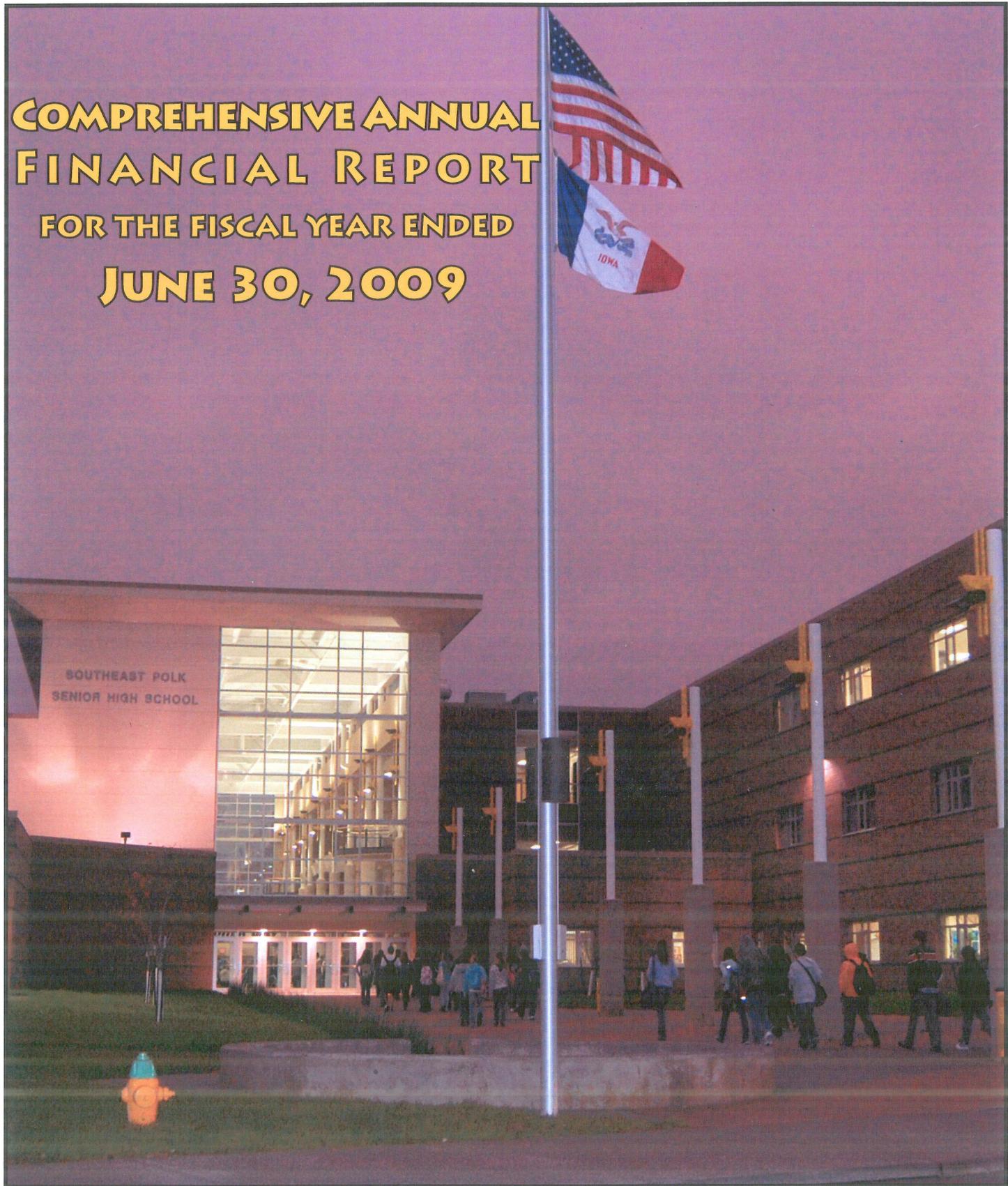


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**



Southeast Polk
COMMUNITY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

Pleasant Hill, Iowa

For the fiscal year ended June 30, 2009

OFFICIAL ISSUING REPORT

Robert M. Hamilton

Director of Finance

OFFICE ISSUING REPORT

Business Office

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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December 28, 2009

Mrs. Joanne Moeller, 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, 2009 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 complement 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 bi-annually in September. Four-year 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. In addition, the Southeast Polk Community School District is not a component unit of any other entity.

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 2.84% of all district investments, money market checking accounts equaling 29.87% of all district investments, in the IPAS education Fund equaling 26.64% of all district investments, and in the Iowa Schools Joint Investment Trust or 40.64% of all district investments. District investments averaged \$12,902,501 monthly and had a 1.77% average return for the FY 2008-09. This rate of return is down from the 2007-08 rate of 3.66%.

The Southeast Polk Community School District invested in the Iowa Schools Joint Investment Trust and IPAS education diversified portfolio liquid accounts. The Trust and IPAS education are common law trusts established under Iowa Law pursuant to Chapter 28E and Section 279.29, Iowa Code (1985), as amended which authorized Iowa schools and other government entities 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 Insurance Management Group 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 Madison National Life Insurance Company.

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.

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 was experiencing. In anticipation of even more rapid future growth the plan was revised again during the 2004-05 school year. The revision of the plan was the result of the efforts of the district's long range planning committee and its facility sub committee. The revised plan included an addition at Altoona Elementary School, which was completed this last spring and a bond referendum for a new high school and new elementary school which was passed on February 28, 2006. The passage of this bond issue was a tremendous show of community support for the school district. The referendum was for 60 million dollars and is the largest school bond issue passed in the State of Iowa's history at that time.

The new elementary, which was named Clay Elementary, was opened September 2007 for the beginning of the 2007-08 school year. In addition to the completion of Clay Elementary, construction was also completed on the second addition at Delaware Elementary and the second addition to Runnells Elementary this fall. The new high school was opened this September 2009 and the picture of its main entrance is on the cover of this report.

Another major event occurred in the 2008 session of the Iowa General Assembly. The local option sales tax, which was passed in Polk County on November 23, 1999, will now be replaced by a state wide sales and use tax effective July 1, 2010 when the current local option tax expires. This new tax gives school districts in Iowa a secure source of revenue for infrastructure expenditures for the next 19 years and also addresses the inequity between school districts that have low and high assessed valuations per pupil by helping to offset the high cost of the additional levy used to fully fund the general fund of "property poor" school districts.

As a result of the creation of the state wide one cent sales tax and the future funding it provides; plans are now under way for the total renovation of the existing high school for its conversion into our new 7-8 grade junior high school. The current junior high school building is tentatively planned to become a district wide 6th grade building when the renovation of the existing high school building is completed in the fall of 2010.

The above construction projects will be totally funded by the statewide one cent sales tax. The district has issued sales tax revenue bonds for the above projects and did not have to go to referendum to issue general obligation bonds. One very positive note concerning the sale of the above \$30 million of bonds is that the district received an AA- rating from Standard and Poors rating agency. This is the highest rating for the issuance of school sales tax bonds in the history of the State of Iowa.

Additionally, new projects are now in the planning stage to include an addition at Willowbrook Elementary School, the University Avenue Campus Master Plan and the remodeling and expansion of the district office. Sales tax bonds will be issued to cover the costs of the projects listed.

It should be understood that the sales tax revenues used to fund these projects is separate from the General Fund which funds personnel, supplies, equipment and operating costs for the district's daily operations.

Economic Condition and Outlook

The overall economic condition for eastern Polk County, where the Southeast Polk Community School District is situated, has modified but not at the level of the national economy. The state's unemployment rate is at approximately 6.7% versus the national rate of 10%.

For the city of Altoona a new railroad spur into an existing cold storage facility has allowed the facility to expand another 100,000 square feet for a total of 300,000 square feet. Additional businesses that have been added are a document shredding company and a data storage center which has expanded its record storage capacity.

Four new retailing areas have recently been added in Altoona they are: Foxton Village, Altoona Crossing, Old Town South and Center Pointe I. Additionally three new banks Great Western Bank, Bankers Trust and Valley Bank are now in town. Also, two new drug stores Walgreens and Medicap have been added to the retailing sector of the Altoona's business community.

Also, housing construction continues to grow with the expansion of the Iron Wood addition and the beginning of the brand new Tuscany housing development.

Additionally, Pro Bass Shop opened a new store this fall of 2009 in Altoona, Ia. The store is located next to Interstate 80 on a 200+ acre site which is the future site of a projected shopping mall with many additional anchor and specialty stores as well as new restaurants.

Pleasant Hill has a new extended stay hotel and Mercy Medical Clinic is expanding and a truck scale calibration firm is constructing a new facility in the industrial park. Also, a new bowling alley has just recently opened and a new strip mall is currently under construction. Also a new independent and assisted living facility for retirees was recently completed and is called "The Shores". Another positive event occurred during the 2008-09 calendar years with the opening of the Deery Brothers Chevrolet Dealership in Pleasant Hill.

The school district's FY 2008-09 financial condition appears to be good in spite of the national and state economies. Regular program basic enrollment grew by 191.1 students and the district's cost per pupil grew by \$222. As a result of these two positive events, the district's regular program budget has grown \$2,384,337 or an increase of 7.44% for the 2009-10 school year. Considering that a large majority of the State's districts did not grow, our circumstances are far better than most.

For the current school year ARRA funding has filled in the gap left by a shortfall in the state's funding and its ability to fully fund the school aid formula. Next year is a major concern. The ARRA funding essentially will be gone and the State of Iowa's Governor and legislature must determine how much school district budgets will grow and how to pay for that funding. Depending on the outcome of the state's final determination of school funding, next year could be very difficult for all school districts whether they are growing or not.

As in the 2008-09 school year, the School District must operate in the most efficient manner during 2009-10 budget year to help ensure adequate funding for staff, services and supplies for the 2010-11 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, 2008. This is the seventh 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 Certificates 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.

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, 2008**

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

Angeh Peteman

President

John D. Mueser

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, 2008

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.



A handwritten signature in black ink, appearing to be "J. H. ...".

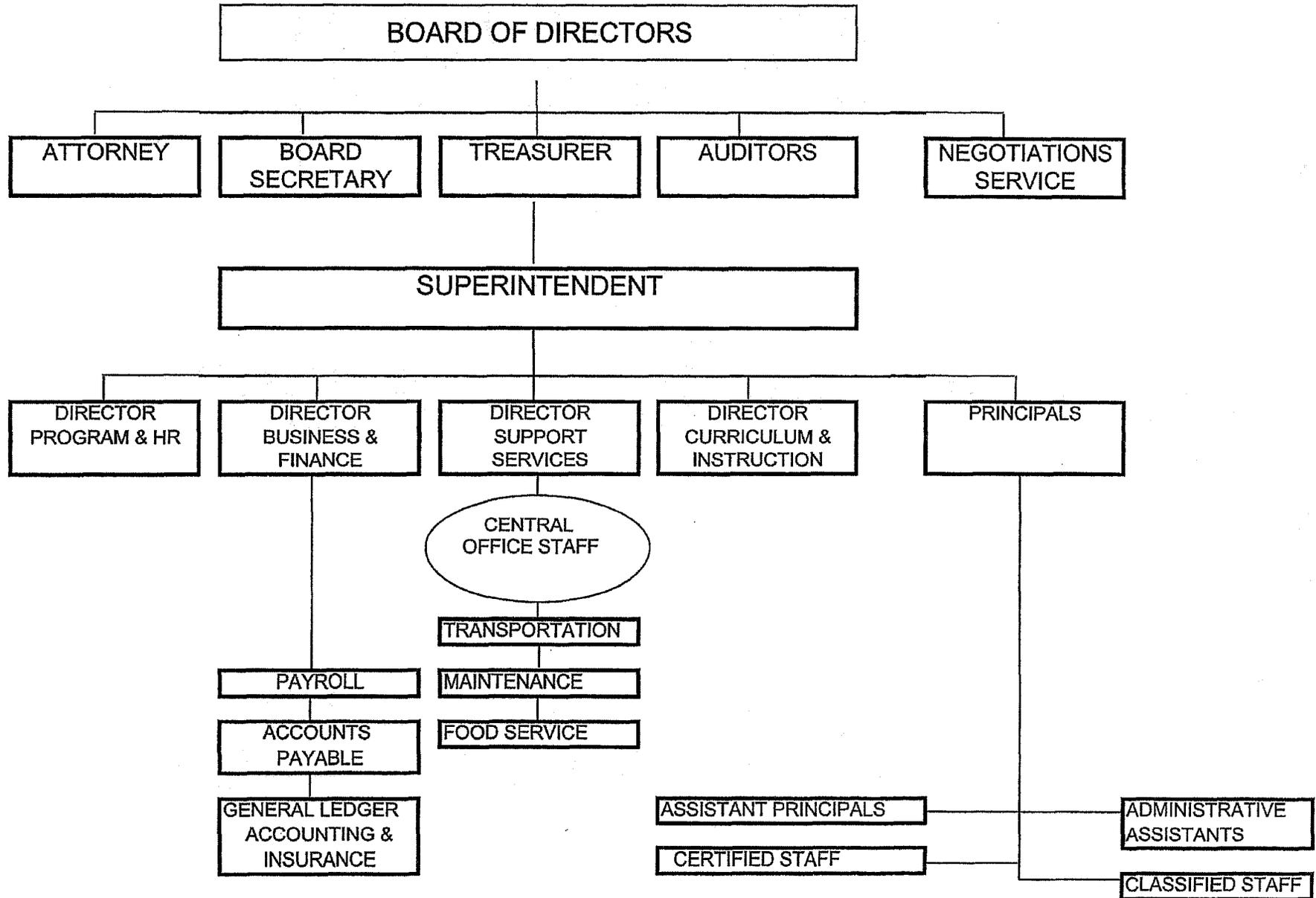
President

A handwritten signature in black ink, reading "Jeffrey R. Emery".

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, 2009**

Board of Education

	<u>Title</u>	<u>Term/Contract Expires</u>
Before September, 2008 Election		
Brad Skinner	President	September, 2008
Steve Hanson	Vice President	September, 2008
Andrew McGrean	Member	September, 2008
Tom Hadden	Member	September, 2009
Joanne Moeller	Member	September, 2009
Lori Slings	Member	September, 2010
Katie Temple	Member	September, 2010
After September, 2008 Election		
Tom Hadden	President	September, 2009
Joanne Moeller	Vice President	September, 2009
Andrew McGrean	Member	September, 2011
Brad Skinner	Member	September, 2011
John Schaffner	Member	September, 2009
Lori Slings	Member	September, 2011*
Katie Temple	Member	September, 2011*

School District Administration

Thomas Downs	Superintendent	June 30, 2009
Dan Janssen	Director of Support Services	June 30, 2009
Dr. Stephen N. Miller	Director of Programs/Human Resources	June 30, 2009
Dr. Kristine Condon	Director of Curriculum/Instruction	June 30, 2009
R. Michael Hamilton	Board Secretary/Business Manager	June 30, 2009
Earl Freel	Treasurer	June 30, 2009
Marti Kline	Community Relations	June 30, 2009
Steve Oberto	Classified Personnel	June 30, 2009
Steve Stotts	Principal	June 30, 2009
Sharon Cummings	Principal	June 30, 2009
Steve Bass	Principal	June 30, 2009
Joseph Nelson	Principal	June 30, 2009
Joel Schutte	Principal	June 30, 2009
Kevin Walker	Principal	June 30, 2009
Dennis O'Lear	Principal	June 30, 2009
Robin Norris	Principal	June 30, 2009
Glenn Dietzenbach	Principal	June 30, 2009
Lea Morris	Principal	June 30, 2009
Chuck Bredlow	Principal	June 30, 2009
Joseph Horton	Assistant Principal	June 30, 2009
Stephen Pettitt	Assistant Principal	June 30, 2009
John Steffen	Assistant Principal	June 30, 2009
Michael Manock	Assistant Principal	June 30, 2009
Nicole Kooiker	Assistant Principal	June 30, 2009
Kent Horstmann	Activities Director	June 30, 2009

* Board term extended per the District's transition plan for changing Board terms froms 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

Year Ended June 30, 2009

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

Insurance Management Group
P.O. Box 517
Altoona, IA 50009

OFFICIAL DEPOSITORIES

US Bank
111 8th St. SE
Altoona, IA 50009

Bank Iowa
420 8th St. SE
Altoona, IA 50009

Wells Fargo Bank Iowa
1055 NE 56th St.
Pleasant Hill, IA 50327

Community State Bank
200 8th St. SE
Altoona, IA 50009

Legacy Bank
215 E Center St.
Altoona, IA 50009

Deere Community Credit Union
1601 22nd St., #400
West Des Moines, IA 50266

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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, 2009, 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, 2009, 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 report dated December 28, 2009 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 that report is 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. That report is 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, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 15 through 24 and 61 through 63 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
December 28, 2009

Southeast Polk Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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, 2009. 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 \$1,335,697 during the year ended June 30, 2009.

Total revenues for the fiscal year ended June 30, 2009 of \$71,914,136 were comprised of General Revenues in the amount of \$57,171,182 and Program Revenues totaling \$14,742,954.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$18,621,665, an increase of \$8,718,900 compared to the prior year.

As of June 30, 2009, unreserved undesignated fund balance for the General Fund was a negative \$7,710,747 or -13.73% of total General Fund expenditures.

The Southeast Polk Community School District's total long-term bonded debt increased by \$24,832,009 during fiscal year ended June 30, 2009. The increase was due primarily to the issuance of \$30 million in revenue bonds to finance capital facility improvements.

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
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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, Community Service 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 29 through 32 of this report.

Southeast Polk Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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 three 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 33 through 36 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 37 through 38 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, as well as presenting a schedule of funding progress for the retiree health plan. Required supplementary information can be found on pages 61 through 63 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 \$41,304,209 to \$42,639,906.

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 \$50,716,428. Although the District's invested in 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, 2009

Table 1
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total Change
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	2008-09
Assets							
Current and other assets	\$ 52,709,774	\$ 43,174,562	\$ 635,095	\$ 514,778	\$ 53,344,869	\$ 43,689,340	22.10%
Capital assets	109,471,985	92,727,755	1,380,673	922,423	110,852,658	93,650,178	18.37%
Total assets	162,181,759	135,902,317	2,015,768	1,437,201	164,197,527	137,339,518	19.56%
Liabilities							
Long-term obligations	88,232,732	63,418,573	17,850	-	88,250,582	63,418,573	39.16%
Other liabilities	33,138,316	32,483,750	168,723	132,986	33,307,039	32,616,736	2.12%
Total liabilities	121,371,048	95,902,323	186,573	132,986	121,557,621	96,035,309	26.58%
Net Assets							
Invested in capital assets, net of related debt	49,335,755	43,708,137	1,380,673	922,423	50,716,428	44,630,560	13.64%
Restricted	2,929,346	1,102,209	-	-	2,929,346	1,102,209	165.77%
Unrestricted	(11,454,390)	(4,810,352)	448,522	381,792	(11,005,868)	(4,428,560)	148.52%
Total net assets	\$ 40,810,711	\$ 39,999,994	\$ 1,829,195	\$ 1,304,215	\$ 42,639,906	\$ 41,304,209	3.23%

The restricted portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to students and creditors.

The unrestricted net assets decrease is due to change in General Fund balance due to increased costs for salaries, benefits, utilities and transportation.

The District's total net assets increased by \$1,335,697 during the current fiscal year. The governmental activities' net assets increased by \$810,717. The business type activities, which include nutrition, community service and school store, increased by \$524,980. The increase in governmental activities was mainly attributable to more than expected budgeted expenditures, which were offset by increased revenues and capitalization of construction in progress on the new senior high school, new junior high school and completion of construction projects at Clay Elementary. The increase in business type activities was mainly attributable to capital contributions of equipment purchased from the Capital Projects Fund.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2009. 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, miscellaneous revenue and gains on sale of capital assets.

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Management's Discussion and Analysis
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Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

Transfers include capital contributions from governmental funds to proprietary funds, as well as a transfer from Nutrition to Physical Plant and Equipment Levy in 2009.

The following table shows changes in net assets for the year ended June 30, 2009.

Table 2
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues:							
Program revenues:							
Charges for services	\$ 2,985,854	\$ 2,556,827	\$ 2,322,104	\$ 2,233,880	\$ 5,307,958	\$ 4,790,707	10.80%
Operating grants and contributions and restricted interest	8,439,040	6,361,705	931,979	768,833	9,371,019	7,130,538	31.42%
Capital grants and contributions and restricted interest	63,977	1,050,307	-	-	63,977	1,050,307	-93.91%
General Revenue:							
Property taxes and other taxes	30,240,894	28,155,490	-	-	30,240,894	28,155,490	7.41%
Unrestricted state grants	25,596,081	24,315,885	-	-	25,596,081	24,315,885	5.26%
Investment earnings	193,637	722,131	3,207	14,225	196,844	736,356	-73.27%
Other	1,137,363	891,676	-	-	1,137,363	891,676	27.55%
Total revenues	68,656,846	64,054,021	3,257,290	3,016,938	71,914,136	67,070,959	7.22%
Program expenses:							
Instruction	38,998,826	34,094,092	285,508	299,885	39,284,334	34,393,977	14.22%
Support services	21,466,457	22,602,803	8,192	3,160	21,474,649	22,605,963	-5.00%
Noninstructional programs	30,269	28,615	3,016,975	2,745,988	3,047,244	2,774,603	9.83%
Other	6,772,212	5,889,803	-	-	6,772,212	5,889,803	14.98%
Total expenses	67,267,764	62,615,313	3,310,675	3,049,033	70,578,439	65,664,346	7.48%
Changes in net assets before transfers	1,389,082	1,438,708	(53,385)	(32,095)	1,335,697	1,406,613	-5.04%
Transfers	(578,365)	(179,357)	578,365	179,357	-	-	0.00%
Changes in net assets	810,717	1,259,351	524,980	147,262	1,335,697	1,406,613	-5.04%
Beginning net assets	39,999,994	38,740,643	1,304,215	1,156,953	41,304,209	39,897,596	3.53%
Ending net assets	\$ 40,810,711	\$ 39,999,994	\$ 1,829,195	\$ 1,304,215	\$ 42,639,906	\$ 41,304,209	3.23%

Total revenues increased primarily due to an increase in property taxes of \$1,350,522 and an increase in state aid of \$1,505,736 in the State of Iowa's Foundation Formula which is based on the cost per pupil times the number of pupils counted on the October 1st and increases in state grants for teacher quality improvement. Additionally, interest income decreased by \$539,512 due to a decrease in rates of return on investments and the dramatic decrease in available idle funds as a result of the construction of a new high school. The District received capital contributions of \$63,977, which financed construction costs. Total expenses increased due to additional student costs and debt service costs.

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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		Change 2007-2008	Net Cost of Services		Change 2008-09
	2009	2008		2009	2008	
Instruction	\$ 38,998,826	\$ 34,094,092	14.39%	\$ 29,622,111	\$ 27,087,962	9.36%
Support Services	21,466,457	22,602,803	-5.03%	21,365,514	21,465,815	-0.47%
Non-instructional programs	30,269	28,615	5.78%	30,269	28,615	5.78%
Other	6,772,212	5,889,803	14.98%	4,760,995	4,064,082	17.15%
Totals	\$ 67,267,764	\$ 62,615,313	7.43%	\$ 55,778,889	\$ 52,646,474	5.95%

Net cost of services is 82.92% of total cost of services in 2009.

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 \$18,621,665 an increase of \$8,718,900 in comparison with the prior year. The unreserved fund balance, which is available for spending at the government's discretion, is a deficit \$10,534,729. 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) Debt Service of \$1,506,862; 2) Capital Facility Construction of \$27,085,694; 3) Prepaid item of \$236; 4) Categorical Funding of \$563,602.

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 a deficit \$7,710,747 while total fund balance was a deficit \$7,146,909. 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 -13.19% of total General Fund expenditures, while total fund balance also represents approximately -12.22% of total General Fund expenditures, respectively.

The fund balance of the District's General Fund decreased by \$2,308,205 during the current fiscal year. Key factors in this decrease are as follows:

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

Southeast Polk Community School District

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009**

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 increased by \$9,331,901 during the past fiscal year. A key factor in this increase is due to the issuance of revenue bonds was more than the capital construction costs during the year.

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 GAAP basis. 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 61.

LEGAL BUDGETARY HIGHLIGHTS

The District's total actual revenues were \$4,186,330 less than the total budgeted revenues, a variance of 6.19%. The most significant change resulted in the District receiving more in various components of local sources than originally anticipated.

Total expenditures were more than budgeted due primarily to the District's budget for the Capital Projects Fund, due to the timing and schedule changes in construction contract payments.

The certified budget was exceeded in the support services, non-instructional programs and other expenditures functions due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget.

Southeast Polk Community School District

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CAPITAL ASSETS ADMINISTRATION

The District's invested in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$110,852,658 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

Table 4
Capital Assets as of June 30, 2009 (Net of Depreciation)

	Governmental		Business Type		Total		Total Change June 30, 2008-09
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	
Land	\$ 1,887,306	\$ 1,731,182	\$ -	\$ -	\$ 1,887,306	\$ 1,731,182	9.02%
Construction in progress	50,497,057	36,101,496	-	-	50,497,057	36,101,496	39.88%
Land improvements	3,292,693	1,688,088	-	-	3,292,693	1,688,088	95.05%
Buildings and improvements	49,619,342	49,760,030	-	-	49,619,342	49,760,030	-0.28%
Machinery and equipment	4,175,587	3,446,959	1,380,673	922,423	5,556,260	4,369,382	27.16%
Totals	\$ 109,471,985	\$ 92,727,755	\$ 1,380,673	\$ 922,423	\$ 110,852,658	\$ 93,650,178	18.37%

During the year the District used bond financing received in the current and prior year to construct the New Senior High School and New Junior High School. In addition, the buildings and building improvements increased due to renovations made to Altoona Elementary, Delaware Elementary and Runnells Elementary which were completed and capitalized during the year. The District also purchased land nearby the Mitchell Elementary increasing the land value to be used for future expansion. The District purchased new kitchen equipment as part of the renovations which are included in the business type activities shown as capital contributions mainly funded by statewide sales and services tax.

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, 2009, the District had total long-term debt of \$88,250,582, an increase of \$24,832,009 from the prior fiscal year. Of this amount, \$2,613,147 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, 2009, the District issued revenue bonds of \$30,000,000 for the construction of capital facilities.

During the fiscal year ended June 30, 2009, the District issued capital loan notes of \$785,000 for the completion of the pedestrian tunnel project. The District also issued capital loan notes of \$400,000 for the purchase of the central place site and buildings.

During the fiscal year ended June 30, 2009, the District implemented GASB Statement 45, which requires the reporting of other postemployment benefits. This added \$572,000 in net OPEB liability to the District's long-term debt.

Southeast Polk Community School District

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009

Table 5
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
G.O. bonds	\$ 55,520,000	\$ 57,405,000	\$ -	\$ -	\$ 55,520,000	\$ 57,405,000	-3.28%
Revenue bonds	30,000,000	4,375,000	-	-	30,000,000	4,375,000	585.71%
Capital loan notes	1,701,924	791,350	-	-	1,701,924	791,350	115.07%
Early retirement	456,658	525,629	-	-	456,658	525,629	-13.12%
Compensated absences	-	321,594	-	-	-	321,594	-100.00%
Net OPEB liability	554,150	-	17,850	-	572,000	-	100.00%
Totals	\$ 88,232,732	\$ 63,418,573	\$ 17,850	\$ -	\$ 88,250,582	\$ 63,418,573	39.16%

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 State of Iowa had faced an economic downturn in FY 2002-03, FY 2003-04 and FY 2004-05 that had severely hampered its ability to fund schools at the same level in prior years. However this situation was exacerbated when the Iowa legislature consistently and persistently gave tax breaks to special interest groups starting in FY 1996. These breaks also include an income tax break that actually came out of state reserves in FY 1996 and is now an ongoing tax break for the citizens of Iowa. To date none of the tax breaks have been rescinded and still continue.

As popular as these breaks may be with the legislators, the wisdom of simply giving breaks to particular industries or special interest groups in hopes of improving economic development in this state are dubious at best. A federal study has already concluded that tax breaks simply do not sustain themselves in terms of increased economic activity that is supposed to increase tax revenue to the government that granted the break in the first place!

The State of Iowa in FY 2005-06, FY 2006-07, FY 2007-08 and FY 2008-09 had seen a modest upturn in economic activity. The district has received a 4% increase in the state's cost per pupil for its General Fund formula for the current FY 2009-10. 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 2009-10 school year.

The result of Iowa Legislature's tax breaks has been two fold. First, it has had the effect of artificially reducing the rate of growth in state revenues to schools. The second effect has been the State's inability to properly fund education over the past 12 years.

Iowa's K-12 schools have suffered with the lowest increases in the State's recent history as evidenced by the following increases in state aid for the following years:

- FY 2002-03 - 1%*
- FY 2003-04 - 2%
- FY 2004-05 - 2%
- FY 2005-06 - 4%
- FY 2006-07 - 4%
- FY 2007-08 - 4%
- FY 2008-09 - 4%

* State aid mid-year budget cut resulted in a net increase of 1%.

Southeast Polk Community School District

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For Fiscal Year Ended June 30, 2009

The above state aid increases have caused growing districts like ours to operate in basically a deficit mode. Settlements with our labor unions have averaged over 4.7%. The state aid increases for the years FY 2002-03 to FY 2004-05 have been devastating to General Fund reserves. As a result of the above increases compared to our labor cost increases, the district's solvency ratio has taken a dramatic turn for the worse. At the end of FY 2002 the district's solvency ratio was 3.76%. As of the end of FY 2009 the solvency ratio for the district was -13.73.

The district is now making a concerted effort to improve our unreserved fund balance through the use of a cash reserve levy designed to backfill the allowable growth dollars and develop reserves to increase our ability to cash flow the General Fund during the summer months when there are no property tax or state aid payments. Additionally, the district is going to use state wide sales tax dollars to partially pay for the district's general obligation debt service costs. By doing this the district is able to levy cash reserves for the General Fund instead of the Debt Service Fund without raising the property tax rate.

An additional fact needs to be emphasized in order to fully understand the situation that school districts have had to deal with these past ten years. The average state aid increase for the years listed above was 3.0%. The six year average percent increase for tax cuts given from FY 96 to FY 02 was 42.7% and totaled 3.7 billion dollars. These excessive cuts occurred just before the economy took a bad turn during the FY 2002-03 budget year. By giving away these massive amounts of dollars to special interests, the State of Iowa essentially left itself totally unprepared for the economic downturn that followed and thus forced school districts to unnecessarily endure a financial crisis of the Iowa State Legislature's own making.

The district is going to face a great challenge this upcoming budget year. Last year's budget and the current budget have been partially funded with ARRA dollars used to backfill state aid payments that the state could not make last year and for this budget year as well. The challenge for the State of Iowa and all state agencies to include schools is how to fund next year's budget. Many state agencies have currently had to adapt to a 10% across the board cut ordered by the governor. Schools were spared real damage due to federal funds received to make up state revenues. These federal dollars will be gone next year. The state has to decide what level of funding it will provide for schools and other agencies next year.

The outlook does not look good even though Iowa's economy is starting to improve. If state aid is reduced from this year's level or not allowed to grow, then even a growing district such as ours will have to look at reduction in services. Next year will be a real challenge for education in this state as well as across the nation.

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.

BASIC FINANCIAL STATEMENTS

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SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business type Activities</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 24,903,267	702,282	25,605,549
Receivables:			
Property tax:			
Delinquent	259,376	-	259,376
Succeeding year	23,388,204	-	23,388,204
Income surtax	1,257,793	-	1,257,793
Interfund	150,000	(150,000)	-
Accounts	622,298	15,987	638,285
Note	523,334	-	523,334
Due from other governments	1,605,266	-	1,605,266
Inventories	-	66,826	66,826
Prepaid item	236	-	236
Capital assets not being depreciated:			
Land	1,887,306	-	1,887,306
Construction in progress	50,497,057	-	50,497,057
Capital assets net of accumulated depreciation:			
Buildings	49,619,342	-	49,619,342
Land improvements	3,292,693	-	3,292,693
Machinery and equipment	4,175,587	1,380,673	5,556,260
TOTAL ASSETS	162,181,759	2,015,768	164,197,527
LIABILITIES			
Accounts payable	2,731,581	7,581	2,739,162
Salaries and benefits payable	5,566,986	124,062	5,691,048
Incurred but not reported claims	752,362	-	752,362
Accrued interest payable	631,599	-	631,599
Unearned revenue:			
Succeeding year property tax	23,388,204	-	23,388,204
Other	67,584	37,080	104,664
Long-term liabilities:			
Portion due within one year:			
G.O. bonds payable	2,000,000	-	2,000,000
Capital loan note payable	430,460	-	430,460
Early retirement payable	182,687	-	182,687
Portion due after one year:			
G.O. bonds payable	53,520,000	-	53,520,000
Revenue bonds payable	30,000,000	-	30,000,000
Capital loan note payable	1,271,464	-	1,271,464
Early retirement payable	273,971	-	273,971
Net OPEB liability	554,150	17,850	572,000
TOTAL LIABILITIES	121,371,048	186,573	121,557,621
NET ASSETS			
Invested in capital assets, net of related debt	49,335,755	1,380,673	50,716,428
Restricted for:			
Debt service	1,506,862	-	1,506,862
Categorical funding	563,602	-	563,602
Special revenue funds	858,882	-	858,882
Unrestricted	(11,454,390)	448,522	(11,005,868)
TOTAL NET ASSETS	\$ 40,810,711	1,829,195	42,639,906

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

	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	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 25,066,253	1,299,420	4,891,855	-	(18,874,978)	(18,874,978)
Special	9,313,962	705,190	1,179,012	-	(7,429,760)	(7,429,760)
Other	4,618,611	944,278	356,960	-	(3,317,373)	(3,317,373)
	<u>38,998,826</u>	<u>2,948,888</u>	<u>6,427,827</u>	<u>-</u>	<u>(29,622,111)</u>	<u>(29,622,111)</u>
Support services:						
Student	2,827,408	-	-	-	(2,827,408)	(2,827,408)
Instructional staff	2,031,346	-	-	-	(2,031,346)	(2,031,346)
Administration	7,942,912	-	-	-	(7,942,912)	(7,942,912)
Operation and maintenance of plant	5,763,563	-	-	63,977	(5,699,586)	(5,699,586)
Transportation	2,901,228	36,966	-	-	(2,864,262)	(2,864,262)
	<u>21,466,457</u>	<u>36,966</u>	<u>-</u>	<u>63,977</u>	<u>(21,365,514)</u>	<u>(21,365,514)</u>
Non-instructional programs:						
Food service operations	2,627	-	-	-	(2,627)	(2,627)
Community service operations	27,642	-	-	-	(27,642)	(27,642)
	<u>30,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,269)</u>	<u>(30,269)</u>
Other expenses:						
Long-term debt interest	3,181,765	-	-	-	(3,181,765)	(3,181,765)
AEA flowthrough	2,011,213	-	2,011,213	-	-	-
Depreciation(unallocated)*	1,579,234	-	-	-	(1,579,234)	(1,579,234)
	<u>6,772,212</u>	<u>-</u>	<u>2,011,213</u>	<u>-</u>	<u>(4,760,999)</u>	<u>(4,760,999)</u>
Total governmental activities	67,267,764	2,985,854	8,439,040	63,977	(55,778,893)	(55,778,893)
Business type activities:						
Instruction:						
Other	285,508	313,976	-	-	-	28,468
	<u>285,508</u>	<u>313,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,468</u>
Support services:						
Instructional staff	1,800	1,800	-	-	-	-
Administration	463	126	-	-	-	(337)
Operation and maintenance of plant	3,556	3,556	-	-	-	-
Transportation	2,373	2,373	-	-	-	-
	<u>8,192</u>	<u>7,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(337)</u>
Non-instructional programs:						
Food service operations	2,999,724	1,983,022	931,979	-	-	(84,723)
Community service operations	17,251	17,251	-	-	-	-
	<u>3,016,975</u>	<u>2,000,273</u>	<u>931,979</u>	<u>-</u>	<u>-</u>	<u>(84,723)</u>
Total business type activities	3,310,675	2,322,104	931,979	-	-	(56,592)
Total	\$ 70,578,439	5,307,958	9,371,019	63,977	(55,778,893)	(55,835,485)
General Revenues and Transfers:						
General Revenues						
Property tax levied for:						
General purposes					\$ 17,023,403	17,023,403
Debt service					4,367,277	4,367,277
Capital outlay					1,294,521	1,294,521
Income surtax					1,479,994	1,479,994
Statewide sales and services tax					6,075,699	6,075,699
Unrestricted state grants					25,596,081	25,596,081
Unrestricted investment earnings					193,637	196,844
Other general revenues					1,137,363	1,137,363
Transfers					(578,365)	578,365
Total general revenues and transfers					<u>56,589,610</u>	<u>581,572</u>
Changes in net assets					<u>810,717</u>	<u>524,980</u>
Net assets beginning of year					<u>39,999,994</u>	<u>1,304,215</u>
Net assets end of year					<u>\$ 40,810,711</u>	<u>1,829,195</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, 2009

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
ASSETS					
Cash and pooled investments	\$ 3,653,234	16,506,963	3,151,079	902,407	24,213,683
Receivables:					
Property tax					
Delinquent	174,171	-	58,160	27,045	259,376
Succeeding year	17,896,821	-	3,063,290	2,428,093	23,388,204
Income surtax	1,257,793	-	-	-	1,257,793
Interfund	152,539	7,480,777	-	307	7,633,623
Accounts	152,340	61,676	-	10,250	224,266
Note	-	-	-	523,334	523,334
Due from other governments	881,931	723,335	-	-	1,605,266
Prepaid item	236	-	-	-	236
TOTAL ASSETS	\$ 24,169,065	24,772,751	6,272,529	3,891,436	59,105,781
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ 5,700,307	-	1,702,277	78,500	7,481,084
Accounts payable	849,530	1,824,752	100	48,083	2,722,465
Salaries and benefits payable	5,563,962	-	-	3,024	5,566,986
Deferred revenue:					
Succeeding year property tax	17,896,821	-	3,063,290	2,428,093	23,388,204
Income surtax	1,257,793	-	-	-	1,257,793
Other	47,561	-	-	20,023	67,584
Total liabilities	31,315,974	1,824,752	4,765,667	2,577,723	40,484,116
Fund balances:					
Reserved for:					
Debt service	-	-	1,506,862	-	1,506,862
Capital facility construction	-	27,085,694	-	-	27,085,694
Prepaid item	236	-	-	-	236
Categorical funding	563,602	-	-	-	563,602
Unreserved	(7,710,747)	(4,137,695)	-	1,313,713	(10,534,729)
Total fund balances	(7,146,909)	22,947,999	1,506,862	1,313,713	18,621,665
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,169,065	24,772,751	6,272,529	3,891,436	59,105,781

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, 2009

Total fund balances of governmental funds(page 29)	\$ 18,621,665
<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.	109,471,985
Blending of the Internal Service Funds to be reflected at an entity-wide basis.	323,599
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.	(631,599)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	1,257,793
Long-term liabilities, including bonds payable, capital loan notes payable, early retirement payable and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(88,232,732)</u>
Net assets of governmental activities(page 27)	<u>\$ 40,810,711</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, 2009

	General	Capital Projects Funds	Debt Service	Nonmajor Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 17,489,443	6,075,699	4,367,277	2,201,624	30,134,043
Tuition	1,968,696	-	-	-	1,968,696
Other	1,278,487	188,526	3,788	1,384,341	2,855,142
Intermediate sources	46,007	-	-	-	46,007
State appropriations	31,498,335	-	1,587	949	31,500,871
Federal appropriations	2,028,761	-	-	350	2,029,111
Total revenues	54,309,729	6,264,225	4,372,652	3,587,264	68,533,870
EXPENDITURES:					
Current:					
Instruction:					
Regular	24,849,671	-	-	2,869	24,852,540
Special	9,210,703	-	-	1,599	9,212,302
Other	3,651,943	-	-	855,423	4,507,366
	37,712,317	-	-	859,891	38,572,208
Support services:					
Student	2,813,585	-	-	3,263	2,816,848
Instructional staff	1,873,676	2,200	-	60	1,875,936
Administration	6,747,643	173,975	-	1,137,475	8,059,093
Operation and maintenance of plant	4,881,492	25,340	-	318,209	5,225,041
Transportation	2,415,443	-	-	216,361	2,631,804
	18,731,839	201,515	-	1,675,368	20,608,722
Non-instructional programs:					
Food service operations	-	-	-	2,627	2,627
Community service operations	24,803	371	-	2,256	27,430
	24,803	371	-	4,883	30,057
Other expenditures:					
Capital outlay	-	18,845,442	-	1,409,505	20,254,947
Debt service:					
Principal	-	-	5,784,426	-	5,784,426
Interest and fiscal charges	-	449,500	2,642,694	-	3,092,194
AEA flowthrough	2,011,213	-	-	-	2,011,213
	2,011,213	19,294,942	8,427,120	1,409,505	31,142,780
Total expenditures	58,480,172	19,496,828	8,427,120	3,949,647	90,353,767
Deficiency of revenues under expenditures	(4,170,443)	(13,232,603)	(4,054,468)	(362,383)	(21,819,897)
OTHER FINANCING SOURCES(USES):					
Issuance of revenue bonds	-	30,000,000	-	-	30,000,000
Premium on bonds	-	87,506	-	-	87,506
Payment to refunding escrow agent	-	-	(752,422)	-	(752,422)
Issuance of capital loan notes	-	400,000	-	785,000	1,185,000
Transfers in	1,846,113	2,250,000	6,713,752	33,729	10,843,594
Transfers out	-	(10,173,002)	(400,000)	(268,004)	(10,841,006)
Proceeds from sale of capital assets	16,125	-	-	-	16,125
Total other financing source(uses)	1,862,238	22,564,504	5,561,330	550,725	30,538,797
Net change in fund balances	(2,308,205)	9,331,901	1,506,862	188,342	8,718,900
FUND BALANCES BEGINNING OF YEAR	(4,838,704)	13,616,098	-	1,125,371	9,902,765
FUND BALANCES END OF YEAR	\$ (7,146,909)	22,947,999	1,506,862	1,313,713	18,621,665

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, 2009

Net change in fund balances - total governmental funds(page 31) \$ 8,718,900

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	\$ 19,303,255	
Depreciation expense	<u>(2,559,025)</u>	16,744,230

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 229,550

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	(31,185,000)	
Repaid	<u>6,534,426</u>	(24,650,574)

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. (174,655)

Income surtax account receivable is not available to finance expenditures of the current period in the governmental funds. 106,851

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	68,971	
Compensated absences	321,594	
Other postemployment benefits	<u>(554,150)</u>	(163,585)

Changes in net assets of governmental activities(page 28) \$ 810,717

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

JUNE 30, 2009

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
<u>ASSETS</u>		
Current assets:		
Cash and pooled investments	\$ 702,282	689,584
Accounts receivable	15,987	398,032
Inventories	66,826	-
Total current assets	785,095	1,087,616
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	1,380,673	-
Total non-current assets	1,380,673	-
TOTAL ASSETS	2,165,768	1,087,616
<u>LIABILITIES</u>		
Current liabilities:		
Interfund payable	150,000	2,539
Accounts payable	7,581	9,116
Salaries and benefits payable	124,062	-
Incurred but not reported claims	-	752,362
Unearned revenues	37,080	-
Total current liabilities	318,723	764,017
Long-term liabilities:		
Net OPEB liability	17,850	-
Total long-term liabilities	17,850	-
TOTAL LIABILITIES	336,573	764,017
<u>NET ASSETS</u>		
Invested in capital assets	1,380,673	-
Unrestricted	448,522	323,599
Total net assets	\$ 1,829,195	323,599

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, 2009

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
OPERATING REVENUE:		
Local sources:		
Charges for service	\$ 2,322,104	6,682,310
OPERATING EXPENSES:		
Instruction:		
Other	285,508	-
Support services:		
Instructional staff	1,800	-
Administration	463	6,460,203
Operation and maintenance of plant:	3,556	-
Transportation services:	2,373	-
	<u>8,192</u>	<u>6,460,203</u>
Non-instructional programs:		
Food service operations	2,999,724	-
Community service operations:	17,251	-
	<u>3,016,975</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>3,310,675</u>	<u>6,460,203</u>
OPERATING INCOME(LOSS)	<u>(988,571)</u>	<u>222,107</u>
NON-OPERATING REVENUES:		
State sources	26,860	-
Federal sources	905,119	-
Interest income	3,207	7,443
TOTAL NON-OPERATING REVENUES	<u>935,186</u>	<u>7,443</u>
Income(loss) before capital contributions and transfers	(53,385)	229,550
Capital contributions	580,953	-
Transfers out	(2,588)	-
Changes in net assets	524,980	229,550
Net assets beginning of year	1,304,215	94,049
Net assets end of year	<u><u>\$ 1,829,195</u></u>	<u><u>323,599</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2009

	Business Type Activities Enterprise Funds	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,970,140	-
Cash received from miscellaneous operating activities	349,498	6,284,278
Cash payments to employees for services	(1,200,538)	(5,682,983)
Cash payments to suppliers for goods or services	(1,760,003)	(587,017)
Net cash provided by(used in) operating activities	<u>(640,903)</u>	<u>14,278</u>
Cash flows from non-capital financing activities:		
State grants received	26,860	-
Federal grants received	742,126	-
Transfer out	(2,588)	-
Net cash provided by(used in) non-capital financing activities	<u>766,398</u>	<u>-</u>
Cash flows from capital financing activities:		
Acquisition of capital assets	(2,813)	-
Net cash used in capital financing activities	<u>(2,813)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investment	3,207	7,443
Net cash provided by investing activities	<u>3,207</u>	<u>7,443</u>
Net increase in cash and cash equivalents	125,889	21,721
Cash and cash equivalents at beginning of year	<u>576,393</u>	<u>667,863</u>
Cash and cash equivalents at end of year	<u>\$ 702,282</u>	<u>689,584</u>

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2009

	<u>Business Type Activities Enterprise Funds</u>	<u>Governmental Activities: Internal Service Fund</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (988,571)	222,107
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	165,753	-
Depreciation	125,516	-
Decrease in inventories	18,799	-
Increase in accounts receivable	(15,987)	(398,032)
Increase in incurred but not reported claims	-	181,087
Increase(Decrease) in accounts payable	(16,899)	9,116
Increase in salaries and benefits payable	39,115	-
Increase in unearned revenue	13,521	-
Increase in post employment benefits payable	17,850	-
Net cash provided by(used in) operating activities	<u>\$ (658,753)</u>	<u>14,278</u>

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

Current assets:		
Cash and investments	\$ 702,282	689,584

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal commodities valued at \$165,753.

During the year ended June 30, 2009, the District received capital contributions valued at \$574,635 from the Capital Projects Fund.

During the year ended June 30, 2009, the District received capital contributions valued at \$6,318 from the Special Revenue, Physical Plant and Equipment Levy Fund.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

JUNE 30, 2009

	<u>Private Purpose Trust</u>		
	<u>Scholarship</u>	<u>Agency</u>	
ASSETS			
Cash and pooled investments	\$ 521,230	245,787	
Accounts receivable	-	5,267	
Total assets	<u>521,230</u>	<u>251,054</u>	
LIABILITIES			
Accounts payable	-	4,296	
Due to other groups	-	246,758	
Total liabilities	<u>-</u>	<u>251,054</u>	
NET ASSETS			
Reserved for scholarships	<u>\$ 521,230</u>	<u>-</u>	

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 39,240
Interest income	21,327
Total additions	60,567
Deductions:	
Instruction:	
Regular instruction:	
Scholarships awarded	27,900
Unrealized loss on investments	33,468
Supplies	16,402
Total deductions	77,770
Change in net assets	(17,203)
Net assets beginning of year	538,433
Net assets end of year	\$ 521,230

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2009

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. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for 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 plus the unspent bond proceeds (reported as a reserve for capital facility construction) 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 statewide sales and services tax and capital improvements.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, School Store Fund, Community Service Fund, and the Internal Service Fund. The School Nutrition Fund is a nonmajor 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 Community Service Fund is a nonmajor fund used to account for the community service operations of the District. The Internal Service Funds are used to account for the self-funded health insurance plan, flex benefit plan and self-funded dental 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.

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals and private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations. The Agency Funds consist of Booster Clubs, PTG parent organizations and a Clothes Hanger organization. The District maintains the financial statements and accounts for these groups.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary and fiduciary (Private Purpose Trust Fund) fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The other fiduciary fund, Agency Fund, has no measurement focus. 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 November 30, 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

F. 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.

G. PREPAID ITEM

The District prepaid items from the General Fund. The District accounts for the prepaid items by using the purchases method. Items prepaid include software package renewals.

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.

<u>Asset Class</u>	<u>Amount</u>
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. Buildings, land improvements and machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
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 2009, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2009.

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 unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenues until the year for which it is levied.

K. UNEARNED REVENUE

Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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 BALANCE

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.

Net assets restricted through enabling legislation consists of \$1,506,862 for debt service, \$563,502 for categorical funding and Special Revenue Funds of \$858,882 (of which \$504,719 is for physical plant and equipment levy and \$354,163 is for student activity).

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

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 functions, not by fund. These four functions 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, 2009, the instruction, support services and other expenditures functional area expenditures were amended for an increase of 18.05%, 4.57% and 70.89%, 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, 2009, the carrying amount of the District's bank deposits and pooled investments totaled \$26,126,779 with bank balances of \$9,410,376. 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 \$9,010,376 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 5,309,624

At June 30, 2009, the District had investments in the IPASeducation as follows:

	Amortized Cost
Diversified Portfolio	\$ 13,327,776

At June 30, 2009, the District had investments at Edward Jones as follows:

Investment Type	Fair Value	Maturity
<u>Edward Jones</u>		
Cash and Money Market	\$ 4,029	N/A
Corporate Bonds	57,476	varies
Stock	5,266	varies
Mutual Funds	91,107	varies
	\$ 157,878	

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. In addition, the fair value of the District's financial position in the pool is the same as the value of the pool shares.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature with 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions.

The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. Iowa Schools Joint Investment Trust is sponsored by the Iowa Association of School Boards (IASB), governed by a representative board of trustees and served by a dedicated team of professionals. The board of trustees serves as the regulatory oversight of the pool. The investments in the IPASeducation are registered and not subject to rating. The District's policy relating to credit risk of investments is to have the majority of the District's bank deposits with an AAA/Aaa rated national banking company (by Standard & Poors and Moody's Investors Services). The investments at Edward Jones appear to be in violation of the District's investment policy. The rating on the investments in corporate bonds, stocks and mutual funds are unknown at this time. For more information, see comment IV-H-09 on pages 133-134.

Note 4. Transfers

The detail of transfers for year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Capital Projects	Debt Service	\$ 400,000
Debt Service	Capital Projects	108,480
Debt Service	Capital Projects	6,416,757
Debt Service	Physical Plant and Equipment Levy	188,515
Physical Plant and Equipment Levy	General	3,239
Physical Plant and Equipment Levy	General	76,250
Capital Projects	General	232,832
Capital Projects	General	385,750
Capital Projects	General	1,148,042
Physical Plant and Equipment Levy	Capital Projects	31,141
Capital Projects	Capital Projects	1,850,000
Enterprise - School Nutrition	Physical Plant and Equipment Levy	<u>2,588</u>
Total		<u>\$ 10,843,594</u>

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

The Debt Service Fund transferred to the Capital Projects Fund to repay borrowed funds.

Capital Projects Fund transferred to the Debt Service Fund to pay revenue bonds and capital loan notes.

Physical Plant and Equipment Fund transferred to the Debt Service Fund to pay capital loan notes.

Physical Plant and Equipment Fund transferred to the General Fund for \$76,250 to pay for copier lease payments in the current year and \$3,239 for computers purchased in the prior year.

Capital Projects Fund transferred to the General Fund for \$232,832 to pay for current year equipment purchases, \$385,750 for central place expenses and \$1,148,042 for new high school costs.

Physical Plant and Equipment Fund transferred to the Capital Projects Fund to pay for computers purchased in the prior year.

Capital Projects Fund - Statewide Sales and Services Tax transferred to the Capital Projects Fund - Building Projects to finance construction costs.

Enterprise, School Nutrition Fund transferred to the Physical Plant and Equipment Fund to pay for a technology system purchased in the prior year.

Note 5. Capital Assets

Capital assets for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,731,182	156,124	-	1,887,306
Construction in progress	36,101,496	14,395,561	-	50,497,057
Total capital assets not being depreciated	37,832,678	14,551,685	-	52,384,363
Capital assets being depreciated:				
Buildings	66,050,612	1,150,999	-	67,201,611
Land improvements	4,432,635	1,892,152	-	6,324,787
Machinery and equipment	11,288,259	1,708,419	166,567	12,830,111
Total capital assets being depreciated	81,771,506	4,751,570	166,567	86,356,509
Less accumulated depreciation for:				
Buildings	16,290,582	1,291,687	-	17,582,269
Land improvements	2,744,547	287,547	-	3,032,094
Machinery and equipment	7,841,300	979,791	166,567	8,654,524
Total accumulated depreciation	26,876,429	2,559,025	166,567	29,268,887
Total capital assets being depreciated, net	54,895,077	2,192,545	-	57,087,622
Governmental activities capital assets, net	\$ 92,727,755	16,744,230	-	109,471,985

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 1,626,534	583,766	-	2,210,300
Less accumulated depreciation	704,111	125,516	-	829,627
Business type activities capital assets, net	\$ 922,423	458,250	-	1,380,673

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 192,299
Special	3,983
Other	105,145

Support services:

Student	11,951
Instructional staff	162,890
Administration	15,934
Operation and maintenance of plant	37,327
Transportation	450,262
	<u>979,791</u>
Unallocated depreciation	<u>1,579,234</u>

Total governmental activities depreciation expense \$ 2,559,025

Business type activities:

Food services	<u><u>\$ 125,516</u></u>
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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>
Lori Wadell, Principal Spouse is employee with Grainger Inc.	Supplies/ maintenance	\$11,160
Jeri Sanborn, Counselor Spouse of Bruce Sanborn	Miscellaneous maintenance	\$4,217
Jeri Sanborn, Counselor Mother of David Sanborn	Miscellaneous maintenance	\$29,403
Chris English, Bus Driver Spouse is contractor with Air Con	Services	\$102,387
Tami Rondeau, Art Teacher Spouse owner of Rondeau Construction	Supplies	\$50

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Susan Courtney, Activity Secretary, Mother of Frank Courtney	Security	\$455
Jason Gerth, Teacher Spouse of Krista Gerth	Uniform Alterations	\$848
David Waskel, Construction Manager Brother of Dan Waskel	Officiating	\$90

Note 7. Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2009 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>
<u>Governmental activities:</u>					
General obligation bonds	\$ 57,405,000	-	1,885,000	55,520,000	2,000,000
Revenue bonds	4,375,000	30,000,000	4,375,000	30,000,000	-
Capital loan notes	791,350	1,185,000	274,426	1,701,924	430,460
Early retirement	525,629	186,757	255,728	456,658	182,687
Compensated absences	321,594	-	321,591	-	-
Net OPEB liability	-	554,150	-	554,150	-
Total	\$ 63,418,573	31,925,907	7,111,745	88,232,732	2,613,147
<u>Business type activities:</u>					
Net OPEB liability	\$ -	17,850	-	17,850	-

Bonded Debt

During the year ended June 30, 2006 the District issued General Obligation Bonds of \$47,500,000 for capital facility additions. During the year ended June 30, 2007 the District issued General Obligation Bonds of \$5,500,000 for capital facility additions. During the year ended June 30, 2008 the District issued General Obligation Bonds of \$7,000,000 for capital facility additions. Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue dated May 1, 2007			Issue dated May 1, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	4.25 %	\$ 115,000	219,655	4.00 %	\$ 1,775,000	1,902,912
2011	4.25	100,000	214,767	4.00	1,845,000	1,831,912
2012	4.25	100,000	210,518	4.00	1,920,000	1,758,113
2013	4.25	100,000	206,267	4.00	2,000,000	1,681,312
2014	4.25	180,000	202,018	4.25	2,075,000	1,601,313
2015-19	4.25-3.85	1,010,000	891,988	4.50	11,870,000	6,543,900
2020-24	3.88-4.00	1,245,000	673,600	4.50	14,775,000	3,623,400
2025-28	4.00-4.10	2,530,000	273,880	4.50	6,980,000	476,775
Total		\$ 5,380,000	2,892,693		\$ 43,240,000	19,419,637

Year Ending June 30,	Issue dated May 1, 2008			Total	
	Interest Rates	Principal	Interest	Principal	Interest
2010	2.75 %	\$ 110,000	289,290	2,000,000	2,411,857
2011	3.00	115,000	287,265	2,060,000	2,333,944
2012	3.15	115,000	282,815	2,135,000	2,251,446
2013	3.25	120,000	279,192	2,220,000	2,166,771
2014	3.25	125,000	279,192	2,380,000	2,082,523
2015-19	3.40-3.85	1,015,000	1,317,778	13,895,000	8,753,666
2020-24	3.95-4.20	1,225,000	1,116,558	17,245,000	5,413,558
2025-28	4.25-4.50	4,075,000	763,570	13,585,000	1,514,225
Total		\$ 6,900,000	4,615,660	\$ 55,520,000	26,927,990

Revenue Bonds

On April 1, 2009, the District issued \$30,000,000 in revenue bonds for capital facility construction. The revenue bonds will be repaid using Statewide Sales and Services Tax collected in the Capital Project Fund. Details of the District's June 30, 2009 revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue dated April 1, 2009		
	Interest Rates	Principal	Interest
2010	4.00 %	\$ -	1,605,399
2011	4.00	500,000	1,376,057
2012	4.00	1,125,000	1,356,056
2013	4.00	1,165,000	1,311,056
2014	4.00	1,210,000	1,264,456
2015-19	4.00-5.00	6,815,000	5,542,531
2020-24	4.25-5.00	8,450,000	3,946,175
2025-29	5.00-5.25	10,735,000	1,704,063
Total		\$ 30,000,000	18,105,793

The District has pledged future statewide sales and services tax revenues to repay the \$30,000,000 bonds issued in April 2009. The statewide sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District.

However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$48,105,793. For the current year, no principal and interest was paid on the bonds and total statewide sales and services tax revenues were \$6,075,699.

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

- a) \$2,489,475 of the proceeds from the issuance of the revenue bonds shall be deposited into a Reserve Fund to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes

Capital loan notes were issued in anticipation of future revenues and were issued for capital building and equipment purchases and cost of the Meacham Drive, including tunnel costs. The February 1, 2005 capital loan notes will be repaid using property taxes collected in the Physical Plant and Equipment Levy Fund. The capital loan notes issued from the Chapter 28E Agreement approved February 21, 2008 will be repaid using statewide sales and uses tax collected in the Capital Projects Fund. The May 1, 2009 capital loan notes were issued for the purchase of the central place land and buildings from the Des Moines Water Works and will be repaid using statewide sales and uses tax collected in the Capital Projects Fund. The capital loan notes issued from the Letter of Agreement with Polk County approved November 18, 2008 were issued to assist in financing the tunnel project and will be repaid using property taxes collected in the Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2009 capital loan notes bonded indebtedness are as follows:

Year Ending June 30,	Issue dated February 1, 2005			Issue dated February 21, 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	3.20 % \$	105,000	3,360	11.57 % \$	96,960	12,689
2011		-	-	11.57	97,781	12,797
2012		-	-	11.57	97,223	12,724
2013		-	-	11.57	99,044	12,962
2014		-	-	11.57	99,416	13,011
2015-18		-	-		-	-
Total		\$ 105,000	3,360		\$ 490,424	64,183

Year Ending June 30,	Issue dated May 1, 2009			Issue dated November 18, 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	- %	\$ 150,000	-	0.00 %	\$ 78,500	-
2011	3.00	125,000	7,500	0.00	78,500	-
2012	3.00	125,000	3,750	0.00	78,500	-
2013		-	-	0.00	78,500	-
2014		-	-	0.00	78,500	-
2015-18		-	-	0.00	314,000	-
Total		\$ 400,000	11,250		\$ 706,500	-

Year Ending June 30,	Total	
	Principal	Interest
2010	\$ 430,460	16,049
2011	301,281	20,297
2012	300,723	16,474
2013	177,544	12,962
2014	177,916	13,011
2015-19	314,000	-
Total	\$ 1,701,924	78,793

The June 30, 2009 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 2,378,141,904</u>
Debt limit, 5% of total assessed valuation	\$ 118,907,095
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>87,221,924</u>
Excess of debt limit over bonded debt outstanding, legal debt margin	<u>\$ 31,685,171</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, 2009 was \$255,728 for retirement benefits and health insurance premiums. The early retirement program is funded through a property tax assessment. Early retirement incentives are paid out of the Special Revenue, Management Fund. 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. Other Postemployment Benefits(OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drugs and dental benefits for retirees and their spouses. There are 696 active and 53 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a self-funded plan with stop-loss limits from First Administrators. The vision benefit is administered by First Administrators. The dental benefit is administered by Delta Dental of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug, vision and dental benefits as active employees, which results in an implicit subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the life insurance benefit.

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 998,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>998,000</u>
Contributions made	<u>426,000</u>
Increase in net OPEB obligation	572,000
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 572,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed \$49,000 to the medical plan. Plan members eligible for benefits contributed \$377,000, or 88% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 998,000	42.7%	\$ 572,000

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$8,272,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,272,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$29,353,028, and the ratio of the UAAL to covered payroll was 28.2%. As of June 30, 2009, there were no trust fund assets.

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

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

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced by .5% each year until an ultimate health care cost trend rate is reached in 2021 of 5.0%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2007 and applying termination factors used in IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$764.17 per month for retirees and spouses with assumed annual age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Bond Defeasement

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 September 1, 1993 and March 1, 1996. 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, 2009, \$0 of such bonds is outstanding. Defeasement of principal and interest for the year was \$695,000 and \$48,812.

Note 10. Advanced Refunding

On April 1, 2009, the District used the balance of \$900,000, which was reserved from the \$9,000,000 issued dated December 15, 2005, to make the final payment to the escrow agent. The District saved \$19,422 in interest costs by paying the revenue bond off a year in advance.

Note 11. Interfund Receivable and Payable

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General	Enterprise, School Nutrition	\$ 150,000
General	Internal Service: Self-Funded Dental Insurance	2,539
Physical Plant and Equipment Levy	General	307
Capital Projects	Physical Plant and Equipment Levy	78,500
Capital Projects	General	5,700,000
Capital Projects	Debt Service	<u>1,702,277</u>
Total		<u>\$ 7,633,623</u>

Enterprise, School Nutrition Fund is repaying the General Fund for covering the deficit cash position at June 30, 2009.

Internal Service Fund, Self-funded Dental Insurance is repaying the General Fund for dental insurance benefits.

The General Fund is repaying the Physical Plant and Equipment Levy Fund for flood control revenues that were deposited into the incorrect fund during the year.

The Physical Plant and Equipment Fund is repaying the Capital Projects Fund for the payment of the capital loan note for the Central Place.

Capital Projects Fund is repaying the General Fund for covering the deficit cash position at June 30, 2009.

Debt Service Fund is repaying the Capital Project Fund for covering the deficit cash position at June 30, 2009.

Note 12. 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 \$220,728 at June 30, 2009, the last date for which information is available. The incurred but not recorded and unpaid claims liability of \$752,362 reported in the plan at June 30, 2009, 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, 2009 is as follows:

	<u>2009</u>	<u>2008</u>
Balance beginning of year	\$ 571,275	\$ 663,047
Incurred claims and claim adjustments	5,933,317	4,978,300
Payment of claims	<u>5,752,230</u>	<u>5,070,072</u>
Balance end of year	<u>\$ 752,362</u>	<u>\$ 571,275</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 13. 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 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. 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, 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$2,343,014, \$2,014,754 and \$1,653,332 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 14. Construction Commitments

The District has active construction projects as of June 30, 2009. The projects include construction of the New Senior High School and renovations for the New Junior High School. At the end of the year, the District paid \$50,497,057 with \$16,607,696 of outstanding contract agreements to be paid upon completion of the capital projects.

Note 15. Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2009, expenditures in the support services, non-instructional programs, and other expenditures functions exceeded the amount budgeted.

Note 16. Contingencies

As of June 30, 2009, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time; however, management does not believe they will be material to the basic financial statements.

Note 17. Modular Classroom Lease

The District has lease agreements to lease four modular buildings for four classrooms at the junior high school. These agreements require the District to pay \$1,880 a month. As part of the agreement the District is also to \$10,000 for take-down and removal of the modular classrooms. The leases are being paid out of the Capital Projects, Statewide Sales and Services Tax Fund.

Note 18. Note Receivable

The District entered into a letter of agreement with Polk County for a zero percent interest loan. As part of the agreement, the loan will be disbursed in three payments of \$261,667. The first disbursement was made in fiscal year 2008-09, the second disbursement to be made in fiscal year 2009-10, and the third disbursement to be made in fiscal year 2010-11. The District reported the note receivable for the second and third disbursements for a total of \$523,334 at June 30, 2009.

Note 19. Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2009 are broken out by the following projects:

<u>Project</u>	<u>Amount</u>
At-risk supplemental weighting	\$ 51,985
Salary improvement program	26,864
Educator quality, professional development	85,104
Beginning teacher mentoring and induction program	85,427
Beginning administrator mentoring	3,000
Educator quality, model core curriculum	85,445
Empowerment, school ready children	175,807
Educator quality, market factor	45,887
Empowerment, early childhood	4,083
	<u>\$ 563,602</u>

Note 20. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$2,011,213 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 21. Due from Other Governments

Amount due from other governments by Fund as of June 30, 2009 are as follows:

	<u>General Fund</u>
Local appropriations:	
Tuition	\$ 446,908
Other Reimbursements	13,033
	<hr/>
Total local appropriations	459,941
	<hr/>
State appropriations:	
Juvenile court services	30,525
State special ed court claim	21,707
Nonpublic transportation	35,964
Vocational aid	25,825
	<hr/>
Total state appropriations	114,021
	<hr/>
Federal appropriations:	
Title 1	47,841
Advance Placement	650
Drug Free	3,827
Perkins	28,808
Title VIA	97,972
Medicaid	128,871
	<hr/>
Total federal appropriations	307,969
	<hr/>
Total general fund due from other governments	\$ 881,931
	<hr/>
	<u>Capital</u>
	<u>Projects Fund</u>
Local appropriations:	
Statewide sales and services tax	\$ 723,335
	<hr/>
Total capital projects fund due from other governments	\$ 723,335
	<hr/>
Grand total due from other governments	\$ 1,605,266
	<hr/>

Note 22. Deficit Fund Balances

The District had a deficit unreserved fund balance in the General Fund of \$7,710,747. The District had a deficit unreserved fund balance in the Capital Projects, Statewide Sales and Services Tax Fund of \$3,164,611. The District had a deficit unreserved fund balance in the Capital Projects, Construction Projects Fund of \$973,084.

REQUIRED SUPPLEMENTARY INFORMATION

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SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 34,957,881	\$ 2,325,311	\$ 37,283,192	\$ 29,617,061	\$ 29,617,061	\$ 7,666,131
Intermediate sources	46,007	-	46,007	4,974,321	4,974,321	(4,928,314)
State appropriations	31,500,871	26,860	31,527,731	31,423,448	31,423,448	104,283
Federal appropriations	2,029,111	905,119	2,934,230	1,590,000	1,590,000	1,344,230
Total revenues	68,533,870	3,257,290	71,791,160	67,604,830	67,604,830	4,186,330
Expenditures/Expenses:						
Instruction	38,572,208	285,508	38,857,716	34,217,133	40,393,571	1,535,855
Support services	20,608,722	8,192	20,616,914	18,484,980	19,328,858	(1,288,056)
Non-instructional programs	30,057	3,016,975	3,047,032	3,021,473	3,021,473	(25,559)
Other expenditures	31,142,780	-	31,142,780	17,330,872	29,617,154	(1,525,626)
Total expenditures/expenses	90,353,767	3,310,675	93,664,442	73,054,458	92,361,056	(1,303,386)
Deficiency of revenues under expenditures/expenses	(21,819,897)	(53,385)	(21,873,282)	(5,449,628)	(24,756,226)	2,882,944
Other financing sources, net	30,538,797	578,365	31,117,162	-	-	31,117,162
Excess(deficiency) of revenues and other financing sources under(over) expenditures/expenses	8,718,900	524,980	9,243,880	(5,449,628)	(24,756,226)	34,000,106
Balance beginning of year	9,902,765	1,304,215	11,206,980	469,969	469,969	10,737,011
Balance end of year	<u>\$ 18,621,665</u>	<u>\$ 1,829,195</u>	<u>\$ 20,450,860</u>	<u>\$ (4,979,659)</u>	<u>\$ (24,286,257)</u>	<u>\$ 44,737,117</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2009

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.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. 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 \$19,306,598.

During the year ended June 30, 2009, expenditures in the support services, non-instructional programs and other expenditures functions exceeded the amounts budgeted.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ -	\$ 8,272,000	\$ 8,272,000	0.0%	\$ 29,353,028	28.2%

See Note 8 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

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OTHER SUPPLEMENTARY INFORMATION

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Southeast Polk Community School District

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund

This fund accounts for property taxes collected to pay property and boiler insurance, fidelity bonds, worker's compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

Student Activity Fund

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for Student Activity Fund's ultimate disposition.

Physical Plant and Equipment Levy Fund

This fund accounts for property taxes collected to pay for purchase and improvement of grounds, purchase of buildings, major repairs, remodeling, reconstruction, improving or expanding the schoolhouses or buildings, expenditures for energy conservation and for equipment purchases. The purchase of transportation vehicles also qualify under the law.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

JUNE 30, 2009

	Special Revenue Funds			
	Management Fund	Student Activity	Physical Plant and Equipment Fund	Total Special Revenue Funds
ASSETS				
Cash and pooled investments	\$ 468,065	387,521	46,821	902,407
Receivables:				
Property taxes:				
Current year delinquent	9,806	-	17,239	27,045
Succeeding year	1,059,997	-	1,368,096	2,428,093
Interfund	-	-	307	307
Accounts	9,000	1,250	-	10,250
Note	-	-	523,334	523,334
TOTAL ASSETS	\$ 1,546,868	388,771	1,955,797	3,891,436
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ -	-	78,500	78,500
Accounts payable	12,367	31,234	4,482	48,083
Salaries and benefits payable	-	3,024	-	3,024
Deferred revenue:				
Succeeding year property tax	1,059,997	-	1,368,096	2,428,093
Other	19,673	350	-	20,023
Total liabilities	1,092,037	34,608	1,451,078	2,577,723
Fund balances:				
Unreserved:				
Undesignated	454,831	354,163	504,719	1,313,713
Total fund balances	454,831	354,163	504,719	1,313,713
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,546,868	388,771	1,955,797	3,891,436

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2009

	Special Revenue Funds			Total Special Revenue Funds
	Management Fund	Student Activity	Physical Plant and Equipment Fund	
REVENUES:				
Local sources:				
Local tax	\$ 907,103	-	1,294,521	2,201,624
Other	271,570	1,076,207	36,564	1,384,341
Intermediate sources	-	-	-	-
State sources	479	-	470	949
Federal sources	-	-	350	350
TOTAL REVENUES	1,179,152	1,076,207	1,331,905	3,587,264
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,869	-	-	2,869
Special	1,599	-	-	1,599
Other	298	855,125	-	855,423
Support services:				
Support	108	3,155	-	3,263
Instructional staff	-	33	27	60
Administration	848,673	-	288,802	1,137,475
Operation and maintenance of plant	269,220	-	48,989	318,209
Transportation	42,149	3,560	170,652	216,361
Non-instructional programs:				
Food service operations	2,627	-	-	2,627
Community service operations	-	2,256	-	2,256
Other expenditures:				
Capital outlay	-	-	1,409,505	1,409,505
TOTAL EXPENDITURES	1,167,543	864,129	1,917,975	3,949,647
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	11,609	212,078	(586,070)	(362,383)
OTHER FINANCING SOURCES(USES):				
Issuance of capital loan notes	-	-	785,000	785,000
Transfers in	-	-	33,729	33,729
Transfers out	-	-	(268,004)	(268,004)
TOTAL OTHER FINANCING SOURCES(USES)	-	-	550,725	550,725
NET CHANGE IN FUND BALANCES	11,609	212,078	(35,345)	188,342
FUND BALANCES BEGINNING OF YEAR	443,222	142,085	540,064	1,125,371
FUND BALANCES END OF YEAR	\$ 454,831	354,163	504,719	1,313,713

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS**

JUNE 30, 2009

	<u>Capital Projects Funds</u>		
	<u>Statewide Sales and Services Tax</u>	<u>Construction Projects</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 16,517,585	(10,622)	16,506,963
Receivables:			
Interfund	7,480,777	-	7,480,777
Accounts	-	61,676	61,676
Due from other governments	723,335	-	723,335
TOTAL ASSETS	\$ 24,721,697	51,054	24,772,751
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 800,614	1,024,138	1,824,752
Total liabilities	800,614	1,024,138	1,824,752
Fund balances:			
Reserved for capital facility construction	27,085,694	-	27,085,694
Unreserved:			
Undesignated	(3,164,611)	(973,084)	(4,137,695)
Total fund balances	23,921,083	(973,084)	22,947,999
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,721,697	51,054	24,772,751

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS

YEAR ENDED JUNE 30, 2009

	<u>Capital Projects Funds</u>		
	Statewide		
	Sales and Services Tax	Construction Projects	Total
REVENUES:			
Local sources:			
Local tax	\$ 6,075,699	-	6,075,699
Other	20,363	168,163	188,526
TOTAL REVENUES	<u>6,096,062</u>	<u>168,163</u>	<u>6,264,225</u>
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	-	2,200	2,200
Administration	20,877	153,098	173,975
Operation and maintenance of plant	25,340	-	25,340
Non-instructional programs:			
Community service operations	371	-	371
Other expenditures:			
Capital outlay	3,749,425	15,096,017	18,845,442
Long-term debt:			
Interest and fiscal charges	445,500	4,000	449,500
TOTAL EXPENDITURES	<u>4,241,513</u>	<u>15,255,315</u>	<u>19,496,828</u>
EXCESS(DEFICIENCY) OF REVENUES			
OVER(Under) EXPENDITURES	1,854,549	(15,087,152)	(13,232,603)
OTHER FINANCING SOURCES(USES):			
Issuance of revenue bonds	30,000,000	-	30,000,000
Premium on bonds	87,506	-	87,506
Issuance of capital loan notes	400,000	-	400,000
Transfers in	400,000	1,850,000	2,250,000
Transfers out	(8,885,338)	(1,287,664)	(10,173,002)
TOTAL OTHER FINANCING SOURCES(USES)	<u>22,002,168</u>	<u>562,336</u>	<u>22,564,504</u>
NET CHANGE IN FUND BALANCES	23,856,717	(14,524,816)	9,331,901
FUND BALANCES BEGINNING OF YEAR	<u>64,366</u>	<u>13,551,732</u>	<u>13,616,098</u>
FUND BALANCES END OF YEAR	<u>\$ 23,921,083</u>	<u>(973,084)</u>	<u>22,947,999</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

JUNE 30, 2009

	Business Type Activities:			
	Enterprise Funds			
	School Nutrition	Community Service	School Store	Total
ASSETS				
Current assets:				
Cash and pooled investments	\$ 259,840	2,373	440,069	702,282
Accounts receivable	15,926	-	61	15,987
Inventories	66,826	-	-	66,826
Total current assets	342,592	2,373	440,130	785,095
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	1,380,673	-	-	1,380,673
Total non-current assets	1,380,673	-	-	1,380,673
TOTAL ASSETS	1,723,265	2,373	440,130	2,165,768
LIABILITIES				
Current liabilities:				
Interfund payable	150,000	-	-	150,000
Accounts payable	2,639	1,830	3,112	7,581
Salaries and benefits payable	121,070	-	2,992	124,062
Incurred but not reported claims	-	-	-	-
Unearned revenues	37,080	-	-	37,080
Total current liabilities	310,789	1,830	6,104	318,723
Long-term liabilities:				
Net OPEB liability	17,850	-	-	17,850
Total long-term liabilities	17,850	-	-	17,850
TOTAL LIABILITIES	328,639	1,830	6,104	336,573
NET ASSETS				
Invested in capital assets	1,380,673	-	-	1,380,673
Unrestricted	13,953	543	434,026	448,522
Total net assets	\$ 1,394,626	543	434,026	1,829,195

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Governmental Activities: Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
595,436	59,208	34,940	689,584
377,654	-	20,378	398,032
-	-	-	-
973,090	59,208	55,318	1,087,616
-	-	-	-
-	-	-	-
973,090	59,208	55,318	1,087,616
-	-	2,539	2,539
-	-	9,116	9,116
-	-	-	-
752,362	-	-	752,362
-	-	-	-
752,362	-	11,655	764,017
-	-	-	-
-	-	-	-
752,362	-	11,655	764,017
-	-	-	-
220,728	59,208	43,663	323,599
220,728	59,208	43,663	323,599

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2009

	Business Type Activities:			
	Enterprise Funds			
	School Nutrition	Community Service	School Store	Total
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 1,983,022	11,679	327,403	2,322,104
OPERATING EXPENSES:				
Instruction:				
Other:				
Salaries	-	2,730	1,534	4,264
Benefits	-	307	215	522
Services	-	3,036	42,152	45,188
Supplies	-	-	224,058	224,058
Other	-	-	11,476	11,476
Total instruction	-	6,073	279,435	285,508
Support services:				
Instructional staff:				
Services	-	1,600	-	1,600
Other	-	200	-	200
	-	1,800	-	1,800
Administration:				
Benefits	60	-	-	60
Services	277	-	126	403
Supplies	-	-	-	-
Other	-	-	-	-
	337	-	126	463
Operation and maintenance of plant:				
Services	-	-	1,309	1,309
Supplies	-	-	2,247	2,247
	-	-	3,556	3,556
Transportation:				
Salaries	-	2,092	-	2,092
Benefits	-	281	-	281
	-	2,373	-	2,373
Total support services	337	4,173	3,682	8,192

Governmental Activities:			
Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
5,780,159	570,528	331,623	6,682,310
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,568,236	-	304,950	5,873,186
26,115	526,887	-	553,002
8,462	-	-	8,462
25,553	-	-	25,553
5,628,366	526,887	304,950	6,460,203
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,628,366	526,887	304,950	6,460,203

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2009

	Business Type Activities:			Total
	Enterprise Funds			
	School Nutrition	Community Service	School Store	
OPERATING EXPENSES(CONTINUED):				
Non-instructional programs:				
Food service operations:				
Salaries	900,783	-	-	900,783
Benefits	332,250	-	-	332,250
Services	69,915	-	-	69,915
Supplies	1,570,675	-	-	1,570,675
Depreciation	125,516	-	-	125,516
Other	585	-	-	585
Community service operations:				
Salaries	-	-	15,219	15,219
Benefits	-	-	2,032	2,032
Total non-instructional programs	2,999,724	-	17,251	3,016,975
TOTAL OPERATING EXPENSES	3,000,061	10,246	300,368	3,310,675
OPERATING INCOME(LOSS)	(1,017,039)	1,433	27,035	(988,571)
NON-OPERATING REVENUES:				
State sources	26,860	-	-	26,860
Federal sources	905,119	-	-	905,119
Interest income	6	-	3,201	3,207
TOTAL NON-OPERATING REVENUES	931,985	-	3,201	935,186
Income(loss) before capital contributions and transfers	(85,054)	1,433	30,236	(53,385)
Capital contributions	580,953	-	-	580,953
Transfer out	(2,588)	-	-	(2,588)
Changes in net assets	493,311	1,433	30,236	524,980
Net assets beginning of year	901,315	(890)	403,790	1,304,215
Net assets end of year	\$ 1,394,626	543	434,026	1,829,195

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2009

	Business Type Activities:			Total
	Enterprise Funds			
	School Nutrition	Community Service	School Store	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 1,970,140	-	-	1,970,140
Cash received from miscellaneous operating activities	10,477	11,679	327,342	349,498
Cash payments to employees for services	(1,177,418)	(6,550)	(16,570)	(1,200,538)
Cash payments to suppliers for goods or services	(1,456,739)	(3,006)	(300,258)	(1,760,003)
Net cash provided by(used in) operating activities	(653,540)	2,123	10,514	(640,903)
Cash flows from non-capital financing activities:				
State grants received	26,860	-	-	26,860
Federal grants received	742,126	-	-	742,126
Transfer out	(2,588)	-	-	(2,588)
Net cash provided by(used in) non-capital financing activities	766,398	-	-	766,398
Cash flows from capital financing activities:				
Acquisition of capital assets	(2,813)	-	-	(2,813)
Net cash used in capital financing activities	(2,813)	-	-	(2,813)
Cash flows from investing activities:				
Interest on investment	6	-	3,201	3,207
Net cash provided by investing activities	6	-	3,201	3,207
Net increase(decrease) in cash and cash equivalents	110,051	2,123	13,715	125,889
Cash and cash equivalents at beginning of year	149,789	250	426,354	576,393
Cash and cash equivalents at end of year	\$ 259,840	2,373	440,069	702,282

Governmental Activities:			
Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
-	-	-	-
5,402,505	570,528	311,245	6,284,278
(5,387,149)	-	(295,834)	(5,682,983)
(60,130)	(526,887)	-	(587,017)
(44,774)	43,641	15,411	14,278
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
7,150	293	-	7,443
7,150	293	-	7,443
(37,624)	43,934	15,411	21,721
633,060	15,274	19,529	667,863
595,436	59,208	34,940	689,584

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

**COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2009

	Business Type Activities:			
	Enterprise Funds			
	School Nutrition	Community Service	School Store	Total
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (1,017,039)	1,433	27,035	(988,571)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	165,753	-	-	165,753
Depreciation	125,516	-	-	125,516
Decrease in inventories	18,799	-	-	18,799
Increase in accounts receivable	(15,926)	-	(61)	(15,987)
Increase in incurred but not reported claims	-	-	-	-
Increase(Decrease) in accounts payable	161	1,830	(18,890)	(16,899)
Increase(Decrease) in salaries and benefits payable	37,825	(1,140)	2,430	39,115
Increase in unearned revenue	13,521	-	-	13,521
Increase in other postemployment benefits payable	17,850	-	-	17,850
Net cash provided by(used in) operating activities	\$ (653,540)	2,123	10,514	(640,903)

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

Current assets:				
Cash and investments	\$ 259,840	2,373	440,069	702,282

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received federal commodities valued at \$165,753.

During the year ended June 30, 2009, the District received capital contributions valued at \$574,635 from the Capital Projects - Construction Projects Fund.

During the year ended June 30, 2009, the District received capital contributions valued at \$6,318 from the Special Revenue, Physical Plant and Equipment Levy Fund.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Governmental Activities:			
Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
151,793	43,641	26,673	222,107
-	-	-	-
-	-	-	-
(377,654)	-	(20,378)	(398,032)
181,087	-	-	181,087
-	-	9,116	9,116
-	-	-	-
-	-	-	-
(44,774)	43,641	15,411	14,278
595,436	59,208	34,940	689,584

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUND**

JUNE 30, 2009

	<u>Private Purpose Trust Fund</u>			
	SEP			
	Dollars for	Bud Keyes	Burnett	
	Scholars	Scholarship	Scholarship	Total
	Scholarship	Scholarship	Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 172,182	325,551	23,497	521,230
Total assets	<u>172,182</u>	<u>325,551</u>	<u>23,497</u>	<u>521,230</u>
NET ASSETS				
Reserved for scholarships	\$ 172,182	325,551	23,497	521,230

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND

YEAR ENDED JUNE 30, 2009

	Private Purpose Trust Fund			
	SEP Dollars for Scholars Scholarship	Bud Keyes Scholarship	Burnett Scholarship	Total
Additions:				
Local sources:				
Gifts and contributions	\$ -	12,958	26,282	39,240
Interest income	8,527	12,760	40	21,327
Total additions	<u>8,527</u>	<u>25,718</u>	<u>26,322</u>	<u>60,567</u>
Deductions:				
Instruction:				
Regular:				
Scholarships awarded	3,000	6,000	18,900	27,900
Unrealized loss on investments	33,468	-	-	33,468
Supplies	-	16,402	-	16,402
Total deductions	<u>36,468</u>	<u>22,402</u>	<u>18,900</u>	<u>77,770</u>
Changes in net assets	(27,941)	3,316	7,422	(17,203)
Net assets beginning of year	<u>200,123</u>	<u>322,235</u>	<u>16,075</u>	<u>538,433</u>
Net assets end of year	<u>\$ 172,182</u>	<u>325,551</u>	<u>23,497</u>	<u>521,230</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
STUDENT AGENCY				
ASSETS				
Cash and pooled investments	\$ 272,663	395,997	422,873	245,787
Accounts receivable	-	5,267	-	5,267
Total Assets	<u>\$ 272,663</u>	<u>401,264</u>	<u>422,873</u>	<u>251,054</u>
LIABILITIES				
Accounts payable	\$ 1,774	4,296	1,774	4,296
Due to other groups	270,889	396,968	421,099	246,758
Total Liabilities	<u>\$ 272,663</u>	<u>401,264</u>	<u>422,873</u>	<u>251,054</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Southeast Polk Community School District

Statistical Section

(Unaudited)

This part of the Southeast Polk Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	86-102
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	103-106
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	107-112
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	113-117
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	118-124

Schedule 1
Southeast Polk Community School District

Net Assets by Component
Last Seven Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 15,738,448	\$ 14,120,320	\$ 22,984,041	\$ 30,566,073	\$ 40,518,654
Restricted	5,419,850	7,944,765	4,436,950	772,049	610,623
Unrestricted	1,422,786	2,730,484	1,682,806	909,685	(2,388,634)
Total governmental activities					
net assets	\$ 22,581,084	\$ 24,795,569	\$ 29,103,797	\$ 32,247,807	\$ 38,740,643
Business-type activities:					
Invested in capital assets, net of related debt	\$ 246,994	\$ 339,530	\$ 540,834	\$ 672,679	\$ 803,685
Restricted	-	-	-	-	-
Unrestricted	553,650	593,346	692,249	531,688	353,268
Total business-type activities					
net assets	\$ 800,644	\$ 932,876	\$ 1,233,083	\$ 1,204,367	\$ 1,156,953
Primary government:					
Invested in capital assets, net of related debt	\$ 15,985,442	\$ 14,459,850	\$ 23,524,875	\$ 31,238,752	\$ 41,322,339
Restricted	5,419,850	7,944,765	4,436,950	772,049	610,623
Unrestricted	1,976,436	3,323,830	2,375,055	1,441,373	(2,035,366)
Total primary government					
net assets	\$ 23,381,728	\$ 25,728,445	\$ 30,336,880	\$ 33,452,174	\$ 39,897,596

Source: School District financial records.

Note:

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

Fiscal Year	
2008	2009
\$ 43,708,137	\$ 49,335,755
1,102,209	2,929,346
(4,810,352)	(11,454,390)
<u>\$ 39,999,994</u>	<u>\$ 40,810,711</u>
\$ 922,423	\$ 1,380,673
-	-
381,792	448,522
<u>\$ 1,304,215</u>	<u>\$ 1,829,195</u>
\$ 44,630,560	\$ 50,716,428
1,102,209	2,929,346
(4,428,560)	(11,005,868)
<u>\$ 41,304,209</u>	<u>\$ 42,639,906</u>

Schedule 2
Southeast Polk Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
Instruction	\$ 21,266,961	\$ 23,761,239	\$ 25,683,516	\$ 26,044,931	\$ 28,821,083
Student services	1,748,623	1,755,783	1,913,787	1,919,677	2,045,021
Instructional staff services	1,531,067	1,607,844	1,585,381	1,631,508	1,406,014
Administration services	5,025,283	5,277,883	4,750,953	6,200,028	6,112,651
Operation and maintenance of plant	3,094,721	3,038,417	3,434,212	4,271,418	4,228,482
Pupil transportation services	1,667,934	1,603,892	1,855,049	2,119,110	2,279,563
Other support services	212,536	264,534	69,641	-	-
Non-Instructional programs	-	-	-	-	3,483
Interest on long-term debt	538,403	441,509	439,621	803,749	2,622,942
AEA flowthrough	1,262,623	1,272,602	1,344,421	1,471,264	1,645,674
Depreciation (unallocated)	939,144	147,998	767,459	978,327	1,226,350
Total governmental activities expenses	37,287,295	39,171,701	41,844,040	45,440,012	50,391,263
Business-type activities:					
Nutrition services	1,711,844	1,774,896	2,065,506	2,364,017	2,623,424
Community service services	-	-	-	-	15,571
School store services	250,750	260,308	294,138	316,014	260,339
Total business-type activities expenses	1,962,594	2,035,204	2,359,644	2,680,031	2,899,334
Total primary government expenses	\$ 39,249,889	\$ 41,206,905	\$ 44,203,684	\$ 48,120,043	\$ 53,290,597
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 2,651,988	\$ 2,613,661	\$ 2,746,904	\$ 3,361,758	\$ 1,955,107
Support services	12,761	30,032	11,538	19,010	6,026
Operating grants and contributions	3,197,867	3,676,491	3,654,335	4,063,657	5,082,354
Capital grants and contributions	-	937,875	202,595	90,197	1,992
Total governmental activities program revenues	5,862,616	7,258,059	6,615,372	7,534,622	7,045,479

(Continued on the following page.)

		Fiscal Year	
		2008	2009
\$	34,094,092	\$	38,998,826
	2,403,685		2,827,408
	2,050,177		2,031,346
	7,431,909		7,942,912
	8,006,154		5,763,563
	2,710,878		2,901,228
	28,615		30,269
	2,612,493		3,181,765
	1,825,721		2,011,213
	1,451,589		1,579,234
	<u>62,615,313</u>		<u>67,267,764</u>
	2,746,685		3,000,061
	19,206		10,246
	283,142		300,368
	<u>3,049,033</u>		<u>3,310,675</u>
\$	<u>65,664,346</u>	\$	<u>70,578,439</u>

\$	2,527,236	\$	2,948,888
	29,591		36,966
	6,361,705		8,439,040
	1,050,307		63,977
	<u>9,968,839</u>		<u>11,488,871</u>

Schedule 2
Southeast Polk Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type activities					
Charges for services					
Nutrition	1,269,223	1,368,148	1,455,729	1,507,534	1,642,738
Community service services	-	-	-	-	15,176
School store	267,700	270,554	339,971	356,842	296,813
Operating grants and contributions	461,326	525,005	587,435	617,393	690,549
Capital grants and contributions	-	-	-	-	-
Total business-type program revenues	1,998,249	2,163,707	2,383,135	2,481,769	2,645,276
Total primary government program revenues	\$ 7,860,865	\$ 9,421,766	\$ 8,998,507	\$ 10,016,391	\$ 9,690,755
Net (expense) revenue					
Governmental activities	\$ (31,424,679)	\$ (31,913,642)	\$ (35,228,668)	\$ (37,905,390)	\$ (43,345,784)
Business-type activities	35,655	128,503	23,491	(198,262)	(254,058)
Total primary government net expense	\$ (31,389,024)	\$ (31,785,139)	\$ (35,205,177)	\$ (38,103,652)	\$ (43,599,842)

Source: School District financial records

Note:

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

Fiscal Year	
2008	2009
1,920,114	1,983,022
18,663	11,679
295,103	327,403
768,833	931,979
-	-
3,002,713	3,254,083
<u>\$ 12,971,552</u>	<u>\$ 14,742,954</u>
\$ (52,646,474)	\$ (55,778,893)
(46,320)	(56,592)
<u>\$ (52,692,794)</u>	<u>\$ (55,835,485)</u>

Schedule 3
Southeast Polk Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (expense) revenue					
Governmental activities	\$ (31,424,679)	\$ (31,913,642)	\$ (35,228,668)	\$ (37,905,390)	\$ (43,345,784)
Business-type activities	35,655	128,503	23,491	(198,262)	(254,058)
Total primary government net expense	(31,389,024)	(31,785,139)	(35,205,177)	(38,103,652)	(43,599,842)
General revenues and other changes in net assets					
Governmental activities					
Taxes					
Property taxes levied for general purposes	11,930,594	13,587,154	13,582,633	13,828,654	13,962,967
Property taxes levied for debt service	-	-	-	1,010,136	4,489,975
Property taxes levied for capital outlay	-	869,519	345,828	983,550	1,118,317
Income surtax	-	-	-	-	1,409,760
Sales tax	4,109,803	4,249,399	4,478,035	4,778,685	4,903,664
Unrestricted grants and contributions	16,095,076	17,050,531	18,427,583	20,181,425	21,898,887
Miscellaneous	10,693	-	14,490	-	368,740
Investment earnings	79,964	43,584	136,707	266,950	2,252,815
Transfers	-	-	-	-	(566,505)
Total governmental activities	32,226,130	35,800,187	36,985,276	41,049,400	49,838,620
Business-type activities					
Miscellaneous	-	-	269,985	158,498	187,360
Investment earnings	4,654	3,729	6,731	11,048	19,284
Transfers	-	-	-	-	-
Total business-type activities	4,654	3,729	276,716	169,546	206,644
Total primary government	32,230,784	35,803,916	37,261,992	41,218,946	50,045,264
Change in net assets					
Governmental activities	801,451	3,886,545	1,756,608	3,144,010	6,492,836
Business-type activities	40,309	132,232	300,207	(28,716)	(47,414)
Total primary government	\$ 841,760	\$ 4,018,777	\$ 2,056,815	\$ 3,115,294	\$ 6,445,422

Source: School District financial records

Note:

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

Fiscal Year	
2008	2009
\$ (52,646,474)	\$ (55,778,893)
(46,320)	(56,592)
(52,692,794)	(55,835,485)

15,834,082	17,023,403
4,434,616	4,367,277
1,177,751	1,294,521
1,326,524	1,479,994
5,382,517	6,075,699
24,315,885	25,596,081
891,676	1,137,363
722,131	193,637
(179,357)	(578,365)
53,905,825	56,589,610

14,225	3,207
179,357	578,365
193,582	581,572
54,099,407	57,171,182

1,259,351	810,717
147,262	524,980
\$ 1,406,613	\$ 1,335,697

Schedule 4
Southeast Polk Community School District

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

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund:					
Reserved	\$ 329,097	\$ 502,879	\$ 476,750	\$ 55,605	\$ 16,904
Unreserved	2,259,175	1,765,073	1,118,846	38,313	452,578
Total General Fund	\$ 2,588,272	\$ 2,267,952	\$ 1,595,596	\$ 93,918	\$ 469,482
All other governmental funds:					
Reserved					
Debt service funds	\$ 114,498	\$ (122)	\$ -	\$ -	\$ -
Capital projects funds	-	-	-	-	-
Unreserved, reported in:					
Capital projects funds	1,057,252	7,320,666	1,109,473	4,185,574	7,131,458
Special revenue funds	837,091	714,283	995,098	1,689,629	1,133,716
Total all other governmental funds	\$ 2,008,841	\$ 8,034,827	\$ 2,104,571	\$ 5,875,203	\$ 8,265,174

Source: School District financial records.

Fiscal Year				
2005	2006	2007	2008	2009
\$ 5,128	\$ 70,122	\$ 70,065	\$ 380,356	\$ 563,838
145,956	(120,515)	(1,992,925)	(5,219,060)	(7,710,747)
\$ 151,084	\$ (50,393)	\$ (1,922,860)	\$ (4,838,704)	\$ (7,146,909)
\$ 16,423	\$ 19,644	\$ 305,510	\$ -	\$ 1,506,862
-	-	-	13,551,732	27,085,694
3,792,328	52,455,727	30,503,275	64,366	(4,137,695)
1,248,406	1,401,536	717,825	1,125,371	1,313,713
\$ 5,057,157	\$ 53,876,907	\$ 31,526,610	\$ 14,741,469	\$ 25,768,574

Schedule 5
Southeast Polk Community School District

Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2000	2001	2002	2003	2004
Federal sources:					
Federal sources	\$ 379,578	\$ 662,317	\$ 1,314,478	\$ 803,840	\$ 2,226,435
Total federal sources	379,578	662,317	1,314,478	803,840	2,226,435
State sources:					
State sources	\$ 16,175,184	\$ 17,194,930	\$ 17,938,464	\$ 18,488,105	\$ 19,438,462
Total state sources	16,175,184	17,194,930	17,938,464	18,488,105	19,438,462
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ 998	\$ -
Total intermediate sources	-	-	-	998	-
Local sources:					
Local taxes	\$ 10,496,931	\$ 13,647,904	\$ 14,888,466	\$ 15,293,526	\$ 18,100,184
Tuition	1,130,142	1,166,895	1,330,092	1,438,145	1,646,046
Other revenues	1,030,232	1,139,808	1,073,193	1,306,568	1,041,232
Total local sources	12,657,305	15,954,607	17,291,751	18,038,239	20,787,462
Total revenues	\$ 29,212,067	\$ 33,811,854	\$ 36,544,693	\$ 37,331,182	\$ 42,452,359

Source: School District financial records.

Fiscal Year				
2005	2006	2007	2008	2009
\$ 1,151,223	\$ 1,106,270	\$ 997,327	\$ 1,271,465	\$ 2,029,111
1,151,223	1,106,270	997,327	1,271,465	2,029,111
\$ 21,133,290	\$ 23,229,009	\$ 25,661,826	\$ 29,659,603	\$ 31,500,871
21,133,290	23,229,009	25,661,826	29,659,603	31,500,871
\$ -	\$ 50,000	\$ 157,410	\$ 588,103	\$ 46,007
-	50,000	157,410	588,103	46,007
\$ 18,929,643	\$ 20,601,025	\$ 25,628,503	\$ 28,090,339	\$ 30,134,043
1,620,381	1,505,013	1,179,299	1,599,072	1,968,696
1,274,768	2,092,705	3,570,059	2,780,288	2,855,142
21,824,792	24,198,743	30,377,861	32,469,699	34,957,881
\$ 44,109,305	\$ 48,584,022	\$ 57,194,424	\$ 63,988,870	\$ 68,533,870

Schedule 6
Southeast Polk Community School District

Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2000	2001	2002	2003	2004
Instruction	\$ 17,138,364	\$ 18,743,051	\$ 20,848,195	\$ 21,297,513	\$ 23,214,429
Student services	1,150,791	1,282,573	1,204,707	1,769,412	1,781,313
Instructional staff services	806,986	1,376,572	1,202,330	1,136,804	1,261,556
Administration services	2,658,750	2,891,601	3,198,463	3,568,412	3,975,116
Operation and maintenance of plant services	3,153,691	3,197,440	2,588,392	3,079,753	3,080,660
Pupil transportation services	977,705	1,350,821	1,465,053	1,469,880	1,541,136
Other support services	165,842	109,123	220,135	218,863	269,730
Non-instructional programs	-	-	-	-	-
AEA Flowthrough	1,133,349	1,216,484	1,241,684	1,262,623	1,272,602
Capital outlay:					
Facilities acquisition/construction	1,663,884	3,511,738	7,986,299	1,122,598	4,087,665
Debt service:					
Principal	430,000	525,000	2,550,000	575,000	4,850,000
Interest	402,079	387,086	632,052	533,365	427,617
Total expenditures	\$ 29,681,441	\$ 34,591,489	\$ 43,137,310	\$ 36,034,213	\$ 45,761,824
Debt service as a percentage of noncapital expenditures	2.88%	2.71%	7.96%	3.17%	13.04%

Source: School District financial records.

Fiscal Year					
	2005	2006	2007	2008	2009
\$	25,365,585	\$ 25,957,083	\$ 28,905,727	\$ 33,610,919	\$ 38,572,208
	1,817,992	1,956,064	2,089,478	2,486,812	2,816,848
	1,432,133	1,431,116	1,486,501	1,904,879	1,875,936
	4,034,632	6,416,277	6,312,286	7,525,298	8,059,093
	3,401,604	4,240,148	4,271,457	4,849,573	5,225,041
	2,174,884	2,096,779	2,561,716	2,452,223	2,631,804
	62,514	-	-	-	-
	-	-	3,483	21,537	30,057
	1,344,421	1,471,264	1,645,674	1,825,721	2,011,213
	7,492,246	7,916,892	26,578,865	29,176,901	20,254,947
	630,000	4,560,000	9,850,000	4,942,648	5,784,426
	419,899	420,126	2,645,496	2,722,874	3,092,194
\$	48,175,910	\$ 56,465,749	\$ 86,350,683	\$ 91,519,385	\$ 90,353,767
	2.23%	9.67%	21.42%	11.83%	12.57%

Schedule 7
Southeast Polk Community School District

Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2000	2001	2002	2003	2004
Excess of revenues over (under) expenditures	\$ (469,374)	\$ (779,635)	\$ (6,592,617)	\$ 1,296,969	\$ (3,309,465)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	-	-
Issuance of revenue bonds	2,000,000	6,500,000	-	-	-
Issuance of bond anticipation notes	-	-	-	2,800,000	6,075,000
Refunding debt issued	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	(2,250,000)	-
Premium on bonds	-	-	-	-	-
Sale of capital assets	587	376	7,176	10,693	-
Issuance of loans	-	-	-	-	-
Compensation for loss of capital assets	-	-	-	-	-
Transfers in	-	-	-	558,355	5,282,294
Transfers out	-	-	-	(558,355)	(5,282,294)
Total other financing sources					
(uses)	2,000,587	6,500,376	7,176	560,693	6,075,000
Net change in fund balances	\$ 1,531,213	\$ 5,720,741	\$ (6,585,441)	\$ 1,857,662	\$ 2,765,535

Source: School District financial records.

Fiscal Year				
2005	2006	2007	2008	2009
\$ (4,066,605)	\$ (7,881,727)	\$ (29,156,259)	\$ (27,530,515)	\$ (21,819,897)
-	47,500,000	5,500,000	7,000,000	-
-	9,000,000	-	-	30,000,000
-	-	-	-	-
2,845,000	-	-	-	-
(2,810,000)	-	-	-	(752,422)
4,140	-	-	125,532	87,506
1,050	-	-	-	16,125
500,000	-	-	703,998	1,185,000
-	-	-	-	-
1,014,146	3,971,586	7,940,360	3,083,424	10,843,594
(1,014,146)	(3,971,586)	(8,506,865)	(3,083,424)	(10,841,006)
540,190	56,500,000	4,933,495	7,829,530	30,538,797
\$ (3,526,415)	\$ 48,618,273	\$ (24,222,764)	\$ (19,700,985)	\$ 8,718,900

**Schedule 8
Southeast Polk Community School District**

**Financial Solvency Ratio
Last Ten Fiscal Years
(Unaudited)**

School Year	Unreserved Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio*
2008-2009	(\$7,710,747)	\$56,171,967	-13.73%
2007-2008	(5,219,060)	49,095,777	-10.63%
2006-2007	(1,992,925)	42,577,730	-4.68%
2005-2006	(120,515)	39,403,732	-0.31%
2004-2005	145,956	36,555,316	0.40%
2003-2004	452,578	34,890,438	1.30%
2002-2003	38,313	30,736,636	0.12%
2001-2002	1,118,846	29,790,528	3.76%
2000-2001	1,765,073	28,672,532	6.16%
1999-2000	2,259,175	26,633,772	8.48%

Source: School District financial records.

Notes: * = (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

Schedule 9
Southeast Polk Community School District

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2000	\$ 339,207,240	\$ 167,526,590	\$ 99,665,875	\$ 2,323,538	\$ 604,076,167	\$16 54398
2001	353,836,272	166,970,038	94,834,052	2,344,328	613,296,034	15 31041
2002	370,133,260	175,510,560	95,488,029	2,414,388	638,717,461	15 12681
2003	412,483,550	182,365,600	81,931,535	2,442,282	674,338,403	15 41627
2004	434,907,020	183,937,460	83,885,111	2,510,242	700,219,349	17 36978
2005	484,422,690	198,711,420	89,665,202	2,608,572	770,190,740	17 28014
2006	516,586,720	216,397,080	85,978,830	2,745,930	816,216,700	18 12266
2007	555,836,938	367,592,450	96,772,448	2,617,832	1,017,584,004	20 98804
2008	596,970,075	392,155,080	92,953,897	2,755,190	1,079,323,862	22 00000
2009	646,741,868	453,538,190	92,911,985	2,791,568	1,190,400,475	21 84708

Source Polk County Auditor, Jasper County Auditor and Marion County Auditor

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. Assessed value equals estimated actual value.

(a) Per \$1,000 of assessed value

Schedule 10
Southeast Polk Community School District

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
(Unaudited)

Fiscal Year Ended June 30	District Direct Rates					Overlapping Rates							
	General Purposes	Capital Purposes	Debt Service	Management	Total	Polk County	Jasper County	Marion County	Community College	City of Altoona	City of Michellville	City of Pleasant Hill	City of Runnells
2000	\$13.37381	\$1.00000	\$1.32114	\$0.84903	\$16.54398	\$9.28374	\$10.84579	\$10.06840	\$0.52451	\$8.90665	\$13.41784	\$11.66573	\$8.10000
2001	13.67127	1.00000	0.00000	0.63914	15.31041	9.25871	7.43983	10.58994	0.54506	8.90000	14.19207	11.60937	8.10000
2002	13.26956	1.00000	0.00000	0.85725	15.12681	9.33502	7.34244	10.39771	0.54454	8.89729	13.15140	11.78489	8.10000
2003	13.50415	1.00000	0.00000	0.91212	15.41627	9.64388	9.05654	10.51039	0.54454	8.89369	13.61875	11.60171	8.10000
2004	15.46653	1.00000	0.00000	0.90325	17.36978	9.76626	9.07370	10.55243	0.58184	8.89369	13.86759	11.48189	8.10000
2005	15.16501	1.00000	0.00000	1.11513	17.28014	9.96860	8.06036	11.09079	0.59856	8.89369	13.33972	11.48228	8.82955
2006	15.09091	1.00000	1.02764	1.00411	18.12266	9.94718	9.66429	11.21732	0.68408	8.79369	13.47156	11.48189	9.02241
2007	14.98018	1.00000	4.03065	0.97721	20.98804	10.17911	9.80745	11.21732	0.68688	8.64369	12.45074	11.48197	9.07850
2008	16.29737	1.00000	3.77152	0.93111	22.00000	10.16568	9.70787	11.15458	0.60276	8.64369	12.81766	11.48209	9.05656
2009	16.54210	1.00000	3.37366	0.93132	21.84708	10.12882	9.87429	10.89144	0.56386	8.64369	13.58825	11.48208	8.97274

Source: Polk County Auditor, Jasper County Auditor and Marion County Auditor.

Notes: Assessed value equals estimated actual value.

Schedule 11
Southeast Polk Community School District

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

Taxpayer	2009			2000		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	\$ 107,717,400	1	9.05%	\$ 63,857,000	1	10.57%
Adventureland/America	22,117,240	2	1.86%	14,758,540	2	2.44%
Ziegler Realty LLC	14,162,160	3	1.19%	-	-	-
Wal-Mart	12,973,300	4	1.09%	7,423,880	4	-
Menards, Inc.	11,907,600	5	1.00%	-	-	-
Iowa Cold Storage	9,770,900	6	0.82%	-	-	-
Lowe's Home Centers, Inc.	8,900,000	7	0.75%	-	-	-
Target Corp.	8,577,500	8	0.72%	-	-	-
Forget Properties	7,522,500	9	0.63%	-	-	-
Bosselmann Inc	7,366,000	10	0.62%	5,178,000	6	0.86%
US West	-	-	-	8,808,071	3	1.46%
Altoona Meadows	-	-	-	5,703,840	5	0.94%
Warren Family Farms	-	-	-	4,436,620	7	0.73%
ARC IV LLC	-	-	-	3,297,000	8	0.55%
Centennial Place	-	-	-	3,214,410	9	0.53%
Venbury Inc.	-	-	-	2,816,520	10	0.47%
Total	\$ 211,014,600		17.73%	\$ 119,493,881		18.55%

Source: Polk County Auditor

Schedule 12
Southeast Polk Community School District

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000*	\$ 9,797,293	\$ 9,831,966	100 35%	\$ 476	\$ 9,832,442	100 36%
2001	9,689,490	9,686,394	99 97%	733	9,687,127	99 98%
2002	10,138,700	9,948,901	98 13%	29,713	9,978,614	98 42%
2003	10,502,635	10,419,511	99 21%	56,685	10,476,196	99 75%
2004	12,969,951	12,966,596	99 97%	3,355	12,969,951	100 00%
2005	13,558,071	13,426,525	99 03%	7,485	13,434,010	99 08%
2006*	14,690,304	14,729,320	100 27%	20,306	14,749,626	100 40%
2007	19,579,301	19,577,705	99 99%	170	19,577,875	99 99%
2008	21,430,423	21,424,538	99 97%	5,885	21,430,423	100 00%
2009	22,704,876	22,688,599	99 93%	-	22,688,599	99 93%

Source School District financial records, Polk County Auditor, Jasper County Auditor and Marion County Auditor

Note *Collected within the fiscal year of levy includes delinquent taxes and flood control monies, causing the amount to be greater than the taxes levied and percentages exceeded 100% Information is unavailable from the counties to correct

Schedule 13
Southeast Polk Community School District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bans/Bonds	Capital Loan Note	Total General Bonded Debt	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
2000	\$ 5,690,000	\$ 2,000,000	-	\$ 7,690,000	1.27%	\$444
2001	5,165,000	8,500,000	-	13,665,000	2.23%	663
2002	4,615,000	6,500,000	-	11,115,000	1.74%	539
2003	4,040,000	7,050,000	-	11,090,000	1.64%	538
2004	3,440,000	8,875,000	-	12,315,000	1.76%	469
2005	2,845,000	8,875,000	500,000	12,220,000	1.59%	456
2006	49,430,000	14,325,000	405,000	64,160,000	7.86%	2,316
2007	52,555,000	6,950,000	305,000	59,810,000	5.88%	2,159
2008	57,405,000	4,375,000	791,350	62,571,350	5.80%	2,259
2009	55,520,000	30,000,000	1,701,924	87,221,924	7.33%	3,149

Source: School District financial records, Polk County Auditor, Jasper County Auditor and Marion County Auditor

Notes:

- (a) Actual taxable value of property includes Tax Increment Financing valuation. Assessed value equals estimated actual value
 See Schedule 9 for actual taxable value of property
- (b) See Schedule 18 for population data.

Schedule 14
Southeast Polk Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bans/Bonds	Capital Loan Note			
2000	\$ 5,690,000	\$ 2,000,000	-	\$ 7,690,000	2.01%	\$ 444
2001	5,165,000	8,500,000	-	13,665,000	3.32%	663
2002	4,615,000	6,500,000	-	11,115,000	2.58%	539
2003	4,040,000	7,050,000	-	11,090,000	2.47%	538
2004	3,440,000	8,875,000	-	12,315,000	2.52%	469
2005	2,845,000	8,875,000	500,000	12,220,000	2.19%	456
2006	49,430,000	14,325,000	405,000	64,160,000	10.86%	2,316
2007	52,555,000	6,950,000	305,000	59,810,000	9.22%	2,159
2008	57,405,000	4,375,000	791,350	62,571,350	8.89%	2,259
2009	55,520,000	30,000,000	1,701,924	87,221,924	N/A	3,149

Source: School District financial records

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

(a) See Schedule 18 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

Schedule 15
Southeast Polk Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	\$ 227,335,000	7.10%	\$ 16,132,146
Jasper County	16,721,000	0.31%	51,168
Marion County	4,640,000	0.23%	10,899
City of Mitchellville	1,040,000	17.45%	181,445
City of Altoona	38,130,000	50.58%	19,285,696
City of Pleasant Hill	9,585,000	29.87%	2,862,589
City of Runnells	-	-	-
Subtotal, overlapping debt			38,523,943
District direct debt			87,221,924
Total direct and overlapping debt			\$ 125,745,867

Source: Taxable value data used to estimate applicable percentages provided by the Jasper, Marion and Polk County Auditors. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Schedule 16
Southeast Polk Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

	2000	2001	2002	2003	2004
Debt limit	\$ 40,909,667	\$ 45,271,347	\$ 47,239,601	\$ 51,596,396	\$ 55,669,020
Total net debt applicable to limit	13,665,000	11,115,000	11,090,000	12,315,000	12,220,000
Legal debt margin	\$ 27,244,667	\$ 34,156,347	\$ 36,149,601	\$ 39,281,396	\$ 43,449,020
Total net debt applicable to the limit as a percentage of debt limit	33.40%	24.55%	23.48%	23.87%	21.95%

Source: School District financial records, Polk County Auditor, Jasper County Auditor and Marion County Auditor

Notes:

- (a) Actual assessed value includes Tax Increment Financing
- (b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2008

Actual assessed value (a)	<u>\$ 2,378,141,904</u>
Debt limit (5% of assessed value) (b)	\$ 118,907,095
Debt applicable to limit	<u>87,221,924</u>
Legal debt margin	<u>\$ 31,685,171</u>

	2005	2006	2007	2008	2009
\$	79,934,600	\$ 86,569,626	\$ 102,677,743	\$ 110,077,048	\$ 118,907,095
	64,160,000	59,810,000	62,571,350	62,571,350	87,221,924
\$	15,774,600	\$ 26,759,626	\$ 40,106,393	\$ 47,505,698	\$ 31,685,171
	80.27%	69.09%	60.94%	56.84%	73.35%

Schedule 17
Southeast Polk Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bans/Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
2000	\$ -	\$ -	\$ -	-
2001	3,249,004	-	110,500	29.40
2002	4,092,294	2,000,000	378,250	1.72
2003	4,109,803	-	276,250	14.88
2004	4,249,399	4,250,000	242,575	0.95
2005	4,478,035	-	197,460	22.68
2006	4,778,685	3,550,000	208,800	1.27
2007	4,903,664	7,375,000	453,150	0.63
2008	5,382,517	2,575,000	237,281	1.91
2009	6,075,699	4,375,000	132,162	1.35

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 7 of the notes to the financial statements.

Schedule 18
Southeast Polk Community School District

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (b)	Adjusted Gross Income Per Tax Return (b)	Per Capita Personal Income	Unemployment Rate (c)
1999	17,313	\$383,410,972	\$31,389	\$22,146	1.6%
2000	20,620	\$411,969,160	\$32,569	\$19,979	1.8%
2001	20,620	\$430,107,415	\$32,986	\$20,859	2.1%
2002	20,620	\$449,750,847	\$33,740	\$21,811	3.6%
2003	26,259	\$487,999,377	\$34,892	\$18,584	3.7%
2004	26,770	\$557,024,979	\$37,586	\$20,808	3.7%
2005	27,700	\$590,592,164	\$37,725	\$21,321	4.3%
2006	27,700	\$648,611,298	\$39,439	\$23,416	3.4%
2007	27,700	\$704,118,667	\$40,560	\$25,419	3.8%
2008	27,700	N/A	N/A	N/A	4.1%

Notes:

N/A = not available.

(a) U.S. Department of Commerce, Bureau of Census

(b) Iowa Department of Revenue

(c) Iowa Workforce Development

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Schedule 19
Southeast Polk Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2009			2000		
	Employees*	Rank*	Percentage of Total Employment	Employees*	Rank*	Percentage of Total Employment
BFS North American		x				
Bridgestone/Firestone Tires				x		
Central Iowa Hospital Assn				x		
Dahl's				x		
Hy-Vee Food Stores		x		x		
Iowa Health - Des Moines		x				
Mercy Hospital Medical Center		x		x		
Minneapolis Postal Service Center						
Nationwide -Mutual		x				
Nationwide Insurance Company				x		
Pioneer Hi-Bred		x		x		
Prairie Meadows		x				
Principal Life Insurance Company		x		x		
United Parcel Service				x		
Wal-Mart		x		x		
Wells Fargo Bank NA		x				
Total	<u>-</u>		<u>13.60%</u>	<u>-</u>		<u>12.30%</u>

Source: 2009 - Employer Database

Source: 2000 - IWD, QCEQ Program

Notes:

*Each of the Top 10 employers has over 1000 employees. Due to confidentiality restraints, IWD is not able to release exact employment figures for each company.

x These are listed alphabetically due to confidentiality restraints.

This is a representative list of the larger employers in the Des Moines Metropolitan Area.

Schedule 20
Southeast Polk Community School District

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

	Full-Time Equivalent Employees as of June 30				
	2000	2001	2002	2003	2004
Supervisory					
Superintendent	1 0	1 0	1 0	1 0	1 0
Assistant superintendent	-	-	-	1 0	1 0
Principals	10 0	10 0	10 0	12 0	12 0
Assistant principals	1 0	1 0	1 0	1 0	1 0
All other administrators	10 0	12 0	12 0	9 0	9 0
Total supervisory	22 0	24 0	24 0	24 0	24 0
Instruction					
Regular program teachers *	281 0	287 5	294 4	315 2	312 1
Special Education teachers*	38 0	40 0	77 0	62 5	54 5
Total instruction	319 0	327 5	371 4	377 7	366 6
Student services					
Guidance counselors	16 0	16 0	13 4	22 0	20 0
Nurses/Nurse aides	5 0	5 0	5 0	5 0	7 0
Media Specialists/Media Clerks	4 0	4 0	7 0	4 0	4 0
Total student services	25 0	25 0	25 4	31 0	31 0
Support and administration					
Clerical/secretarial/other support staff	54 0	55 0	55 0	38 3	38 9
Custodial and Maintenance	53 0	52 0	47 1	45 3	54 4
Food Service	18 0	18 0	27 9	28 9	27 9
Bus Drivers/Bus Aides/Crossing Guard	18 0	18 0	18 0	16 3	16 2
Total support and administration	143 0	143 0	148 0	128 9	137 4
Total	509 0	519 5	568 8	561 5	559 0

Source District records

*Includes Teacher aides

**2008 figures were taken from CAR which included substitute data

Full-Time Equivalent Employees as of June 30					Percentage Change
2005	2006	2007	2008**	2009	2000-09
1.0	1.0	1.0	1.0	1.0	0.0%
1.0	1.1	1.0	1.0	1.0	100.0%
12.0	13.0	16.3	11.0	11.0	10.0%
2.0	2.0	2.0	5.0	6.0	500.0%
11.0	6.5	6.0	12.0	11.0	10.0%
27.0	23.6	26.3	30.0	30.0	36.4%
346.9	305.2	319.0	373.5	342.5	21.9%
68.5	130.5	168.0	197.0	194.2	411.1%
415.4	435.7	487.0	570.5	536.7	68.2%
19.0	23.0	23.0	26.7	19.0	18.8%
8.5	8.0	9.5	10.1	13.7	174.0%
4.0	4.0	13.0	16.3	16.3	307.5%
31.5	35.0	45.5	53.1	49.0	96.0%
32.3	39.6	40.0	47.3	45.9	-15.0%
52.5	50.7	67.0	67.7	38.0	-28.3%
21.0	26.4	42.0	62.6	35.4	96.7%
19.6	29.0	44.0	68.0	36.9	105.0%
125.5	145.6	193.0	245.6	156.2	9.2%
599.4	639.9	751.8	899.2	771.9	51.7%

Schedule 21
Southeast Polk Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
2000	4,186	\$ 27,933,573	\$ 6,673	2.18%
2001	4,149	30,876,058	7,442	11.52%
2002	4,266	32,164,986	7,540	1.32%
2003	4,402	34,263,443	7,784	3.23%
2004	4,562	37,422,226	8,203	5.39%
2005	4,780	40,031,699	8,375	2.09%
2006	4,990	42,122,223	8,441	0.79%
2007	5,692	45,835,484	8,053	(4.60)%
2008	5,731	57,152,340	9,972	23.84%
2009	6,072	62,023,892	10,215	2.43%

Source: School District financial records and Iowa Department of Education.

Notes: N/A = not available.

(1) Average daily membership

(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

*Some substitutes were inadvertently added into the teaching staff count for 2008

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
N/A	N/A	N/A	319.00	13.12	15.70%
N/A	N/A	N/A	327.50	12.67	15.10%
N/A	N/A	N/A	371.40	11.49	15.40%
\$ 39,249,889	\$ 8,604	N/A	377.65	11.66	17.30%
41,206,905	8,621	0.20%	366.55	12.45	18.10%
44,203,684	8,858	2.76%	415.43	11.51	18.60%
48,120,043	8,454	(4.57)%	435.65	11.45	19.80%
53,290,597	9,299	9.99%	487.00	11.69	21.10%
65,664,346	11,458	23.22%	570.50*	10.05	20.80%
70,578,439	11,624	1.45%	536.70	11.31	23.50%

Schedule 22
Southeast Polk Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	2000	2001	2002	2003	2004
Elementary:					
Altoona (1939)					
Square feet	44,425	44,425	44,425	44,425	44,425
Capacity*	424	424	424	424	424
Enrollment	389	388	389	388	392
Centennial (1968)					
Square feet	44,135	44,135	44,135	44,135	62,278
Capacity	446	446	446	446	630
Enrollment	393	426	446	490	513
Clay (2006)					
Square feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A
Delaware (1951)					
Square feet	29,200	43,418	43,418	43,418	43,418
Capacity	269	399	399	399	399
Enrollment	336	309	347	390	404
Four Mile (1966)					
Square feet	41,700	41,700	41,700	41,700	57,617
Capacity	456	456	456	456	630
Enrollment	352	424	440	457	487
Mitchellville (1925)					
Square feet	21,805	21,805	21,805	21,805	35,774
Capacity	256	256	256	256	420
Enrollment	206	188	172	180	187
Runnells (2002)					
Square feet**	16,400	16,400	31,949	31,949	31,949
Capacity	N/A	N/A	210	210	210
Enrollment	163	162	158	168	177
Willowbrook (1991)					
Square feet	56,588	56,588	56,588	56,588	56,588
Capacity	630	630	630	630	630
Enrollment	511	514	497	511	493
Harbor (1997)					
Square feet	4,538	4,538	4,538	4,538	4,538
Capacity	454	454	454	454	454
Enrollment	47	46	56	59	64
Junior High:					
Southeast Polk Junior High (1992)					
Square feet	89,791	89,791	89,791	89,791	89,791
Capacity	950	950	950	950	950
Enrollment	668	679	661	690	803

Fiscal Year				
2005	2006	2007	2008	2009
66,059	66,059	66,059	66,059	66,059
630	630	630	630	630
385	377	435	384	399
62,278	62,278	62,278	62,278	62,278
630	630	630	630	630
516	542	547	481	509
N/A	66,138	66,138	66,138	66,138
N/A	840	840	840	840
N/A	N/A	N/A	322	390
43,418	68,509	68,509	68,509	68,509
399	630	630	630	630
436	462	472	503	517
57,617	57,617	57,617	57,617	57,617
630	630	630	630	630
518	558	577	588	628
35,774	35,774	35,774	35,774	35,774
420	420	420	420	420
215	208	211	170	193
31,949	42,989	42,989	42,989	42,989
210	210	210	210	210
179	196	195	214	217
56,588	56,588	56,588	56,588	56,588
630	630	630	630	630
500	493	527	477	477
4,538	4,538	4,538	4,538	4,538
454	454	454	454	454
69	42	39	39	51
89,791	89,791	89,791	89,791	89,791
950	950	950	950	950
820	823	862	840	859

Schedule 22
Southeast Polk Community School District

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

School	Fiscal Year				
	2000	2001	2002	2003	2004
Senior High:					
Southeast Polk Senior High School (1963)					
Square feet	217,350	217,350	217,350	217,350	217,350
Capacity	1,800	1,800	1,800	1,800	1,800
Enrollment	1,381	1,385	1,317	1,326	1,299
Other District Facilities:					
Bus Garage (2002)					
Square feet***	5,000	16,300	16,300	16,300	16,300
District Office (1977)					
Square Feet	8,220	8,220	8,220	8,220	8,220

Source: District records

Notes:

* Capacity figures are based on 30 pupils per classroom

** Runnells Elementary was replaced in 2001; open for 2002 school year

***Bus Garage was replaced in 2001

Fiscal Year				
2005	2006	2007	2008	2009
217,350	217,350	217,350	217,350	217,350
1,800	1,800	1,800	1,800	1,800
1,350	1,495	1,572	1,660	1,700
16,300	16,300	16,300	16,300	16,300
8,220	8,220	8,220	8,220	8,220

Schedule 23
Southeast Polk Community School District

Certified Staff Salaries
Last Ten Fiscal Years
(Unaudited)

School Year	Minimum	Maximum	Average
2008-2009	\$36,343	\$60,572	\$48,975
2007-2008	35,180	58,634	46,964
2006-2007	33,892	56,487	45,546
2005-2006	32,752	54,587	43,670
2004-2005	31,612	52,687	42,150
2003-2004	30,837	51,395	41,116
2002-2003	30,068	50,112	40,090
2001-2002	29,161	48,602	38,882
2000-2001	24,950	47,405	36,178
1999-2000	24,250	46,075	35,163

Source: School District financial records.

- Notes:**
- The above table does not include extra duty pay.
 - Average salary includes supplemental Phase payments

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 09	\$ 102,012
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 09	798,983
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 09	<u>4,124</u>
			<u>905,119</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6101-G	173,569
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6101-GC	4,448
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - RECOVERY ACT	84.389	FY 09	<u>2,956</u>
			<u>180,973</u>
SAFE AND DRUG-FREE SCHOOLS - COMMUNITIES - STATES GRANTS	84.186	FY 09	<u>21,811</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 08	<u>6,615</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 09	<u>97,972</u>
GRANTS FOR STATE ASSESSMENT AND RELATED ACTIVITIES	84.369	FY 09	<u>37,200</u>
ARRA - STATE FISCAL STABILIZATION FUND(SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 09	<u>471,540</u>
POLK COUNTY:			
FUND FOR THE IMPROVEMENT OF EDUCATION (CAROL M. WHITE PHYSICAL EDUCATION PROGRAM)	84.215	FY 08	<u>35,313</u>
AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 09	<u>28,808</u>

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT(CONTINUED):			
AREA EDUCATION AGENCY(CONTINUED):			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 09	289,166
SPECIAL EDUCATION - GRANTS TO STATES(I-STAR)	84.027	FY 09	5,575
SPECIAL EDUCATION - GRANTS TO STATES(POSITIVE BEHAVIOR SUPPORT)	84.027	FY 09	958
SPECIAL EDUCATION - GRANTS TO STATES(EVERY MOVE COUNTS)	84.027	FY 09	1,200
SPECIAL EDUCATION - GRANTS TO STATES(COMMUNICATION STRATEGIES)	84.027	FY 09	1,200
ARRA - SPECIAL EDUCATION - GRANTS TO STATES - RECOVERY ACT	84.391	FY 09	168,218
			<u>466,317</u>
SPECIAL EDUCATION - STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES(IMPROVING TRANSITION)	84.323	FY 09	210
DEPARTMENT OF LABOR:			
LEARN AND SERVE AMERICA - SCHOOLS AND COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 09	1,822
DEPARTMENT OF DEFENSE:			
FLOOD CONTROL	12.108	FY 09	350
NATIONAL ENDOWMENT FOR THE ARTS:			
IOWA ARTS COUNCIL:			
PROMOTION OF THE ARTS - PARTNERSHIP AGREEMENTS (BIG YELLOW SCHOOL BUS GRANT)	45.025	FY 09	200
DEPARTMENT OF HUMAN SERVICES:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER AND OTHER IMPORTANT HEALTH PROBLEMS (AIDS EDUCATION)	93.938	FY 09	1,070
			<u>\$ 2,255,320</u>

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 the
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, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 28, 2009. 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 Southeast Polk Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Southeast Polk Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southeast Polk Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Southeast Polk Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Southeast Polk Community School District's financial statements that is more than inconsequential will not be prevented or detected by Southeast Polk Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Southeast Polk Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 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.

Southeast Polk Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Southeast Polk Community School District's responses and, accordingly, we express no opinion on them.

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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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 PC
NOLTE, CORNMAN & JOHNSON, P.C.

December 28, 2009

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and 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 Southeast Polk Community School District with the types of compliance requirements described in 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, 2009. Southeast Polk Community School District's major federal programs are identified in Part I 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 Southeast Polk Community School District's management. Our responsibility is to express an opinion on Southeast Polk Community School District's compliance based on our audit.

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

In our opinion, 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, 2009.

Internal Control Over Compliance

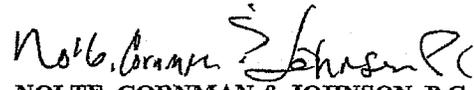
The management of Southeast Polk Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeast Polk Community School District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

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, P.C.

December 28, 2009

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies 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 material weaknesses in internal control over major programs were noted.
- (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 Program:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Funds (SFSF) - Education State Grants, Recovery Act
 - Cluster Programs:
 - CFDA Number 84.027 - Special Education - Grants to States (Part B)
 - CFDA Number 84.027 - Special Education - Grants to States (I-Star)
 - CFDA Number 84.027 - Special Education - Grants to States (Positive Behavior Support)
 - CFDA Number 84.027 - Special Education - Grants to States (Every Move Counts)
 - CFDA Number 84.027 - Special Education - Grants to States (Communication Strategies)
 - CFDA Number 84.391 - ARRA - Special Education - Grants to States - Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Southeast Polk Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

II-A-09 Capital Assets - A record of capital asset acquisitions and disbursements are kept, however these changes are not kept up to date and entered into the District's software system in a timely manner.

Recommendation - Capital asset updates should be made on a continuous basis to allow the school officials and outsiders an accurate account of the amount of capital assets at any point in time. This is necessary for both an accurate account of assets and to ensure a proper amount of insurance is carried to cover the assets in case of loss from fire, vandalism, or theft. The District should have a complete list of additions, deletions, and current assets for reporting purposes. Additional staff may

be required to assist in entering the assets timely into the software system. In addition, at year end the capital projects and physical plant and equipment levy expenditures should be reviewed and capitalized per the district capital asset policy.

Response - Capital asset accounting has essentially become a full time job due to the massive increase in the total number of items added to the district's equipment inventory due to additions in all elementary schools, a new elementary, new bus garage and a new high school.

Our process requires the bar coding all items that are at least worth \$500 or more for GASB 34 requirements but for insurance purposes, any item worth at least \$50 is bar coded to enable it to be recorded in our capital asset software.

This effort to enter all the necessary data to include building location, room number and serial numbers requires far more time than what our full time accounts payable person is able to devote over and her normal accounts payable daily routine.

Our process is to identify a capital asset by it's object code (400's & 700's) in the accounts payable portion of our software, which in turn creates a batch for posting into capital assets. Before these items can be added to the capital asset record, they have to have the information listed above which is obtained from the secretaries in each building. However, some serial numbers may be obtained by our accounts payable personnel from invoices.

Conclusion - Response acknowledged. The maintenance of capital asset records is part of the financial records and therefore should demand management's attention. Reallocating more accounts payable duties to the other person in the accounts payable section may free up some time for the person performing the capital asset function but ultimately the business office may have to receive more help or may have to farm out the process to an appraisal firm and have them update your records on an annual basis. The third option probably would be least desirable of the three alternatives. Ultimately, management is responsible for designing and implementing procedures to achieve internal controls that provide reasonable assurance that:

- assets are safeguarded and used for business purposes
- business information is accurate
- employees comply with laws and regulations

II-B-09 Bank Reconciliations - We noted during our audit that the District does not reconcile the bank statements to the general ledger in a timely manner.

Recommendation - The District should timely reconcile bank statement balances to financial statement book balances on a monthly basis. Any variance should be researched, documented and adjusted timely. Additional staff may be required to assist in reconciling receipts deposited from buildings, clearing checks and the transferring of funds.

Response - The sheer volume of work associated with changes in the fringe benefit billings, central office daily deposits, fringe benefit in-processing of new personnel, changes in fringe benefits for personnel, assisting building staff with accounting issues to include proper coding of expenses, new ARRA reporting, bank reconciliations for four banks, verifying deposits from 12 different locations, setting up the fee schedule and on line payment system to collect them, preparation of the line item budget and the audit as well as assisting in creating the billings for special education and open enrollment and completion of the CAR have created an almost impossible situation in terms of multiplicity of tasks and time to complete them.

Frankly, reconciliation is important but is left at the end of time available due to the urgency of many of the other tasks most prominently that of reconciling fringe

benefit billings due to new personnel and changes with existing staff. Also, all of the fringe benefit changes normally require one on one discussion as to options before changes can be made.

Conclusion - Response acknowledged. We recognize the many duties required of the finance and accounting department; however, it appears that staffing may not be adequate to complete the duties. Timely reconciliations are part of the internal control structure to provide reasonably accurate data as well as safeguard assets. Ultimately, management is responsible for designing and implementing procedures to achieve internal controls that provide reasonable assurance that:

- assets are safeguarded and used for business purposes
- business information is accurate
- employees comply with laws and regulations

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - District disbursements for the year ended June 30, 2009 exceeded the amount budgeted in the support services, non-instructional programs and other expenditures functions.

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

Response - 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-B-09 Questionable Disbursements - No expenditures we believe may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-09 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>
Lori Wadell, Principal Spouse is employee with Grainger Inc.	Supplies/ maintenance	\$11,160
Jeri Sanborn, Counselor Spouse of Bruce Sanborn	Miscellaneous maintenance	\$4,217
Jeri Sanborn, Counselor Mother of David Sanborn	Miscellaneous maintenance	\$29,403
Chris English, Bus Driver Spouse is contractor with Air Con	Services	\$102,387
Tami Rondeau, Art Teacher Spouse owner of Rondeau Construction	Supplies	\$50
Susan Courtney, Activity Secretary, Mother of Frank Courtney	Security	\$455
Jason Gerth, Teacher Spouse of Krista Gerth	Uniform Alterations	\$848
David Waskel, Construction Manager Brother of Dan Waskel	Officiating	\$90

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

IV-E-09 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-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-09 Deposits and Investments - We noted 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 704.3.

During the year ended June 30, 2008 the District transferred money into a new investment pool Dollars for Scholars account at Edward Jones. The Edward Jones account purchased stock, corporate bonds and mutual funds. It was also noted that Edward Jones is not listed on the District listing of official depositories.

Recommendation - The District should review Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy 704.3. In addition, Edward Jones needs to be listed on the District listing of official depositories.

Response - The District will have to divest itself of the investment with Edward Jones. The District has deferred divestiture due to the large decrease in value of the fund since the original investment. Additionally, we will have the board name Edward Jones as a depository and also research the possibility of having the foundation set up as a separate entity so that the type of investment that Edward Jones is will not be a problem in the future.

Conclusion - Response acknowledged. The District cannot lawfully transfer the money to a foundation. The money given to the District was given to the Southeast Polk Community School District to be used for scholarships. The District board policy 704.3 identifies the first priority of the school district's investment portfolio is to provide safety of the principal. It appears this was not the priority in the initial investment with Edward Jones. The District should discuss with the Edward Jones account financial representative why the non-allowable investment occurred initially, and take corrective action to getting the investment converted into allowable investments.

IV-I-09 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-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-
Revenues:			
Statewide sales and services tax revenue	\$	6,075,699	
Interest on investments		<u>20,363</u>	<u>6,096,062</u>
Expenditures/transfers out:			
School infrastructure:			
Land	\$	116,124	
Buildings		1,850,000	
Equipment		510,711	
Other improvements		483,205	
Debt service for school infrastructure:			
Revenue debt		<u>6,416,757</u>	<u>9,260,673</u>
Ending balance			<u>\$ (3,164,611)</u>

IV-J-09 Financial Condition - We noted during our audit that the District had a deficit undesignated unreserved fund balance of \$7,710,747 in the General Fund. We noted during our audit that the District had deficit undesignated unreserved fund balance of \$3,164,611 in the Capital Projects - Statewide Sales and Services Tax Fund. We noted during our audit that the District had deficit undesignated unreserved fund balance of \$973,084 in the Capital Projects - Construction Projects Fund. We also noted during our audit that the District had several deficit Special Revenue, Student Activity Fund; Enterprise, Community Service Fund; and Enterprise, School Store Fund account balances at the end of the year.

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

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

Conclusion - Response accepted.

IV-L-09 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should research the outstanding checks to determine if they should be reissued, voided or submitted to the Treasurer of Iowa as unclaimed property.

Response - The District will research the checks outstanding and determine if they should be reissued, voided or submitted to the Treasurer of Iowa as unclaimed property.

Conclusion - Response accepted.

IV-M-09 Interfund Loans - We noted during our audit that the District has interfund loans which were on the balance sheets in the prior year and still on the current year balance sheets. As of June 30, 2009, the Enterprise, School Nutrition Fund owes the General Fund \$150,000; the Internal Service, Self-Funded Dental Insurance Fund owes the General Fund; the General Fund owes the Physical Plant and Equipment Levy Fund \$307; the Physical Plant and Equipment Levy Fund owes the Capital Projects - Statewide Sales and Services Tax Fund \$78,500; the General Fund owes the Capital Projects - Statewide Sales and Services Tax Fund \$5,700,000; and the Debt Service Fund owes the Capital Projects - Statewide Sales and Services Tax Fund \$1,702,277.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2009, interfund loans on the District's year end financial statements must be repaid to their respective funds on or before October 1, of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District does not have a plan in place for repayment of interfund loans and to comply with the declaratory ruling that the District should issue anticipatory warrant to repay the interfund loans. A reasonable amount for interest should be charged to the funds owing the balances and the amount should be paid monthly.

Response - The District is aware of the declaratory order issued by the Department of Education, but the District feels that with the financial condition of the District and the 10% cut in funding from the State of Iowa, issuing anticipatory warrants would impose unnecessary issuance and origination costs to the District.

Conclusion - Response acknowledged. The District should attempt to eliminate all interfund loan balances to comply with the declaratory ruling issued by the Iowa Department of Education. A reasonable amount for interest should be charged to the funds owing the balances and loan repayment plans should be formally adopted by the Board of Directors.