



\$9,995,000*

**Urbandale Community School District, Iowa
General Obligation School Bonds
Series 2019**

(FAST Closing)

(The Issuer will designate the Bonds as Bank-Qualified as discussed more thoroughly herein)

(Book Entry Only)

(PARITY© Bidding Available)

DATE: Monday, April 22, 2019
TIME: 12:00 Noon
PLACE: Office of the Superintendent
11152 Aurora Ave.
Urbandale, IA 50322
Telephone: (515)457-5000

Moody's Rating: "Aa3"

* Preliminary, subject to change

PiperJaffray®

3900 Ingersoll Ave., Suite 110
Des Moines, IA 50312
515/247-2340

OFFICIAL BID FORM

TO: Board of Directors of the Urbandale Community School District, Iowa (the "Issuer")

Re: \$9,995,000* General Obligation School Bonds, Series 2019, dated the date of delivery, of the Issuer (the "Bonds")

For all or none of the above Bonds, we will pay you \$_____ for Bonds bearing interest rates and maturing in each of the stated years as follows:

| <u>Coupon</u> | <u>Yield</u> | <u>Due</u> | <u>Coupon</u> | <u>Yield</u> | <u>Due</u> |
|---------------|--------------|--------------|---------------|--------------|--------------|
| _____ | _____ | June 1, 2020 | _____ | _____ | June 1, 2035 |
| _____ | _____ | _____ | _____ | _____ | June 1, 2036 |
| _____ | _____ | June 1, 2032 | _____ | _____ | June 1, 2037 |
| _____ | _____ | June 1, 2033 | _____ | _____ | June 1, 2038 |
| _____ | _____ | June 1, 2034 | _____ | _____ | June 1, 2039 |

_____ We hereby elect to have the following issued as term bonds:

| <u>Principal Amount</u> | <u>Month and Year (Inclusive)</u> | <u>Maturity Month and Year</u> |
|-------------------------|-----------------------------------|--------------------------------|
| \$ _____ | _____ to _____ | _____ |
| \$ _____ | _____ to _____ | _____ |
| \$ _____ | _____ to _____ | _____ |
| \$ _____ | _____ to _____ | _____ |

Subject to mandatory redemption requirement in the amounts and at the times shown above

_____ We will not elect to have any bonds issued as term bonds

_____ We represent that we are a bidder with established industry reputation for underwriting new issuances of municipal bonds

This bid is for prompt acceptance and for delivery of said Bonds to us in compliance with the Official Terms of Offering, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:\$ _____
(Computed from the dated date)

TRUE INTEREST RATE _____%

Account Manager

Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the Urbandale Community School District, in the County of Polk, State of Iowa, this 22nd day of April, 2019.

ATTEST: _____
District Secretary

Board President

* _____
Preliminary, subject to change

NOTICE OF BOND SALE

Time and Place of Sale: Sealed bids or electronic bids for the sale of General Obligation School Bonds, Series 2019, of the Urbandale Community School District, in the County of Polk, State of Iowa (the "Issuer"), will be received at the office of the Superintendent until 12:00 Noon on April 22, 2019. The bids will be publicly opened at that time and evaluated by the Superintendent, Board Secretary and Financial Advisor and referred for action at the meeting of the Board of Directors.

Sale and Award: The sale and award of the bonds will be held at the Board meeting scheduled at 6:30 P.M. on the same date.

The Bonds. The bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019, in the principal amount of not to exceed \$9,995,000 to be dated June 5, 2019 (the "Bonds").

*The Issuer may increase or decrease each maturity, but the total amount to be issued will not exceed \$9,995,000.

Manner of Bidding: Open bids will not be received. No bid will be received after the time specified above for receiving bids. Bids will be received by any of the following methods:

- Sealed Bidding: Sealed bids or electronic proposals may be submitted and will be received at the office of the Superintendent, Urbandale Community School District, Urbandale, Iowa.
- Electronic Bidding: Electronic bids via PARITY® will be received at the office of the Superintendent, Urbandale Community School District, Urbandale, Iowa. The bids must be submitted through PARITY®.

Official Statement: The Issuer has issued an Official Statement of information pertaining to the Bonds to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the Secretary of the Board of Directors, Urbandale Community School District, 11152 Aurora Avenue, Urbandale, Iowa 50322, (515) 457-5000; or Tim Oswald, Piper Jaffray & Co., 3900 Ingersoll, Suite 110, Des Moines, Iowa 50312, (515) 247-2358.

Terms of Offering: All bids must be in conformity with and the sale must be in accordance with the Terms of Offering as set forth in the Official Statement.

Legal Opinion: Bonds will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed bonds without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the Bonds, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the Bonds.

Rights Reserved: The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

By order of the Board of Directors of the Urbandale Community School District in the County of Polk, State of Iowa.

Secretary of the Board of Directors of the Urbandale
Community School District

OFFICIAL TERMS OF OFFERING

This section sets forth the description of certain of the terms of the Bonds as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019, in the principal amount of \$9,995,000* dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement.

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the Issuer or its designee after the determination of the Successful Bidder. The Issuer may increase or decrease each maturity in increments of \$5,000. Interest rates specified by the Successful Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the Issuer.

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Bonds, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's financial advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Issuer (not including accrued interest), less any bond insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule.

Optional Redemption: The Bonds maturing after June 1, 2027, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable on December 1, 2019 and semiannually on the 1st day of June and December thereafter. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Book Entry System: The Bonds will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Bonds will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$99,500* for the Bonds, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Financial Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimile and email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

* Preliminary, subject to change

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 99% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. **No bid may produce gross proceeds in excess of 102% of par.** Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified herein. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Superintendent, Urbandale Community School District.

Internet Bidding: Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

Electronic Facsimile Bidding: Electronic Facsimile Bids will not be accepted.

Rates of Interest: The rates of interest specified in the bidder's proposal must conform to the limitations following:

All Bonds of each annual maturity must bear the same interest rate.

Rates of interest bid may be in multiples of 1/8th, 1/20th, or 1/100th of 1%.

Rates must be in level or ascending order.

Delivery: The Bonds will be delivered to the Purchaser via FAST delivery with the Paying Agent holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. (When the Bonds are ready for delivery, the Issuer may give the successful bidder five working days notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidder has failed to comply with the offer of purchase.)

Establishment of Issue Price:

(a) The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel. All communications required of the Issuer under this Official Terms of Offering to establish the issue price of the Bonds may be communicated on behalf of the Issuer by the Issuer's municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor.

(b) The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the Issuer shall disseminate this Official Term of Offering to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Terms of Offering.

Any bid submitted pursuant to this Official Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the winning bidder. The Issuer may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the Issuer if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Issuer shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Issuer determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Issuer the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or bond counsel.

(f) The Issuer acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(i)(A) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Issuer, shall constitute a “Final Official Statement” of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded one “.pdf” copy of the Official Statement and the addendum described in the preceding sentence to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Bonds. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Bonds shall not be cause for the purchaser to refuse to accept delivery of the Bonds. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as

posted on the front cover of the official statement. Neither the Issuer nor its Financial Advisor will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of the Rule, the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution and pursuant to a Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided on annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

For more information see the Continuing Disclosure section herein.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Bonds qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Bonds from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Bond Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Bond Resolution or other issuance documents without prior Issuer consent, in its sole discretion. Either the Purchaser or the insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to pay any future continuing disclosure costs of the Issuer associated with any rating changes assigned to the municipal bond insurer after closing (for example, if there is a rating change on the municipal bond insurer that require a material event notice filing by the Issuer, the Purchaser or the municipal bond insurer must agree to pay the reasonable costs associated with such filing). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2019

NEW ISSUE - DTC BOOK ENTRY ONLY

Moody's Rating: "Aa3"

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed. Interest on the Bonds is not exempt from present Iowa income taxes. The Bonds will be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein for a more detailed discussion.



\$9,995,000*

Urbandale Community School District, Iowa
General Obligation School Bonds
Series 2019

Dated: Date of Delivery

The General Obligation School Bonds, Series 2019 described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a., as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning December 1, 2019 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2027 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

MATURITY SCHEDULE *

| <u>Bonds Due</u> | <u>Amount*</u> | <u>Rate *</u> | <u>Yield *</u> | <u>Cusip #'s **</u> | <u>Bonds Due</u> | <u>Amount*</u> | <u>Rate *</u> | <u>Yield *</u> | <u>Cusip #'s **</u> |
|------------------|----------------|---------------|----------------|---------------------|------------------|----------------|---------------|----------------|---------------------|
| June 1, 2020 | \$70,000 | | | 917219 NF0 | June 1, 2036 | \$1,135,000 | | | 917219 NL7 |
| June 1, 2032 | 945,000 | | | 917219 NG8 | June 1, 2037 | 1,215,000 | | | 917219 NM5 |
| June 1, 2033 | 1,010,000 | | | 917219 NH6 | June 1, 2038 | 1,200,000 | | | 917219 NN3 |
| June 1, 2034 | 980,000 | | | 917219 NJ2 | June 1, 2039 | 2,385,000 | | | 917219 NP8 |
| June 1, 2035 | 1,055,000 | | | 917219 NK9 | | | | | |

\$ _____ % Term bond due Priced to yield CUSIP # _____

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about June 5, 2019. The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

The Date of this Official Statement is _____, 2019

* Preliminary, subject to change

** CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The Issuer considers the Official Statement to be "near final" within the meaning of Rule 15c2-12 of the Securities Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendix A, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget" or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

OFFICIAL STATEMENT
URBANDALE COMMUNITY SCHOOL DISTRICT, IOWA
\$9,995,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Urbandale Community School District, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Bonds, Series 2019 (the “Bonds”). The Bonds, when combined with bonds issued in 2018 and those expected to be issued in 2020 and 2022, are being issued to provide funds to i) construct two new elementary buildings and improve those sites; ii) construct an addition to the high school building; and iii) to pay costs of issuance for the Bonds. See “**SOURCES AND USES OF FUNDS**” herein.

This Preliminary Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against the property valuation of the Issuer. See “**THE BONDS – Source of Security for the Bonds**” herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

THE BONDS

General

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 1, 2019, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Bonds are being issued pursuant to the Code of Iowa, 2019, as amended, Chapter 296. Voters in the District authorized the issuance of up to \$59,000,000 of School Bonds at a special election held February 6, 2018.

Book Entry Only System

The following information concerning The Depository Trust Company (“DTC”), New York, New York and DTC’s book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC.

* Preliminary, subject to change

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered in the transaction. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to taken certain steps to augment transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participants in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not

obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Security certificates will be printed and delivered to DTC.

The Issuer cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest and premium, if any, on the Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer nor the Paying Agent will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as a Bondholder.

Transfer and Exchange

In the event that the Book Entry System is discontinued, any Bond may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Registrar shall execute and deliver a new Bond or Bonds of the same maturity, interest rate, and aggregate principal amount.

Bonds may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Bonds which have been selected for prepayment and is not required to transfer or exchange any Bonds during the period beginning 15 days prior to the selection of Bonds for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Bonds surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

Prepayment

Optional Prepayment: The Bonds maturing after June 1, 2027, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Notice of Prepayment. Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof. Written notice shall be effective upon the date of transmission to the owner of record of the Bond.

Mandatory Sinking Fund Redemption The Bonds maturing on _____ are subject to mandatory redemption (by lot, as selected by the Registrar) on _____ 1 and _____ in each of the years _____ through _____ at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

| | |
|------------------------------------|-------------------------|
| _____ Term Bond | |
| <u>Mandatory Sinking Fund Date</u> | <u>Principal Amount</u> |
| | \$ |

(maturity)

Selection of Bonds for Redemption Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Issuer will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such

maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was sent.

Source of Security for the Bonds

These Bonds are general obligations of the Issuer. The Bonds are payable from general ad valorem property taxes, without limitation of amount, levied against all taxable real property within the boundaries of the District. The Bonds were authorized to be issued by approval of over 60% of the voters of the District at an election held on February 6, 2018.

BONDHOLDERS' RISKS

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the property valuation within the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the property within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

2013 Property Tax Legislation

During its 2013 session the Iowa Legislature enacted, and the Governor signed, Senate File 295 ("SF295"). Among other things, SF295 reduces the limit on the annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. SF295 also creates a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination will match that for residential properties in the 2022 assessment year. As a result of SF295, local governments expect to experience reductions in property tax revenues over the next several fiscal years. SF295 includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Bonds remain outstanding. The Issuer does not expect the state replacement funding to fully address the property tax reductions resulting from SF295 during the term the Bonds remain outstanding. While SF295 does not limit the legal obligation or the amount the Issuer may be required to levy for payments of debt service on the Bonds there can be no assurances that SF295 will not have a material adverse impact with respect to the Issuer's financial position.

Changes in Property Taxation

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

Matters Relating to Enforceability of Agreements

Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Bond Resolution. There is no Bond trustee or similar person to monitor or enforce the provisions of the resolution for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such

provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bond, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the College and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year. Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bond, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Bond Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Bond Resolution. The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Bond Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Bond Resolution or the Loan Agreement, including principal of and interest on the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Pension

Pursuant to GASB Statement No. 68, the School reported a liability of \$26,683,995 as of June 30, 2018 for its proportionate share of the net pension liability for Iowa Public Employee Retirement System ("IPERS"). The net pension liability is the amount by which the total actuarial liability exceeds the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2017, the School's collective proportion was 0.404199%. **See School's Audited Financial Statements for Fiscal Year Ending June 30, 2018, Appendix D, for additional information.**

Rating

Moody's Investor Service (the "Rating Agency") has assigned a rating of "Aa3" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of the Rating Agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking

statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Pending Federal Tax Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals are pending in Congress that could, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See **"THE BONDS—Book-Entry Only System."**

Project Completion; Risks of Construction

A delay in completion of the Project may arise from any number of other causes, including but not limited to, adverse weather conditions, unavailability of subcontractors, and negligence on the part of subcontractors, labor disputes, or unanticipated costs of construction, equipping or renovation. Any of these events or occurrences, separately or in combination, could have a material adverse effect on the Issuer's ability to complete the Project, or to complete it as planned and on schedule. The Issuer believes that the proceeds of the Bonds combined with the 2018 Bonds and the Bonds expected to be issued in 2020 and 2022 will be sufficient to complete the Project; however, the cost of construction of the Project may be affected by factors beyond the control of the Issuer, including strikes, material shortages, adverse weather conditions, subcontractor defaults, delays, and unknown contingencies.

Debt Payment History

The Issuer knows of no instance in which it has intentionally defaulted in the payment of principal and interest on any of its debt.

Damage or Destruction to District's Facilities

Although the District will be required to obtain and maintain certain kinds of insurance as set forth in the Resolution, there can be no assurance that the District will not suffer uninsured losses in the event of damage to or destruction of the District's facilities, including the Project, due to fire or other calamity or in the event of other unforeseen circumstances.

Redemption Prior to Maturity

In considering whether the Bonds might be redeemed prior to maturity, Bondholders should consider the information included in this Official Statement under the heading "THE BONDS." Furthermore, the Bonds are subject to optional and mandatory redemption as set forth herein. See "THE BONDS" herein.

General Liability Claims

In recent years, the number of general liability suits and the dollar amounts of damage awards have increased nationwide,

resulting in substantial increases in insurance premiums. Litigation may also arise against the District from its business activities, such as its status as an employer. While the District maintains general liability insurance coverage, the District is unable to predict the availability or cost of such insurance in the future. In addition, it is possible that certain types of liability awards may not be covered by insurance as in effect at relevant times. Any negative impact resulting from such awards may impact the District's financial condition.

Risks as Employer

The Issuer is a major employer, combining a complex mix of tenured and untenured full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the Issuer bears a wide variety of risks in connection with its employees. These risks include discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

Limitation or Delay of Remedies

There is no trustee or similar person to monitor or enforce the provisions of the Resolution for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Resolution for the Bonds) may have to be enforced from year to year.

The remedies available to the owners of the Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the delivery of the Resolution will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Cybersecurity

The Issuer relies on its information systems to provide security for processing, transmission and storage of confidential and other sensitive information. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized access to or disclosure of personally identifiable information and other confidential or sensitive information. Despite security measures, the Issuer may remain vulnerable to attacks by outside or internal hackers, or breaches caused by employee error, negligence or malfeasance. Any failure to maintain proper functionality and security of the Issuer's information systems could interrupt the Issuer's operations, damage its reputation, subject it to significant costs, liability claims or regulatory penalties, and could have a material adverse effect on the operations and financial condition of the Issuer. The Issuer has a \$1 million cyber-insurance policy. The Issuer cannot predict whether this policy will be sufficient in the event of a cyberattack.

Cleanup Costs and Liens Under Environmental Statutes

The District is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the site of Project. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the District could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the site of Project. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Bondholders' lien could attach to the Project, which may adversely affect the Bondholders' rights.

Other Factors

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential

investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

LITIGATION

The District encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of these bonds.

ACCOUNTANT

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Van Maanen, Sietstra, Meyer & Nikkel, PC, to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Bonds or the Official Statement.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by ____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$_____ plus accrued interest to the Closing Date.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

THE PROJECT

The Bonds, when combined with bonds issued in 2018 and those expected to be issued in 2020 and 2022, are being issued to provide funds to i) construct two new elementary buildings and improve those sites; ii) construct an addition to the high school building; and iii) to pay costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS *

| | | |
|------------------------|-------------------------|----|
| Sources of Funds | | |
| | Bond Proceeds | \$ |
| | Reoffering Premium | |
| Total Sources of Funds | | \$ |
| Uses of Funds | | |
| | Deposit to project fund | \$ |
| | Costs of Issuance | |
| | Underwriter's Discount | |
| Total Uses of Funds | | \$ |

* Preliminary, subject to change

TAX EXEMPTION AND RELATED CONSIDERATIONS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The Issuer has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the

interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations for taxable years beginning prior to January 1, 2018.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

The interest on the Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Qualified Tax Exemption Obligations

The Bonds will be designated as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

Discount and Premium Bonds

The initial public offering price of certain Bonds may be less than the amount payable on such Bonds at maturity ("Discount Bonds"). Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds may be greater than the amount of such Bonds at maturity ("Premium Bonds"). Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Other Tax Advice

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Bonds. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues and with respect to the various state tax consequences of an investment in Bonds.

Audits

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. To the best of the Issuer's knowledge, no obligations of the Issuer are currently under examination by the Service. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Tax Legislation

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may be considered by the Iowa legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment. There can be

no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, on December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law. For tax years beginning after December 31, 2017, the TCJA, among other things, significantly changes the income tax rates on individuals and corporations, modifies the current provisions relative to the federal alternative minimum tax on individuals, and eliminates the federal alternative minimum tax for corporations. The TCJA, or the introduction or enactment of any other legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the TCJA, as well as any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion other than as set forth in its legal opinion.

The Opinion

The FORM OF LEGAL OPINION, in substantially the form set out in APPENDIX B to this Preliminary Official Statement, will be delivered at closing.

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service, nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

Enforcement

There is no bond trustee or similar person to monitor or enforce the terms of the resolution for issuance of the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

The owners of the Bonds cannot foreclose on property within the boundaries of the Issuer or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the Issuer with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

Bond Counsel Review

Bond Counsel has approved the language included in this "Tax Exemption and Related Considerations" Section, but has not otherwise participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Preliminary Official Statement, and will express no opinion with respect thereto.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).

FINANCIAL ADVISOR

The Issuer has retained Piper Jaffray & Co. as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review,

examine or audit any information in the Official Statement in accordance with accounting standards.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Certificate (together, the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information to be provided, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in **APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE** herein.

A failure by the District to comply with the Undertaking will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. Any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default thereunder. If the District fails to comply with any provision of the Disclosure Certificate, the sole remedy available shall be an action to compel performance. A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five (5) years, for bond issues requiring the Issuer make annual information filings pursuant to its prior Undertakings, for fiscal year ending June 30, 2015 the District did not properly link the Annual Financial Operating Information to one nine digit CUSIP number for the District's General Obligation School Refunding Bonds, Series 2012. The District did not timely file notice of its failure to provide such information on or before the date specified in the applicable Undertaking since the maturity for the nine digit CUSIP number is no longer outstanding.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

I have reviewed the information contained within the Official Statement of the Urbandale Community School District, State of Iowa, and to the best of our knowledge, information and belief said Official Statement does not contain any material misstatements of fact nor omissions of any material fact which is necessary to make the statements and information herein, in light of the circumstances under which they were made, not misleading regarding the issuance of \$9,995,000* General Obligation School Bonds, Series 2019.

URBANDALE COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Mary Beth Fast
Board Secretary

* Preliminary, subject to change

APPENDIX A - INFORMATION ABOUT THE ISSUER

**URBANDALE COMMUNITY SCHOOL DISTRICT, IOWA
DISTRICT OFFICIALS**

| | |
|---------------------------|---|
| PRESIDENT | Katherine Howsare |
| BOARD MEMBERS | Tanya Ruden Stacy Andersen Aldrich Cabildo Judy Downs Sarah Schmitz Mark Smith |
| SUPERINTENDENT | Steve Bass |
| DISTRICT SECRETARY | Mary Beth Fast |
| DISTRICT TREASURER | Mary Beth Fast |
| DISTRICT ATTORNEY | Dickinson, Mackaman, Tyler, & Hagen, P.C., Des Moines, Iowa |
| DISTRICT ATTORNEY | Ahlers & Cooney PC Des Moines, Iowa |

CONSULTANTS

| | |
|---------------------------|--|
| BOND COUNSEL | Ahlers & Cooney P.C. Des Moines, Iowa |
| DISCLOSURE COUNSEL | Ahlers & Cooney P.C. Des Moines, Iowa |
| FINANCIAL ADVISOR | Piper Jaffray & Co. Des Moines, Iowa |
| PAYING AGENT | UMB Bank, n.a. Kansas City, Missouri |

General Information

The Urbandale Community School District is located in northwestern metropolitan Des Moines area, and includes much of the City of Urbandale within its boundaries. The District encompasses 8 square miles and serves approximately 21,250 people.

District Facilities

Presented below is a recap of the existing facilities of the District:

| <u>Building</u> | <u>Construction Date</u> | <u>Grades Served</u> |
|-----------------------------|--|----------------------|
| High School | 2006-09 | 9-12 |
| Metro West Learning Academy | | 9-12 |
| Middle School | 1974, 1991, 2002, 2012 | 6-8 |
| Jensen Elementary | 1963, 1967, 1975, 1991 | K-5 |
| Karen Acres Elementary | 1964, 1975, 1991 | K-5 |
| Olmsted Elementary | 1952, 1953, 1956, 1965, 1969, 1991, 1996, 2001 | PK-5 |
| Rolling Green Elementary | 1968, 1969, 1991 | K-5 |
| Valerius Elementary | 1963, 1975, 1991 | K-5 |
| Webster Elementary | 2007, 2010 | K-5 |

Source: Urbandale CSD

Enrollment

Total enrollment in the District in the fall of the past five school years has been as follows:

| | <u>Certified (Resident) (1)</u> | <u>Open Enroll In</u> | <u>Open Enroll Out</u> | <u>Total Served (2)</u> |
|------------|---------------------------------|-----------------------|------------------------|-------------------------|
| October-18 | 3,374.0 | 800.3 | 193.2 | 3,981.1 |
| October-17 | 3,406.3 | 763.6 | 209.4 | 3,960.5 |
| October-16 | 3,397.6 | 771.7 | 180.1 | 3,989.2 |
| October-15 | 3,408.7 | 727.4 | 180.2 | 3,955.9 |
| October-14 | 3,350.2 | 721.5 | 173.4 | 3,898.3 |

Source: Department of Education

- 1 Used for Sales Tax distribution
2 Used for State Aid distribution

Staff

Presented below is a list of the District's 641 employees.

| | | | |
|-----------------|-----|--------------------|----|
| Administrators: | 20 | Media Specialists: | 4 |
| Teachers: | 326 | Nurses: | 5 |
| Teacher Aids: | 168 | Guidance: | 12 |
| Custodians: | 30 | Secretaries: | 12 |
| Food Service: | 35 | Transportation: | 0 |
| Other: | 25 | Maintenance: | 4 |

Source: Urbandale CSD

Other Post Employment Benefits

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

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

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

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

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

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

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

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

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

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

Changes in the Total OPEB Liability

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

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

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

| | 1% decrease (2.72%) | Discount rate (6.00%) | 1% increase (4.72%) |
|----------------------|---------------------|-----------------------|---------------------|
| Total OPEB Liability | \$1,048,146 | \$935,762 | \$823,377 |

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

| 1% decrease (5.00%) | Discount rate (6.00%) | 1% increase (7.00%) |
|---------------------|-----------------------|---------------------|
|---------------------|-----------------------|---------------------|

| | | | |
|----------------------|-----------|-----------|-------------|
| Total OPEB Liability | \$788,321 | \$943,396 | \$1,098,471 |
|----------------------|-----------|-----------|-------------|

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

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

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

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

Source: Urbandale CSD's 2018 Independent Audited Financial Statements

Employee Pension Plan

Plan Description. Iowa Public Employees' Retirement System ("IPERS") membership is mandatory for employees of the Issuer. The Issuer's employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The Issuer's employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the Issuer's employee retires before normal retirement age, the employees' monthly retirement benefit will be permanently reduced by an early-retirement reduction. IPERS provides pension benefits as well as disability benefits to Issuer employees and benefits to the employees' beneficiaries upon the death of the eligible employee. See "APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS" for additional information on IPERS. Additionally, copies of IPERS annual financial report may be obtained from www.ipers.org. Moreover, IPERS maintains a website at www.ipers.com. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Contributions. Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the Issuer and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

In fiscal year 2018, pursuant to the IPERS' required rate, the Issuer's employees contributed 5.95% of pay and the Issuer contributed 8.93% for a total rate of 14.88 percent. The Issuer's contributions to IPERS for the year ended June 30, 2018 were \$2,763,679 which amount is not less than its actuarially determined calculated annual actuarial valuation. The Issuer's share of the contribution, payable from the applicable funds of the Issuer, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The Issuer has always made its full required contributions to IPERS.

The following table sets forth the contributions made by the Issuer and its employees to IPERS for the period indicated. The Issuer cannot predict the levels of funding that will be required in the future.

Table 1 – Issuer and Employees Contribution to IPERS.

| Fiscal Year | Issuer Contribution | | Issuer Employees' Contribution | |
|-------------|---------------------|----------------------|--------------------------------|----------------------|
| | Amount Contributed | % of Covered Payroll | Amount Contributed | % of Covered Payroll |
| 2014 | 2,436,538 | 8.93 | 1,654,131 | 5.95 |
| 2015 | 2,503,000 | 8.93 | 1,680,683 | 5.95 |
| 2016 | 2,568,972 | 8.93 | 1,746,058 | 5.95 |
| 2017 | 2,666,063 | 8.93 | 1,800,387 | 5.95 |
| 2018 | 2,763,679 | 8.93 | 1,888,363 | 5.95 |

SOURCE: Urbandale CSD

The Issuer cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the Issuer. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the Issuer which could affect other budgetary matters.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for the fiscal years ended June 30, 2018 through, and including, 2014 (collectively, the "IPERS CAFRs (2014-2018)"), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the "IPERS Actuarial Reports (2014-2018)"). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

Table 2 – Funding Status of IPERS

| Valuation Date | Actuarial Value of Assets [a] | Market Value of Assets [b] | Actuarial Accrued Liability [c] | Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a] | Funded Ratio (Actuarial Value) [a]/[c] | Unfunded Actuarial Accrued Liability (Market Value) [c]-[b] | Funded Ratio (Market Value) [b]/[c] | Covered Payroll [d] | UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]] |
|----------------|-------------------------------|----------------------------|---------------------------------|--|--|---|-------------------------------------|---------------------|---|
| 2014 | 26,460,428,085 | 28,038,549,893 | 32,004,456,088 | 5,544,028,003 | 82.68 | 3,965,906,195 | 87.61 | 7,099,277,280 | 78.09 |
| 2015 | 27,915,379,103 | 28,429,834,829 | 33,370,318,731 | 5,454,939,628 | 83.65 | 4,940,483,902 | 85.19 | 7,326,348,141 | 74.46 |
| 2016 | 29,033,696,587 | 28,326,433,656 | 34,619,749,147 | 5,586,052,560 | 83.86 | 6,293,315,491 | 81.82 | 7,556,515,720 | 73.92 |
| 2017 | 30,472,423,914 | 30,779,116,326 | 37,440,382,029 | 6,967,958,115 | 81.39 | 6,661,265,703 | 82.21 | 7,863,160,443 | 88.62 |
| 2018 | 31,827,755,864 | 32,314,588,595 | 38,642,833,653 | 6,815,077,789 | 82.36 | 6,328,245,058 | 83.62 | 7,983,219,527 | 85.37 |

Source: IPERS CAFRs (2014-2018) and IPERS Actuarial Reports (2014-2018)

For a description of the assumptions used when calculating the funding status of IPERS for the fiscal year ended June 30, 2018, see IPERS CAFRs (2014-2018)

Table 3 – Recent returns of IPERS

According to IPERS, the market value investment return on program assets is as follows:

| Fiscal Year Ended June 30 | Investment Return % |
|---------------------------|---------------------|
| 2014 | 15.88 |
| 2015 | 3.96 |
| 2016 | 2.15 |
| 2017 | 11.70 |
| 2018 | 7.97 |

Net Pension Liabilities.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The Issuer was required to implement GASB 68 in their year end June 30, 2015 financial statements.

At June 30, 2018, the Issuer reported a liability of \$26,683,995 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7.5%. The Issuer's proportion of the net pension liability was based on the Issuer's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See "**APPENDIX D—AUDITED FINANCIAL STATEMENTS OF THE ISSUER—NOTES TO THE FINANCIAL STATEMENTS**" for additional information related to the Issuer's deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Bond Counsel, Disclosure Counsel, the Issuer, and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the material available from IPERS as discussed above or included on the IPERS website, including, but not limited to, updates of such information on the Auditor of State's website or links to other websites through the IPERS website.

Investment of Public Funds

The District invests its funds pursuant to Chapter 12B of the Code. Presented below is the District's investing activities as of February 28, 2019:

| <u>Type of Investment</u> | <u>Amount Invested</u> |
|-----------------------------|------------------------|
| Local Bank Money Market | \$6,055,234 |
| Local Bank Deposit Accounts | 3,904,923 |
| ISJIT Money Market | 15,202,378 |
| Time CD's | 4,000,000 |

Source: Urbandale CSD

Population

Presented below are population figures for the periods indicated for the city of Urbandale:

| <u>Year</u> | <u>Population</u> |
|----------------|-------------------|
| 2010 | 39,463 |
| 2005- Special | 35,904 |
| 2000 | 29,072 |
| 1996 - Special | 27,565 |
| 1990 | 23,500 |
| 1985 – Special | 19,443 |
| 1980 | 17,869 |
| 1975 – Special | 16,410 |
| 1970 | 14,434 |

Source: U.S. Census Bureau

Property Tax Assessment

In compliance with section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are as follows:

| <u>Fiscal Year</u> | <u>Residential Rollback</u> | <u>Ag. Land & Buildings</u> | <u>Commercial</u> | <u>Multi-residential</u> |
|--------------------|-----------------------------|---------------------------------|-------------------|--------------------------|
| 2019-20 | 56.9180 | 56.1324 | 90.0000 | 75.0000 |
| 2018-19 | 55.6209 | 54.4480 | 90.0000 | 78.7500 |
| 2017-18 | 56.9391 | 47.4996 | 90.0000 | 82.5000 |
| 2016-17 | 55.6259 | 46.1068 | 90.0000 | 86.2500 |
| 2015-16 | 55.7335 | 44.7021 | 90.0000 | |

Source: Iowa Department of Revenue

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2017 are used to calculate tax liability for the tax year starting July 1, 2018 through June 30, 2019. Presented below is the property valuation, actual and taxable, including percentage change, for the period indicated:

| <u>Valuation Year</u> | <u>Actual Valuation w/ Utilities</u> | <u>% Change in Actual Valuation</u> | <u>Taxable Valuation w/ Utilities</u> | <u>% Change in Taxable Valuation</u> |
|---------------------------|--|---|---|--|
| 2018 | 2,218,640,851 | 2.47% | 1,417,063,936 | 3.67% |
| 2017 | 2,159,793,641 | 8.93% | 1,366,941,336 | 7.77% |
| 2016 | 1,981,807,609 | 1.43% | 1,268,366,676 | 2.49% |
| 2015 | 1,953,903,631 | 5.25% | 1,237,521,509 | 4.63% |
| 2014 | 1,856,417,658 | 1.78% | 1,182,791,601 | 1.09% |
| 2013 | 1,823,949,894 | -0.86% | 1,170,013,067 | 0.07% |
| 2012 | 1,839,723,704 | 0.43% | 1,169,160,096 | 2.58% |
| 2011 | 1,831,795,158 | -2.67% | 1,139,770,802 | -0.59% |
| 2010 | 1,882,108,717 | 0.95% | 1,146,489,723 | 3.05% |
| 2009 | 1,864,406,410 | 2.11% | 1,112,519,890 | 2.55% |

Presented below are the historic property valuations of the Issuer by class of property for the period indicated.

Actual Valuation

| Valuation as of January | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| <u>Fiscal Year</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> |
| Residential: | 1,562,485,234 | 1,561,525,127 | 1,444,962,671 | 1,440,510,804 | 1,368,190,961 |
| Agricultural Land: | 1,462,090 | 1,477,712 | 1,467,642 | 1,545,360 | 1,585,700 |
| Ag Buildings: | 119,780 | 119,780 | 128,680 | 128,680 | 164,000 |
| Commercial: | 305,845,205 | 316,747,631 | 299,709,995 | 297,925,605 | 316,552,003 |
| Industrial: | 15,309,270 | 11,629,867 | 10,926,674 | 12,097,464 | 10,411,971 |
| Multi-Residential: | 28,322,366 | 30,595,222 | 29,156,854 | 29,260,874 | |
| Personal RE: | 0 | 0 | 0 | | 0 |
| Railroads: | 0 | 0 | 0 | 0 | 0 |
| Utilities: | 3,038,149 | 2,699,364 | 2,511,120 | 2,749,174 | 3,070,221 |
| Other: | 0 | 0 | 0 | 0 | 0 |
| Total Valuation: | 1,916,582,094 | 1,924,794,703 | 1,788,863,636 | 1,784,217,961 | 1,699,974,856 |
| Less Military: | 1,679,764 | 1,768,660 | 1,853,852 | 1,931,636 | 2,005,716 |
| Net Valuation: | 1,914,902,330 | 1,923,026,043 | 1,787,009,784 | 1,782,286,325 | 1,697,969,140 |
| TIF Valuation: | 128,496,542 | 106,803,549 | 86,244,546 | 83,423,063 | 75,446,085 |
| Utility Replacement: | 175,241,979 | 129,964,049 | 108,553,279 | 88,194,243 | 83,002,433 |

Taxable Valuation

| Valuation as of January | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| <u>Fiscal Year</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> |
| Residential: | 888,240,515 | 868,007,031 | 822,505,582 | 801,116,867 | 761,986,689 |
| Agricultural Land: | 820,706 | 804,584 | 698,533 | 712,518 | 708,842 |
| Ag Buildings: | 67,235 | 65,219 | 61,121 | 59,332 | 73,313 |
| Commercial: | 263,863,211 | 278,310,379 | 262,626,102 | 260,459,222 | 277,868,491 |
| Industrial: | 13,102,760 | 9,953,557 | 9,388,534 | 10,402,024 | 8,979,641 |
| Multi-Residential: | 19,935,626 | 23,469,575 | 23,787,347 | 25,041,986 | |
| Personal RE: | 0 | 0 | | | 0 |
| Railroads: | 0 | 0 | 0 | 0 | 0 |
| Utilities: | 3,038,149 | 2,699,364 | 2,511,120 | 2,749,174 | 3,070,221 |
| Other: | 0 | 0 | 0 | 0 | 0 |
| Total Valuation: | 1,189,068,202 | 1,183,309,709 | 1,121,578,339 | 1,100,541,123 | 1,052,687,197 |
| Less Military: | 1,679,764 | 1,768,660 | 1,853,852 | 1,931,636 | 2,005,716 |
| Net Valuation: | 1,187,388,438 | 1,181,541,049 | 1,119,724,487 | 1,098,609,487 | 1,050,681,481 |
| TIF Valuation: | 128,496,542 | 108,628,326 | 86,244,546 | 83,423,063 | 75,446,085 |
| Utility Replacement: | 101,178,956 | 76,771,961 | 62,397,643 | 55,488,959 | 56,664,035 |

Source: Iowa Department of Management

Tax Rates

Presented below are the taxes levied by the District for the fund groups as presented, for the period indicated:

| <u>Fiscal Year</u> | <u>Operating</u> | <u>Management</u> | <u>B PPEL</u> | <u>V PPEL</u> | <u>Playground</u> | <u>Debt Service</u> | <u>Schoolhouse</u> | <u>Total Levy Rate</u> |
|--------------------|------------------|-------------------|---------------|---------------|-------------------|---------------------|--------------------|------------------------|
| 2019 | 11.50922 | 0.63577 | 0.33000 | 1.34000 | 0.13500 | 4.05000 | 0.00000 | 17.99999 |
| 2018 | 12.14447 | 0.49910 | 0.33000 | 1.34000 | 0.13500 | 3.30198 | 0.00000 | 17.75055 |
| 2017 | 12.58573 | 0.64986 | 0.33000 | 0.65000 | 0.13500 | 3.39630 | 0.00000 | 17.74689 |
| 2016 | 12.56479 | 0.67730 | 0.33000 | 0.49000 | 0.13500 | 3.55726 | 0.00000 | 17.75435 |
| 2015 | 12.30109 | 0.74602 | 0.33000 | 0.00000 | 0.13500 | 4.04284 | 0.00000 | 17.55495 |

Source: Iowa Department of Management

Historic Tax Rates

Presented below are the tax rates by taxing entity for residents of the City of Urbandale:

| <u>Fiscal Year</u> | <u>City</u> | <u>School</u> | <u>College</u> | <u>State</u> | <u>Assessor</u> | <u>Ag Extens</u> | <u>Hospital</u> | <u>County</u> | <u>Sanitary</u> | <u>Transit</u> | <u>Total Levy Rate</u> |
|--------------------|-------------|---------------|----------------|--------------|-----------------|------------------|-----------------|---------------|-----------------|----------------|------------------------|
| 2019 | 10.02000 | 17.99999 | 0.69468 | 0.00290 | 0.25471 | 0.03690 | 2.77513 | 7.30880 | 0.06438 | 0.68200 | 39.83949 |
| 2018 | 10.02000 | 17.75055 | 0.67458 | 0.00310 | 0.27177 | 0.03939 | 2.77545 | 7.30880 | 0.06856 | 0.68200 | 39.59420 |
| 2017 | 9.92000 | 17.74689 | 0.72334 | 0.00330 | 0.27220 | 0.03985 | 2.77545 | 7.30880 | 0.06151 | 0.68200 | 39.53334 |
| 2016 | 9.82000 | 17.75435 | 0.67574 | 0.00330 | 0.27920 | 0.04102 | 3.21296 | 7.30880 | 0.05484 | 0.66200 | 39.81221 |
| 2015 | 9.72000 | 17.55495 | 0.65724 | 0.00330 | 0.27750 | 0.04061 | 3.11769 | 7.16880 | 0.05699 | 0.59700 | 39.19408 |

Source: Iowa Department of Management

Tax Collection History

Presented below are the actual ad-valorem tax levies and collections for the periods indicated:

| <u>Fiscal Year</u> | <u>Amount Levied</u> | <u>Amount Collected</u> | <u>Percentage Collected</u> |
|------------------------|--------------------------|-----------------------------|---------------------------------|
| 2019 | \$23,410,719 | In Collection | NA |
| 2018 | 21,529,925 | 21,477,995 | 99.76% |
| 2017 | 20,962,678 | 20,924,315 | 99.82% |
| 2016 | 20,096,853 | 20,059,085 | 99.81% |
| 2015 | 19,547,513 | 19,544,605 | 99.99% |
| 2014 | 19,600,966 | 19,581,000 | 99.90% |

Source: Urbandale CSD

Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2018 largest taxpayers within the Issuer, as provided by the Auditors Offices of each of said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.

| <u>Taxpayer</u> | <u>2018 Taxable Valuation</u> | <u>Percent of Total</u> |
|-----------------------------|-------------------------------|-------------------------|
| Homemakers Plaza Inc | 30,137,130 | 2.13% |
| BAP 2018 LLC | 18,306,000 | 1.29% |
| Berkley Holdings Corp | 17,498,250 | 1.23% |
| Hy-Vee Inc | 16,038,000 | 1.13% |
| 112th Street LC | 14,832,000 | 1.05% |
| RGBA LC | 12,411,000 | 0.88% |
| Aurora Business Park II LLC | 10,782,983 | 0.76% |
| AM Anderson Properties LC | 9,910,800 | 0.70% |
| SFI Limited Partnership 39 | 8,936,126 | 0.63% |
| Urban Town Center LLC | 7,344,000 | 0.52% |
| Total: | | 10.32% |

Source: Polk County Auditor's Office

School Infrastructure Sales, Services & Use Tax Revenue Bonds

Presented below is the principal and interest on the District's outstanding School Infrastructure Sales, Services & Use Tax Revenue Bonds.

| <u>Fiscal Year</u> | <u>5/3/18</u> | <u>5/30/18</u> | <u>Total Principal</u> | <u>Total Interest</u> | <u>Total P&I</u> |
|--------------------|---------------|----------------|------------------------|-----------------------|----------------------|
| 2019 | 900,000 | 551,000 | 1,451,000 | 461,167 | 1,912,167 |
| 2020 | 900,000 | 542,000 | 1,442,000 | 399,474 | 1,841,474 |
| 2021 | 900,000 | 542,000 | 1,442,000 | 359,801 | 1,801,801 |
| 2022 | 900,000 | 542,000 | 1,442,000 | 320,127 | 1,762,127 |
| 2023 | 900,000 | 542,000 | 1,442,000 | 280,454 | 1,722,454 |
| 2024 | 1,000,000 | 542,000 | 1,542,000 | 240,780 | 1,782,780 |
| 2025 | 1,000,000 | 542,000 | 1,542,000 | 198,367 | 1,740,367 |
| 2026 | 1,000,000 | 542,000 | 1,542,000 | 155,954 | 1,697,954 |
| 2027 | 1,000,000 | 542,000 | 1,542,000 | 113,540 | 1,655,540 |
| 2028 | 1,000,000 | 542,000 | 1,542,000 | 71,127 | 1,613,127 |
| 2029 | 500,000 | 542,000 | 1,042,000 | 28,713 | 1,070,713 |
| Totals: | 10,000,000 | 5,971,000 | 15,971,000 | 2,629,504 | 18,600,504 |

Source: Urbandale CSD

Direct General Obligation Debt

General Obligation School Bonds (Debt Service)

Presented below is the principal and interest on the District's outstanding general obligation bonds, presented by fiscal year and issue including this issue:

| Fiscal Year | <u>4/2/15</u> | A <u>4/16/18</u> | B <u>4/24/18</u> | C <u>5/16/18</u> | D <u>6/4/18</u> | E <u>6/26/18</u> | <u>6/1/19</u> | Total <u>Principal</u> | Total <u>Interest</u> | Total <u>P&I</u> |
|-------------|---------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------|---------------------------|--------------------------|-------------------------|
| 2019 | | 1,460,000 | 785,000 | 1,010,000* | 795,000* | 85,000 | | 4,135,000 | 1,388,701 | 5,523,701 |
| 2020 | | 280,000 | 1,815,000 | 1,080,000 | 790,000 | | 70,000 | 4,035,000 | 1,698,725 | 5,733,725 |
| 2021 | | | 1,865,000 | 1,075,000 | 830,000 | | | 3,770,000 | 1,605,375 | 5,375,375 |
| 2022 | | | 1,765,000 | 900,000 | 910,000 | | | 3,575,000 | 1,517,725 | 5,092,725 |
| 2023 | | | 1,640,000 | 1,040,000 | 990,000 | | | 3,670,000 | 1,407,175 | 5,077,175 |
| 2024 | | | 665,000 | 1,325,000 | 970,000 | | | 2,960,000 | 1,293,100 | 4,253,100 |
| 2025 | 1,180,000 | 125,000 | | 1,550,000 | 160,000 | | | 3,015,000 | 1,213,075 | 4,228,075 |
| 2026 | 580,000 | 875,000 | 490,000 | | 760,000 | | | 2,705,000 | 1,142,775 | 3,847,775 |
| 2027 | | 2,080,000 | 775,000 | | | | | 2,855,000 | 1,073,025 | 3,928,025 |
| 2028 | | 2,360,000 | | | | 250,000 | | 2,610,000 | 987,375 | 3,597,375 |
| 2029 | | 2,250,000 | | | | 635,000 | | 2,885,000 | 909,075 | 3,794,075 |
| 2030 | 2,260,000 | 565,000 | | | | 150,000 | | 2,975,000 | 822,525 | 3,797,525 |
| 2031 | 1,635,000 | | | | | 1,300,000 | | 2,935,000 | 732,900 | 3,667,900 |
| 2032 | | | | | | 900,000 | 945,000 | 1,845,000 | 640,950 | 2,485,950 |
| 2033 | | | | | | 900,000 | 1,010,000 | 1,910,000 | 573,000 | 2,483,000 |
| 2034 | | | | | | 1,000,000 | 980,000 | 1,980,000 | 502,000 | 2,482,000 |
| 2035 | | | | | | 1,000,000 | 1,055,000 | 2,055,000 | 428,300 | 2,483,300 |
| 2036 | | | | | | 1,000,000 | 1,135,000 | 2,135,000 | 350,600 | 2,485,600 |
| 2037 | | | | | | 1,000,000 | 1,215,000 | 2,215,000 | 269,200 | 2,484,200 |
| 2038 | | | | | | 1,100,000 | 1,200,000 | 2,300,000 | 184,100 | 2,484,100 |
| 2039 | | | | | | | 2,385,000 | 2,385,000 | 95,400 | 2,480,400 |
| Totals: | 5,655,000 | 9,995,000 | 9,800,000 | 7,980,000 | 6,205,000 | 9,320,000 | 9,995,000 | 58,950,000 | 18,835,101 | 77,785,101 |

* Paid on December 1, 2018

Source: Urbandale CSD

Future Debt

The Issuer has authorization to issue approximately \$39M of additional General Obligation School Bonds and intends to issue that over the period 2020-2022. The Issuer currently does not intend to issue additional debt during the balance of 2019.

Debt Limit *

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The District's debt limit, based upon said valuation, amounts to the following:

| | |
|---|---------------|
| Actual Value of Property, 2017 | 2,159,793,641 |
| X | 5% |
| Statutory Debt Limit: | 107,989,682 |
| Total General Obligation Debt: | 58,950,000 |
| Total Lease Purchases: | |
| Total Loan Agreements: | |
| Less 2019 maturities for which cash is on hand: | -4,135,000 |
| Total Debt Subject to Limit: | 54,815,000 |
| Percentage of Debt Limit Obligated: | 50.63% |

It has not been determined whether the District's Sales Tax Revenue Bonds do or do not count against the constitutional debt limit. If the Bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit would increase \$15,971,000 to be \$74,921,000, or 69.38% of the statutory debt limit.

Source: Iowa Department of Management

Overlapping & Underlying Debt

Presented below is a listing of the overlapping and underlying debt outstanding of Issuers within the Issuer.

| Taxing Authority | Outstanding Debt | 2018 Taxable Valuation | Taxable Value Within Issuer | Percentage Applicable | Amount Applicable |
|--|---------------------|---------------------------|--------------------------------|--------------------------|----------------------|
| City of Grimes | 11,890,000 | 904,183,618 | 888,166 | 0.10% | 11,679 |
| City of Urbandale | 82,850,000 | 3,334,490,631 | 1,314,996,814 | 39.44% | 32,672,902 |
| Urbandale - Sanitary Sewer | 0 | 3,107,617,924 | 1,136,080,764 | 36.56% | 0 |
| Urbandale-Windsor Heights - Sanitary Sewer | 0 | 447,648,965 | 101,711,850 | 22.72% | 0 |
| Polk County | 247,154,937 | 27,109,439,531 | 1,417,063,936 | 5.23% | 12,919,277 |
| Des Moines Area Community College | 74,205,000 | 50,504,396,751 | 1,417,063,936 | 2.81% | 2,082,061 |
| Heartland Area Education Agency 11 | 0 | 50,504,396,751 | 1,417,063,936 | 2.81% | 0 |
| | | | | Total | 47,685,919 |

Source: Iowa Department of Management

FINANCIAL SUMMARY

| | |
|---|-----------------|
| Actual Value of Property, 2018 | \$2,218,640,851 |
| Taxable Value of Property, 2018 | 1,417,063,936 |
| Direct General Obligation Debt: | \$58,950,000 |
| Overlapping Debt: | 0 |
| Direct & Overlapping General Obligation Debt: | \$58,950,000 |
| Population, 2010 US Census: | 20,971 |
| Direct Debt per Capita: | \$2,811.02 |
| Total Debt per Capita: | \$2,811.02 |
| Direct Debt to Taxable Valuation: | 4.16% |
| Total Debt to Taxable Valuation: | 4.16% |
| Direct Debt to Actual Valuation: | 2.66% |
| Total Debt to Actual Valuation: | 2.66% |
| Actual Valuation per Capita: | \$105,796 |
| Taxable Valuation per Capita: | \$67,573 |

Source: Iowa Department of Management

APPENDIX B – FORM OF LEGAL OPINION

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Urbandale Community School District in the County of Polk , State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2019, by said Issuer, dated June 5, 2019, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$_____ (the "Bonds").

We have examined the law and certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

AHLERS & COONEY, P.C.

APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

DRAFT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Urbandale Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$_____ General Obligation School Bonds, Series 2019 (the "Bonds") dated June 5, 2019. The Bonds are being issued pursuant to a Resolution of the Issuer approved on _____, 2019 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated _____, 2019.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

- a. The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April of each year following the close of the Issuer's fiscal year (currently June 30), commencing with information for the 2018/2019 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a

package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

- b. If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.
- c. The Dissemination Agent shall:
 - i. each year file Annual Financial Information with the National Repository; and
 - ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

- a. The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b. A table, schedule or other information of the type contained in the final Official Statement under the caption "Property Valuations", "Tax Rates", "Historic Tax Rates", "Tax Collection History", "Direct Debt", "Debt Limit", and "Financial Summary".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- a. Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
 - i. Principal and interest payment delinquencies;
 - ii. Non-payment related defaults, if material;
 - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
 - v. Substitution of credit or liquidity providers, or their failure to perform;
 - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
 - vii. Modifications to rights of Holders of the Bonds, if material;
 - viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
 - ix. Defeasances of the Bonds;
 - x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - xi. Rating changes on the Bonds;
 - xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
 - xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
 - xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

- b. Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.
- c. If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- a. If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- b. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of

its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: _____ day of _____, 2019.

URBANDALE COMMUNITY SCHOOL
DISTRICT, STATE OF IOWA

By: _____
President

ATTEST:

By: _____
Secretary of the Board of Directors

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE
TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: Urbandale Community School District, Iowa.

Name of Bond Issue: \$_____ General Obligation School Bonds, Series 2019

Dated Date of Issue: June 5, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Financial Information will be filed by _____.

Dated: _____ day of _____, 20____.

URBANDALE COMMUNITY SCHOOL
DISTRICT, STATE OF IOWA

By: _____
Its: _____

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2018 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link <http://auditor.iowa.gov/reports/index.html>.

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

June 30, 2018

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

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



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

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, 2018, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the Urbandale Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urbandale Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

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

November 2, 2018

The Urbandale Community School District is pleased to provide this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the District's financial performance is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

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

Using This Annual Report

This annual report consists of five parts:

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

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

- The *Government-wide Financial Statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the District as a whole and present an overall view of the District's finances
- The *Fund Financial Statements* provide more detailed information about the District's funds, focusing on its most significant funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has three kinds of funds:
 - *Governmental Funds* explain how basic service such as regular and special education were financed in the *short-term* as well as what remains for future spending.
 - *Proprietary Funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

- *Fiduciary Funds* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

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

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

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

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

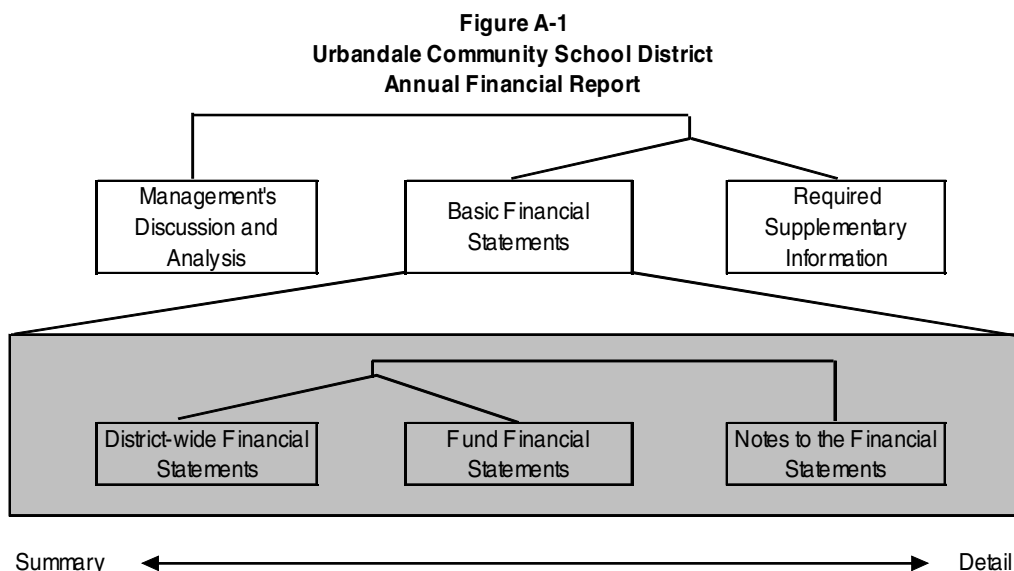


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

Reporting the District's Financial Activities

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a PTO organization. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Government-wide Financial Analysis

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

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

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

Significant portions of the District's total net position reflect its investment in capital assets, which are not available for future spending. Although the District's investment in capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The District's 2018 total net position for investment in capital assets, net of related debt was \$30 million, a 5.5 percent increase over prior year.

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

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

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

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

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

Governmental Activities

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

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

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

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

Business-type Activities

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

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

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

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

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

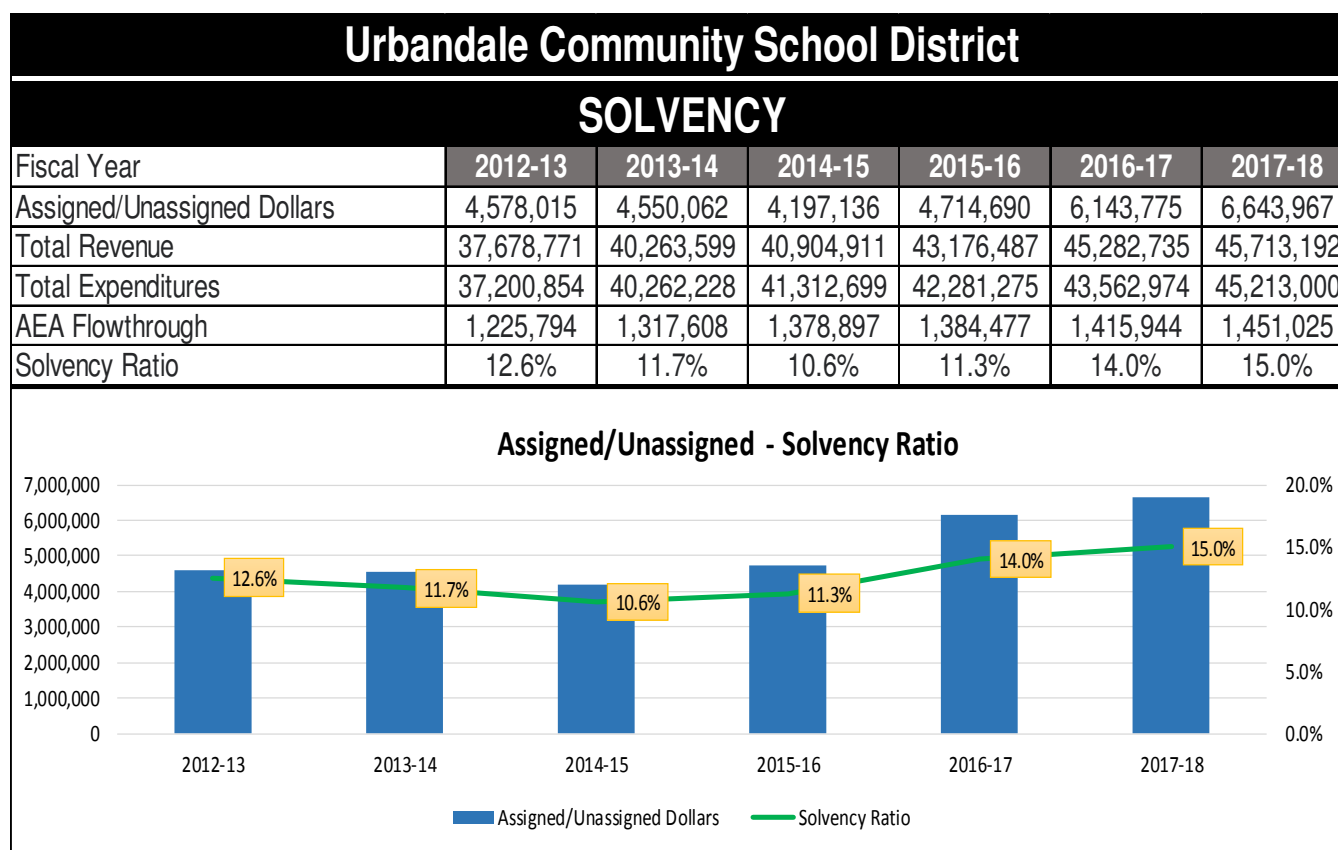
Individual Fund Analysis

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

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

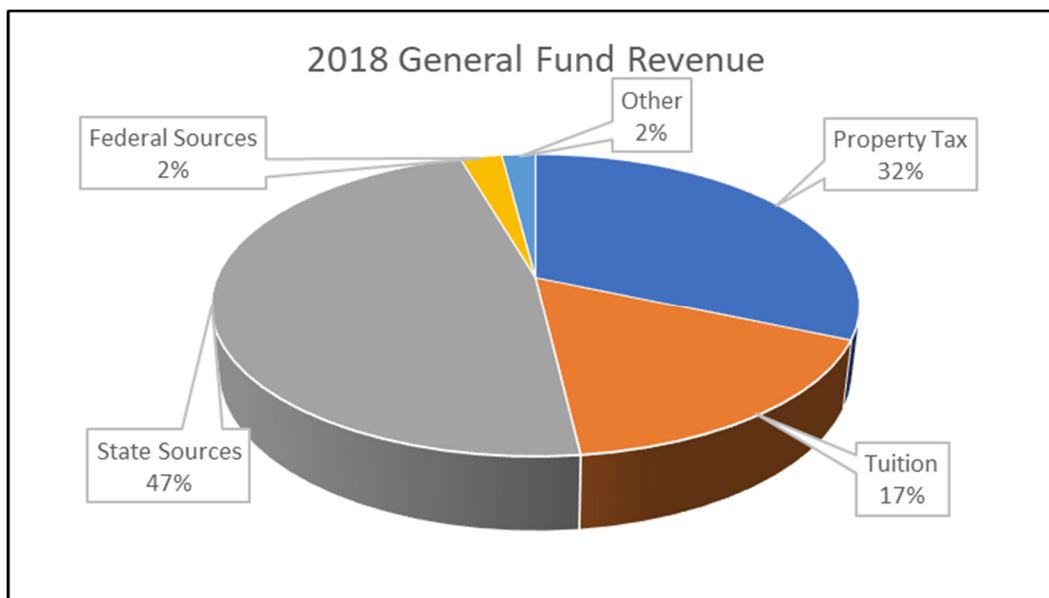
Governmental Fund Highlights

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

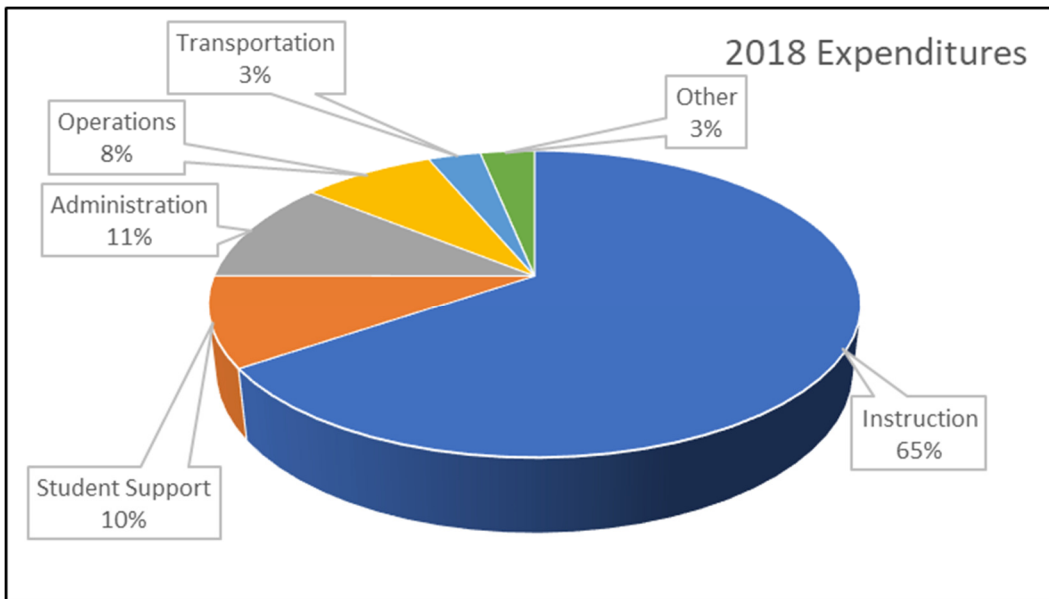


General Fund revenues totaled \$45,639,795 for fiscal year 2018, an increase of \$350,000 or .7 percent over 2017. This increase was due in part to local property tax revenues and increases in tuition revenue and state sources.

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



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



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

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

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

Budgetary Highlights

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

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

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

Capital Asset and Debt Administration

Capital Assets

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

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

Long-Term Debt

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

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

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

Economic Factors Bearing on District's Future

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

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

Contacting the District's Financial Management

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

Basic Financial Statements

Exhibit A

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

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

Exhibit A

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

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

See notes to financial statements.

Exhibit B

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

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

See notes to financial statements.

Exhibit C

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

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

See notes to financial statements.

Exhibit D

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

Total fund balances of governmental funds (Exhibit C) \$ 43,083,190

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 88,244,707

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 2,869,565

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

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

Long-term liabilities, including bonds payable and notes payable, compensated absences, deferred amount on refunding, accrued interest, early retirement, other postemployment benefits and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

| | | | |
|----------------------------------|--------------|--|---------------|
| General obligation bonds payable | (49,597,034) | | |
| Revenue bonds payable | (35,131,000) | | |
| Accrued interest | (753,673) | | |
| Early retirement | (128,719) | | |
| Compensated absences | (87,700) | | |
| Net pension liability | (24,757,408) | | |
| Other postemployment benefits | (803,498) | | |
| | | | (111,259,032) |

Net position of governmental activities (Exhibit A) \$ 29,622,367

See notes to financial statements.

Exhibit E

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

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

See notes to financial statements.

Exhibit F

Urbandale Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2018

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

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

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

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

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

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

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(29,198)

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

2,575,194

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

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

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

484,037

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

See notes to financial statements.

Exhibit G

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

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

See notes to financial statements.

Exhibit H

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

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

See notes to financial statements.

Exhibit I

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

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

Non-cash investing, capital and financing activities:

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

See notes to financial statements.

Exhibit J

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

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

See notes to financial statements.

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

The following enterprise fund of the District are considered major:

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

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

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

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

The District has the following internal service funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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

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

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

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

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

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

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

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

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

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

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

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

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

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

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

(3) Interfund Transfers

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

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

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

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

School Nutrition Fund transferred to General Fund for indirect costs.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|------------------------------|-----------|-----------|------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,533,992 | - | - | 1,533,992 |
| Construction in progress | 5,297,643 | 644,856 | 5,850,611 | 91,888 |
| Total capital assets not being depreciated | 6,831,635 | 644,856 | 5,850,611 | 1,625,880 |
| Capital assets being depreciated: | | | | |
| Buildings | 118,597,497 | 5,030,314 | - | 123,627,811 |
| Improvements other than buildings | 885,354 | 368,998 | - | 1,254,352 |
| Furniture and equipment | 2,537,120 | 701,674 | - | 3,238,794 |
| Leased equipment | 1,546,105 | - | - | 1,546,105 |
| Total capital assets being depreciated | 123,566,076 | 6,100,986 | - | 129,667,062 |
| Less accumulated depreciation for: | | | | |
| Buildings | 35,984,250 | 2,503,497 | - | 38,487,747 |
| Improvements other than buildings | 485,036 | 47,384 | - | 532,420 |
| Furniture and equipment | 2,280,614 | 201,349 | - | 2,481,963 |
| Leased equipment | 1,546,105 | - | - | 1,546,105 |
| Total accumulated depreciation | 40,296,005 | 2,752,230 | - | 43,048,235 |
| Total capital assets being depreciated, net | 83,270,071 | 3,348,756 | - | 86,618,827 |
| Governmental activities capital assets, net | \$ 90,101,706 | 3,993,612 | 5,850,611 | 88,244,707 |
| Business type activities: | | | | |
| Furniture and equipment | \$ 1,492,107 | 2,607 | 5,519 | 1,489,195 |
| Less accumulated depreciation | 1,166,775 | 88,463 | 5,519 | 1,249,719 |
| Business type activities capital assets, net | \$ 325,332 | (85,856) | - | 239,476 |

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

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

Support services:

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

Total governmental activities depreciation expense

\$ 2,752,230

Business type activities:

Food services

\$ 88,463

(6) Long-term Liabilities

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

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

General Obligation Bonds

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

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

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

General Obligation Bonds (continued)

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

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

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

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

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

General Obligation Bonds (continued)

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

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

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

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

Revenue Bonds

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

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

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

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

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

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

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

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

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

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

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

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

Early Retirement

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

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

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

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

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

(7) Operating Leases

The District entered into a seven-year agreement which expires January 31, 2022 for the lease of its administrative offices. The agreement requires minimum base rents at various monthly rates plus a prorated share of the property and operating expenses. The District has a one-time right to terminate the lease on January 31, 2020. The total minimum lease commitment under the agreement is as follows:

| Year ending June 30, | Minimum Lease Payments |
|----------------------|------------------------|
| 2019 | \$ 45,677 |
| 2020 | 46,131 |
| 2021 | 46,585 |
| 2022 | 27,329 |
| | <u>\$ 165,722</u> |

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

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There are no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

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

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

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

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

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

(9) Other Post-Employment Benefits (OPEB)

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

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

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

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

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

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

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

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

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

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

Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

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

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

(10) Risk Management

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

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

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

(11) Area Education Agency

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

(12) Tax Abatements

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

Tax Abatements of Other Entities

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

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

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

(13) Construction Commitment

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

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

(14) Deficit Net Position

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

(15) Categorical Funding

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

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

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

(16) Accounting Change/Restatement

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

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

(17) Subsequent Events

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

Required Supplementary Information

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

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

See accompanying independent auditor's report.

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

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

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

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

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

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

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

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

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

Changes of benefit terms:

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

Changes of assumptions:

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

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

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

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

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

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

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

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

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

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

See accompanying independent auditor's report.

Schedule 2

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

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

See accompanying independent auditor's report.

Schedule 3

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

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

Schedule 3

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

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

See accompanying independent auditor's report.

Schedule 4

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

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

See accompanying independent auditor's report.

Schedule 5

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

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

See accompanying independent auditor's report.

Schedule 6

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

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

See accompanying independent auditor's report.

Schedule 7

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

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

See accompanying independent auditor's report.

Schedule 8

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

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

Non-cash investing, capital and financing activities:

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

See accompanying independent auditor's report.

Schedule 9

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

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

See accompanying independent auditor's report.

Schedule 10

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

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

See accompanying independent auditor's report.

Schedule 11

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

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

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

See Notes to Schedule of Expenditures of Federal Awards.

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

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Pass-through Funding

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

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

Note 5. Noncash Assistance

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



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

www.vanmaanencpa.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, 2018, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Urbandale School District's Responses to the Findings

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

Purpose of this Report

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

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

Van Maanen, Sietstra, Meyer & Nikkel PC

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

November 2, 2018



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

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, 2018. Urbandale Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Van Maanen, Sietstra, Meyer & Nikkel PC

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

November 2, 2018

Part I: Summary of the Independent Auditor's Results

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

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-18 Certified Budget - Expenditures for the year ended June 30, 2018, did not exceed the certified budget amounts.
- IV-B-18 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-18 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-18 Business Transactions – There were no business transactions between the District and District officials or employees for the year ended June 30, 2018.
- IV-E-18 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-18 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-18 Certified Enrollment – A variance in the basic enrollment data certified to the Iowa Department of Education was noted.
- Recommendation – The certified enrollment data should be corrected for students who exit the District.
- Response – We will correct the certified enrollment in the future for students exiting the system.
- Conclusion – Response accepted.
- IV-H-18 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-I-18 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-18 Supplementary Weighting – A variance regarding the supplementary weighting certified to the Iowa Department of Education was noted.
- Recommendation – The supplementary weighting data should be corrected for student Career Tech Education courses not allowed.
- Response – We will correct the supplementary weighting data in the future for student Career Tech Education course requirements.
- Conclusion – Response accepted.

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

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

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

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

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

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

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

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

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

Conclusion – Response accepted.

APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

EXHIBIT A

URBANDALE COMMUNITY SCHOOL DISTRICT, IOWA \$9,995,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019 ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
 - a. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
 - b. As set forth in the Terms of Offering, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. Defined Terms.
 - a. General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."
 - b. Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."
 - c. Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (April 22, 2019), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
 - d. Issuer means Urbandale Community School District.
 - e. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
 - f. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - g. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 22, 2019.
 - h. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the

Bonds, and by Ahlers & Cooney, P.C., Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: June 5, 2019

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

EXHIBIT A
URBANDALE COMMUNITY SCHOOL DISTRICT, IOWA
\$9,995,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019
ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.
 - a. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.
 - b. Purchaser was not given the opportunity to review other bids prior to submitting its bid.
 - c. The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.
2. Defined Terms.
 - a. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - b. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - c. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 22, 2019.
 - d. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____
Name: _____

Dated: June 5, 2019

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)