

**Iowa City Community School District  
Iowa City, Iowa**

Comprehensive Annual Financial Report  
Year Ended June 30, 2017

# **Iowa City Community School District Iowa City, Iowa**

Comprehensive Annual Financial Report  
Year Ended June 30, 2017

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**Official Issuing Report:  
Craig Hansel  
Chief Financial Officer**

**Office Issuing Report:  
Central Administration Office**

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# Iowa City Community School District

## Educational Services Center

Stephen F. Murley Superintendent of Schools

1725 North Dodge Street • Iowa City, IA 52245 • (319) 688-1000 • Fax (319) 688-1009 • [www.iowacityschools.org](http://www.iowacityschools.org)

December 4, 2017

The Board of Education and Residents  
Iowa City Community School District

I am pleased to submit the Comprehensive Annual Financial Report of the Iowa City Community School District (the District) for the fiscal year ended June 30, 2017. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada. The responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the officials of the District's Central Administration staff. We believe that the data is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position and results of operations of the District as measured by the financial activity of the various funds; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

RSM US LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit compliance. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal District officials. The financial section includes the independent auditor's report, the Management's Discussion and Analysis, the basic financial statements, and the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The District was required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Nonprofit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditor's report on internal control over financial reporting and on compliance and other matters, independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance, a schedule of findings and questioned costs and corrective action plan are included in the single audit compliance section of this report.

This report includes all funds of the Iowa City Community School District. The District provides a full range of programs and services including instructional, administrative, transportation, food service, maintenance of sites and facilities, custodial, clerical, extra co-curricular and athletic activities and community education.

## **Profile of the Government**

In Iowa, school districts operate in accordance with Dillon's Rule with local control and have fiscal independence from other governmental entities. The District operates in compliance with the accounting principles generally accepted in the United States of America (GAAP) and currently prepares its financial statements per the Governmental Accounting Standards Board (GASB) Statement No. 34.

The Iowa City Community School District is a political subdivision of the state of Iowa and operates public schools for children in grades pre-school through twelve. The District is governed by a seven member Board of Education whose members serve four year terms and are elected on a nonpartisan basis. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Iowa City Community School District serves nearly 110,000 people who live in Iowa City, Coralville, University Heights, Hills and North Liberty and the surrounding predominately agricultural territory in central Johnson County. Covering nearly 133 square miles, the District has developed around the City of Iowa City and The University of Iowa. The District has experienced consistent growth over the last 20 years, growing from 10,444 in 1997 to 14,197 in October 2017. The District is currently the fifth largest public school in the state of Iowa.

The District operates two comprehensive high schools, an alternative high school, three junior high schools, 20 elementary schools and center for offsite programs. The District also maintains a maintenance/warehouse facility, two athletic complexes and an administrative office/professional development center. The Iowa City Community School District provides a comprehensive educational program appropriate to students in early childhood and grades pre-school through twelve. These services include basic, regular and enriched academic education, special education, vocational education and numerous individualized programs such as instruction for students at-risk, gifted and talented or limited English proficiency (LEP).

## **Relevant financial policies**

The Iowa City Community School District operates under the laws as defined in the Code of Iowa and policies as determined by the local Board of Directors. A comprehensive accounting system is promulgated by the Iowa Department of Education including account numbers for revenues and expenditures by function and object. The District additionally tracks revenues by source of funds and expenditures by location, curricular program and funding source. Annual budgets are provided to the Department of Management and annual financial reports are provided to the Iowa Department of Education in their prescribed formats. Periodic financial reports are submitted to the Iowa Department of Education or other granting agencies for many federal and state grants.

The Iowa City Community School District's Board of Education takes its fiduciary responsibility very seriously. It has adopted policies defining a budgeting process, quarterly financial reporting, purchasing, facilities planning, insurance and cash management. Idle cash is invested in Board approved allowable investments which include certificates of deposit, money markets and pooled investment trusts. A quarterly investment report is provided indicating performance of investments to a comparative benchmark.

## **Economic Condition and Outlook**

The District is located in the eastern part of the state, within the larger Iowa City metropolitan area and ranks as one of the top growth areas of the state. The economic condition and outlook of the District has remained strong during the past ten years despite some economic downturns experienced in many areas, including several years of high economic growth and steady enrollment growth in the local area. This growth has had a positive effect on employment and the District's tax base. The District has experienced steady increases in its tax base over the past 25 years and continued with an increase during 2017 at the rate of more than four percent.

Major employers within the District include The University of Iowa and The University of Iowa Hospitals and Clinics, American College Testing and Pearson Educational Measurement as well as two other hospitals. These employers provide a strong employment base in the education and health care industries. The unemployment rate of the Iowa City area is consistently one of the lowest in the state of Iowa and well below national averages even during periods of recessionary trends. In addition, the Iowa City area is served by two nearby regional airports and two major interstate highways. The economic development organizations of Johnson County have teamed with similar organizations in Linn County to the north to develop a "technology corridor" which combines the strong health care and education industries of Johnson County with numerous manufacturing and financial service organizations in Linn County for a wide range of economic and employment opportunities. Iowa City is also consistently promoted in major business publications as one of the best places in the United States for business, schools and quality of life. These recognitions include a #3 ranking for best place to live in America by Outside Magazine in August 2016, #2 ranked "Least Stressed City in U.S." by Smartasset.com in June 2016, #5 for "Best College Town in America" by Business Insider in January 2017, #5 "Healthiest City in America" by 24/7 Wall Street in 2016 and #10 on the "Best Places to Live" by Liveability.com in 2016. The area has also been recognized for its quality as a best college town, city for college grads and easiest city to find a job by various sources. Iowa City was also designated by UNESCO as the world's third City of Literature in 2008, the only designation in North or South America and is home to the International Writing Program.

The tax base for the area is estimated to continue to grow in the three percent range. The District has experienced an enrollment growth of nearly 2,200 students over the last seven years. Future projections indicate a continued trend for enrollment increases at a similar annual rate over the next five years. The District has experienced an increase in its October 2017 official enrollment of 216 students.

Retail sales, building permits and population increases in the area continue to exceed that of most other areas in the state of Iowa during the past several years. Future increases are projected to continue, however current economic conditions on the national and state levels in the area have slowed the local growth levels. A large percentage of the past area increases have occurred within the School District boundaries.

The District's budget is largely dependent on the Iowa school funding formula and various economic factors. For the years 2001-2011, the state of Iowa experienced economic conditions that hampered its ability to fund schools at annual levels of approximately four percent as in prior years. This period included an across the board reduction of \$5,600,000 from the Governor's executive order which the District used its General Fund balance to absorb the reduction. The District also implemented a cash reserve levy for fiscal year 2011 to partially replenish the fund balance and the District maintained significantly all of its programs and services during these conditions. During the last six years, the state legislature has provided annual growth from zero to four percent. The impact on future periods is unknown as funding is determined on an annual basis by the Iowa Legislature.

The District serves the nearly 14,200 students in buildings built from 1917 to 2017. The District has maintained a building envelope and roof maintenance program for many years to monitor the physical considerations of its facilities. District officials have also developed a 10 year facility master plan for planning the maintenance and capital project needs of the district, including life cycle programs for major maintenance and equipment needs, remodeling and renovation of existing facilities and the construction of new facilities throughout the District.

The District has completed numerous construction projects during the last twelve years. During 2005-2006, the District completed renovations to five elementary school buildings. North Central Junior High was completed in August 2006 and opened for classes that month. A large fine arts addition at Iowa City West High School was completed in January 2008 and a new gymnasium and classroom addition at South East Junior High was completed and placed in service in October 2008. The District opened Buford Garner Elementary for classes in August 2010. The District completed a major addition on Horn Elementary that was opened in August 2011 and Norman Borlaug Elementary School was opened for classes in August 2012. The District has also completed construction of a fine arts addition at City High School that opened in August 2013.

The District opened Alexander Elementary School in August 2015 and completed major additions on three elementary schools and an eight classroom addition at City High School during 2015-2016. Construction of Liberty High School, a third comprehensive high school in North Liberty, Iowa was completed and opened for students in August 2017 with a total cost of nearly \$57 million for the facility. Athletic complexes and additional classroom space will be constructed in future years to accommodate student growth and will be funded from general obligation bonds as approved by district voters in September 2017. The District also completed construction of a new elementary school in August 2017 and major additions on two other elementary schools.

During 2006, the U.S. Green Building Council awarded the District a silver certificate for Leadership in Energy and Environmental Design (LEED) in connection with the construction of James Van Allen Elementary School. In 2013, the district received an Excellence in Energy Efficient Design award for the efforts in reducing energy use for Norman Borlaug Elementary School. The District has also received energy efficiency awards for the recent renovation of Penn Elementary School and construction of Alexander Elementary School.

The District owns 10 acres of land in the northern portion of the District for the future construction of an elementary school. During the year ending June 30, 2014, the District purchased land for Alexander Elementary School that opened in August 2015 and Hoover (east) Elementary School that opened in August 2017 and Liberty High School with completion in August 2017. The District also purchased the land and building utilized by the District's transportation provider. In July 2016, the District purchased a parcel of land containing approximately 18 acres near North Liberty for construction of a future elementary school expected to open in August 2019. The District has also purchased two units previously leased for one its special education programs.

In February 2007, the residents of Johnson County approved a resolution and Revenue Purpose Statement for a 1 percent local option sales tax for a period of 10 years that began on July 1, 2007. The sales tax resulted in revenues of approximately \$13-14 million annually for the first five years and then \$10 million annually for the subsequent years. In February 2013, district voters approved the extension of the sales tax Revenue Purpose Statement through June 30, 2029. The District is using these sales tax revenues to fund various projects in the facility master plan as allowed in the Code of Iowa and the approved Revenue Purpose Statement.

The high schools provide a full selection of opportunities in their music departments. Each year, the District has a high number of all-state musicians in addition to consistently earning Division I ratings at state contests. Each of the high schools has earned at least one Grammy Award for their music department in recent years.

The two comprehensive high schools offer athletic programs in 19 different sports. State championship honors have been earned in boys' soccer, tennis, swimming and basketball while state placing went to boys' and girls cross country, football, track, volleyball and girls' tennis and basketball during the last four years. The District's three junior high schools also offer athletic programs in 10 different sports.

The high schools also support strong programs in math, debate and journalism that regularly receive state, regional and national recognition.

Students of the District continue to achieve high rankings on college entrance exams and are recognized as National Merit Scholars. The composite averages on these exams are consistently in the top 5 percent of the state and significantly exceed the national averages. These students achieved a graduation rate of nearly 94 percent in 2015 with over 90 percent planning to continue their education at colleges and universities.

### **Other Financial Information**

Management of the District is responsible for establishing and maintaining an internal control designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.



Single Audit. As a recipient of federal, state and county financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and external auditors.

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control over financial reporting and its compliance with applicable laws and regulations, including those related to major federal awards programs. The results of the District's single audit for the fiscal year ended June 30, 2017 provided no violations of applicable laws and regulations.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, special revenue funds, Debt Service Fund, enterprise funds and Capital Projects Fund are included in the annual appropriated budget by program. Project length financial plans are adopted for the capital projects funds and budgeted accordingly on an annual basis. The level of statutory budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the function level for all funds combined rather than at the individual fund level.

Basis of Presentation. The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records conform to the Uniform Accounting System for Iowa Schools, Chapter 11 of the Code of Iowa and Area Educational Agencies issued by the Department of Education, state of Iowa. The chart of accounts manual is updated annually and the District is in full compliance with these requirements.

Cash Management. Cash, while temporarily idle during the year, was invested in money market deposit accounts and other short term investments as allowed by law. Interest rates remained low for the third year compared to higher rates available in previous years. This aspect of the District's finances has gained importance in recent years as the District has sought to maximize the yield on our investments in accordance with the Board approved investment policy without forfeiting the use of fund balances.

Risk Management. The District utilizes a single medical care facility for its workers compensation program to lower the claim expense and experience modification factor as it relates to workers' compensation. A safety committee has been operational for several years and meets periodically to review the District's facilities and programs. The District manages a self-funded health insurance plan for its employee medical and prescription program. The health plan is funded at the maximum expected claim levels and coverage for individual and aggregate stop loss coverage is purchased by the plan. The District is also managing the health plan in accordance with the provisions of the Patient Protection and Affordable Care Act.

### **Awards and Acknowledgments**

Independent Audit. The accounting firm of RSM US LLP was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement in Financial Reporting and the Association of School Business Officials International, (ASBO) awards a Certificate of Excellence in Financial Reporting. The Iowa City Community School District received both of these Certificates for its comprehensive annual financial report for the fiscal year ended June 30, 2016. Each Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

In order to be eligible to receive the Certificates, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

These Certificates are valid for a period of one year only. The Iowa City Community School District has received these awards for the eleven previous fiscal years Comprehensive Annual Financial Report. I believe that our current CAFR conforms to the requirements for both awards and, therefore, we are submitting to the GFOA and ASBO to determine its eligibility for each Certificate. The Iowa City Community School District had not applied for the Certificates in any years prior to 2006.

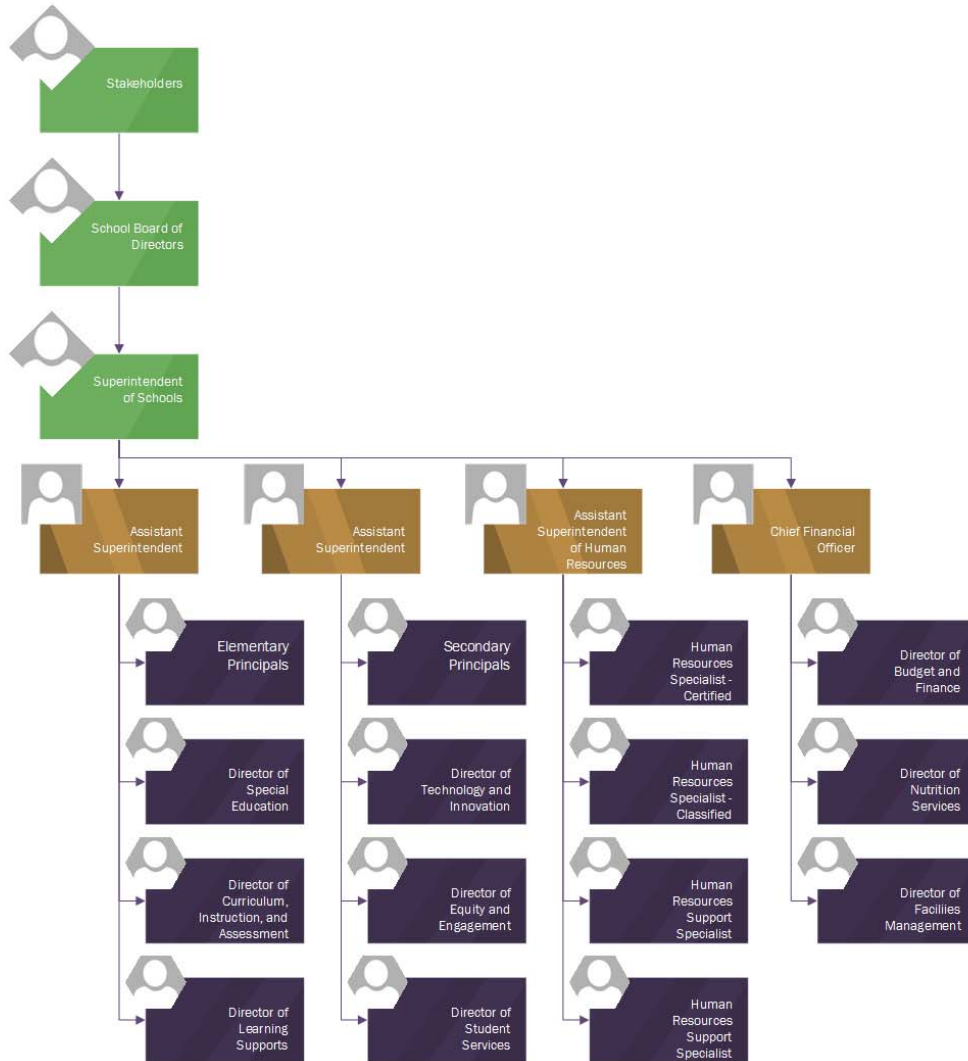
Acknowledgment: The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the accounting staff and our auditors, RSM US LLP. I would like to express my appreciation to all staff members who assisted and contributed to this report as well as members of city and county governments. Also, appreciation is expressed for the interest and support of the Board of Education in conducting the financial operations of the District in a most responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Leslie J. Finger".

Leslie J. Finger  
Director of Budget and Finance, Treasurer

# Iowa City Community School District Organizational Chart



**Iowa City Community School District**

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

**Board of Education**

For the Period July 1, 2016 to June 30, 2017:

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Name	Title	Term Expires
Chris Lynch	President	September 2017
Brian Kirschling	Vice President	September 2017
LaTasha DeLoach	Board Member	September 2019
Phil Hemingway	Board Member	September 2019
Chris Liebig	Board Member	September 2017
Lori Roetlin	Board Member	September 2019
Paul Roesler	Board Member	September 2019

**School District Officials**

Stephen Murley	Superintendent	
Craig Hansel	Secretary	Appointed
Leslie J. Finger	Treasurer	Appointed
Joe Holland	Attorney	Appointed



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Iowa City Community School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'. The signature is written in a cursive style and is positioned above a horizontal line.

**Anthony N. Dragona, Ed.D., RSBA**  
President

A handwritten signature in black ink, appearing to read 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

**John D. Musso, CAE**  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Iowa City Community School District**

**Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



RSM US LLP

## Independent Auditor's Report

To the Board of Education  
Iowa City Community School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Iowa City Community School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America. 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 entity'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 entity'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 that 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 the District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedule of the District's proportionate share of the net pension liability and schedule of District contributions for the Iowa Public Employees' Retirement System, other postemployment benefit plan schedule of funding progress, and budgetary comparison information, as listed in the table of contents, 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 who considers it to be an essential part of 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 auditing standards generally accepted in the United States of America, 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor governmental fund financial statements and statement of changes in fiduciary assets and liabilities – agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion on or provide any assurance on them.

*RSM US LLP*

Davenport, Iowa  
December 4, 2017



## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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Iowa City Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the District's financial statements.

#### Financial Highlights

Total net position increased \$19,074,356 from \$180,906,095 in 2016 to \$199,980,451 in 2017. Total revenues for the fiscal year 2017 increased \$10,851,427 from 2016. Total expenses increased from \$169,338,533 in 2016 to \$179,023,621 in 2017.

General Fund revenues increased from \$149,586,127 in fiscal year 2016 to \$157,185,362 in fiscal year 2017, while General Fund expenditures increased from \$144,928,058 in fiscal year 2016 to \$153,610,608 in fiscal year 2017. In addition, the District transferred \$172,000 to other funds during fiscal year 2017. This resulted in an increase in the District's General Fund balance from \$20,430,351 in fiscal year 2016 to \$23,833,105 in fiscal year 2017.

The increase in General Fund revenues for fiscal year 2017 was attributable to an increase in property tax revenues and 1.25 percent supplemental state aid (formerly allowable growth) as provided in the state funding formula by the Iowa Legislature. The District was able to control expenditures for fiscal year 2017 utilizing budget adjustments from the prior year regarding class size staffing ratios and control for purchase of supplies and materials. These budget adjustments maintained expenditures at a similar level to the prior year after increases in negotiated salary and benefits for all employee groups.

#### Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
  - ✓ The governmental fund statements explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
  - ✓ The statements for proprietary funds offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
  - ✓ The statements for fiduciary funds provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**Iowa City Community School District**

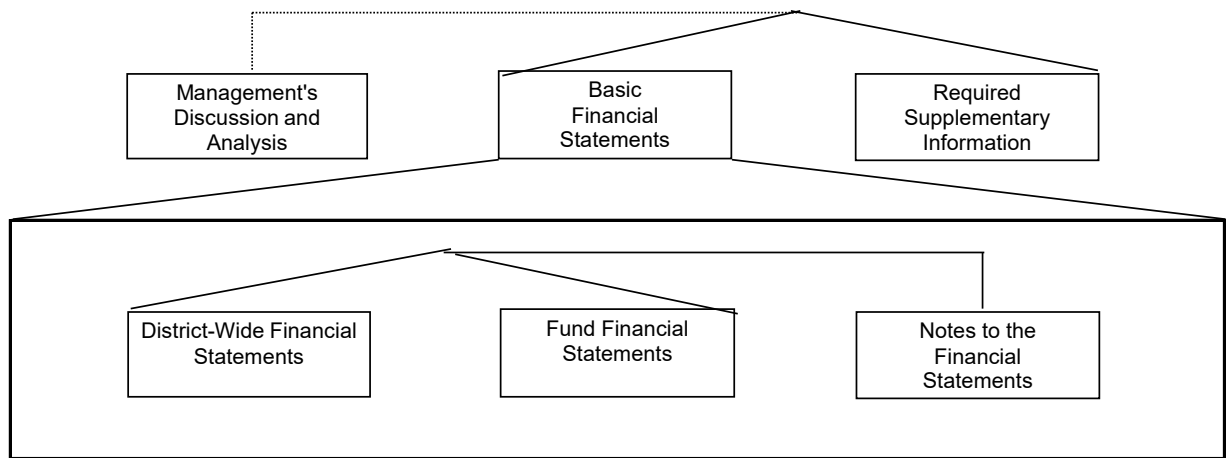
**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2017**

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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.

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

Figure A-1  
Iowa City Community School District Annual Financial Report



**Iowa City Community School District**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2017**

Figure A-2 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 the 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 and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of fund net position Statement of revenues, expenses and changes in 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 inflow/outflow information	All revenues and expenses during the 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

## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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#### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities and deferred inflows/outflows of resources. 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 they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the District's financial health or position. To assess the District's overall health, you need to consider additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

For 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 tax and state aid finance most of these activities.
- Business-type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included as a business-type activity.

#### 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 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 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 the government-wide statements, additional information following the governmental fund statements explains the relationship or differences between the two statements.
  - ✓ The District's governmental funds include the General Fund, Physical Plant and Equipment Levy Fund, Management Fund, Student Activity Fund, Debt Service Fund and Capital Projects Fund.
- 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 fund, one type of proprietary fund, is encompassed in the District's business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition 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 currently uses an Internal Service Fund to account for its self-insured health insurance and dental insurance funds.

## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

- Fiduciary funds. The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
  - ✓ Private-Purpose Trust Fund – The District accounts for assets for scholarships for individual students in this fund according to the terms of the donor's request.
  - ✓ Agency Fund – These are funds for which the District administers and accounts for certain assets in a fiduciary capacity as an agent on behalf of others.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

Net position: Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2017 compared to 2016:

Figure A-3  
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Change 2017-2016
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 163,851,553	\$ 179,420,809	\$ 2,869,452	\$ 2,561,553	\$ 166,721,005	\$ 181,982,362	\$ (15,261,357)
Capital assets	300,399,985	248,018,597	513,229	528,403	300,913,214	248,547,000	52,366,214
<b>Total assets</b>	<b>464,251,538</b>	<b>427,439,406</b>	<b>3,382,681</b>	<b>3,089,956</b>	<b>467,634,219</b>	<b>430,529,362</b>	<b>37,104,857</b>
Deferred outflows of resources	25,504,841	22,894,385	500,433	476,566	26,005,274	23,370,951	2,634,323
Long-term obligations	165,243,064	133,892,009	1,612,907	1,329,481	166,855,971	135,221,490	31,634,481
Other liabilities	37,462,622	37,634,394	309,665	303,124	37,772,287	37,937,518	(165,231)
<b>Total liabilities</b>	<b>202,705,686</b>	<b>171,526,403</b>	<b>1,922,572</b>	<b>1,632,605</b>	<b>204,628,258</b>	<b>173,159,008</b>	<b>31,469,250</b>
Deferred inflows of resources	89,001,243	99,511,374	29,541	323,836	89,030,784	99,835,210	(10,804,426)
Net position:							
Net investment in capital assets	216,162,177	203,709,702	513,229	528,403	216,675,406	204,238,105	12,437,301
Restricted	14,880,016	36,650,711	-	-	14,880,016	36,650,711	(21,770,695)
Unrestricted	(32,992,743)	(61,064,399)	1,417,772	1,081,678	(31,574,971)	(59,982,721)	28,407,750
<b>Total net position</b>	<b>\$ 198,049,450</b>	<b>\$ 179,296,014</b>	<b>\$ 1,931,001</b>	<b>\$ 1,610,081</b>	<b>\$ 199,980,451</b>	<b>\$ 180,906,095</b>	<b>\$ 19,074,356</b>

The District's total assets increased by 8.6 percent during the year ended June 30, 2017. The increase occurred primarily as a result of the investment in capital assets as detailed in Note 5. During the year ended June 30, 2017, the District continued construction on a new elementary school, major classroom additions for three elementary schools and construction of a new comprehensive third high school as part of the ten year facility master plan. In addition, the District completed approximately \$1,000,000 of safety and security upgrades and expended over \$800,000 of technology infrastructure upgrades.

## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

The total net position of the District's business-type activities increased by \$320,920 over the prior year's balance. This increase is due primarily to increased revenues of the District's nutrition program and control of food and personnel costs.

Changes in net position – Figure A-4 shows the changes in net position for the years ended June 30, 2017 and 2016:

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

	Governmental Activities		Business-Type Activities		Total School District	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for service and sales	\$ 1,964,586	\$ 1,264,023	\$ 2,626,442	\$ 2,357,084	\$ 4,591,028	\$ 3,621,107
Operating grants and contributions	25,806,402	28,901,876	3,722,874	3,498,804	29,529,276	32,400,680
Capital grants and contributions	191,741	641,945	-	-	191,741	641,945
General revenues:						
Property taxes	84,555,214	78,977,678	-	-	84,555,214	78,977,678
Sales tax	13,096,050	12,615,660	-	-	13,096,050	12,615,660
Unrestricted state grants	64,814,688	57,802,551	-	-	64,814,688	57,802,551
Unrestricted investment earnings	461,313	465,432	8,102	6,803	469,415	472,235
Other	850,565	714,694	-	-	850,565	714,694
Gain on sale of capital assets	-	-	-	-	-	-
<b>Total revenues</b>	<b>191,740,559</b>	<b>181,383,859</b>	<b>6,357,418</b>	<b>5,862,691</b>	<b>198,097,977</b>	<b>187,246,550</b>
<b>Program expenses:</b>						
Governmental activities:						
Instruction	113,110,337	107,177,328	-	-	113,110,337	107,177,328
Support services	57,024,539	53,642,433	-	-	57,024,539	53,642,433
Noninstructional programs	677,754	368,506	-	-	677,754	368,506
Other expenses	2,174,493	1,960,565	-	-	2,174,493	1,960,565
Business-type activities,						
nutritional services	-	-	6,036,498	6,189,701	6,036,498	6,189,701
<b>Total expenses</b>	<b>172,987,123</b>	<b>163,148,832</b>	<b>6,036,498</b>	<b>6,189,701</b>	<b>179,023,621</b>	<b>169,338,533</b>
<b>Change in net position</b>	<b>18,753,436</b>	<b>18,235,027</b>	<b>320,920</b>	<b>(327,010)</b>	<b>19,074,356</b>	<b>17,908,017</b>
Net position, beginning of year	179,296,014	161,060,987	1,610,081	1,937,091	180,906,095	162,998,078
Net position, end of year	\$ 198,049,450	\$ 179,296,014	\$ 1,931,001	\$ 1,610,081	\$ 199,980,451	\$ 180,906,095

Property and sales taxes and unrestricted state grants account for 82 percent and 80 percent of the total revenue for the years ended June 30, 2017 and 2016, respectively. The District's expenses primarily relate to instruction and support services which account for 95 percent of the total expenses for the years ended June 30, 2017 and 2016.

#### Governmental Activities

Revenues for governmental activities were \$191,740,559 and expenses were \$172,987,123. This difference of \$18,753,436 was used for the repayment of the general obligations bonds, capital loan notes and sales tax revenue bonds as scheduled and described in Note 6 to the basic financial statements and approximately \$5,000,000 in construction in progress that have been capitalized. Revenues in the governmental activities increased approximately \$9,600,000 or 5.3 percent over 2016. Most of this increase is from state sources as provided through the school funding formula and supplemental state aid. In addition, property tax revenues increased approximately \$5,600,000 from assessed valuation growth in both the general and physical plant and equipment levy funds.

**Iowa City Community School District**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2017**

The increase in expenses in governmental activities of \$9,685,088 or 6 percent is related to expenses for increased staff to serve the rising enrollments, increased salary and benefits from negotiated contract settlements and amounts recorded as pension expense. The District also recorded \$551,317 in the current year for other postemployment benefit obligations which is attributable to the statutory requirement that the District allows retirees the ability to purchase District sponsored health insurance at the employee’s own cost. The District does not offer any voluntary postretirement benefits.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services, noninstructional programs and other expenses.

**Figure A-5  
Total and Net Cost of Governmental Activities**

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 113,110,337	\$ (91,722,826)	\$ 107,177,328	\$ (83,124,575)
Support services	57,024,539	(50,449,321)	53,642,433	(46,887,342)
Noninstructional programs	677,754	(677,754)	368,506	(368,506)
Other expenses	2,174,493	(2,174,493)	1,960,565	(1,960,565)
<b>Totals</b>	<b>\$ 172,987,123</b>	<b>\$ (145,024,394)</b>	<b>\$ 163,148,832</b>	<b>\$ (132,340,988)</b>

- The cost financed by users of the District’s programs was \$1,964,586 for 2017 and \$1,264,023 for 2016.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$25,998,143 for 2017 and \$29,543,821 for 2016.
- The remaining net cost of governmental activities was financed with property tax, sales tax, state foundation aid and investment earnings.

**Business-Type Activities**

Revenues of the District’s business-type activities were \$6,349,316, excluding \$8,102 of investment earnings, and expenses were \$6,036,498. The District’s business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income. Revenues increased by approximately 11.4 percent due to an increase in the number of meals served, a higher number of qualifying student enrollments and higher reimbursement rates from federal and state programs compared to prior years. Expenses remained consistent.

## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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#### Financial Analysis of the District's Funds

As previously noted, the Iowa City Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund highlights: The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$36,814,339 which was a decrease from last year's ending fund balances of \$54,622,851. The primary reason for the net decrease in combined fund balances in fiscal year 2017 is due to increased expenditures in the District's Capital Projects Fund as planned in the facility master plan.

- The District's General Fund financial position is the product of many factors. The primary factor resulting in the General Fund's increased balance for the year ending June 30, 2017 was due to the District's control of the operating expenditures and increases provided in the school finance formula from supplemental state aid increase and increase enrollment for fiscal year 2017.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from a balance of \$4,851,589 in fiscal year 2016 to \$449,721 in fiscal year 2017. The decrease is primarily due to the expenditures for facility expenditures related to the District's facility master plan. The funding for these projects were provided from sale of Capital Loan Notes in December 2014.
- The Capital Projects Fund balance decreased from a balance of \$26,006,769 in fiscal year 2016 to \$9,282,542 in fiscal year 2017. This decrease is primarily due to the construction expenditures for a new elementary school, classroom additions and renovations to existing elementary schools and the continued construction on a comprehensive third high school as part of the District's ten year facility master plan.

Proprietary fund highlights: The School Nutrition Fund's net position increased from \$839,319 as of June 30, 2016 to \$1,067,841 as of June 30, 2017, representing an increase of approximately 27.2 percent for 2017 compared to a decrease of 24.1 percent for 2016. The increase was primarily due to the increased revenues of the district nutrition program and control of expenditures for food and personnel.

The Internal Service Fund for the District's self-insured health insurance fund and dental insurance funds increased net position from \$13,711,689 in 2016 to \$14,498,585 in 2017. This increase was due to favorable claims experience compared to prior years and the decrease to the liability for unpaid claims as of June 30, 2017.

#### Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a certified budget following required public notice and hearing for all funds, except its internal service, private-purpose trust and agency funds. The legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on the GAAP basis. Over the course of the year, the District amended its annual (operating) budget one time to reflect additional revenue and expenditures associated with programs and activities added or changed during the fiscal year. A schedule showing the original certified and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal budgetary highlights: The District's total actual revenues were \$145,354 less than the total budgeted revenues, a variance of .07 percent from the final budget.



## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

Total expenditures were less than budgeted. It is the District's practice to budget expenditures at the maximum authorized spending authority as defined by the Code of Iowa. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year. In addition, the Board of Directors has implemented and maintained certain budget controls to manage the expenditure levels with available resources. The increased expenditures related to the budget were primarily in the other expenditure category due to construction expenditures as planned in the District's facility master plan and funded by capital loan notes and sales tax revenue bonds in fiscal years 2015, 2016 and 2017.

#### Capital Asset and Debt Administration

**Capital assets:** As of June 30, 2017, the District had invested \$300.9 million, net of accumulated depreciation, in the broad range of capital assets, including land, buildings, athletic facilities, computers and equipment. (See Figure A-6) This amount represents a net increase of \$52.4 million from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$6,935,928.

The original costs of the District's capital assets was over \$397.1 million. Governmental funds account for approximately \$395.4 million with the remainder of \$1.6 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the building and construction in progress categories. The building category increased primarily from the completion of Coralville Central Elementary addition and remodel, safety and security upgrades throughout the district and various building remodels and improvements. The construction-in-progress category increased from the continued construction on a third comprehensive high school projected opened in August 2017 and the construction of a new elementary school that opened in August 2017.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total School District		Total Change 2017-2016
	2017	2016	2017	2016	2017	2016	
Land	\$ 11,568,737	\$ 8,947,961	\$ -	\$ -	\$ 11,568,737	\$ 8,947,961	\$ 2,620,776
Construction-in-progress	97,975,298	57,109,432	-	-	97,975,298	57,109,432	40,865,866
Buildings	171,753,162	167,031,948	-	-	171,753,162	167,031,948	4,721,214
Improvements other than buildings	15,338,767	12,580,456	-	-	15,338,767	12,580,456	2,758,311
Furniture and equipment	3,764,021	2,348,800	513,229	528,403	4,277,250	2,877,203	1,400,047
<b>Total</b>	<b>\$ 300,399,985</b>	<b>\$ 248,018,597</b>	<b>\$ 513,229</b>	<b>\$ 528,403</b>	<b>\$ 300,913,214</b>	<b>\$ 248,547,000</b>	<b>\$ 52,366,214</b>

## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

**Long-Term Debt:** As of June 30, 2017, the District had \$91.8 million in general obligation and other long-term debt outstanding. This represents an increase of approximately \$14.1 million from last year. The decrease in the early retirement obligation is due to a decrease in the number of employees accepting the District's early retirement incentive in 2017 than 2016. The reduction of general obligation bonds and capital loan notes by approximately \$3.9 million was part of the previously stated maturities. The District issued \$21,185,000 of Sales Tax Revenue Bonds during the year. (See Figure A-7) More detailed information about the District's long-term liabilities are available in Note 6 to the financial statements.

**Figure A-7  
Outstanding Long-Term Obligations**

	Total School District		Total Change
	2017	2016	2017-2016
General obligation bonds	\$ 3,205,000	\$ 6,320,000	\$ (3,115,000)
Premium on general obligation bonds	165,969	313,240	(147,271)
Capital loan notes	7,015,000	7,830,000	(815,000)
Sales tax revenue bonds	73,960,000	56,080,000	17,880,000
Premium on sales tax revenue bonds	3,682,502	4,272,252	(589,750)
Capital lease	1,500,000	-	1,500,000
Early retirement	1,439,865	2,121,534	(681,669)
Compensated absences	849,384	750,516	98,868
<b>Totals</b>	<b>\$ 91,817,720</b>	<b>\$ 77,687,542</b>	<b>\$ 14,130,178</b>

### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District received allowable growth of two percent, zero percent and two percent for fiscal year 2011, 2012 and 2013, respectively, supplemental state aid (formerly allowable growth) of two percent and a one-time two percent supplemental state aid allocation for fiscal year 2014 and supplemental state aid at four percent, 1.25 percent, and 2.25 percent for fiscal years 2015, 2016 and 2017, respectively. For the fiscal year 2018, the District received supplemental state aid of 1.11 percent. At this time, the District is unable to determine the level of the supplemental state aid rates from the State of Iowa for any future fiscal periods. As the District's General Fund budget is comprised of approximately 85 percent salary and benefits, wage and salary adjustments realized through the negotiations process will have a significant impact on future budget spending decisions. In February 2017, significant legislative changes to Chapter 20 of the Code of Iowa as it relates to formal negotiations were enacted. The impact of these changes on future wage and salary adjustments has not been determined, however, the District anticipates it may have some flexibility for control of these expenditures.
- The Iowa school funding formula is highly dependent upon student enrollment. The District has experienced enrollment growth of 443, 321, 386, 168, 343 and 309 students in the last six years, respectively. The enrollment growth of 213 students in fiscal year ending 2018 will assist the District's budget in fiscal year ending 2019. These continued increases in enrollment require additional staff and materials for educational programs and the demand for additional space to the existing facilities and construction of new facilities. New facilities as well as additions and renovations to existing facilities are included in the District's Facility Master Plan and will also increase expenditures related to utilities, custodial, maintenance and support staff. The District utilizes a demographer to assist with projecting future enrollment increases with updates provided to the District every two years. The next enrollment report from the demographer is anticipated to be completed in November 2018.

## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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- In March 2012, the District issued General Obligation Refunding Bonds to refund previously issued bonds. The District anticipates a reduction of interest expense on the outstanding bonds of approximately \$400,000 between July 1, 2012 and June 30, 2018 as a result of the refunding. This reduction of interest expense on the outstanding bonds has reduced the property tax levy necessary for debt service during this period. As required for all outstanding debt, the District must complete certain compliance and reporting requirements as defined by the Securities and Exchange Commission (SEC). Self-reporting options offered by the SEC have been completed by the District and the District believes it is in compliance with all requirements.
- The District sold Capital Loan Notes of \$9,435,000 in December 2014. The proceeds from the sale of these Notes funded various construction projects in the Facility Master Plan and will be repaid from the existing Physical Plant and Equipment Levy (PPEL) through 2025. In addition, the District sold School Infrastructure Sales, Services and Use Tax Revenue Bonds of approximately \$60 million in September 2015, \$10,000,000 in December 2016, \$11,185,000 in January 2017 and \$21,200,000 in August 2017. These revenue funds have been used for projects at Coralville Central Elementary, Lucas Elementary School, City High School, construction of Liberty High School and Hoover (East) Elementary School and will fund major renovation projects at Lucas Elementary School and West High School. The Revenue Bonds will be repaid from sales tax revenues collected through 2029.
- The construction of Liberty High School, a new comprehensive high school, began in May 2015 and opened in August 2017 with an enrollment of 740 students. The total cost of this facility is approximately \$57 million. The District anticipates additional projected operating costs of approximately \$2 million annually for this high school. In addition to the building, the District is in the process of designing and planning for construction of athletic venues surrounding the high school building. The funding and completion of these athletic fields will be funded from general obligation bonds. The District anticipates that enrollment growth within the Liberty attendance growth will approach 1,500 students by 2022 creating the need for additional classroom space as well as increased expenditures for instructional staff, support and custodial expenditure in future fiscal years. The District has not determined the extent of timing or amount of these expenditures in the future periods.
- The enrollment increases experienced in recent years has included significant additional student needs for students requiring English language learning programs. The District has had to hire additional staff with the appropriate certifications to serve these students. The District expended approximately \$1,200,000 more during the year ended June 30, 2017 than the prior year to provide these services and anticipates additional increases in future years. The District will continue to request additional spending authority for its Limited English Program from the School Budget Review Committee to support these expenditures in future periods.
- The District provides health insurance to its employees utilizing a self-funded insurance plan with specific and aggregate reinsurance coverage as required by the State of Iowa. The District's plan is subject to various insurance coverage and reporting provisions of the Patient Protection and Affordable Care Act (ACA) with additional requirements for future years as provided with current legislation. The transitional reinsurance fees included in the ACA rules are being paid from the current premium levels of the self-funded plan and the District anticipates the impact of the coverage and reporting rules to be minimal based upon existing insurance benefits offered to its staff. The District believes it has completed all coverage and reporting requirements of ACA in a timely and complete manner and anticipates it will continue to meet these ACA requirements. However, the insurance industry is currently operating in an extremely uncertain environment and the District will continue to monitor the potential impact of any changes on the plan and its employees.

## Iowa City Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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- The District's Board of Directors has revised and update attendance areas within the District for the opening of new facilities and relocation of students for buildings during renovation in fiscal periods 2018 to 2020. These decisions will impact certain staffing and transportation expenditures for future fiscal periods as students and staff transition to these facilities, however, the impact of these decisions has not been determined at this time.
- The ten year Facility Master Plan, originally approved in December 2013 and subsequently updated in April 2015 and February 2017, includes nearly \$192 million of future construction and renovation projects. On September 12, 2017, taxpayers within the District approved a bond referendum authorizing \$191,925,000 of general obligation bonds to fund the projects in the Facility Master Plan. The District has begun the design phase for major renovations at Lincoln Elementary School, Mann Elementary School and West High School and for construction of a new elementary school in North Liberty to be funded from the sale of approximately \$58 million in general obligation bonds in December 2017. In addition, legislative proposals regarding the extension of the sales tax sunset provisions past 2029 may impact the amounts to be requested as general obligation bonds, however, the impact of this legislation and property taxes has not been determined.
- Subsequent to approval of the bond referendum, District administration has provided the Board of Directors with an accelerated schedule for construction projects within the Facility Master Plan. This adjustment to the Plan will provide improved instructional facilities earlier than previously anticipated as well as provide savings opportunities from construction inflation and interest rate factors. The accelerated schedule may require additional facility management staff, however, the impact of any expenditures related to this schedule have not been determined.

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

This 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 accountability for the money it receives. If you have questions about this report or need additional financial information, contact Craig Hansel, District Chief Financial Officer, Iowa City Community School District, 1725 North Dodge Street, Iowa City, Iowa 52245.

Iowa City Community School District

Statement of Net Position  
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents, and investments	\$ 65,448,828	\$ 2,497,116	\$ 67,945,944
Restricted Cash	5,587,205	-	5,587,205
Receivables:			
Property tax:			
Current year	222,670	-	222,670
Succeeding year	80,680,381	-	80,680,381
Income surtax	6,816,288	-	6,816,288
Sales taxes	520,000	-	520,000
Other	148,106	-	148,106
Due from other governments	3,055,089	30,161	3,085,250
Internal balances	(146,941)	146,941	-
Inventories	-	116,618	116,618
Prepaid expenses	1,519,927	78,616	1,598,543
<b>Total current assets</b>	<b>163,851,553</b>	<b>2,869,452</b>	<b>166,721,005</b>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	11,568,737	-	11,568,737
Construction-in-progress	97,975,298	-	97,975,298
Depreciable capital assets, net of accumulated depreciation	190,855,950	513,229	191,369,179
<b>Total noncurrent assets</b>	<b>300,399,985</b>	<b>513,229</b>	<b>300,913,214</b>
<b>Total assets</b>	<b>464,251,538</b>	<b>3,382,681</b>	<b>467,634,219</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on refunding	16,632	-	16,632
Pension related amounts	25,488,209	500,433	25,988,642
<b>Total deferred outflows of resources</b>	<b>25,504,841</b>	<b>500,433</b>	<b>26,005,274</b>

See notes to basic financial statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	8,378,603	4,336	8,382,939
Salaries and benefits payable	14,777,636	305,329	15,082,965
Claims payable	2,206,033	-	2,206,033
Accrued interest payable	243,625	-	243,625
Unearned, grant revenues	11,900	-	11,900
General obligation bonds	3,370,969	-	3,370,969
Capital loan notes	825,000	-	825,000
Capital lease	384,607	-	384,607
Revenue bonds	4,975,000	-	4,975,000
Early retirement	1,439,865	-	1,439,865
Compensated absences	849,384	-	849,384
<b>Total current liabilities</b>	<b>37,462,622</b>	<b>309,665</b>	<b>37,772,287</b>
Noncurrent liabilities:			
Other postemployment benefit	3,121,000	-	3,121,000
Net pension liability	82,149,169	1,612,907	83,762,076
Capital loan notes	6,190,000	-	6,190,000
Capital lease	1,115,393	-	1,115,393
Revenue bonds, net of unamortized premium	72,667,502	-	72,667,502
<b>Total noncurrent liabilities</b>	<b>165,243,064</b>	<b>1,612,907</b>	<b>166,855,971</b>
<b>Total liabilities</b>	<b>202,705,686</b>	<b>1,922,572</b>	<b>204,628,258</b>
<b>Deferred Inflows of Resources</b>			
Property tax	80,680,381	-	80,680,381
Income surtax	6,816,288	-	6,816,288
Pension related amounts	1,504,574	29,541	1,534,115
<b>Total deferred inflows of resources</b>	<b>89,001,243</b>	<b>29,541</b>	<b>89,030,784</b>
<b>Net Position</b>			
Net investment in capital assets	216,162,177	513,229	216,675,406
Restricted for:			
Capital improvements and equipment	9,984,290	-	9,984,290
Federal and state programs	4,030,600	-	4,030,600
Debt service	63,400	-	63,400
Student activities	801,726	-	801,726
Unrestricted	(32,992,743)	1,417,772	(31,574,971)
<b>Total net position</b>	<b>\$ 198,049,450</b>	<b>\$ 1,931,001</b>	<b>\$ 199,980,451</b>

Iowa City Community School District

Statement of Activities  
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, and Contributions	Capital Grants, and Contributions
<b>Governmental Activities</b>				
Instruction:				
Regular instruction	\$ 71,357,668	\$ 618,672	\$ 9,754,929	\$ -
Special instruction	36,310,970	1,036,613	6,862,405	-
Other instruction	5,441,699	2,850	3,112,042	-
	<u>113,110,337</u>	<u>1,658,135</u>	<u>19,729,376</u>	<u>-</u>
Support services:				
Student services	4,557,940	-	-	-
Instructional services	10,152,792	-	-	-
Administration services	15,461,765	-	-	-
Operation and maintenance	16,342,729	227,282	-	191,741
Transportation services	4,602,541	79,169	170,254	-
Other support services, AEA flowthrough	5,906,772	-	5,906,772	-
	<u>57,024,539</u>	<u>306,451</u>	<u>6,077,026</u>	<u>191,741</u>
Noninstructional programs	<u>677,754</u>	-	-	-
Other:				
Long-term debt interest	2,139,432	-	-	-
Depreciation (unallocated), excluding direct depreciation	35,061	-	-	-
	<u>2,174,493</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total governmental activities</b>	<b>172,987,123</b>	<b>1,964,586</b>	<b>25,806,402</b>	<b>191,741</b>
<b>Business-type activities, nutritional services</b>	<b>6,036,498</b>	<b>2,626,442</b>	<b>3,722,874</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 179,023,621</b>	<b>\$ 4,591,028</b>	<b>\$ 29,529,276</b>	<b>\$ 191,741</b>

General revenues:

Property taxes levied for:

General purposes

Debt service

Capital outlay

Sales tax for capital projects

Unrestricted state grants

Unrestricted investment earnings

Other

**Total general revenues**

Changes in net position

Net position, beginning of year

Net position, end of year

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (60,984,067)	\$ -	\$ (60,984,067)
(28,411,952)	-	(28,411,952)
(2,326,807)	-	(2,326,807)
<u>(91,722,826)</u>	<u>-</u>	<u>(91,722,826)</u>
(4,557,940)	-	(4,557,940)
(10,152,792)	-	(10,152,792)
(15,461,765)	-	(15,461,765)
(15,923,706)	-	(15,923,706)
(4,353,118)	-	(4,353,118)
-	-	-
<u>(50,449,321)</u>	<u>-</u>	<u>(50,449,321)</u>
<u>(677,754)</u>	<u>-</u>	<u>(677,754)</u>
(2,139,432)	-	(2,139,432)
(35,061)	-	(35,061)
<u>(2,174,493)</u>	<u>-</u>	<u>(2,174,493)</u>
(145,024,394)	-	(145,024,394)
-	312,818	312,818
<u>(145,024,394)</u>	<u>312,818</u>	<u>(144,711,576)</u>
71,261,883	-	71,261,883
3,294,159	-	3,294,159
9,999,172	-	9,999,172
13,096,050	-	13,096,050
64,814,688	-	64,814,688
461,313	8,102	469,415
850,565	-	850,565
<u>163,777,830</u>	<u>8,102</u>	<u>163,785,932</u>
18,753,436	320,920	19,074,356
<u>179,296,014</u>	<u>1,610,081</u>	<u>180,906,095</u>
<u>\$ 198,049,450</u>	<u>\$ 1,931,001</u>	<u>\$ 199,980,451</u>



Iowa City Community School District

Balance Sheet - Governmental Funds  
June 30, 2017

	General	Physical Plant and Equipment Levy
<b>Assets</b>		
Cash, cash equivalents, and investments	\$ 36,965,401	\$ 1,507,984
Restricted cash	-	-
Receivables:		
Property tax:		
Current year	172,824	28,685
Succeeding year	62,483,923	10,403,078
Income surtax	6,816,288	-
Sales tax	-	-
Other	147,116	-
Due from other governments	1,966,701	-
Due from other funds	750,616	-
Prepaid items	1,251,954	134,863
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 110,554,823</b>	<b>\$ 12,074,610</b>
	<hr/>	<hr/>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 2,636,705	\$ 1,211,983
Salaries and benefits payable	14,762,330	-
Due to other funds	10,572	9,828
Unearned revenue	11,900	-
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>17,421,507</b>	<b>1,221,811</b>
Deferred inflows of resources:		
Unavailable revenue - property tax	62,483,923	10,403,078
Unavailable revenue - income surtax	6,816,288	-
Unavailable revenue - sales tax	-	-
	<hr/>	<hr/>
<b>Total deferred inflows of resources</b>	<b>69,300,211</b>	<b>10,403,078</b>
Fund balance:		
Nonspendable	1,251,954	134,863
Restricted	4,030,600	314,858
Unassigned	18,550,551	-
	<hr/>	<hr/>
<b>Total fund balances</b>	<b>23,833,105</b>	<b>449,721</b>
	<hr/>	<hr/>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 110,554,823</b>	<b>\$ 12,074,610</b>
	<hr/>	<hr/>

See notes to basic financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,821,801	\$ 3,448,648	\$ 48,743,834
5,587,205	-	5,587,205
-	21,161	222,670
-	7,793,380	80,680,381
-	-	6,816,288
520,000	-	520,000
-	1,500	148,616
1,088,388	-	3,055,089
-	-	750,616
133,110	-	1,519,927
<u>\$ 14,150,504</u>	<u>\$ 11,264,689</u>	<u>\$ 148,044,626</u>
\$ 4,320,915	\$ 209,510	\$ 8,379,113
15,306	-	14,777,636
11,741	12,828	44,969
-	-	11,900
<u>4,347,962</u>	<u>222,338</u>	<u>23,213,618</u>
-	7,793,380	80,680,381
-	-	6,816,288
520,000	-	520,000
<u>520,000</u>	<u>7,793,380</u>	<u>88,016,669</u>
133,110	-	1,519,927
9,149,432	3,248,971	16,743,861
-	-	18,550,551
<u>9,282,542</u>	<u>3,248,971</u>	<u>36,814,339</u>
<u>\$ 14,150,504</u>	<u>\$ 11,264,689</u>	<u>\$ 148,044,626</u>

**Iowa City Community School District**

**Reconciliation of Total Governmental Fund Balances to Net Position  
of Governmental Activities  
June 30, 2017**

Total governmental fund balances		\$ 36,814,339
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.		300,399,985
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as a deferred inflow of resources in the funds.		520,000
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:		
Current assets	\$ 16,715,566	
Liabilities	<u>(2,216,981)</u>	14,498,585
Internal service funds allocated to business-type activities		(863,160)
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(243,625)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows	25,488,209	
Deferred inflows	<u>(1,504,574)</u>	23,983,635
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:		
General obligation bonds, current	(3,205,000)	
Capital loan notes, current	(825,000)	
Capital loan notes, noncurrent	(6,190,000)	
Sales tax revenue bonds, current	(4,975,000)	
Sales tax revenue bonds, noncurrent	(68,985,000)	
Capital lease	(1,500,000)	
Early retirement, current	(1,428,917)	
Net pension liability	(82,149,169)	
Other postemployment benefits	(3,121,000)	
Compensated absences, current	(849,384)	
Deferred amounts on refunding bonds	16,632	
Unamortized premium	<u>(3,848,471)</u>	<u>(177,060,309)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 198,049,450</u></u>

See notes to basic financial statements.

Iowa City Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2017

	General	Physical Plant and Equipment Levy
Revenues:		
Local sources:		
Local tax	\$ 67,171,466	\$ 9,999,172
Tuition	1,162,198	-
Other	1,835,850	42,760
State sources	80,336,962	265,501
Federal sources	6,678,886	-
<b>Total revenues</b>	<b>157,185,362</b>	<b>10,307,433</b>
Expenditures:		
Current:		
Instruction:		
Regular instruction	67,411,010	-
Special instruction	35,096,287	-
Other instruction	1,884,354	-
	<b>104,391,651</b>	<b>-</b>
Support services:		
Student services	4,557,202	-
Instructional services	9,994,547	-
Administration services	12,887,402	-
Operation and maintenance	12,561,453	374,897
Transportation services	3,288,398	911,022
Other support services, AEA flowthrough	5,906,772	-
	<b>49,195,774</b>	<b>1,285,919</b>
Noninstructional programs	23,183	-
Capital outlay	-	14,448,920
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>153,610,608</b>	<b>15,734,839</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,574,754</b>	<b>(5,427,406)</b>
Other financing sources (uses):		
Transfers in	-	2,000,000
Transfers out	(172,000)	(974,462)
Issuance of capital leases	-	-
Issuance of sales tax revenue bonds	-	-
<b>Total other financing sources (uses)</b>	<b>(172,000)</b>	<b>1,025,538</b>
<b>Net change in fund balances</b>	<b>3,402,754</b>	<b>(4,401,868)</b>
Fund balances, beginning of year	20,430,351	4,851,589
Fund balances, end of year	<b>\$ 23,833,105</b>	<b>\$ 449,721</b>

See notes to basic financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 7,384,576	\$ 84,555,214
-	-	1,162,198
395,262	3,039,381	5,313,253
13,076,050	200,362	93,878,875
-	-	6,678,886
<u>13,471,312</u>	<u>10,624,319</u>	<u>191,588,426</u>
-	2,072,779	69,483,789
-	-	35,096,287
-	3,084,763	4,969,117
-	<u>5,157,542</u>	<u>109,549,193</u>
-	-	4,557,202
-	-	9,994,547
171,873	831,129	13,890,404
-	1,202,498	14,138,848
-	403,121	4,602,541
-	-	5,906,772
<u>171,873</u>	<u>2,436,748</u>	<u>53,090,314</u>
<u>646,377</u>	-	<u>669,560</u>
<u>44,271,119</u>	-	<u>58,720,039</u>
-	7,235,000	7,235,000
-	2,817,832	2,817,832
-	<u>10,052,832</u>	<u>10,052,832</u>
<u>45,089,369</u>	<u>17,647,122</u>	<u>232,081,938</u>
<u>(31,618,057)</u>	<u>(7,022,803)</u>	<u>(40,493,512)</u>
-	6,937,632	8,937,632
(7,791,170)	-	(8,937,632)
1,500,000	-	1,500,000
21,185,000	-	21,185,000
<u>14,893,830</u>	<u>6,937,632</u>	<u>22,685,000</u>
(16,724,227)	(85,171)	(17,808,512)
<u>26,006,769</u>	<u>3,334,142</u>	<u>54,622,851</u>
<u>\$ 9,282,542</u>	<u>\$ 3,248,971</u>	<u>\$ 36,814,339</u>

**Iowa City Community School District**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2017**

Net change in fund balances, total governmental funds	\$	(17,808,512)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlay exceeds depreciation expense in the period:</p>		
Capital outlay	\$	59,240,318
Depreciation expense		(6,858,930)
		<u>52,381,388</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in unavailable revenues.		20,000
<p>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 and does not affect the statement of activities.</p>		
Repayment of long-term debt		7,235,000
Proceeds from sale of revenue bonds		(21,185,000)
Proceeds from capital lease financing		(1,500,000)
		<u>(15,450,000)</u>
Interest on long-term debt in the statement of activities differs from the amount reported in governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(25,836)
The current year employer share of 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.		9,056,979
<p>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:</p>		
Change in other postemployment benefits		(551,317)
Pension expense		(10,812,994)
Change in early retirement		643,862
Change in compensated absences		(98,868)
		<u>(10,819,317)</u>
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position in the internal service fund is reported with governmental activities in the statement of activities.		786,896
Change in Internal Service Fund allocation to business-type activities.		(92,398)
Amortization of bond premium		737,021
Amortization of deferred amount on refunding		(32,785)
		<u>704,236</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u><u>18,753,436</u></u></b>

**Iowa City Community School District**

**Statement of Net Position  
Proprietary Funds  
June 30, 2017**

	Nonmajor Enterprise Fund - School Nutrition	Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash, cash equivalents, and investments	\$ 2,497,116	\$ 16,704,994
Due from other governments	30,161	-
Due from other funds	362	10,572
Inventories	116,618	-
Prepaid expenses and deposits	78,616	-
<b>Total current assets</b>	<u>2,722,873</u>	<u>16,715,566</u>
Noncurrent assets, capital assets, net of accumulated depreciation	513,229	-
<b>Total assets</b>	<u>3,236,102</u>	<u>16,715,566</u>
<b>Deferred outflows of resources</b> , pension related amounts	<u>500,433</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 3,736,535</u>	<u>\$ 16,715,566</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 4,336	\$ -
Salaries and benefits payable	305,329	-
Due to other funds	716,581	-
Claims payable	-	2,206,033
Other	-	10,948
<b>Total current liabilities</b>	<u>1,026,246</u>	<u>2,216,981</u>
Noncurrent liabilities, net pension liability	<u>1,612,907</u>	<u>-</u>
<b>Total liabilities</b>	<u>2,639,153</u>	<u>2,216,981</u>
<b>Deferred inflows of resources</b> , pension related amounts	<u>29,541</u>	<u>-</u>
<b>Net position</b>		
Investment in capital assets	513,229	-
Unrestricted	554,612	14,498,585
<b>Total net position</b>	<u>1,067,841</u>	<u>14,498,585</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 3,736,535</u>	<u>\$ 16,715,566</u>
Total enterprise funds net position	\$ 1,067,841	
Amounts reported for business-type activities in the statement of net position are different because:		
Internal service funds are used by management to charge the costs of certain services to individual funds. Certain assets and liabilities of the internal service funds are included in business-type activities in the statement of net position.		
	<u>863,160</u>	
<b>Net position of business-type activities</b>	<u>\$ 1,931,001</u>	

See notes to basic financial statements.

Iowa City Community School District

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2017

	Nonmajor Enterprise Fund - School Nutrition	Internal Service Fund
Operating revenue:		
Charges for services:		
Food sales	\$ 2,626,442	\$ -
Internal service charges	-	11,483,844
Employee contributions	-	3,266,500
<b>Total operating revenue</b>	<b>2,626,442</b>	<b>14,750,344</b>
Operating expenses:		
Food consumed	2,696,905	-
Salaries and benefits	2,623,942	-
Supplies, services and repairs	430,486	-
Depreciation	55,218	-
Food and meal delivery:		
Salaries and benefits	292,865	-
Truck expenses	7,700	-
Depreciation	21,780	-
Claims, losses and administrative fees	-	13,936,590
Other	-	124,630
<b>Total operating expenses</b>	<b>6,128,896</b>	<b>14,061,220</b>
<b>Operating income (loss)</b>	<b>(3,502,454)</b>	<b>689,124</b>
Nonoperating revenues:		
Federal appropriations	3,283,114	-
State appropriations	48,054	-
Federal food commodities	391,706	-
Interest income	8,102	97,772
<b>Total nonoperating revenues</b>	<b>3,730,976</b>	<b>97,772</b>
<b>Changes in net position</b>	<b>228,522</b>	<b>786,896</b>
Net position, beginning of year	839,319	13,711,689
Net position, end of year	<b>\$ 1,067,841</b>	<b>\$ 14,498,585</b>

See notes to basic financial statements.



**Iowa City Community School District**

**Reconciliation of Changes in Net Position of Enterprise Funds to the  
Statement of Activities  
Year Ended June 30, 2017**

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Net changes in net position in enterprise funds.	\$ 228,522
Amounts reported for proprietary activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities.	<u>92,398</u>
<b>Change in net position of business-type activities</b>	<b><u><u>\$ 320,920</u></u></b>

See notes to basic financial statements.

Iowa City Community School District

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2017

	Nonmajor Enterprise Fund - School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from sales of breakfasts and lunches	\$ 2,626,442	\$ -
Cash received from charges for service	-	11,483,844
Cash received from employees for benefits	-	3,266,500
Cash payments to suppliers for goods and services	(2,813,376)	(124,630)
Cash payments to employees for services	(2,054,879)	-
Cash payments for employee benefits	(885,537)	-
Cash payments for claims, losses and administrative fees	-	(14,232,442)
<b>Net cash provided by (used in) operating activities</b>	<b>(3,127,350)</b>	<b>393,272</b>
Cash flows from noncapital financing activities:		
Operating grants received	3,330,981	-
Proceeds from interfund accounts	713,275	-
Payments to interfund accounts	-	(11,072)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>4,044,256</b>	<b>(11,072)</b>
Cash flows from capital and related financing activities, acquisition of capital assets	(61,824)	-
Cash flows from investing activities, interest on cash and cash equivalents	8,102	97,772
<b>Net increase in cash and cash equivalents</b>	<b>863,184</b>	<b>479,972</b>
Cash and cash equivalents:		
Beginning	1,633,932	16,225,022
Ending	<b>\$ 2,497,116</b>	<b>\$ 16,704,994</b>
Operating income (loss)	<b>\$ (3,502,454)</b>	<b>\$ 689,124</b>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	76,998	-
Federal food commodities consumed	391,706	-
Change in assets and liabilities:		
(Increase) in purchased inventory	(59,747)	-
(Increase) in prepaid expenses and deposits	(5,657)	-
(Decrease) in accounts payable	(4,587)	-
Increase in salaries and benefits payable	11,127	-
(Decrease) in net pension liability	(34,736)	-
(Decrease) in claims payable	-	(258,045)
(Decrease) in early retirement	-	(37,807)
<b>Total adjustments</b>	<b>375,104</b>	<b>(295,852)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (3,127,350)</b>	<b>\$ 393,272</b>
Noncash item, noncapital financing activities, food commodities donated to the District from the U.S. Department of Agriculture	<b>\$ 391,706</b>	<b>\$ -</b>

See notes to basic financial statements.

Iowa City Community School District

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

	Private Purpose Trust Fund <u>Winbigler Estate Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b> , cash and cash equivalents	\$ 71,576	\$ <u>341,518</u>
<b>Liabilities</b> , due to private individuals	<u>27</u>	<u>\$ 341,518</u>
<b>Net Position</b> , restricted for needs of students in need of financial assistance	<u>\$ 71,549</u>	

See notes to basic financial statements.

Iowa City Community School District

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2017

	Private Purpose Trust Fund
	Winbigler Estate Trust Fund
Net position held in trust, beginning of year	\$ 71,549
Net position held in trust, end of year	\$ 71,549

See notes to basic financial statements.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

**Nature of operations:** The Iowa City Community School District (the District) is a political subdivision of the state of Iowa and operates public schools for children in grades pre-school through twelve. The geographic area served includes the cities of Iowa City, Coralville, University Heights, Hills, and North Liberty and the surrounding predominately agricultural territory in central Johnson County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

**Reporting entity:** For financial reporting purposes, the Iowa City Community School District has included all funds, organizations, agencies, boards, commissions and authorities for which the District is financially accountable. 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 (GASB) 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 the organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB issued Statement No. 39, which sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the Organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, the District is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these basic financial statements.

The District participates in several jointly governed organizations for which the District is not financially accountable or that the nature and significance of the relationships with the District are such that exclusion does not cause the District's financial statements to be misleading or incomplete. Among those organizations are the Johnson County Conference Board, Iowa City Conference Board, Johnson County Compensation Board and the Iowa City Assessors Examining Board.

#### Significant accounting policies:

**Government-wide financial statements:** The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. 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 services.

The statement of net position presents the District's nonfiduciary assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position.

## Iowa City Community School District

### Notes to Basic Financial Statements

---

#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not 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 funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds and nonmajor enterprise funds are aggregated and presented in a single column.

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

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

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

Physical Plant and Equipment Levy Fund: a capital projects fund, accounts for the property taxes levied and collected by the District to be used for the purchase and improvement of grounds; purchase, construction and remodeling of buildings; and major equipment purchases.

Capital Projects Fund: a capital projects fund, is used to account for all resources restricted for the acquisition and construction of major capital facilities as authorized by the voters in the District. Revenues of the Fund primarily consist of state-wide sales taxes.

The other governmental funds of the District are considered nonmajor and are as follows:

Special Revenue Funds: Accounts for the revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund: Accounts for property taxes levied and collected which are restricted for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Student Activity Fund: Accounts for money held by the District which is restricted on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular or extracurricular activities of the District.

Debt Service Fund: Accounts for property taxes levied and collected for the payment of general long-term debt principal, interest and related costs.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing operations and activities which are similar to those often found in the private sector. They are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Enterprise Funds: Enterprise funds are used to account for those operations for which a fee is charged to external users for goods and/or services. The following enterprise fund of the District is considered nonmajor.

School Nutrition Fund: Accounts for the food service operations of the District.

Internal Service Fund: The Internal Service Fund is used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service Fund is used to account for the premium and claim payments for the self-insured health insurance and dental plan for District employees and retirees.

The District also reports the following fiduciary fund types:

Private Purpose Trust Fund: This fund is utilized to account for assets held by the District in a fiduciary capacity according to the terms of the donor's request of granting scholarships at City High School.

Agency Funds: These funds are utilized to account for assets held by the District in the fiduciary capacity as an agent on behalf of others. The Agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Agency funds of the District include:

Flexible benefits account: for the District's flexible benefit plan activity.

School children's aid: for providing services to at risk students at any District building.

Opportunity funds: for providing services to at risk families in two District elementary buildings.

School based health clinics: partnerships with local medical community to provide health services to at risk children.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the “economic resources measurement focus.” The proprietary and private purpose trust fund financial statements are reported using the accrual basis of accounting. Agency funds follow the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax and income surtax is recognized as revenue in the year for which it is levied and budgeted for. 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 District considers revenues to be available if they are collected within 60 days after year-end.

Property tax when levied and budgeted for, other taxes and intergovernmental revenues when eligibility requirements have been met (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be measurable and are recognized as revenue, if available. All other revenue items are recognized 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, early retirement payments, other postemployment benefits, pension contributions 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 financing and 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 resources. When program expenses are incurred and 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 then the general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 proprietary funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation on capital assets and claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash, cash equivalents and investments:** The cash balances of most District funds are nonpooled and separately invested. Investments in the Iowa Schools Joint Investment Trust, nonnegotiable certificates of deposit and IPAS Education Money Market Fund are stated at amortized cost.

The IPAS Education Money Market Fund is a “money market fund” that seeks to maintain a stable net asset value of \$1.00 per share. The Fund qualifies as a legal investment for the District under Iowa law.

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 date of purchase have a maturity date of no more than three months.



**Iowa City Community School District**

**Notes to Basic Financial Statements**

**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies  
(Continued)**

**Property tax and income surtax receivable:** Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Education.

Current year property tax receivable represents unpaid taxes related to April 2016 levy certification. Property taxes become due and collectible in September and March of the following fiscal year with a 1½ percent per month penalty for delinquent payments. This tax levy is based on January 1, 2015 assessed property valuations and is revenue for fiscal year ended June 30, 2017.

The succeeding year property tax receivable represents taxes certified by the Board of Education in April 2016. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. The tax asking represents a lien which is effective on the first day of that calendar year. Although the succeeding year property tax receivable has been recorded, the related revenue is a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2017, the year for which it is levied and budgeted for.

The income surtax receivable represents the fiscal year 2016 levy which will be collected by the District in fiscal year 2017. Although the income surtax receivable has been recorded as of June 30, 2017, the related revenue is a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2018, the year for which it is levied and budgeted for.

**Due from other governments:** Due from other governments represent amounts due from the state of Iowa, University of Iowa, other school districts, and other various grants, reimbursements and shared revenues.

	General	Capital Projects	Nonmajor Enterprise
Due from other governments:			
Federal	\$ 1,210,107	\$ -	\$ 30,161
State	283,468	-	-
Local option sales tax	-	1,088,388	-
Other	473,126	-	-
	<u>\$ 1,966,701</u>	<u>\$ 1,088,388</u>	<u>\$ 30,161</u>

**Prepaid expenses:** Prepaid expenses consist primarily of insurance costs paid for the succeeding year and are recorded as prepaid expenses in both government-wide and fund financial statements on the consumption method.

**Inventories:** Inventories of the enterprise fund consist of food. The inventories are valued on a first-in, first-out basis, with purchased inventory valued at the lower of cost or market and government-contributed commodities valued at the acquisition value as of the date received. Unused commodities at balance sheet date are reported as inventory.

**Iowa City Community School District**

**Notes to Basic Financial Statements**

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies  
(Continued)**

**Capital assets:** Capital assets, which include land, construction-in-progress, buildings, improvements, furniture, equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and the proprietary fund statement of net position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year.

Description:	<u>Threshold</u>
Buildings and improvements other than buildings	\$ 2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500
Vehicles	2,500

Capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Description:	<u>Estimated Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment:	
School Nutrition Fund equipment	12 years
Other furniture and equipment	5 years
Vehicles:	
School Nutrition Fund vehicles	5 years
Other vehicles	7 years

The District's collection of library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

**Deferred outflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first is a deferred charge on refunding that 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. The second deferred outflow is the pension related amounts, which consists of unamortized portion of the differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, and charges in proportion and differences between District contributions and proportionate share of contributions not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

## Iowa City Community School District

### Notes to Basic Financial Statements

---

#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

**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. Incurred but unpaid payroll expense for all employees as of June 30, 2017, has also been accrued as a liability as of June 30, 2017.

**Unearned revenue:** Unearned revenue consists of grant awards received but unearned by the fulfillment of an eligibility provision.

**Deferred inflows of resources:** In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from three sources: property taxes, income surtax and sales tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the District's government-wide statements, the property tax and income surtax revenues remain a deferred inflow and will become an inflow in the year for which the taxes are levied and budgeted for. The District's government-wide statements also includes pension related amounts as a deferred inflow which consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments and the change in proportion and differences between District contributions and proportionate share of contributions.

**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. Earned but unpaid payroll for hourly and administrative employees as of June 30, 2017, has also been accrued as a liability.

**Compensated absences:** District employees with a contract of 200 days or more 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 funds only for employees that have resigned or retired which is considered due. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**Self-insurance:** The District is self-insured for health and dental benefits. The District's premiums and claims are accounted for in the Internal Service Fund. Premiums are charged by the Internal Service Fund to operating funds based upon number of employees and selected coverage in each fund.

**Long-term liabilities:** In the governmental fund financial statements, principal and interest on long-term debt, early retirement payments, other postemployment benefits and compensated absences are recognized as liabilities only when payment has matured, or becomes due. The face amount of debt issued is reported as other financing sources. Premiums/discounts received on debt issuances are reported as other financing sources/uses. Principal payments and bond issuance costs are reported as debt service expenditures. 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. As of June 30, 2017, the District did not have any long-term obligations related to its business-type activities. Bond premiums and deferred amounts on refunding are amortized over the life of the debt using a method which approximates the effective interest method. Bond issuance costs are recognized as an expense in the period they are incurred.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

**Pensions:** The net pension liability, deferred inflows and outflows of resources related to pensions, 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.

**Fund balance:** In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable:** Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**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 imposed by law through constitutional provisions or enabling legislation.

**Committed:** Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the District's 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 through resolution.

**Assigned:** Amounts constrained by the District's intent to use them for a specific purpose. It is the District's policy that the authority to assign fund balance has been delegated by the District's Board of Education to the Chief Financial Officer through the budget process.

**Unassigned:** All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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

**Net position:** Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets and also excludes unspent debt proceeds. Unspent debt proceeds for sales tax revenue bonds are \$5,274,031 for governmental activities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted through enabling legislation consists of \$9,984,290 for capital improvements and equipment and \$63,400 for debt service.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

**Interfund activity:** Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**Estimates:** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Budgets and budgetary control:** As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of functional areas as required by state statute for its legally adopted budget.

#### **Note 2. Cash and Investments**

**Interest rate risk:** 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 of receipt.

**Credit risk:** The Board authorizes the District to invest funds in excess of current needs in interest-bearing savings, money market and checking accounts at the District’s authorized depositories; the Iowa Schools Joint Investment Trust Program; obligations of the United States governments, its agencies and instrumentalities; and certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions. The IPAS Education Money Market Fund is not rated. The Iowa Schools Joint Investment Trust is rated Aaa with Moody’s Investor Services. The District’s policy does not further limit the District’s investments in relation to credit risk.

The IPAS Education Money Market Fund and Iowa Schools Joint Investment Trust are valued at an amortized cost based on the criteria set forth in GASB No. 79.

**Concentration of credit risk:** The District’s general investment policy is to apply the prudent-person rule. In making investments, the District shall exercise the care, skill, prudence and diligence under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program.

The investments in Iowa Schools Joint Investment Trust and IPAS Education Money Market Fund are not subject to concentration of credit risk.

**Iowa City Community School District**

**Notes to Basic Financial Statements**

**Note 2. Cash and Investments (Continued)**

**Custodial credit risk:** For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12c of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

As of June 30, 2017, none of the District's deposit bank balance or investments were exposed to custodial credit risk. The District's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. In addition, the District's investments were not insured but were held by the District or its Agent in the District's name.

A reconciliation of cash and investments as shown on the financial statements of the District follows:

Depository accounts	\$ 37,083,018
Iowa Schools Joint Investment Trust	3
IPAS Education Money Market Fund	36,863,222
Total cash, cash equivalents and investments	<u>\$ 73,946,243</u>
Government-wide statement of net position - unrestricted	\$ 67,945,944
Government-wide statement of net position - restricted	5,587,205
Statement of fiduciary net position	413,094
Total cash, cash equivalents and investments	<u>\$ 73,946,243</u>

**Note 3. Interfund Receivables and Payables**

Individual interfund receivable and payable balances as of June 30, 2017, are as follows:

Receivable Fund	Payable Fund	Amount
Major Fund, General Fund	Nonmajor Enterprise Fund, School Nutrition Fund	\$ 716,581
Major Fund, General Fund	Major Fund, Physical Plant and Equipment Levy Fund	9,828
Major Fund, General Fund	Major Fund, Capital Project Fund	11,741
Major Fund, General Fund	Nonmajor Fund, Student Activity Fund	12,466
Nonmajor Enterprise Fund, School Nutrition Fund	Nonmajor Fund, Student Activity Fund	362
Internal Service Fund	Major Fund, General Fund	10,572
		<u>\$ 761,550</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

# Iowa City Community School District

## Notes to Basic Financial Statements

### Note 4. Interfund Transfers

Detail of interfund transfers for the year ended June 30, 2017, is as follows:

Transfer To	Transfer From	Amount
Major fund, Physical Plant and Equipment Levy	Major Fund, Capital Projects Fund	\$ 2,000,000
Nonmajor Governmental Funds:		
Special Revenue Fund, Student Activity	Major Fund, General Fund	172,000
Debt Service	Major Fund, Capital Projects Fund	5,791,170
Debt Service	Major Fund, Physical Plant and Equipment Levy	974,462
		<u>\$ 8,937,632</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

### Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2017, is as follows:

	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,947,961	\$ 2,620,776	\$ -	\$ 11,568,737
Construction-in-progress	57,109,432	45,664,204	4,798,338	97,975,298
Total capital assets not being depreciated	<u>66,057,393</u>	<u>48,284,980</u>	<u>4,798,338</u>	<u>109,544,035</u>
Capital assets being depreciated:				
Buildings	230,978,121	9,428,347	-	240,406,468
Improvements other than buildings	19,739,933	3,674,405	-	23,414,338
Furniture, equipment and vehicles	21,513,768	2,650,924	2,054,403	22,110,289
Total capital assets being depreciated	<u>272,231,822</u>	<u>15,753,676</u>	<u>2,054,403</u>	<u>285,931,095</u>
Less accumulated depreciation for:				
Buildings	63,946,173	4,707,133	-	68,653,306
Improvements other than buildings	7,159,477	916,094	-	8,075,571
Furniture, equipment and vehicles	19,164,968	1,235,703	2,054,403	18,346,268
Total accumulated depreciation	<u>90,270,618</u>	<u>6,858,930</u>	<u>2,054,403</u>	<u>95,075,145</u>
Total capital assets being depreciated, net	<u>181,961,204</u>	<u>8,894,746</u>	<u>-</u>	<u>190,855,950</u>
Governmental activities capital assets, net	<u>\$ 248,018,597</u>	<u>\$ 57,179,726</u>	<u>\$ 4,798,338</u>	<u>\$ 300,399,985</u>
Business-Type Activities:				
Furniture, equipment and vehicles	\$ 1,562,437	\$ 61,824	\$ -	\$ 1,624,261
Less accumulated depreciation	1,034,034	76,998	-	1,111,032
Business-type activities capital assets, net	<u>\$ 528,403</u>	<u>\$ (15,174)</u>	<u>\$ -</u>	<u>\$ 513,229</u>

**Iowa City Community School District**

**Notes to Basic Financial Statements**

**Note 5. Capital Assets (Continued)**

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 3,947,902
Special	499,730
Other	619,752

Support services:

Administration services	1,335,802
Operation and maintenance	420,683

6,823,869

Unallocated depreciation, excluding direct depreciation 35,061

\$ 6,858,930

Business-type activities, nutritional services \$ 76,998

**Note 6. Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2017, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 6,320,000	\$ -	\$ 3,115,000	\$ 3,205,000	\$ 3,205,000
Capital loan notes	7,830,000	-	815,000	7,015,000	825,000
Premium on general obligation bonds	313,240	-	147,271	165,969	165,969
Sales tax revenue bonds	56,080,000	21,185,000	3,305,000	73,960,000	4,975,000
Premium on sales tax revenue bonds	4,272,252	-	589,750	3,682,502	-
Capital lease	-	1,500,000	-	1,500,000	384,607
Early retirement	2,121,534	1,428,917	2,110,586	1,439,865	1,439,865
Other postemployment benefits	2,569,683	887,317	336,000	3,121,000	-
Net pension liability	63,730,886	18,418,283	-	82,149,169	-
Compensated absences	750,516	995,648	896,780	849,384	849,384
Total	<u>\$ 143,988,111</u>	<u>\$ 44,415,165</u>	<u>\$ 11,315,387</u>	<u>\$ 177,087,889</u>	<u>\$ 11,844,825</u>
Business-type activities,					
net pension liability	<u>\$ 1,329,481</u>	<u>\$ 283,426</u>	<u>\$ -</u>	<u>\$ 1,612,907</u>	<u>\$ -</u>



**Iowa City Community School District**

**Notes to Basic Financial Statements**

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**Note 6. Long-Term Liabilities (Continued)**

**Early retirement:** The District provided early retirement incentives for certain employees who met certain qualifications as established by the Board of Education. The cost of the incentives is borne by the District in whole. Eligible participants cannot, and do not, contribute to the incentive program.

Early retirement participation is based on the following criteria:

1. It is available to employees who are at least 55 years of age. The Board of Directors reserves the right to limit the number of early retirements.
2. The employee has completed at least ten (10) years of service to the District and has been actively employed during the school year that they request early retirement benefits.
3. The employee must be eligible for the receipt of IPERS retirement benefits or allowance pursuant to Chapter 97B of the Code of Iowa.
4. The employee submits a written notification of their intent to apply for early retirement benefits prior to March 1 in the year the early retirement is to begin.
5. The benefits offered to District employees shall be a District contribution to a Special Pay Deferral Plan (SPDP) of 50 – 60 percent of current year’s base salary depending on years of service and calculated on the average full time equivalence (FTE) during the years of service.

During the year ended June 30, 2017, 33 District employees requested early retirement, to be payable during the year ending June 30, 2018. The benefits to be paid to these employees will be made in October 2017 and January 2018 and the total of \$1,428,917 are generally liquidated from the Management Fund. During the year ended June 30, 2017, the District paid \$2,110,586 of early retirement benefits approved during the year ended June 30, 2016 from the Management Fund. In addition, \$10,948 is accrued in the Health Self Insurance Internal Service Fund for early retirees insurance benefits that were provided under the early retirement incentives prior to 2009.

**Compensated absences:** Compensated absences are generally liquidated by the General Fund. The District’s liability for compensated absences is expected to be utilized or paid out within one year.

**Bonds payable:** Details of the District’s general obligation bond indebtedness as of June 30, 2017 are as follows:

On March 29, 2012, the District issued \$4,480,000 in General Obligation Refunding Bonds, Series 2012A maturing June 1, 2013 through June 1, 2018 with an interest rate of 2 percent to currently refund the \$4,630,000 balance of the previously issued General Obligation Bonds, Series 2003 with interest rates from 3.400 percent to 3.875 percent.

	General Obligation Refunding Bonds - Series 2012A		
	Interest Rates	Principal	Interest
Year ending June 30, 2018	2.00%	\$ 780,000	\$ 15,600

**Iowa City Community School District**

**Notes to Basic Financial Statements**

**Note 6. Long-Term Liabilities (Continued)**

On March 29, 2012, the District issued \$11,410,000 in General Obligation Refunding Bonds, Series 2012B maturing June 1, 2014 through June 1, 2018 with an interest rate of 3 percent to advance refund, on June 1, 2013, \$12,000,000 of the outstanding General Obligation Bonds, Series 2004 with interest rates at 4.00 percent. The net proceeds related to the partial refunding of \$12,376,759 were used to purchase U.S. government securities.

	General Obligation Refunding Bonds - Series 2012B		
	Interest		
	Rates	Principal	Interest
Year ending June 30, 2018	3.00%	\$ 2,425,000	\$ 72,750

On December 3, 2014, the District issued \$9,430,000 in General Obligation School Capital Loan Notes, Series, 2014, maturing June 1, 2015 through June 1, 2025 with a interest rates of 2.00 – 2.25 percent to provide funds to purchase, construct, equip and relocate the One Vision Transitional Schoolhouse; remodel, improve, furnish, and equip Van Allen Elementary; install air-conditioning in and renovate Hoover Elementary; remodel, improve, furnish, and equip Hills Elementary, Weber Elementary and Coralville Central Elementary; Phase I renovation of City High School; and construct, build, furnish and equip East (Hoover) Elementary School. The Notes are general obligations of the District to be paid from a continuing annual levy upon all of the taxable valuation not to exceed one dollar thirty-four cents (\$1.34) per one thousand dollars (\$1,000).

	Capital Loan Notes, Series 2014		
	Interest		
	Rates	Principal	Interest
Year ending June 30, 2018	2.00%	\$ 825,000	\$ 142,663
2019	2.00	835,000	126,163
2020	2.00	845,000	109,463
2021	2.00	865,000	92,562
2022	2.00	880,000	75,262
2023	2.00	900,000	57,662
2024	2.00	920,000	39,662
2025	2.25	945,000	21,262
		\$ 7,015,000	\$ 664,699

On August 25, 2015, the District issued \$60,030,000 in Sales Tax Revenue Bonds, maturing June 1, 2016 through June 1, 2029 with interest rates of 3.00 – 5.00 percent to provide funds to build, furnish and equip a new high school building; to build, furnish, and equip addition(s) to existing school buildings in the District; to remodel, repair, expand and improve existing school buildings in the District. The Bonds are not general obligations of the District. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax.

Iowa City Community School District

Notes to Basic Financial Statements

**Note 6. Long-Term Liabilities (Continued)**

Sales Tax Revenue Bonds, Series 2015			
	Interest		
	Rates		
Year ending June 30,			
2018	4.00%	\$ 3,405,000	\$ 2,181,155
2019	5.00	3,540,000	2,044,955
2020	5.00	3,715,000	1,867,955
2021	5.00	3,900,000	1,682,205
2022	5.00	4,100,000	1,487,205
2023	5.00	4,300,000	1,282,205
2024	5.00	4,515,000	1,067,205
2025	3.00	4,745,000	841,455
2026	3.25	4,885,000	699,105
2027	3.50	5,045,000	540,343
2028	3.50	5,220,000	363,768
2029	3.35	5,405,000	181,067
		<u>\$ 52,775,000</u>	<u>\$ 14,238,623</u>

On December 22, 2016, the District issued \$10,000,000 in Sales Tax Revenue Bonds, maturing June 1, 2018 through June 1, 2029 with interest rates of 2.25 percent to provide funds to construct, build, furnish and equip a new elementary building and construct a road to the building and to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax.

Sales Tax Revenue Bonds, Series 2016			
	Interest		
	Rates		
Year ending June 30,			
2018	2.25%	\$ 740,000	\$ 225,000
2019	2.25	755,000	208,350
2020	2.25	775,000	191,363
2021	2.25	790,000	173,925
2022	2.25	805,000	156,150
2023	2.25	825,000	138,037
2024	2.25	840,000	119,475
2025	2.25	855,000	100,575
2026	2.25	875,000	81,338
2027	2.25	895,000	61,650
2028	2.25	915,000	41,512
2029	2.25	930,000	20,925
		<u>\$ 10,000,000</u>	<u>\$ 1,518,300</u>

**Iowa City Community School District**

**Notes to Basic Financial Statements**

**Note 6. Long-Term Liabilities (Continued)**

On January 19, 2017, the District issued \$11,185,000 in Sales Tax Revenue Bonds, maturing June 1, 2018 through June 1, 2029 with interest rates of 2.56 percent to provide funds to construct, build, furnish and equip a new elementary building and construct a road to the building and to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax.

Year ending June 30,	Sales Tax Revenue Bonds, Series 2017		
	Interest	Principal	Interest
	Rates		
2018	2.56%	\$ 830,000	\$ 286,336
2019	2.56	845,000	265,088
2020	2.56	865,000	243,456
2021	2.56	885,000	221,312
2022	2.56	900,000	198,656
2023	2.56	920,000	175,616
2024	2.56	940,000	152,064
2025	2.56	960,000	128,000
2026	2.56	980,000	103,424
2027	2.56	1,000,000	78,336
2028	2.56	1,020,000	52,736
2029	2.56	1,040,000	26,624
		<u>\$ 11,185,000</u>	<u>\$ 1,931,648</u>

The District has pledged a portion of future sales tax revenues to repay \$60,030,000 in sales tax increment bonds issued in August 2015, \$10,000,000 in sales tax revenue bonds issued December 2016 and \$11,185,000 in sales tax revenue bonds issued January 2017. The bonds are payable solely from the sales taxes received by the District. Total principal and interest remaining on the bonds is \$91,648,571, payable through 2029. For the current year, principal and interest paid and total incremental sales tax revenues were \$5,581,853 and \$12,815,660, respectively.

**Capital lease:** The District has entered into a lease agreement as lessee for financing the acquisition of computer equipment. This agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Computer equipment	<u>\$ 1,500,000</u>
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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year ending June 30:	
2018	\$ 390,913
2019	390,913
2020	390,913
2021	<u>390,913</u>
Total minimum lease payments	1,563,652
Less amount representing interest	<u>(63,652)</u>
Present value of minimum lease payments	<u>\$ 1,500,000</u>

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 6. Long-Term Liabilities (Continued)

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

Total assessed valuation	<u>\$ 9,557,144,553</u>
Debt limit, 5% of total assessed valuation	\$ 477,857,228
Amount of debt applicable to debt limitation, general obligation bonds and capital loan notes	<u>10,220,000</u>
Excess of debt limit over debt outstanding, legal debt margin	<u>\$ 467,637,228</u>

#### Note 7. Pension and Retirement Benefits

**Plan description:** Employees of the District are provided with pensions through the Iowa Public Employees Retirement System (IPERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

**Benefits provided:** IPERS provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest five-year average salary and a multiplier based on the years of service. Employees are eligible for full retirement at age 65; at age 62 with at least 20 years of covered employment or when the years of service plus the employee's age equals or exceeds 88. Four years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are calculated based on the actuarial present value of the employee's accrued benefit at the time of death or a calculation based on the employee's contributions, highest covered annual wage and years of service.

**Contributions:** Per Iowa Code Section 97B.4(4)(d) the required contribution rate is determined by the IPERS actuary as the rate necessary to fully fund the benefits as defined by Iowa Code Chapter 97B. Employees are required to contribute 5.95 percent of their annual pay. The District contractually required contribution rate for the year ended June 30, 2016, was 8.93 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$9,056,979 for the year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2017, the District reported a liability of \$83,762,076 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the District's proportion was 1.3310 percent an increase of 0.0141 percent from its proportion measured as of June 30, 2015. Net pension liability attributable to governmental activities are generally liquidated by the general fund and management fund.

Net pension liability is generally liquidated by the general fund and management fund.

**Iowa City Community School District**

**Notes to Basic Financial Statements**

**Note 7. Pension and Retirement Benefits (Continued)**

For the year ended June 30, 2017, the District recognized pension expense of \$10,778,258. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 740,291	\$ (999,667)
Changes of assumptions	1,277,949	-
Net difference between projected and actual earnings on pension plan investments	11,933,451	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,979,972	(534,448)
Total deferred amounts to be recognized in pension expense in future periods	16,931,663	(1,534,115)
District contributions subsequent to measurement date	9,056,979	-
Total	<u>\$ 25,988,642</u>	<u>\$ (1,534,115)</u>

Deferred pension outflows totaling \$9,056,979 resulting from the District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The deferred outflows resulting from differences between expected and actual experience, the deferred outflows resulting from changes of assumptions and the deferred outflows and deferred inflows resulting from changes in proportion and differences between District contributions and proportionate share of contributions will be recognized in pension expense using the average expected remaining service lives of all IPERS members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30:	Deferred Outflows of Resources
2018	\$ 2,468,998
2019	2,468,998
2020	6,647,084
2021	3,783,448
2022	29,020
	<u>\$ 15,397,548</u>

**Iowa City Community School District**

**Notes to Basic Financial Statements**

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**Note 7. Pension and Retirement Benefits (Continued)**

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	4.00 to 17.00 percent, average, including inflation.
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity	24%	5.85%
Non U.S. equity	16	6.32
Private equity	11	10.31
Real estate	8	3.87
Core plus fixed income	28	1.90
Credit opportunities	5	4.48
TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
	<u>100%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Iowa City Community School District**

**Notes to Basic Financial Statements**

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**Note 7. Pension and Retirement Benefits (Continued)**

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate:** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, 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-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 135,515,704	\$ 83,762,076	\$ 40,081,337

**Pension plan fiduciary net position:** Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report; which can be located at [www.ipers.org](http://www.ipers.org).

**Payables to the pension plan:** At June 30, 2017, the District reported payables to the defined benefit pension plan of \$1,822,566 for legally required employer contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**Note 8. Risk Management**

The Iowa City 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.

**Workers’ Compensation, Property, General Liability and Other Insurance:** The District is a member of the Iowa Public School Insurance Program (IPSIP), a public entity risk pool formed in July of 2012 between certain Iowa school districts, created in accordance with Chapter 28E of the Code of Iowa. The purpose of IPSIP is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections so as to effectively manage and contain costs for insurance coverage and related administration. IPSIP has 19 members as of July 1, 2016. IPSIP is governed by an eleven-member board of directors elected by the members of IPSIP. The District has no direct control over budgeting, financing, the governing body or management selection.

IPSIP is not intended to function as an insurance company for the participants; rather, it is a means of combining the administration of claims and of obtaining lower insurance rates through the creation of a self-insurance pool and through the purchase of commercial insurance. The District’s participation in IPSIP represents a risk-sharing pool as defined by GASB Statement No. 10 in which the District pools its risks and funds with other members and shares in the cost of losses. The District is required to make annual payments, which are determined by IPSIP, based upon its direct proportion to the pro rata share of insurance costs for coverage administered by IPSIP. IPSIP may require the participating Districts to make supplemental payments if the funds on hand are insufficient to pay expenses of the administration of IPSIP. The District was not required to make any supplemental payments to IPSIP in fiscal years 2017 or 2016. Payments to IPSIP by the District in order to maintain adequate insurance coverage in fiscal year 2017 was \$1,181,458.



## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 8. Risk Management (Continued)

**Employee Health Insurance:** During the year ended June 30, 2017, employees of the District were covered by the District's health and dental self-insurance plan. The contributions made by the District are part of the negotiated agreements with specific employee groups. Employees authorize payroll withholdings to pay contributions for dependents or increased coverage. Claims were paid by a third-party administrator acting on behalf of the District. The plans are authorized by Chapter 509A of the Code of Iowa.

The administrative contract between the District and the third-party administrator is renewable annually and administrative fees and stop loss premiums are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop loss coverage from a private insurance company. Stop loss coverage was in effect for individual claims that exceeded \$250,000 and for an aggregate amount of 125 percent of expected claims.

All claim handling procedures are performed by an independent claims administrator. Liabilities are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Recognized liabilities include a provision for all estimated claims incurred but not reported. Changes in the medical claims liability amounts for the years ended June 30, 2017 and 2016 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claims Payments	Ending
Health:				
2017	\$ 2,464,078	\$ 12,392,412	\$ 12,650,457	\$ 2,206,033
2016	2,127,062	14,092,548	13,755,532	2,464,078

#### Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of media, educational services and special education services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$5,906,772 for the year ended June 30, 2017. The District's actual constructive revenue and constructive expenses are included in the General Fund.

#### Note 10. Commitments

As of June 30, 2017, the District had outstanding construction commitments totaling approximately \$32,244,732, which will be paid with bond proceeds, property taxes and sales taxes.

#### Note 11. Nonvested Employee Benefits

District employees accumulate sick leave hours for subsequent use and can be carried over in limited amounts for use in future years. The contingent liability for this sick leave is approximately \$33,000,000 as of June 30, 2017. This liability does not vest and is not included as a liability in the statement of net position. This contingent liability has been computed based on rates of pay as of June 30, 2017.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 12. Lease Commitments

The District leases warehouse space as of June 30, 2017. Rental expense during the year ended June 30, 2017 was \$204,174.

Lease commitments as of June 30, 2017, for these leases are as follows:

Year ending June 30:	
2018	\$ 171,336
2019	171,336
2020	171,336
2021	57,112

#### Note 13. Contingencies

As of June 30, 2017, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time; however, management does not believe they will be material to the basic financial statements.

#### Note 14. Jointly Governed Organization

The District is a member of a cooperative agreement with the City of Coralville, Iowa organized under 28E of the Code of Iowa to provide for the operation of a joint swimming pool facility. The mayor of the City of Coralville, Iowa is designated as the administrator of the agreement. Under the agreement, the District is responsible for 30 percent of the City's costs and expenses in operating and maintaining the facility payable monthly throughout the year. For the fiscal year 2017, monthly payments were approximately \$7,951 per month, which were paid from the General Fund.

#### Note 15. Other Postemployment Benefits (OPEB)

**Plan description:** As required under Iowa Code Chapter 509A-3, the District provides postemployment health benefits through a single employer defined benefit plan. Health benefits include medical, prescription drug and dental. The benefits are provided until the participant is Medicare eligible, are self-insured by the District and administered through First Administrators, Inc. The District does not offer any voluntary postretirement benefits. The plan does not issue a stand-alone financial report.

All participants of the postemployment medical, dental and prescription drug plan are required to contribute an amount equal to the premium equivalent. Since the premium equivalent is developed from the claims experience of active employee and retiree lives, an implicit subsidy is provided to retirees and their spouses. The implicit subsidy results from a lower premium equivalent to what a retiree would otherwise pay had the claims experience been based just on retiree health claims.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 15. Other Postemployment Benefits (OPEB) (Continued)

**Funding policy:** The current funding policy of the District is to pay health claims as they occur. This arrangement does not provide for the accumulation of OPEB plan assets under Governmental Accounting Standards Board (GASB) Statement No. 43. The District establishes and amends contribution requirements annually.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2017, the District contributed \$336,000. Contributions are required for both retiree and dependent coverage. The active and retiree premium equivalents effective July 1, 2016, are provided in the tables below:

Medical Benefit:

Rate Tier:

Retiree only	\$	675.00
Retiree + Family		1,400.00

Dental Benefit:

Rate Tier:

Retiree only		31.00
Retiree + Family		93.00

Other postemployment obligations are generally liquidated by the general fund and management fund.

**Annual OPEB cost and net OPEB obligation:** The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the District's annual OPEB obligation:

Annual required contribution	\$	876,000
Interest on net OPEB obligation		103,000
Adjustment to annual required contribution		(91,683)
Annual OPEB cost (expense)		<u>887,317</u>
Contributions and payments made		<u>336,000</u>
Increase in net OPEB obligation		551,317
Net OPEB obligation July 1, 2016		<u>2,569,683</u>
Net OPEB obligation June 30, 2017	\$	<u><u>3,121,000</u></u>

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 15. Other Postemployment Benefits (OPEB) (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2017 and the two preceding years follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 901,307	41%	\$ 1,876,000
6/30/16	1,060,683	35	2,569,683
6/30/17	887,317	38	3,121,000

**Funded status and funding progress:** As of July 1, 2016, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$6,737,000 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$6,737,000. The covered payroll (annual payroll of active employees covered by the plan) was \$104,280,247 and the ratio of the UAAL to the covered payroll was 6.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

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

In the July 1, 2016, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return, health care cost trend rate of 8 percent reduced 0.5 percent each year until reaching the ultimate rate of 4.5 percent and an inflation rate of 3.5 percent each year. The UAAL is being amortized as level percentage of projected payroll on the open basis. The amortization of UAAL is over a period of 30 years.

## Iowa City Community School District

### Notes to Basic Financial Statements

#### Note 16. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications. The details for the District's fund balances are as follows:

Fund Balances:	General	Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental	Total
Nonspendable, prepaids	\$ 1,251,954	\$ 134,863	\$ 133,110	\$ -	\$ 1,519,927
Restricted:					
Categorical funding:					
Gifted and talented program	340,002	-	-	-	340,002
Home school assistance program	566,591	-	-	-	566,591
Supplemental weighting	141,004	-	-	-	141,004
Drop out prevention	633,340	-	-	-	633,340
State preschool	155,533	-	-	-	155,533
Beginning Teacher	25,058	-	-	-	25,058
Teacher salary supplement	786,816	-	-	-	786,816
Teacher quality market factor	18,312	-	-	-	18,312
State class size reduction	45,000	-	-	-	45,000
Rec Ed programs	126	-	-	-	126
State mentoring	14,140	-	-	-	14,140
Early Literacy	148,343	-	-	-	148,343
Teacher quality-core curriculum	184,378	-	-	-	184,378
Teacher leadership program	544,253	-	-	-	544,253
Teacher quality	395,781	-	-	-	395,781
Teacher quality market factor 2008	6,245	-	-	-	6,245
Perkins vocational program	9,751	-	-	-	9,751
Other	15,927	-	-	-	15,927
Debt service	-	-	-	307,025	307,025
Management levy purposes	-	-	-	2,140,220	2,140,220
Student activities	-	-	-	801,726	801,726
Capital improvements and equipment	-	314,858	9,149,432	-	9,464,290
Total restricted	4,030,600	314,858	9,149,432	3,248,971	16,743,861
Unassigned	18,550,551	-	-	-	18,550,551
Total fund balances	\$ 23,833,105	\$ 449,721	\$ 9,282,542	\$ 3,248,971	\$ 36,814,339

#### Note 17. Tax Abatements

GASB 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 that has been entered into, that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 17. Tax Abatements (Continued)

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Coralville	Urban renewal and economic development	\$ 328,838
City of North Liberty	Urban renewal and economic development	233,525
		<u>\$ 562,363</u>

The state of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2017, this reimbursement amounted to \$259,586.

#### Note 18. Pending Governmental Accounting Standards Board (GASB) Statements

As of June 30, 2017, the GASB had issued several Statements not yet implemented by the District. The Statements which may impact the District are as follows:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.
- GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### Note 18. Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets

- GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. Statement No. 86 is designed to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also requires the inclusion of any remaining prepaid insurance related to extinguished debt in the net carrying amount of the debt when calculating the difference between the reacquisition price and the net carrying amount of the debt for debt that is extinguished through a legal extinguishment or an in-substance defeasance. This Statement also improves notes to financial statements for debt that is defeased in substance.
- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the [City, Authority, County] must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

The District's management has determined the implementation of GASB Statement No. 75 will have a significant impact on the District's financial statements but has not yet determined the effect of Statement Nos. 84, 85, 86 and 87 will have on the District's financial statements.

## Iowa City Community School District

### Notes to Basic Financial Statements

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#### **Note 19. Subsequent Event**

In July 2017, the District issued \$21,200,000 School Infrastructure Sales, Service and Use Tax Revenue Bonds, Series 2017B with interest rate of 2.38 percent due on June 1, 2018 through 2029 with annual debt service from \$1,938,413 to \$2,124,977 to construct new elementary buildings, to improve existing buildings, and to improve those sites, including construction of a road for new elementary building. The bonds will be repaid from sales tax revenues.

On September 12, voters of the District approved the issuance of up to \$191,525,000 of general obligation bonds to finance the remaining projects of the District's facility master plan. The District has received an affirmation of its Aaa credit rating from Moody's Investor Service and sold approximately \$59,000,000 of bonds on November 14, 2017. The bonds will mature at various amounts from 2019 to 2037.



**Iowa City Community School District**

**Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Iowa Public Employees' Retirement System**

	June 30,		
	2017	2016	2015
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	1.3309690%	1.3168825%	1.3572122%
District's proportionate share of the net pension liability	\$ 83,762,076	\$ 65,060,367	\$ 53,825,764
District's covered-employee payroll	95,494,737	90,210,145	88,810,145
District's proportionate share of the net pension liability as a percentage of its covered payroll	87.71%	72.12%	60.61%
Plan fiduciary net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present for those years which information is available.

**Iowa City Community School District**

**Required Supplementary Information  
Schedule of District Contributions  
Iowa Public Employees' Retirement System**

Fiscal year ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contributions deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered employee payroll
<b>2017</b>	<b>\$ 9,056,979</b>	<b>\$ 9,056,979</b>	<b>\$ -</b>	<b>\$ 101,421,937</b>	<b>8.93%</b>
2016	8,527,680	8,527,680	-	95,494,737	8.93
2015	8,055,766	8,055,766	-	90,210,145	8.93
2014	7,930,746	7,930,746	-	88,810,145	8.93
2013	7,093,021	7,093,021	-	N/A	N/A
2012	6,149,781	6,149,781	-	N/A	N/A
2011	5,160,450	5,160,450	-	N/A	N/A
2010	4,877,682	4,877,682	-	N/A	N/A
2009	4,558,004	4,558,004	-	N/A	N/A
2008	3,996,870	3,996,870	-	N/A	N/A

N/A - Information was not available.

## Iowa City Community School District

### Notes to Required Supplementary Information – Pension Liability

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#### **Note 1. Changes of Benefit Terms**

Legislation passed in 2010 modified benefit terms for current 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 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

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

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

#### **Note 2. Changes of Assumptions**

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

**Iowa City Community School District**

**Required Supplementary Information  
Other Postemployment Benefit Plan**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2014	7/1/2012	\$ -	\$ 5,125,000	\$ 5,125,000	- %	\$ 90,327,104	5.67%
2015	7/1/2014	-	6,243,000	6,243,000	-	92,475,127	6.75
<b>2017</b>	<b>7/1/2016</b>	-	<b>6,737,000</b>	<b>6,737,000</b>	-	<b>104,280,247</b>	<b>6.46</b>

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of July 1, 2016. Additional information follows:

- a. The cost method used to determine the ARC is the projected unit credit actuarial cost method.
- b. Economic assumptions are as follows: health care cost trend rate of 8 percent with an ultimate rate of 4.5 percent, discount rate of 4.0 percent and inflation rate of 3.5 percent.
- c. The amortization method is open basis as a level percentage of projected payroll.

Iowa City Community School District

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds and Enterprise Fund  
 Year Ended June 30, 2017

	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
Revenues:			
Local sources	\$ 91,030,665	\$ 2,634,544	\$ 93,665,209
State sources	93,878,875	48,054	93,926,929
Federal sources	6,678,886	3,674,820	10,353,706
<b>Total revenues</b>	<b>191,588,426</b>	<b>6,357,418</b>	<b>197,945,844</b>
Expenditures:			
Instruction	109,549,193	-	109,549,193
Support services	47,183,542	-	47,183,542
Noninstructional programs	669,560	6,128,896	6,798,456
Other expenditures	74,679,643	-	74,679,643
<b>Total expenditures</b>	<b>232,081,938</b>	<b>6,128,896</b>	<b>238,210,834</b>
<b>Excess of revenues over (under) expenditures/expenses</b>	<b>(40,493,512)</b>	<b>228,522</b>	<b>(40,264,990)</b>
Other financing sources, net	22,685,000	-	22,685,000
Net change in fund balances/net position	(17,808,512)	228,522	(17,579,990)
Fund balances/net position, beginning of year	54,622,851	839,319	55,462,170
Fund balances/net position, end of year	<u>\$ 36,814,339</u>	<u>\$ 1,067,841</u>	<u>\$ 37,882,180</u>

See note to required supplementary information.

Budgeted Amounts		Final to Actual Variance- Over (Under)
Original	Final	
\$ 92,879,969	\$ 92,879,969	\$ 785,240
94,220,788	94,220,788	(293,859)
10,982,339	10,982,339	(628,633)
198,083,096	198,083,096	(137,252)
116,949,527	118,412,461	(8,863,268)
49,533,693	50,400,004	(3,216,462)
8,038,471	8,740,111	(1,941,655)
60,206,911	95,714,231	(21,034,588)
234,728,602	273,266,807	(35,055,973)
(36,645,506)	(75,183,711)	34,918,721
-	-	22,685,000
\$ (36,645,506)	\$ (75,183,711)	\$ 57,603,721

## **Iowa City Community School District**

### **Note to Required Supplementary Information – Budgetary Reporting**

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The Board of Education annually adopts and certifies a budget by program which includes all funds except for internal service funds, agency funds and private-purpose trust funds on the GAAP basis following required public notice and hearing in accordance with the Code of Iowa. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, noninstructional programs and other expenditures. The legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula (spending authority).

During the year ended June 30, 2017, the District adopted one budget amendment which increased the budgeted expenditures by \$38,538,205.

Iowa City Community School District

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2017

	Special Revenue			Total Nonmajor Governmental Funds
	Management	Student Activity	Debt Service	
<b>Assets</b>				
Cash, cash equivalents, and investments	\$ 2,131,460	\$ 1,019,613	\$ 297,575	\$ 3,448,648
Receivables:				
Property tax:				
Current year	11,711	-	9,450	21,161
Succeeding year	4,500,027	-	3,293,353	7,793,380
Other	1,500	-	-	1,500
<b>Total assets</b>	<b>\$ 6,644,698</b>	<b>\$ 1,019,613</b>	<b>\$ 3,600,378</b>	<b>\$ 11,264,689</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 4,451	\$ 205,059	\$ -	\$ 209,510
Due to other funds	-	12,828	-	12,828
<b>Total liabilities</b>	<b>4,451</b>	<b>217,887</b>	<b>-</b>	<b>222,338</b>
Deferred inflows of resources, unavailable revenue - property tax	4,500,027	-	3,293,353	7,793,380
Fund balances, restricted	2,140,220	801,726	307,025	3,248,971
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,644,698</b>	<b>\$ 1,019,613</b>	<b>\$ 3,600,378</b>	<b>\$ 11,264,689</b>



Iowa City Community School District

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2017

	Special Revenue			Total Nonmajor Governmental Funds
	Management	Student Activity	Debt Service	
Revenues:				
Local sources:				
Local tax	\$ 4,090,417	\$ -	\$ 3,294,159	\$ 7,384,576
State sources	112,894	-	87,468	200,362
Other	46,201	2,989,817	3,363	3,039,381
<b>Total revenues</b>	<b>4,249,512</b>	<b>2,989,817</b>	<b>3,384,990</b>	<b>10,624,319</b>
Expenditures:				
Current:				
Instruction:				
Regular	2,072,779	-	-	2,072,779
Other instruction	-	3,084,763	-	3,084,763
Support services:				
Administration services	828,129	-	3,000	831,129
Operations and maintenance	1,200,091	2,407	-	1,202,498
Transportation services	-	403,121	-	403,121
Debt service:				
Principal	-	-	7,235,000	7,235,000
Interest and fiscal charges	-	-	2,817,832	2,817,832
<b>Total expenditures</b>	<b>4,100,999</b>	<b>3,490,291</b>	<b>10,055,832</b>	<b>17,647,122</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>148,513</b>	<b>(500,474)</b>	<b>(6,670,842)</b>	<b>(7,022,803)</b>
Other financing sources, transfers in	-	172,000	6,765,632	6,937,632
Net change in fund balances	148,513	(328,474)	94,790	(85,171)
Fund balances, beginning of year	1,991,707	1,130,200	212,235	3,334,142
Fund balances, end of year	\$ 2,140,220	\$ 801,726	\$ 307,025	\$ 3,248,971

Iowa City Community School District

Statement of Changes in Fiduciary  
Assets and Liabilities - Agency Funds  
Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>Flexible Benefits Account</b>				
<b>Assets,</b>				
cash and cash equivalents	\$ 271,681	\$ 1,050,684	\$ 999,263	\$ 323,102
<b>Liabilities,</b>				
due to private individuals	\$ 271,681	\$ 1,050,684	\$ 999,263	\$ 323,102
<b>School Children's Aid</b>				
<b>Assets,</b>				
cash and cash equivalents	\$ 11,220	\$ 19,304	\$ 25,222	\$ 5,302
<b>Liabilities,</b>				
due to private individuals	\$ 11,220	\$ 19,304	\$ 25,222	\$ 5,302
<b>Opportunity Funds</b>				
<b>Assets,</b>				
cash and cash equivalents	\$ 2,188	\$ -	\$ -	\$ 2,188
<b>Liabilities,</b>				
due to private individuals	\$ 2,188	\$ -	\$ -	\$ 2,188
<b>School Based Health Clinics</b>				
<b>Assets,</b>				
cash and cash equivalents	\$ 53,174	\$ 124,937	\$ 167,185	\$ 10,926
<b>Liabilities,</b>				
due to private individuals	\$ 53,174	\$ 124,937	\$ 167,185	\$ 10,926
<b>Total Agency Funds</b>				
<b>Assets,</b>				
cash and cash equivalents	\$ 338,263	\$ 1,194,925	\$ 1,191,670	\$ 341,518
<b>Liabilities,</b>				
due to private individuals	\$ 338,263	\$ 1,194,925	\$ 1,191,670	\$ 341,518

# Iowa City Community School District

## Statistical Section

### Contents

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The statistical section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

Contents	Page
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	69 - 83
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	84 - 87
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	88 - 91
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	92 - 93
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	94 - 103

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

Iowa City Community School District

**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 73,555,648	\$ 80,393,020	\$ 93,159,408	\$ 103,461,937
Restricted	5,669,654	5,416,705	6,784,465	34,107,364
Unrestricted	17,882,764	32,018,847	33,609,893	20,434,179
<b>Total governmental activities</b>				
<b>net position</b>	<b>\$ 97,108,066</b>	<b>\$ 117,828,572</b>	<b>\$ 133,553,766</b>	<b>\$ 158,003,480</b>
Business-type activities:				
Net investment in capital assets	\$ 496,000	\$ 490,509	\$ 498,303	\$ 434,533
Unassigned	2,345,817	2,560,254	2,752,849	3,102,508
<b>Total business-type activities</b>				
<b>net position</b>	<b>\$ 2,841,817</b>	<b>\$ 3,050,763</b>	<b>\$ 3,251,152</b>	<b>\$ 3,537,041</b>
Primary government:				
Net investment in capital assets	\$ 74,051,648	\$ 80,883,529	\$ 93,657,711	\$ 103,896,470
Restricted	5,669,654	5,416,705	6,784,465	34,107,364
Unrestricted	20,228,581	34,579,101	36,362,742	23,536,687
<b>Total primary government</b>				
<b>net position</b>	<b>\$ 99,949,883</b>	<b>\$ 120,879,335</b>	<b>\$ 136,804,918</b>	<b>\$ 161,540,521</b>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 118,552,457	\$ 127,010,427	\$ 144,275,207	\$ 176,170,719	\$ 203,709,702	\$ <b>216,162,177</b>
38,265,060	38,547,315	34,835,478	18,444,336	36,650,711	<b>14,880,016</b>
26,988,542	28,366,297	21,012,594	(33,554,068)	(60,864,399)	<b>(32,992,743)</b>
<b>\$ 183,806,059</b>	<b>\$ 193,924,039</b>	<b>\$ 200,123,279</b>	<b>\$ 161,060,987</b>	<b>\$ 179,496,014</b>	<b>\$ 198,049,450</b>
\$ 372,306	\$ 577,047	\$ 528,075	\$ 518,311	\$ 528,403	\$ <b>513,229</b>
3,340,591	3,227,351	2,983,964	1,418,780	1,081,678	<b>1,417,772</b>
<b>\$ 3,712,897</b>	<b>\$ 3,804,398</b>	<b>\$ 3,512,039</b>	<b>\$ 1,937,091</b>	<b>\$ 1,610,081</b>	<b>\$ 1,931,001</b>
\$ 118,924,763	\$ 127,587,474	\$ 144,803,282	\$ 176,689,030	\$ 204,238,105	\$ <b>216,675,406</b>
38,265,060	38,547,315	34,835,478	18,444,336	36,650,711	<b>14,880,016</b>
30,329,133	31,593,648	23,996,558	(32,135,288)	(59,782,721)	<b>(31,574,971)</b>
<b>\$ 187,518,956</b>	<b>\$ 197,728,437</b>	<b>\$ 203,635,318</b>	<b>\$ 162,998,078</b>	<b>\$ 181,106,095</b>	<b>\$ 199,980,451</b>

Iowa City Community School District

**Expenses, Program Revenues and Net (Expense) Revenue  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2008	2009	2010
Expenses:			
Governmental activities:			
Instruction	\$ 75,311,719	\$ 80,135,420	\$ 85,736,202
Support services:			
Student services	3,151,173	3,410,990	4,189,268
Instructional services	6,292,532	6,277,063	5,950,476
Administration services	9,585,085	9,177,313	9,894,942
Operation and maintenance of plant	10,149,107	11,020,902	12,031,969
Pupil transportation services	5,011,447	5,670,355	4,440,490
Other, primarily AEA flowthrough	5,188,131	4,986,103	4,798,409
Noninstructional programs	17,660	44,222	47,444
Interest on long-term debt	1,065,987	1,028,590	958,922
<b>Total governmental activities expenses</b>	<b>115,772,841</b>	<b>121,750,958</b>	<b>128,048,122</b>
Business-type activities, nutrition	3,806,588	4,044,118	4,177,028
<b>Total primary government expenses</b>	<b>\$ 119,579,429</b>	<b>\$ 125,795,076</b>	<b>\$ 132,225,150</b>
Program revenues:			
Governmental activities:			
Charges for services:			
Instruction	\$ 3,544,907	\$ 3,875,751	\$ 3,494,113
Support services	11,919	113,293	102,924
Operating grants and contributions	13,447,339	17,401,300	25,053,119
Capital grants and contributions	181,603	-	-
<b>Total governmental activities program revenues</b>	<b>17,185,768</b>	<b>21,717,231</b>	<b>28,650,156</b>
Business-type activities:			
Charges for services, nutrition	2,258,569	2,321,754	2,262,408
Operating grants and contributions	1,759,123	1,906,739	2,106,387
Capital grants and contributions	-	-	-
<b>Total business-type program revenues</b>	<b>4,017,692</b>	<b>4,228,493</b>	<b>4,368,795</b>
<b>Total primary government program revenues</b>	<b>\$ 21,203,460</b>	<b>\$ 25,945,724</b>	<b>\$ 33,018,951</b>
Net (expense) revenue:			
Governmental activities	\$ (98,587,073)	\$ (100,033,727)	\$ (99,397,966)
Business-type activities	211,104	184,375	191,767
<b>Total primary government net expense</b>	<b>\$ (98,375,969)</b>	<b>\$ (99,849,352)</b>	<b>\$ (99,206,199)</b>

							Fiscal Year
2011	2012	2013	2014	2015	2016	2017	
\$ 88,288,063	\$ 91,391,355	\$ 100,951,730	\$ 104,733,457	\$ 100,335,876	\$ 107,177,328	\$ 113,110,337	
3,833,693	4,612,635	4,942,088	4,686,664	4,499,186	4,835,646	4,557,940	
6,017,524	6,708,676	6,962,932	7,427,014	6,446,914	9,576,097	10,152,792	
9,113,670	10,421,294	11,401,516	12,506,153	12,221,714	13,741,415	15,461,765	
12,285,578	13,348,760	14,845,156	15,423,524	14,800,540	15,242,048	16,342,729	
4,791,918	5,489,138	5,396,481	5,726,049	5,565,497	4,593,145	4,602,541	
4,973,519	4,616,969	4,889,195	5,224,132	5,585,294	5,689,143	5,941,833	
6,026	93,018	466,024	563,138	605,079	368,506	677,754	
882,375	857,422	390,685	200,128	229,081	1,925,504	2,139,432	
130,192,366	137,539,267	150,245,807	156,490,259	150,289,181	163,148,832	172,987,123	
4,158,824	4,432,821	4,821,834	5,491,953	5,822,005	6,189,701	6,036,498	
\$ 134,351,190	\$ 141,972,088	\$ 155,067,641	\$ 161,982,212	\$ 156,111,186	\$ 169,338,533	\$ 179,023,621	
\$ 3,703,065	\$ 3,213,735	\$ 1,891,858	\$ 2,071,749	\$ 1,360,834	\$ 1,013,403	\$ 1,658,135	
122,442	107,478	176,884	205,142	210,215	250,620	306,451	
23,180,191	21,043,495	20,880,498	20,109,977	24,461,796	28,901,876	25,806,402	
-	-	1,889,776	207,457	939,553	641,945	191,741	
27,005,698	24,364,708	24,839,016	22,594,325	26,972,398	30,807,844	27,962,729	
2,175,411	2,244,238	2,245,333	2,260,342	2,320,574	2,357,084	2,626,442	
2,262,074	2,358,944	2,662,433	2,929,125	3,212,336	3,498,804	3,722,874	
-	-	-	-	-	-	-	
4,437,485	4,603,182	4,907,766	5,189,467	5,532,910	5,855,888	6,349,316	
\$ 31,443,183	\$ 28,967,890	\$ 29,746,782	\$ 27,783,792	\$ 32,505,308	\$ 36,663,732	\$ 34,312,045	
\$ (103,186,668)	\$ (113,174,559)	\$ (125,406,791)	\$ (133,895,934)	\$ (129,078,091)	\$ (132,340,988)	\$ (145,024,394)	
278,661	170,361	85,942	(302,486)	(289,094)	(333,813)	312,818	
\$ (102,908,007)	\$ (113,004,198)	\$ (125,320,849)	\$ (134,198,420)	\$ (129,367,185)	\$ (132,674,801)	\$ (144,711,576)	

**Iowa City Community School District**

**General Revenues and Total Change in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2008	2009	2010
Net (expense) revenue:			
Governmental activities	\$ (98,587,073)	\$ (100,033,727)	\$ (99,397,966)
Business-type activities	211,104	184,375	191,767
<b>Total primary government net expense</b>	<b>(98,375,969)</b>	<b>(99,849,352)</b>	<b>(99,206,199)</b>
General revenues and other changes in net position:			
Governmental activities:			
Taxes:			
Property taxes levied for general purposes	46,156,268	50,280,460	52,974,155
Property taxes levied for capital projects	6,715,464	7,131,726	7,481,779
Property taxes levied debt service	3,117,301	3,573,769	3,524,683
Sales taxes provided for capital projects *	13,952,660	12,870,778	13,207,890
Unrestricted grants and contributions	40,899,909	43,398,531	33,877,697
Investment earnings	756,496	642,596	317,079
Gain on sale of capital assets	-	-	-
Other	3,044,550	3,183,260	3,739,877
<b>Total governmental activities</b>	<b>114,642,648</b>	<b>120,754,233</b>	<b>115,123,160</b>
Business-type activities, investment earnings	62,486	24,571	8,622
<b>Total primary government</b>	<b>114,705,134</b>	<b>120,778,804</b>	<b>115,131,782</b>
Change in net position:			
Governmental activities	16,055,575	20,720,506	15,725,194
Business-type activities	273,590	208,946	200,389
<b>Total primary government</b>	<b>\$ 16,329,165</b>	<b>\$ 20,929,452</b>	<b>\$ 15,925,583</b>

\* The District began receiving sales tax revenues in July 2007 based upon a voter approved plan from February 2007.



Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ (103,186,668)	\$ (113,174,559)	\$ (125,406,791)	\$ (133,895,934)	\$ (123,316,783)	\$ (132,340,988)	\$ (145,024,394)
278,661	170,361	85,942	(302,486)	(289,094)	(333,813)	312,818
(102,908,007)	(113,004,198)	(125,320,849)	(134,198,420)	(123,605,877)	(132,674,801)	(144,711,576)
57,971,131	59,722,769	60,395,065	61,055,235	63,617,123	66,430,760	71,261,883
7,769,270	8,026,572	8,389,497	8,705,266	9,151,358	9,287,340	9,999,172
3,382,231	3,599,933	3,502,939	3,310,092	3,278,652	3,259,578	3,294,159
13,643,664	13,833,210	10,813,815	11,125,642	12,515,712	12,815,660	13,096,050
40,987,077	45,509,708	48,024,527	52,004,652	56,396,516	57,802,551	64,814,688
197,048	268,335	253,529	216,168	233,928	465,432	461,313
-	4,384,550	-	4,571	-	-	-
3,685,961	3,632,061	4,145,399	3,673,548	1,462,366	714,694	850,565
127,636,382	138,977,138	135,524,771	140,095,174	146,655,655	150,776,015	163,777,830
7,228	5,495	5,559	10,127	7,509	6,803	8,102
127,643,610	138,982,633	135,530,330	140,105,301	146,663,164	150,782,818	163,785,932
24,449,714	25,802,579	10,117,980	6,199,240	23,338,872	18,235,027	18,753,436
285,889	175,856	91,501	(292,359)	(281,585)	(327,010)	320,920
\$ 24,735,603	\$ 25,978,435	\$ 10,209,481	\$ 5,906,881	\$ 23,057,287	\$ 17,908,017	\$ 19,074,356

Iowa City Community School District

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2008	2009	2010
General Fund:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Reserved	1,546,798	1,534,839	3,539,004
Unreserved	3,554,114	5,344,723	4,396,154
<b>Total General Fund</b>	<b>\$ 5,100,912</b>	<b>\$ 6,879,562</b>	<b>\$ 7,935,158</b>
All other governmental funds:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Reserved	168,233	178,454	186,277
Unreserved, reported in:			
Special revenue funds	5,774,720	5,491,255	4,944,259
Capital projects funds	8,161,146	17,028,974	19,289,186
<b>Total all other governmental funds</b>	<b>\$ 14,104,099</b>	<b>\$ 22,698,683</b>	<b>\$ 24,419,722</b>

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in fiscal year 2011.

							Fiscal Year	
	2011	2012	2013	2014	2015	2016	2017	
\$	771,671	\$ 876,455	\$ 996,786	\$ 1,174,203	\$ 1,095,801	\$ 1,127,628	\$	<b>1,251,954</b>
	3,516,243	3,621,399	3,642,566	3,575,202	3,303,867	3,963,463		<b>4,030,600</b>
	-	-	-	-	-	-		-
	502,365	609,563	669,699	877,237	-	-		-
	9,292,774	15,382,598	13,271,679	8,112,212	11,544,614	15,339,260		<b>18,550,551</b>
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
<b>\$</b>	<b>14,083,053</b>	<b>\$ 20,490,015</b>	<b>\$ 18,580,730</b>	<b>\$ 13,738,854</b>	<b>\$ 15,944,282</b>	<b>\$ 20,430,351</b>	<b>\$</b>	<b>23,833,105</b>
<hr/>								
\$	-	\$ 50,372	\$ -	\$ -	\$ 1,540	\$ 1,310	\$	<b>267,973</b>
	30,174,302	34,446,676	34,939,533	31,288,237	16,413,698	34,191,190		<b>12,713,261</b>
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
<b>\$</b>	<b>30,174,302</b>	<b>\$ 34,497,048</b>	<b>\$ 34,939,533</b>	<b>\$ 31,288,237</b>	<b>\$ 16,415,238</b>	<b>\$ 34,192,500</b>	<b>\$</b>	<b>12,981,234</b>

Iowa City Community School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

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	Fiscal Year		
	2008	2009	2010
Federal sources, federal grants	\$ 3,691,110	\$ 5,440,340	\$ 11,278,777
State sources, state grants and other	50,154,765	54,506,988	46,487,840
Local sources:			
Ad valorem taxes	69,075,496	73,835,697	76,978,507
Interest and other income	1,321,185	196,284	60,266
Other revenues	7,159,282	7,991,035	8,623,115
<b>Total local sources</b>	<b>77,555,963</b>	<b>82,023,016</b>	<b>85,661,888</b>
<b>Total revenues</b>	<b>\$ 131,401,838</b>	<b>\$ 141,970,344</b>	<b>\$ 143,428,505</b>

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							Fiscal Year
2011	2012	2013	2014	2015	2016	2017	
\$ 8,222,274	\$ 8,321,085	\$ 7,463,516	\$ 5,861,754	\$ 6,379,586	\$ 6,580,460	\$ <b>6,678,886</b>	
53,955,043	58,148,506	61,319,723	77,184,727	83,805,768	90,008,338	<b>93,878,875</b>	
83,201,298	85,292,389	82,777,217	72,945,024	76,047,134	78,977,678	<b>84,555,214</b>	
42,246	191,372	161,781	125,569	124,419	407,023	<b>363,541</b>	
9,251,854	6,712,504	8,767,902	7,022,831	7,812,866	6,153,188	<b>6,111,910</b>	
92,495,398	92,196,265	91,706,900	80,093,424	83,984,419	85,537,889	<b>91,030,665</b>	
<b>\$ 154,672,715</b>	<b>\$ 158,665,856</b>	<b>\$ 160,490,139</b>	<b>\$ 163,139,905</b>	<b>\$ 174,169,773</b>	<b>\$ 182,126,687</b>	<b>\$ 191,588,426</b>	

**Iowa City Community School District**

**Governmental Funds Expenditures and Debt Service Ratio**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year		
	2008	2009	2010
Instruction	\$ 71,694,880	\$ 79,469,308	\$ 80,550,680
Pupil personnel services	3,151,173	3,405,973	4,082,113
Instruction and curriculum development services	6,264,667	6,221,272	5,796,009
School administration	9,619,098	9,624,966	9,817,405
Plant operation and maintenance	9,918,437	10,583,745	10,468,714
Pupil transportation services	5,011,447	5,670,355	4,440,490
AEA flowthrough	3,855,124	4,265,250	4,766,004
Community services	17,660	24,542	38,690
Noncapital facilities acquisition/construction	1,301,574	674,733	3,145,655
Capital outlay, facilities acquisition/construction	9,273,067	8,082,813	14,027,658
Debt service:			
Principal	2,495,000	2,515,000	2,530,000
Interest	1,129,252	1,059,153	988,452
Bond issuance costs	-	-	-
<b>Total expenditures</b>	<b>\$ 123,731,379</b>	<b>\$ 131,597,110</b>	<b>\$ 140,651,870</b>
Debt service as a percentage of noncapital expenditures	3.01%	2.89%	2.78%

		Fiscal Year											
		2011	2012	2013	2014	2015	2016	2017					
\$	85,334,071	\$	85,181,022	\$	93,842,840	\$	96,348,768	\$	100,113,327	\$	101,899,548	\$	<b>109,549,193</b>
	3,853,422		4,609,186		4,854,053		4,464,944		4,877,624		4,763,197		<b>4,557,202</b>
	6,119,871		6,585,642		7,040,962		7,409,098		6,585,412		9,713,120		<b>9,994,547</b>
	9,474,078		10,180,266		11,052,695		11,578,554		11,955,731		12,582,260		<b>13,890,404</b>
	10,877,956		11,207,615		12,219,182		13,580,269		13,229,990		13,092,362		<b>14,138,848</b>
	4,791,918		5,489,138		5,396,481		5,726,049		5,565,497		4,593,145		<b>4,602,541</b>
	4,940,696		4,587,779		4,861,844		5,193,678		5,551,884		5,654,082		<b>5,906,772</b>
	34,444		27,462		531,573		542,712		623,877		385,765		<b>669,560</b>
	2,158,361		4,542,517		8,785,850		4,401,635		947,459		2,188,919		<b>745,028</b>
	11,619,445		16,458,827		9,877,428		19,092,591		42,850,527		59,615,069		<b>57,975,011</b>
	2,655,000		7,405,000		2,825,000		2,885,000		3,735,000		7,775,000		<b>7,235,000</b>
	910,978		823,708		669,031		417,400		422,161		2,325,183		<b>2,817,832</b>
	-		83,266		-		-		-		-		-
\$	<b>142,770,240</b>	\$	<b>157,181,428</b>	\$	<b>161,956,939</b>	\$	<b>171,640,698</b>	\$	<b>196,458,489</b>	\$	<b>224,587,650</b>	\$	<b>232,081,938</b>
	2.72%		5.85%		2.30%		2.28%		2.71%		6.12%		5.77%

Iowa City Community School District

Other Financing Sources and Uses and Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2008	2009	2010
Excess of revenues over (under) expenditures	\$ 7,670,459	\$ 10,373,234	\$ 2,776,635
Other financing sources (uses):			
General long-term debt issued	\$ -	\$ -	\$ -
Premium on bond issuance	-	-	-
Payment to bond escrow agent	-	-	-
Sale of capital assets	-	-	-
Capital lease financing	-	-	-
Transfers in	9,149,956	182,000	182,000
Transfers out	(9,149,956)	(182,000)	(182,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 7,670,459</b>	<b>\$ 10,373,234</b>	<b>\$ 2,776,635</b>



							Fiscal Year	
2011	2012	2013	2014	2015	2016	2017		
\$ 11,902,475	\$ 1,484,428	\$ (1,466,800)	\$ (8,500,793)	\$ (22,288,716)	\$ (42,460,963)	<b>\$ (40,493,512)</b>		
\$ -	\$ 15,890,000	\$ -	\$ -	\$ 9,430,000	\$ 60,030,000	<b>\$ 21,185,000</b>		
-	1,232,599	-	-	191,145	4,694,294	-		
-	(12,376,759)	-	-	-	-	-		
-	4,499,440	-	7,621	-	-	-		
-	-	-	-	-	-	<b>1,500,000</b>		
182,000	182,000	172,000	182,000	1,056,061	6,729,315	<b>8,937,632</b>		
(182,000)	(182,000)	(172,000)	(182,000)	(1,056,061)	(6,729,315)	<b>(8,937,632)</b>		
-	9,245,280	-	7,621	9,621,145	64,724,294	<b>22,685,000</b>		
<b>\$ 11,902,475</b>	<b>\$ 10,729,708</b>	<b>\$ (1,466,800)</b>	<b>\$ (8,493,172)</b>	<b>\$ (12,667,571)</b>	<b>\$ 22,263,331</b>	<b>\$ (17,808,512)</b>		

**Iowa City Community School District**

**Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Actual Value			Total Actual Value	Total Taxable Value	Total Direct Rate
	Residential Property	Commercial Property	Agricultural and Other Property			
2008	\$ 5,582,528,754	\$ 1,783,998,259	\$ 123,600,803	\$ 7,490,127,816	\$ 4,011,810,830	13.852%
2009	5,573,480,587	1,956,025,455	147,983,455	7,677,489,497	4,272,156,417	14.192
2010*	5,712,285,320	1,959,711,962	148,264,569	7,820,261,851	4,473,488,984	14.191
2011	5,868,493,394	1,985,199,157	147,989,706	8,001,682,257	4,643,640,687	14.690
2012	6,051,524,322	1,943,695,634	154,268,256	8,149,488,212	4,806,027,801	14.590
2013	6,300,549,300	2,064,767,753	182,998,016	8,548,315,069	5,010,901,831	14.073
2014	6,560,418,660	2,080,459,785	180,298,716	8,821,177,161	5,200,640,964	13.688
2015	7,083,834,010	2,025,642,591	189,592,895	9,299,069,496	5,471,006,291	13.700
2016	7,287,199,580	2,082,744,148	187,200,825	9,557,144,553	5,600,477,037	13.868
<b>2017</b>	<b>7,777,625,340</b>	<b>2,364,423,414</b>	<b>85,321,327</b>	<b>10,227,370,081</b>	<b>5,978,490,538</b>	<b>13.991</b>

Source: Johnson County Auditor.

Note: The actual values are determined as of January 1, of the fiscal year indicated. These actual values are used to calculate the taxable values for the second budget following assessment date. For example, the total actual value of \$8,149,488,212 from January 1, 2012 are used for the taxable values for fiscal year 2014.

\* Utility and gas and electric valuations are not included for 2014 as they have not been certified by the Department of Revenue

**Iowa City Community School District**

**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**

*(rate per \$1,000 of assessed value)*

**(Unaudited)**

Fiscal Year Ended June 30	District Direct Rates				Overlapping Rates			
	General Purposes	Capital Purposes	Debt Service Purposes	Total	County	City of Iowa City	Area School	Other
2008	11.407	\$ 1.670	\$ 0.775	\$ 13.852	\$ 6.494	\$ 17.297	\$ 0.855	\$ 0.332
2009	11.685	1.670	0.837	14.192	7.486	17.717	0.852	0.320
2010	11.734	1.670	0.787	14.191	7.386	17.853	0.840	0.326
2011	12.293	1.670	0.727	14.690	7.222	17.756	0.926	0.321
2012	12.171	1.670	0.749	14.590	6.990	17.842	0.999	0.333
2013	11.706	1.670	0.697	14.073	6.749	17.269	1.079	0.329
2014	11.383	1.670	0.635	13.688	6.737	16.805	1.065	0.344
2015	11.432	1.670	0.598	13.700	6.742	16.705	1.058	0.323
2016	11.612	1.670	0.586	13.868	6.903	16.651	1.061	0.328
<b>2017</b>	<b>11.771</b>	<b>1.670</b>	<b>0.550</b>	<b>13.991</b>	<b>6.771</b>	<b>16.583</b>	<b>1.080</b>	<b>0.324</b>

Source: Johnson County Auditor and Iowa Department of Management.

**Iowa City Community School District**

**Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)**

Taxpayer	2017			2008		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Coral Ridge Mall LLC	\$ 81,718,400	1	1.37%	\$ -	-	-
American College Testing Program, Inc.	55,892,540	2	0.93	\$ 37,574,707	3	0.94
Hawkeye Housing LLC	44,356,700	3	0.74	-	-	-
City of Coralville	34,774,600	4	0.58	21,441,250	5	-
Hawk Landlord LLC	29,376,100	5	0.74	-	-	-
MidwestOne Bank	27,563,540	6	0.43	-	-	-
Vesper Iowa City LLC	27,190,500	7	0.45	-	-	-
Individual	25,819,430	8	0.46	-	-	-
One University Place LLC	24,842,300	9	0.42	-	-	-
HyVee, Inc.	23,455,200	10	0.39	-	-	-
Mid American Energy Co	-	-	-	78,431,751	1	1.96
GGP Limited Partnership	-	-	-	75,640,000	2	1.89
Raycal Iowa LTD	-	-	-	24,547,440	4	0.61
Individual	-	-	-	19,794,750	6	0.49
Individual	-	-	-	19,044,546	7	0.47
Hawkeye Real Estate Investment	-	-	-	18,313,600	8	0.46
City Center Partners	-	-	-	18,267,820	9	-
Plaza Towers LLC	-	-	-	18,136,500	10	0.45
All other taxpayers	5,603,501,228	-	-	3,680,618,466	-	-
<b>Total</b>	<b>\$ 5,978,490,538</b>			<b>\$ 4,011,810,830</b>		

Source: Johnson County Auditor.

**Iowa City Community School District**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 51,074,963	\$ 50,994,354	99.84%	\$ 15,344	\$ 51,009,698	99.87%
2009	55,532,389	55,450,275	99.85	23,440	55,473,715	99.89
2010	58,801,491	58,703,329	99.83	-	58,703,329	99.83
2011	63,761,728	63,688,547	99.88	11,073	63,699,620	99.90
2012	65,691,101	65,569,688	99.82	3,721	65,573,409	99.82
2013	66,443,766	66,421,113	99.96	4,512	66,425,625	99.97
2014	65,648,860	65,594,662	99.92	-	65,594,662	99.92
2015	68,524,114	69,442,154	101.34	3,060	69,445,214	101.34
2016	71,037,013	71,874,564	101.18	-	71,874,564	101.18
<b>2017</b>	<b>77,594,186</b>	<b>77,537,625</b>	<b>99.93</b>	<b>769</b>	<b>77,538,394</b>	<b>99.93</b>

Source: Johnson County Auditor and District records.

Iowa City Community School District

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	General Obligation Bonds Outstanding	Percent of Actual Taxable Value of Property	Per Capita	Percentage of Personal Income
2008	\$ 29,387,275	0.73%	\$ 280.82	*
2009	26,842,483	0.62	256.63	*
2010	24,284,620	0.54	232.31	*
2011	21,603,863	0.46	195.50	*
2012	18,874,126	0.37	163.55	*
2013	16,048,419	0.30	137.86	*
2014	12,874,476	0.24	111.64	*
2015	9,866,080	0.18	89.69	*
2016	6,633,240	0.12	60.30	*
<b>2017</b>	<b>3,370,969</b>	<b>0.06</b>	<b>29.57</b>	*

	Other Governmental Activities Debt		Total Primary Government	Less Amount Restricted for Debt Service	Net Debt
	Capital Loan Notes	Sales Tax Revenue Bonds			
2008	\$ -	\$ -	\$ -	\$ -	\$ -
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	8,630,000	-	18,496,080	85,927	18,410,153
2016	7,830,000	60,352,252	70,543,240	5,587,205	64,956,035
<b>2017</b>	<b>7,015,000</b>	<b>77,642,502</b>	<b>84,345,969</b>	<b>5,587,205</b>	<b>78,758,764</b>

Source: District records

\* Information not available

**Iowa City Community School District**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2017  
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
City of Iowa City	51,645,000	99.999%	\$ 51,644,483
City of Coralville	228,004,193	76.355	174,092,602
City of North Liberty	25,380,000	70.153	17,804,831
City of Hills	758,000	100.000	758,000
Kirkwood Community College	79,468,000	74.058	58,852,411
Johnson County	10,970,000	74.007	8,118,568
City of University Heights	1,245,000	100.000	1,245,000
<b>Subtotal, overlapping debt</b>			<u>312,515,895</u>
District direct debt			<u>3,205,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 315,720,895</u></u>

Source: Johnson County Auditor

\* Estimate is based upon overlapping total assessed value and assessed value within Iowa City Community School District boundaries.

**Iowa City Community School District**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)**

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	2008	2009	2010	2011
Debt limit	\$ 332,855,691	\$ 363,164,677	\$ 374,506,391	\$ 383,874,475
Total net debt applicable to limit	29,205,000	26,690,000	24,160,000	21,505,000
Legal debt margin	<u>\$ 303,650,691</u>	<u>\$ 336,474,677</u>	<u>\$ 350,346,391</u>	<u>\$ 362,369,475</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	9.62%	7.35%	6.45%	5.60%

Source: Johnson County Auditor and District records.



Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value - 2015 valuation	<b>\$ 9,957,144,553</b>
Debt limit (5% of assessed value)	<b>\$ 477,857,228</b>
Debt applicable to limit	<b>10,220,000</b>
Legal debt margin	<b>\$ 467,637,228</b>

2012	2013	2014	2015	2016	2017
\$ 391,013,093	\$ 400,084,113	\$ 407,474,411	\$ 427,415,753	\$ 441,058,858	\$ 477,857,228
17,990,000	15,165,000	12,280,000	9,345,000	6,320,000	10,220,000
\$ 373,023,093	\$ 384,919,113	\$ 395,194,411	\$ 418,070,753	\$ 434,738,858	\$ 467,637,228

4.60%	3.79%	3.01%	2.19%	1.43%	2.13%
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**Iowa City Community School District**

**Demographic and Economic Statistics  
Last Ten Calendar Years  
(Unaudited)**

Calendar Year	Iowa City Population	Total District Population (approximate)	Personal Income (000's ) (Johnson County)	Per Capita Personal Income (Johnson County)	Iowa City MSA Unemployment Rate
2007	67,062	104,000	*	*	2.90%
2008	67,062	104,000	*	*	4.50
2009	67,062	104,000	*	*	5.10
2010	67,862	110,000	*	*	5.00
2011	67,862	110,000	*	*	4.30
2012	67,862	110,000	*	*	3.80
2013	67,862	110,000	*	*	3.10
2014	67,862	110,000	*	*	2.50
2015	67,862	110,000	*	*	3.30
<b>2016</b>	<b>67,862</b>	<b>114,000</b>	*	*	<b>2.80</b>

\* Information not available

Source: City of Iowa City and Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, Iowa Workforce Development (August 2017) and Johnson County Auditor.

**Iowa City Community School District**

**Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
The University of Iowa	18,650	1	18.84%	17,855	1	20.55%
The University of Iowa Hospitals and Clinics	8,704	2	8.79	7,638	2	0.09
Iowa City Community School District	2,346	3	2.37	1,200	7	0.01
Veterans Administration Hospital	1,562	4	1.58	1,232	6	1.42
Mercy Hospital	1,559	5	1.57	1,262	5	1.45
American College Testing	1,350	6	1.36	1,426	4	1.64
Pearson Educational Measurement	1,200	7	1.21	1,101	8	1.27
Hy-Vee Food Stores, Inc.	1,166	8	1.18	1,500	3	1.73
City of Iowa City	1,108	9	1.12	-	-	-
Systems Unlimited	890	10	0.90	760	12	0.87
Riverside Casino and Golf Resort	759	11	0.77	950	9	-
International Automotive Comp (formerly United Tech)	750	12	0.76	772	11	0.89
Rockwell International	700	13	0.71	828	10	0.95
All other employers	58,256	-	-	50,376	-	-
<b>Total</b>	<b>99,000</b>		<b>43.16%</b>	<b>86,900</b>		<b>42.03%</b>

Source: City of Iowa City, as last updated October 2007 and Iowa Department of Economic Development (2016 data).

**Iowa City Community School District**

**Full-Time Equivalent District Employees By Type  
Last Ten Fiscal Years  
(Unaudited)**

	Full-Time Equivalent Employees as of June 30			
	2008	2009	2010	2011
<b>Supervisory:</b>				
Instructional administrators	2.00	2.00	1.50	1.00
Noninstructional administrators	7.50	7.50	8.00	9.00
Athletic/activity directors	2.00	2.00	2.00	2.00
Principals	24.00	24.00	23.50	24.00
Assistant principals	8.00	8.00	8.50	7.00
<b>Total supervisory</b>	<b>43.50</b>	<b>43.50</b>	<b>43.50</b>	<b>43.00</b>
<b>Instruction:</b>				
Elementary classroom teachers	354.27	356.34	349.46	349.08
Secondary classroom teachers	235.59	239.68	230.25	230.82
Other classroom teachers	196.90	207.42	214.85	219.01
Paraprofessionals	344.00	323.00	311.90	307.70
<b>Total instruction</b>	<b>1,130.76</b>	<b>1,126.44</b>	<b>1,106.46</b>	<b>1,106.61</b>
<b>Student services:</b>				
Guidance counselors	28.38	28.93	29.05	29.93
Media specialists	25.80	26.80	26.80	26.82
Other professionals (noninstructional)	26.51	20.00	27.00	29.00
Consultants/supervisory	14.00	12.30	14.33	11.98
<b>Total student services</b>	<b>94.69</b>	<b>88.03</b>	<b>97.18</b>	<b>97.73</b>
<b>Support and administration:</b>				
Clerical/secretarial	104.50	107.75	109.00	111.00
Food service workers	79.70	81.00	93.00	87.00
Physical plant	120.10	121.80	117.80	116.20
Other	19.00	16.00	16.00	14.00
<b>Total support and administration</b>	<b>323.30</b>	<b>326.55</b>	<b>335.80</b>	<b>328.20</b>
<b>Total</b>	<b>1,592.25</b>	<b>1,584.52</b>	<b>1,582.94</b>	<b>1,575.54</b>

Source: District records

Full-Time Equivalent Employees as of June 30							Percentage Change
2012	2013	2014	2015	2016	2017	2008 - 2017	
1.00	1.00	1.00	1.00	2.00	<b>2.00</b>	0.00%	
9.60	10.60	17.20	16.50	14.50	<b>18.00</b>	140.00%	
2.00	2.00	2.50	2.50	2.50	<b>2.50</b>	25.00%	
23.50	23.50	23.50	23.50	24.50	<b>26.00</b>	8.33%	
7.00	6.00	7.50	6.50	7.00	<b>7.00</b>	-12.50%	
43.10	43.10	51.70	50.00	50.50	<b>55.50</b>	27.59%	
349.71	372.77	390.44	384.64	403.48	<b>415.62</b>	17.32%	
238.13	260.50	267.56	255.64	265.83	<b>261.32</b>	10.92%	
204.40	208.82	229.12	235.97	243.38	<b>245.09</b>	24.47%	
336.18	382.95	382.12	383.96	362.71	<b>375.10</b>	9.04%	
1,128.42	1,225.04	1,269.24	1,260.21	1,275.40	<b>1,297.13</b>	14.71%	
29.30	31.10	33.40	29.72	27.79	<b>27.50</b>	-3.10%	
26.80	25.80	27.00	26.00	25.80	<b>25.80</b>	0.00%	
33.00	29.00	39.00	39.00	45.00	<b>44.00</b>	65.98%	
9.14	11.03	8.70	9.76	8.50	<b>43.40</b>	210.00%	
98.24	96.93	108.10	104.48	107.09	<b>140.70</b>	48.59%	
109.50	112.00	122.00	122.00	124.00	<b>115.00</b>	10.05%	
76.63	81.38	78.63	73.00	84.33	<b>90.25</b>	13.24%	
117.70	116.90	123.75	130.06	124.44	<b>127.37</b>	6.05%	
16.00	11.00	15.00	18.00	20.00	<b>18.00</b>	-5.26%	
319.83	321.28	339.38	343.06	352.77	<b>350.62</b>	8.45%	
1,589.59	1,686.35	1,768.42	1,757.75	1,785.76	<b>1,843.95</b>	15.81%	

## Iowa City Community School District

### Operating Statistics Last Ten Fiscal Years (Unaudited)

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Fiscal Year	Official Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change
2008	11,716	\$ 114,706,854	\$ 9,790	5.25%
2009	11,749	120,722,368	10,275	4.95
2010	11,903	127,089,200	10,677	3.91
2011	12,011	129,309,991	10,766	0.83
2012	12,454	136,681,845	10,975	1.94
2013	12,774	149,855,123	11,731	6.89
2014	13,159	156,290,131	11,877	1.23
2015	13,328	150,289,181	11,276	(5.06)
2016	13,671	163,148,832	11,934	5.83
<b>2017</b>	13,982	172,987,123	12,372	3.67

Source: District records

Note: Operating expenditures represents governmental activity expenditures less interest on long-term debt. Expenses represent business-type activity expenses, which includes the District's School Nutrition Fund.

\* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

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Expenses	Cost Per Pupil	Percentage Change	Teaching Staff (in FTE)	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
\$ 3,806,588	\$ 325	6.21%	786.76	14.89	27.40%
4,044,118	344	5.85	803.44	14.62	27.45
4,177,029	351	2.03	794.56	14.98	29.05
4,158,824	346	(1.42)	798.91	15.03	29.60
4,432,821	356	2.89	792.24	15.72	29.43
4,821,834	377	5.89	842.09	15.17	33.76
5,507,940	419	11.14	887.12	14.83	35.06
5,822,005	437	4.29	876.25	15.21	33.74
6,189,701	453	3.67	912.69	14.98	35.73
6,036,498	432	(4.63)	922.03	15.16	36.93

# Iowa City Community School District

## School Building Information Last Ten Fiscal Years (Unaudited)

School	Fiscal Year			
	2008	2009	2010	2011
Elementary:				
Coralville Central Elementary (1948,1959)				
Square feet	52,967	52,967	52,967	52,967
Capacity	462	462	462	462
Enrollment	423	427	430	430
Samuel Kirkwood Elementary (1963,1968,1987)				
Square feet	48,045	48,045	48,045	48,045
Capacity	352	352	352	352
Enrollment	438	439	345	314
Herbert Hoover Elementary (1954, 1968, 1986)				
Square feet	36,643	36,643	36,643	36,643
Capacity	330	330	330	330
Enrollment	308	306	362	377
Hills Elementary (1965, 1969)				
Square feet	24,449	24,449	24,449	24,449
Capacity	220	220	220	220
Enrollment	132	137	126	98
Ernest Horn Elementary (1969, 1978, 2011)				
Square feet	35,303	35,303	35,303	35,303
Capacity	286	286	286	286
Enrollment	292	279	331	363
Helen Lemme Elementary (1970, 1975, 1998)				
Square feet	36,293	36,293	36,293	36,293
Capacity	308	308	308	308
Enrollment	289	296	332	338
Lincoln Elementary (1926, 1988)				
Square feet	25,832	25,832	25,832	25,832
Capacity	220	220	220	220
Enrollment	260	253	263	250
Longfellow Elementary (1917)				
Square feet	30,148	30,148	30,148	30,148
Capacity	308	308	308	308
Enrollment	317	305	311	318
Robert Lucas Elementary (1962, 1978, 1990)				
Square feet	42,080	42,080	42,080	42,080
Capacity	418	418	418	418
Enrollment	415	424	416	411
Horace Mann Elementary (1917)				
Square feet	29,360	29,360	29,360	29,360
Capacity	286	286	286	286
Enrollment	257	244	259	250
Penn Elementary (1961, 1985, 1995)				
Square feet	38,838	38,838	38,838	38,838
Capacity	418	418	418	418
Enrollment	417	461	511	464

(Continued)



Fiscal Year						
2012	2013	2014	2015	2016	2017	
52,967	52,967	52,967	52,967	52,967	52,967	52,967
462	506	506	506	506	506	506
437	445	426	40	422	439	439
48,045	48,045	48,045	48,045	48,045	48,045	48,045
352	437	437	437	437	437	437
321	319	378	363	314	343	343
36,643	36,643	36,643	36,643	36,643	36,643	36,643
330	437	437	437	437	437	437
375	372	325	311	272	261	261
24,449	24,449	24,449	24,449	24,449	24,449	24,449
220	276	276	276	276	276	276
110	112	100	111	184	199	199
50,603	50,603	50,603	50,603	50,603	50,603	50,603
436	506	506	506	506	506	506
364	461	464	493	500	480	480
36,293	36,293	36,293	36,293	36,293	36,293	36,293
308	368	368	368	368	368	368
344	372	399	407	395	377	377
25,832	25,832	25,832	25,832	25,832	25,832	25,832
220	253	253	253	253	253	253
241	246	239	237	239	227	227
30,148	30,148	30,148	30,148	30,148	30,148	30,148
308	391	391	391	391	391	391
349	334	322	329	338	336	336
42,080	42,080	42,080	42,080	42,080	42,080	42,080
418	506	506	506	506	506	506
441	436	424	405	442	442	442
29,360	29,360	29,360	29,360	29,360	29,360	29,360
286	345	345	345	345	345	345
245	260	245	223	222	242	242
38,838	38,838	38,838	38,838	38,838	38,838	38,838
418	460	460	460	460	460	460
502	516	524	530	552	576	576

**Iowa City Community School District**

**School Building Information (Continued)  
Last Ten Fiscal Years  
(Unaudited)**

School	Fiscal Year			
	2008	2009	2010	2011
Elementary:				
Theodore Roosevelt Elementary (1931, 1961) *				
Square feet	29,008	29,008	29,008	29,008
Capacity	264	264	264	264
Enrollment	340	365	309	299
Bouhmil Shimek Elementary (1970, 1991)				
Square feet	28,130	28,130	28,130	28,130
Capacity	242	242	242	242
Enrollment	204	191	201	202
Mark Twain Elementary (1954, 1961)				
Square feet	40,204	40,204	40,204	40,204
Capacity	330	330	330	330
Enrollment	239	234	229	203
Irving Weber Elementary (1993, 2001)				
Square feet	48,400	48,400	48,400	48,400
Capacity	484	484	484	484
Enrollment	523	540	544	553
Grant Wood Elementary (1969, 1993, 2006)				
Square feet	59,890	59,890	59,890	59,890
Capacity	484	484	484	484
Enrollment	524	510	492	474
Kate Wickham Elementary (1997)				
Square feet	56,049	56,049	56,049	56,049
Capacity	418	418	418	418
Enrollment	491	493	492	489
James Van Allen Elementary (2005)				
Square feet	61,081	61,081	61,081	61,081
Capacity	484	484	484	484
Enrollment	551	599	661	425
Buford Garner Elementary (2010)				
Square feet	-	-	-	63,715
Capacity	-	-	-	500
Enrollment	-	-	-	388
Norman Borlaug Elementary (2012)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Alexander Elementary (2015)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Junior High:				
Northwest Junior High School (1971, 1995)				
Square feet	124,436	124,436	124,436	124,436
Capacity	875	875	875	875
Enrollment	610	622	615	638

\* During fiscal year 2013, the District changed the name of this school to Theodore Roosevelt Education Center and are serving students for various programs in this building.

Fiscal Year					
2012	2013	2014	2015	2016	2017
29,008	29,008	29,008	29,008	29,008	29,008
264	264	264	264	264	264
283	40	40	40	40	40
28,130	28,130	28,130	28,130	28,130	28,130
242	276	276	276	276	276
208	228	215	210	212	215
40,204	40,204	40,204	40,204	40,204	40,204
330	460	460	460	460	460
226	299	323	378	262	311
48,400	48,400	48,400	48,400	48,400	48,400
484	506	506	506	506	506
568	477	492	490	422	425
59,890	59,890	59,890	59,890	59,890	59,890
484	575	575	575	575	575
523	569	525	511	360	305
56,049	56,049	56,049	56,049	56,049	56,049
418	506	506	506	506	506
477	481	482	503	529	513
61,081	61,081	61,081	61,081	61,081	61,081
484	552	552	552	552	552
446	499	500	507	524	501
63,815	63,815	63,815	63,815	63,815	63,815
500	529	529	529	529	529
429	504	539	581	609	619
-	67,029	67,029	67,029	67,029	67,029
-	552	552	552	552	552
-	352	382	403	431	431
-	-	-	-	67,714	67,714
-	-	-	-	500	500
-	-	-	-	348	407
124,436	124,436	124,436	124,436	124,436	124,436
875	875	875	875	875	875
641	650	679	641	628	652

**Iowa City Community School District**

**School Building Information (Continued)  
Last Ten Fiscal Years  
(Unaudited)**

School	Fiscal Year			
	2008	2009	2010	2011
Junior High (continued):				
South East Junior High School (1959, 1982, 1995)				
Square feet	111,183	138,806	138,806	138,806
Capacity	775	775	775	775
Enrollment	701	705	688	674
North Central Junior High School (2006)				
Square feet	82,612	82,612	82,612	82,612
Capacity	450	450	450	450
Enrollment	349	359	398	400
High School:				
City High School (1939, 1974, 1982, 1985, 1990, 1995, 2005, 2013)				
Square feet	267,752	267,752	267,752	267,752
Capacity	1,600	1,600	1,600	1,600
Enrollment	1,507	1,383	1,371	1,409
West High School (1969, 1983, 1986, 1993, 1996, 2005)				
Square feet	339,217	339,217	339,217	339,217
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,764	1,754	1,770	1,863
Elizabeth Tate High School (2005)				
Square feet	19,700	19,700	19,700	19,700
Capacity	160	160	160	160
Enrollment	118	110	120	118
Portable Classrooms (Various)				
Square feet	33,296	33,296	33,296	33,296
Capacity				
Number	37	37	37	37
Other:				
Central Administration Building (1917)				
Square feet	24,588	24,588	24,588	24,588
Educational Services Center (2011)				
Square feet	-	-	-	-
Physical Plant Building (1984)				
Square feet	19,638	19,638	19,638	19,638
Athletics:				
Football fields	5	5	5	5
Soccer fields	1	1	1	1
Running tracks	2	2	2	2
Baseball/softball fields	4	4	4	4
Tennis Courts	2	2	2	2
Playgrounds	18	18	18	19

Source: District records

Fiscal Year					
2012	2013	2014	2015	2016	2017
138,806	138,806	138,806	138,806	138,806	138,806
775	775	775	775	775	775
733	761	771	800	801	826
82,612	82,612	82,612	82,612	82,612	82,612
450	450	450	450	450	450
414	469	467	478	504	551
267,752	267,752	287,047	287,047	287,047	287,047
1,600	1,600	1,600	1,600	1,600	1,600
1,410	1,414	1,494	1,599	1,668	1,717
339,217	339,217	339,217	339,217	339,217	339,217
1,800	1,800	1,800	1,800	1,800	1,800
1,910	1,956	1,941	1,985	2,001	2,092
19,700	19,700	19,700	19,700	19,700	19,700
160	160	160	160	160	160
162	149	135	151	158	154
33,296	36,000	35,100	35,100	35,100	35,100
37	40	39	39	40	40
-	-	-	-	-	-
41,776	41,776	41,776	41,776	41,776	41,776
19,638	19,638	19,638	19,638	19,638	19,638
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
4	4	4	3	3	3
2	2	2	2	2	2
19	19	19	19	20	20