

# Comprehensive Annual Financial Report

**for the fiscal Year Ended June 30. 2005**



**Southeast Polk**  
COMMUNITY SCHOOL DISTRICT

8379 NE University Ave.

Runnells, Iowa 50237

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**Runnells, Iowa**

**For the fiscal year ended June 30, 2005**

**OFFICIAL ISSUING REPORT**

**Robert M. Hamilton**

**Director of Finance**

**OFFICE ISSUING REPORT**

**Business Office**

# SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

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**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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# **Southeast Polk**

## **Community School District**

# **SEP District Office**

## **Thomas J. Downs – Superintendent**

8379 NE University Ave.  
Runnells, Iowa 50237

[www.se-polk.k12.ia.us](http://www.se-polk.k12.ia.us)

Phone: 515/967-4294  
Fax: 515/967-4257

December 15, 2005

**Mr. Brad Skinner, President  
And Members of the Board of  
Education and Citizens of  
Southeast Polk Community School District  
Runnells, Iowa**

The Comprehensive Annual Financial Report for the Southeast Polk Community School District for the fiscal year ended June 30, 2005 is submitted herewith. Responsibility for the accuracy of data presented and the completeness and fairness of the presentation, including all disclosures, rests with the district finance office. We believe the data is presented in a manner designed to fairly set forth the financial position and results of operations of the district, as measured by the financial activity of the various funds; that all disclosures necessary to enable the reader to gain the maximum understanding of the district's financial activity have been included; and are accurate in all material respects.

The financial statements and schedules presented in this comprehensive annual financial report (CAFR) include all the funds of the District in accordance with standards set by the Governmental Accounting Standards Board (GASB).

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the School Board's organizational chart, a list of the district's consultants and principal officials, a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International and a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The financial section includes the independent auditor's report, the basic financial statements, management's discussion and analysis, required supplementary information and other supplementary information. The statistical section includes selected financial and demographic data for up to a ten-year period. The single audit section includes the schedules and various independent auditors' reports required by the Single Audit Amendment of 1996, along with comments required by the Iowa Auditor of State.

The report presents the financial information of the District accurately and concisely. It is designed to be comprehensive, yet easily readable and accessible. The current Comprehensive Annual Financial Report will be submitted to the Association of School business Officials International (ASBO) for review for the ASBO Certificate of Excellence and to the Government Finance Officers Association of the United States and Canada (GFOA) for the GFOA Certificate of Achievement.

This letter of transmittal is designed to compliment the Management's Discussion and Analysis included within the financial section of the CAFR and should be read in conjunction with it.

### Basis of Accounting and Accounting System

The Southeast Polk Community School District's accounting records for individual governmental fund types are maintained on a modified accrual basis, with the revenue being accrued when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities are incurred. Accounting records for the district's nutrition and store programs and internal service fund are maintained on the full accrual basis. All the District's funds are presented in this report and have been audited by the district's independent certified public accountants, Nolte, Cornman & Johnson, P. C.

The chart of accounts used by the District is in conformance with the Iowa Department of Education's Uniform Accounting System for Iowa Schools and Area Education Agencies, which was revised and updated as of April 2004, became effective as of July 1, 2004. The chart of accounts manual is updated on an annual basis. The District is in full compliance with these requirements.

In developing and evaluating the accounting system of the school, much consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls of the school district adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### Profile of the Government

The Southeast Polk Community School District was organized in May of 1961. The District is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue received in the form of tuition and other miscellaneous income items. The District is governed by a seven-member board of education. The elections are held annually in September. Two and three positions are up for election on alternate years. All board members are elected at large.

The District provides a full range of educational services for residents of the Southeast Polk School District appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for handicapped children, vocational education and many individualized programs such as specialized instruction for students at-risk and students whose primary language is not English.

The financial statements include all funds, agencies, boards and commissions. The District has also considered all actual and 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 criteria considered in determining financial accountability include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Southeast Polk Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

### Cash Management

The district invests in only those securities allowed by the Code of Iowa, Chapter 12C. Because of the timing of the state aid payments, a portion of the available cash must be kept in very liquid accounts.

Cash temporarily idle during the year was invested in certificates of deposit representing 12.21% of all district investments, money market checking accounts equaling 59.89% of all district investments and in the Iowa Schools Joint Investment Trust or 30.89% of all district investments. District investments averaged \$7,707,714 monthly and had a 1.10% average return for the FY 2004-05. This rate of return is up from the 2003-04 rate of 0.71%.

The Southeast Polk Community School District invested in the Iowa Schools Joint Investment Trust diversified portfolio liquid account. The Trust is a common law trust established under Iowa Law pursuant to Chapter 28E and Section 279.29, Iowa Code (1985), as amended which authorized Iowa schools to jointly invest monies pursuant to a joint investment agreement. The objective of the liquid account is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for Iowa schools under Iowa law. Money may be withdrawn at any time.

### Risk Management

The district currently covers property, liability, and workers' compensation losses with traditional insurance coverage through the Blaney-Childs Insurance Agency and Employers' Mutual Insurance Company.

The group health, prescription drugs, and dental plans are partially self-funded with stop loss policies purchased for both specific and group aggregate limits. First Administrators is the third party administrator for the health and prescription drug insurances. The Iowa Association of School Boards is the third party administrator for the district's dental coverage, which is a part of the Delta Dental Plan network. Employee life insurance and long-term disability insurance are with National Insurance Services of Wisconsin, Inc.

### Budgeting

The District's Board of Education annually adopts a budget and approves the related appropriations for the General, Special Revenue, Debt Service, Capital Projects, Enterprise, and Trust Funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets and financial statements for the governmental fund types and the expendable trust fund are prepared on a modified accrual basis, and the budget and financial statements for the Enterprise Fund is prepared on the accrual basis. A statement comparing the original and amended budget to actual revenues and expenditures is included as required supplementary information. The notes to financial statements include a schedule on the aggregate level to demonstrate budgetary legal compliance.

For management control, the budget is reviewed on a line item basis for up to a 10% variance. However, since a budget is a plan, overages on a line item basis are allowed if sufficient funds are available on a major function basis.

### Major Initiatives and Achievements

A major event occurred during the 1999-2000 school year that created a tremendous opportunity for the Southeast Polk Community school District. That event was the passage of the Local Option Sales Tax\* referendum by the voters of Polk County on November 23, 1999. This event created a new source of revenue for the school districts in Polk County that will enable the districts affected to move ahead with their respective long-range plans for the improvement of their facilities.

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\*Local Option Sales Tax—Established during the 1998 legislature, this tax could be voted upon by the residents of each county in the state in order to levy an additional one-cent sales tax on specific goods and services. The revenues must then be used exclusively for infrastructure needs of the school districts within the county passing the tax to include: paying off long term debt, new construction, equipment, reconstruction and repair and remodeling.

Southeast Polk immediately began to implement its ten-year facility plan with the construction of classroom additions at the Centennial and Four Mile Elementary Schools. These additions brought much needed space to these two locations to accommodate the ever increasing need for classroom space as the district struggles to keep pace with the increasing demands placed on district resources with its rapid and consistent student growth. Both additions were completed in the early fall of 2000 and were immediately put to use once construction was completed. Additionally, a new Runnells Elementary was constructed to replace the original facility during the 2001-02 school year along with a playground addition at the Willowbrook Elementary, the completion of a new warehouse and bus garage facility and the completion of a room addition at Delaware Elementary School. During the 2003-04 budget year construction was completed on an addition at Mitchellville Elementary for a new gym, media center, and new classrooms. In the 2004-05 budget year, construction was completed on the gym, kitchen, and classroom additions at the Four Mile and Centennial Elementary schools.

The district also revised its ten year plan during the 2003-04 school year to adapt to the rapid student growth the district is experiencing and with greater anticipation growth, the plan was revised again during the 2004-05 school year. The revision of the plan was the result the efforts of the district's long range planning committee and its facility sub committee. The revised plan now includes an addition at Altoona Elementary School, which will begin this spring and a bond referendum for a new high school and new elementary school to be held on February 28, 2006. Also, a second addition will be started at Delaware Elementary in the spring of 2006.

#### Economic Condition and Outlook

The over all economic condition for eastern Polk county, where the Southeast Polk Community School District is situated, looks bright. Major business investments were made in Pleasant Hill with the addition of uniform dry cleaning business with a valuation of somewhere between \$8-10 million dollars that will employ over 100 personnel. Additionally, Mid American Energy has completed the construction of a new gas fired electric generating station in the town of Pleasant Hill. The plant has added approximately \$100,000,000 in new assessed valuation to the district and the town of Pleasant Hill.

Additional economic activity includes a new cold storage and food-processing center for Altoona's Gateway East Industrial park. Work has and is currently progressing on motel locations for Pleasant Hill and for breakfast type restaurants for Altoona and Pleasant Hill. Just this fall, the following stores opened in Altoona: Target, Staples Office Supply and a Lowes Lawn and Garden store.

The school district's financial condition appears to be good. Regular program enrollment grew by 199.4 students and the district's cost per pupil grew by \$190. As a result of these two positive events, the district's regular program budget grew \$1,908,123 or an increase of 8.27% for the 2005-06 school year. The total certified enrollment for the 2004-05 school year was 5,067.2 students. Considering that a large majority of the State's districts did not grow, our circumstances are far better than most.

As in the 2004-05 school year, the School District must operate in the most efficient manner during 2005-06 budget year to help ensure adequate funding for staff, services and supplies for the 2006-07 school year.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence to the District for their comprehensive annual financial report for the fiscal year ended June 30, 2004. This is the second year that the District has received these prestigious awards. In order to be awarded these Certificates, the District must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. These certificates

are valid for a period of one year only. We believe our current report continues to conform to these Certificate of Achievement Programs' requirements and are submitting it to GFOA and ASBO to determine its eligibility for another certificate from both organizations.

Other Matters

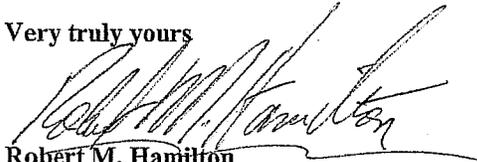
Also included in this report is a statistical section, which will give the reader a better understanding of the school system with background and additional financial data. The background information includes the following:

1. Comparative tax revenue and levies;
2. Expenditures by program and/or function;
3. Computation of direct and overlapping debt;
4. Analysis of facilities, classroom and staffing;
5. Staffing levels for a ten (10) year period;
6. Miscellaneous demographic statistics;
7. Summary of building construction;
8. Major taxpayers of the district;
9. Major employers of the district;
10. Enrollments by grade level;
11. Operating cost per pupil;
12. Schedule of insurance coverage;
13. Financial solvency ratio;
14. Legal debt margin calculation

We wish to take this opportunity to thank the administrative office staff that assisted in obtaining and organizing data, the County Auditor and Treasurer offices and the city and town officials who provided much needed information. Without all of the above groups' efforts, the report could not have been completed.

In summary, we hope that this comprehensive annual financial report will give the public we serve a better understanding of our financial condition.

Very truly yours



Robert M. Hamilton  
Business Manager/Board Secretary RSBO



Thomas J. Downs  
Superintendent of Schools

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*John M. Timbush*  
President

*Barbara W. Keller*  
Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Southeast Polk Community  
School District, Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Zjelle*

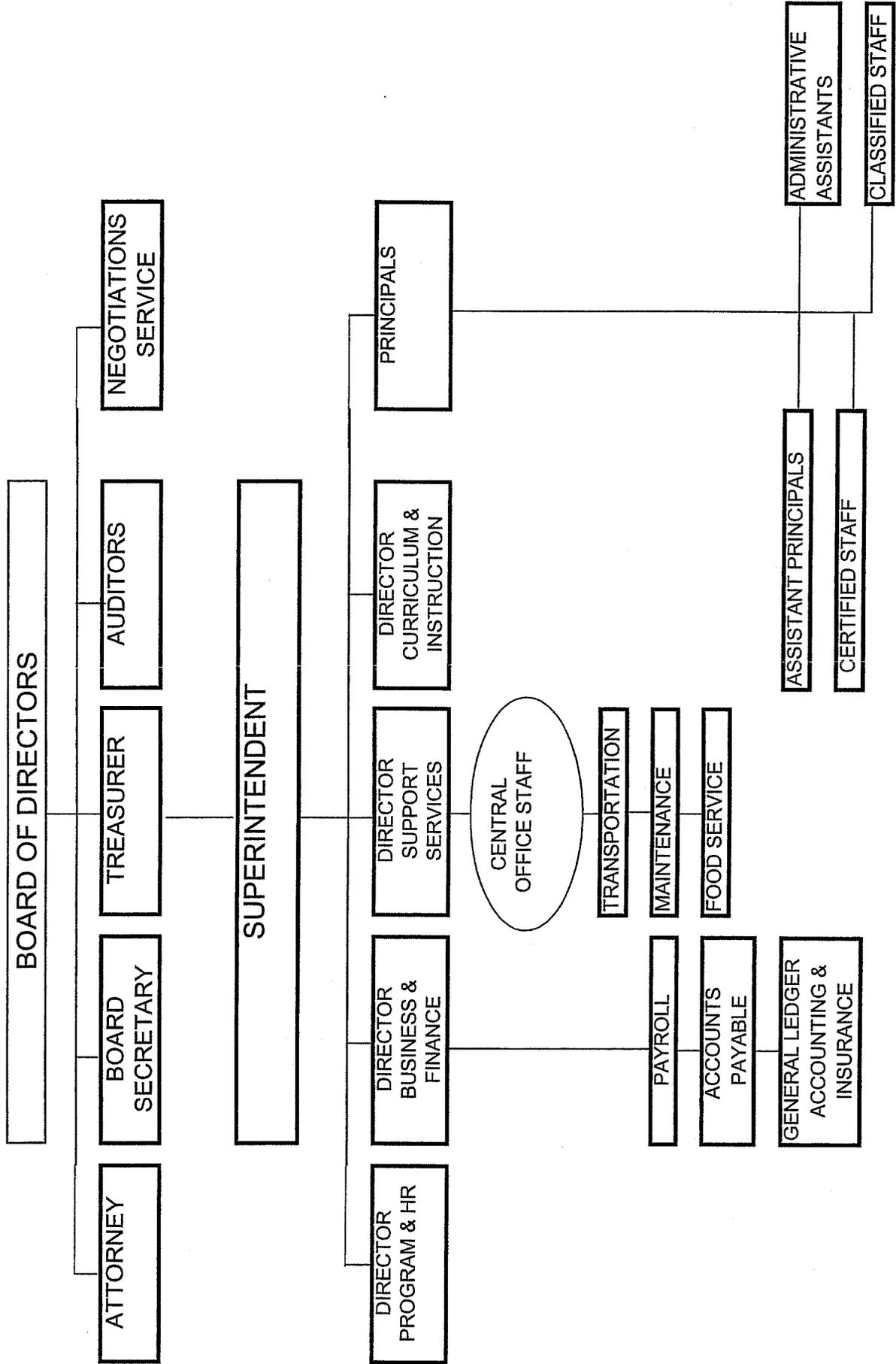
President

*Jeffrey R. Erwin*

Executive Director

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

ADMINISTRATIVE STRUCTURE



**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**  
**BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION**  
**Year Ended June 30, 2005**

**Board of Education**

	<b><u>Title</u></b>	<b><u>Term/Contract Expires</u></b>
<b>Before September, 2004 Election</b>		
Doug Workman	President	September, 2006
Katie Temple	Vice President	September, 2004
Pat Staggs	Member	September, 2004
Steve Hanson	Member	September, 2005
Jack Scignoli	Member	September, 2005
Brad Skinner	Member	September, 2005
Gwen Seward Lewis	Member	September, 2006
<b>After September, 2004 Election</b>		
Jack Scignoli	President	September, 2005
Brad Skinner	Vice President	September, 2005
Steve Hanson	Member	September, 2005
Doug Workman	Member	September, 2006
Gwen Seward Lewis	Member	September, 2006
Katie Temple	Member	September, 2007
Pat Staggs	Member	September, 2007

**School District Administration**

Thomas Downs	Superintendent	July, 2005
Dan Janssen	Director of Support Services	July, 2005
Dr. Stephen N. Miller	Director of Programs/Human Resources	July, 2005
Dr. Kristine Condon	Director of Curriculum/Instruction	July, 2005
R. Michael Hamilton	Board Secretary/Business Manager	July, 2005
Earl Freel	Treasurer	July, 2005
Marti Kline	Community Relations	July, 2005
Steve Oberto	Classified Personnel	July, 2005
Steve Stotts	Principal	July, 2005
Sharon Cummings	Principal	July, 2005
Steve Bass	Principal	July, 2005
Steve Flynn	Principal	July, 2005
Jeri Sanburn	Principal	July, 2005
Kevin Walker	Principal	July, 2005
Dennis O'Lear	Principal	July, 2005
Robin Norris	Principal	July, 2005
Glen Dietzenbach	Principal	July, 2005
Lea Morris	Principal	July, 2005
Joseph Horton	Principal	July, 2005
Edward Flynn	Director of Student Services	July, 2005
Chuck Bredlow	Director of Instruction	July, 2005
Bill Henkenius	Director of Student Activities	July, 2005

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS  
Year Ended June 30, 2005**

**CERTIFIED PUBLIC ACCOUNTANTS**

**Nolte, Cornman & Johnson, P.C.  
117 W 3rd St. N  
Newton, IA 50208**

**BOND ATTORNEYS**

**Ahlers & Cooney, P.C.  
100 Court Avenue, Suite 600  
Des Moines, IA 50309-2231**

**FINANCIAL CONSULTANTS**

**Ruan Securities Corporation  
604 Locust Street, Suite 317  
Des Moines, IA 50309-3869**

**GENERAL COUNSEL**

**Ahlers & Cooney, P.C.  
100 Court Avenue, Suite 600  
Des Moines, IA 50309-2231**

**INSURANCE CONSULTANTS**

**Blaney-Childs Insurance Corner  
P.O. Box 517  
Altoona, IA 50009**

**OFFICIAL DEPOSITORIES**

**US Bank  
111 8<sup>th</sup> St. SE  
Altoona, IA 50009**

**Bank Iowa  
420 8<sup>th</sup> St. SE  
Altoona, IA 50009**

**Wells Fargo Bank Iowa  
1055 NE 56<sup>th</sup> St.  
Pleasant Hill, IA 50327**

**Community State Bank  
200 8<sup>th</sup> St. SE  
Altoona, IA 50009**

**Legacy Bank  
215 E Center St.  
Altoona, IA 50009**

**Deere Community Credit Union  
1601 22<sup>nd</sup> St., #400  
West Des Moines, IA 50266**



**NOLTE, CORNMAN & JOHNSON P.C.**  
Certified Public Accountants  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Southeast Polk Community School District  
Runnells, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southeast Polk Community School District, Runnells, Iowa as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

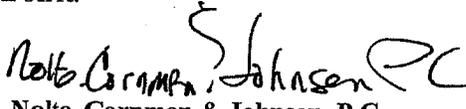
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southeast Polk Community School District at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated October 5, 2005 on our consideration of the Southeast Polk Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 13 through 21 and 51 through 52 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Southeast Polk Community School District. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

  
Nolte, Cornman & Johnson, P.C.

Newton, Iowa  
October 5, 2005

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005**

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It is an honor to present to you the financial picture of Southeast Polk Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Southeast Polk Community School District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

#### **FINANCIAL HIGHLIGHTS**

The District showed an increase in net assets of \$2,056,815 during the year ended June 30, 2005.

Total revenues for the fiscal year ended June 30, 2005 of \$45,942,140 were comprised of General Revenues in the amount of \$36,943,633 and Program Revenues totaling \$8,998,507.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,208,241, a decrease of \$3,526,415 compared to the prior year.

As of June 30, 2005, unreserved undesignated fund balance for the General Fund was \$145,956 or .40% of total General Fund expenditures.

The Southeast Polk Community School District's total long-term bonded debt decreased by \$595,000 during fiscal year ended June 30, 2005. The decrease was due to the net of scheduled debt payments and the issuance of refunded bonds.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Southeast Polk Community School District's basic financial statements. The District's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of Southeast Polk Community School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of Southeast Polk Community School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**Southeast Polk Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

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Both of the government-wide financial statements reflect functions of the Southeast Polk Community School District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional programs, other and interest on long-term debt. Business-type activities are those that the District charges a fee to help cover the costs, such as School Nutrition and School Store operations.

The government-wide financial statements include only the Southeast Polk Community School District. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the District.

**Fund financial statements -** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Southeast Polk Community School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds -** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Southeast Polk Community School District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 27 through 30 of this report.

**Southeast Polk Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

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**Proprietary funds -** The District maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District maintains two enterprise funds. Internal service funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The District maintains two internal service funds to account for the premium and claim payments for the self-insured health insurance plan for District employees and to account for employee contributions to their individual flex accounts under Section 125 of the Internal Revenue Code. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. Because the service provided by the District predominately benefits governmental, rather than business-type functions, it has been included within governmental activities in the government-wide financial Statements.

The basic proprietary fund financial statements can be found on pages 31 through 33 of this report.

**Fiduciary funds -** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Southeast Polk Community School District's own programs. The fiduciary fund of the District is an agency fund. Agency funds are custodial in nature and do not involve measurement of results of operation.

The basic fiduciary fund financial statements can be found on page 34 of this report.

**Notes to the financial statements -** The notes provide additional information that is essential to a full understanding of the data provided in the government-Wide and fund financial statements.

**Other information -** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Southeast Polk Community School District's budgetary comparison. Required supplementary information can be found on pages 51 and 52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's total net assets have increased from a year ago from \$27,347,189 to \$29,103,797.

A significant portion of the District's total assets reflects its investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$22,984,041. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005

Table 1  
Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2003	2004-2005
<b>Assets</b>							
Current and other assets	\$ 26,384,322	\$ 28,797,758	\$ 763,142	\$ 644,927	\$ 27,147,464	\$ 29,442,685	-7.80%
Capital assets	\$ 35,117,387	\$ 28,986,940	\$ 540,834	\$ 339,530	\$ 35,658,221	\$ 29,326,470	21.59%
Total assets	\$ 61,501,709	\$ 57,784,698	\$ 1,303,976	\$ 984,457	\$ 62,805,685	\$ 58,769,155	6.87%
<b>Liabilities</b>							
Long-term obligations	\$ 12,883,897	\$ 12,955,561	\$ -	\$ -	\$ 12,883,897	\$ 12,955,561	-0.55%
Other liabilities	\$ 19,514,015	\$ 17,481,948	\$ 70,893	\$ 51,581	\$ 19,584,908	\$ 17,533,529	11.70%
Total liabilities	\$ 32,397,912	\$ 30,437,509	\$ 70,893	\$ 51,581	\$ 32,468,805	\$ 30,489,090	6.49%
<b>Net Assets</b>							
Invested in capital assets, net of related debt	\$ 22,984,041	\$ 16,671,940	\$ 540,834	\$ 339,530	\$ 23,524,875	\$ 17,011,470	38.29%
Restricted	\$ 4,436,950	\$ 7,944,765	\$ -	\$ -	\$ 4,436,950	\$ 7,944,765	-44.15%
Unrestricted	\$ 1,682,806	\$ 2,730,484	\$ 692,249	\$ 593,346	\$ 2,375,055	\$ 3,323,830	-28.54%
Total net assets	\$ 29,103,797	\$ 27,347,189	\$ 1,233,083	\$ 932,876	\$ 30,336,880	\$ 28,280,065	7.27%

The restricted portion of the District's net assets (14.6%) represents resources that are subject to external restrictions on how they may be used. These restrictions include \$3,792,328 for capital projects relating to the local option sales and service tax for school infrastructure authorized by Iowa Code Chapter 422E. The remaining balance of unrestricted net assets, \$2,375,055 may be used to meet the government's ongoing obligations to students and creditors.

At the end of the current fiscal year, the Southeast Polk Community School District is able to report positive balances in all three categories of net assets. The categories in the prior fiscal year were also all positive balances.

The District's total net assets increased by \$2,056,815 during the current fiscal year. The governmental activities' net assets increased by \$1,756,608. The business-type activities, which include nutrition and school store, increased by \$300,207. The increase in governmental activities was mainly attributable to less than expected budgeted expenditures. The increase in business-type activities was mainly attributable to capital contributions from the local option sales and services tax fund.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2005. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales and operating grants, contributions and restricted interest. General Revenue includes taxes, unrestricted grants such as state foundation support, unrestricted investment earnings, sale of equipment and cost of ban issuance.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005

Expenses are shown in programs including instruction, support services, non-instructional programs, other and interest on long-term debt.

The following table shows changes in net assets for the year ended June 30, 2005.

Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total District		Total Change 2004-2005
	2005	2004	2005	2004	2005	2004	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 2,758,442	\$ 2,643,693	\$ 1,795,700	\$ 1,638,702	\$ 4,554,142	\$ 4,282,395	6.35%
Operating grants and contributions and restricted interest	\$ 3,654,335	\$ 3,676,491	\$ 587,435	\$ 525,005	\$ 4,241,770	\$ 4,201,496	0.96%
Capital grants and contributions and restricted interest	\$ 202,595	\$ 937,875	\$ -	\$ -	\$ 202,595	\$ 937,875	-78.40%
<b>General Revenue(Expenses):</b>							
Property taxes and other taxes	\$ 18,406,496	\$ 18,706,072	\$ -	\$ -	\$ 18,406,496	\$ 18,706,072	-1.60%
State sources	\$ 18,427,583	\$ 17,050,531	\$ -	\$ -	\$ 18,427,583	\$ 17,050,531	8.08%
Investment earnings	\$ 136,707	\$ 43,584	\$ 6,731	\$ 3,729	\$ 143,438	\$ 47,313	203.17%
Other	\$ 14,490	\$ -	\$ -	\$ -	\$ 14,490	\$ -	100.00%
Cost of ban issuance	\$ (48,374)	\$ -	\$ -	\$ -	\$ (48,374)	\$ -	100.00%
<b>Total revenues</b>	<b>\$ 43,552,274</b>	<b>\$ 43,058,246</b>	<b>\$ 2,389,866</b>	<b>\$ 2,167,436</b>	<b>\$ 45,942,140</b>	<b>\$ 45,225,682</b>	<b>1.58%</b>
<b>Program expenses:</b>							
Instruction	\$ 25,683,516	\$ 23,761,239	\$ -	\$ -	\$ 25,683,516	\$ 23,761,239	8.09%
Support services	\$ 12,719,780	\$ 12,162,725	\$ -	\$ -	\$ 12,719,780	\$ 12,162,725	4.58%
Noninstructional programs	\$ -	\$ -	\$ 2,359,644	\$ 2,035,204	\$ 2,359,644	\$ 2,035,204	15.94%
Other	\$ 3,392,370	\$ 3,247,737	\$ -	\$ -	\$ 3,392,370	\$ 3,247,737	4.45%
<b>Total expenses</b>	<b>\$ 41,795,666</b>	<b>\$ 39,171,701</b>	<b>\$ 2,359,644</b>	<b>\$ 2,035,204</b>	<b>\$ 44,155,310</b>	<b>\$ 41,206,905</b>	<b>7.16%</b>
Excess of revenues over expenses before capital contributions	\$ 1,756,608	\$ 3,886,545	\$ 30,222	\$ 132,232	\$ 1,786,830	\$ 4,018,777	-55.54%
Capital contributions	\$ -	\$ -	\$ 269,985	\$ -	\$ 269,985	\$ -	100.00%
Changes in net assets	\$ 1,756,608	\$ 3,886,545	\$ 300,207	\$ 132,232	\$ 2,056,815	\$ 4,018,777	-48.82%
Beginning Net Assets	\$ 27,347,189	\$ 23,460,644	\$ 932,876	\$ 800,644	\$ 28,280,065	\$ 24,261,288	16.56%
Ending Net Assets	\$ 29,103,797	\$ 27,347,189	\$ 1,233,083	\$ 932,876	\$ 30,336,880	\$ 28,280,065	7.27%

Total revenues increased primarily due to an increase in state aid of \$1,694,828 in the State of Iowa's Foundation Formula which is based on the cost per pupil times the number of pupils counted on the third Friday in September and increases in state grants for teacher quality improvement. Additionally interest income increased by \$96,125 due to better rates of return on investments and sales tax revenue increased by \$228,636 in the capital projects fund. Revenues increased in spite of decreases in federal revenues totaling \$1,075,212. Total expenses increased due to additional students and construction costs.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005

Table 3 below discloses cost of services for governmental and business-type activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by state aid or local taxes.

The difference in these two columns would represent restricted grants and charges for services.

Table 3  
Total and Net Cost of Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004
Instruction	\$ 25,683,516	\$ 20,666,708
Support Services	\$ 12,719,780	\$ 12,668,232
Other	\$ 3,392,370	\$ 1,845,354
Totals	\$ 41,795,666	\$ 35,180,294

Net cost of services is 84% of total cost of services in 2005.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Southeast Polk Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus of the Southeast Polk Community School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements, in particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Southeast Polk Community School District's governmental funds reported combined ending fund balances of \$5,208,241 a decrease of \$3,526,415 in comparison with the prior year. Approximately 5.6% of this total amount, \$1,608,505 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for 1) Phase III \$3,900; 2) Teacher Compensation of \$1,228; 3) Capital Projects \$3,792,328; 4) Physical Plant and Equipment Levy \$150,955; and for 5) Other special revenue purposes \$639,494.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$145,956 while total fund balance reached \$151,084. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately .40% of total General Fund expenditures, while total fund balance also represents approximately .41% of total General Fund expenditures, respectively.

The fund balance of the District's General Fund decreased by \$318,398 during the current fiscal year. Key factors in this decrease are as follows:

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005**

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The use of a cash reserves to cover the costs of additional students that arrived last fall. The State of Iowa allows districts to request spending authority to fund the costs of increased enrollment through a formula. The formula is the state average cost per pupil times the increased enrollment for the current school year. The formula allows you to spend for the new students but does not fund it except by the district using its current reserves. The growing district is then able to recoup the costs for the new students in the following budget year by use of a cash reserve levy equal to the formula amount the district spent in the previous budget for the new students.

The fund balance of the District's Capital Projects Fund decreased by \$3,339,130 during the current fiscal year. A key factor in this decrease is due to increased capital construction and transfers to pay bond principal and interest.

### **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, 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 budget is prepared on the cash basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue and expenditures associated with the elementary building capital project activity. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on page 51.

### **LEGAL BUDGETARY HIGHLIGHTS**

The District's total actual revenues were \$814,644 more than the total budgeted revenues, a variance of 1.78%. The most significant change resulted in the District receiving more in various components of local sources, state aid and federal sources than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. 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 spite of the District's budgetary practice, the certified budget was exceeded in the instruction and support services functional areas due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005

**CAPITAL ASSETS ADMINISTRATION**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$35,658,221 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

**Table 4**  
**Capital Assets as of June 30, 2005 (Net of Depreciation)**

	Governmental		Business-Type		Total		Total Change June 30, 2004-2005
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2005	2004	2005	2004	2005	2004	
Land	\$ 845,200	\$ 817,200	\$ -	\$ -	\$ 845,200	\$ 817,200	3.43%
Construction in progress	\$ 6,041,828	\$ -	\$ -	\$ -	\$ 6,041,828	\$ -	100.00%
Land improvements	\$ 1,946,282	\$ 2,006,190	\$ -	\$ -	\$ 1,946,282	\$ 2,006,190	-2.99%
Buildings and improvements	\$ 23,645,579	\$ 23,924,202	\$ -	\$ -	\$ 23,645,579	\$ 23,924,202	-1.16%
Machinery and equipment	\$ 2,638,498	\$ 2,239,348	\$ 540,834	\$ 339,530	\$ 3,179,332	\$ 2,578,878	23.28%
<b>Totals</b>	<b>\$ 35,117,387</b>	<b>\$ 28,986,940</b>	<b>\$ 540,834</b>	<b>\$ 339,530</b>	<b>\$ 35,658,221</b>	<b>\$ 29,326,470</b>	<b>21.59%</b>

Detailed information regarding capital assets activity can be found in Note 5 of the notes to the basic financial statements.

**LONG-TERM DEBT ADMINISTRATION**

At the end of June 30, 2005, the District had total long-term debt of \$12,883,897, a decrease of \$71,664 from the prior fiscal year. Of this amount, \$4,151,276 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

During the fiscal year ended June 30, 2005, the District issued capital loan notes of \$500,000 for the purchase of new equipment.

**Table 5**  
**Outstanding Long-Term Obligations**

	Total		Total Change June 30, 2004-2005
	District		
	June 30,		
	2005	2004	
G.O. bonds	\$ 2,845,000	\$ 3,440,000	-17.30%
Revenue bans	\$ 8,875,000	\$ 8,875,000	0.00%
Capital loan notes	\$ 500,000	\$ -	100.00%
Early retirement	\$ 534,298	\$ 572,160	-6.62%
Compensated absences	\$ 129,599	\$ 68,401	89.47%
<b>Totals</b>	<b>\$ 12,883,897</b>	<b>\$ 12,955,561</b>	<b>-0.55%</b>

**Southeast Polk Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country.

The over all economic condition for eastern Polk County, where the Southeast Polk Community School District is situated, is bright. Major business investments were made in Pleasant Hill with the addition of uniform dry cleaning business with a valuation of between \$8 and 10-million dollars that will employ over 100 personnel. Additionally, Mid American Energy has completed the construction of a new gas fired electric generating station in the town of Pleasant Hill. The plant has added approximately \$100,000,000 in new assessed valuation to the district and the town of Pleasant Hill.

Additional economic activity includes a new cold storage and food-processing center for Altoona's Gateway East Industrial park. Just last fall, the following stores opened in Altoona: Target, Staples Office Supply and a Lowes Lawn and Garden store.

Work has and is currently progressing on motel locations for Pleasant Hill and for breakfast type restaurants for Altoona and Pleasant Hill.

The State of Iowa had faced an economic downturn that had severely hampered its ability to fund schools at the same level in prior years however this last year has seen a modest upturn in economic activity. The district received a 4% increase in the state's cost per pupil for its General Fund formula. This increase made it much easier to fund school district activities however the budget is still going to be stretched in order to execute all programs in the budget for the FY 2005-06 school year.

As in 2004-05, the School District must operate in the most efficient manner during 2005-06 to help ensure adequate funding for staff, services and supplies for the 2006-07 school year.

**REQUESTS FOR INFORMATION**

These financial Statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Mr. Robert M. Hamilton, Board Secretary/Business Manager, Southeast Polk Community School District, 8379 N.E. University, Runnells, Iowa, 50265-5556.

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**BASIC FINANCIAL STATEMENTS**

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**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS**

JUNE 30, 2005

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 7,627,848	706,489	8,334,337
Receivables:			
Property tax:			
Delinquent	189,997	0	189,997
Succeeding year	14,797,076	0	14,797,076
Income surtax	829,611	0	829,611
Accounts	491,286	0	491,286
Due from other governments	2,233,297	0	2,233,297
Inventories	197,358	56,653	254,011
Capital assets, net of accumulated depreciation(note 5):			
Land	844,600	0	844,600
Construction in progress	6,041,828	0	6,041,828
Land improvements	1,946,282	0	1,946,282
Buildings and building improvements	23,645,579	0	23,645,579
Machinery and equipment	2,639,098	540,834	3,179,932
<b>TOTAL ASSETS</b>	<b>61,483,860</b>	<b>1,303,976</b>	<b>62,787,836</b>
<b>LIABILITIES</b>			
Accounts payable	416,133	16,754	432,887
Salaries and benefits payable	3,688,013	32,996	3,721,009
Incurred but not reported claims	514,220	0	514,220
Accrued interest payable	80,724	0	80,724
Deferred revenue:			
Succeeding year property tax	14,797,076	0	14,797,076
Other	0	21,143	21,143
Long-term liabilities(note 7):			
Portion due within one year:			
G.O. bonds payable	915,000	0	915,000
Revenue bans payable	2,800,000	0	2,800,000
Capital loan note payable	95,000	0	95,000
Compensated absences payable	129,599	0	129,599
Early retirement payable	211,677	0	211,677
Portion due after one year:			
G.O. bonds payable	1,930,000	0	1,930,000
Revenue bans payable	6,075,000	0	6,075,000
Capital loan note payable	405,000	0	405,000
Early retirement payable	322,621	0	322,621
<b>TOTAL LIABILITIES</b>	<b>32,380,063</b>	<b>70,893</b>	<b>32,450,956</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	22,984,041	540,834	23,524,875
Restricted for:			
Phase III	3,900	0	3,900
Teacher compensation	1,228	0	1,228
Capital projects	3,792,328	0	3,792,328
Other special revenue purposes	639,494	0	639,494
Unrestricted	1,682,806	692,249	2,375,055
<b>TOTAL NET ASSETS</b>	<b>\$ 29,103,797</b>	<b>1,233,083</b>	<b>30,336,880</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2005**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular instruction	\$ 16,111,876	962,690	2,040,936	0	(13,108,250)	0	(13,108,250)
Special instruction	6,654,702	657,691	228,968	0	(5,768,043)	0	(5,768,043)
Other instruction	2,916,938	1,126,523	0	0	(1,790,415)	0	(1,790,415)
	<u>25,683,516</u>	<u>2,746,904</u>	<u>2,269,904</u>	<u>0</u>	<u>(20,666,708)</u>	<u>0</u>	<u>(20,666,708)</u>
<b>Support services:</b>							
Student services	1,913,787	0	0	0	(1,913,787)	0	(1,913,787)
Instructional staff services	1,585,381	0	0	0	(1,585,381)	0	(1,585,381)
Administration services	3,861,710	0	0	0	(3,861,710)	0	(3,861,710)
Operation and maintenance of plant services	3,434,212	0	0	0	(3,434,212)	0	(3,434,212)
Transportation services	1,855,049	11,538	40,010	0	(1,803,501)	0	(1,803,501)
Other support services	69,641	0	0	0	(69,641)	0	(69,641)
	<u>12,719,780</u>	<u>11,538</u>	<u>40,010</u>	<u>0</u>	<u>(12,668,232)</u>	<u>0</u>	<u>(12,668,232)</u>
<b>Other expenditures:</b>							
Facilities acquisitions	889,243	0	0	202,595	(686,648)	0	(686,648)
Long-term debt interest	391,247	0	0	0	(391,247)	0	(391,247)
AEA flowthrough	1,344,421	0	1,344,421	0	0	0	0
Depreciation(unallocated)*	767,459	0	0	0	(767,459)	0	(767,459)
	<u>3,392,370</u>	<u>0</u>	<u>1,344,421</u>	<u>202,595</u>	<u>(1,845,354)</u>	<u>0</u>	<u>(1,845,354)</u>
<b>Total governmental activities</b>	<b>41,795,666</b>	<b>2,758,442</b>	<b>3,654,335</b>	<b>202,595</b>	<b>(35,180,294)</b>	<b>0</b>	<b>(35,180,294)</b>
<b>Business-Type activities:</b>							
<b>Non-instructional programs:</b>							
Nutrition services	2,065,506	1,455,729	587,435	0	0	(22,342)	(22,342)
School store services	294,138	339,971	0	0	0	45,833	45,833
Total business-type activities	<u>2,359,644</u>	<u>1,795,700</u>	<u>587,435</u>	<u>0</u>	<u>0</u>	<u>23,491</u>	<u>23,491</u>
<b>Total</b>	<b>\$ 44,155,310</b>	<b>4,554,142</b>	<b>4,241,770</b>	<b>202,595</b>	<b>(35,180,294)</b>	<b>23,491</b>	<b>(35,156,803)</b>
<b>General Revenues:</b>							
<b>Local tax levied for:</b>							
General purposes				\$ 13,582,633	0	13,582,633	
Capital outlay				345,828	0	345,828	
Local option sales and service tax				4,478,035	0	4,478,035	
Unrestricted state grants				18,427,583	0	18,427,583	
Premium on bonds				4,140	0	4,140	
Cost of issuance				(48,374)	0	(48,374)	
Gain on sale of property				10,350	0	10,350	
Unrestricted investment earnings				136,707	6,731	143,438	
<b>Total general revenues</b>				<u>36,936,902</u>	<u>6,731</u>	<u>36,943,633</u>	
<b>Excess of revenues over expenses before capital contributions</b>				<u>1,756,608</u>	<u>30,222</u>	<u>1,786,830</u>	
<b>Capital contributions</b>				<u>0</u>	<u>269,985</u>	<u>269,985</u>	
<b>Changes in net assets</b>				<u>1,756,608</u>	<u>300,207</u>	<u>2,056,815</u>	
<b>Net assets beginning of year, as restated(Note 12)</b>				<u>27,347,189</u>	<u>932,876</u>	<u>28,280,065</u>	
<b>Net assets end of year</b>				<u>\$ 29,103,797</u>	<u>1,233,083</u>	<u>30,336,880</u>	

\* This amount excludes the depreciation that is included in the direct expense of various programs

**SEE NOTES TO BASIC FINANCIAL STATEMENTS.**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**JUNE 30, 2005**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and pooled investments	\$ 2,529,059	2,180,515	1,321,988	6,031,562
Receivables:				
Property tax				
Delinquent	161,698	0	28,299	189,997
Succeeding year	12,008,776	0	2,788,300	14,797,076
Income surtax	829,611	0	0	829,611
Interfund	717,453	0	81,705	799,158
Accounts	42,763	0	0	42,763
Due from other governments	526,733	1,706,564	0	2,233,297
Inventories	197,358	0	0	197,358
<b>TOTAL ASSETS</b>	<b>\$ 17,013,451</b>	<b>3,887,079</b>	<b>4,220,292</b>	<b>25,120,822</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interfund payable	\$ 0	80,005	101,743	181,748
Accounts payable	337,619	14,746	63,768	416,133
Salaries and benefits payable	3,686,361	0	1,652	3,688,013
Deferred revenue:				
Succeeding year property tax	12,008,776	0	2,788,300	14,797,076
Income surtax	829,611	0	0	829,611
<b>Total liabilities</b>	<b>16,862,367</b>	<b>94,751</b>	<b>2,955,463</b>	<b>19,912,581</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Phase III	3,900	0	0	3,900
Teacher compensation	1,228	0	0	1,228
Debt service	0	0	16,423	16,423
<b>Unreserved:</b>				
<b>Undesignated:</b>				
General	145,956	0	0	145,956
Capital projects	0	3,792,328	0	3,792,328
Nonmajor special revenue funds	0	0	1,248,406	1,248,406
<b>Total fund balances</b>	<b>151,084</b>	<b>3,792,328</b>	<b>1,264,829</b>	<b>5,208,241</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,013,451</b>	<b>3,887,079</b>	<b>4,220,292</b>	<b>25,120,822</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2005

Total fund balances of governmental funds(page 27)	\$	5,208,421
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		35,117,387
Blending of the Internal Service Funds to be reflected at an entity-wide basis.		913,179
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.		(80,724)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		829,611
Long-term liabilities, including bonds payable and bans payable and compensated absences and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(12,883,897)</u>
Net assets of governmental activites(page 25)	\$	<u>29,103,977</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2005**

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>				
<b>Local sources:</b>				
Local tax	\$ 12,662,415	4,478,035	1,789,193	18,929,643
Tuition	1,620,381	0	0	1,620,381
Other	191,549	66,051	1,017,168	1,274,768
State appropriations	21,132,343	0	947	21,133,290
Federal appropriations	948,628	200,000	2,595	1,151,223
<b>Total revenues</b>	<b>36,555,316</b>	<b>4,744,086</b>	<b>2,809,903</b>	<b>44,109,305</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular instruction	15,477,115	0	461,803	15,938,918
Special instruction	6,584,364	0	0	6,584,364
Other instruction	2,083,956	0	758,347	2,842,303
	<b>24,145,435</b>	<b>0</b>	<b>1,220,150</b>	<b>25,365,585</b>
<b>Support services:</b>				
Student services	1,817,992	0	0	1,817,992
Instructional staff services	1,177,945	0	254,188	1,432,133
Administration services	3,371,849	0	662,783	4,034,632
Operation and maintenance of plant services	3,328,712	0	72,892	3,401,604
Transportation services	1,612,225	0	562,659	2,174,884
Other support services	62,514	0	0	62,514
	<b>11,371,237</b>	<b>0</b>	<b>1,552,522</b>	<b>12,923,759</b>
<b>Other expenditures:</b>				
Capital outlay	0	7,094,312	397,934	7,492,246
<b>Debt service:</b>				
Principal	0	0	630,000	630,000
Interest and fiscal charges	0	0	371,525	371,525
AEA flowthrough	1,344,421	0	0	1,344,421
	<b>1,344,421</b>	<b>7,094,312</b>	<b>1,399,459</b>	<b>9,838,192</b>
<b>Total expenditures</b>	<b>36,861,093</b>	<b>7,094,312</b>	<b>4,172,131</b>	<b>48,127,536</b>
<b>Deficiency of revenues under expenditures</b>	<b>(305,777)</b>	<b>(2,350,226)</b>	<b>(1,362,228)</b>	<b>(4,018,231)</b>
<b>OTHER FINANCING SOURCES(USES):</b>				
Sale of property	0	0	1,050	1,050
Proceeds from capital loan notes	0	0	500,000	500,000
Transfers in	0	12,621	1,001,525	1,014,146
Transfers out	(12,621)	(1,001,525)	0	(1,014,146)
Refunded debt issued	0	0	2,845,000	2,845,000
Premium on bonds	0	0	4,140	4,140
Payment to refunding escrow agent	0	0	(2,810,000)	(2,810,000)
Cost of issuance	0	0	(48,374)	(48,374)
<b>Total other financing source(uses)</b>	<b>(12,621)</b>	<b>(988,904)</b>	<b>1,493,341</b>	<b>491,816</b>
<b>Net change in fund balances</b>	<b>(318,398)</b>	<b>(3,339,130)</b>	<b>131,113</b>	<b>(3,526,415)</b>
<b>FUND BALANCES BEGINNING OF YEAR</b>	<b>469,482</b>	<b>7,131,458</b>	<b>1,133,716</b>	<b>8,734,656</b>
<b>FUND BALANCES END OF YEAR</b>	<b>\$ 151,084</b>	<b>3,792,328</b>	<b>1,264,829</b>	<b>5,208,241</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds(page 29) \$ (3,526,415)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlay	\$ 7,751,745	
Depreciation expense	<u>(1,621,298)</u>	6,130,447

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. (376,219)

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

Issued	(3,345,000)	
Repaid	<u>3,440,000</u>	95,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (19,722)

Income surtax account receivable is not available to finance expenditures of the current period in the governmental funds. (523,147)

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.

Early retirement	37,862	
Compensated absences	<u>(61,198)</u>	(23,336)

Changes in net assets of governmental activities(page 26) \$ 1,756,608

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

JUNE 30, 2005

	Business-Type Activities:			Governmental
	Enterprise Funds			Activities:
	School Nutrition	School Store	Total	Internal Service Fund
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and pooled investments	\$ 397,513	308,976	706,489	1,596,286
Accounts receivable	0	0	0	448,523
Inventories	56,653	0	56,653	0
<b>Total current assets</b>	<b>454,166</b>	<b>308,976</b>	<b>763,142</b>	<b>2,044,809</b>
<b>Non-current assets:</b>				
<b>Capital assets:</b>				
Machinery and equipment, net of accumulated depreciation	540,834	0	540,834	0
<b>Total non-current assets</b>	<b>540,834</b>	<b>0</b>	<b>540,834</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>995,000</b>	<b>308,976</b>	<b>1,303,976</b>	<b>2,044,809</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Interfund payable	0	0	0	617,410
Accounts payable	4,107	12,647	16,754	28,037
Salaries and benefits payable	24,345	8,651	32,996	0
Incurred but not reported claims	0	0	0	486,183
<b>Deferred revenue:</b>				
Other	21,143	0	21,143	0
<b>Total current liabilities</b>	<b>49,595</b>	<b>21,298</b>	<b>70,893</b>	<b>1,131,630</b>
<b>TOTAL LIABILITIES</b>	<b>49,595</b>	<b>21,298</b>	<b>70,893</b>	<b>1,131,630</b>
<b>NET ASSETS</b>				
Investment in capital assets	540,834	0	540,834	0
Unrestricted	404,571	287,678	692,249	913,179
<b>Total net assets</b>	<b>\$ 945,405</b>	<b>287,678</b>	<b>1,233,083</b>	<b>913,179</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**

**YEAR ENDED JUNE 30, 2005**

	Business-Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	School Store	Total	
<b>OPERATING REVENUE:</b>				
Local sources:				
Charges for service	\$ 1,455,729	339,971	1,795,700	3,078,601
<b>OPERATING EXPENSES:</b>				
Non-instructional programs:				
Food service operations:				
Salaries	598,277	14,390	612,667	0
Benefits	200,743	2,302	203,045	3,196,574
Services	50,111	41,304	91,415	213,030
Supplies	1,145,716	218,636	1,364,352	340
Depreciation	68,681	0	68,681	0
Other	1,978	17,506	19,484	44,876
<b>TOTAL OPERATING EXPENSES</b>	<b>2,065,506</b>	<b>294,138</b>	<b>2,359,644</b>	<b>3,454,820</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(609,777)</b>	<b>45,833</b>	<b>(563,944)</b>	<b>(376,219)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources	23,064	500	23,564	0
Federal sources	563,871	0	563,871	0
Interest income	5,755	976	6,731	0
<b>TOTAL NON-OPERATING REVENUES</b>	<b>592,690</b>	<b>1,476</b>	<b>594,166</b>	<b>0</b>
<b>NET INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(17,087)</b>	<b>47,309</b>	<b>30,222</b>	<b>(376,219)</b>
Capital contributions	269,985	0	269,985	0
Change in net assets	252,898	47,309	300,207	(376,219)
Net assets beginning of year	692,507	240,369	932,876	1,289,398
Net assets end of year	<b>\$ 945,405</b>	<b>287,678</b>	<b>1,233,083</b>	<b>913,179</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**YEAR ENDED JUNE 30, 2005**

	Business-Type Activities:			Governmental
	Enterprise Funds			Activities:
	School Nutrition	School Store	Total	Internal Service Fund
<b>Cash flows from operating activities:</b>				
Cash received from sale of lunches and breakfasts	\$ 1,434,262	0	1,434,262	0
Cash received from miscellaneous operating activities	23,064	339,971	363,035	2,630,078
Cash payments to employees for services	(794,355)	(10,221)	(804,576)	0
Cash payments to suppliers for goods or services	(1,097,122)	(270,891)	(1,368,013)	(2,641,148)
Net cash provided by(used in) operating activities	(434,151)	58,859	(375,292)	(11,070)
<b>Cash flows from non-capital financing activities:</b>				
State grants received	23,064	500	23,564	0
Federal grants received	449,256	0	449,256	0
Net cash provided by non-capital financing activities	472,320	500	472,820	0
<b>Cash flows from investing activities:</b>				
Interest on investment	5,755	976	6,731	0
Net cash provided by investing activities	5,755	976	6,731	0
Net increase(decrease) in cash and cash equivalents	43,924	60,335	104,259	(11,070)
Cash and cash equivalents at beginning of year	353,589	248,641	602,230	1,607,356
Cash and cash equivalents at end of year	\$ 397,513	308,976	706,489	1,596,286
<b>Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:</b>				
Operating income(loss)	\$ (609,777)	45,833	(563,944)	(376,219)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	114,615	0	114,615	0
Depreciation	68,681	0	68,681	0
Increase in inventories	(15,092)	0	(15,092)	0
(Increase) Decrease in accounts receivable	1,136	0	1,136	(448,523)
Increase in incurred but not reported claims	0	0	0	168,225
Increase in accounts payable	1,160	6,555	7,715	645,447
Increase in salaries and benefits payable	4,665	6,471	11,136	0
Increase in deferred revenue	461	0	461	0
Net cash provided by(used in) operating activities	\$ (434,151)	58,859	(375,292)	(11,070)

**RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:**

<b>Current assets:</b>				
Cash and investments	\$ 397,513	308,976	706,489	1,596,286

**NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

During the year ended June 30, 2005, the District received Federal commodities valued at \$114,615.

During the year ended June 30, 2005, the District received capital contributions valued at \$269,985 from the Capital Projects Fund.

**SEE NOTES TO BASIC FINANCIAL STATEMENTS.**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**

**JUNE 30, 2005**

	<u>Agency</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and pooled investments	\$ 122,914
Total assets	<u>\$ 122,914</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 17,849
Due to other groups	105,065
Total liabilities	<u>\$ 122,914</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2005

**Note 1. Summary of Significant Accounting Policies**

The Southeast Polk Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Altoona, Mitchellville and Runnells, Iowa, and the predominate agricultural territory in Polk, Jasper and Marion Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. REPORTING ENTITY**

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

**Jointly Governed Organizations** - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Polk, Jasper and Marion Counties Assessors' Conference Board.

**B. BASIS OF PRESENTATION**

**Government-wide Financial Statements** - The statement of net assets 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. 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 support.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that 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 properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

The Capital Projects Fund is utilized to account for local option sales and services tax and capital improvements.

The District reports the following major and nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and School Store Fund, and the Internal Service Fund. The School Nutrition Fund is a major fund used to account for the food service operations of the District. The School Store Fund is a nonmajor fund used to account for the resale service operations of the District. The Internal Service Fund is used to account for the self-funded health insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and Statement of Activities. This chargeback is based by a percentage of total employees by the participants' various functional areas.

### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to

be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

The proprietary funds that are enterprise funds of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before October 50, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 principle ongoing operations. The principle operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### **D. CASH, POOLED INVESTMENTS AND CASH EQUIVILENTS**

The cash balance of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

#### **E. PROPERTY TAXES**

Property taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied. The lien date is the day after the due date.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

**F. DUE FROM OTHER GOVERNMENTS**

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

**G. INVENTORIES**

General Fund inventories are valued at cost using the first-in and first-out method. The inventories consist of supplies, and are recorded as expenditures when consumed rather than when purchased.

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

**H. CAPITAL ASSETS**

Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market 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 two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

Land and construction in progress are not depreciated. Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Machinery and equipment	5-15 years

## **I. SALARIES AND BENEFITS PAYABLE**

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2005, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2005.

## **J. DEFERRED REVENUE**

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of the succeeding year property tax and other receivables not collected within sixty days after year end.

## **K. COMPENSATED ABSENCES**

Certain District employees accumulate vacation hours for subsequent use or for payment upon termination, death, or retirement. Governmental fund types record vested vacation pay as a salary expenditure in the current year to the extent it is paid during the year. The remaining vested portion is recorded as a liability in the Statement of Net Assets as Long-Term Debt. In proprietary fund types, the full amount of the vacation costs are accounted for as liabilities of those funds. These liabilities have been computed based on current rates of pay including cost of employee benefits. The General Fund will be the governmental fund primarily used to liquidate the liability for compensated absences.

## **L. LONG-TERM OBLIGATIONS**

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 assets.

## **M. FUND EQUITY**

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

## **N. RESTRICTED NET ASSETS**

In the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

## **Note 2. Budgets and Budgetary Accounting**

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district wide budget and approves the related appropriations following required public notice and hearing for all funds, except internal service and agency funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. 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 disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa

also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2005, the instructional, support services and other expenditures budgets were amended for a increase of 2%, 10% and 112%, respectively, to the originally approved budgets.
6. Appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

### Note 3. Deposits and Pooled Investments

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

As of June 30, 2005, the carrying amount of the District's bank deposits and pooled investments totaled \$8,352,186 with bank balances of \$4,338,145. These amounts are included in the cash and pooled investments on the combined balance sheet. Of the bank balance, \$400,000 was covered by federal depository insurance and \$3,938,145 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

At June 30, 2005, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 4,014,041</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

**Note 4. Transfers**

The detail of transfers for year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 1,001,525
General	Capital Projects	<u>12,621</u>
Total		<u>\$ 1,014,146</u>

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

**Note 5. Capital Assets**

Capital assets for the year ended June 30, 2005 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<b>Business-type activities:</b>				
Machinery and equipment	\$ 679,296	269,985	1,939	947,342
Less accumulated depreciation	339,766	68,681	1,939	406,508
Business-type activities capital assets, net	<u>\$ 339,530</u>	<u>201,304</u>	<u>0</u>	<u>540,834</u>

	Balance Beginning of Year, as restated (Note 12)	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 817,200	28,000	0	845,200
Construction in progress	0	6,041,828	0	6,041,828
<b>Total capital assets not being depreciated</b>	<b>817,200</b>	<b>6,069,828</b>	<b>0</b>	<b>6,887,028</b>
<b>Capital assets being depreciated:</b>				
Buildings	36,451,385	425,376	0	36,876,761
Land improvements	3,961,055	132,907	0	4,093,962
Machinery and equipment	7,302,277	1,123,634	258,225	8,167,686
<b>Total capital assets being depreciated</b>	<b>47,714,717</b>	<b>1,681,917</b>	<b>258,225</b>	<b>49,138,409</b>
<b>Less accumulated depreciation for:</b>				
Buildings	12,527,183	703,999	0	13,231,182
Land improvements	1,954,865	192,815	0	2,147,680
Machinery and equipment	5,062,929	724,484	258,225	5,529,188
<b>Total accumulated depreciation</b>	<b>19,544,977</b>	<b>1,621,298</b>	<b>258,225</b>	<b>20,908,050</b>
<b>Total capital assets being depreciated, net</b>	<b>28,169,740</b>	<b>60,619</b>	<b>0</b>	<b>28,230,359</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 28,986,940</b>	<b>6,130,447</b>	<b>0</b>	<b>35,117,387</b>

Depreciation expense was charged by the District as follows:

<b>Governmental activities:</b>	
<b>Instruction:</b>	
Regular	\$ 103,802
Special	6,102
Other	86,680
<b>Support services:</b>	
Student	9,028
Instructional staff	260,581
Administration	10,904
Operation and maintenance of plant	13,551
Transportation	349,133
Central support	14,058
	<u>853,839</u>
Unallocated depreciation	767,459
	<u>767,459</u>
<b>Total governmental activities depreciation expense</b>	<b>\$ 1,621,298</b>
<b>Business-type activities:</b>	
Food services	<u>\$ 68,681</u>

#### Note 6. Related Business Transactions

Business transactions between the District and District employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Gary Haines, Maintenance Father-in-law of Robert Gulling	Miscellaneous maintenance	\$1,800
Jeri Sanborn, Counselor Spouse of Bruce Sanborn	Services	\$2,377
Chris English, Bus Driver Spouse is contractor with Air Con	Services	\$168,744
Caroline Froah, Teacher Spouse owns Heritage Carpet	Carpet and supplies	\$22,858

### Note 7. Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2005 during the year:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 3,440,000	2,845,000	3,440,000	2,845,000	915,000
Revenue bans	8,875,000	0	0	8,875,000	2,800,000
Capital loan note	0	500,000	0	500,000	95,000
Early retirement	572,160	235,644	273,506	534,298	211,677
Compensated absences	68,401	129,599	68,401	129,599	129,599
<b>Total</b>	<b>\$ 12,955,561</b>	<b>3,710,243</b>	<b>3,781,907</b>	<b>12,883,897</b>	<b>4,151,276</b>

### Bonded Debt

During the year ended June 30, 2005 the District issued General Obligation Bonds of \$2,845,000 for capital additions. Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Issue dated March 15, 2005</u>		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2006	2.50 %	\$ 915,000	93,189
2007	2.70	950,000	54,070
2008	2.90	980,000	28,420
<b>Total</b>		<b>\$ 2,845,000</b>	<b>175,679</b>

### Revenue Bond Anticipation Notes

The County implemented a one-cent local option state sales tax. Revenue bans were issued in anticipation of future revenues. Revenue bans were issued for capital facility additions and will be repaid using Local Option Sales and Services Tax collected in the Capital Projects Fund. Details of the District's June 30, 2005 revenue bond anticipation notes bonded indebtedness are as follows:

Year Ending June 30,	Issue dated April 1, 2004			Issue dated April 1, 2003			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2006		\$ 0	145,800	2.25 %	\$ 2,800,000	63,000	2,800,000	208,800
2007	2.40 %	6,075,000	145,800		0	0	6,075,000	145,800
<b>Total</b>		<u>\$ 6,075,000</u>	<u>291,600</u>		<u>\$ 2,800,000</u>	<u>63,000</u>	<u>8,875,000</u>	<u>354,600</u>

The June 30, 2005 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 929,606,472</u>
Debt limit, 5% of total assessed valuation	\$ 46,480,324
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>12,220,000</u>
Excess of debt limit over bonded debt outstanding, legal debt margin	<u>\$ 34,260,324</u>

### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The District had previously adopted an early retirement policy during the year ended June 30, 1989. Employees aged 59 to 64 who have served the District at least fifteen years with the last ten years on a continuous basis, are eligible to elect early retirement. Qualified individuals may select either of the policies at the present time.

The retirement benefit is based on current rates of pay (with negotiated increases for academic employees), and is payable in either a lump sum or three equal installments. The election must be made by June 30 to receive payment the following fiscal year.

The early retirement policy provides health insurance coverage until the retired employee reaches age 65. The District pays the same portion of the health insurance as was being paid the last year of employment under the new policy. Under the previous policy, the District paid premium increases until age 65. The District's payments for the benefits for the year ended June 30, 2005 was \$273,506 for retirement benefits and health insurance premiums. The early retirement program is funded through a property tax assessment. The cost of early retirement payments expected to be liquidated currently are recorded as a liability in the Statement of Net Assets. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

### Note 8. Bond Defeasement

On March 1, 1996 the District issued \$4,095,000 in general obligation bonds to advance refund \$3,680,000 of outstanding general obligation bonds dated December 1, 1989. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and interest on the refunded bonds. The new advance refunding bonds have been added to the appropriate financial statement and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2005, \$0 of such bonds

is outstanding. The escrow fund pays interest on the new advance refunding bonds until that time. Defeasement of principal and interest for the year was \$2,525,000 and \$156,563.

On September 1, 1993, the District issued \$1,595,000 in general obligation bonds to advance refund \$1,415,000 of outstanding general obligation bonds dated December 1, 1989. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and interest on the refunded bonds. The new advance refunding bonds have been added to the appropriate financial statement and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2005, \$0 of such bonds is outstanding. The escrow fund pays interest on the new advance refunding bonds until that time. Defeasement of principal and interest for the year was \$980,000 and \$68,600.

On March 15, 2005, the District issued \$2,845,000 in general obligation bonds to advance refund \$2,810,000 of outstanding general obligation bonds dated December 1, 1989. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and interest on the refunded bonds. The new advance refunding bonds have been added to the appropriate financial statement and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2005, \$2,845,000 of such bonds is outstanding. The escrow fund pays interest on the new advance refunding bonds until that time. Defeasement of principal and interest for the year was \$0 and \$0. The present value savings of this bond refunding is \$112,771.

#### Note 9. Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$85,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar plan years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The balance in the fund was \$913,179 at June 30, 2005, the last date for which information is available. The incurred but not recorded and unpaid claims liability of \$486,183 reported in the plan at June 30, 2005, are reported as a liability of the fund. There were no significant reductions in insurance coverage from the prior year.

The change in the incurred but not reported and unpaid claims liability for the year ended June 30, 2005 is as follows:

	<u>2005</u>	<u>2004</u>
Balance beginning of year	\$ 317,958	\$ 287,928
Incurred claims and claim adjustments	3,528,154	3,434,697
Payment of claims	<u>3,359,929</u>	<u>3,404,667</u>
Balance end of year	<u>\$ 486,183</u>	<u>\$ 317,958</u>

In addition the District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

## Note 10. Pension and Retirement Benefits

Southeast Polk Community School District contributes to the Iowa Public Employees Retirement System (IPERS) which is 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.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$1,395,117, \$1,309,216 and \$1,226,801 respectively, equal to the required contributions for each year. The District is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer public employees retirement system designed as a supplement to Social Security.

## Note 11. Construction Commitments

The District has active construction projects as of June 30, 2005. The projects include additions and improvements at Centennial Elementary, Clay Elementary, Delaware Elementary, Altoona Elementary and Four Mile Elementary. At the end of the year, the District paid \$6,041,828 with \$3,819,596 of outstanding contract agreements to be paid upon completion of the capital projects.

## Note 12. Restate Capital Assets/Net Assets Beginning Balances

This restatement is due to computer formula calculations of depreciation and asset listing errors. The restatement of the capital assets and net assets are as follows:

	Balance 6/30/2004 as Previously Reported	Increases	Decreases	Balance 7/1/2004 as restated
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 816,600	600	0	817,200
<b>Total capital assets not being depreciated</b>	<b>816,600</b>	<b>600</b>	<b>0</b>	<b>817,200</b>
<b>Capital assets being depreciated:</b>				
Buildings	36,774,055	0	322,670	36,451,385
Land improvements	3,945,519	15,536	0	3,961,055
Machinery and equipment	7,189,526	112,751	0	7,302,277
<b>Total capital assets being depreciated</b>	<b>47,909,100</b>	<b>128,287</b>	<b>322,670</b>	<b>47,714,717</b>
<b>Less accumulated depreciation for:</b>				
Buildings	14,302,019	0	1,774,836	12,527,183
Land improvements	2,964,206	0	1,009,341	1,954,865
Machinery and equipment	5,024,155	38,774	0	5,062,929
<b>Total accumulated depreciation</b>	<b>22,290,380</b>	<b>38,774</b>	<b>2,784,177</b>	<b>19,544,977</b>
<b>Total capital assets being depreciated, net</b>	<b>25,618,720</b>	<b>89,513</b>	<b>(2,461,507)</b>	<b>28,169,740</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 26,435,320</b>	<b>90,113</b>	<b>(2,461,507)</b>	<b>28,986,940</b>

The effect if the adjustment to restate the capital assets results in a change to the previously reported governmental activities, net assets as follows:

Net assets, June 30, 2004, as previously reported	\$ 24,795,569
Capital assets adjustment, net	<u>2,551,620</u>
Net assets, July 1, 2004, as restated	<u>\$ 27,347,189</u>

**Note 13. Due from Other Governments**

Amount due from other governments by Fund as of June 30, 2005 are as follows:

	<u>General Fund</u>
<b>Local appropriations:</b>	
Tuition	\$ 349,768
Transportation Reimbursements	465
Other Reimbursements	<u>8,869</u>
Total local appropriations	<u>359,102</u>
<b>State appropriations:</b>	
State Aid	25,962
District Court	160
State Aid - Tuition	<u>32,881</u>
Total state appropriations	<u>59,003</u>
<b>Federal appropriations:</b>	
Title 1	41,118
Drug Free	2,998
Perkins	27,316
ComServ	448
Medicaid	<u>36,748</u>
Total federal appropriations	<u>108,628</u>
Total general fund due from other governments	<u>\$ 526,733</u>
	<u>Capital</u>
	<u>Projects Fund</u>
<b>Local appropriations:</b>	
Local option sales and services tax	\$ 688,605
Franchise fees	17,959
	<u>706,564</u>
<b>Federal appropriations</b>	
Harkin Construction Grant	<u>1,000,000</u>
Total capital projects fund due from other governments	<u>\$ 1,706,564</u>
Grand total due from other governments	<u>\$ 2,233,297</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE OF REVENUES,  
 EXPENDITURES AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2005

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
<b>Revenues:</b>						
Local sources	\$ 21,824,792	\$ 1,802,431	\$ 23,627,223	\$ 23,442,577	\$ 23,442,577	\$ 184,646
State appropriations	21,133,290	23,564	21,156,854	21,072,989	21,072,989	83,865
Federal appropriations	1,151,223	563,871	1,715,094	1,168,961	1,168,961	546,133
<b>Total revenues</b>	<b>44,109,305</b>	<b>2,389,866</b>	<b>46,499,171</b>	<b>45,684,527</b>	<b>45,684,527</b>	<b>814,644</b>
<b>Expenditures:</b>						
Instruction	25,365,585	0	25,365,585	24,765,009	25,282,036	(83,549)
Support services	12,923,759	0	12,923,759	12,705,417	14,025,055	1,101,296
Non-instructional programs	0	2,359,644	2,359,644	2,177,000	2,177,000	(182,644)
Other expenditures	9,838,192	0	9,838,192	7,052,808	14,978,424	5,140,232
<b>Total expenditures</b>	<b>48,127,536</b>	<b>2,359,644</b>	<b>50,487,180</b>	<b>46,700,234</b>	<b>56,462,515</b>	<b>5,975,335</b>
Excess(deficiency) of revenues over(under) expenditures	(4,018,231)	30,222	(3,988,009)	(1,015,707)	(10,777,988)	6,789,979
Other financing sources, net	491,816	269,985	761,801	0	0	761,801
Excess(deficiency) of revenues and other financing sources over(under) expenditures	(3,526,415)	300,207	(3,226,208)	(1,015,707)	(10,777,988)	7,551,780
Balance beginning of year	8,734,656	932,876	9,667,532	7,769,415	7,769,415	1,898,117
Balance end of year	\$ 5,208,241	\$ 1,233,083	\$ 6,441,324	\$ 6,753,708	\$ (3,008,573)	\$ 9,449,897

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**

**YEAR ENDED JUNE 30, 2005**

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

**In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.**

**Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, 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. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$9,762,281.**

**During the year ended June 30, 2005, expenditures in the instruction and non-instructional program functional areas exceeded the amounts budgeted.**

**OTHER SUPPLEMENTARY INFORMATION**

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**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2005**

	Special Revenue Funds						Total Other Nonmajor Governmental Funds
	Management Fund	Student Activity	Physical Plant and Equipment Fund	Trust	Total Special Revenue Funds	Debt Service	
<b>ASSETS</b>							
Cash and pooled investments	\$ 444,761	184,450	195,520	480,834	1,305,565	16,423	1,321,988
Receivables:							
Property taxes:							
Current year delinquent	13,114	0	15,185	0	28,299	0	28,299
Succeeding year	799,036	0	981,075	0	1,780,111	1,008,189	2,788,300
Interfund	1,700	0	80,005	0	81,705	0	81,705
<b>TOTAL ASSETS</b>	<b>\$ 1,258,611</b>	<b>184,450</b>	<b>1,271,785</b>	<b>480,834</b>	<b>3,195,680</b>	<b>1,024,612</b>	<b>4,220,292</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Liabilities:</b>							
Interfund payable	\$ 0	0	101,743	0	101,743	0	101,743
Accounts payable	1,618	24,138	38,012	0	63,768	0	63,768
Salaries and benefits payable	0	1,652	0	0	1,652	0	1,652
Deferred revenue:							
Succeeding year property tax	799,036	0	981,075	0	1,780,111	1,008,189	2,788,300
<b>Total liabilities</b>	<b>800,654</b>	<b>25,790</b>	<b>1,120,830</b>	<b>0</b>	<b>1,947,274</b>	<b>1,008,189</b>	<b>2,955,463</b>
<b>Equity</b>							
<b>Fund balance:</b>							
Reserved for debt service	0	0	0	0	0	16,423	16,423
<b>Unreserved:</b>							
Undesignated	457,957	158,660	150,955	480,834	1,248,406	0	1,248,406
<b>Total equity</b>	<b>457,957</b>	<b>158,660</b>	<b>150,955</b>	<b>480,834</b>	<b>1,248,406</b>	<b>16,423</b>	<b>1,264,829</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,258,611</b>	<b>184,450</b>	<b>1,271,785</b>	<b>480,834</b>	<b>3,195,680</b>	<b>1,024,612</b>	<b>4,220,292</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds					Debt Service	Total Other Nonmajor Governmental Funds
	Management Fund	Student Activity	Physical Plant and Equipment Fund	Trust	Total Special Revenue Funds		
<b>REVENUES:</b>							
Local sources:							
Local tax	\$ 862,252	0	926,941	0	1,789,193	0	1,789,193
Other	157,620	746,298	222	98,913	1,003,053	14,115	1,017,168
State sources	477	0	470	0	947	0	947
Federal sources	0	0	2,595	0	2,595	0	2,595
<b>TOTAL REVENUES</b>	<b>1,020,349</b>	<b>746,298</b>	<b>930,228</b>	<b>98,913</b>	<b>2,795,788</b>	<b>14,115</b>	<b>2,809,903</b>
<b>EXPENDITURES:</b>							
Current:							
Instruction:							
Regular instruction	308,624	0	129,767	23,412	461,803	0	461,803
Other instruction	0	758,347	0	0	758,347	0	758,347
Support services:							
Instructional staff support services	0	0	254,188	0	254,188	0	254,188
Administration services	591,081	0	71,702	0	662,783	0	662,783
Operation and maintenance of plant services	0	0	72,892	0	72,892	0	72,892
Transportation services	0	0	562,659	0	562,659	0	562,659
Other expenditures:							
Capital outlay	0	0	397,934	0	397,934	0	397,934
Long-term debt:							
Principal	0	0	0	0	0	630,000	630,000
Interest and fiscal charges	0	0	0	0	0	371,525	371,525
<b>TOTAL EXPENDITURES</b>	<b>899,705</b>	<b>758,347</b>	<b>1,489,142</b>	<b>23,412</b>	<b>3,170,606</b>	<b>1,001,525</b>	<b>4,172,131</b>
<b>EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES</b>	<b>120,644</b>	<b>(12,049)</b>	<b>(558,914)</b>	<b>75,501</b>	<b>(374,818)</b>	<b>(987,410)</b>	<b>(1,362,228)</b>
<b>OTHER FINANCING SOURCES(USES):</b>							
Sale of property	0	0	1,050	0	1,050	0	1,050
Proceeds from capital loan notes	0	0	500,000	0	500,000	0	500,000
Transfers in	0	0	0	0	0	1,001,525	1,001,525
Refunded debt issued	0	0	0	0	0	2,845,000	2,845,000
Premium on bonds	0	0	0	0	0	4,140	4,140
Payment to refunding escrow agent	0	0	0	0	0	(2,810,000)	(2,810,000)
Cost of issuance	0	0	(11,542)	0	(11,542)	(36,832)	(48,374)
	0	0	489,508	0	489,508	1,003,833	1,493,341
<b>EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>120,644</b>	<b>(12,049)</b>	<b>(69,406)</b>	<b>75,501</b>	<b>114,690</b>	<b>16,423</b>	<b>131,113</b>
<b>FUND BALANCES BEGINNING OF YEAR</b>	<b>337,313</b>	<b>170,709</b>	<b>220,361</b>	<b>405,333</b>	<b>1,133,716</b>	<b>0</b>	<b>1,133,716</b>
<b>FUND BALANCES END OF YEAR</b>	<b>\$ 457,957</b>	<b>158,660</b>	<b>150,955</b>	<b>480,834</b>	<b>1,248,406</b>	<b>16,423</b>	<b>1,264,829</b>

**SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**

**YEAR ENDED JUNE 30, 2005**

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>STUDENT AGENCY</b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 116,162	255,394	248,642	122,914
<b>Total Assets</b>	<u>\$ 116,162</u>	<u>255,394</u>	<u>248,642</u>	<u>122,914</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,193	17,849	3,193	17,849
Due to other groups	112,969	237,545	245,449	105,065
<b>Total Liabilities</b>	<u>\$ 116,162</u>	<u>255,394</u>	<u>248,642</u>	<u>122,914</u>

**SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.**

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**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**GENERAL SCHOOL SYSTEM REVENUES BY SOURCE - GOVERNMENT-WIDE  
FOR THE YEARS ENDED JUNE 30, 2003 - 2005**

	Years Ended June 30,		
	2005	2004	2003
<b>Program Revenues:</b>			
Charges for service	\$ 4,554,142	4,282,395	4,201,672
Operating grants and other contributions	4,241,770	4,201,496	3,659,193
Capital grants and other contributions	202,595	937,875	0
<b>General Revenues:</b>			
Property taxes	13,928,461	14,456,673	11,930,594
Local option sales and service taxes	4,478,035	4,249,399	4,109,803
Unrestricted state grants	18,427,583	17,050,531	16,095,076
Unrestricted investment earnings	143,438	47,313	84,618
Other	(33,884)	0	(17,317)
<b>Total</b>	<b>\$ 45,942,140</b>	<b>45,225,682</b>	<b>40,063,639</b>

**Note:** Information for years prior to 2003 is not available.

**Source:** School District financial records.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**GENERAL SCHOOL SYSTEM EXPENDITURES BY FUNCTION - GOVERNMENT-WIDE  
FOR THE YEARS ENDED JUNE 30, 2003 - 2005**

	Years Ended June 30,		
	2005	2004	2003
<b>Expenditures:</b>			
<b>Instruction:</b>			
Regular instruction	\$ 16,111,876	15,271,436	13,955,967
Special instruction	6,654,702	6,279,895	5,328,038
Other instruction	2,916,938	2,209,908	1,982,956
<b>Support services:</b>			
Student services	1,913,787	1,755,783	1,748,623
Instructional staff services	1,585,381	1,607,844	1,531,067
Administration services	3,861,710	3,892,255	3,902,685
Operation and maintenance of plant services	3,434,212	3,038,417	3,094,721
Transportation services	1,855,049	1,603,892	1,667,934
Other support services	69,641	264,534	212,536
<b>Non-instructional programs:</b>			
Nutrition services	2,065,506	1,774,896	1,711,844
School store services	294,138	260,308	250,750
<b>Other:</b>			
Facilities acquisitions	889,243	1,385,628	1,122,598
Long-term debt interest	391,247	441,509	510,393
AEA flow-through	1,344,421	1,272,602	1,262,623
Depreciation(unallocated)	767,459	147,998	939,144
<b>Total</b>	<b>\$ 44,155,310</b>	<b>41,206,905</b>	<b>39,221,879</b>

Note: Information for years prior to 2003 is not available.

Source: School District financial records.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**  
**COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUE BY SOURCE - ALL FUNDS**  
**FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

	2005*	2004*	2003*	2002*	2001*	2000*	1999*	1998*	1997*	1996**
<b>LOCAL TAX:</b>										
Property Tax	\$13,482,856	\$12,990,171	\$10,389,470	\$10,023,322	\$9,670,535	\$9,841,966	\$9,255,289	\$9,056,078	\$7,918,750	\$8,483,921
Income Surtax	\$936,366	\$831,395	\$773,217	\$748,428	\$712,506	\$642,915	\$647,488	\$690,187	\$533,097	\$587,334
Sales and Use Tax	\$4,478,035	\$4,249,399	\$4,109,803	\$4,092,294	\$3,249,004	\$0	\$0	\$0	\$0	\$0
Mobile Home Tax	\$32,386	\$29,219	\$21,036	\$24,422	\$15,859	\$12,050	\$15,420	\$19,171	\$15,135	\$10,792
	<u>\$18,929,643</u>	<u>\$18,100,184</u>	<u>\$15,293,526</u>	<u>\$14,888,466</u>	<u>\$13,647,904</u>	<u>\$10,496,931</u>	<u>\$9,918,197</u>	<u>\$9,765,436</u>	<u>\$8,466,982</u>	<u>\$9,082,047</u>
<b>STATE SOURCES:</b>										
State Foundation Aid	\$18,187,499	\$16,800,688	\$15,838,350	\$14,990,366	\$14,532,540	\$13,540,172	\$12,312,274	\$11,881,670	\$10,875,204	\$9,366,053
Instructional Support State Aid	\$232,657	\$242,537	\$250,918	\$264,192	\$275,342	\$272,616	\$265,100	\$296,439	\$309,308	\$314,801
School improvement technology funding	\$0	\$0	\$0	\$89,937	\$257,682	\$249,065	\$240,706	\$234,579	\$226,854	\$0
Educational Excellence Program:										
Phase I	\$23,475	\$23,300	\$23,475	\$23,475	\$23,475	\$23,475	\$23,475	\$23,475	\$23,475	\$23,475
Phase II	\$388,073	\$372,512	\$360,180	\$363,135	\$351,265	\$342,174	\$332,337	\$324,127	\$312,661	\$300,075
Phase III	\$0	\$0	\$89,495	\$213,389	\$195,709	\$189,248	\$182,356	\$191,921	\$187,239	\$183,482
Nonpublic Transportation Aid	\$40,010	\$33,506	\$28,780	\$25,206	\$21,588	\$15,347	\$6,654	\$10,066	\$11,335	\$19,683
At Risk Program Grants	\$37,704	\$10,583	\$35,962	\$25,881	\$38,578	\$23,886	\$25,981	\$53,887	\$41,052	\$0
Vocational Education Aid	\$54,016	\$22,635	\$0	\$32,186	\$12,219	\$20,462	\$0	\$15,186	\$20,794	\$40,028
Youth First Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$12,505	\$10,664	\$0	\$0
NISDC	\$0	\$0	\$0	\$0	\$0	\$2,500	\$2,500	\$10,000	\$11,500	\$0
Iowa Early Intervention Block Grant	\$277,507	\$265,265	\$245,297	\$249,526	\$147,412	\$75,661	\$0	\$0	\$0	\$0
On-time Funding for New Students	\$0	\$0	\$0	\$0	\$0	\$276,687	\$0	\$0	\$0	\$0
Salary Improvement Program	\$385,395	\$338,528	\$282,664	\$269,042	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Teacher Mentoring Program	\$42,900	\$39,000	\$54,000	\$26,000	\$0	\$0	\$0	\$0	\$0	\$0
Evaluator Training Program	\$0	\$10,000	\$9,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employability Skills Assessments Reimbursements	\$0	\$0	\$0	\$1,523	\$2,464	\$0	\$0	\$0	\$0	\$0
Early Childhood Programs grant(Empowerment)	\$60,728	\$0	\$0	\$110,000	\$120,060	\$0	\$0	\$0	\$0	\$0
Early Childhood Home Literacy Program	\$47,978	\$0	\$0	\$6,051	\$0	\$0	\$0	\$0	\$0	\$0
National Assessment of Educational Progress	\$0	\$0	\$0	\$0	\$0	\$750	\$0	\$0	\$0	\$0
Revenue In Lieu of Taxes - Military Credit	\$7,427	\$7,306	\$6,665	\$6,871	\$0	\$9,792	\$7,005	\$10,127	\$7,371	\$7,644
Machinery and Equipment Replacement	\$0	\$0	\$0	\$0	\$112	\$0	\$19,727	\$15,915	\$1,636	\$0
Other	\$4,000	\$0	\$696	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AEA Flowthrough	\$1,344,421	\$1,272,602	\$1,262,623	\$1,241,684	\$1,216,484	\$1,133,349	\$1,063,321	\$998,157	\$920,472	\$853,401
Lunch Program Claims	\$23,064	\$22,011	\$21,267	\$20,516	\$20,489	\$21,053	\$21,024	\$19,349	\$19,308	\$18,890
	<u>\$21,156,854</u>	<u>\$19,460,473</u>	<u>\$18,509,372</u>	<u>\$17,958,980</u>	<u>\$17,215,419</u>	<u>\$16,196,237</u>	<u>\$14,514,965</u>	<u>\$14,095,562</u>	<u>\$12,968,209</u>	<u>\$11,127,532</u>
<b>FEDERAL SOURCES:</b>										
(Title I Program) Chapter I	\$164,473	\$212,545	\$214,369	\$188,684	\$162,663	\$129,351	\$136,320	\$165,596	\$174,719	\$118,648
Innovative Education Program Strategies (Title V Program)	\$17,354	\$23,089	\$21,905	\$22,201	\$20,434	\$21,045	\$19,208	\$16,987	\$14,704	\$17,892
Title II A - Federal Teacher Quality Program	\$94,072	\$93,733	\$83,992	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants for State Assessment and Related Activities	\$28,944	\$28,110	\$23,425	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Early Childhood Programs grant(Empowerment)	\$0	\$97,997	\$64,875	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Early Childhood Home Literacy Program	\$0	\$49,900	\$27,285	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Class Size Reduction	\$0	\$0	\$0	\$47,755	\$38,576	\$35,402	\$0	\$0	\$0	\$0
Comprehensive School Reform Demonstration	\$50,000	\$82,456	\$35,962	\$80,992	\$74,293	\$66,864	\$0	\$0	\$0	\$0
Learn and Serve America - School and Community Based Programs	\$5,086	\$4,500	\$5,075	\$5,592	\$4,913	\$2,648	\$5,000	\$4,500	\$0	\$0
Safe and Drug-Free Schools States Grants	\$20,704	\$18,846	\$70	\$31,020	\$30,861	\$31,161	\$35,759	\$44,296	\$39,412	\$22,365
Safe Schools/Healthy Students	\$0	\$22,110	\$104,584	\$194,584	\$240,490	\$47,632	\$0	\$0	\$0	\$0
Drug and Violence Prevention	\$0	\$13,743	\$60,931	\$82,422	\$0	\$0	\$0	\$0	\$0	\$0
Star Schools	\$0	\$0	\$0	\$1,332	\$40,224	\$0	\$10,000	\$0	\$8,893	\$0
Vocational Education - Basic Grants to States	\$69,962	\$25,118	\$24,053	\$22,930	\$23,370	\$28,509	\$28,509	\$26,794	\$24,204	\$23,093
Eisenhower Professional Development State Grants	\$0	\$0	\$0	\$16,536	\$12,484	\$12,698	\$11,729	\$11,057	\$14,936	\$3,288
Special Education - Basic Grants to States(Part B)	\$228,968	\$158,087	\$102,252	\$51,985	\$0	\$0	\$0	\$0	\$0	\$0
Community Development Block Grant	\$0	\$0	\$0	\$21,245	\$0	\$0	\$0	\$0	\$0	\$0
Fund for the Improvement of Education	\$200,000	\$937,875	\$0	\$533,210	\$0	\$0	\$0	\$0	\$0	\$0
Federal Emergency Management Assistance	\$0	\$0	\$0	\$0	\$0	\$0	\$3,900	\$0	\$0	\$0
Impact Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$4,400	\$14,655	\$0	\$0
Employment Services & Job Training - Pilot and Demonstration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,555	\$7,445	\$0
Medicaid	\$269,065	\$458,202	\$0	\$7,881	\$10,039	\$0	\$0	\$0	\$0	\$0
Flood Control	\$2,595	\$124	\$118	\$6,109	\$3,970	\$4,268	\$0	\$4,273	\$6,152	\$6,207
Other	\$0	\$0	\$34,944	\$0	\$0	\$0	\$0	\$0	\$0	\$0
National School Lunch Program	\$393,462	\$353,039	\$315,554	\$280,386	\$258,888	\$268,835	\$254,614	\$245,217	\$219,634	\$194,702
School Breakfast Program	\$55,794	\$47,800	\$44,168	\$38,801	\$35,066	\$34,223	\$32,481	\$29,630	\$26,671	\$19,460
Nutrition Education Training Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$290
Food distribution	\$114,615	\$102,155	\$80,337	\$131,924	\$83,769	\$78,521	\$70,483	\$81,955	\$56,175	\$0
	<u>\$1,715,094</u>	<u>\$2,729,429</u>	<u>\$1,243,899</u>	<u>\$1,765,589</u>	<u>\$1,040,040</u>	<u>\$761,157</u>	<u>\$612,403</u>	<u>\$647,515</u>	<u>\$592,945</u>	<u>\$405,945</u>
<b>Total Revenues</b>	<u>\$41,801,591</u>	<u>\$40,290,086</u>	<u>\$35,046,797</u>	<u>\$34,613,035</u>	<u>\$31,903,363</u>	<u>\$27,454,325</u>	<u>\$25,045,565</u>	<u>\$24,508,513</u>	<u>\$22,028,136</u>	<u>\$20,615,524</u>

\*GAAP BASIS (MODIFIED ACCRUAL)

\*\*NON GAAP BASIS (CASH)

Source: School District Financial Records and Audits

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUE BY FUND  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

Year Ended June 30

	2005*	2004*	2003*	2002*	2001*	2000*	1999*	1998*	1997*	1996**
<b>LOCAL:</b>										
General Fund	\$12,662,415	\$12,310,862	\$9,795,765	\$9,493,605	\$9,307,691	\$8,564,522	\$8,017,961	\$7,934,777	\$6,929,487	\$7,525,776
Special Revenue Funds	\$1,789,193	\$1,539,923	\$1,387,958	\$1,302,567	\$1,091,209	\$1,095,286	\$1,061,727	\$938,215	\$744,353	\$709,411
Capital Projects Fund	\$4,478,035	\$4,249,399	\$4,109,803	\$4,092,294	\$3,249,004	\$0	\$0	\$0	\$0	\$0
Debt Service Fund	\$0	\$0	\$0	\$0	\$0	\$837,123	\$838,509	\$892,444	\$793,142	\$846,860
	<u>\$18,929,643</u>	<u>\$18,100,184</u>	<u>\$15,293,526</u>	<u>\$14,888,466</u>	<u>\$13,647,904</u>	<u>\$10,496,931</u>	<u>\$9,918,197</u>	<u>\$9,765,436</u>	<u>\$8,466,982</u>	<u>\$9,082,047</u>
<b>STATE:</b>										
General Fund	\$21,132,343	\$19,437,626	\$18,487,248	\$17,937,593	\$17,194,818	\$16,171,108	\$14,489,086	\$14,071,926	\$12,945,853	\$11,107,238
Special Revenue Funds	\$947	\$836	\$857	\$871	\$112	\$2,363	\$3,387	\$3,577	\$2,328	\$643
Debt Service Fund	\$0	\$0	\$0	\$0	\$0	\$1,713	\$1,468	\$710	\$720	\$761
Enterprise Fund+	\$23,564	\$22,011	\$21,267	\$20,516	\$20,489	\$21,053	\$21,024	\$19,349	\$19,308	\$18,890
	<u>\$21,156,854</u>	<u>\$19,460,473</u>	<u>\$18,509,372</u>	<u>\$17,958,980</u>	<u>\$17,215,419</u>	<u>\$16,196,237</u>	<u>\$14,514,965</u>	<u>\$14,095,562</u>	<u>\$12,968,209</u>	<u>\$11,127,532</u>
<b>FEDERAL:</b>										
General Fund	\$948,628	\$1,288,560	\$803,840	\$753,982	\$658,469	\$379,578	\$254,825	\$290,713	\$290,465	\$191,493
Special Revenue Funds	\$2,595	\$5,441	\$0	\$27,286	\$3,848	\$0	\$0	\$0	\$0	\$0
Capital Projects Funds	\$200,000	\$932,434	\$0	\$533,210	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise Fund+	\$563,871	\$502,994	\$440,059	\$451,111	\$377,723	\$381,579	\$357,578	\$356,802	\$302,480	\$214,452
	<u>\$1,715,094</u>	<u>\$2,729,429</u>	<u>\$1,243,899</u>	<u>\$1,765,589</u>	<u>\$1,040,040</u>	<u>\$761,157</u>	<u>\$612,403</u>	<u>\$647,515</u>	<u>\$592,945</u>	<u>\$405,945</u>
<b>TOTAL</b>	<u>\$41,801,591</u>	<u>\$40,290,086</u>	<u>\$35,046,797</u>	<u>\$34,613,035</u>	<u>\$31,903,363</u>	<u>\$27,454,325</u>	<u>\$25,045,565</u>	<u>\$24,508,513</u>	<u>\$22,028,136</u>	<u>\$20,615,524</u>

+GAAP BASIS (ACCRUAL)

\*GAAP BASIS (MODIFIED ACCRUAL)

\*\*NON GAAP BASIS (CASH)

Source: School District Financial Records and Audits

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
GENERAL DISTRICT REVENUE BY SOURCE\*  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

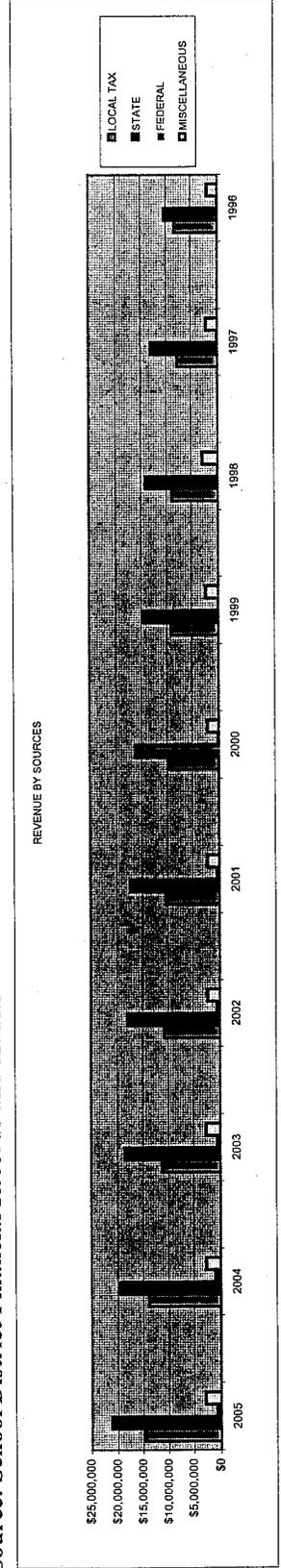
Year Ended June 30	Local Tax	State Appropriations	Federal Appropriations	Miscellaneous	Total
2005**	\$14,451,608	\$21,133,290	\$951,223	\$2,814,983	\$39,351,104
2004**	\$13,850,785	\$19,438,462	\$1,294,001	\$2,663,306	\$37,246,554
2003**	\$11,183,723	\$18,488,105	\$803,840	\$2,598,917	\$33,074,585
2002**	\$10,796,172	\$17,938,464	\$781,268	\$2,250,365	\$31,766,269
2001**	\$10,398,900	\$17,194,930	\$662,317	\$2,176,407	\$30,432,554
2000**	\$9,659,808	\$16,173,471	\$379,578	\$2,071,703	\$28,284,560
1999**	\$9,079,688	\$14,492,473	\$254,825	\$2,377,883	\$26,204,869
1998**	\$8,872,992	\$14,075,503	\$290,713	\$2,841,773	\$26,080,981
1997**	\$7,673,840	\$12,948,181	\$290,465	\$2,111,500	\$23,023,986
1996***	\$8,235,187	\$10,405,097	\$191,493	\$1,886,706	\$20,718,483

\*Includes all General Fund and Special Revenue Funds Revenue.

\*\*GAAP BASIS (MODIFIED ACCRUAL)

\*\*\* NON GAAP BASIS (CASH)

Source: School District Financial Records and Audits



**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
GENERAL DISTRICT EXPENDITURES BY FUNCTION\*  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

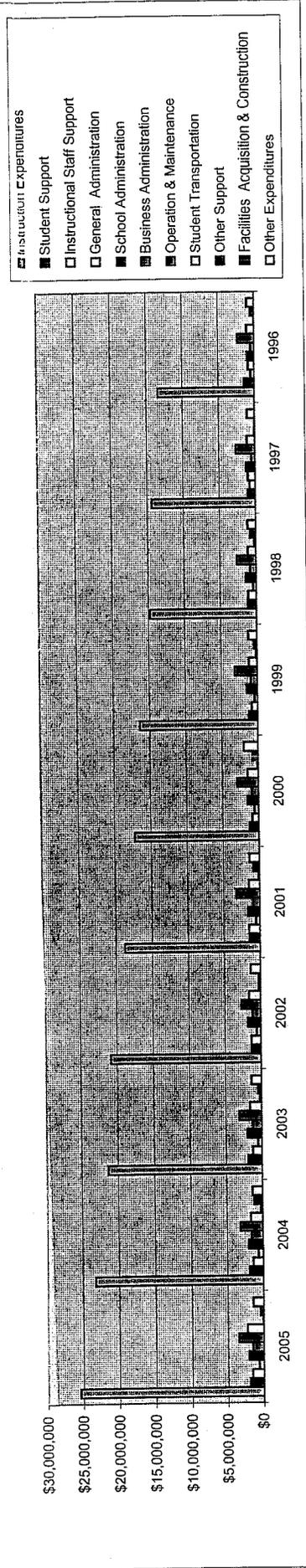
Year Ended June 30	Instruction Expenditures	Student Support	Instructional Staff Support	General Administration	School Administration	Business Administration	Operation & Maintenance	Student Transportation	Other Support	Facilities Acquisition & Construction	Other Expenditures	Total Expenditures
2005	\$25,365,585	\$1,817,992	\$1,432,133	\$623,130	\$1,981,166	\$1,430,336	\$3,401,604	\$2,174,884	\$62,514	\$397,934	\$1,344,421	\$40,031,699
2004	\$23,214,429	\$1,781,313	\$1,261,556	\$621,430	\$1,903,838	\$1,449,848	\$3,080,660	\$1,541,136	\$269,730	\$1,025,684	\$1,272,602	\$37,422,226
2003	\$21,297,513	\$1,769,412	\$1,136,804	\$522,021	\$1,914,860	\$1,131,531	\$3,079,753	\$1,469,880	\$218,863	\$489,764	\$1,262,623	\$34,293,024
2002	\$20,822,350	\$1,204,707	\$1,202,330	\$502,175	\$1,687,427	\$1,008,861	\$2,588,392	\$1,465,053	\$220,135	\$221,872	\$1,241,684	\$32,164,986
2001	\$18,712,438	\$1,282,573	\$1,376,572	\$527,600	\$1,534,083	\$829,918	\$3,197,440	\$1,350,821	\$109,123	\$739,006	\$1,216,484	\$30,876,058
2000	\$17,134,321	\$1,122,993	\$813,046	\$525,582	\$1,387,204	\$839,236	\$2,847,013	\$1,343,450	\$99,696	\$687,685	\$1,824,033	\$28,024,257
1999	\$16,234,331	\$1,032,530	\$739,296	\$385,082	\$1,299,785	\$775,560	\$3,036,922	\$985,183	\$161,033	\$423,239	\$1,063,321	\$26,136,282
1998	\$14,719,211	\$1,042,221	\$1,017,332	\$393,028	\$1,262,070	\$753,089	\$2,579,499	\$989,498	\$220,544	\$699,680	\$998,157	\$24,674,329
1997	\$14,333,450	\$883,966	\$712,157	\$886,081	\$1,064,715	\$456,336	\$2,511,008	\$977,777	\$76,775	\$42,211	\$920,472	\$22,864,948
# 1996	\$13,363,589	\$1,222,256	\$437,188	\$735,481	\$811,437	\$433,341	\$2,171,768	\$901,534	\$49,667	\$478,687	\$853,401	\$21,458,349

\* Includes all General Fund and Special Revenue Funds expenditures.

# - NON GAAP BASIS (CASH)

Source: School District Records

**EXPENDITURES BY FUNCTION**



**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

Levy Year	General and Management		Debt Service		Physical Plant & Equipment		Total
<b>PROPERTY TAX LEVIES</b>							
2005	\$12,628,465	\$0	\$0	\$929,606	\$13,558,071		
2004	\$12,102,619	\$0	\$0	\$867,333	\$12,969,952		
2003	\$9,720,194	\$0	\$0	\$782,443	\$10,502,637		
2002	\$9,393,194	\$0	\$0	\$745,506	\$10,138,700		
2001	\$8,999,738	\$0	\$0	\$689,752	\$9,689,490		
2000	\$8,375,924	\$832,463	\$832,463	\$588,906	\$9,797,293		
1999	\$7,876,754	\$840,543	\$840,543	\$562,619	\$9,279,916		
1998	\$7,220,771	\$841,000	\$841,000	\$472,034	\$8,533,805		
1997	\$6,769,393	\$799,734	\$799,734	\$445,605	\$8,014,732		
1996	\$7,295,496	\$856,880	\$856,880	\$428,844	\$8,581,220		
<b>PROPERTY TAX COLLECTIONS (Including Delinquents)</b>							
2005	\$12,502,326	\$0	\$0	\$924,199	\$13,426,525		
2004	\$12,150,250	\$0	\$0	\$869,901	\$13,020,151		
2003	\$9,640,349	\$0	\$0	\$779,161	\$10,419,511		
2002	\$9,199,019	\$0	\$0	\$749,882	\$9,948,901		
2001	\$8,997,034	\$0	\$0	\$689,360	\$9,686,394		
2000	\$8,414,145	\$826,161	\$826,161	\$591,660	\$9,831,966		
1999	\$7,870,056	\$838,509	\$838,509	\$562,153	\$9,270,718		
1998	\$7,547,049	\$892,444	\$892,444	\$502,101	\$8,941,594		
1997	\$6,611,947	\$793,142	\$793,142	\$441,894	\$7,846,983		
1996	\$7,224,047	\$846,860	\$846,860	\$423,806	\$8,494,713		
<b>PERCENTAGE COLLECTED</b>							
2005	99.00%	0%	0%	99.42%	99.03%		
2004	100.39%	0%	0%	100.30%	100.39%		
2003	99.18%	0%	0%	99.58%	99.21%		
2002	97.93%	0%	0%	100.59%	98.13%		
2001	99.97%	0%	0%	99.94%	99.97%		
2000	100.46%	99.24%	99.24%	100.47%	100.35%		
1999	99.91%	99.76%	99.76%	99.92%	99.90%		
1998	104.52%	106.12%	106.12%	106.37%	104.78%		
1997	97.67%	99.18%	99.18%	99.17%	97.91%		
1996	99.02%	98.83%	98.83%	98.83%	98.99%		

Sources: Auditor's Offices of Polk, Marion and Jasper Counties  
School District Records

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
TAXABLE AND ESTIMATED ACTUAL VALUE  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

Levy Year	Real Property			Utilities			Total			
	Collection Year	Taxable Value	Estimated Actual Value	Taxable to Estimated Actual Value						
2004*	2005-06	\$705,700,872	\$1,641,331,010	\$90,061,511	\$90,061,511	\$795,762,383	\$1,731,392,521	\$795,762,383	\$1,731,392,521	45.96%
2003*	2004-05	\$679,649,681	\$1,502,644,154	\$96,047,851	\$96,047,851	\$775,697,532	\$1,598,692,005	\$775,697,532	\$1,598,692,005	48.52%
2002*	2003-04	\$644,550,008	\$1,018,603,455	\$94,776,935	\$94,776,935	\$739,326,943	\$1,113,380,390	\$739,326,943	\$1,113,380,390	66.40%
2001*	2002-03	\$619,161,293	\$976,837,748	\$55,090,181	\$55,090,181	\$674,251,474	\$1,031,927,929	\$674,251,474	\$1,031,927,929	65.34%
2000*	2001-02	\$609,452,086	\$889,469,266	\$55,322,746	\$55,322,746	\$664,774,832	\$944,792,012	\$664,774,832	\$944,792,012	70.36%
1999*	2000-01	\$572,381,343	\$849,259,649	\$56,167,284	\$56,167,284	\$628,548,627	\$905,426,933	\$628,548,627	\$905,426,933	69.42%
1998	1999-00	\$487,595,855	\$716,989,427	\$101,203,913	\$101,203,913	\$588,799,768	\$818,193,340	\$588,799,768	\$818,193,340	71.96%
1997	1998-99	\$451,994,106	\$683,215,268	\$110,183,305	\$110,183,305	\$562,177,411	\$793,398,573	\$562,177,411	\$793,398,573	70.86%
1996	1997-98	\$377,320,341	\$555,559,929	\$94,324,103	\$94,324,103	\$471,644,444	\$649,884,032	\$471,644,444	\$649,884,032	72.57%
1995	1996-97	\$356,551,023	\$526,677,147	\$88,771,435	\$88,771,435	\$445,322,458	\$615,448,582	\$445,322,458	\$615,448,582	72.36%

Sources: Polk County Auditor's Office  
Jasper County Auditor's Office  
Marion County Auditor's Office

\* State of Iowa changed the way utilities were taxed.

Gas and electric generating equipment was taxed by the BTU's it produced.

The state now charges the utilities an excise tax for each BTU produced.

The excise tax is paid to the taxing agencies instead of property tax.

The State of Iowa has guaranteed the excise tax collected will be the same as taxes paid in the past.

This state guarantee is good for three years.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**  
**PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION**  
**ALL DIRECT AND OVERLAPPING GOVERNMENTS**  
**FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

Levy Year	Collection Year	County & State	Area XI Community College	Southeast Polk Community School District		City	Specials	Total	Ratio of Southeast Polk Community School District to Total
				Community College	School District				
<b>City of Altoona-Polk County</b>									
2004	2005-06	\$9,94718	\$0,68408	\$17,98848	\$8,79369	\$0,00000	\$37,41343	48.08%	
2003	2004-05	\$9,96860	\$0,59856	\$17,28014	\$8,89369	\$0,00000	\$36,74099	47.03%	
2002	2003-04	\$9,76626	\$0,58184	\$17,36978	\$8,89369	\$0,00000	\$36,61157	47.44%	
2001	2002-03	\$9,64388	\$0,54454	\$15,41627	\$8,89369	\$0,00000	\$34,99838	44.69%	
2000	2001-02	\$9,33502	\$0,54454	\$15,12681	\$8,89729	\$0,00000	\$34,21252	44.21%	
1999	2000-01	\$9,25871	\$0,54506	\$15,31041	\$8,90000	\$0,00000	\$34,01418	45.01%	
1998	1999-00	\$9,28374	\$0,52451	\$16,54398	\$8,90665	\$0,00000	\$35,25888	46.92%	
1997	1998-99	\$9,29190	\$0,50551	\$16,40861	\$8,93000	\$0,00000	\$35,13602	46.70%	
1996	1997-98	\$9,12036	\$0,47230	\$18,00821	\$10,67000	\$0,00000	\$38,70877	47.05%	
1995	1996-97	\$9,22555	\$0,50661	\$17,94303	\$10,67008	\$0,00000	\$38,34527	46.79%	
<b>City of Mitchellville-Polk County</b>									
2004	2005-06	\$9,94718	\$0,68408	\$17,98848	\$13,47156	\$0,00000	\$42,09130	42.74%	
2003	2004-05	\$9,96860	\$0,59856	\$17,28014	\$13,33972	\$0,00000	\$41,18702	41.96%	
2002	2003-04	\$9,76626	\$0,58184	\$17,36978	\$13,86759	\$0,00000	\$41,58547	41.77%	
2001	2002-03	\$9,64388	\$0,54454	\$15,41627	\$13,61875	\$0,00000	\$39,22344	39.30%	
2000	2001-02	\$9,64388	\$0,54454	\$15,12681	\$13,15140	\$0,00000	\$38,46663	39.32%	
1999	2000-01	\$9,25871	\$0,54506	\$15,31041	\$14,19207	\$0,00000	\$39,30625	38.95%	
1998	1999-00	\$9,28374	\$0,52451	\$16,54398	\$13,41784	\$0,00000	\$39,70077	41.60%	
1997	1998-99	\$9,29190	\$0,50551	\$16,40861	\$13,60052	\$0,00000	\$39,70654	41.22%	
1996	1997-98	\$9,12036	\$0,47230	\$18,00821	\$13,57112	\$0,00000	\$41,17199	43.74%	
1995	1996-97	\$9,22555	\$0,50661	\$17,94303	\$13,63117	\$0,00000	\$41,30636	43.44%	
<b>City of Pleasant Hill-Polk County</b>									
2004	2005-06	\$9,96860	\$0,59856	\$17,28014	\$11,48189	\$0,00000	\$39,32919	43.94%	
2003	2004-05	\$9,96860	\$0,59856	\$17,28014	\$11,48228	\$0,00000	\$39,32958	43.94%	
2002	2003-04	\$9,76626	\$0,58184	\$17,36978	\$11,48189	\$0,00000	\$39,19977	44.31%	
2001	2002-03	\$9,64388	\$0,54454	\$15,41627	\$11,60171	\$0,00000	\$37,20640	41.43%	
2000	2001-02	\$9,64388	\$0,54454	\$15,12681	\$11,78489	\$0,00000	\$37,10012	40.77%	
1999	2000-01	\$9,25871	\$0,54506	\$15,31041	\$11,60937	\$0,00000	\$36,72355	41.69%	
1998	1999-00	\$9,28374	\$0,52451	\$16,54398	\$11,66573	\$0,00000	\$38,01796	43.52%	
1997	1998-99	\$9,29190	\$0,50551	\$16,40861	\$12,05876	\$0,00000	\$38,26478	42.88%	
1996	1997-98	\$9,12036	\$0,47230	\$18,00821	\$13,28132	\$0,00000	\$40,88219	44.05%	
1995	1996-97	\$9,22555	\$0,50661	\$17,94303	\$13,28131	\$0,00000	\$40,95650	43.81%	
<b>City of Runnels-Polk County</b>									
2004	2005-06	\$9,96860	\$0,59856	\$17,28014	\$9,02241	\$0,25045	\$37,12016	46.55%	
2003	2004-05	\$9,96860	\$0,59856	\$17,28014	\$8,82955	\$0,25727	\$36,93412	46.79%	
2002	2003-04	\$9,76626	\$0,58184	\$17,36978	\$8,10000	\$0,34060	\$36,15848	48.04%	
2001	2002-03	\$9,64388	\$0,54454	\$15,41627	\$8,10000	\$0,34060	\$34,04529	45.28%	
2000	2001-02	\$9,64388	\$0,54454	\$15,12681	\$8,10000	\$0,34060	\$33,75583	44.81%	
1999	2000-01	\$9,25871	\$0,54506	\$15,31041	\$8,10000	\$0,35787	\$33,57205	45.60%	
1998	1999-00	\$9,28374	\$0,52451	\$16,54398	\$8,10000	\$0,39406	\$34,84629	47.36%	
1997	1998-99	\$9,29190	\$0,50551	\$16,40861	\$8,10000	\$0,34385	\$34,64987	47.36%	
1996	1997-98	\$9,12036	\$0,47230	\$18,00821	\$8,09989	\$0,28455	\$35,98531	50.04%	
1995	1996-97	\$9,22555	\$0,50661	\$17,94303	\$8,10000	\$0,29224	\$36,06743	49.75%	
<b>Jasper County</b>									
2004	2005-06	\$9,66429	\$0,68408	\$17,13254	\$13,47156	\$0,00000	\$40,95247	41.84%	
2003	2004-05	\$8,06036	\$0,59856	\$16,97626	\$13,33972	\$0,00000	\$39,42602	43.06%	
2002	2003-04	\$9,07370	\$0,58184	\$17,36978	\$13,86759	\$0,86893	\$41,76184	41.59%	
2001	2002-03	\$9,05654	\$0,54584	\$15,41627	\$13,61875	\$0,87971	\$39,51711	39.01%	
2000	2001-02	\$7,34244	\$0,54454	\$16,57822	\$13,15140	\$0,11630	\$37,73290	43.94%	
1999	2000-01	\$7,43983	\$0,54506	\$17,33564	\$14,19207	\$0,11059	\$39,62319	43.75%	
1998	1999-00	\$10,84579	\$0,52451	\$16,54398	\$0,00000	\$0,09814	\$28,01242	49.06%	
1997	1998-99	\$9,89595	\$0,50551	\$16,40861	\$0,00000	\$0,10038	\$26,91045	60.97%	
1996	1997-98	\$9,97442	\$0,47230	\$18,00821	\$0,00000	\$0,84550	\$29,30043	61.46%	
1995	1996-97	\$10,37569	\$0,50661	\$17,94303	\$0,00000	\$0,77487	\$29,60020	60.62%	
<b>Marion County</b>									
2004	2005-06	\$11,21732	\$1,22036	\$17,98848	\$0,00000	\$0,78352	\$31,20968	57.64%	
2003	2004-05	\$11,09079	\$1,12979	\$17,28014	\$0,00000	\$0,73102	\$30,23174	57.16%	
2002	2003-04	\$10,55243	\$0,00000	\$17,36978	\$0,00000	\$0,68114	\$28,60335	60.73%	
2001	2002-03	\$10,51039	\$0,00000	\$15,41627	\$0,00000	\$0,69503	\$26,62169	57.91%	
2000	2001-02	\$10,39771	\$0,00000	\$15,12681	\$0,00000	\$0,83384	\$26,38836	57.39%	
1999	2000-01	\$10,58994	\$0,00000	\$15,31041	\$0,00000	\$0,79884	\$26,69919	57.34%	
1998	1999-00	\$10,06840	\$0,00000	\$16,54398	\$0,00000	\$0,61844	\$27,23082	60.75%	
1997	1998-99	\$9,83566	\$0,00000	\$16,40861	\$0,00000	\$0,61208	\$26,85635	61.10%	
1996	1997-98	\$9,18108	\$0,00000	\$18,00821	\$0,00000	\$0,73158	\$27,92087	64.50%	
1995	1996-97	\$9,50090	\$0,00000	\$17,94303	\$0,00000	\$0,95139	\$28,39532	63.19%	

Sources: Polk County Auditor's Office  
Jasper County Auditor's Office  
Marion County Auditor's Office

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
COMPARATIVE RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUES  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

Collection Year	Population Estimates*	Assessed Values of Property	Legal Debt Limit (5%)	Bonded Debt	Ratio of Bonded Debt To Assessed Value	Bonded Debt per Capita
2004-05	27,700	\$929,606,472	\$46,480,324	\$12,220,000	1.31%	\$441
2003-04	26,770	\$867,332,333	\$43,366,617	\$12,315,000	1.42%	\$460
2002-03	26,259	\$782,443,764	\$39,122,188	\$11,090,000	1.42%	\$422
2001-02	+ 20,620	\$664,919,680	\$33,245,984	\$11,115,000	1.67%	\$539
2000-01	+ 20,620	\$628,894,490	\$31,444,725	\$13,665,000	2.17%	\$663
1999-00	+ 20,620	\$588,889,817	\$29,444,491	\$7,690,000	1.31%	\$373
1998-99	+ 17,313	\$562,619,249	\$28,130,962	\$6,525,000	1.16%	\$377
1997-98	+ 17,313	\$472,034,064	\$23,601,703	\$6,900,000	1.46%	\$399
1996-97	+ 17,313	\$445,337,153	\$22,266,858	\$7,255,000	1.63%	\$419
1995-96	+ 17,313	\$432,445,623	\$21,622,281	\$7,510,000	1.74%	\$434

**Sources: School District Records**

U.S. Census Bureau  
Polk County Auditor's Office  
Jasper County Auditor's Office  
Marion County Auditor's Office

\* Towns Of Altoona, Pleasant Hill, Mitchellville & Runnells and Southeast Polk County Residents  
+ Assessed Values of Property do not include TIF Valuation Amounts

**SOUTH EAST POLK COMMUNITY SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2005**

Name of Governmental Unit	Total Gross Debt Outstanding	Percentage Applicable to Southeast Polk Community School District	Southeast Polk Community School District's Share of the Debt
Polk County	175,120,000	0.19748%	\$ 345,827
Jasper County	13,940,000	0.34000%	\$ 47,396
Marion County	-	0%	\$ -
City of Mitchellville	205,000	2.02099%	\$ 4,143
City of Runnells	-	0%	\$ -
City of Altoona	19,235,000	0.39142%	\$ 75,290
City of Pleasant Hill	9,865,000	2.80551%	\$ 276,764
Southeast Polk Schools	12,220,000	100.00%	\$ 12,220,000
			<u>\$ 12,969,420</u>

Source:

Polk County Auditor's Office  
 Jasper County Auditor's Office  
 Marion County Auditor's Office  
 City Clerks

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of Debt Service To Total General Fund Expenditures</b>
2004-05	\$630,000	\$371,525	\$1,001,525	\$36,861,093	2.72%
2003-04	\$4,850,000	\$427,617	\$5,277,617	\$34,514,919	15.29%
2002-03	\$575,000	\$505,345	\$1,080,345	\$32,238,314	3.35%
2001-02	\$2,550,000	\$631,452	\$3,182,052	\$30,462,884	10.45%
2000-01	\$525,000	\$386,486	\$911,486	\$28,992,852	3.14%
1999-00	\$430,000	\$400,814	\$830,814	\$29,681,441	2.80%
1998-99	\$405,000	\$433,889	\$838,889	\$24,587,815	3.41%
1997-98	\$375,000	\$464,351	\$839,351	\$22,633,385	3.71%
1996-97	\$355,000	\$493,086	\$848,086	\$21,542,236	3.94%
1995-96	\$335,000	\$520,231	\$855,231	\$18,990,938	4.50%

Source: School District Financial Records

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
GENERAL ANALYSIS OF FACILITIES, CLASSROOMS AND STAFFING  
FOR THE YEAR ENDED JUNE 30, 2005**

Name of School	Date Constructed	Grades Served**	Official Enrollment Third Friday in September 2004	Number of Classrooms	Teachers Actively Employed !	Student/ Teacher Ratio
Senior High	1963	9-12	1350	64	106.5	12.68
Junior High	1992	7-8	820	37	56.5	14.51
Harbor	1997	10-12	64	5	5	12.80
Altoona Elementary	1939	K-6	385	17	26.6	14.47
Centennial	1968	K-6	516	24	33.35	15.47
Delaware	1951	K-6	436	19	30.5	14.30
Four Mile	1966	K-6	518	21	32.3	16.04
Mitchellville	1925	K-6	215	13	19.95	10.78
Runnells	2001	K-6	179	9	11.6	15.43
Willowbrook	1991	K-6	500	32	33.25	15.04
<b>BUILDING TOTAL</b>			4984			
Special Ed (Ref Only)			293			
Youth at Risk & Strive			8.8			
Tuition Out			25.8			
Tuition In (Ref Only)			17			
Detention Center			0			
Dual Enrollment			10.70			
Open Enrollment In			(226.00)			
Open Enrollment Out			203.30			
Home School Assisted			60.6			
<b>DISTRICT TOTAL</b>			5,067.2			

\*\*Special Education in all buildings  
! Classroom Staff Only

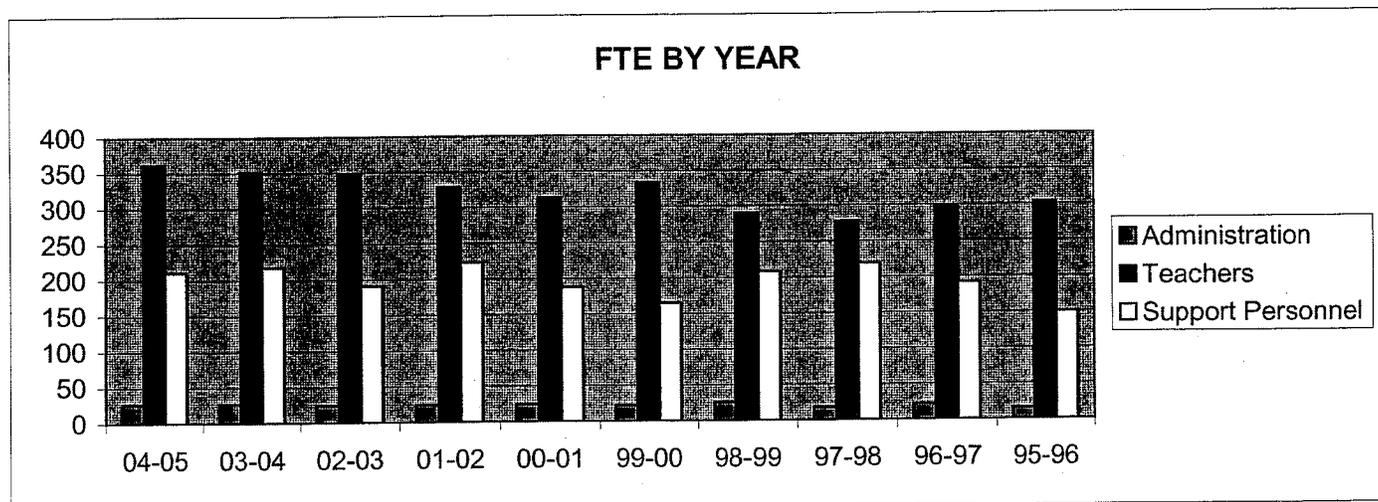
Source: District Records

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
DISTRICT STAFFING LEVELS  
FULL -TIME EQUIVALENCY  
LAST TEN YEARS  
AS OF JUNE 30, 2005**

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Administration:</b>										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant Superintendent	1	1	1	0	0	0	0	0	0	2
Principals	12	12	12	10	10	10	11	9	0	9
Assistant Principals	2	2	1	1	1	1	1	0	0	1
Other Officials/Admin	11	11	9	12	12	10	10	7.5	20.5	2
<b>SUBTOTAL</b>	<b>27</b>	<b>27</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>22</b>	<b>23</b>	<b>17.5</b>	<b>21.5</b>	<b>15</b>
<b>Teachers:</b>										
Regular	270.25	267.85	257.55	255	251	244.4	228.5	230	243	256.5
Special Ed	68	54.5	62.5	48	40	65.3	35.5	30	27	27.8
Counselors	16	16	16	16	16	10	16	11	0	15
Curriculum Specialists	0	0	0	1	0	1	1	1	0	0
Library/Medial Specialists	4	4	4	7	4	11	4	4	0	3
Other Educational Specialists	3	8.4	6	1	1	1	4	1	27	0
<b>SUBTOTAL</b>	<b>361.25</b>	<b>350.75</b>	<b>346.05</b>	<b>328</b>	<b>312</b>	<b>332.7</b>	<b>289</b>	<b>277</b>	<b>297</b>	<b>302.3</b>
<b>Support Personnel:*</b>										
Nurse (RN)	8	7	5	5	5	5	4	4	0	4
Other Professionals	3	4	3	3	4	3	3	3	36	2.5
Teachers Aide	80.32	72.05	57.6	52.4	37.5	37.4	48	35	2	32.5
Nurse (LPN)	0	0	0	0	0	1	1	0	0	0
Other Technical Personnel	1	0	0	21.4	22	4	0	9	19	5
Office/Clerical Personnel	28.34	38.9	38.3	32	30	27	36	28	40	24.5
Crafts & Trade Pesonnel	6	6	5.25	5	6	6	6	7	6	4
Lunchroom Personnel	29.5	29	30.75	31	18	18	18	18	18	18
Operative Personnel	17	13.2	14.6	34	18	16	18	35.5	28	31
Laborers	37.3	47.3	35.95	39	47	47	74	79	42	28
<b>SUBTOTAL</b>	<b>210.46</b>	<b>217.45</b>	<b>190.45</b>	<b>222.8</b>	<b>187.5</b>	<b>164.4</b>	<b>208</b>	<b>218.5</b>	<b>191</b>	<b>149.5</b>
<b>TOTAL</b>	<b>598.71</b>	<b>595.2</b>	<b>560.5</b>	<b>574.8</b>	<b>523.5</b>	<b>519.1</b>	<b>520</b>	<b>513</b>	<b>509.5</b>	<b>466.8</b>

Source: District Records

\* Support Personnel FTE calculated different than in prior years



**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

The Southeast Polk Community School District includes all of the city of Mitchellville, Runnells and Altoona, part of Pleasant Hill, and portions of Marion, Jasper and Polk County in the State of Iowa. The Southeast Polk Community School District is located on the east edge of Des Moines, a boundary of I-80 to the North and the Des Moines River to the South. The district encompasses an area of 114 square miles. The District Office is located at 8379 NE University Ave. Runnells, Iowa 50237.

The District owns and operates ten schools plus an administrative service center, vehicle maintenance facility and a warehouse. The district maintains 208.5 acres of grass, parking lots, and playgrounds of which more than 100 acres must be mowed. The buildings have 15.4 acres of roofs, a total of 670,187 square feet of building space and nearly 18 acres of "learning environment." The following data provides the grade levels housed in each building.

	04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96
<b>SENIOR HIGH</b>	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12
<b>HARBOR</b>	10-12	10-12	10-12	10-12	10-12	10-12	10-12	10-12		
<b>JUNIOR HIGH</b>	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8
<b>ELEMENTARIES</b>										
Altoona	K-6									
Centennial	K-6									
Delaware	K-6									
Four Mile	K-6									
Mitchellville	K-6									
Runnells	K-6									
Willowbrook	K-6									

**SCHOOL FACILITIES:**

The Southeast Polk Community School District was officially formed in 1962. At that time it consisted of a number of elementary districts within its new boundaries and three school districts. Until a new high school was constructed at its present site in 1963, high school classes were held at the three former high school sites. The facilities housed within the District did range in age from the Runnells Elementary, originally constructed in 1917, to a 1990 \$8.8 million construction project consisting of building and furnishing a new junior high school, a new elementary school in Altoona, and additions to the Mitchellville and Four Mile Elementary schools. In 2000 and 2004, additions were added to Four Mile adding 31,584 sq. ft. to that building and a 7,575 sq. ft. addition to Centennial in 2000 and another 17,386 sq. ft. to Altoona Elementary. A new bus maintenance facility and warehouse were built in 2001 along with an addition to the Delaware Elementary school. In fiscal year 2002 the old Runnells elementary was torn down and a new 31,949 sq. ft. facility was opened. Twenty acres of land was also purchased south of Altoona in anticipation of a new elementary school to be built in 2007-2008. In fiscal year 2004 an 13,690 sq. ft addition was added on to the Mitchellville elementary school. An all weather turf was also installed at the high school stadium.

The District also opened the Harbor Alternative School in 1998. The Harbor is for older students who have dropped out of school and the traditional student who are behind with credits.

The District Office houses offices for the Superintendent, Director of Support Services, Director of Programs/Human Resources, Director of Curriculum/Instruction, Business Manager and Community Relations Coordinator. It also houses the payroll and accounts payable departments. The Board of Education uses the meeting/conference area for its meetings.

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

**STAFF AND CURRICULUM:**

The Southeast Polk Community School District take pride in its excellent workforce. The ten building staffs and administrative service center personnel are composed of 23 administrators, 4 supervisors, 351 certified staff and 218 support staff. The professional staff is composed of teachers and specialists in the areas of art, music, physical education, library/media, counseling and nursing. Instructional assistants reinforce direct teaching activities. Secretaries, operation and maintenance personnel, custodial personnel, bus drivers, and food service workers provide service essential to the creation of a positive learning environment for students.

Following are listed a variety of activities that were directed and/or coordinated by the superintendent of schools for the improvement of our learning climate for students and educators:

All Southeast Polk district schools are NCA (North Central Association) accredited.

The District develops computer training and enrichment programs for teachers, administrators and secretaries. Schools have automated library check-out systems, attendance programs and computer labs have been established in the high school, junior high and four elementary schools.

Teachers are involved in grade level and content area meetings, which promote and enhance articulation of curriculum and instruction.

The District maintains an active staff development calendar focusing on student achievement, *Character Counts!*<sup>TM</sup>, school improvement planning, special education mandates and compliance issues. In addition, the District's staff receives training in hazardous chemicals right to know, Child Abuse Reporting, Bloodborne Pathogens, English a Second Language, Drug and Substance Abuse Prevention, and Emergency Procedures.

A comprehensive program of *Dimensions of Learning* and differentiation of instruction is implemented in all buildings. This instructional design has been established district-wide since the 1995-1996 school year. Instructional support coaches are available to assist teachers at every building.

The District, to insure learning, has trained teachers and administrators in the areas of problem-based mathematics, inquiry-based science, and balanced literacy instruction, and authentic assessment, and other current and appropriate educational strategies. A quality mentoring program is also in place for new teaching staff.

The District offers a K-6 counseling program, which results in a coordinated K-12 guidance program.

Community and parent involvement continues to be a "must" in this district. Monthly meetings of the District Advisory Committee and Building Level Communication Councils are attended by over 200 parents and community members.

**SCHOLARSHIPS:**

The district, due to caring community members and staff, has three major scholarship funds specifically for Southeast Polk High School graduates. These scholarships range from \$250 to \$1,000 per year for up to four years. A number of additional one-year scholarships are available. These scholarships alone provided nearly \$75,000 in student aid last year for students entering institutions of higher learning.

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

**POPULATION:**

The population of the Southeast Polk School District is approximately 27,700 people. The school enrollment in September 2004 was 4,984 - 1,350 senior high students, 820 junior high students, 2,749 elementary students, and an additional count of 179 weighted enrollment, tuition and other facility students.

Bus transportation is furnished for 4000 students in 56 district-owned buses. Counting morning and evening routes, the district operates 142 bus routes traveling about 2212 miles per day on an annual basis. For all purposes, buses travel approximately 807,701 miles annually.

The district school lunch program serves nutritious and well-balanced noon lunches, from both the hot lunch and a la carte programs, to over 3,400 students per day, totaling 612,000 per year, as well as 29,880 adult lunches. Nourishing breakfast meals are served at each building, adding up to more that 72,096 each year.

**DISTRICT AWARDS OVER THE LAST TEN YEARS:**

The following is a summary of various awards and positions help by specific individuals, buildings, school organizations, and as a District over the last ten years.

**Individuals**

District individuals have served and been awarded the following recognition:

Governor's "Glass Apple Award" 2005  
Star Advisor-Agricultural education 2005  
National Young Leadership Award 2005  
WOI-TV "My Favorite Teacher" 2005  
Football Coach of the Year 2005  
2 AP Scholars 2004  
Transportation Department Fleet of the Year Award 2004  
Industrial Technology-Program of Excellence Award for 2003  
Semifinalist in the 2003-04 Coca-Cola Scholars Program  
2<sup>nd</sup> and 3<sup>rd</sup> -Urbandale Knowledge Bowl  
8<sup>th</sup> Place-State Mathcounts competition  
AMC Team Award  
Award from President Bush for volunteer work  
President-Elect of IA Assoc for Supervision  
and Curriculum Development  
Iowa High School Press Association-Honorable Mention  
Literacy project-Iowa Child's Play Project  
6<sup>th</sup> Place - Regional Mathcounts, Knowledge Bowl  
Finalist-National Merit Scholar  
Coach of the Year-CIML Conference Swimming, 2002  
Essay Award-District VFW Award  
Rampage-International First Place-Quill and Scroll  
Barbara Juster Esbensen Teaching Award-  
2002  
Teacher certified by National Board for Professional Teaching Standards  
Two students named Commended in the National Merit Scholarship Program

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

Five students chosen for OPUS Honor Choir  
CIML Cross Country Coach of the Year  
Finalist for University of Iowa commitment to Diversity Award  
#1 Rating - Iowa Music Teachers Association Auditions  
2 students - Commended Students - 2001 National Merit Scholarship Program  
NCA Accreditation  
Participant - Songbridge 2000 - Caracas, Venezuela  
Outstanding Volunteer Effort - Iowa Community Betterment Program  
Winner - Herbert Hoover Uncommon Student Award  
Finalist - Excellence in Education Award  
FFA National Talent Show  
2nd - Iowa Thinking Cap Quiz Bowl  
Secretary - National Board of Governance for Teachers of Psychology - Secondary Schools  
All American Cheerleader  
Modern Woodmen Volunteerism Award  
Student of the Week - Worldwide student artwork website  
1st Runner Up National Contributor of the Year Aware - National Federation Interscholastic Spirit Association  
Contributor of the Year Award - National Federation Interscholastic Spirit Association  
State Champ in VICA job skills  
Boy's Basketball 4th - State, 2000  
1st Place - Website from Iowa Educational Media Association, 2000  
2 educators selected for the FINE Award, 2000  
Award for Safety Achievement, 2000  
Iowa Academic Decathlon Board Member, 1995-2000  
Certificate of Appreciation - Safety Patrol Supervisor, 2000  
All State Festival Choir, 1999 & 2005 Festival  
Second in 4A Webster City Show Choir Invitational, 1999  
10 Division "I" ratings and 20 Division "II" ratings at State Solo & Small Group, 1999  
Boys Basketball - State, 1999  
Youth at Risk Executive Board at DMACC, 1999  
Iowa Bar Association Mock Trial Outstanding Performance, 1999  
Des Moines Register All Academic Team, 1999  
National Council on Youth Leadership, 1999  
President's Award for Educational Excellence, 1999  
Daughters of the American Revolution Good Citizen Award, 1999  
Iowa Bankers Assoc. Athlete Achiever Award, 1999  
Morningside Connections Award, 1999  
American Citizenship Award - Iowa State Bar Association, 1999  
Commended Student- National Merit Scholarship, 1999  
Who's Who Among America's Teachers, 1999  
Military Awards, 1999  
3rd State Cheerleading Competition, 1999  
Coach of the Year - Swimming, 1999  
10<sup>TH</sup> -High School Knowledge Bowl, 1999  
Superior & Outstanding Performance Award - Rhythmettes, 1999  
"II" rating State Speech Contest, 1999  
Wal-Mart's Teacher of the Year, 1999

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

Highest Award in State for literary magazine, 1999  
Award for Safety Achievement, 1999  
Two players on All State Band, 1998  
School to Work Annual Conference Committee, 1998  
Youth at Risk Consortium Executive Board, 1998  
President's award for educational excellence, 1998  
Most Promising Teacher Award - NCTE, 1998  
Miss Iowa Junior Teen, 1998  
Three speech squads to All-State, 1998  
Participant - All-State Chorus, 1998  
Who's Who Among America's Teachers, 1998  
7th Place Wrestling team - State, 1998  
All-State Cheerleading Squad, 1998  
District Coach of the Year - Swimming, 1998  
Governor's Award for Volunteerism, 1998  
Award for Safety Achievement, 1998  
Outstanding Volunteer Service, 1998  
Iowa State Fair Singers, 1998  
State of Iowa Scholar Award, 1997  
Double World Champion Wrestler - World Trials, 1997  
Graduate Student Award of Excellence, 1997  
Double National Champion Wrestler, 1997  
Nomination for Belfer National Conferences for Educators, 1997  
3rd State Wrestling Tournament, 1997  
Iowa Student Energy Leadership Award, 1996  
2nd State Cheerleading Competition, 1997, 1998  
Published article in Exercise Exchange & English Journal, 1997  
North Central Association Accreditation K-12, 1997  
Coaches Lifetime Service Award, 1997  
Board member of NCA, 1997  
Who's Who Among America's Teachers, 1997  
Member of Altoona City Council, 1997  
Member of Altoona Planning and Zoning, 1997  
Who's Who Master in Education, 1997  
Award for Safety Achievement, 1997  
President's award for educational excellence, 1996  
Chairman of the Heart Connection, 1996  
Member of NCA board, 1996  
Served on MC/NS district committee, 1996  
Highest Award in State for literary magazine, 1996  
President of Iowa American Assoc of Teachers of French, 1996  
State Winner in "Know your Constitution", 1996  
Won state drafting contest in VICA, 1996  
Youth at Risk Executive Board at DMACC, 1996, 1997  
Representative Altoona Action Council  
Outstanding Board Member Award - ICA 1996  
Iowa Counselor of the Year, 1996  
Award for Safety Achievement, 1996

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

**15th place in Knowledge Bowl, 1996**  
**Iowa delegate to U.S. Senate Youth Program, 1996**  
**Winner - local Geography Bee, 1996**  
**First Team Academic All-State, 1996**  
**National Merit Scholarship finalist, 1996**  
**First Team CIML All Conference Team, 1996**  
**Performance at All-State Speech Festival, 1996**  
**1st place at State DECA conference, 1996**  
**Certification of Recognition for Community Service, 1996**  
**Golden Apple Award, 1996**  
**Who's Who Among America's Teachers, 1996**  
**Teacher of Year Award, 1995**  
**Award for Safety Achievement, 1995**  
**Leading the Way Award, 1998**  
**Iowa Assistant Coach of the Year - Football, 1998**  
**Superintendent of the Year, 1998**  
**Volunteer of the Year Award, 1998**

**Buildings**

**FINE Award, 1996**  
**FINE Award, 1999**

**Continued on the following page.**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

**STATISTICAL REVIEW:**

**Area- 114 square miles**

**Altitude – 773.839 above sea level**

**School Names**

**1963 - West Independent became Delaware from the township name**

**1967 - Four Mile Elementary named for the township**

**1968 - Centennial named such because of centennial in city of Altoona celebrated that year**

**1991 - Willowbrook named for local area where native Americans held tribal conferences**

The Southeast Polk Community School District is located in central Iowa, immediately east of Des Moines, the capital city. Within the District are portions of Polk, Jasper and Marion counties, including the incorporated cities of Altoona, Mitchellville, Runnells, and Pleasant Hill.

Altoona, the largest of the cities, is located directly east of Des Moines near the crossroads of Interstate Highways No. 35 and 80, making it easily accessible from all directions. The city's 1990 population was 7,191 - and increase of 24% since the 1980 census figure of 5,764. The 2000 census showed Altoona's population had grown to 10,345 from the 7,500 on the 1994 special census. The 2004 population estimate is 12,107. A 69% increase in 15 years. Altoona is the home of Iowa's only theme park, Adventureland Amusement Park, and is the site of Prairie Meadows Race Track and Casino. Altoona has the family oriented Altoona Campus, the Sam Wise Youth Sports Complex with 4 baseball fields, 5 softball fields and 12 soccer fields and the new Aquatic Center. Six manufacturing plants are located in the community and four industrial sites totaling 224 acres are available for development. Medical facilities include Altoona Manor, a 114- bed nursing home with 100 employees. The city owns and operates its own water and wastewater systems

Mitchellville is a small town with a population of 2,064 and is six miles east of Altoona and 15 miles east of Des Moines. The largest employer within the city is the Iowa Correctional Institution for Women which employs approximately 75 individuals. The city owns and operates its own water and wastewater systems.

Runnells has a population of 365 and is located 15 miles southeast of Des Moines on State Highway 316. The city has the usual small town retail stores and services.

Pleasant Hill is contiguous to Des Moines and has a population of 5,991, with Mid-American Energy's generating plant located within its city boundaries. Part of Pleasant Hill is in the Des Moines School District, but all areas of future growth in and around the city are in the Southeast Polk district boundaries. In December of 2004 the Mercy Medical Center was opened in the Southeast Polk district.

The Southeast Polk district has three public 18 hole golf courses, two county parks with camping, hiking and fishing, one which adjoins the Des Moines River, bike paths in Pleasant Hill and Altoona, new public libraries in Pleasant Hill and Altoona and two area newspapers.

The proximity of the Southeast Polk Community School District to the Des Moines metropolitan area offers many employment, educational and cultural advantages to its residents. The major industries include insurance and financial services, health care, printing and manufacturing. Federal, state and local governments also employ large numbers of area residents and represent a significant part of economic activity. Continued educational opportunities within commuting distance include Des Moines Area Community College, Ankeny; Drake University and Grand View College, Des Moines; Simpson College, Indianola; Central College, Pella; Grinnell College, Grinnell; and Iowa State University of Science and Technology, Ames.

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS**

Transportation facilities are provided by the Iowa Railroad and by the Des Moines International Airport. Interstate Highways 35 (north-south) and 80 (east-west), U.S. Highway 6, State Highways 163 and 316, and a network of paved county roads traverse the District. A major highway project consisting of a new north-south route of U.S. Highway 65 is now completed which links the northeast and southwest parts of Polk County along the west side of Altoona.

Medical facilities a 114- bed nursing home with 100 employees and seven hospitals and numerous clinics in the Des Moines metropolitan area with a large clinic in the Pleasant Hill area.

Location - Distance in miles from Des Moines, Iowa:

Chicago	327	Los Angeles	1727	Minneapolis	252
Denver	669	Omaha	135	New York	1119
Kansas City	195	St. Louis	333	Nashville	628

Public Libraries - Altoona Public Library has 28,744 volumes, 121 magazines/newspaper subscriptions and 3,360 audio visual materials. Mitchellville Public Library has 13,654 volumes, 51 magazines/newspaper subscriptions and 668 audio visual materials. Pleasant Hill Public Library has 24,147 volumes, 129 magazines/newspaper subscriptions and 3050 audio visual materials.

Religious congregations - 25

Protestant - 24

Catholic - 1

Newspapers -

One daily

Weekly localized edition of newspaper

Weekly news/shopper

Education -

One public school district, four colleges, one business school, and one university of medicine.

Municipal Services -

Each city in our district has a mayor and city council. They have a full-time police department, volunteer fire department, city and rural water systems, and city and rural garbage collection and recycling service.

Climate -

Average winter temperature (F)	23
Average summer temperature (F)	74
Average annual rainfall (inches)	30.8
Average annual snowfall (inches)	33.4

Income Statistics -

The following is the average adjusted gross income per state income tax returns filed by residents of the Southeast Polk Community School District and the entire State for the year 2003:

	Adjusted Gross Income	No. of Returns	Average AGI per Return
Southeast Polk Community School District	487,999,377	13,986	34,892
State of Iowa	69,163,184,519	1,806,908	38,277

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS DEMOGRAPHIC STATISTICS**

**TAXABLE RETAIL SALES TREND:**

	Year end 3/31/05	Year end 3/31/04	Year end 3/31/03	Year end 3/31/02	Year end 3/31/01
<b>Polk County</b>	\$6,173,622,849	\$6,035,166,288	\$6,190,408,769	\$6,052,834,767	\$6,111,400,178
<b>No. of Businesses</b>	36,054	35,656	35,922	38,336	39,844
<b>Altoona</b>	\$301,102,401	\$210,110,562	\$190,515,028	\$161,672,791	\$136,731,728
<b>No. of Businesses</b>	1,109	1,038	1,031	1,058	1,042
<b>Mitchellville</b>	\$2,527,119	\$2,526,185	\$2,542,746	\$2,500,861	\$2,769,773
<b>No. of Businesses</b>	157	172	185	183	192
<b>Runnells</b>	\$2,740,026	\$3,037,729	\$3,885,680	\$35,435,577	\$3,375,414
<b>No. of Businesses</b>	201	211	205	240	230
<b>Pleasant Hill*</b>	\$24,892,665				
<b>No. of Businesses</b>	400				

\*Growth of business in the Southeast Polk District  
Source: [www.state.ia.us/tax/educate/suta](http://www.state.ia.us/tax/educate/suta)

**BUYING INCOME/RETAIL SALES:**

	Medican Household Effective Buying Income	Buying Power Index	Total Retail Sales
	Polk County, IA		Polk County, IA
2005 *	40,809	0.1473	\$6,977,986
2004	49,472	0.1496	6,720,772
2003	49,592	0.1493	7,402,738
2002	53,133	0.1544	7,712,310
2001	44,434	0.1544	6,212,343
2000	41,258	0.1552	5,945,504
1999	38,978	0.1663	5,838,675
1998	38,810	0.1668	5,490,339

\* Projected

Source: Survey of Buying Powers - Sales & Marketing Management

Continued on the following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS DEMOGRAPHIC STATISTICS**

**UNEMPLOYMENT RATES**

<u>Year</u>	<u>Polk County</u>	<u>State of Iowa</u>
2005	4.3	4.8
2004	3.7	4.3
2003	3.7	4.2
2002	3.6	4
2001	2.1	3.1
2000	1.8	2.5
1999	1.6	2.9
1998	2.0	2.6
1997	2.7	3.0
1996	2.9	3.8
1995	2.6	3.3
1994	3.0	3.7
1993	3.9	4.8
1992	4.0	4.6
1991	3.8	4.6
1990	3.3	4.2

Source: [www.iowaworkforce.org](http://www.iowaworkforce.org)

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SUMMARY OF BUILDING CONSTRUCTION**

Buildings	Project	Year	Sq. Footage	Construction Costs	Total Sq. Ft.
High School	Original Building	1963	110,100	\$3,899,665	110,100
	Court Addition	1966	8,900	\$354,886	8,900
	Shop, PE, Pool Addition	1968	19,400	\$385,996	19,400
	Addition for Jr. High	1973	44,500	\$2,366,540	44,500
	Shop Addition	1981	3,450	\$526,998	3,450
	Gym Addition	1988	31,000	\$1,952,225	31,000
	<b>TOTAL HIGH SCHOOL SQUARE FOOTAGE</b>				<b>\$9,486,310</b>
Junior High	Original Building	1992	89,791	\$4,443,781	89,791
	<b>TOTAL JR HIGH SQUARE FOOTAGE</b>				<b>\$4,443,781</b>
Harbor	Original Building	1997	4,538	\$456,211	4,538
	<b>TOTAL HARBOR SQUARE FOOTAGE</b>				<b>\$456,211</b>
Elementaries: Altoona	Original Building	1939	19,200	\$268,155	
	Addition	1974	25,225	\$855,366	
	Addition	2004	24,714	*\$2,992,841	69,139
Centennial	Original Building	1968	28,000	\$988,632	
	Addition	1985	8,560	\$581,440	
	Addition	2000	7,575	\$1,226,561	
	Addition	2004	17,386	*\$2,744,473	61,521
Delaware	Original Building	1951	5,700	\$482,660	
	Addition	1953	6,790	\$185,200	
	Addition	1960	2,110	\$289,630	
	Addition	1963	14,600	\$489,330	
	Addition	2001	11,982	\$2,201,580	41,182
Four Mile	Original Building	1966	18,000	\$1,205,530	
	Addition	1982	5,900	\$458,890	
	Addition	1991	7,150	\$616,761	
	Addition	2000	10,666	\$1,403,907	
	Addition	2004	20,918	*\$2,958,656	62,634
Mitchellville	Original	1925	14,075	\$168,200	
	Addition	1991	7,730	\$569,317	
	Addition	2004	13,690	\$3,199,665	35,495
Runnells	Original	1917	11,400	\$124,300	
	Addition	1939	5,000	\$37,400	
	Replacement	2001	31,949	\$3,895,316	31,949
Willowbrook	Original	1991	56,588	\$2,829,340	56,588
	<b>TOTAL ELEMENTARY SQUARE FOOTAGE</b>				<b>\$2,829,340</b>
<b>GRAND TOTAL SCHOOLS SQUARE FOOTAGE</b>					<b>631,797</b>
District Office	Original	1977	8,220	\$178,203	8,220
	<b>TOTAL OFFICE SQUARE FOOTAGE</b>				
Bus Garage & Maintenance	Original	1961	5,000		5,000
	Replacement	2001	16,300	\$1,959,573	16,300
	<b>TOTAL BUS GARAGE &amp; MAINTENANCE SQUARE FOOTAGE</b>				

\* Cost to Date

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SUMMARY OF SCHOOL DISTRICT PROPERTY**

<b>PROPERTIES:</b>	<b>ACRES</b>
High School	81.5
Junior High	Part of above
Harbor	0.5
Altoona	8
Centennial	10
Delaware	8
Four Mile	16.13
Mitchellville	6
Runnels	11
Willowbrook	21.3
New Elementary	20
Bus Garage	26.1
	<b>TOTAL ACRES</b>
	<u>208.53</u>

Sources: School District Physical Operations Building Report Update 2005

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS**

<b>Year*</b>	<b>Insured Property Values</b>	<b>Expenditures For Constructions</b>	<b>Bank Deposits</b>
2004-2005	\$ 63,647,233	\$ 7,492,246	\$ 157,933,000
2003-2004	\$ 57,672,405	\$ 2,981,684	\$ 137,155,000
2002-2003	\$ 54,046,160	\$ 1,122,598	\$ 119,859,000
2001-2002	\$ 59,752,960	\$ 7,986,299	\$ 139,267,000
2000-2001	\$ 41,710,668	\$ 3,511,738	\$ 150,466,000
1999-2000	\$ 38,104,276	\$ 958,401	\$ 115,456,000
1998-1999	\$ 37,043,399	\$ 432,239	\$ 106,850,000
1997-1998	\$ 35,094,563	\$ 699,680	\$ 89,229,000
1996-1997	\$ 34,474,031	\$ -	\$ 84,727,000
1995-1996	\$ 33,964,591	\$ 286,198	\$ 78,621,000

Sources: School District financial and insurance records  
FDC/OTS Summary of Deposits  
Blaney Childs Insurance Corner

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
TEN PRINCIPAL TAXPAYERS\* IN THE DISTRICT**

<b>Name of Taxpayer</b>	<b>2004 Taxable Value</b>	<b>Percentage Total Value*</b>
Prairie Meadows	72,799,560	40.63%
Magellan Pipeline	24,332,081	13.58%
Adventurelands/America	18,713,320	10.44%
Ziegler Realty LLC	13,399,070	7.48%
Wal-Mart RE Business Trust	12,143,420	6.78%
Menard, Inc.	10,586,510	5.91%
Qwest	9,622,824	5.37%
Lowe's	9,595,850	5.35%
Target Corp	8,004,900	4.47%
	179,197,535	100.00%

Source: Polk County Treasurer's Office

\* This list represents some of the top taxpayers in this jurisdiction, not necessarily the Top 10 Taxpayers.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
MAJOR EMPLOYERS IN THE DES MOINES AREA**

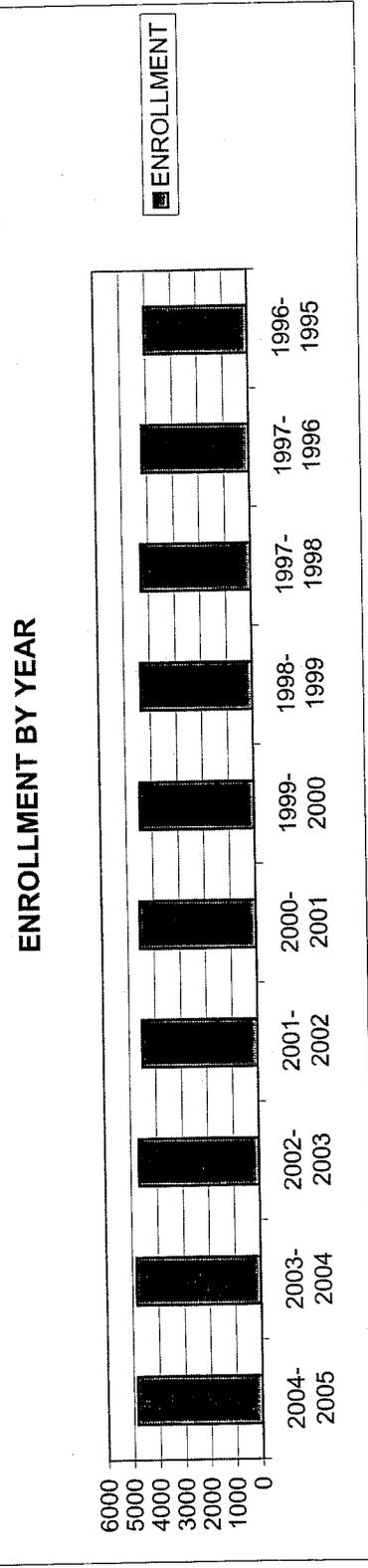
<b>Company</b>	<b>Number of Employees</b>	<b>Product</b>
Principal Mutual Life Insurance Co.	8,000	Insurance & Securities
DSM Ind Comm. School District	4,900	Education
Iowa Health Systems	4,800	Health Care
Mercy Hospital Medical Center	4,300	Health Care
Hy-Vee Food Stores Inc.	4,100	Groceries
U.S. Postal Service	3,211	Government
Wal-Mart Stores Inc.	2,800	Retail
Nationwide Mutual Insurance Co.	2,500	Insurance & Securities
City of Des Moines	2,300	Government
Wells Fargo Home Mortgage, Inc.	2,200	Financial services
Pioneer Hi-Bred International Inc.	2,000	Agriculture/Biotech
United Parcel Service	2,000	Air freight
Bridgestone/Firestone Inc.	2,000	Tire manufacturing
Dahl's	1,800	Groceries
Wellmark, Inc.	1,800	Health Insurance
Qwest Corporation	1,600	Communication
Polk County	1,400	Government

Source: Iowa Workforce Development

**SOUTHEAST POLK SCHOOL DISTRICT  
OFFICIAL ENROLLMENT BY GRADE  
LAST TEN FISCAL YEARS**

Grade	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1997-1998	1997-1999	1997-1996	1996-1995
Preschool + BD	46	43	41	34	56	52	41	27	40	43
Kindergarten	391	419	372	330	311	328	335	316	337	301
1	421	382	350	293	342	329	335	336	307	276
2	400	354	323	346	346	338	316	339	281	273
3	382	332	369	359	338	351	290	325	281	248
4	344	381	360	351	363	338	291	295	262	290
5	392	366	366	378	344	286	280	323	295	293
6	380	376	404	358	302	328	312	306	319	331
7	315	345	315	255	321	322	321	322	330	338
8	358	328	257	282	297	346	323	347	334	352
9	288	268	299	297	329	343	335	377	390	359
10	249	304	288	302	306	302	316	350	342	330
11	281	279	299	293	274	292	309	324	309	314
12	240	291	277	266	290	277	272	289	272	228
Special Ed	293	287	286	267	221	157	43	12	43	18
Alternative School	65	64	63	56	54	47	19	52	19	25
Basic Enrollment	4845	4819	4,669	4,467	4,510	4,436	4,260	4,340	4,161	4,019
At Risk	34.6	14	0	16	16	10	1	24	17	18
Tuition Students	17	-9	48	52	41	32	24	33	144	145
Net Open Enrollment	20.7	67.4	159.2	142.3	137	116	156	144	144	7
Dual Enrollment, Home Schools	71.3	66.2	69.74	61.8	31.2	18	12	13	13	

Source: School District reports and enrollment records.



**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
OPERATING COST PER PUPIL  
LAST TEN YEARS**

<u>Year</u>	<u>Total Costs*</u>	<u>CAR Average Daily Attendance</u>	<u>Cost/Pupil</u>
2004-05	\$40,031,699	4,780	\$8,375
2003-04	\$37,422,226	4,562	\$8,203
2002-03	\$34,263,443	4,402	\$7,784
2001-02	\$32,164,986	4,266	\$7,540
2000-01	\$30,876,058	4,149	\$7,442
1999-00	\$27,933,573	4,186	\$6,673
1998-99	\$26,136,282	4,002	\$6,531
1997-98	\$24,674,329	4,002	\$6,165
1996-97	\$22,864,948	3,940	\$5,803
1995-96	\$21,458,349	3,801	\$5,645

\*Includes all General Fund and Special Revenue funds expenditures

Source: School District financial and enrollment records

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF INSURANCE COVERAGE  
JULY 1, 2004 TO JUNE 30, 2005**

Detail of Coverage	Number	Liability Limits	Premium
<b>PROPERTY:</b>			
Coverage A - Property off premises & in transit	9A4-32-06-05	Limit of \$160,000 with a \$250 deductible	\$104,790
Coverage B - Blanket re schedule of buildings		\$5,000 deductible per occurrence; replacement cost as per statement of values; includes technology coverage and school equipment breakdown coverage	
<b>INLAND MARINE:</b>			
	9M4-32-06-05	Limit of \$10,000,000 with a \$50,000 deductible (Except for flood)	\$4,638
<b>LIABILITY:</b>			
Premises, contractual, personal injury, teachers' liability, nurses' professional liability, employees benefit, additional insureds, sexual harassment and abuse, day care centers, booster clubs, members and volunteers	9D4-32-06-05	\$1,000,000 personal and/or advertising limit \$5,000 medical payment \$100,000 fire damage limit \$2,000,000 aggregate limit 100,000 limit premises rented	\$39,850
<b>FLEET:</b>			
Bodily injury, property damage, medical	9E4-32-06-05	\$1,000,000 liability \$5,000 medical payments Uninsured and underinsured motorists \$1,000,000 \$500 collision deductible \$0 Comprehensive deductible	\$47,388
Uninsured motorist, comprehensive, collision Includes non-owned.			
<b>CRIME:</b>			
Theft, disappearance and destruction and Computer fraud	9F4-32-06-05	Inside and outside the premises \$500,000 coverage & \$5,000 deductible	\$2,500
<b>WORKERS' COMPENSATION:</b>			
	9H4-32-06-05	Statutory, \$500,000 each accident, employee, policy limit	\$302,262
<b>LINEBACKER:</b>			
	9K4-32-06-05	\$1,000,000 each loss, \$1,000,000 aggregate for each policy term, \$5,000 deductible per loss Board and all employees covered w/ personal injury	\$7,060

Continued on following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF INSURANCE COVERAGE  
JULY 1, 2004 TO JUNE 30, 2005**

Detail of Coverage	Number	Liability Limits	Premium
<b>COMMERCIAL UMBRELLA:</b> (Excess liability)	9J4-32-06-05	\$10,000,000 occurrence and aggregate	\$33,239
<b>POLLUTION:</b>	9P4-32-06-05	\$500,000 each incident, \$500,000 aggregate	\$2,215
<b>GROUP EXCESS:</b>	9Y4-32-06-05	\$20,000,000 Occurrence Limit, \$20,000,000 Aggregate Limit	\$5,420
<b>BUILDERS RISK</b>	9T4-32-06-05	\$2,800,000 While in the course of construction	\$6,400
<b>TOTAL</b>			<u><u>\$55,762</u></u>

Source:  
School insurance records

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
FINANCIAL SOLVENCY RATIO  
FOR THE YEARS ENDED JUNE 30, 1996 - 2005**

<b>SCHOOL YEAR</b>	<b>UNRESERVED UNDESIGNATED GENERAL FUND BALANCE</b>	<b>ACTUAL REVENUES</b>	<b>FINANCIAL SOLVENCY RATIO*</b>
2004-05	\$145,956	\$36,555,316	0.40%
2003-04	\$452,578	\$34,890,483	1.30%
2002-03	\$38,313	\$30,736,636	0.12%
2001-02	\$1,118,846	\$29,790,528	3.76%
2000-01	\$1,765,073	\$28,672,532	6.16%
1999-00	\$2,259,175	\$26,633,772	8.48%
1998-99	\$1,974,665	\$24,647,343	8.01%
1997-98	\$1,946,945	\$23,622,446	8.24%
1996-97	\$866,904	\$21,482,939	4.04%
1995-96	\$1,017,645	\$19,140,790	5.32%

\* = (UNRESERVED UNDESIGNATED GENERAL FUND BALANCE) / (ACTUAL REVENUES)

**TARGET SOLVENCY POSITION = BETWEEN 5.0 AND 10 PERCENT**  
**ACCEPTABLE SOLVENCY POSITION = BETWEEN 0.0 AND 4.99 PERCENT**  
**SOLVENCY ALERT = BETWEEN -3.0 AND 0.0 PERCENT**  
**SOLVENCY CONCERN = BELOW -3.0 PERCENT**

Source: School District Financial Records



**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005**

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
<b>INDIRECT:</b>			
<b>DEPARTMENT OF AGRICULTURE:</b>			
<b>IOWA DEPARTMENT OF EDUCATION:</b>			
FOOD DISTRIBUTION	10.550	FY 05	\$ <u>114,615</u>
<b>SCHOOL NUTRITION CLUSTER PROGRAMS:</b>			
SCHOOL BREAKFAST PROGRAM	10.553	FY 05	55,794
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 05	390,358
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 05	<u>3,104</u>
			<u>449,256</u>
<b>DEPARTMENT OF EDUCATION:</b>			
<b>IOWA DEPARTMENT OF EDUCATION:</b>			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6101-G-00	180,425
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6101-GC-00	<u>15,952</u>
			<u>196,377</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS	84.298	FY 05	<u>17,354</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 04	14,949
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 05	<u>85,374</u>
			<u>100,323</u>
GRANTS FOR STATE ASSESSMENT AND RELATED ACTIVITIES	84.369	FY 04	4,740
GRANTS FOR STATE ASSESSMENT AND RELATED ACTIVITIES	84.369	FY 05	<u>24,695</u>
			<u>29,435</u>
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION	84.332	FY 05	<u>46,064</u>
SAFE AND DRUG-FREE SCHOOLS - COMMUNITIES - STATES GRANTS	84.186	FY 05	<u>11,174</u>
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215	FY 04	<u>200,000</u>

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005**

<b>GRANTOR/PROGRAM</b>	<b>CFDA NUMBER</b>	<b>AGENCY OR PASS-THROUGH NUMBER</b>	<b>PROGRAM EXPENDITURES</b>
<b>INDIRECT(CONTINUED):</b>			
<b>AREA EDUCATION AGENCY:</b>			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 05	34,719
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 05	228,968
<b>DEPARTMENT OF LABOR:</b>			
<b>IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT</b>			
LEARN AND SERVE AMERICA - SCHOOLS AND COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 04	138
LEARN AND SERVE AMERICA - SCHOOLS AND COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 05	4,948
			5,086
<b>DEPARTMENT OF DEFENSE:</b>			
FLOOD CONTROL	12.106	FY 04	2,595
			\$ 1,435,966

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southeast Polk Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

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

To the Board of Education of  
Southeast Polk Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Southeast Polk Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 5, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Southeast Polk Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Southeast Polk Community School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

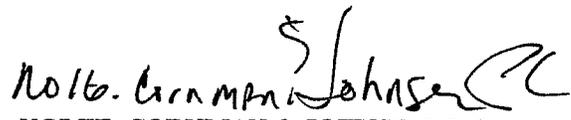
As part of obtaining reasonable assurance about whether the Southeast Polk Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under

**Governmental Auditing Standards.** However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Southeast Polk Community School District and other parties to whom Southeast Polk Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

  
NOLTE, CORNMAN & JOHNSON, P.C.

October 5, 2005

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

To the Board of Education of  
Southeast Polk Community School District

**Compliance**

We have audited the compliance of the Southeast Polk Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The Southeast Polk Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the Southeast Polk Community School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standard, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Southeast Polk Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Southeast Polk Community School District's compliance with those requirements.

In our opinion, the Southeast Polk Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining an effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Southeast Polk Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.**

**This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Southeast Polk Community School District and other parties to whom Southeast Polk Community School District may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.**

*Nolte, Cornman, Johnson PC*  
NOLTE, CORNMAN & JOHNSON, P.C.

October 5, 2005

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

**Part I: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
- Individual Programs:**
- CFDA Number 84.010 - Title I - Grants to Local Educational Agencies
  - CFDA Number 84.215 - Fund for the Improvement of Education
- Cluster Programs:**
- CFDA Number 84.553 - School Breakfast Program
  - CFDA Number 84.555 - National School Lunch Program
  - CFDA Number 84.556 - Special Milk Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Southeast Polk Community School District did not qualify as a low-risk auditee.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

**Part II: Findings Related to the Basic Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

**I-A-05 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events.**

**Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the General fund. The District should receipt rent collected for facility usage into the General fund.**

**Response - We will make the necessary changes.**

**Conclusion - Response accepted.**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

**No matters were reported.**

**REPORTABLE CONDITIONS:**

**No matters were reported.**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

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

**IV-A-05 Official Depositories** - A resolution naming official depositories have been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

**IV-B-05 Certified Budget** - District disbursements for the year ended June 30, 2005 exceeded the amount budgeted in the instruction and other expenditures functional program areas.

**Recommendation** - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

**Response** - We will amend the budget to the correct functional areas in the future to ensure the District does not exceed the amounts budgeted.

**Conclusion** - Response accepted.

**IV-C-05 Questionable Disbursements** - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**IV-D-05 Travel Expense** - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**IV-E-05 Business Transactions** - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Gary Haines, Maintenance Father-in-law of Robert Gulling	Miscellaneous maintenance	\$1,800
Jeri Sanborn, Counselor Spouse of Bruce Sanborn	Services	\$2,377
Chris English, Bus Driver Spouse is contractor with Air Con	Services	\$168,744
Caroline Froah, Teacher Spouse owns Heritage Carpet	Carpet and supplies	\$22,858

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the father-in-law and the spouses of the employees do not appear to represent a conflict of interest.

**IV-F-05 Bond Coverage** - Surety bond coverage of district officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

**IV-G-05 Board Minutes** - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

**Recommendation** - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

**Response** - We will provide the minutes within the time period.

**Conclusion** - Response accepted.

**IV-H-05 Certified Enrollment** - We noted no variances in the basic enrollment data certified to the Department of Education.

**IV-I-05 Deposits and Investments** - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

**IV-J-05 Certified Annual Report** - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

**IV-K-05 Financial Condition** - We noted during our audit that the District had several deficit account balances in the Special Revenue, Student Activity Fund.

**Recommendation** - The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits.

**Response** - We will monitor these accounts and investigate any available options to eliminate the deficits.

**Conclusion** - Response accepted.

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