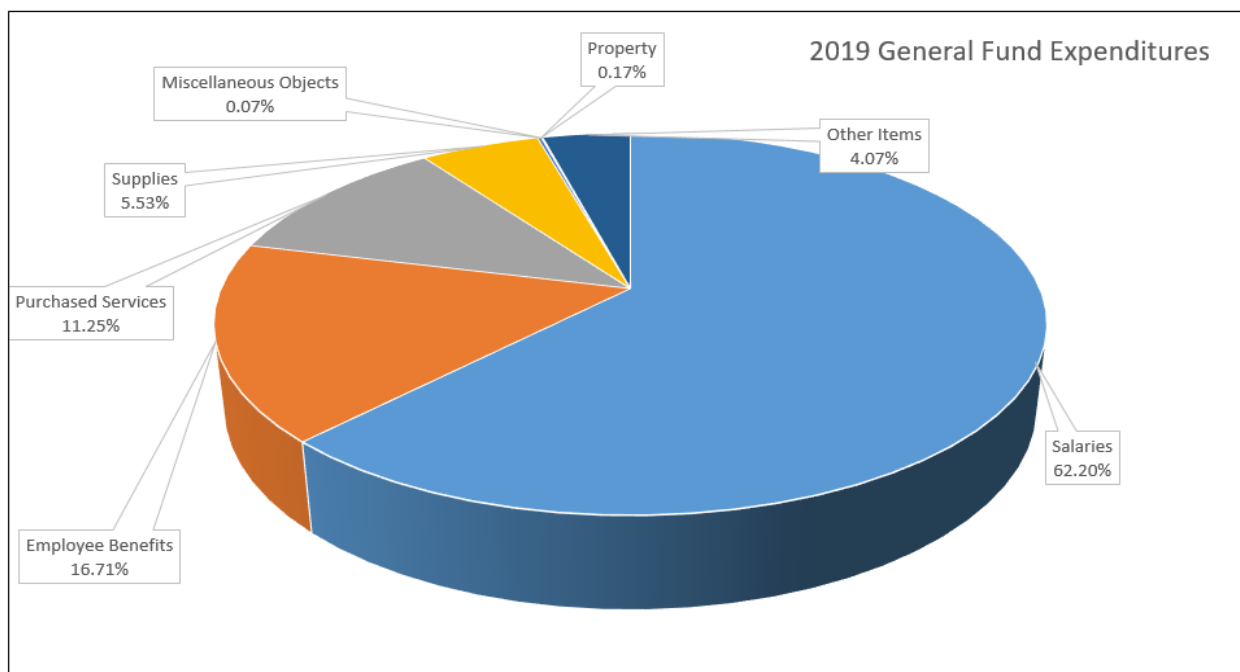


General Fund revenues decreased slightly from the previous year, while expenditures had a modest increase. The net result was approximately \$101,000 decrease in the General Fund balance.

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 \$14.5 million, or 32% of the total. State sources were \$21.6 million, representing 47% 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 \$7.5 million. Urbandale schools are highly desired for open enrollments from other school districts in and around the Des Moines metro area; therefore, this category has shown steady revenue increases for several years.



Total General Fund expenses for fiscal year 2019 were \$45,649,020, an increase of \$540,000 or 1.2 percent over prior year. The General Fund is the largest of the governmental fund group, comprising 58% of the total \$78.5 million in governmental fund expenses for the fiscal year. The graph below indicates how General Fund monies were spent according to functional categories.



Instructional costs related to direct instruction in classrooms were \$29.5 million, comprising 64 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 9%. Administrative services were 11 percent at \$5 million, and the maintenance and operations expenses, such as custodial, utilities, and transportation, totaled \$5.2 million or 11 percent of all costs.

**Urbandale Community School District  
Management's Discussion & Analysis  
Year ended June 30, 2019**

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 2019 were \$5.5 million. An additional \$1.9 million was transferred in from the Capital Projects Sales Tax fund for payments on sales tax revenue bonds. The total \$27 million expended in 2019 included \$24.7 million used in principal reduction, and \$2.3 million in interest and fiscal agency charges.

The **Capital Projects Funds** include the Physical Plant and Equipment Levy (PEEL) Fund and the Capital Projects Sales Tax Fund. Revenues totaled \$5.9 million for 2019, an 8% increase over prior year. While the Statewide Sales Tax revenues are these funds' largest source of revenue, totaling \$3.5 million in 2019. Capital Projects Funds expenses totaled \$4.3 million for 2019, compared to \$2.6 million in fiscal year 2018. This was due to construction costs of the High School Fitness Center and preconstruction work for Elementary School #1. Technology purchases and other capital projects totaled \$1.1 million. The combined Capital Projects Funds balance was \$22.1 million at June 30, 2019, including \$19 million reserved for debt service and general obligation bonds issued. The remaining \$3 million in cash reserves is restricted funding for school infrastructure projects or equipment purchases.

### Budgetary Highlights

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

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

This comparison shows the variance of final amended budget amounts as compared to the actual expenditures for fiscal year 2019 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, 2019, the District had invested \$88.4 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 \$90,000 in FY18 to \$2.4 million, as the district had substantial activity on several large projects. No other significant increases to capital assets occurred, since most equipment additions during fiscal year 2019 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,
	2019	2018	2019	2018	2019	2018	2018-2019
Land	\$ 1,533,992	1,533,992	-	-	1,533,992	1,533,992	0.0%
Construction in progress	2,409,568	91,888	-	-	2,409,568	91,888	100.0%
Buildings	82,982,290	85,140,064	-	-	82,982,290	85,140,064	-2.5%
Improvements	751,332	721,932	-	-	751,332	721,932	4.1%
Equipment and furniture	730,736	756,831	163,478	239,476	894,214	996,307	-10.2%
Total	<u>\$ 88,407,918</u>	<u>88,244,707</u>	<u>163,478</u>	<u>239,476</u>	<u>88,571,396</u>	<u>88,484,183</u>	<u>0.1%</u>



### Long-Term Debt

As shown in Figure A-7 below, the District had \$97 million in long-term debt obligations at year-end 2019, a 14% decrease from prior year. Funds were available to pay the 2009 Sales Tax Bond issue payment due June 1, 2019. Early retirement debt decreased by 95% due to regularly scheduled payments to retirees. Net pension liability declined by \$1.08 million or 4%. OPEB changes due to GASB 75, had increases of \$100,000. These changes are specifically due to an overall decrease in the 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**

	<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>
	<b>2019</b>	<b>2018</b>	<b>2018-2019</b>
General obligation bonds	\$ 55,361,462	49,597,034	11.62%
Revenue bonds	14,520,000	35,131,000	-58.67%
Early retirement	6,000	128,719	-95.34%
Compensated absences	135,055	91,982	46.83%
Net pension liability	25,821,426	26,683,995	-3.23%
Other postemployment benefits	1,027,943	927,718	10.80%
<b>Total</b>	<b>\$ 96,871,886</b>	<b>112,560,448</b>	<b>-13.94%</b>

### 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 13.9%, and the Board of Directors has set a financial target of 10 percent as a minimum solvency ratio. The Board's target for unspent authorized budget (UAB) ratio is also a minimum of 10 percent, and that balance is 16.9%. 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 down by 32 students. The District's total number of students served decreased at the start of the 2018-19 school year by a net total of 32 students. While the resident student count decreased by 20, the number of open enrolled students served in the District increased by 40. 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 2019. The revenue and the spending authority to utilize it was received during 2019 or prior years. These balances are restricted because they must be used for various categorical State initiatives, such as Teacher Leadership and Compensation, and Teacher Professional Development. As the District spends down these reserves over time, these categorical expenses will reduce both the fund balance and spending authority in General Fund. This may affect future results of operations such that expenses will purposely be budgeted in excess of revenues during one or more future fiscal years. The District will closely monitor the new allocations and restricted reserves of categorical funding and budget total expenses accordingly.

### **Contacting the District's Financial Management**

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

## **Basic Financial Statements**

## Exhibit A

**Urbandale Community School District**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 37,364,615	2,370,988	39,735,603
Receivables:			
Property tax:			
Delinquent	45,636	-	45,636
Succeeding year	24,069,558	-	24,069,558
Accounts	1,029	-	1,029
Due from other governments	4,582,904	4,495	4,587,399
Inventories	-	19,079	19,079
Total current assets	66,063,742	2,394,562	68,458,304
Non-current assets:			
Capital assets:			
Capital assets, nondepreciable	3,943,560	-	3,943,560
Capital assets, depreciable, net of depreciation	84,464,358	163,478	84,627,836
Total non-current assets	88,407,918	163,478	88,571,396
<b>Total assets</b>	154,471,660	2,558,040	157,029,700
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	9,272,901	711,011	9,983,912
<b>Total deferred outflows of resources</b>	9,272,901	711,011	9,983,912
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,544,698	12,309	1,557,007
Medical insurance claims payable	409,604	-	409,604
Accrued salaries and benefits payable	3,849,300	41,358	3,890,658
Due to other governments	53,792	-	53,792
Advances for services	74,083	46,814	120,897
Accrued interest payable	249,599	-	249,599
General obligation bonds payable	4,217,495	-	4,217,495
Revenue bonds payable	1,442,000	-	1,442,000
Early retirement	6,000	-	6,000
Compensated absences	129,341	5,714	135,055
Total current liabilities	11,975,912	106,195	12,082,107
Non-current liabilities:			
General obligation bonds payable	51,143,967	-	51,143,967
Revenue bonds payable	13,078,000	-	13,078,000
Net pension liability	23,959,115	1,862,311	25,821,426
Other postemployment benefits	890,303	137,640	1,027,943
Total non-current liabilities	89,071,385	1,999,951	91,071,336
<b>Total liabilities</b>	101,047,297	2,106,146	103,153,443
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	24,069,558	-	24,069,558
Other deferred revenues	3,650	-	3,650
Pension related deferred inflows	4,080,971	310,361	4,391,332
OPEB related deferred inflows	43,434	6,715	50,149

Exhibit A

**Urbandale Community School District  
Statement of Net Position  
June 30, 2019**

	Governmental Activities	Business type Activities	Total
<b>Total deferred inflows of resources</b>	28,197,613	317,076	28,514,689
<b>Net Position</b>			
Net investment in capital assets	35,779,028	163,478	35,942,506
Restricted for:			
Categorical funding	988,873	-	988,873
Debt service	1,750,337	-	1,750,337
Management levy purpose	968,856	-	968,856
Student activities	250,134	-	250,134
Public education & recreation levy purposes	264,782	-	264,782
School infrastructure	1,872,947	-	1,872,947
Physical plant and equipment	3,024,074	-	3,024,074
Unrestricted	(10,399,380)	682,351	(9,717,029)
<b>Total net position</b>	<b>\$ 34,499,651</b>	<b>845,829</b>	<b>35,345,480</b>

See notes to financial statements.

## Exhibit B

**Urbandale Community School District**  
**Statement of Activities**  
**Year Ended June 30, 2019**

	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
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 20,273,118	5,978,910	3,888,179	-	(10,406,029)	-
Special	6,752,652	1,667,388	793,036	-	(4,292,228)	-
Other	5,780,125	546,602	732,991	-	(4,500,532)	-
	32,805,895	8,192,900	5,414,206	-	(19,198,789)	-
Support Service:						
Student	1,815,238	-	-	-	(1,815,238)	-
Instructional staff	3,394,855	-	-	-	(3,394,855)	-
Administration	5,631,074	-	-	-	(5,631,074)	-
Operating and maintenance of plant	4,843,156	110,337	-	-	(4,732,819)	-
Transportation	1,441,373	52,260	105,434	-	(1,283,679)	-
	17,125,696	162,597	105,434	-	(16,857,665)	-
Non-instructional programs	71,143	-	-	-	(71,143)	-
Other expenditures:						
Long-term debt interest	1,784,081	-	-	-	(1,784,081)	-
AEA flowthrough	1,482,530	-	1,482,530	-	-	-
	3,266,611	-	1,482,530	-	(1,784,081)	-
Total governmental activities	53,269,345	8,355,497	7,002,170	-	(37,911,678)	-
Business type activities:						
Non-instructional programs:						
Nutrition services	1,981,405	1,067,806	918,214	-	-	4,615
Child Care services	2,064,891	1,961,842	60,760	-	-	(42,289)
Community Education	239,540	249,098	-	-	-	9,558
	4,285,836	3,278,746	978,974	-	-	(28,116)
Total primary government	\$ 57,555,181	11,634,243	7,981,144	-	(37,911,678)	(28,116)
<b>General Revenues:</b>						
Property tax levied for:						
General purposes					15,324,509	-
Debt service					5,495,662	-
Capital outlay					2,434,918	-
Statewide sales, services and use tax					3,492,705	-
Unrestricted state grants					15,224,330	-
Unrestricted investment earnings					286,293	34,499
Contributions					83,060	-
Other general revenues					953,827	-
Total general revenues and transfers					43,295,304	34,499
Change in net position					5,383,626	6,383
Net position beginning of year					29,116,025	839,446
Net position end of year					\$ 34,499,651	845,829

See notes to financial statements.

## Exhibit C

**Urbandale Community School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 7,503,726	1,989,647	22,600,586	1,495,693	33,589,652
Receivables:					
Property tax:					
Delinquent	29,152	10,289	4,243	1,952	45,636
Succeeding year	15,089,994	5,739,109	2,366,497	873,958	24,069,558
Accounts	-	-	-	1,029	1,029
Due from other governments	4,236,799	-	346,105	-	4,582,904
<b>Total assets</b>	<b>\$ 26,859,671</b>	<b>7,739,045</b>	<b>25,317,431</b>	<b>2,372,632</b>	<b>62,288,779</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 733,029	-	801,342	8,902	1,543,273
Salaries and benefits payable	3,849,300	-	-	-	3,849,300
Due to other governments	53,792	-	-	-	53,792
Advances for services	74,083	-	-	-	74,083
Total liabilities	4,710,204	-	801,342	8,902	5,520,448
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	15,089,994	5,739,109	2,366,497	873,958	24,069,558
Other revenues	3,650	-	-	-	3,650
Total deferred inflows of resources	15,093,644	5,739,109	2,366,497	873,958	24,073,208
Fund balances:					
Restricted for:					
Categorical funding	988,873	-	-	-	988,873
Debt service	-	1,999,936	-	-	1,999,936
Management levy purposes	-	-	-	974,856	974,856
Student activities	-	-	-	250,134	250,134
Public education & recreation levy purposes	-	-	-	264,782	264,782
School infrastructure	-	-	19,125,518	-	19,125,518
Physical plant and equipment	-	-	3,024,074	-	3,024,074
Unassigned	6,066,950	-	-	-	6,066,950
Total fund balances	7,055,823	1,999,936	22,149,592	1,489,772	32,695,123
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 26,859,671</b>	<b>7,739,045</b>	<b>25,317,431</b>	<b>2,372,632</b>	<b>62,288,779</b>

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, 2019**

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<b>Total fund balances of governmental funds (Exhibit C)</b>	<b>\$ 32,695,123</b>
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***Amounts reported for governmental activities in the  
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	88,407,918
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The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	3,363,934
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Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 9,272,901	
Deferred inflows of resources	<u>(4,124,405)</u>	5,148,496

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	(55,361,462)	
Revenue bonds payable	(14,520,000)	
Accrued interest	(249,599)	
Early retirement	(6,000)	
Compensated absences	(129,341)	
Net pension liability	(23,959,115)	
Other postemployment benefits	<u>(890,303)</u>	<u>(95,115,820)</u>

<b>Net position of governmental activities (Exhibit A)</b>	<b>\$ <u>34,499,651</u></b>
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See notes to financial statements.



## Exhibit E

**Urbandale Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year ended June 30, 2019**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 14,529,532	5,495,662	2,266,112	963,784	23,255,090
Tuition	7,502,810	-	-	-	7,502,810
Other	776,047	17,336	106,850	509,372	1,409,605
Intermediate sources	53,778	-	-	-	53,778
State sources	21,606,281	158,166	3,557,924	30,101	25,352,472
Federal sources	1,069,693	-	-	-	1,069,693
Total revenues	45,538,141	5,671,164	5,930,886	1,503,257	58,643,448
Expenditures:					
Current:					
Instruction:					
Regular	18,403,729	-	576,536	118,601	19,098,866
Special	6,285,139	-	-	-	6,285,139
Other	4,885,324	-	-	485,231	5,370,555
	29,574,192	-	576,536	603,832	30,754,560
Support services:					
Student	1,682,928	-	-	-	1,682,928
Instructional staff	2,561,475	-	819,871	-	3,381,346
Administration	5,160,703	-	50,054	110,022	5,320,779
Operation and maintenance of plant	3,747,041	-	278,188	669,522	4,694,751
Transportation	1,440,151	-	-	25	1,440,176
	14,592,298	-	1,148,113	779,569	16,519,980
Other expenditures:					
Facilities acquisition	-	-	2,642,899	-	2,642,899
Long-term debt:					
Principal	-	24,746,000	-	-	24,746,000
Interest and fiscal charges	-	2,325,954	-	-	2,325,954
Purchased services	-	39,696	-	-	39,696
AEA flowthrough	1,482,530	-	-	-	1,482,530
	1,482,530	27,111,650	2,642,899	-	31,237,079
Total expenditures	45,649,020	27,111,650	4,367,548	1,383,401	78,511,619
Excess (deficiency) of revenues over (under) expenditures	(110,879)	(21,440,486)	1,563,338	119,856	(19,868,171)
Other financing sources (uses):					
Proceeds from sale of capital assets	9,523	-	-	-	9,523
General obligation bonds issued	-	-	9,995,000	-	9,995,000
Bond premiums	-	-	125,809	-	125,809
Bond discounts	-	-	(143,886)	-	(143,886)
Operating transfers in	-	1,912,167	-	-	1,912,167
Operating transfers out	-	-	(1,912,167)	-	(1,912,167)
Total other financing sources (uses)	9,523	1,912,167	8,064,756	-	9,986,446
Change in fund balances	(101,356)	(19,528,319)	9,628,094	119,856	(9,881,725)
Fund balances beginning of year	7,157,179	21,528,255	12,521,498	1,369,916	42,576,848
Fund balances end of year	\$ 7,055,823	1,999,936	22,149,592	1,489,772	32,695,123

See notes to financial statements.

Exhibit F

**Urbandale Community School District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds to the Statement of Activities  
Year ended June 30, 2019**

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**Net change in fund balances - total governmental funds (Exhibit E)** **\$ (9,881,725)**

***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	\$ 2,952,117	
Depreciation/amortization expense	<u>(2,788,906)</u>	163,211

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

Issuance of bond and note principal	(9,995,000)	
Repayments of bond and note principal	24,746,000	
Bond premiums on issued bonds	(125,809)	
Bond discounts on issued bonds	143,886	
Amortization of bond premiums	114,191	
Amortization of bond discounts	<u>(36,696)</u>	14,846,572

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.

504,074

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.

2,711,234

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	122,719	
Compensated absences	(41,641)	
Pension expense	(3,423,936)	
Other postemployment benefits	<u>(111,251)</u>	(3,454,109)

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.

494,369

**Change in net position of governmental activities (Exhibit B)**

**\$ 5,383,626**

See notes to financial statements.

## Exhibit G

**Urbandale Community School District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business Type Activities			Governmental Activities
	Child Care Fund	Non-major Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalent	\$ 612,467	1,758,521	2,370,988	3,774,963
Receivables:				
Accounts	-	-	-	-
Due from other governments	-	4,495	4,495	-
Inventories	-	19,079	19,079	-
Total current assets	612,467	1,782,095	2,394,562	3,774,963
Noncurrent assets:				
Capital assets, net of accumulated depreciation	-	163,478	163,478	-
<b>Total assets</b>	612,467	1,945,573	2,558,040	3,774,963
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	460,874	250,137	711,011	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	7,474	4,835	12,309	1,425
Medical insurance claims liability	-	-	-	409,604
Salaries and benefits payable	41,358	-	41,358	-
Advances for services	480	46,334	46,814	-
Compensated absences	5,714	-	5,714	-
Total current liabilities	55,026	51,169	106,195	411,029
Noncurrent liabilities:				
Net pension liability	1,195,934	666,377	1,862,311	-
Other postemployment benefits	62,722	74,918	137,640	-
Total noncurrent liabilities	1,258,656	741,295	1,999,951	-
<b>Total liabilities</b>	1,313,682	792,464	2,106,146	411,029
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	195,150	115,211	310,361	-
OPEB related deferred inflows	3,060	3,655	6,715	-
<b>Total deferred inflows of resources</b>	198,210	118,866	317,076	-
<b>Net Position</b>				
Net investment in capital assets	-	163,478	163,478	-
Unrestricted	(438,551)	1,120,902	682,351	3,363,934
<b>Total net position</b>	\$ (438,551)	1,284,380	845,829	3,363,934

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, 2019**

	Business Type Activities			Governmental Activities
	Child Care Fund	Non-major Enterprise Funds	Total	Internal Service Funds
Operating revenue:				
Local sources:				
Charges for services	\$ 1,961,842	1,316,904	3,278,746	3,218,767
Operating expenses:				
Instructional Programs:				
Support services:				
Administrative services:				
Other	-	-	-	2,746,767
	-	-	-	2,746,767
Non-instructional programs:				
Community service operations:				
Other	2,064,891	239,540	2,304,431	-
Food service operations:				
Depreciation	-	75,998	75,998	-
Other	-	1,905,407	1,905,407	-
	2,064,891	2,220,945	4,285,836	-
Total operating expenses	2,064,891	2,220,945	4,285,836	2,746,767
Operating income (loss)	(103,049)	(904,041)	(1,007,090)	472,000
Non-operating revenue:				
State sources	60,760	13,769	74,529	-
Federal sources	-	904,189	904,189	-
Contributions	-	256	256	-
Interest income	1,508	32,991	34,499	22,369
Total non-operating revenue	62,268	951,205	1,013,473	22,369
Income(loss) before transfers	(40,781)	47,164	6,383	494,369
Transfer out	-	-	-	-
Change in net position	(40,781)	47,164	6,383	494,369
Net position beginning of year	(397,770)	1,237,216	839,446	2,869,565
Net position end of year	\$ (438,551)	1,284,380	845,829	3,363,934

See notes to financial statements.

## Exhibit I

**Urbandale Community School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2019**

	Business Type Activities			Governmental Activities
	Child Care Fund	Non-major Enterprise Funds	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ -	1,063,924	1,063,924	-
Cash received from miscellaneous operating activities	1,922,770	249,115	2,171,885	3,230,718
Cash paid to employees for services	(1,916,202)	(941,058)	(2,857,260)	-
Cash paid to suppliers for goods or services	(102,411)	(1,083,714)	(1,186,125)	(2,710,952)
Net cash provided (used) by operating activities	(95,843)	(711,733)	(807,576)	519,766
Cash flows from non-capital financing activities:				
Contributions received	-	256	256	-
State grants received	60,760	9,274	70,034	-
Federal grants received	-	865,312	865,312	-
Net cash provided by non-capital financing activities	60,760	874,842	935,602	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-
Cash flows from investing activities:				
Interest on cash and investments	1,508	32,991	34,499	22,369
Net cash provided by investing activities	1,508	32,991	34,499	22,369
Net increase (decrease) in cash and cash equivalents	(33,575)	196,100	162,525	542,135
Cash and cash equivalents at beginning of year	646,042	1,562,421	2,208,463	3,232,828
Cash and cash equivalents at end of year	\$ 612,467	1,758,521	2,370,988	3,774,963
<b>Reconciliation of operating loss to net cash used by operating activities:</b>				
Operating income (loss)	\$ (103,049)	(904,041)	(1,007,090)	472,000
Adjustments to reconcile operating loss to net cash used by operating activities:				
Commodities used	-	122,238	122,238	-
Depreciation	-	75,998	75,998	-
Decrease in receivables	-	-	-	11,951
(Increase) in inventories	-	(891)	(891)	-
(Decrease) in accounts payable	(3,825)	(27,210)	(31,035)	678
Increase in medical insurance claims payable	-	-	-	35,137
Increase in salaries and benefits payable	18,986	-	18,986	-
(Decrease) in advances for services	(39,072)	(3,865)	(42,937)	-
Increase in compensated absences	1,432	-	1,432	-
(Decrease) in net pension liability	(44,124)	(20,152)	(64,276)	-
Decrease in deferred outflows of resources	120,606	64,125	184,731	-
(Decrease) in deferred inflows of resources	(54,485)	(23,667)	(78,152)	-
Increase in other post employment benefits	7,688	5,732	13,420	-
Net cash provided (used) by operating activities	\$ (95,843)	\$ (711,733)	\$ (807,576)	519,766

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2019, the District received \$122,238 of federal commodities.

See notes to financial statements.

Exhibit J

**Urbandale Community School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2019**

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	<u>Agency</u>
<b>Assets</b>	
Cash, cash equivalent and pooled investments	<u>\$ 180,868</u>
Total assets	<u>180,868</u>
<b>Liabilities</b>	
Accounts payable	4,977
Due to other entities	<u>175,891</u>
Total liabilities	<u>180,868</u>
<b>Net position</b>	<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 fund of the District are considered major:

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

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



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

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

The District has the following internal service funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the 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 Balance/Net Position

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. 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 reported as a deferred inflow of resources 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2018.

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 if purchased or constructed. 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. Reportable 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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments contributions from the District after the measurement date but before the end of the District's reporting period.

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, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

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

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

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

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

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

*Unassigned* – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, expenditures exceeded the amounts budgeted in the non-instructional programs and other expenditures functions and the District did not exceed its General Fund unspent authorized budget.

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2019 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, 2019, the District had investments as follows:

Type	
Iowa Schools Joint Investment Trust (ISJIT)	\$ 19,265,792
The Education Liquidity Fund (TELF)	1,034,593
	<u>\$ 20,300,385</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.

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, 2019 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects -	
	Statewide Sales, Services and Use Tax	\$ 1,912,167
		<u>\$ 1,912,167</u>

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

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,533,992	-	-	1,533,992
Construction in progress	91,888	2,317,680	-	2,409,568
Total capital assets not being depreciated	1,625,880	2,317,680	-	3,943,560
Capital assets being depreciated:				
Buildings	123,627,811	351,333	-	123,979,144
Improvements other than buildings	1,254,352	88,314	-	1,342,666
Furniture and equipment	3,238,794	194,790	-	3,433,584
Leased equipment	1,546,105	-	-	1,546,105
Total capital assets being depreciated	129,667,062	634,437	-	130,301,499
Less accumulated depreciation for:				
Buildings	38,487,747	2,509,107	-	40,996,854
Improvements other than buildings	532,420	58,914	-	591,334
Furniture and equipment	2,481,963	220,885	-	2,702,848
Leased equipment	1,546,105	-	-	1,546,105
Total accumulated depreciation	43,048,235	2,788,906	-	45,837,141
Total capital assets being depreciated, net	86,618,827	(2,154,469)	-	84,464,358
Governmental activities capital assets, net	\$ 88,244,707	163,211	-	88,407,918
<b>Business type activities:</b>				
Furniture and equipment	\$ 1,489,195	-	4,755	1,484,440
Less accumulated depreciation	1,249,719	75,998	4,755	1,320,962
Business type activities capital assets, net	\$ 239,476	(75,998)	-	163,478

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 1,205,086
Special	393,055
Other	346,002

Support services:

Student support	120,856
Instructional staff	153,994
Administration	343,811
Operation and maintenance of plant	129,106
Transportation	695
Noninstructional	96,301

Total governmental activities depreciation expense

\$ 2,788,906

Business type activities:

Food services

\$ 75,998

**(6) Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2019 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	\$ 48,955,000	9,995,000	4,135,000	54,815,000	4,140,000
Premiums on general obligation bonds	931,971	125,809	114,191	943,589	114,191
Discounts on general obligation bonds	(289,937)	(143,886)	(36,696)	(397,127)	(36,696)
Subtotal general obligation bonds	49,597,034	9,976,923	4,212,495	55,361,462	4,217,495
Revenue bonds	35,131,000	-	20,611,000	14,520,000	1,442,000
Early retirement	128,719	-	122,719	6,000	6,000
Compensated absences	87,700	129,341	87,700	129,341	129,341
Net pension liability	24,757,408	-	798,293	23,959,115	-
Net OPEB liability	803,498	86,805	-	890,303	-
Subtotal, governmental activities	110,505,359	10,193,069	25,832,207	94,866,221	5,794,836
Business type activities:					
Compensated absences	4,282	5,714	4,282	5,714	5,714
Net pension liability	1,926,587	-	64,276	1,862,311	-
Net OPEB liability	124,220	13,420	-	137,640	-
Subtotal, business type activities	2,055,089	19,134	68,558	2,005,665	5,714
Total	\$ 112,560,448	10,212,203	25,900,765	96,871,886	5,800,550

General Obligation Bonds

Details of the District's June 30, 2019 general obligation bonded indebtedness are as follows:

Year ending June 30,	Refunding Bond Issue on April 2, 2015			
	Interest Rate	Principal	Interest	Total
2020	2.50%	\$ -	163,750	163,750
2021	2.50%	-	163,750	163,750
2022	2.50%	-	163,750	163,750
2023	2.50%	-	163,750	163,750
2024	2.50%	-	163,750	163,750
2025	2.50%	1,180,000	163,750	1,343,750
2026	3.00%	580,000	134,250	714,250
2027	3.00%	-	116,850	116,850
2028	3.00%	-	116,850	116,850
2029	3.00%	-	116,850	116,850
2030	3.00%	2,260,000	116,850	2,376,850
2031	3.00%	1,635,000	49,050	1,684,050
		5,655,000	1,633,200	7,288,200

*General Obligation Bonds (continued)*

Year ending June 30,	Refunding Bond Issue 2018A			
	Interest Rate	Principal	Interest	Total
2020	3.000%	\$ 280,000	256,050	536,050
2021	3.000%	-	247,650	247,650
2022	3.000%	-	247,650	247,650
2023	3.000%	-	247,650	247,650
2024	3.000%	-	247,650	247,650
2025	3.000%	125,000	247,650	372,650
2026	3.000%	875,000	243,900	1,118,900
2027	3.000%	2,080,000	217,650	2,297,650
2028	3.000%	2,360,000	155,250	2,515,250
2029	3.000%	2,250,000	84,450	2,334,450
2030	3.000%	565,000	16,950	581,950
		8,535,000	2,212,500	10,747,500

Year ending June 30,	Refunding Bond Issue 2018B			
	Interest Rate	Principal	Interest	Total
2020	2.000%	\$ 1,815,000	233,650	2,048,650
2021	2.000%	1,865,000	197,350	2,062,350
2022	3.000%	1,765,000	160,050	1,925,050
2023	3.000%	1,640,000	107,100	1,747,100
2024	3.000%	665,000	57,900	722,900
2025	3.000%	-	37,950	37,950
2026	3.000%	490,000	37,950	527,950
2027	3.000%	775,000	23,250	798,250
		9,015,000	855,200	9,870,200

Year ending June 30,	Refunding Bond Issue 2018C			
	Interest Rate	Principal	Interest	Total
2020	2.00%	\$ 1,080,000	176,750	1,256,750
2021	2.00%	1,075,000	155,200	1,230,200
2022	3.00%	900,000	130,950	1,030,950
2023	3.00%	1,040,000	101,850	1,141,850
2024	3.00%	1,325,000	66,375	1,391,375
2025	3.00%	1,550,000	23,250	1,573,250
		6,970,000	654,375	7,624,375

Year ending June 30,	Refunding Bond Issue 2018D			
	Interest Rate	Principal	Interest	Total
2020	3.00%	\$ 790,000	150,450	940,450
2021	3.00%	830,000	126,150	956,150
2022	3.00%	910,000	100,050	1,010,050
2023	3.00%	990,000	71,550	1,061,550
2024	3.00%	970,000	42,150	1,012,150
2025	3.00%	160,000	25,200	185,200
2026	3.00%	760,000	11,400	771,400
		5,410,000	526,950	5,936,950



**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2019**

*General Obligation Bonds (continued)*

Year ending June 30,	General Obligation Bond 2018E			
	Interest Rate	Principal	Interest	Total
2020	3.00%	\$ -	318,275	318,275
2021	3.00%	-	318,275	318,275
2022	3.00%	-	318,275	318,275
2023	3.00%	-	318,275	318,275
2024	3.00%	-	318,275	318,275
2025	3.00%	-	318,275	318,275
2026	3.00%	-	318,275	318,275
2027	3.00%	-	318,275	318,275
2028	3.00%	250,000	318,275	568,275
2029	3.00%	635,000	310,775	945,775
2030	3.25%	150,000	291,725	441,725
2031	3.30%	1,300,000	286,850	1,586,850
2032	3.35%	900,000	243,950	1,143,950
2033	3.40%	900,000	213,800	1,113,800
2034	3.45%	1,000,000	183,200	1,183,200
2035	3.55%	1,000,000	148,700	1,148,700
2036	3.60%	1,000,000	113,200	1,113,200
2037	3.65%	1,000,000	77,200	1,077,200
2038	3.70%	1,100,000	40,700	1,140,700
		9,235,000	4,774,575	14,009,575

Year ending June 30,	General Obligation Bond 2019			
	Interest Rate	Principal	Interest	Total
2020	3.00%	\$ 175,000	296,518	471,518
2021	3.00%	-	294,600	294,600
2022	3.00%	-	294,600	294,600
2023	3.00%	-	294,600	294,600
2024	3.00%	-	294,600	294,600
2025	3.00%	-	294,600	294,600
2026	3.00%	-	294,600	294,600
2027	3.00%	-	294,600	294,600
2028	3.00%	-	294,600	294,600
2029	3.00%	-	294,600	294,600
2030	3.00%	-	294,600	294,600
2031	3.00%	-	294,600	294,600
2032	3.00%	925,000	294,600	1,219,600
2033	3.00%	1,000,000	266,850	1,266,850
2034	3.00%	1,000,000	236,850	1,236,850
2035	3.00%	1,000,000	206,850	1,206,850
2036	3.00%	1,100,000	176,850	1,276,850
2037	3.00%	1,200,000	143,850	1,343,850
2038	3.00%	1,200,000	107,850	1,307,850
2039	3.00%	2,395,000	71,850	2,466,850
		9,995,000	5,042,668	15,037,668

**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2019**

Year ending June 30,	Total Bond Indebtedness		
	Principal	Interest	Total
2020	\$ 4,140,000	1,298,925	5,438,925
2021	3,770,000	1,208,375	4,978,375
2022	3,575,000	1,120,725	4,695,725
2023	3,670,000	1,010,175	4,680,175
2024	2,960,000	896,100	3,856,100
2025	3,015,000	816,075	3,831,075
2026	2,705,000	745,775	3,450,775
2027	2,855,000	676,025	3,531,025
2028	2,610,000	590,375	3,200,375
2029	2,885,000	512,075	3,397,075
2030	2,975,000	425,525	3,400,525
2031	2,935,000	335,900	3,270,900
2032	1,825,000	243,950	2,068,950
2033	1,900,000	213,800	2,113,800
2034	2,000,000	183,200	2,183,200
2035	2,000,000	148,700	2,148,700
2036	2,100,000	113,200	2,213,200
2037	2,200,000	77,200	2,277,200
2038	2,300,000	40,700	2,340,700
2039	2,395,000	71,850	2,466,850
	<u>\$ 54,815,000</u>	<u>10,728,650</u>	<u>65,543,650</u>

During the year ended June 30, 2019, the District issued \$9,995,000 of new general obligation bonds. This was done to finance capital projects.

Revenue Bonds

Details of the District's June 30, 2019 statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year ending June 30,	Revenue Bond Issue 2018A			
	Interest Rate	Principal	Interest	Total
2020	2.740%	\$ 900,000	249,340	1,149,340
2021	2.740%	900,000	224,680	1,124,680
2022	2.740%	900,000	200,020	1,100,020
2023	2.740%	900,000	175,360	1,075,360
2024	2.740%	1,000,000	150,700	1,150,700
2025	2.740%	1,000,000	123,300	1,123,300
2026	2.740%	1,000,000	95,900	1,095,900
2027	2.740%	1,000,000	68,500	1,068,500
2028	2.740%	1,000,000	41,100	1,041,100
2029	2.740%	500,000	13,700	513,700
		<u>\$ 9,100,000</u>	<u>1,342,600</u>	<u>10,442,600</u>

**Urbandale Community School District**  
**Notes to Financial Statements**  
**June 30, 2019**

Year ending June 30,	Revenue Bond Issue 2018A			
	Interest Rate	Principal	Interest	Total
2020	2.770%	\$ 542,000	150,134	692,134
2021	2.770%	542,000	135,120	677,120
2022	2.770%	542,000	120,108	662,108
2023	2.770%	542,000	105,094	647,094
2024	2.770%	542,000	90,080	632,080
2025	2.770%	542,000	75,067	617,067
2026	2.770%	542,000	60,054	602,054
2027	2.770%	542,000	45,040	587,040
2028	2.770%	542,000	30,026	572,026
2029	2.770%	542,000	15,014	557,014
		<u>\$ 5,420,000</u>	<u>825,737</u>	<u>6,245,737</u>

Year ending June 30,	Total Revenue Bond Indebtedness		
	Principal	Interest	Total
2020	\$ 1,442,000	399,474	1,841,474
2021	1,442,000	359,800	1,801,800
2022	1,442,000	320,128	1,762,128
2023	1,442,000	280,454	1,722,454
2024	1,542,000	240,780	1,782,780
2025	1,542,000	198,367	1,740,367
2026	1,542,000	155,954	1,697,954
2027	1,542,000	113,540	1,655,540
2028	1,542,000	71,126	1,613,126
2029	1,042,000	28,714	1,070,714
	<u>\$ 14,520,000</u>	<u>2,168,337</u>	<u>16,688,337</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 \$16,688,337. For the current year, \$20,611,000 principal and \$937,254 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$3,492,705.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- b) 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.
- c) 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, 2019.

As of June 30, 2019, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 2,166,946,726</u>
Debt limit of 5% of total assessed valuation	\$ 108,347,336
Amount of debt applicable to debt limit	69,335,000
Excess of debt limit over bonded debt issued, legal debt margin.	<u>\$ 39,012,336</u>

### Early Retirement

The District has two voluntary early retirement plans in effect at June 30, 2019. 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. One participant continues to receive single health insurance coverage with premium costs of \$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. This plan is completed as of June 30, 2019. The District's actual early retirement expenditures for the year ended June 30, 2019 totaled \$122,719.

## **(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
2020	46,131
2021	46,585
2022	27,329
	<u>\$ 120,045</u>

The total lease expense for the year ended June 30, 2019 was \$45,677.

## **(8) Pension Plan**

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

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

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

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

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

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

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

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

In the fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2019 were \$2,929,533.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$25,821,426 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was 0.408163%, which was an increase of 0.003964% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,680,759. At June 30, 2019, 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	\$ 141,574	583,605
Changes of assumptions	3,683,586	-
Net difference between projected and actual earnings on IPERS' investments	3,008,635	3,718,125
Changes in proportion and differences between District contributions and proportionate share of contributions	220,584	89,602
District contributions subsequent to the measurement date	2,929,533	-
<b>Total</b>	<b>\$ 9,983,912</b>	<b>4,391,332</b>

\$2,929,533 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, 2020. 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	
2020	\$ 1,811,183
2021	932,707
2022	(133,415)
2023	54,868
2024	(2,296)
	<b>\$ 2,663,047</b>

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 43,824,149	\$ 25,821,426	\$ 10,719,817

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](http://www.ipers.org).

Payables IPERS - At June 30, 2019, the District reported no amounts payable to IPERS for legally required District contributions or for legally required employee contributions withheld from employee wages.

## (9) Other Post-Employment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

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

**Total OPEB Liability** – The District's total OPEB liability of \$1,027,943 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2019)	2.75% per annum.
Rates of salary increase (effective June 30, 2019)	0.00% per annum including inflation
Discount rate (effective June 30, 2019)	3.72% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2019)	6.00% initial rate decreasing by 0.50% annually to an ultimate rate of 4.50%

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

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 927,718
Changes for the year:	
Service cost	105,590
Interest	37,851
Differences between expected and actual experiences	(30,350)
Changes in assumptions	-
Benefit payments	(12,866)
	100,225
	<u>\$ 1,027,943</u>

Changes of assumptions reflect a change in the discount rate from 4.00% in fiscal year 2017 to 3.72% in fiscal year 2018 and 2019.

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

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 1,165,720	1,027,943	908,837

**Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the total OPEB liability of the District as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.



	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 861,168	1,027,943	1,233,959

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2019, the District recognized OPEB expense of \$128,450. At June 30, 2019, the District reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -
Changes in assumptions	50,149
Total	<u>\$ 50,149</u>

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

Year ending June 30,	Amount
2020	\$ (2,125)
2021	(2,125)
2022	(2,125)
2023	(2,125)
2024	(2,125)
Thereafter	(39,524)
	<u>\$ (50,149)</u>

#### (10) Risk Management

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

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

The medical plan received an annual actuarial opinion and the annual report is filed with the State of Iowa Insurance Division. The medical insurance claims liability of \$409,604 at June 30, 2019, 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 \$1,482,530 for the year ended June 30, 2019, 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, 2019 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	\$ 48,259

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, 2019, this reimbursement amounted to \$23,705.

**(13) Construction Commitment**

The District has active construction projects as of June 30, 2019. The projects are listed and a summary of the projected costs of each project and the costs incurred through June 30, 2019 is as follows:

Project	Estimated Contract Amount	Costs through June 30, 2019
New Elementary School #1	\$ 29,386,166	1,352,958
New Elementary School #2	31,000,000	143,886
High School Lockers/Concessions/Fitness Center	5,624,538	635,094
High School HVAC system	4,530,500	266,576
High School Entry and Webster Entry/Computer Lab	434,225	11,054
Total Construction In Progress	<u>\$ 70,975,429</u>	<u>2,409,568</u>

**(14) Deficit Net Position**

A net position deficit of \$438,551 exists in the Enterprise, Child Care Fund.

**(15) Categorical Funding**

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2019.

Program	Amount
Teacher Leadership State Aid	\$ 736,407
Successful progression for early readers	83,465
Professional development supplement	90,783
Community College Equipment and Training Fund	-
Textbook aid for nonpublic students	6,513
Home School Assistance Program (HSAP)	71,705
Total	<u>\$ 988,873</u>

**(16) Subsequent Events**

The District passed a \$59 million bond referendum for the purpose of building 2 new elementary buildings and a high school fitness center. The new elementary buildings will be built on the site of two of the District's current elementary building sites with the end result being a district of 4 elementary buildings instead of 6 elementary buildings. The general obligation bonds will be sold over a period of 7 years. The first sale of \$9,320,000 general obligations took place in June of 2018 and the second sale of \$9,995,000 general obligation bonds took place in June 2019.

**(17) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 84, *Fiduciary Activities*. This statement will be implemented for fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

### **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, 2019**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 32,167,505	3,313,501	35,481,006	35,914,599	35,914,599	(433,593)
Intermediate sources	53,778	-	53,778	52,605	52,605	1,173
State sources	25,352,472	74,529	25,427,001	25,603,740	25,603,740	(176,739)
Federal sources	1,069,693	904,189	1,973,882	1,874,390	1,874,390	99,492
Total revenues	58,643,448	4,292,219	62,935,667	63,445,334	63,445,334	(509,667)
Expenditures:						
Instruction	30,754,560	-	30,754,560	32,442,051	32,442,051	1,687,491
Support services	16,519,980	-	16,519,980	16,259,084	18,259,084	1,739,104
Non-instructional programs	-	4,285,836	4,285,836	3,798,551	3,798,551	(487,285)
Other expenditures	31,237,079	-	31,237,079	20,488,761	27,988,761	(3,248,318)
Total expenditures	78,511,619	4,285,836	82,797,455	72,988,447	82,488,447	(309,008)
Excess (deficiency) of revenues over (under) expenditures	(19,868,171)	6,383	(19,861,788)	(9,543,113)	(19,043,113)	(818,675)
Other financing sources (uses), net	9,986,446	-	9,986,446	9,992,129	9,992,129	(5,683)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(9,881,725)	6,383	(9,875,342)	449,016	(9,050,984)	(824,358)
Balances beginning of year	42,576,848	839,446	43,416,294	18,305,386	18,305,386	25,110,908
Balances end of year	\$ 32,695,123	845,829	33,540,952	18,754,402	9,254,402	24,286,550

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Notes to Required Supplementary Information - Budgetary Reporting**  
**Year Ended June 30, 2019**

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing expenditures by \$9,500,000.

During the year ended June 30, 2019, expenditures in the non-instructional programs and other expenditures function areas exceeded the amounts budgeted. 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 Five Years\* (In Thousands)**  
**Required Supplementary Information**

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.408163%	0.404199%	0.404560%	0.406527%	0.408590%
District's proportion of the net pension pension liability	\$ 25,821	26,684	25,229	20,210	16,536
District's covered-employee payroll	\$ 30,948	29,912	28,768	28,029	27,285
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.43%	89.21%	87.70%	72.10%	60.60%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 2,898	2,764	2,671	2,569	2,503	2,437	2,211	1,969	1,614	1,568
Contributions in relation to the statutorily required contribution	(2,898)	(2,764)	(2,671)	(2,569)	(2,503)	(2,437)	(2,211)	(1,969)	(1,614)	(1,568)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 30,704	30,948	29,912	28,768	28,029	27,285	25,506	24,393	23,217	23,578
Contributions as a percentage of covered-employee payroll	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

See accompanying independent auditor's report.



**Urbandale Community School District**  
**Notes to Required Supplementary Information - Pension Liability**  
**Year Ended June 30, 2019**

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Changes of benefit terms:

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

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

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

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

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

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

**Urbandale Community School District**  
**Schedule of Changes in the District's**  
**Total OPEB Liability, Related Ratios and Notes**  
**For the Last Two Years**  
**Required Supplementary Information**

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	2019	2018
Service cost	\$ 105,590	105,776
Interest cost	37,851	33,747
Difference between expected and actual experiences	(30,350)	(22,457)
Changes in assumptions	-	-
Benefit payments	(12,866)	(14,975)
Net change in total OPEB liability	100,225	102,091
Total OPEB liability beginning of year, as restated	927,718	825,627
Total OPEB liability end of year	<u>\$ 1,027,943</u>	<u>927,718</u>
Covered-employee payroll	\$ 31,773,709	26,217,960
Total OPEB liability as a percentage of covered-employee payroll	3.24%	3.54%

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	4.00%

See accompanying independent auditor's report.

## **Supplementary Information**

## Schedule 1

**Urbandale Community School District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Student Activity	Management	Public Education & Recreation Levy	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 255,096	976,157	264,440	1,495,693
Receivables:				
Property tax:				
Delinquent	-	1,610	342	1,952
Succeeding year	-	700,001	173,957	873,958
Accounts	-	1,029	-	1,029
<b>Total assets</b>	<b>\$ 255,096</b>	<b>1,678,797</b>	<b>438,739</b>	<b>2,372,632</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 4,962	3,940	-	8,902
Total liabilities	4,962	3,940	-	8,902
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	700,001	173,957	873,958
Total deferred inflows of resources	-	700,001	173,957	873,958
Fund Balances:				
Restricted for:				
Management levy purposes	-	974,856	-	974,856
Student activities	250,134	-	-	250,134
Public education & recreation levy purposes	-	-	264,782	264,782
Total fund balances	250,134	974,856	264,782	1,489,772
<b>Total liabilities, deferred inflows of resources and fund equity</b>	<b>\$ 255,096</b>	<b>1,678,797</b>	<b>438,739</b>	<b>2,372,632</b>

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, 2019**

	Special Revenue Funds			
	Student Activity	Management	Public Education & Recreation Levy	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ -	746,316	158,473	904,789
Utility tax replacement excise tax	-	48,662	10,333	58,995
	-	794,978	168,806	963,784
Other local sources:				
Interest on investments	2,261	8,291	2,264	12,816
Other	475,865	20,691	-	496,556
	478,126	28,982	2,264	509,372
	478,126	823,960	171,070	1,473,156
State sources:				
Revenue in lieu of taxes :				
Military credit	-	195	41	236
Commercial & industrial replacement tax	-	24,634	5,231	29,865
	-	24,829	5,272	30,101
Total revenues	478,126	848,789	176,342	1,503,257
Expenditures:				
Current:				
Instruction:				
Regular	-	118,601	-	118,601
Other	485,231	-	-	485,231
	485,231	118,601	-	603,832
Support services:				
Administration:	-	22,754	87,268	110,022
Operation and maintenance of plant	-	669,522	-	669,522
Transportation	-	25	-	25
	-	692,301	87,268	779,569
Other expenditures:				
Facilities acquisition	-	-	-	-
Total expenditures	485,231	810,902	87,268	1,383,401
Excess (deficiency) of revenues over (under) expenditures	(7,105)	37,887	89,074	119,856
Fund balances beginning of year	257,239	936,969	175,708	1,369,916
Fund balances end of year	\$ 250,134	974,856	264,782	1,489,772

See accompanying independent auditor's report.

## Schedule 3

**Urbandale Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2019**

Account	Balance Beginning of Year	Revenues and Financing Sources	Expenditures	Balance End of Year
Jensen Activity	\$ 14,904	150	1,830	13,224
KA Activity	9,277	150	1,105	8,322
KA Student Senate	668	-	-	668
KA Boys Group	-	3,000	1,713	1,287
Olmsted Activity	382	151	20	513
Rolling Green Activity	4,689	150	-	4,839
Valerius Activity	19,535	149	-	19,684
Webster Activity	1,240	150	1,134	256
Webster Best Buddies	-	198	95	103
Elementary Band Fundraiser	4,170	42	3,197	1,015
Web Clickers	2,411	-	-	2,411
Middle School:				
Drama	625	631	614	642
Vocal	18,974	5,539	18,396	6,117
Instrumental	5,136	4,945	6,163	3,918
Acivity MS	6,324	11,460	13,058	4,726
Best Buddies	210	124	159	175
Student Senate	8,103	348	1,517	6,934
Memory Book	1,380	1,497	395	2,482
Building Activity	7,848	2,583	1,513	8,918
High School:				
Activities	14,378	2,135	381	16,132
Drama	7,282	14,555	7,309	14,528
Vocal	10,396	106,285	96,374	20,307
Band	8,276	39,659	37,681	10,254
Jaywalkers	10,118	13,438	13,404	10,152
Athletics	21,023	143,733	205,356	(40,600)
Art	4,745	125	75	4,795
Deca	485	3,892	3,527	850
Key Club	4,516	1,953	1,871	4,598
German Club	12,904	9,380	9,721	12,563
National Honor Society	331	-	42	289
Indust Arts Club	171	-	-	171
Battle of the Books	149	271	347	73
Student Senate	45,273	16,827	19,933	42,167
Hope In Action	26	1,522	1,281	267
Yearbook	-	54,290	295	53,995
The Roaring Leo Club	263	34	-	297
Best Buddies	2,010	2,152	1,623	2,539
Tag Activities	5,233	-	-	5,233
Spanish Honor Society	2,429	835	-	3,264
Environmental Club	484	174	-	658
Interact Club	31	-	-	31
Japanese Trip	840	35,599	35,102	1,337
	\$ 257,239	478,126	485,231	250,134

See accompanying independent auditor's report.

## Schedule 4

**Urbandale Community School District**  
**Combining Balance Sheet**  
**Capital Projects Fund Accounts**  
**June 30, 2019**

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 1,661,087	3,193,082	17,746,417	22,600,586
Receivables:				
Property tax:				
Delinquent	-	4,243	-	4,243
Succeeding year	-	2,366,497	-	2,366,497
Due from other governments	277,248	68,857	-	346,105
<b>Total assets</b>	<b>\$ 1,938,335</b>	<b>5,632,679</b>	<b>17,746,417</b>	<b>25,317,431</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 65,388	242,108	493,846	801,342
Total liabilities	65,388	242,108	493,846	801,342
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	2,366,497	-	2,366,497
Total deferred inflows of resources	-	2,366,497	-	2,366,497
Fund balances:				
Restricted for:				
School infrastructure	1,872,947	-	17,252,571	19,125,518
Physical plant and equipment	-	3,024,074	-	3,024,074
Total fund balances	1,872,947	3,024,074	17,252,571	22,149,592
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,938,335</b>	<b>5,632,679</b>	<b>17,746,417</b>	<b>25,317,431</b>

See accompanying independent auditor's report.

## Schedule 5

Urbandale Community School District  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Capital Projects Fund Accounts  
Year ended June 30, 2019

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ -	2,138,291	-	2,138,291
Utility tax replacement excise tax	-	127,821	-	127,821
	-	2,266,112	-	2,266,112
Other local sources:				
Interest on investments	24,522	24,615	55,439	104,576
Other	-	2,274	-	2,274
	24,522	26,889	55,439	106,850
	24,522	2,293,001	55,439	2,372,962
State sources:				
Revenue in lieu of taxes :				
Statewide sales, services and use tax	3,492,705	-	-	3,492,705
Military credit	-	511	-	511
Commercial & industrial replacement tax	-	64,708	-	64,708
	3,492,705	65,219	-	3,557,924
Total revenues	3,517,227	2,358,220	55,439	5,930,886
Expenditures:				
Current:				
Instruction:				
Regular:				
Property	-	576,536	-	576,536
	-	576,536	-	576,536
Support Services:				
Instructional staff:				
Purchased services	19,561	119,228	-	138,789
Supplies	6,477	-	-	6,477
Property	-	674,605	-	674,605
	26,038	793,833	-	819,871
Administration:				
Purchased services	3,500	-	46,554	50,054
	3,500	-	46,554	50,054
Operation and maintenance of plant services:				
Purchased services	-	113,238	-	113,238
Property	-	164,950	-	164,950
	-	278,188	-	278,188
Other expenditures:				
Facilities acquisition				
Purchased services	334,110	417,149	1,829,274	2,580,533
Property	37,088	25,278	-	62,366
	371,198	442,427	1,829,274	2,642,899
Total expenditures	400,736	2,090,984	1,875,828	4,367,548
Excess (deficiency) of revenues over (under) expenditures	3,116,491	267,236	(1,820,389)	1,563,338
Other financing uses:				
General obligation bonds issued	-	-	9,995,000	9,995,000
Bond premiums	-	-	125,809	125,809
Bond discount	-	-	(143,886)	(143,886)
Operating transfers out	(1,912,167)	-	-	(1,912,167)
Total other financing uses	(1,912,167)	-	9,976,923	8,064,756
Change in fund balances	1,204,324	267,236	8,156,534	9,628,094
Fund balances beginning of year	668,623	2,756,838	9,096,037	12,521,498
Fund balances end of year	\$ 1,872,947	3,024,074	17,252,571	22,149,592

See accompanying independent auditor's report.



## Schedule 6

**Waukee Community School District**  
**Combining Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business Type Activities			Governmental Activities		
	Nonmajor Enterprise Funds			Internal Service Funds		
	School Nutrition	Community Education	Total	Flexible Benefits	Self-funded Health Plan	Total
<b>Assets</b>						
Current assets:						
Cash, cash equivalents and pooled investments	\$ 1,563,605	194,916	1,758,521	\$ 31,293	3,743,670	3,774,963
Due from other governments	4,495	-	4,495	-	-	-
Inventories	19,079	-	19,079	-	-	-
Total current assets	1,587,179	194,916	1,782,095	31,293	3,743,670	3,774,963
Noncurrent assets:						
Capital assets:						
Equipment	1,484,440	-	1,484,440	-	-	-
Accumulated depreciation	(1,320,962)	-	(1,320,962)	-	-	-
Total noncurrent assets	163,478	-	163,478	-	-	-
<b>Total assets</b>	1,750,657	194,916	1,945,573	31,293	3,743,670	3,774,963
<b>Deferred Outflows of Resources</b>						
Pension related deferred outflows	230,729	19,408	250,137	-	-	-
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	1,845	2,990	4,835	-	1,425	1,425
Incurred but not reported claims	-	-	-	-	409,604	409,604
Advances for services	46,334	-	46,334	-	-	-
Total current liabilities	48,179	2,990	51,169	-	411,029	411,029
Noncurrent liabilities:						
Net pension liability	613,501	52,876	666,377	-	-	-
Other postemployment benefits	74,918	-	74,918	-	-	-
Total noncurrent liabilities	688,419	52,876	741,295	-	-	-
<b>Total liabilities</b>	736,598	55,866	792,464	-	411,029	411,029
<b>Deferred Inflows of Resources</b>						
Pension related deferred inflows	105,792	9,419	115,211	-	-	-
OPEB related deferred inflows	3,655	-	3,655	-	-	-
<b>Total deferred inflows</b>	109,447	9,419	118,866	-	-	-
<b>Net Position</b>						
Net investment in capital assets	163,478	-	163,478	-	-	-
Unrestricted	971,863	149,039	1,120,902	31,293	3,332,641	3,363,934
<b>Total Net Position</b>	\$ 1,135,341	149,039	1,284,380	\$ 31,293	3,332,641	3,363,934

See accompanying independent auditor's report.

## Schedule 7

**Urbandale Community School District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2019**

	Business Type Activities			Governmental Activities		
	Non-Major Enterprise Funds			Internal Service Funds		
	School Nutrition	Community Education	Total	Flexible Benefits	Self-funded Health Plan	Total
Operating revenue:						
Local sources:						
Other local sources:						
Sale of lunches and breakfasts	\$ 1,067,789	-	1,067,789	\$ -	-	-
Sale of services	-	236,272	236,272	-	2,890,829	2,890,829
Other revenues	17	12,826	12,843	30,539	297,399	327,938
Total operating revenue	1,067,806	249,098	1,316,904	30,539	3,188,228	3,218,767
Operating expenses:						
Instructional programs:						
Support Services:						
Instructional staff:						
Benefits	-	-	-	-	2,693,069	2,693,069
Purchased services	-	-	-	-	47,286	47,286
Supplies	-	-	-	-	510	510
Other	-	-	-	-	5,902	5,902
	-	-	-	-	2,746,767	2,746,767
Non-instructional programs:						
Community service operations:						
Salaries	-	64,924	64,924	-	-	-
Benefits	-	11,151	11,151	-	-	-
Services	-	21,214	21,214	-	-	-
Supplies	-	141,703	141,703	-	-	-
Other	-	548	548	-	-	-
	-	239,540	239,540	-	-	-
Food services operations:						
Salaries	660,514	-	660,514	-	-	-
Benefits	230,507	-	230,507	-	-	-
Services	1,451	-	1,451	-	-	-
Supplies	1,012,935	-	1,012,935	-	-	-
Depreciation	75,998	-	75,998	-	-	-
	1,981,405	-	1,981,405	-	-	-
Total operating expenses	1,981,405	239,540	2,220,945	-	2,746,767	2,746,767
Operating income (loss)	(913,599)	9,558	(904,041)	30,539	441,461	472,000
Non-operating revenue:						
State sources	13,769	-	13,769	-	-	-
Federal sources	904,189	-	904,189	-	-	-
Contributions	256	-	256	-	-	-
Interest income	27,715	5,276	32,991	754	21,615	22,369
Total non-operating revenue	945,929	5,276	951,205	754	21,615	22,369
Income (Loss) before transfers	32,330	14,834	47,164	31,293	463,076	494,369
Transfer out	-	-	-	-	-	-
Change in net position	32,330	14,834	47,164	31,293	463,076	494,369
Net position beginning of year	1,103,011	134,205	1,237,216	-	2,869,565	2,869,565
Net position end of year	\$ 1,135,341	149,039	1,284,380	\$ 31,293	3,332,641	3,363,934

See accompanying independent auditor's report.

**Urbandale Community School District**  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Funds**  
**Year ended June 30, 2019**

	Business Type Activities			Governmental Activities		
	Non-Major Enterprise Funds			Internal Service Funds		
	Student Nutrition	Community Education	Total	Flexible Benefits	Self-funded Health Plan	Total
Cash flows from operating activities:						
Cash received from sale of lunches and breakfasts	\$ 1,063,924	-	1,063,924	\$ -	-	-
Cash received from miscellaneous operating activities	17	249,098	249,115	30,539	3,200,179	3,230,718
Cash paid to employees for services	(862,919)	(78,139)	(941,058)	-	-	-
Cash paid to suppliers for goods or services	(917,791)	(165,923)	(1,083,714)	-	(2,710,952)	(2,710,952)
Net cash provided (used) by operating activities	(716,769)	5,036	(711,733)	30,539	489,227	519,766
Cash flows from non-capital financing activities:						
Contributions received	256	-	256	-	-	-
State grants received	9,274	-	9,274	-	-	-
Federal grants received	865,312	-	865,312	-	-	-
Net cash provided by non-capital financing activities	874,842	-	874,842	-	-	-
Cash flows from capital and related financing activities:						
Sale of assets	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-
Cash flows from investing activities:						
Interest on cash and investments	27,715	5,276	32,991	754	21,615	22,369
Net cash provided by investing activities	27,715	5,276	32,991	754	21,615	22,369
Net increase (decrease) in cash and cash equivalents	185,788	10,312	196,100	31,293	510,842	542,135
Cash and cash equivalents at beginning of year	1,377,817	184,604	1,562,421	-	3,232,828	3,232,828
Cash and cash equivalents at end of year	\$ 1,563,605	194,916	1,758,521	\$ 31,293	3,743,670	3,774,963
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:						
Operating gain (loss)	\$ (913,599)	9,558	(904,041)	\$ 30,539	441,461	472,000
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:						
Commodities used	122,238	-	122,238	-	-	-
Depreciation	75,998	-	75,998	-	-	-
(Increase) decrease in accounts receivable	-	-	-	-	11,951	11,951
(Increase) decrease in inventories	(891)	-	(891)	-	-	-
Increase (decrease) in accounts payable	(24,752)	(2,458)	(27,210)	-	678	678
Increase (decrease) in incurred but not reported claims	-	-	-	-	35,137	35,137
Increase (decrease) in advances for services	(3,865)	-	(3,865)	-	-	-
Increase (decrease) in net pension liability	(18,505)	(1,647)	(20,152)	-	-	-
(Increase) decrease in deferred outflows of resources	59,224	4,901	64,125	-	-	-
Increase (decrease) in deferred inflows of resources	(21,494)	(2,173)	(23,667)	-	-	-
Increase (decrease) in other postemployment benefits	8,877	(3,145)	5,732	-	-	-
Net cash provided (used) by operating activities	\$ (716,769)	5,036	(711,733)	\$ 30,539	489,227	519,766

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2019, the District received \$122,238 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, 2019**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 255,146	-	74,278	180,868
Accounts receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 255,146</b>	<b>-</b>	<b>74,278</b>	<b>180,868</b>
<b>Liabilities</b>				
Accounts payable	\$ 6,390	-	1,413	4,977
Fiduciary liabilities	248,756	-	72,865	175,891
<b>Total liabilities</b>	<b>\$ 255,146</b>	<b>-</b>	<b>74,278</b>	<b>180,868</b>

See accompanying independent auditor's report.

# Schedule 10

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

	Modified Accrual Basis									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Local sources:										
Local tax	\$ 23,255,090	21,477,995	20,924,315	20,059,084	19,544,606	19,581,000	21,704,156	21,940,384	21,754,245	19,485,359
Tuition	7,502,810	7,069,200	7,374,464	6,654,194	6,441,098	6,270,499	5,540,588	4,438,667	4,268,376	3,965,443
Other	1,409,605	1,435,180	1,334,721	1,375,537	1,411,837	1,399,151	1,800,402	1,488,778	1,184,939	1,835,991
Intermediate sources	53,778	53,839	51,573	50,283	47,159	52,333	3,500	3,500	5,000	3,500
State sources	25,352,472	25,026,525	24,951,763	24,099,695	22,475,219	21,648,702	17,322,913	17,105,839	15,409,640	12,926,783
Federal sources	1,069,693	1,137,586	1,010,165	958,661	1,141,396	935,939	1,015,234	936,609	1,810,673	2,934,121
Total	\$ 58,643,448	56,200,325	55,647,001	53,197,454	51,061,315	49,887,624	47,386,793	45,913,777	44,432,873	41,151,197
Expenditures:										
Instruction:										
Regular	\$ 19,098,866	18,913,423	18,013,409	17,544,776	17,319,911	16,183,522	15,776,861	15,323,113	14,923,016	14,533,963
Special	6,285,139	6,449,019	6,200,676	5,738,416	6,075,902	5,901,859	4,946,672	4,100,174	3,864,902	3,719,448
Other	5,370,555	4,827,567	4,731,689	5,582,662	4,630,172	4,573,286	4,486,896	4,490,219	4,128,343	3,941,227
Support services:										
Student	1,682,928	1,761,169	1,701,680	1,305,528	1,950,183	1,986,932	1,738,728	1,725,888	1,640,619	1,713,989
Instructional staff	3,381,346	3,419,593	3,121,089	2,665,705	1,750,418	2,144,636	1,776,430	1,846,474	1,566,762	1,665,018
Administration	5,320,779	5,136,152	5,075,669	4,984,682	4,844,156	4,884,756	4,144,826	3,885,949	3,632,494	3,910,411
Operation and maintenance of plant	4,694,751	4,288,449	4,045,744	4,080,341	4,092,485	4,318,968	3,795,226	3,669,040	3,388,286	3,495,405
Transportation	1,440,176	1,402,655	1,300,724	1,223,161	1,226,147	1,233,783	1,205,409	1,156,656	1,097,086	1,026,983
Non-instructional programs	-	-	-	-	-	-	-	-	-	7,341
Other expenditures:										
Facilities acquisition	2,642,899	1,426,661	2,344,723	3,430,883	904,965	1,100,417	804,294	2,948,619	11,378,207	10,134,199
Long-term debt:										
Principal	24,746,000	38,270,000	3,855,000	3,770,000	21,685,000	9,740,000	3,270,000	3,387,024	2,436,898	14,478,977
Interest and other charges	2,365,650	2,547,590	2,438,763	2,541,566	3,314,256	3,630,246	3,739,283	3,902,369	3,558,611	3,487,380
AEA flowthrough	1,482,530	1,451,025	1,415,944	1,384,477	1,378,897	1,317,608	1,225,794	1,216,996	1,296,055	1,259,842
Total	\$ 78,511,619	89,893,303	54,245,110	54,252,197	69,172,492	57,016,013	46,910,419	47,652,521	52,911,279	63,374,183

See accompanying independent auditor's report.

## Schedule 11

**Urbandale Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2019**

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY19	\$ 112,165
National School Lunch Program	10.555	FY19	791,348 *
Summer Food Service Program for Children	10.559	FY19	676
			<u>904,189</u>
U.S. Department of Justice:			
Iowa Department of Human Services:			
Juvenile Justice and Delinquency Prevention	16.540	FY19	<u>30,164</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY19	<u>306,357</u>
Career and Technical Education - Basic Grants to States	84.048	FY19	<u>50,983</u>
Title III - English Language Acquisition State Grants	84.365	FY19	<u>10,384</u>
Supporting Effective Instruction State Grants	84.367	FY19	<u>52,892</u>
Student Support and Academic Enrichment Program	84.424	FY19	<u>24,331</u>
Heartland Area Education Agency:			
Special Education - Grants to States (Part B Section 611)(Mandated flowthrough) **	84.027	FY19	<u>169,269</u>
U.S. Department of Health:			
Iowa Department of Education:			
Foster Care Title IV-E (Transportation Reimbursement)	93.658	FY19	<u>4,388</u>
Total			<u>\$ 1,552,957</u>

\* Includes \$122,238 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, 2019**

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**Note 1. Basis of Presentation**

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

**Note 2. Summary of Significant Accounting Policies**

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

**Note 3. Indirect Cost Rate**

Urbandale Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

**Note 4. Pass-through Funding**

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Career and Technical Education - Basic Grants to States	84.048	\$ 21,673

**Note 5. Noncash Assistance**

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$122,238 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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705 Main Street  
Pella, IA 50219  
Ph.: 641-628-3737  
Fax: 641-628-3757

[www.vanmaanenpcpa.com](http://www.vanmaanenpcpa.com)

**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**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, 2019, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2019.

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 which are required to be reported under *Governmental Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2019 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

December 3, 2019



705 Main Street  
Pella, IA 50219  
Ph.: 641-628-3737  
Fax: 641-628-3757

[www.vanmaanencpa.com](http://www.vanmaanencpa.com)

**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**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, 2019. 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, 2019.

## 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

December 3, 2019

**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
    - CFDA Number 10.559 – Summer Food Service Program for Children
- (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.

**Part IV: Other Findings Related to Required Statutory Reporting**

- IV-A-19      Certified Budget - Expenditures for the year ended June 30, 2019, exceeded the amended certified budget amounts in the non-instructional programs and other expenditures functions. The District did not exceed its General Fund unspent authorized budget for the year ended June 30, 2019.
- Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion – Response accepted.
- IV-B-19      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-19      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-19      Business Transactions – There were no business transactions between the District and District officials or employees for the year ended June 30, 2019.
- IV-E-19      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-19      Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-19      Certified Enrollment – A variance in the basic enrollment data certified to the Iowa Department of Education was noted.
- Recommendation – The certified enrollment data should be corrected for students who exit the District.
- Response – We will correct the certified enrollment in the future for students exiting the system.
- Conclusion – Response accepted.
- IV-H-19      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-19      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-19      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.
- Response – We will correct the supplementary weighting data in the future.
- Conclusion – Response accepted.
- IV-K-19      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, 2019**

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IV-L-19      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, 2019, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	668,623
Revenues/transfers in:			
Sales tax revenues	\$	3,492,705	
Other local revenues		24,522	
Transfers from other funds:			
Other capital projects		-	3,517,227
			<u>4,185,850</u>
Expenditures/transfers out:			
School infrastructure construction		400,736	
Transfers to other funds:			
Debt service funds		1,912,167	2,312,903
			<u>2,312,903</u>
Ending balance		\$	<u>1,872,947</u>

For the year ended June 30, 2019, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-19      Deficit Balances –The Enterprise, Child Care Fund and the student activity high School Activities account had deficit balances at June 30, 2019.

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

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

Conclusion – Response accepted.