

# *Southeast Polk*

COMMUNITY SCHOOL DISTRICT  
PLEASANT HILL, IA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the**

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**Pleasant Hill, Iowa**

**For the fiscal year ended June 30, 2011**

**OFFICIAL ISSUING REPORT**

**Robert M. Hamilton**

**Director of Finance**

**OFFICE ISSUING REPORT**

**Business Office**

# SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

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SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

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December 6, 2011

Mr. Tom Hadden, President  
And Members of the Board of  
Education and Citizens of  
Southeast Polk Community School District  
Pleasant Hill, Iowa

The Comprehensive Annual Financial Report for the Southeast Polk Community School District for the fiscal year ended June 30, 2011 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 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, Bohnsack & Frommelt, LLP.

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, sales tax, 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 pre-kindergarten through twelve. These services include basic, regular and enriched academic education, gifted and talented, 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.

### 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 and Enterprise Funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets and financial statements for the governmental fund types 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 subcommittee. The revised plan included an addition at Altoona Elementary School, which was completed the spring of 2005 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 was 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.

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, was replaced by a state wide sales and use tax effective July 1, 2010 when the current local option tax expired. This new tax gives school districts in Iowa a secure source of revenue for infrastructure expenditures for the next 18 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, the existing high school was converted into our new 7-8 grade junior high school. The current junior high school building has become our district-wide 6<sup>th</sup> Grade Center. Both projects were completed in the fall of 2010.

An addition and renovation was started at Willowbrook Elementary, and the majority was completed before the start of school in the fall of 2011. The baseball stadium was renovated and ready for play in late spring of 2011.

The above construction projects have been totally funded by the 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 district-wide projects spanning 20 years of repairs and remodeling. Sales tax bonds will be issued to cover the costs of these projects.

It should be understood that the sales tax revenues used to fund these projects are 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 as of September 2011 is at 5.8% versus the national rate of 9.1%.

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.

Another bright spot for Altoona and the surrounding Southeast Polk area's economic development is the construction of a new hotel as an addition to the Prairie Meadows Racetrack and Casino in Altoona, Iowa. The hotel is scheduled to open the spring of 2012 and will have 168 rooms, indoor swimming pool, restaurant and lounge, ballroom, event and meeting space, fitness and business centers, wireless high speed internet, and an interactive in-room service system.

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, Bass Pro Shop opened a new store the fall of 2009 in Altoona. 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, 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 2011-12 financial condition appears to be good in spite of the national and state economies. Regular program basic enrollment grew by 96.9 students to 6,084.5 students for FY 2011-12, but the district's cost per pupil remained unchanged. As a result, the district's regular program budget has grown \$570,063, or an increase of 1.61%, for the 2011-12 school year. Considering that a large majority of the State's districts did not grow, our circumstances are far better than most.

For the prior school year (FY 2011) and this current school year (FY 2012) ARRA and Federal Jobs funding has filled in the gap left by a shortfall in the state's ability to fully fund the school aid formula. Next budget year (FY 2013) is a major concern. The ARRA and Jobs funding will be gone, and the State of Iowa's Governor and legislature have determined how much school district budgets will grow and how to pay for that funding. Two percent has been provided for FY 2013. While that is certainly better than the current 0% growth, next year could be very difficult for all school districts whether they are growing or not. This is due to the fact that labor agreements generally average one to one and a half percent above the percent growth given to fund school districts' budgets for the upcoming school year.

The school district was forced to make approximately \$2.2 million in budget cuts and levied an additional \$4,475,000 to offset a net state aid cut of \$1,926,733 and to replenish the districts depleted cash reserves for the FY 2011 budget year. For the current FY 2012 budget year major cuts were not necessary primarily due to the Federal funds described in the above paragraph.

As in the 2010-11 school year, the School District must operate in the most efficient manner during 2011-12 budget year to help ensure adequate funding for staff, services and supplies for the 2012-13 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, 2010. This is the tenth 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.

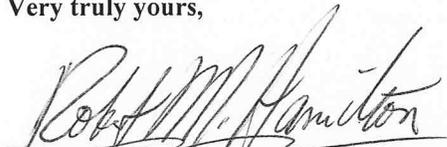
**Other Matters**

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.

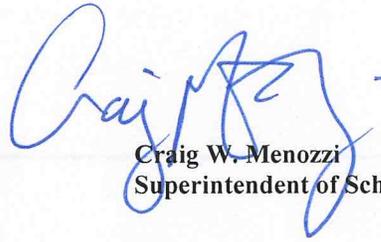
We wish to take this opportunity to thank the administrative office staff that assisted in obtaining and organizing data, the County Auditor and Treasurer offices and the city and town officials who provided much needed information. Without all of the above groups' efforts, the report could not have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



Craig W. Menozzi  
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, 2010

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

President

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, 2010

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.



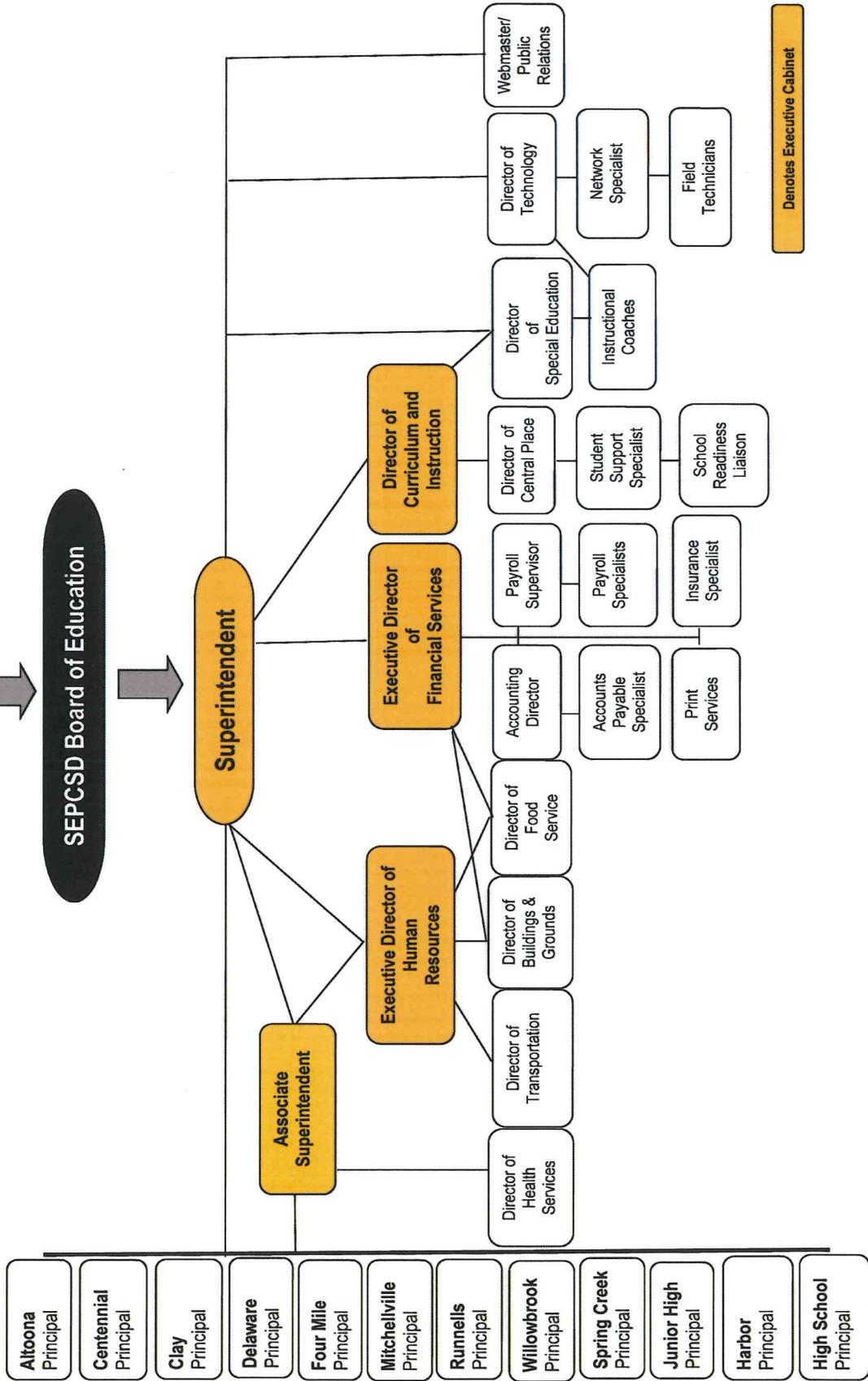
*Linda C. Danison*

President

*Jeffrey R. Enev*

Executive Director

**Administrative Structure**



Denotes Executive Cabinet

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION  
Year Ended June 30, 2011**

**Board of Education**

	<u><b>Title</b></u>	<u><b>Term/Contract Expires</b></u>
Lori Slings	President	September, 2013
Joanne Moeller	Vice President	September, 2011
Andrew McGrean	Member	September, 2011
Brad Skinner	Member	September, 2011
Katie Temple	Member	September, 2011
Tom Hadden	Member	September, 2013
Gary Fischer	Member	September, 2013

**School District Administration**

Thomas Downs	Superintendent	June 30, 2011
Joe Horton	Associate Superintendent	June 30, 2011
Dr. Stephen N. Miller	Director of Programs/Human Resources	June 30, 2011
Dr. Kristine Condon	Director of Curriculum/Instruction	June 30, 2011
R. Michael Hamilton	Board Secretary/Business Manager	June 30, 2011
Steve Oberto	Classified Personnel	June 30, 2011
Steve Stotts	Principal	June 30, 2011
Randy Mohning	Principal	June 30, 2011
Lori Waddell	Principal	June 30, 2011
Joe Nelson	Principal	June 30, 2011
Joel Schutte	Principal	June 30, 2011
Kevin Walker	Principal	June 30, 2011
Dennis O'Lear	Principal	June 30, 2011
Robin Norris	Principal	June 30, 2011
Glenn Dietzenbach	Principal	June 30, 2011
Lea Morris	Principal	June 30, 2011
Nicole Kooiker	Principal	June 30, 2011
Chuck Bredlow	Principal	June 30, 2011
Stephen Pettitt	Assistant Principal	June 30, 2011
John Steffen	Assistant Principal	June 30, 2011
Michael Manock	Assistant Principal	June 30, 2011
Kent Horstmann	Activities Director	June 30, 2011

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS  
Year Ended June 30, 2011**

**CERTIFIED PUBLIC ACCOUNTANTS**

**Bohnsack & Frommelt, LLP  
9311 West 148<sup>th</sup> Place  
Overland Park, KS 66221**

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

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

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

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

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

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

**Great Western Bank  
2770 8th St SW  
Altoona, IA 50039**

**Horizon Federal Savings Bank  
1290 Copper Creek Dr.  
Pleasant Hill, IA 50327**

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## Independent Auditor's Report

To the Board of Education  
Southeast Polk Community School District  
Pleasant Hill, 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 as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Southeast Polk Community School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with auditing standards generally accepted in the United States of America.

As stated in Note 16, the District's fund balance of the major Capital Projects Fund and the aggregate remaining fund information was restated due to fund type reclassifications for the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2011, 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 15 through 25 and 67 through 69 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 required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements and other schedules listed in the table of contents as well as the accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget A-133, Audits of States, Local Governments and Nonprofit Organization, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements for the year ended June 30, 2011 taken as a whole.

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

*Bohnsack & Frommelt LLP*

Overland Park, Kansas  
December 6, 2011

## Southeast Polk Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011

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It is an honor to present to you the financial picture of Southeast Polk Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Southeast Polk Community School District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

### FINANCIAL HIGHLIGHTS

The District showed an increase in net assets of \$2,366,101 during the year ended June 30, 2011.

Total revenues for the fiscal year ended June 30, 2011 of \$77,181,303 were comprised of General Revenues in the amount of \$59,614,174 and Program Revenues totaling \$17,567,129.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of deficit \$1,748,278, an increase of \$1,300,694 compared to the prior year.

As of June 30, 2011, unassigned fund balance for the General Fund was a negative \$9,171,352 or -15.41% of total General Fund expenditures.

The Southeast Polk Community School District's total long-term bonded debt increased by \$5,875,711 during fiscal year ended June 30, 2011.

### 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).

## Southeast Polk Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011

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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 five 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, Capital Projects Fund and Debt Service 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 31 through 33 of this report.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

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Proprietary funds - The District maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The District maintains 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 three internal service funds to account for the premium and claim payments for the self-insured health and dental insurance plans 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 35 through 38 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 funds of the District are the private purpose trust fund and agency fund. The agency fund is custodial in nature and do not involve measurement of results of operation.

The basic fiduciary fund financial statements can be found on page 39 through 40 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 63 through 65 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 \$40,677,689 to \$43,043,790.

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 \$43,308,402. 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, 2011

Table 1  
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
<b>Assets</b>							
Current and other assets	\$ 38,515,006	\$ 35,273,634	\$ 881,369	\$ 680,824	\$ 39,396,375	\$ 35,954,458	9.57%
Capital assets	132,738,452	126,372,456	1,497,346	1,673,355	134,235,798	128,045,811	4.83%
Total assets	171,253,458	161,646,090	2,378,715	2,354,179	173,632,173	164,000,269	5.87%
<b>Liabilities</b>							
Long-term obligations	93,144,040	87,242,014	66,602	32,789	93,210,642	87,274,803	6.80%
Other liabilities	37,280,411	35,956,666	97,330	91,111	37,377,741	36,047,777	3.69%
Total liabilities	130,424,451	123,198,680	163,932	123,900	130,588,383	123,322,580	5.89%
<b>Net Assets</b>							
Invested in capital assets, net of related debt	41,811,056	41,320,771	1,497,346	1,673,355	43,308,402	42,994,126	0.73%
Restricted	7,411,779	4,602,136	-	-	7,411,779	4,602,136	61.05%
Unrestricted	(8,393,828)	(7,475,497)	717,437	556,924	(7,676,391)	(6,918,573)	10.95%
Total net assets	\$ 40,829,007	\$ 38,447,410	\$ 2,214,783	\$ 2,230,279	\$ 43,043,790	\$ 40,677,689	5.82%

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 deficit increase is due to increase in restricted carryover funds, leaving less unrestricted funds available.

The District's total net assets increased by \$2,366,101 during the current fiscal year. The governmental activities' net assets increased by \$2,381,597. The business type activities, which include nutrition, community service and school store, decreased by \$15,496. The increase in governmental activities was mainly attributable to less than expected budgeted expenditures, which were offset by increased revenues and capitalization of construction in progress on the baseball stadium, junior high renovation and start of construction projects at Willowbrook Elementary and Spring Creek roof project. The decrease in business type activities was mainly attributable to increased operating costs in the school nutrition fund.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2011. 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.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

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, a transfer from Nutrition to General for a team nutrition grant, and a transfer from General to Community Service for rent of district facilities.

The following table shows changes in net assets for the year ended June 30, 2011.

Table 2  
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 4,119,754	\$ 3,370,044	\$ 2,495,971	\$ 2,416,234	\$ 6,615,725	\$ 5,786,278	14.33%
Operating grants and contributions and restricted interest	9,736,393	11,821,803	1,205,211	1,093,392	10,941,604	12,915,195	-15.28%
Capital grants and contributions and restricted interest	9,800	95,000	-	-	9,800	95,000	-89.68%
General Revenue:							
Property taxes and other taxes	31,275,593	29,750,174	-	-	31,275,593	29,750,174	5.13%
Unrestricted state grants	27,333,723	22,969,544	-	-	27,333,723	22,969,544	19.00%
Investment earnings	14,075	46,977	1,429	1,547	15,504	48,524	-68.05%
Other	989,354	1,181,815	-	-	989,354	1,181,815	-16.29%
Total revenues	73,478,692	69,235,357	3,702,611	3,511,173	77,181,303	72,746,530	6.10%
Program expenses:							
Instruction	39,229,187	39,362,825	256,704	296,615	39,485,891	39,659,440	-0.44%
Support services	22,570,818	22,696,458	20,573	10,547	22,591,391	22,707,005	-0.51%
Noninstructional programs	105,134	2,729	3,514,170	3,283,645	3,619,304	3,286,374	10.13%
Other	9,118,616	9,055,928	-	-	9,118,616	9,055,928	0.69%
Total expenses	71,023,755	71,117,940	3,791,447	3,590,807	74,815,202	74,708,747	0.14%
Changes in net assets before transfers	2,454,937	(1,882,583)	(88,836)	(79,634)	2,366,101	(1,962,217)	-220.58%
Transfers	(73,340)	(480,718)	73,340	480,718	-	-	0.00%
Changes in net assets	2,381,597	(2,363,301)	(15,496)	401,084	2,366,101	(1,962,217)	-220.58%
Beginning net assets	38,447,410	40,810,711	2,230,279	1,829,195	40,677,689	42,639,906	-4.60%
Ending net assets	\$ 40,829,007	\$ 38,447,410	\$ 2,214,783	\$ 2,230,279	\$ 43,043,790	\$ 40,677,689	5.82%

Total revenues increased primarily due to an increase in property taxes and other taxes and unrestricted state grants which includes stimulus money. Additionally, interest income decreased by \$33,020 due to a decrease in rates of return on investments and the dramatic decrease in available idle funds. Increased food service costs were the primary reason for the increased expenditures in the non-instructional programs. Total expenses increased due to additional student costs and debt service costs.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

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 2010-11	Net Cost of Services		Change 2010-11
	2011	2010		2011	2010	
Instruction	\$ 39,229,187	\$ 39,362,825	-0.34%	\$ 27,860,616	\$ 26,577,409	4.83%
Support Services	22,570,818	22,696,458	-0.55%	22,440,545	22,492,000	-0.23%
Non-instructional programs	105,134	2,729	3752.47%	105,134	2,729	3752.47%
Other	9,118,616	9,055,928	0.69%	6,751,513	6,758,955	-0.11%
Totals	\$ 71,023,755	\$ 71,117,940	-0.13%	\$ 57,157,808	\$ 55,831,093	2.38%

Net cost of services is 80.48% of total cost of services in 2011.

**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 a deficit \$1,748,278, an increase of \$1,300,694 in comparison with the prior year. The unassigned fund balance, which is available for spending at the government's discretion, is a deficit \$9,171,352. The remainder of the fund balance is restricted for 1) Debt Service of \$3,659,545; 2) Capital Projects of \$1,178,584; 3) Management Levy of \$406,374; 4) Student Activities of \$362,690; 5) Prepaid Items of \$11,311; and 6) Categorical Funds of \$1,804,570.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was a deficit \$9,171,352 while total fund balance was a deficit \$7,355,487. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately -15.41% of total General Fund expenditures, while total fund balance also represents approximately -12.36% of total General Fund expenditures, respectively.

The fund balance of the District's General Fund increased by \$2,056,322 during the current fiscal year. Key factors in this increase 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, 2011

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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 district did some budget adjustments in preparing the 2011 budget to ensure revenues to exceed expenditures.

The fund balance of the District's Capital Projects Fund decreased by \$2,152,950 during the past fiscal year. A key factor in this decrease is due to the increase in capital facility construction costs paid during the year as part of the current and prior year bond issues.

The fund balance of the District's Debt Service Fund increased by \$1,113,330 during the past fiscal year. A key factor in this increase is due to the increase in the debt sinking fund requirements. The Debt Service Fund is required to maintain a debt sinking reserve account balance of \$2,977,850. During the fiscal year, the Capital Projects Fund transferred statewide sales, services and use tax to the pay revenue bonds and finance the reserve account that will be used to pay the final debt service payments.

### **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 internal service, 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 each major Special Revenue Funds are not presented in the budgetary comparison on page 67. During the year, the District adopted one budget amendment to increased budgeted expenditures by \$3,043,400 for costs in instruction and non-instructional programs for additional students.

### **LEGAL BUDGETARY HIGHLIGHTS**

The District's total actual revenues were \$730,906 less than the total budgeted revenues, a variance of .94%. The most significant change resulted in the District receiving less in state sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. The District manages and controls General Fund spending through its line-item budget.

The certified budget was exceeded in the 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

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

**CAPITAL ASSETS ADMINISTRATION**

The District's invested in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$134,235,798 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

Table 4  
Capital Assets as of June 30, 2011 (Net of Depreciation)

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 3,503,506	\$ 1,887,306	\$ -	\$ -	\$ 3,503,506	\$ 1,887,306	85.64%
Construction in progress	3,184,806	17,445,472	-	-	3,184,806	17,445,472	-81.74%
Land improvements	5,429,838	3,333,894	-	-	5,429,838	3,333,894	62.87%
Buildings and improvements	115,505,196	98,753,252	-	-	115,505,196	98,753,252	16.96%
Machinery and equipment	5,115,106	4,952,532	1,497,346	1,673,355	6,612,452	6,625,887	-0.20%
Totals	\$ 132,738,452	\$ 126,372,456	\$ 1,497,346	\$ 1,673,355	\$ 134,235,798	\$ 128,045,811	4.83%

During the year the District used bond financing received in the current and prior year to renovate the Junior High School, complete a new baseball stadium and Willowbrook Elementary renovation projects. In addition, the buildings and building improvements increased due to completion of the Junior High School improvements which were completed and capitalized during the year. Land increased due to a contract purchase agreement with the City of Pleasant Hill. Land improvements increased due to the completion of the Baseball Stadium.

Detailed information regarding capital assets activity can be found in Note 7 of the notes to the basic financial statements.

**LONG-TERM DEBT ADMINISTRATION**

At the end of June 30, 2011, the District had total long-term debt of \$93,210,642, an increase of \$5,935,839 from the prior fiscal year. Of this amount, \$4,395,842 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 9 of the notes to the basic financial statements.

During the fiscal year ended June 30, 2011, the District issued capital loan notes of \$2,330,000 for buses and equipment purchases.

During the fiscal year ended June 30, 2011, the District issued revenue bonds of \$7,055,000 for renovations on Willowbrook Elementary, new baseball stadium and Meacham Drive project.

During the fiscal year ended June 30, 2011, the District approved separation agreements for two administrators.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

Table 5  
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total Change
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2011	2010	2011	2010	2011	2010	2010-11
G.O. bonds	\$ 51,460,000	\$ 53,520,000	\$ -	\$ -	\$ 51,460,000	\$ 53,520,000	-3.85%
Revenue bonds	36,395,000	30,000,000	-	-	36,395,000	30,000,000	21.32%
Capital loan notes	3,072,396	1,531,685	-	-	3,072,396	1,531,685	100.59%
Seperation agreements	148,557	-	-	-	148,557	-	100.00%
Early retirement	-	1,172,194	-	-	-	1,172,194	-100.00%
Net OPEB liability	2,068,087	1,018,135	66,602	32,789	2,134,689	1,050,924	103.12%
Totals	\$ 93,144,040	\$ 87,242,014	\$ 66,602	\$ 32,789	\$ 93,210,642	\$ 87,274,803	6.80%

**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, FY 2008-09, FY 2009-10 and FY 2010-11 had seen a modest upturn in economic activity. The district has received a 0% increase in the state's cost per pupil for its General Fund formula for the current FY 2011-12. This lack of an increase has made it much harder to fund school district activities and the budget is still going to be stretched even with a 2% projected increase in order to execute all programs in the budget for the FY 2012-13 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.

Southeast Polk Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

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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 2003-04 – 2%  
FY 2004-05 – 2%  
FY 2005-06 – 4%  
FY 2006-07 – 4%  
FY 2007-08 – 4%  
FY 2008-09 – 4%  
FY 2009-10 – 4%\*  
FY 2010-11 – 2%  
FY 2011-12 – 0%

\* State aid mid-year budget cut resulted in a net decrease of 10%.

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 2003-04, FY 2004-05 and FY 2010-11 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 2003 the district's solvency ratio was 0.12%. As of the end of FY 2011 the solvency ratio for the district was -14.86.

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 2.89%. 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 and Federal Job 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 decided what level of funding it will provide for schools and other agencies next year. However, a FY 2012-13 2% increase in funding for schools leaves them all in an unsustainable position since labor costs are typically one and a half to two percent higher than the 2% approved by the legislature.

The outlook does not look good for schools in general even though Iowa's economy is starting to improve. If state aid is increasing 2% from this year's level then even a growing district such as ours will have to look at reduction in services and increases in fees. Next year will be a real challenge for education in this state as well as across the nation.

**Southeast Polk Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2011**

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**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, Pleasant Hill, Iowa, 50327.

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## BASIC FINANCIAL STATEMENTS

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**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS**

JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 4,540,858	794,842	5,335,700
Receivables:			
Property tax:			
Delinquent	214,600	-	214,600
Succeeding year	26,835,490	-	26,835,490
Income surtax	1,396,516	-	1,396,516
Accounts	55,658	4,314	59,972
Due from other governments	2,482,723	5,118	2,487,841
Inventories	-	77,055	77,055
Prepaid items	11,311	40	11,351
Restricted cash and pooled investments	2,977,850	-	2,977,850
Capital assets not being depreciated:			
Land	3,503,506	-	3,503,506
Construction in progress	3,184,806	-	3,184,806
Capital assets net of accumulated depreciation:			
Buildings	115,505,196	-	115,505,196
Land improvements	5,429,838	-	5,429,838
Machinery and equipment	5,115,106	1,497,346	6,612,452
<b>TOTAL ASSETS</b>	<b>171,253,458</b>	<b>2,378,715</b>	<b>173,632,173</b>
<b>LIABILITIES</b>			
Accounts payable	1,867,153	18,344	1,885,497
Retainage payable	30,742	-	30,742
Salaries and benefits payable	5,897,021	63,800	5,960,821
Incurred but not reported claims	832,095	-	832,095
Accrued interest payable	518,221	-	518,221
Unearned revenue:			
Succeeding year property tax	26,835,490	-	26,835,490
Other	1,299,689	15,186	1,314,875
Long-term liabilities:			
Portion due within one year:			
G.O. bonds payable	2,135,000	-	2,135,000
Revenue bonds payable	1,370,000	-	1,370,000
Capital loan note payable	789,651	-	789,651
Separation agreements payable	101,191	-	101,191
Portion due after one year:			
G.O. bonds payable	49,325,000	-	49,325,000
Revenue bonds payable	35,025,000	-	35,025,000
Capital loan note payable	2,282,745	-	2,282,745
Separation agreements payable	47,366	-	47,366
Net OPEB liability	2,068,087	66,602	2,134,689
<b>TOTAL LIABILITIES</b>	<b>130,424,451</b>	<b>163,932</b>	<b>130,588,383</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	41,811,056	1,497,346	43,308,402
Restricted for:			
Debt service	3,659,545	-	3,659,545
Categorical funds	1,804,570	-	1,804,570
Capital projects	1,178,584	-	1,178,584
Management levy	406,374	-	406,374
Student activities	362,706	-	362,706
Unrestricted	(8,393,828)	717,437	(7,676,391)
<b>TOTAL NET ASSETS</b>	<b>\$ 40,829,007</b>	<b>2,214,783</b>	<b>43,043,790</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2011**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
		Charges for Services	Interest	Interest			
<b>Functions/Programs:</b>							
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	\$ 23,868,832	1,993,228	5,390,328	-	(16,485,276)	-	(16,485,276)
Special	9,474,485	1,112,437	1,385,463	-	(6,976,585)	-	(6,976,585)
Other	5,885,870	957,112	530,003	-	(4,398,755)	-	(4,398,755)
	<u>39,229,187</u>	<u>4,062,777</u>	<u>7,305,794</u>	<u>-</u>	<u>(27,860,616)</u>	<u>-</u>	<u>(27,860,616)</u>
<b>Support services:</b>							
Student	2,667,311	-	-	-	(2,667,311)	-	(2,667,311)
Instructional staff	2,570,297	-	-	-	(2,570,297)	-	(2,570,297)
Administration	9,010,061	-	-	-	(9,010,061)	-	(9,010,061)
Operation and maintenance of plant	5,472,919	-	-	9,800	(5,463,119)	-	(5,463,119)
Transportation	2,850,230	56,977	63,496	-	(2,729,757)	-	(2,729,757)
	<u>22,570,818</u>	<u>56,977</u>	<u>63,496</u>	<u>9,800</u>	<u>(22,440,545)</u>	<u>-</u>	<u>(22,440,545)</u>
<b>Non-instructional programs:</b>							
Food service operations	5,045	-	-	-	(5,045)	-	(5,045)
Community service operations	100,089	-	-	-	(100,089)	-	(100,089)
	<u>105,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,134)</u>	<u>-</u>	<u>(105,134)</u>
<b>Other expenses:</b>							
Long-term debt interest	3,691,427	-	-	-	(3,691,427)	-	(3,691,427)
AEA flowthrough	2,367,103	-	2,367,103	-	-	-	-
Depreciation(unallocated)*	3,060,086	-	-	-	(3,060,086)	-	(3,060,086)
	<u>9,118,616</u>	<u>-</u>	<u>2,367,103</u>	<u>-</u>	<u>(6,751,513)</u>	<u>-</u>	<u>(6,751,513)</u>
<b>Total governmental activities</b>	<b>71,023,755</b>	<b>4,119,754</b>	<b>9,736,393</b>	<b>9,800</b>	<b>(57,157,808)</b>	<b>-</b>	<b>(57,157,808)</b>
<b>Business type activities:</b>							
<b>Instruction:</b>							
Regular	910	-	-	-	-	(910)	(910)
Other	255,794	334,343	-	-	-	78,549	78,549
	<u>256,704</u>	<u>334,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,639</u>	<u>77,639</u>
<b>Support services:</b>							
Instructional staff	2,772	-	-	-	-	(2,772)	(2,772)
Administration	1,055	-	-	-	-	(1,055)	(1,055)
Operation and maintenance of plant	16,746	-	-	-	-	(16,746)	(16,746)
	<u>20,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,573)</u>	<u>(20,573)</u>
<b>Non-instructional programs:</b>							
Food service operations	3,497,744	2,111,679	1,205,211	-	-	(180,854)	(180,854)
Community service operations	16,426	49,949	-	-	-	33,523	33,523
	<u>3,514,170</u>	<u>2,161,628</u>	<u>1,205,211</u>	<u>-</u>	<u>-</u>	<u>(147,331)</u>	<u>(147,331)</u>
<b>Total business type activities</b>	<b>3,791,447</b>	<b>2,495,971</b>	<b>1,205,211</b>	<b>-</b>	<b>-</b>	<b>(90,265)</b>	<b>(90,265)</b>
<b>Total</b>	<b>\$ 74,815,202</b>	<b>6,615,725</b>	<b>10,941,604</b>	<b>9,800</b>	<b>(57,157,808)</b>	<b>(90,265)</b>	<b>(57,248,073)</b>
<b>General Revenues and Transfers:</b>							
<b>General Revenues</b>							
<b>Property tax levied for:</b>							
General purposes					\$ 21,538,542	-	21,538,542
Debt service					1,388,976	-	1,388,976
Capital outlay					1,424,955	-	1,424,955
Income surtax					1,466,561	-	1,466,561
Statewide sales and services tax					5,456,559	-	5,456,559
Unrestricted state grants					27,333,723	-	27,333,723
Unrestricted investment earnings					14,075	1,429	15,504
Other general revenues					989,354	-	989,354
Transfers					(73,340)	73,340	-
<b>Total general revenues and transfers</b>					<u>59,539,405</u>	<u>74,769</u>	<u>59,614,174</u>
<b>Changes in net assets</b>					<u>2,381,597</u>	<u>(15,496)</u>	<u>2,366,101</u>
<b>Net assets beginning of year</b>					<u>38,447,410</u>	<u>2,230,279</u>	<u>40,677,689</u>
<b>Net assets end of year</b>					<u>\$ 40,829,007</u>	<u>2,214,783</u>	<u>43,043,790</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, 2011**

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 71,264	1,281,967	668,134	840,699	2,862,064
Receivables:					
Property tax					
Delinquent	172,877	13,862	13,512	14,349	214,600
Succeeding year	19,880,656	1,515,888	3,783,746	1,655,200	26,835,490
Income surtax	1,396,516	-	-	-	1,396,516
Accounts	17,441	11,182	-	10,647	39,270
Due from other governments	1,768,788	713,809	49	77	2,482,723
Prepaid items	11,295	-	-	16	11,311
Restricted cash and pooled investments	-	-	2,977,850	-	2,977,850
<b>TOTAL ASSETS</b>	<b>\$ 23,318,837</b>	<b>3,536,708</b>	<b>7,443,291</b>	<b>2,520,988</b>	<b>36,819,824</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Excess of warrants issued over bank balance	\$ 1,241,491	-	-	-	1,241,491
Accounts payable	978,267	807,842	-	81,044	1,867,153
Retainage payable	-	30,742	-	-	30,742
Salaries and benefits payable	5,886,900	3,652	-	6,469	5,897,021
Deferred revenue:					
Succeeding year property tax	19,880,656	1,515,888	3,783,746	1,655,200	26,835,490
Income surtax	1,396,516	-	-	-	1,396,516
Other	1,290,494	-	-	9,195	1,299,689
<b>Total liabilities</b>	<b>30,674,324</b>	<b>2,358,124</b>	<b>3,783,746</b>	<b>1,751,908</b>	<b>38,568,102</b>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Prepaid items	11,295	-	-	16	11,311
<b>Restricted:</b>					
Capital projects	-	1,178,584	-	-	1,178,584
Debt service	-	-	3,659,545	-	3,659,545
Management levy	-	-	-	406,374	406,374
Student activities	-	-	-	362,690	362,690
Categorical funding	1,804,570	-	-	-	1,804,570
Unassigned	(9,171,352)	-	-	-	(9,171,352)
<b>Total fund balances</b>	<b>(7,355,487)</b>	<b>1,178,584</b>	<b>3,659,545</b>	<b>769,080</b>	<b>(1,748,278)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,318,837</b>	<b>3,536,708</b>	<b>7,443,291</b>	<b>2,520,988</b>	<b>36,819,824</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

Total fund balances of governmental funds(page 31)	\$ (1,748,278)
<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 the governmental funds.	132,738,452
Blending of the Internal Service Funds to be reflected at an entity-wide basis.	2,104,578
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.	(518,221)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	1,396,516
Long-term liabilities, including bonds payable, capital loan notes payable, seperation agreements 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>(93,144,040)</u>
Net assets of governmental activities(page 29)	<u>\$ 40,829,007</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, 2011**

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
<b>REVENUES:</b>					
<b>Local sources:</b>					
Local tax	\$ 21,327,703	6,881,514	1,388,976	1,650,663	31,248,856
Tuition	2,832,690	-	-	-	2,832,690
Other	875,155	377,419	2,641	1,418,787	2,674,002
Intermediate sources	19,660	-	-	-	19,660
State appropriations	34,144,029	475	463	641	34,145,608
Federal appropriations	2,480,044	9,800	-	-	2,489,844
<b>Total revenues</b>	<b>61,679,281</b>	<b>7,269,208</b>	<b>1,392,080</b>	<b>3,070,091</b>	<b>73,410,660</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	24,299,843	566	-	2,128	24,302,537
Special	9,426,572	-	-	2,268	9,428,840
Other	4,635,214	-	-	1,093,047	5,728,261
	<b>38,361,629</b>	<b>566</b>	<b>-</b>	<b>1,097,443</b>	<b>39,459,638</b>
<b>Support services:</b>					
Student	2,615,658	-	-	5,593	2,621,251
Instructional staff	2,035,642	236,195	-	1,728	2,273,565
Administration	6,815,022	499,322	54,597	1,363,951	8,732,892
Operation and maintenance of plant	5,006,720	29,068	-	249,681	5,285,469
Transportation	2,330,456	378,680	-	59,459	2,768,595
	<b>18,803,498</b>	<b>1,143,265</b>	<b>54,597</b>	<b>1,680,412</b>	<b>21,681,772</b>
<b>Non-instructional programs:</b>					
Food service operations	-	-	-	5,045	5,045
Community service operations	-	96,890	-	3,199	100,089
	<b>-</b>	<b>96,890</b>	<b>-</b>	<b>8,244</b>	<b>105,134</b>
<b>Other expenditures:</b>					
Capital outlay	-	10,453,313	-	-	10,453,313
<b>Debt service:</b>					
Principal	-	-	3,509,289	-	3,509,289
Interest and fiscal charges	-	-	3,905,919	-	3,905,919
AEA flowthrough	2,367,103	-	-	-	2,367,103
	<b>2,367,103</b>	<b>10,453,313</b>	<b>7,415,208</b>	<b>-</b>	<b>20,235,624</b>
<b>Total expenditures</b>	<b>59,532,230</b>	<b>11,694,034</b>	<b>7,469,805</b>	<b>2,786,099</b>	<b>81,482,168</b>
Excess(deficiency) of revenues over(under) expenditures	2,147,051	(4,424,826)	(6,077,725)	283,992	(8,071,508)
<b>OTHER FINANCING SOURCES(USES):</b>					
Issuance of revenue bonds	-	7,055,000	-	-	7,055,000
Discount on bonds	-	(10,951)	-	-	(10,951)
Issuance of capital loan notes	-	2,330,000	-	-	2,330,000
Premium on capital loan notes	-	7,228	-	-	7,228
Proceeds from sale of capital assets	30,741	10,554	-	-	41,295
Transfers in	450	16,503	7,191,055	-	7,208,008
Transfers out	(121,920)	(7,136,458)	-	-	(7,258,378)
<b>Total other financing source(uses)</b>	<b>(90,729)</b>	<b>2,271,876</b>	<b>7,191,055</b>	<b>-</b>	<b>9,372,202</b>
<b>Net change in fund balances</b>	<b>2,056,322</b>	<b>(2,152,950)</b>	<b>1,113,330</b>	<b>283,992</b>	<b>1,300,694</b>
<b>FUND BALANCES BEGINNING OF YEAR, AS RESTATED</b>	<b>(9,411,809)</b>	<b>3,331,534</b>	<b>2,546,215</b>	<b>485,088</b>	<b>(3,048,972)</b>
<b>FUND BALANCES END OF YEAR</b>	<b>\$ (7,355,487)</b>	<b>1,178,584</b>	<b>3,659,545</b>	<b>769,080</b>	<b>(1,748,278)</b>

**SEE NOTES TO BASIC FINANCIAL STATEMENTS.**

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds(page 33) \$ 1,300,694

*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, depreciation expense and loss on disposal of capital assets in the year are as follows:

Capital outlay	\$ 10,615,986	
Depreciation expense	(4,232,809)	
Loss on disposal of capital assets	<u>(17,181)</u>	6,365,996

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 371,981

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	(9,385,000)	
Repaid	<u>3,509,289</u>	(5,875,711)

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. 218,215

Income surtax account receivable is not available to finance expenditures of the current period in the governmental funds. 26,737

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	1,172,194	
Separation agreements	(148,557)	
Other postemployment benefits	<u>(1,049,952)</u>	(26,315)

Changes in net assets of governmental activities(page 30) \$ 2,381,597

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS

JUNE 30, 2011

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
<b><u>ASSETS</u></b>		
Current assets:		
Cash and pooled investments	\$ 794,842	2,920,285
Accounts receivable	4,314	16,388
Due from other governments	5,118	-
Inventories	77,055	-
Prepaid items	40	-
Total current assets	<u>881,369</u>	<u>2,936,673</u>
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	<u>1,497,346</u>	-
Total non-current assets	<u>1,497,346</u>	-
<b>TOTAL ASSETS</b>	<b><u>2,378,715</u></b>	<b><u>2,936,673</u></b>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	18,344	-
Salaries and benefits payable	63,800	-
Incurred but not reported claims	-	832,095
Unearned revenues	<u>15,186</u>	-
Total current liabilities	<u>97,330</u>	<u>832,095</u>
Long-term liabilities:		
Net OPEB liability	<u>66,602</u>	-
Total long-term liabilities	<u>66,602</u>	-
<b>TOTAL LIABILITIES</b>	<b><u>163,932</u></b>	<b><u>832,095</u></b>
<b><u>NET ASSETS</u></b>		
Invested in capital assets	1,497,346	-
Unrestricted	<u>717,437</u>	<u>2,104,578</u>
Total net assets	<b><u>\$ 2,214,783</u></b>	<b><u>2,104,578</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

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

**YEAR ENDED JUNE 30, 2011**

	<u>Business Type Activities: Enterprise Funds</u>	<u>Governmental Activities: Internal Service Funds</u>
<b>OPERATING REVENUE:</b>		
Local sources:		
Charges for service	\$ 2,495,971	7,445,980
<b>OPERATING EXPENSES:</b>		
Instruction:		
Regular	910	-
Other	255,794	-
	<u>256,704</u>	<u>-</u>
Support services:		
Instructional staff	2,772	-
Administration	1,055	7,078,985
Operation and maintenance of plant:	16,746	-
	<u>20,573</u>	<u>7,078,985</u>
Non-instructional programs:		
Food service operations	3,293,706	-
Food service depreciation	204,038	-
Community service operations:	16,426	-
	<u>3,514,170</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>3,791,447</b></u>	<u><b>7,078,985</b></u>
<b>OPERATING INCOME(LOSS)</b>	<u><b>(1,295,476)</b></u>	<u><b>366,995</b></u>
<b>NON-OPERATING REVENUES:</b>		
State sources	24,756	-
Federal sources	1,180,455	-
Interest income	1,429	4,986
<b>TOTAL NON-OPERATING REVENUES</b>	<u><b>1,206,640</b></u>	<u><b>4,986</b></u>
Income(loss) before capital contributions and transfers	(88,836)	371,981
Capital contributions	22,970	-
Transfers in	50,820	-
Transfers out	(450)	-
	<u>(15,496)</u>	<u>371,981</u>
Changes in net assets	(15,496)	371,981
Net assets beginning of year	<u>2,230,279</u>	<u>1,732,597</u>
Net assets end of year	<u><u>\$ 2,214,783</u></u>	<u><u>2,104,578</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2011

	Business Type Activities Enterprise Funds	Governmental Activities: Internal Service Fund
<b>Cash flows from operating activities:</b>		
Cash received from sale of lunches and breakfasts	\$ 2,085,892	-
Cash received from miscellaneous operating activities	407,215	7,454,741
Cash payments to employees for services	(1,369,754)	(6,287,805)
Cash payments to suppliers for goods or services	(1,951,972)	(568,642)
Net cash provided by(used in) operating activities	<u>(828,619)</u>	<u>598,294</u>
<b>Cash flows from non-capital financing activities:</b>		
State grants received	24,756	-
Federal grants received	953,982	-
Transfer in(out), net	50,370	-
Interfund loan repayments	(140,235)	(38,000)
Net cash provided by(used in) non-capital financing activities	<u>888,873</u>	<u>(38,000)</u>
<b>Cash flows from capital financing activities:</b>		
Acquisition of capital assets	(5,059)	-
Net cash used in capital financing activities	<u>(5,059)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest on investment	1,429	4,986
Net cash provided by investing activities	<u>1,429</u>	<u>4,986</u>
Net increase in cash and cash equivalents	56,624	565,280
Cash and cash equivalents at beginning of year	<u>738,218</u>	<u>2,355,005</u>
Cash and cash equivalents at end of year	<u>\$ 794,842</u>	<u>2,920,285</u>

Continued on following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**YEAR ENDED JUNE 30, 2011**

	<u>Business Type Activities Enterprise Funds</u>	<u>Governmental Activities: Internal Service Fund</u>
<b>Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:</b>		
Operating income(loss)	\$ (1,295,476)	366,995
<b>Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:</b>		
Commodities consumed	221,355	-
Depreciation	204,038	-
Increase in inventories	(21,973)	-
Decrease in prepaid items	26	-
Decrease in accounts receivable	23,379	8,791
Increase in incurred but not reported claims	-	229,013
Increase(Decrease) in accounts payable	6,247	(6,475)
Increase in salaries and benefits payable	26,265	-
Decrease in unearned revenue	(26,293)	-
Increase in post employment benefits payable	33,813	-
Net cash provided by(used in) operating activities	<u>\$ (828,619)</u>	<u>598,324</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON STATEMENT OF NET ASSETS:**

**Current assets:**

Cash and investments	<u>\$ 794,842</u>	<u>2,920,285</u>
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**NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

During the year ended June 30, 2011, the District received Federal commodities valued at \$221,355.

During the year ended June 30, 2011, the District received capital contributions valued at \$4,186 from the General Fund.

During the year ended June 30, 2011, the District received capital contributions valued at \$18,784 from the Capital Projects Fund.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**JUNE 30, 2011**

	<u>Private Purpose</u>	
	<u>Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and pooled investments	\$ 586,614	174,091
Receivables:		
Accrued interest	2,792	8
Total assets	<u>589,406</u>	<u>174,099</u>
<b>LIABILITIES</b>		
Accounts payable	-	9,650
Due to other groups	-	164,449
Total liabilities	<u>-</u>	<u>174,099</u>
<b>NET ASSETS</b>		
Restricted	<u>\$ 589,406</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, 2011

	Private Purpose Trust
	Scholarship
<b>Additions:</b>	
<b>Local sources:</b>	
Gifts and contributions	\$ 65,085
Interest income	12,957
Total additions	78,042
 <b>Deductions:</b>	
<b>Instruction:</b>	
<b>Regular instruction:</b>	
Scholarships awarded	33,710
Supplies	1,155
Total deductions	34,865
Change in net assets	43,177
Net assets beginning of year	546,229
Net assets end of year	\$ 589,406

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2011

**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, Pleasant Hill, Mitchellville and Runnells, Iowa, and the predominate agricultural territory in Polk, Jasper and Marion Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. REPORTING ENTITY**

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

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

**B. BASIS OF PRESENTATION**

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for 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 the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation plus the unspent bond proceeds 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 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. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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 Funds and Internal Service Funds. The Enterprise Funds are the School Nutrition Fund, School Store Fund, Community 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 Funds are 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 Funds are 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 Fund consists of accounts for Booster Clubs and PTG parent organizations. 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 Funds) 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.

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

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 non-operating 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 non-operating revenues and expenses.

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

#### D. 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 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 in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. 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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

#### F. INVENTORIES

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 ITEMS

The District has prepaid items from the General Fund, Special Revenue - Student Activity Fund and Enterprise - Community Service Fund. The District accounts for the prepaid items by using the purchases method. Items prepaid include life and long-term disability insurance, registration fees, book fees, planner fees, camp fees and other fees collected for the next fiscal year.

#### H. CAPITAL ASSETS

Capital assets, which include property, machinery, and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not

capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
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, intangibles, and machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Land improvements	20-50
Intangibles	5-10
Machinery and equipment	5-15

#### 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 2011, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2011.

#### J. RETAINAGE PAYABLE

Contracts for construction retainage have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2011. The new baseball stadium was occupied by the District and had been completed and capitalized prior to June 30, 2011.

#### K. 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.

#### L. UNEARNED REVENUE

Unearned 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 and advances from grant awards that will not be recognized until the grant requirements are met.

Unearned revenues in the Proprietary Funds are monies collected for lunches that have not yet been served, class fees and summer transition programming. The unearned revenue will either be reimbursed or used at the time the lunches are served or classes attended.

## M. 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.

## N. FUND BALANCE

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balances cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

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

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

Assigned fund balances are amounts that contain self-imposed constraints of the District to be used for a particular purpose. The District did not have any assigned fund balances at the end of the year.

Unassigned fund balances are all amounts not included in other spendable classifications.

## O. 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 \$3,659,545 for debt service, \$1,804,570 for state restricted categorical funding, \$1,178,584 for capital projects and \$406,374 for management levy and \$362,706 for student activities.

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 fiduciary 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, 2011, the instruction and non-instructional programs functional area expenditures were amended for increases of 5.65% and 29.03%, 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, 2011, the carrying amount of the District’s bank deposits and pooled investments totaled \$9,074,255 with bank balances of \$9,625,107. These amounts are included in the cash and pooled investments on the combined balance sheet.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 3,208,123

At June 30, 2011, the District had investments in the IPASeducation as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 989,414</u>

At June 30, 2011, the District had investments at Edward Jones as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
<u>Edward Jones</u>		
Cash and Money Market	\$ 177,631	N/A
Corporate Bonds	5,760	2/22/2033
Mutual Funds	<u>176</u>	varies
	<u>\$ 183,567</u>	

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material differences 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 rating on the investments at Edward Jones in corporate bonds and mutual funds are unknown at this time.

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

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

As of June 30, 2011, the District's deposits with financial institutions were entirely covered by federal depository insurance or insured through the state pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

As of June 30, 2011, \$4,381,104 of the District's investments was uninsured or unregistered, with securities held by the counterparty's trust department or agent in the District's name.

**Note 4. Transfers**

The detail of transfers for year ended June 30, 2011 is as follows:

	Transfer In					
	Governmental Activities			Total	Business-type	Total
	General	Capital Projects	Debt Service	Governmental Activities	Nonmajor, Enterprise	
<b>Transfer Out</b>						
<b>Governmental activities:</b>						
General	\$ -	16,503	54,597	71,100	50,820	121,920
Capital Projects	-	-	7,136,458	7,136,458	-	7,136,458
<b>Business-type activities:</b>						
Nonmajor enterprise	450	-	-	450	-	450
	<b>\$ 450</b>	<b>16,503</b>	<b>7,191,055</b>	<b>7,208,008</b>	<b>50,820</b>	<b>7,258,828</b>

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

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

The General Fund transferred to the Debt Service Fund to pay interest on taxable anticipatory warrants.

The Enterprise, School Nutrition Fund transferred to the General Fund to pay for reimbursements as part of the team nutrition grant.

The General Fund transferred rental income to finance the facility rental charges recorded in the Enterprise, Community Service Fund. The excess income included in the carryover balance will finance a part-time facility scheduler position.

The General Fund transferred to the Capital Project Fund to pay for interest on borrowed funds.

**Note 5. Iowa School Cash Anticipation Program (ISCAP)**

The District participated in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. A summary of the District's ISCAP activity for the year ended June 30, 2011 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2010-11A	6/30/2010	6/23/2011	\$ -	2,200,000	2,200,000	-

During the year ended June 30, 2011, the District paid \$7,311 of interest on the ISCAP warrants.

#### Note 6. Taxable Anticipatory Warrants

On July 27, 2010 the District issued \$7,000,000 in taxable anticipatory warrants through December 1, 2010 with U.S. Bank, NA. The warrant sizing was based on a projection of cash flow needs during the semiannual period.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. The interest rate on the Series 2010 warrants is 2.00% plus the LIBOR rate. A summary of the District's taxable anticipatory warrant activity for the year ended June 30, 2011 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2010	7/27/2010	12/1/2010	\$ -	7,000,000	7,000,000	-

During the year ended June 30, 2011, the District paid \$54,597 of interest on the taxable anticipatory warrants.

#### Note 7. Capital Assets

Capital assets for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 2,703,465	28,029	-	2,731,494
Less accumulated depreciation	1,030,110	204,038	-	1,234,148
Business type activities capital assets, net	\$ 1,673,355	(176,009)	-	1,497,346

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,887,306	1,616,200	-	3,503,506
Construction in progress	17,445,472	2,979,089	17,239,755	3,184,806
<b>Total capital assets not being depreciated</b>	<b>19,332,778</b>	<b>4,595,289</b>	<b>17,239,755</b>	<b>6,688,312</b>
<b>Capital assets being depreciated:</b>				
Buildings	118,648,132	19,448,036	-	138,096,168
Land improvements	6,654,127	2,463,919	858,791	8,259,255
Machinery and equipment	14,700,214	1,348,497	16,500	16,032,211
<b>Total capital assets being depreciated</b>	<b>140,002,473</b>	<b>23,260,452</b>	<b>875,291</b>	<b>162,387,634</b>
<b>Less accumulated depreciation for:</b>				
Buildings	19,894,880	2,696,092	-	22,590,972
Land improvements	3,320,233	363,994	854,810	2,829,417
Machinery and equipment	9,747,682	1,172,723	3,300	10,917,105
<b>Total accumulated depreciation</b>	<b>32,962,795</b>	<b>4,232,809</b>	<b>858,110</b>	<b>36,337,494</b>
<b>Total capital assets being depreciated, net</b>	<b>107,039,678</b>	<b>19,027,643</b>	<b>17,181</b>	<b>126,050,140</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 126,372,456</b>	<b>23,622,932</b>	<b>17,256,936</b>	<b>132,738,452</b>

Depreciation expense was charged by the District as follows:

<b>Governmental activities:</b>	
<b>Instruction:</b>	
Regular	\$ 204,355
Special	4,888
Other	140,971
<b>Support services:</b>	
Student	14,665
Instructional staff	304,960
Administration	19,554
Operation and maintenance of plant	56,979
Transportation	426,351
	<u>1,172,723</u>
Unallocated depreciation	<u>3,060,086</u>
<b>Total governmental activities depreciation expense</b>	<b>\$ 4,232,809</b>
<b>Business type activities:</b>	
Food services	<u>\$ 204,038</u>

## Note 8. 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	\$15,583
Chris English, Bus Driver Spouse is contractor with Air Con Mechanical	Services	\$452,943
Cheryl Thomas, Nutrition Secretary Spouse is owner of A-1 Completed Septic Tank	Purchased Services	\$6,250
Verna Bowie, District Office Mother of Jary Bowie	Security	\$525
Jason Gerth, Teacher Spouse of Krista Gerth	Uniform Alterations	\$1,267
Karole Turner, Sr High Secretary Mother of Chad Turner	Officiating	\$972

### Note 9. Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2011 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>
<b>Governmental activities:</b>					
General obligation bonds	\$ 53,520,000	-	2,060,000	51,460,000	2,135,000
Revenue bonds	30,000,000	7,055,000	660,000	36,395,000	1,370,000
Capital loan notes	1,531,685	2,330,000	789,289	3,072,396	789,651
Early retirement	1,172,194	-	1,172,194	-	-
Separation agreements	-	227,330	78,773	148,557	101,191
Net OPEB liability	1,018,135	1,049,952	-	2,068,087	-
<b>Total</b>	<b>\$ 87,242,014</b>	<b>10,662,282</b>	<b>4,760,256</b>	<b>93,144,040</b>	<b>4,395,842</b>
<b>Business type activities:</b>					
Net OPEB liability	\$ 32,789	33,813	-	66,602	-

### 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, 2011 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
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	4.00	2,075,000	1,601,313
2015	4.25	185,000	194,367	4.25	2,170,000	1,513,125
2016	4.25	195,000	186,505	4.50	2,270,000	1,415,475
2017-21	3.85-4.25	1,095,000	809,516	4.50	12,955,000	5,451,750
2022-26	4.00-4.10	1,410,000	571,180	4.50	16,230,000	2,263,725
2027-28	4.10	1,900,000	77,900		-	-
<b>Total</b>		<b>\$ 5,165,000</b>	<b>2,458,271</b>		<b>\$ 39,620,000</b>	<b>15,684,813</b>

Year Ending June 30,	Issue dated May 1, 2008			Total	
	Interest Rates	Principal	Interest	Principal	Interest
2012	5.25 %	\$ 115,000	278,313	\$ 2,135,000	2,246,944
2013	5.25	120,000	272,275	2,220,000	2,159,854
2014	5.25	125,000	265,975	2,380,000	2,069,306
2015	5.25	190,000	259,412	2,545,000	1,966,904
2016	5.25	195,000	249,438	2,660,000	1,851,418
2017-21	4.00-5.00	1,090,000	1,104,200	15,140,000	7,365,466
2022-26	4.00	1,190,000	866,000	18,830,000	3,700,905
2027-28	4.00	3,650,000	196,000	5,550,000	273,900
<b>Total</b>		<b>\$ 6,675,000</b>	<b>3,491,613</b>	<b>\$ 51,460,000</b>	<b>21,634,697</b>

### Revenue Bonds

On April 1, 2009, the District issued \$30,000,000 in revenue bonds for capital facility construction. On April 1, 2009, the District issued \$7,050,000 in revenue bonds for a capital facility addition at Willowbrook Elementary, new Baseball Stadium and Meacham Drive project. 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, 2011 revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue dated April 1, 2009			Issue dated October 1, 2010			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2012	4.00 %	\$ 1,125,000	1,356,056	2.00 %	\$ 245,000	236,925	1,370,000	1,592,981
2013	4.00	1,165,000	1,311,056	2.50	250,000	232,025	1,415,000	1,543,081
2014	4.00	1,210,000	1,264,456	3.00	255,000	225,775	1,465,000	1,490,231
2015	4.00	1,260,000	1,216,056	3.00	265,000	218,125	1,525,000	1,434,181
2016	4.00	1,305,000	1,165,656	3.00	270,000	210,175	1,575,000	1,375,831
2017-21	4.00-5.00	7,400,000	4,953,981	3.00-3.50	1,485,000	923,063	8,885,000	5,877,044
2022-26	4.50-5.00	9,280,000	3,146,963	3.50-3.75	1,750,000	657,987	11,030,000	3,804,950
2027-30	5.00-5.25	6,755,000	710,113	3.75-4.00	2,375,000	257,375	9,130,000	967,488
<b>Total</b>		<b>\$ 29,500,000</b>	<b>15,124,337</b>		<b>\$ 6,895,000</b>	<b>2,961,450</b>	<b>36,395,000</b>	<b>18,085,787</b>

The District has pledged future statewide sales and services tax revenues to repay the \$36,395,000 bonds issued in April 2009 and September 2010. 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 2030. 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 \$54,480,787. For the current year, principal and interest of \$2,196,140 was paid on the bonds and total statewide sales and services tax revenues were \$5,456,559.

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

- a) \$2,977,850 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 capital loan notes from the Chapter 28E Agreement approved February 21, 2008 were issued for the Meacham Drive construction and will be repaid using statewide sales, services and use 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, services and use 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 tax collected in the Capital Projects Fund. The capital loan notes from the Sanitary Sewer Extension Agreement approved May 21, 2009 was issued for the sewer extension and will be repaid using statewide sales, services and use tax collected in the Capital Projects Fund. The capital loan notes from the City of Pleasant Hill, Real Estate Installment Contract approved May 20, 2010 was issued for the purchase of land and will be repaid using statewide sales, services and use tax collected in the Capital Projects Fund. The October 1, 2010 capital loan notes were issued for the purchase of equipment and will be repaid using statewide sales, services and use tax collected in the Capital Projects Fund. Details of the District's June 30, 2011 capital loan notes bonded indebtedness are as follows:

Year Ending June 30,	Issue dated February 21, 2008			Issue dated May 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	11.57 %	\$ 97,223	12,724	3.00 %	\$ 125,000	3,750
2013	11.57	99,044	12,962	-	-	-
2014	11.57	99,416	13,011	-	-	-
2015	11.57	-	-	-	-	-
2016	11.57	-	-	-	-	-
2017-18		-	-	-	-	-
<b>Total</b>		<b>\$ 295,683</b>	<b>38,697</b>		<b>\$ 125,000</b>	<b>3,750</b>

Year Ending June 30,	Issue dated November 18, 2008			Issue dated May 21, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	0.00 %	\$ 78,500	-	4.00 %	\$ 23,928	6,349
2013	0.00	78,500	-	4.00	24,885	5,391
2014	0.00	78,500	-	4.00	25,880	4,396
2015	0.00	78,500	-	4.00	26,916	3,361
2016	0.00	78,500	-	4.00	27,992	2,284
2017-19	0.00	235,500	-	4.00	29,112	1,164
<b>Total</b>		<b>\$ 628,000</b>	<b>-</b>		<b>\$ 158,713</b>	<b>22,945</b>

Year Ending June 30,	Issue dated May 20, 2010			Issue dated October 1, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	0.00 %	\$ 320,000	-	1.25 %	\$ 145,000	10,613
2013	0.00	320,000	-	2.00	145,000	8,800
2014	0.00	320,000	-	2.00	145,000	5,900
2015	0.00	320,000	-	2.00	150,000	3,000
2016		-	-		-	-
2017-19		-	-		-	-
<b>Total</b>		<b>\$ 1,280,000</b>	<b>-</b>		<b>\$ 585,000</b>	<b>28,313</b>

Year Ending June 30,	Total	
	Principal	Interest
2012	\$ 789,651	33,436
2013	667,429	27,153
2014	668,796	23,307
2015	575,416	6,361
2016	106,492	2,284
2017-19	264,612	1,164
<b>Total</b>	<b>\$ 3,072,396</b>	<b>93,705</b>

The June 30, 2011 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 2,629,785,592</u>
Debt limit, 5% of total assessed valuation	\$ 131,489,280
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>90,927,396</u>
Excess of debt limit over bonded debt outstanding, legal debt margin	<u>\$ 40,561,884</u>

#### Separation Agreements

The District offered two administrators separation agreements during the year ended June 30, 2011. One administrator incentive was paid in full for \$75,000 plus FICA of \$3,773, for a total of \$78,773. One administrator is being paid over the next two years receiving \$50,000 July 1, 2011 and eight quarterly payments of \$11,000. The District will pay the FICA tax on this as well. See the following schedule:

<u>Payment Date</u>	<u>Incentive</u>	<u>FICA</u>	<u>Total</u>
7/1/2011	\$ 50,000	3,825	53,825
7/1/2011	11,000	841	11,841
10/1/2011	11,000	842	11,842
1/1/2012	11,000	841	11,841
4/1/2012	11,000	842	11,842
FY 2012	<u>94,000</u>	<u>7,191</u>	<u>101,191</u>
7/1/2012	11,000	841	11,841
10/1/2012	11,000	842	11,842
1/1/2013	11,000	841	11,841
4/1/2013	11,000	842	11,842
FY 2013	<u>44,000</u>	<u>3,366</u>	<u>47,366</u>
<b>GRAND TOTAL</b>	<u><b>\$ 138,000</b></u>	<u><b>10,557</b></u>	<u><b>148,557</b></u>

The separation agreements are paid out of the Special Revenue, Management Fund. The cost of the 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 incentives.

#### Note 10. Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$2,729,030, \$2,576,590 and \$2,343,014 respectively, equal to the required contributions for each year.

## Note 11. Other Postemployment Benefits(OPEB)

**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 1037 active and 61 retired members in the plan. Participants must be age 55 or older at retirement. The District does not have a separate, audited GAAP-basis postemployment benefit plan report.

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.

The District also has early retirement policies in place for employees. Licensed employees with at least 13 years of service and classified employees with at least 15 years of service are eligible for the plan. When employees retire under the early retirement policies, the retirees are able to stay on the self-funded insurance plan. The District will contribute the single rate of coverage the last year of employment. This results in an explicit subsidy and an OPEB liability.

The District provides a subsidy to offset the cost of health premiums (medical, dental and vision) to eligible licensed and classified employees at retirement. Licensed employees receive the single premium in effect at retirement until the earliest of five years or age 65. Classified employees receive the single premium in effect at retirement until the earliest of five years or age 65.

In addition, there are several retirees with special arrangements as follows:

Retiree 1 (Pre 65)	Spouse receives subsidy for Medicare Part B monthly premium of \$110.50 for three years.
Retiree 2 (Post 65)	Pre 65 spouse may stay on the District plan until January 31, 2013. Two other dependents may stay on the District plan until October 31, 2010 and January 31, 2012.
Retiree 3 (Pre 65)	Retiree and spouse receive medical, dental, vision and life insurance coverage paid in full by the District until age 65.
Retiree 4 (Pre 65)	Retiree and dependents receive medical, dental and vision insurance coverage paid in full by the District until retiree reaches age 65. Retiree receives life insurance coverage paid in full by the District until age 65.
Retiree 5 (Pre 65)	Retiree and spouse receive medical, dental and vision insurance coverage paid in full by the District until age 65. Retiree receives life insurance coverage paid in full by the District until age 65.

**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, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 1,416,000
Interest on net OPEB obligation	47,000
Adjustment to annual required contribution	<u>(40,000)</u>
Annual OPEB cost	1,423,000
Contributions made	<u>(339,235)</u>
Increase in net OPEB obligation	1,083,765
Net OPEB obligation beginning of year	1,050,924
Net OPEB obligation end of year	<u>\$ 2,134,689</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, 2011.

For the year ended June 30, 2011, the District contributed \$339,235 to the medical plan. Plan members eligible for benefits contributed \$166,507, or 32.92% 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, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 998,000	42.7%	\$ 572,000
June 30, 2010	\$ 1,000,924	52.2%	\$ 1,050,924
June 30, 2011	\$ 1,423,000	23.8%	\$ 2,134,689

**Funded Status and Funding Progress** - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$10,953,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,953,000. The covered payroll (annual payroll of active employees covered by the plan) was \$38,707,385, and the ratio of the UAAL to covered payroll was 28.3%. As of June 30, 2011, 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, 2010 actuarial valuation date, the projected 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 2022 of 5.0%. Both rates include a 0% inflation rate assumption.

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, 2009 and applying termination factors used in IPERS Actuarial Report as of June 30, 2009.

Projected claim costs of the medical plan are \$567.39 per month for retirees less than age 65. 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 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 \$1,983,840 at June 30, 2011, the last date for which information is available. The incurred but not recorded and unpaid claims liability of \$832,095 reported in the plan at June 30, 2011, are reported as a liability of the fund. The entire liability is shown as a current liability since the plan is ended on June 30 and the balance of the liability will be paid within 90 days. 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, 2011 is as follows:

	<u>2011</u>	<u>2010</u>
Balance beginning of year	\$ 603,082	\$ 752,362
Incurred claims and claim adjustments	5,776,316	4,709,526
Payment of claims	<u>5,547,303</u>	<u>4,858,806</u>
Balance end of year	<u>\$ 832,095</u>	<u>\$ 603,082</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 three fiscal years.

**Note 13. Construction Commitments**

The District has active construction projects as of June 30, 2011. The projects include construction on Willowbrook Elementary and new roof project for the Spring Creek 6<sup>th</sup> Grade Center. At the end of the year, the District paid \$3,184,806 with \$911,865 of outstanding contract agreements to be paid upon completion of the capital projects.

#### Note 14. Restricted Categorical Funds

The District's restricted fund balance for categorical funds at June 30, 2011 is comprised of the following programs:

<u>Program:</u>	<u>Amount</u>
At-risk supplemental weighting	\$ 267,458
Dropout and droupout prevention	629,718
Beginning teacher mentoring and induction program	36,466
Salary improvement program	329,061
Educator quality, professional development	99,574
Educator quality, model core curriculum	220,593
Empowerment, school ready children	8,528
Statewide voluntary preschool	213,172
	<u>\$ 1,804,570</u>

#### Note 15. 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 \$2,367,103 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### Note 16. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 2,509,347	\$ 822,187
Change in fund type classification per implementation of GASB Statement No. 54	<u>822,187</u>	<u>(822,187)</u>
Balances July 1, 2010, as restated	<u>\$ 3,331,534</u>	<u>\$ -</u>

**Note 17. Due from Other Governments**

Amount due from other governments by Fund as of June 30, 2011 are as follows:

	<u>General Fund</u>
Local appropriations:	
Tuition	\$ 1,152,587
Other	<u>10,566</u>
Total local appropriations	<u>1,163,153</u>
Intermediate appropriations:	
PBIS	<u>6,726</u>
Total intermediate appropriations	<u>6,726</u>
State appropriations:	
Juvenile court claim	7,860
District court claim	1,421
Decategorization	16,458
Nonpublic transportation	27,389
Mobile home tax	929
Vocational aid	<u>21,607</u>
Total state appropriations	<u>75,664</u>
Federal appropriations:	
Title I	32,683
Part B	155,342
E2T2	991
Advance Placement	1,881
Perkins	33,495
Title IIA	41,560
Medicaid	<u>257,293</u>
Total federal appropriations	<u>523,245</u>
Total general fund due from other governments	<u>\$ 1,768,788</u>
	<u>Capital</u>
	<u>Projects Fund</u>
Local appropriations:	
Statewide sales and services tax	<u>\$ 713,758</u>
State appropriations:	
Mobile home tax	<u>51</u>
Total capital projects fund due from other governments	<u>\$ 713,809</u>
	<u>Debt</u>
	<u>Service Fund</u>
State appropriations:	
Mobile home tax	<u>\$ 49</u>
Total debt service fund due from other governments	<u>\$ 49</u>

	<u>Special Revenue Fund</u>
State appropriations:	
Mobile home tax	\$ 77
Total special revenue fund due from other governments	<u>\$ 77</u>
	<u>Enterprise, School Nutrition Fund</u>
Federal appropriations:	
Summer food program	\$ 5,118
Total enterprise, school nutrition fund due from other governments	<u>\$ 5,118</u>
Grand total due from other governments	<u>\$ 2,487,841</u>

**Note 18. Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2011, expenditures in the non-instructional programs and other expenditures functions exceeded the amount budgeted.

**Note 19. Deficit Fund Balance/Net Assets**

The District had a deficit unassigned fund balance in the General Fund of \$9,171,352. The District had deficit unrestricted net assets in the Governmental Activities of \$8,393,828.

**Note 20. Subsequent Event**

On July 1, 2011, the District issued anticipatory warrants of \$5,000,000 through the Education Cash Flow Fund of Security Bank of Kansas City sponsored by Piper Jaffray & Co. and Iowa School Finance Information Services, Inc. Terms of the warrants are as follows:

Series	Warrant Date	Final Warrant Maturity	Interest Rate
2011-12A	7/1/2011	2/25/2012	1.50%

The District has received a repayment schedule to repay the warrants. Expected repayments are as follows:

Due date	Principal	Interest
October 25	\$ 1,250,000	12,187
November 25	1,250,000	12,188
December 25	1,250,000	12,188
January 25	1,250,000	12,188
Total	<u>\$ 5,000,000</u>	<u>48,750</u>

## **Note 21. New Pronouncements**

As of June 30, 2011, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

**GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans**, an amendment of GASB Statement No. 43 and No. 45. This Statement was issued January 2010 and will be effective for the District beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.

**GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements**, issued November 2010, will be effective for the District with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnerships.

**GASB Statement No 61, The Financial Reporting Entity: Omnibus** an amendment of GASB Statements No. 14 and No. 34 issued November 2010 will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for governmental financial reporting entities by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity.

**GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements**, issued January 2011, will be effective for the District beginning with its year ending June 30, 2013. This statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.

**GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**, issued July 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statement in the future.

**GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions**, Issued in June 2011, will be effective for the District beginning with its year ending June 30, 2013. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON STATEMENT OF REVENUES,  
 EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2011

	Governmental Fund Types - Actual	Enterprise Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 36,755,548	\$ 2,497,400	\$ 39,252,948	\$ 38,253,745	\$ 38,253,745	\$ 999,203
Intermediate sources	19,660	-	19,660	4,461	4,461	15,199
State appropriations	34,145,608	24,756	34,170,364	36,591,322	36,591,322	(2,420,958)
Federal appropriations	2,489,844	1,180,455	3,670,299	2,994,649	2,994,649	675,650
Total revenues	<u>73,410,660</u>	<u>3,702,611</u>	<u>77,113,271</u>	<u>77,844,177</u>	<u>77,844,177</u>	<u>(730,906)</u>
Expenditures/Expenses:						
Instruction	39,459,638	256,704	39,716,342	40,219,448	42,491,937	2,775,595
Support services	21,681,772	20,573	21,702,345	23,144,447	23,144,447	1,442,102
Non-instructional programs	105,134	3,514,170	3,619,304	2,655,166	3,426,077	(193,227)
Other expenditures	20,235,624	-	20,235,624	19,290,708	19,290,708	(944,916)
Total expenditures/expenses	<u>81,482,168</u>	<u>3,791,447</u>	<u>85,273,615</u>	<u>85,309,769</u>	<u>88,353,169</u>	<u>3,079,554</u>
Deficiency of revenues under expenditures/expenses	(8,071,508)	(88,836)	(8,160,344)	(7,465,592)	(10,508,992)	2,348,648
Other financing sources, net	9,372,202	73,340	9,445,542	451,582	451,582	8,993,960
Excess(deficiency) of revenues and other financing sources under(over) expenditures/expenses	1,300,694	(15,496)	1,285,198	(7,014,010)	(10,057,410)	11,342,608
Balance beginning of year	(3,048,972)	2,230,279	(818,693)	13,180,729	13,180,729	(13,999,422)
Balance end of year	<u>\$ (1,748,278)</u>	<u>\$ 2,214,783</u>	<u>\$ 466,505</u>	<u>\$ 6,166,719</u>	<u>\$ 3,123,319</u>	<u>\$ (2,656,814)</u>

SEE NOTE TO REQUIRED SUPPLEMENTARY INFORMATION.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2011

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 Internal Service, 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 \$3,043,400.

During the year ended June 30, 2011, expenditures in the 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)	UAAAL 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%
July 1, 2008	\$ -	\$ 8,272,000	\$ 8,272,000	0.0%	\$34,006,006	24.3%
July 1, 2010	\$ -	\$10,953,000	\$10,953,000	0.0%	\$38,707,385	28.3%

See Note 11 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 restricted or committed to expenditures for specific purposes other than debt service and capital projects.**

#### **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.**

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**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

**JUNE 30, 2011**

	<u>Special Revenue Funds</u>		
	<u>Management Fund</u>	<u>Student Activity</u>	<u>Total Special Revenue Funds</u>
<b>ASSETS</b>			
Cash and pooled investments	\$ 429,179	411,520	840,699
Receivables:			
Property taxes:			
Current year delinquent	14,349	-	14,349
Succeeding year	1,655,200	-	1,655,200
Accounts	8,862	1,785	10,647
Due from other governments	77	-	77
Prepaid items	-	16	16
<b>TOTAL ASSETS</b>	<b>\$ 2,107,667</b>	<b>413,321</b>	<b>2,520,988</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 39,738	41,306	81,044
Salaries and benefits payable	-	6,469	6,469
Deferred revenue:			
Succeeding year property tax	1,655,200	-	1,655,200
Other	6,355	2,840	9,195
<b>Total liabilities</b>	<b>1,701,293</b>	<b>50,615</b>	<b>1,751,908</b>
Fund balances:			
Nonspendable:			
Prepaid items	-	16	16
Restricted:			
Management levy	406,374	-	406,374
Student activities	-	362,690	362,690
<b>Total fund balances</b>	<b>406,374</b>	<b>362,706</b>	<b>769,080</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,107,667</b>	<b>413,321</b>	<b>2,520,988</b>

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

YEAR ENDED JUNE 30, 2011

	Special Revenue Funds		
	Management Fund	Student Activity	Total Special Revenue Funds
<b>REVENUES:</b>			
<b>Local sources:</b>			
Local tax	\$ 1,650,663	-	1,650,663
Other	248,938	1,169,849	1,418,787
State sources	641	-	641
<b>TOTAL REVENUES</b>	<b>1,900,242</b>	<b>1,169,849</b>	<b>3,070,091</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	2,128	-	2,128
Special	2,268	-	2,268
Other	-	1,093,047	1,093,047
<b>Support services:</b>			
Support	-	5,593	5,593
Instructional staff	686	1,042	1,728
Administration	1,363,945	6	1,363,951
Operation and maintenance of plant	249,506	175	249,681
Transportation	48,504	10,955	59,459
<b>Non-instructional programs:</b>			
Food service operations	5,045	-	5,045
Community service operations	-	3,199	3,199
<b>TOTAL EXPENDITURES</b>	<b>1,672,082</b>	<b>1,114,017</b>	<b>2,786,099</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>228,160</b>	<b>55,832</b>	<b>283,992</b>
<b>FUND BALANCES BEGINNING OF YEAR, RESTATED</b>	<b>178,214</b>	<b>306,874</b>	<b>485,088</b>
<b>FUND BALANCES END OF YEAR</b>	<b>\$ 406,374</b>	<b>362,706</b>	<b>769,080</b>

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND – BY ACCOUNT**

**JUNE 30, 2011**

	<u>Capital Projects Accounts</u>		
	<u>Physical Plant and Equipment Levy</u>	<u>Statewide Sales, Services and Use Tax</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and pooled investments	\$ 1,252,888	29,079	1,281,967
Receivables:			
Property taxes:			
Current year delinquent	13,862	-	13,862
Succeeding year	1,515,888	-	1,515,888
Accounts	-	11,182	11,182
Due from other governments	51	713,758	713,809
<b>TOTAL ASSETS</b>	<u>\$ 2,782,689</u>	<u>754,019</u>	<u>3,536,708</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 405,281	402,561	807,842
Retainage payable	-	30,742	30,742
Salaries and benefits payable	-	3,652	3,652
Deferred revenue:			
Succeeding year property tax	1,515,888	-	1,515,888
<b>Total liabilities</b>	<u>1,921,169</u>	<u>436,955</u>	<u>2,358,124</u>
Fund balances:			
Restricted	861,520	317,064	1,178,584
<b>Total fund balances</b>	<u>861,520</u>	<u>317,064</u>	<u>1,178,584</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,782,689</u>	<u>754,019</u>	<u>3,536,708</u>

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUND – BY ACCOUNT**

YEAR ENDED JUNE 30, 2011

	Capital Projects Accounts			
	Physical	Statewide		Total
	Plant and Equipment Levy	Sales, Services and Use Tax	Construction Projects	
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 1,424,955	5,456,559	-	6,881,514
Other	414	369,552	7,453	377,419
State sources	475	-	-	475
Federal sources	-	9,800	-	9,800
<b>TOTAL REVENUES</b>	<b>1,425,844</b>	<b>5,835,911</b>	<b>7,453</b>	<b>7,269,208</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	-	566	-	566
Support services:				
Instructional staff	-	236,195	-	236,195
Administration	300,015	199,307	-	499,322
Operation and maintenance of plant	21,137	7,931	-	29,068
Transportation services	378,680	-	-	378,680
Non-instructional programs:				
Community service operations	-	96,890	-	96,890
Other expenditures:				
Capital outlay	2,737,571	7,606,417	109,325	10,453,313
<b>TOTAL EXPENDITURES</b>	<b>3,437,403</b>	<b>8,147,306</b>	<b>109,325</b>	<b>11,694,034</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(2,011,559)</b>	<b>(2,311,395)</b>	<b>(101,872)</b>	<b>(4,424,826)</b>
<b>OTHER FINANCING SOURCES(USES):</b>				
Issuance of revenue bonds	-	7,055,000	-	7,055,000
Discount on bonds	-	(10,951)	-	(10,951)
Issuance of capital loan notes	2,330,000	-	-	2,330,000
Premium on capital loan notes	7,228	-	-	7,228
Proceeds from sale of capital assets	10,554	-	-	10,554
Intrafund transfers	-	(2,115,181)	2,115,181	-
Transfers in	13,843	2,660	-	16,503
Transfers out	(310,733)	(6,825,725)	-	(7,136,458)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>2,050,892</b>	<b>(1,894,197)</b>	<b>2,115,181</b>	<b>2,271,876</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>39,333</b>	<b>(4,205,592)</b>	<b>2,013,309</b>	<b>(2,152,950)</b>
<b>FUND BALANCES BEGINNING OF YEAR, AS RESTATED</b>	<b>822,187</b>	<b>4,522,656</b>	<b>(2,013,309)</b>	<b>3,331,534</b>
<b>FUND BALANCES END OF YEAR</b>	<b>\$ 861,520</b>	<b>317,064</b>	<b>-</b>	<b>1,178,584</b>

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

YEAR ENDED JUNE 30, 2011

	Beginning Balance	Revenues	Expend- itures	Intrafund Transfers	Ending Balance
<b>ATHLETICS:</b>					
AAU BOYS BASKETBALL	49	8,626	9,690	1,015	-
AAU GIRLS BASKETBALL	2,867	26,733	25,958	(1,000)	2,642
SRHI ATHLETICS	(25,294)	39,709	44,915	74,126	43,626
JRHI XC CAMP	(11)	288	288	11	-
SRHI XC CO-ED CAMP	-	-	-	-	-
SRHI BOYS XC CAMP	2,378	6,269	6,533	350	2,464
SRHI GIRLS XC CAMP	302	877	755	-	424
SWIMMING ACTIVITIES	68	-	-	-	68
SRHI DRILL TEAM/RHYTHAMETTES	5,402	27,370	31,145	6,006	7,633
JRHI RHYTHAMETTES	5	350	355	-	-
BASKETBALL BOYS	15,811	20,493	21,574	(14,730)	-
BOYS BASKETBALL CAMP	5,023	32,782	34,244	(1,015)	2,546
FOOTBALL	50,145	79,992	21,432	(108,705)	-
FOOTBALL CAMP	15,840	53,120	55,728	-	13,232
FOOTBALL PASSING CAMP	350	18,725	11,065	-	8,010
8TH GRADE FOOTBALL CAMP	-	2,200	60	-	2,140
BOYS SOCCER	(2,473)	6,331	6,565	2,707	-
BOYS SOCCER CAMP	174	2,548	1,595	-	1,127
BASEBALL	(4,891)	10,365	16,265	10,791	-
BASEBALL CAMP	4,860	14,103	10,785	(100)	8,078
BOYS TRACK	(443)	10,411	17,521	7,553	-
JRHI BOYS TRACK CAMP	2,047	500	349	(2,047)	151
BOYS CROSS COUNTRY	(789)	660	3,968	4,097	-
BOYS TRACK CAMP	1,141	2,787	2,891	-	1,037
BOYS TENNIS	(461)	21	1,624	2,064	-
BOYS TENNIS CAMP	(152)	1,200	1,996	948	-
BOYS GOLF	(4,426)	5,229	4,468	3,665	-
BOYS GOLF CAMP	1,075	12,245	10,824	-	2,496
BOYS SWIMMING	5,326	3,728	4,529	(4,525)	-
BOYS SWIMMING CAMP	723	4,151	4,607	-	267
WRESTLING	(1,871)	21,410	25,139	5,600	-
WRESTLING CAMP	5,250	20,267	16,367	-	9,150
JRHI WRESTLING CAMP	483	372	539	-	316
ULTIMATE PERFORMANCE	4	-	-	(4)	-
LIFT A THON CAMP	13,366	1,080	6,060	-	8,386
GIRLS BASKETBALL	11,519	19,068	16,165	(14,422)	-
GIRLS BASKETBALL CAMP	3,291	20,049	22,251	1,000	2,089
VOLLEYBALL	(433)	8,357	10,342	2,418	-
VOLLEYBALL CAMP	6,979	18,920	20,500	-	5,399
GIRLS SOCCER	(1,706)	6,315	7,414	2,805	-
GIRLS SOCCER CAMP	6,578	9,609	6,195	-	9,992
SOFTBALL	(1,708)	4,865	15,819	12,662	-
SOFTBALL CAMP	3,712	12,059	11,675	-	4,096
GIRLS TRACK	(1,496)	3,070	9,262	7,688	-
JRHI GIRLS TRACK CAMP	521	-	-	(521)	-
GIRLS CROSS COUNTRY	(2,381)	1,162	970	2,189	-
GIRLS TRACK CAMP	775	1,432	548	-	1,659
GIRLS TENNIS	(912)	-	882	1,794	-
GIRLS TENNIS CAMP	191	424	880	265	-
GIRLS GOLF	(3,175)	1,150	2,305	4,330	-
GIRLS SWIMMING	945	7,731	3,162	(5,514)	-
GIRLS SWIMMING CAMP	2,219	5,456	6,059	-	1,616
LITTLE RAMS WRESTLING	5,787	14,199	16,639	-	3,347
VOLLEYBALL CLUB	7,310	31,908	27,043	-	12,175
SOFTBALL CLUB	8,614	1,080	2,686	-	7,008
SUBTOTAL	\$ 138,508	601,796	580,631	1,501	161,174

Continued on following pages.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

YEAR ENDED JUNE 30, 2011

	Beginning Balance	Revenues	Expend- itures	Intrafund Transfers	Ending Balance
<b>STUDENT CLUBS AND ORGANIZATIONS:</b>					
DRAMA	\$ 6,549	4,303	4,510	-	6,342
SPEECH	1,625	11,611	9,908	-	3,328
DEBATE	14	819	10	-	823
MUSIC	200	-	-	(200)	-
JRHI VOCAL	(1,699)	10,696	8,997	-	-
SRHI VOCAL MUSIC	2,159	36,132	32,314	-	5,977
JRHI BAND/BANDRESALE	(4,967)	10,788	5,821	-	-
INDUSTRIAL TECH EXPO	6,250	9,549	9,842	-	5,957
CENT STUDENT COUNCIL	2,164	2,879	1,980	-	3,063
JRHI STUDENT COUNCIL	(2,576)	-	84	4,576	1,916
ALTN STUDENT COUNCIL	661	45	-	-	706
JRHI ODYSSEY OF THE MIND	-	632	632	-	-
SRHI ODYSSEY OF THE MIND	6,378	12,713	1,545	-	17,546
JRHI WORLD LANGUAGE CLUB	-	596	596	-	-
JRHI YOUNG MEN'S GROUP CLUB	-	1,960	1,960	-	-
SPCR STUDENT COUNCIL	-	1,969	1,001	-	968
SRHI YEARBOOK	20,841	15,661	16,199	-	20,303
JRHI YEARBOOK	2,181	7,299	4,743	-	4,737
SPRC YEARBOOK	2,167	3,895	4,976	-	1,086
SRHI PROM	9,207	16,385	19,830	-	5,762
SRHI DECA	239	7,783	7,427	-	595
SRHI EBCE	467	456	521	-	402
SRHI FELLOWSHIP OF CHRISTIAN ATHLETES	1,698	2,026	3,196	-	528
SRHI FFA CLUB	14,233	36,666	41,461	-	9,438
SRHI FRENCH CLUB	1,897	1,360	3,363	250	144
JRHI FELLOWSHIP OF CHRISTIAN ATHLETES	769	-	149	-	620
SRHI WELDING CLUB	759	730	304	-	1,185
SRHI PSYCHOLOGY CLUB	314	2,363	2,597	-	80
SRHI OASIS CLUB	111	249	330	-	30
SRHI KEY CLUB	545	4,203	3,073	-	1,675
SRHI LEO CLUB	912	-	428	-	484
SRHI LITERARY MAGAZINE	4,041	-	3,350	-	691
SRHI NATHONOR SOCIETY	(33)	2,827	1,963	-	831
SRHI PRIDE	6,897	47,036	37,740	(6,006)	10,187
SRHI PEP CLUB	(6,855)	-	-	6,855	-
SRHI DIVERSITY CLUB	114	259	-	-	373
SRHI RAMPAGE	1,481	7,212	3,946	-	4,747
SRHI GAMERZ	41	-	-	-	41
BEST BUDDIES	-	300	300	-	-
SRHI POST PROM	6,641	24,081	17,400	-	13,322
SRHI ART CLUB	584	1,212	1,227	-	569
SRHI SPANISH CLUB	2,143	2,130	2,450	(250)	1,573
SRHI STUDENT COUNCIL	5,589	23,651	24,691	-	4,549
SRHI SCIENCE CLUB	14,909	155	24	-	15,040
SRHI TAG	220	6,098	5,627	-	691
SRHI TEEN LEADERSHIP	124	1,389	1,013	-	500
SRHI TAG #2	-	1,000	707	-	293
SRHI LIBRARY CLUB	125	3,099	3,068	-	156
SRHI VICA	4,808	6,245	8,693	-	2,360
SRHI INTERACT CLUB	419	1,950	1,641	-	728
SPCR AFTER SCHOOL CLUBS	2,029	28,642	21,073	-	9,598
SRHI ADVISOR GROUPS	643	784	784	-	643
CENT STUDENT DEVELOPMENT	2,166	-	-	-	2,166
DELA STUDENT DEVELOPMENT	120	-	-	-	120
MITC STUDENT DEVELOPMENT	43	-	-	(43)	-
RUNN STUDENT DEVELOPMENT	469	-	469	-	-

Continued on following page.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

YEAR ENDED JUNE 30, 2011

	Beginning Balance	Revenues	Expend- itures	Intrafund Transfers	Ending Balance
<u>STUDENT CLUBS AND ORGANIZATIONS:</u>					
<u>(CONTINUED)</u>					
WILL STUDENT DEVELOPMENT	\$ (734)	-	1,385	2,119	-
JRHI STUDENT DEVELOPMENT	31,904	-	27,329	(4,575)	-
WILL FIELD TRIPS	1,971	-	-	(1,971)	-
JRHI MUSIC RECORDER FEES	352	320	672	-	-
JRHI BUILDERS CLUB	(186)	2,087	1,582	-	319
CLAY STUDENT DEVELOPMENT	(82)	-	-	82	-
JRHI SCIENCE CLUB	(46)	240	189	-	5
JRHI ADVENTURE LEARNING	277	212	489	-	-
JRHI SHOW CHOIR	(200)	-	-	200	-
SRHI FRANCE SISTER CITY	1,371	-	-	-	1,371
MITC PTA READING PROGRAM	1,199	1,557	111	43	2,688
SRHI ANIMAL LEARNING CENTER	1,992	27,600	21,401	-	8,191
JRHI WELLNESS PROGRAM	1,672	2,400	2,444	-	1,628
SRHI CHEER CAMP	15,186	48,291	48,631	-	14,846
HALL OF HONOR	374	450	1,960	1,136	-
JRHI ART CLUB	995	945	855	-	1,085
JRHI DRAMA CLUB	-	453	453	-	-
JRHI GARAGE BAND CLUB	-	477	477	-	-
JRHI PHOTOGRAPHY CLUB	-	769	324	-	445
JRHI ATHLETICS	1,760	6,120	3,539	2,557	6,898
ELEM WRESTLING CAMP	35	-	-	-	35
JRHI INTRAMURAL SPORTS	214	-	149	-	65
SRHI BOWLING	768	7,007	7,072	-	703
CCBRK (GOT BOUNCE)	(1,270)	11,270	642	-	9,358
CLAY ELEM FAMILIES IN NEED	1,894	-	1,812	(82)	-
CLAY ELEM DOLLARS FOR SCHOLARS	125	492	617	-	-
JRHI POSITIVE BEHAVIOR SUPPORT	1,843	475	734	-	1,584
SPCR POSITIVE BEHAVIOR SUPPORT	-	9,683	4,281	-	5,402
SRHI SALE OF ADVERTISING	27,509	56,487	49,183	(7,189)	27,624
WILL LITERACY GARDEN	148	-	-	(148)	-
CENT SILOS & SMOKESTACKS	(700)	700	-	-	-
ADVENTURELAND TICKET SALES	(872)	6,465	5,593	-	-
SEP CARES	5,534	15,430	18,802	-	2,162
MITC MAGGIE HAYDEN MEMORIAL	42	-	-	-	42
CLAY ELEM TEACHER CARING	1,042	-	1,042	-	-
DIST DOLLARS FOR SCHOLARS	-	1,386	1,386	-	-
SPCR STAFF CARING	-	1,384	1,010	-	374
SRHI BAND/BANDRESALE	(45,567)	2,168	3,894	1,145	(46,148)
SPCR BAND FUNDRAISER	-	1,347	1,365	-	(18)
SUBTOTAL	168,366	568,053	533,386	(1,501)	201,532
GRAND TOTAL	\$ 306,874	1,169,849	1,114,017	-	362,706

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**COMBINING STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

JUNE 30, 2011

	<b>Business Type Activities:</b>			
	<b>Enterprise Funds</b>			
	<b>School Nutrition</b>	<b>Community Service</b>	<b>School Store</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and pooled investments	\$ 155,067	65,302	574,473	794,842
Accounts receivable	1,815	1,559	940	4,314
Due from other governments	5,118	-	-	5,118
Inventories	77,055	-	-	77,055
Prepaid items	-	16	24	40
<b>Total current assets</b>	<b>239,055</b>	<b>66,877</b>	<b>575,437</b>	<b>881,369</b>
<b>Non-current assets:</b>				
<b>Capital assets:</b>				
Machinery and equipment, net of accumulated depreciation	1,497,346	-	-	1,497,346
<b>Total non-current assets</b>	<b>1,497,346</b>	<b>-</b>	<b>-</b>	<b>1,497,346</b>
<b>TOTAL ASSETS</b>	<b>1,736,401</b>	<b>66,877</b>	<b>575,437</b>	<b>2,378,715</b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Accounts payable	8,313	383	9,648	18,344
Salaries and benefits payable	56,374	5,625	1,801	63,800
Incurred but not reported claims	-	-	-	-
Unearned revenues	13,520	588	1,078	15,186
<b>Total current liabilities</b>	<b>78,207</b>	<b>6,596</b>	<b>12,527</b>	<b>97,330</b>
<b>Long-term liabilities:</b>				
Net OPEB liability	66,602	-	-	66,602
<b>Total long-term liabilities</b>	<b>66,602</b>	<b>-</b>	<b>-</b>	<b>66,602</b>
<b>TOTAL LIABILITIES</b>	<b>144,809</b>	<b>6,596</b>	<b>12,527</b>	<b>163,932</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets	1,497,346	-	-	1,497,346
Unrestricted	94,246	60,281	562,910	717,437
<b>Total net assets</b>	<b>\$ 1,591,592</b>	<b>60,281</b>	<b>562,910</b>	<b>2,214,783</b>

Governmental Activities: Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
2,799,576	90,469	30,240	2,920,285
16,359	-	29	16,388
-	-	-	-
-	-	-	-
-	-	-	-
<u>2,815,935</u>	<u>90,469</u>	<u>30,269</u>	<u>2,936,673</u>
-	-	-	-
-	-	-	-
<u>2,815,935</u>	<u>90,469</u>	<u>30,269</u>	<u>2,936,673</u>
-	-	-	-
-	-	-	-
832,095	-	-	832,095
-	-	-	-
<u>832,095</u>	<u>-</u>	<u>-</u>	<u>832,095</u>
-	-	-	-
-	-	-	-
<u>832,095</u>	<u>-</u>	<u>-</u>	<u>832,095</u>
-	-	-	-
1,983,840	90,469	30,269	2,104,578
<u>1,983,840</u>	<u>90,469</u>	<u>30,269</u>	<u>2,104,578</u>

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

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

YEAR ENDED JUNE 30, 2011

	Business Type Activities:			
	Enterprise Funds			
	School Nutrition	Community Service	School Store	Total
<b>OPERATING REVENUE:</b>				
Local sources:				
Charges for service	\$ 2,111,679	49,949	334,343	2,495,971
<b>OPERATING EXPENSES:</b>				
Instruction:				
Regular instruction:				
Supplies	-	-	15	15
Other	-	-	895	895
	-	-	910	910
Other:				
Salaries	-	9,593	232	9,825
Benefits	-	1,199	34	1,233
Services	-	25,019	14,638	39,657
Supplies	-	2,465	171,222	173,687
Other	-	-	31,392	31,392
	-	38,276	217,518	255,794
Total instruction	-	38,276	218,428	256,704
Support services:				
Instructional staff:				
Supplies	-	-	2,772	2,772
	-	-	2,772	2,772
Administration:				
Salaries	-	-	-	-
Benefits	300	-	-	300
Services	713	36	6	755
Supplies	-	-	-	-
Other	-	-	-	-
	1,013	36	6	1,055
Operation and maintenance of plant:				
Salaries	-	14,505	-	14,505
Benefits	-	2,123	-	2,123
Services	118	-	-	118
	118	16,628	-	16,746
Total support services	1,131	16,664	2,778	20,573

Continued on following pages.

Governmental Activities: Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
6,598,849	508,290	338,841	7,445,980
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
29,662	-	-	29,662
6,121,928	-	365,228	6,487,156
34,377	482,722	-	517,099
8,252	-	-	8,252
36,816	-	-	36,816
6,231,035	482,722	365,228	7,078,985
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,231,035	482,722	365,228	7,078,985

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

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

YEAR ENDED JUNE 30, 2011

	Business Type Activities:			Total
	Enterprise Funds			
	School Nutrition	Community Service	School Store	
<b>OPERATING EXPENSES (CONTINUED):</b>				
Non-instructional programs:				
Food service operations:				
Salaries	977,683	-	-	977,683
Benefits	407,737	-	-	407,737
Services	145,935	-	-	145,935
Supplies	1,762,351	-	-	1,762,351
Depreciation	204,038	-	-	204,038
Community service operations:				
Salaries	-	-	14,410	14,410
Benefits	-	-	2,016	2,016
Total non-instructional programs	3,497,744	-	16,426	3,514,170
<b>TOTAL OPERATING EXPENSES</b>	<b>3,498,875</b>	<b>54,940</b>	<b>237,632</b>	<b>3,791,447</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,387,196)</b>	<b>(4,991)</b>	<b>96,711</b>	<b>(1,295,476)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources	24,756	-	-	24,756
Federal sources	1,180,455	-	-	1,180,455
Interest income	460	35	934	1,429
<b>TOTAL NON-OPERATING REVENUES</b>	<b>1,205,671</b>	<b>35</b>	<b>934</b>	<b>1,206,640</b>
Income(loss) before capital contributions and transfers	(181,525)	(4,956)	97,645	(88,836)
Capital contributions	22,970	-	-	22,970
Transfer in	-	50,820	-	50,820
Transfer out	(450)	-	-	(450)
Changes in net assets	(159,005)	45,864	97,645	(15,496)
Net assets beginning of year	1,750,597	14,417	465,265	2,230,279
Net assets end of year	<b>\$ 1,591,592</b>	<b>60,281</b>	<b>562,910</b>	<b>2,214,783</b>

Governmental Activities: Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>6,231,035</b>	<b>482,722</b>	<b>365,228</b>	<b>7,078,985</b>
<b>367,814</b>	<b>25,568</b>	<b>(26,387)</b>	<b>366,995</b>
-	-	-	-
-	-	-	-
<b>4,763</b>	<b>134</b>	<b>89</b>	<b>4,986</b>
<b>4,763</b>	<b>134</b>	<b>89</b>	<b>4,986</b>
<b>372,577</b>	<b>25,702</b>	<b>(26,298)</b>	<b>371,981</b>
-	-	-	-
-	-	-	-
-	-	-	-
<b>372,577</b>	<b>25,702</b>	<b>(26,298)</b>	<b>371,981</b>
<b>1,611,263</b>	<b>64,767</b>	<b>56,567</b>	<b>1,732,597</b>
<b>1,983,840</b>	<b>90,469</b>	<b>30,269</b>	<b>2,104,578</b>

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2011

	Business Type Activities:			
	Enterprise Funds			
	School Nutrition	Community Service	School Store	Total
<b>Cash flows from operating activities:</b>				
Cash received from sale of lunches and breakfasts	\$ 2,085,892	-	-	2,085,892
Cash received from miscellaneous operating activities	25,911	46,823	334,481	407,215
Cash payments to employees for services	(1,327,947)	(24,833)	(16,974)	(1,369,754)
Cash payments to suppliers for goods or services	(1,707,971)	(28,433)	(215,568)	(1,951,972)
Net cash provided by(used in) operating activities	(924,115)	(6,443)	101,939	(828,619)
<b>Cash flows from non-capital financing activities:</b>				
State grants received	24,756	-	-	24,756
Federal grants received	953,982	-	-	953,982
Transfer in(out)	(450)	50,820	-	50,370
Interfund loan repayments	(140,235)	-	-	(140,235)
Net cash provided by(used in) non-capital financing activities	838,053	50,820	-	888,873
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(5,059)	-	-	(5,059)
Net cash used in capital financing activities	(5,059)	-	-	(5,059)
<b>Cash flows from investing activities:</b>				
Interest on investment	460	35	934	1,429
Net cash provided by investing activities	460	35	934	1,429
Net increase(decrease) in cash and cash equivalents	(90,661)	44,412	102,873	56,624
Cash and cash equivalents at beginning of year	245,728	20,890	471,600	738,218
Cash and cash equivalents at end of year	\$ 155,067	65,302	574,473	794,842

Continued on following pages.

Governmental Activities: Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
-	-	-	-
6,607,639	508,290	338,812	7,454,741
(5,922,577)	-	(365,228)	(6,287,805)
(85,920)	(482,722)	-	(568,642)
599,142	25,568	(26,416)	598,294
-	-	-	-
-	-	-	-
-	-	-	-
(38,000)	-	-	(38,000)
(38,000)	-	-	(38,000)
-	-	-	-
-	-	-	-
4,763	134	89	4,986
4,763	134	89	4,986
565,905	25,702	(26,327)	565,280
2,233,671	64,767	56,567	2,355,005
2,799,576	90,469	30,240	2,920,285

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**YEAR ENDED JUNE 30, 2011**

	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)	\$ (1,387,196)	(4,991)	96,711	(1,295,476)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	221,355	-	-	221,355
Depreciation	204,038	-	-	204,038
Increase in inventories	(21,973)	-	-	(21,973)
(Increase)Decrease in prepaid items	-	50	(24)	26
(Increase)Decrease in accounts receivable	25,732	(1,413)	(940)	23,379
Increase in incurred but not reported claims	-	-	-	-
Increase(Decrease) in accounts payable	1,764	(913)	5,396	6,247
Increase(Decrease) in salaries and benefits payable	23,960	2,587	(282)	26,265
Increase(Decrease) in unearned revenue	(25,608)	(1,763)	1,078	(26,293)
Increase in other postemployment benefits payable	33,813	-	-	33,813
Net cash provided by(used in) operating activities	\$ (924,115)	(6,443)	101,939	(828,619)

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

Current assets:				
Cash and investments	\$ 155,067	65,302	574,473	794,842

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

During the year ended June 30, 2011, the District received federal commodities valued at \$221,355.

During the year ended June 30, 2011, the District received capital contributions valued at \$4,186 from the General Fund.

During the year ended June 30, 2011, the District received capital contributions valued at \$18,784 from the Capital Projects Fund, Statewide Sales, Services and Use Tax Account.

Governmental Activities: Internal Service Funds			
Self-funded Health Insurance	Flex Benefit	Self-funded Dental Insurance	Total
367,814	25,568	(26,387)	366,995
-	-	-	-
-	-	-	-
-	-	-	-
8,790	-	(29)	8,761
229,013	-	-	229,013
(6,475)	-	-	(6,475)
-	-	-	-
-	-	-	-
-	-	-	-
<u>599,142</u>	<u>25,568</u>	<u>(26,416)</u>	<u>598,294</u>

<u>2,799,576</u>	<u>90,469</u>	<u>30,240</u>	<u>2,920,285</u>
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**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN ENTERPRISE FUND, COMMUNITY SERVICE ACCOUNTS**

**YEAR ENDED JUNE 30, 2011**

	Beginning Balance	Revenues and Transfers	Expenses	Intrafund Transfers	Balance
COMMUNITY ED PROGRAMS	\$ (5,445)	-	-	5,445	-
JRHI MISSION TRANSITION	(190)	-	-	190	-
COMM ED AQUATICS	6,334	15,404	10,453	-	11,285
COMM ED ARTS & CRAFTS	-	524	233	-	291
COMM ED BUSINESS & FINANCE	56	-	-	-	56
COMM ED DANCE	1,163	1,101	810	-	1,454
COMM ED EXERCISE & FITNESS	3,977	5,255	2,956	-	6,276
COMM ED FOOD & NUTRITION	162	-	-	(24)	138
COMM ED HEALTH & WELLNESS	112	-	1	-	111
COMM ED HOME & GARDEN	(24)	-	-	24	-
COMM ED KINDERGARTEN-6 GRADE	2,651	9,775	9,537	-	2,889
COMM ED 7TH-12TH GRADE	923	5,687	4,452	-	2,158
COMM ED MUSIC & THEATREARTS	478	243	225	-	496
COMM ED PHOTOGRAPHY & VIDEO	(25)	258	107	-	126
COMM ED PROFESSIONAL DEVELOPMENT	548	-	-	-	548
COMM ED SPECIAL INTEREST	105	2,796	2,556	-	345
COMM ED SPORTS & GAMES	2,649	3,697	3,838	-	2,508
COMM ED YOUTH SUMMER PROGRAM	943	5,234	3,110	(190)	2,877
DISTRICT FACILITY USE	-	50,830	16,662	(5,445)	28,723
<b>TOTAL</b>	<b>\$ 14,417</b>	<b>100,804</b>	<b>54,940</b>	<b>-</b>	<b>60,281</b>

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN ENTERPRISE FUND, SCHOOL STORE ACCOUNTS

YEAR ENDED JUNE 30, 2011

	Beginning Balance	Revenues	Expenses	Intrafund Transfer	Ending Balance
SRHI/STUDENT ID FINES	\$ 1,142	1,900	986	-	2,056
SRHI/GRADUATION CEREMONY	3,512	3,348	6,334	-	526
WILL PTA ACTIVITIES	3,117	-	1,299	(1,818)	-
HARBOR GRADUATION EXPENSES	358	-	-	-	358
CLAY BOOKFAIR	394	4,566	3,595	-	1,365
RUNN ARTSONIA	16	49	16	-	49
ALTN LIBRARY	5,408	4,544	4,627	-	5,325
CLAY ELEM FAMILIES IN NEED	-	1,894	-	-	1,894
CLAY DOLLARS FOR SCHOLARS	-	661	500	-	161
ALTN POSITIVE BEHAVIOR SYSTEM	137	-	-	-	137
JRHI DOLLAR FOR SCHOLARS	410	1,512	1,500	-	422
INTEREST	1,140	-	-	-	1,140
INTEREST	24,743	569	872	-	24,440
WILL BOXTOP/WELLS/TAR/PICTURES	11,765	5,091	-	43,967	60,823
WILL PRAIRIE FUND	3,335	-	-	-	3,335
WILL T-SHIRT SALES	-	909	909	-	-
WILL STUDENT PICTURES	39,231	5,488	1,669	(43,149)	(99)
RUNN SALES COMMISSION	4,722	8,900	8,244	-	5,378
RUNN SCHOLASTIC	9,588	5,219	5,609	(183)	9,015
RUNN SUMMER LIBRARY PROGRAM	81	-	264	183	-
MITC PEDERSON MEMORIAL	66	-	-	-	66
MITC/IA REALTY/REGENCY	(50)	-	-	50	-
IOWA YOUTH TOBACCO SURVEY	500	-	-	-	500
DISTRICT VENDOR FAIR	427	-	-	-	427
CLAY/BOOKSTORE	(500)	121	401	770	(10)
ALTN/BOOKSTORE	49,486	17,283	5,889	-	60,880
CENT/BOOKSTORE	21,922	891	3,392	-	19,421
DELA/BOOKSTORE	2,816	13,930	5,082	1,613	13,277
FOUR/BOOKSTORE	7,413	14,346	10,965	-	10,794
MITC/BOOKSTORE	9,415	-	1,663	(1,897)	5,855
RUNN/BOOKSTORE	5,843	2,194	2,015	-	6,022
WILL/BOOKFAIR	14,420	11,446	2,937	(22,929)	-
JRHI/BOOKSTORE	119,339	43,403	23,260	35,323	174,805
SRHI/BOOKSTORE	319	-	-	(319)	-
SPCR/BOOKSTORE	-	3,827	3,672	-	155
SRHI/RESALE-ART	243	82	147	-	178
SRHI/RESALE-HOME EC	811	351	-	-	1,162
SRHI/RESALE WOODS	4,824	5,511	5,778	235	4,792
SRHI/FOREIGN LANGUAGE	211	766	966	-	11
SRHI/INSTRUMENT REPAIR	3,595	7,446	6,272	-	4,769
SRHI/RESALE-LIBRARY	36	329	92	73	346
SRHI/RESALE METALS	1,451	3,130	2,447	(308)	1,826
SRHI/RESALE CONSTRUCTION	973	468	1,122	-	319
SRHI/RESALE AUTO	138	-	-	-	138
SRHI/SOCIAL STUDIES	970	-	970	-	-
JRHI DONATIONS	12,513	2,374	-	(14,113)	774
CLAY STAFF VENDING/RESALE	101	122	120	19	122
ALTN/POP-CANDY-VENDING	5,185	114	(1)	-	5,300
CENT/POP-CANDY-VENDING	-	590	182	-	408
DELA/POP-CANDY-VENDING	(2,256)	-	-	2,256	-
FOUR/POP-CANDY-VENDING	(117)	593	-	117	593
WILL/PENCIL&PAPER-VENDING	(17,154)	200	6,998	23,952	-
JRHI POP/CANDY/RESALE	(29,771)	8,007	10,707	33,183	712
SRHI/POP-CANDY-VENDING	5,154	14,283	5,236	216	14,417
SRHI/CONCESSIONS	5,864	81,087	71,656	103	15,398
JRHI TEACHERS RESALE	(1,210)	1,142	816	816	(68)
DOFF VENDING	120	229	115	-	234

Continued on following page.

SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN ENTERPRISE FUND, SCHOOL STORE ACCOUNTS

YEAR ENDED JUNE 30, 2011

	Beginning Balance	Revenues	Expenses	Intrafund Transfer	Ending Balance
BUS GARAGE VENDING	237	145	237	-	145
HARB/POP-CANDY-VENDING	664	1,473	667	-	1,470
MITC SOCIAL COMMITTEE	140	483	411	-	212
CLAY SCHOOL IMPROVEMENT	12,672	17,073	11,103	(789)	17,853
ALTN/SCHOOL IMPROVEMENT	11,322	-	-	-	11,322
CENT/SCHOOL IMPROVEMENT	18,492	9,875	176	-	28,191
DELA/SCHOOL IMPROVEMENT	3,869	-	-	(3,869)	-
FOUR/SCHOOL IMPROVEMENT	26,034	24,482	10,174	(117)	40,225
MITC/SCHOOL IMPROVEMENT	926	-	2,772	1,846	-
WILL/SCHOOL IMPROVEMENT	180	-	158	(22)	-
JRHI/SCHOOL IMPROVEMENT	55,209	-	-	(55,209)	-
HARB/SCHOOL IMPROVEMENT	699	-	-	-	699
HARBOR SCHOLARSHIP FUND	2,318	-	-	-	2,318
CLAY ELEM STAFF CARING	-	857	395	-	462
MITC DOLLARS FOR SCHOLARS	65	-	-	-	65
SRHI SCHOLARSHIP FUND	242	1,974	2,216	-	-
TOTAL	<u>\$ 465,265</u>	<u>335,277</u>	<u>237,632</u>	<u>-</u>	<u>562,910</u>

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

JUNE 30, 2011

	Private Purpose Trust Funds			
	SEP			
	Dollars for	Bud Keyes	Burnett	
	Scholars	Scholarship	Scholarship	Total
	Scholarship			
<b>ASSETS</b>				
Cash and pooled investments	\$ 219,468	324,780	42,366	586,614
Receivables:				
Accrued interest	94	2,486	212	2,792
Total assets	219,562	327,266	42,578	589,406
<b>NET ASSETS</b>				
Restricted	\$ 219,562	327,266	42,578	589,406

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

YEAR ENDED JUNE 30, 2011

	Private Purpose Trust Funds			
	SEP			
	Dollars for			
	Scholars	Bud Keyes	Burnett	
	Scholarship	Scholarship	Scholarship	Total
<b>Additions:</b>				
<b>Local sources:</b>				
Gifts and contributions	\$ 39,398	-	25,687	65,085
Interest income	4,491	7,563	903	12,957
<b>Total additions</b>	<b>43,889</b>	<b>7,563</b>	<b>26,590</b>	<b>78,042</b>
<b>Deductions:</b>				
<b>Instruction:</b>				
<b>Regular:</b>				
Scholarships awarded	9,873	5,930	17,907	33,710
Supplies	-	1,155	-	1,155
<b>Total deductions</b>	<b>9,873</b>	<b>7,085</b>	<b>17,907</b>	<b>34,865</b>
<b>Changes in net assets</b>	<b>34,016</b>	<b>478</b>	<b>8,683</b>	<b>43,177</b>
<b>Net assets beginning of year</b>	<b>185,546</b>	<b>326,788</b>	<b>33,895</b>	<b>546,229</b>
<b>Net assets end of year</b>	<b>\$ 219,562</b>	<b>327,266</b>	<b>42,578</b>	<b>589,406</b>

**SSOUTHEAST POLK COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND**

**YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>STUDENT AGENCY</b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 238,878	392,628	457,415	174,091
Accrued interest receivable	-	8	-	8
<b>Total Assets</b>	<u>\$ 238,878</u>	<u>392,636</u>	<u>457,415</u>	<u>174,099</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,730	9,650	2,730	9,650
Due to other groups	236,148	382,986	454,685	164,449
<b>Total Liabilities</b>	<u>\$ 238,878</u>	<u>392,636</u>	<u>457,415</u>	<u>174,099</u>

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# Southeast Polk Community School District

## Statistical Section

(Unaudited)

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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.	100-116
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	117-120
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.	121-126
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.	127-131
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.	132-138

**Schedule 1**  
**Southeast Polk Community School District**

**Net Assets by Component**  
**Last Nine 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)
<b>Total governmental activities</b>					
<b>net assets</b>	<u>\$ 22,581,084</u>	<u>\$ 24,795,569</u>	<u>\$ 29,103,797</u>	<u>\$ 32,247,807</u>	<u>\$ 38,740,643</u>
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
<b>Total business type activities</b>					
<b>net assets</b>	<u>\$ 800,644</u>	<u>\$ 932,876</u>	<u>\$ 1,233,083</u>	<u>\$ 1,204,367</u>	<u>\$ 1,156,953</u>
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)
<b>Total primary government</b>					
<b>net assets</b>	<u>\$ 23,381,728</u>	<u>\$ 25,728,445</u>	<u>\$ 30,336,880</u>	<u>\$ 33,452,174</u>	<u>\$ 39,897,596</u>

**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	2010	2011
\$ 43,708,137	\$ 49,335,755	\$ 41,320,771	\$ 41,811,056
1,102,209	2,929,346	4,602,136	7,411,779
(4,810,352)	(11,454,390)	(7,475,497)	(8,393,828)
<u>\$ 39,999,994</u>	<u>\$ 40,810,711</u>	<u>\$ 38,447,410</u>	<u>\$ 40,829,007</u>
\$ 922,423	\$ 1,380,673	\$ 1,673,355	\$ 1,497,346
-	-	-	-
381,792	448,522	556,924	717,437
<u>\$ 1,304,215</u>	<u>\$ 1,829,195</u>	<u>\$ 2,230,279</u>	<u>\$ 2,214,783</u>
\$ 44,630,560	\$ 50,716,428	\$ 42,994,126	\$ 43,308,402
1,102,209	2,929,346	4,602,136	7,411,779
(4,428,560)	(11,005,868)	(6,918,573)	(7,676,391)
<u>\$ 41,304,209</u>	<u>\$ 42,639,906</u>	<u>\$ 40,677,689</u>	<u>\$ 43,043,790</u>

**Schedule 2**  
**Southeast Polk Community School District**

**Expenses, Program Revenues and Net (Expense) Revenue**  
**Last Nine 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
<b>Total governmental activities expenses</b>	<b>37,287,295</b>	<b>39,171,701</b>	<b>41,844,040</b>	<b>45,440,012</b>	<b>50,391,263</b>
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
<b>Total business type activities expenses</b>	<b>1,962,594</b>	<b>2,035,204</b>	<b>2,359,644</b>	<b>2,680,031</b>	<b>2,899,334</b>
<b>Total primary government expenses</b>	<b>\$ 39,249,889</b>	<b>\$ 41,206,905</b>	<b>\$ 44,203,684</b>	<b>\$ 48,120,043</b>	<b>\$ 53,290,597</b>
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
<b>Total governmental activities program revenues</b>	<b>5,862,616</b>	<b>7,258,059</b>	<b>6,615,372</b>	<b>7,534,622</b>	<b>7,045,479</b>

(Continued on the following page.)

		Fiscal Year					
		2008	2009	2010	2011		
\$	34,094,092	\$	38,998,826	\$	39,362,825	\$	39,229,187
	2,403,685		2,827,408		2,974,389		2,667,311
	2,050,177		2,031,346		2,537,661		2,570,297
	7,431,909		7,942,912		8,303,669		9,010,061
	8,006,154		5,613,563		5,925,509		5,472,919
	2,710,878		2,901,228		2,955,230		2,850,230
	-		-		-		-
	28,615		30,269		2,729		105,134
	2,612,493		3,331,765		4,158,136		3,691,427
	1,825,721		2,011,213		2,296,973		2,367,103
	1,451,589		1,579,234		2,600,819		3,060,086
	62,615,313		67,267,764		71,117,940		71,023,755
	2,746,685		3,000,061		3,264,674		3,498,875
	19,206		10,246		25,562		54,940
	283,142		300,368		300,571		237,632
	3,049,033		3,310,675		3,590,807		3,791,447
\$	65,664,346	\$	70,578,439	\$	74,708,747	\$	74,815,202

\$	2,527,236	\$	2,948,888	\$	3,315,495	\$	4,062,777
	29,591		36,966		54,549		56,977
	6,361,705		8,439,040		11,821,803		9,736,393
	1,050,307		63,977		95,000		9,800
	9,968,839		11,488,871		15,286,847		13,865,947

**Schedule 2**  
**Southeast Polk Community School District**

**Expenses, Program Revenues and Net (Expense) Revenue (Continued)**  
**Last Nine 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	-	-	-	-	-
<b>Total business type program revenues</b>	<b>1,998,249</b>	<b>2,163,707</b>	<b>2,383,135</b>	<b>2,481,769</b>	<b>2,645,276</b>
<b>Total primary government program revenues</b>	<b>\$ 7,860,865</b>	<b>\$ 9,421,766</b>	<b>\$ 8,998,507</b>	<b>\$ 10,016,391</b>	<b>\$ 9,690,755</b>
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)
<b>Total primary government net expense</b>	<b>\$ (31,389,024)</b>	<b>\$ (31,785,139)</b>	<b>\$ (35,205,177)</b>	<b>\$ (38,103,652)</b>	<b>\$ (43,599,842)</b>

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	2010	2011
1,920,114	1,983,022	2,045,530	2,111,679
18,663	11,679	39,428	49,949
295,103	327,403	331,276	334,343
768,833	931,979	1,093,392	1,205,211
-	-	-	-
3,002,713	3,254,083	3,509,626	3,701,182
\$ 12,971,552	\$ 14,742,954	\$ 18,796,473	\$ 17,567,129
\$ (52,646,474)	\$ (55,778,893)	\$ (55,831,093)	\$ (57,157,808)
(46,320)	(56,592)	(81,181)	(90,265)
\$ (52,692,794)	\$ (55,835,485)	\$ (55,912,274)	\$ (57,248,073)

**Schedule 3**  
**Southeast Polk Community School District**

**General Revenues and Total Change in Net Assets**  
**Last Nine 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)
<b>Total primary government net expense</b>	<b>(31,389,024)</b>	<b>(31,785,139)</b>	<b>(35,205,177)</b>	<b>(38,103,652)</b>	<b>(43,599,842)</b>
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)
<b>Total governmental activities</b>	<b>32,226,130</b>	<b>35,800,187</b>	<b>36,985,276</b>	<b>41,049,400</b>	<b>49,838,620</b>
Business type activities:					
Miscellaneous	-	-	269,985	158,498	187,360
Investment earnings	4,654	3,729	6,731	11,048	19,284
Transfers	-	-	-	-	-
<b>Total business type activities</b>	<b>4,654</b>	<b>3,729</b>	<b>276,716</b>	<b>169,546</b>	<b>206,644</b>
<b>Total primary government</b>	<b>32,230,784</b>	<b>35,803,916</b>	<b>37,261,992</b>	<b>41,218,946</b>	<b>50,045,264</b>
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)
<b>Total primary government</b>	<b>\$ 841,760</b>	<b>\$ 4,018,777</b>	<b>\$ 2,056,815</b>	<b>\$ 3,115,294</b>	<b>\$ 6,445,422</b>

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	2010	2011
\$ (52,646,474)	\$ (55,778,893)	\$ (55,831,093)	\$ (57,157,808)
(46,320)	(56,592)	(81,181)	(90,265)
(52,692,794)	(55,835,485)	(55,912,274)	(57,248,073)
15,834,082	17,023,403	18,992,963	21,538,542
4,434,616	4,367,277	3,065,886	1,388,976
1,177,751	1,294,521	1,369,585	1,424,955
1,326,524	1,479,994	1,508,147	1,466,561
5,382,517	6,075,699	4,813,593	5,456,559
24,315,885	25,596,081	22,969,544	27,333,723
891,676	1,137,363	1,181,815	989,354
722,131	193,637	46,977	14,075
(179,357)	(578,365)	(480,718)	(73,340)
53,905,825	56,589,610	53,467,792	59,539,405
-	-	-	-
14,225	3,207	1,547	1,429
179,357	578,365	480,718	73,340
193,582	581,572	482,265	74,769
54,099,407	57,171,182	53,950,057	59,614,174
1,259,351	810,717	(2,363,301)	2,381,597
147,262	524,980	401,084	(15,496)
\$ 1,406,613	\$ 1,335,697	\$ (1,962,217)	\$ 2,366,101

Schedule 4  
Southeast Polk Community School District

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	476,750	55,605	16,904	5,128	70,122
Unassigned	1,118,846	38,313	452,578	145,956	(120,515)
<b>Total General Fund</b>	<b>\$ 1,595,596</b>	<b>\$ 93,918</b>	<b>\$ 469,482</b>	<b>\$ 151,084</b>	<b>\$ (50,393)</b>
All other governmental funds:					
Nonspendable					
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Debt service funds	-	-	-	16,423	19,644
Capital projects funds	1,109,473	4,185,574	7,131,458	3,792,328	52,455,727
Special revenue funds	995,098	1,689,629	1,133,716	1,248,406	1,401,536
<b>Total all other governmental funds</b>	<b>\$ 2,104,571</b>	<b>\$ 5,875,203</b>	<b>\$ 8,265,174</b>	<b>\$ 5,057,157</b>	<b>\$ 53,876,907</b>

Source: School District financial records.

Fiscal Year				
2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ 11,295
70,065	380,356	563,838	926,860	1,804,570
(1,992,925)	(5,219,060)	(7,710,747)	(10,338,669)	(9,171,352)
<u>\$ (1,922,860)</u>	<u>\$ (4,838,704)</u>	<u>\$ (7,146,909)</u>	<u>\$ (9,411,809)</u>	<u>\$ (7,355,487)</u>
\$ -	\$ -	\$ -	\$ -	\$ 16
305,510	-	1,506,862	2,546,215	3,659,545
30,503,275	13,616,098	22,947,999	2,509,347	1,178,584
717,825	1,125,371	1,313,713	1,307,275	769,064
<u>\$ 31,526,610</u>	<u>\$ 14,741,469</u>	<u>\$ 25,768,574</u>	<u>\$ 6,362,837</u>	<u>\$ 5,607,209</u>

**Schedule 5**  
**Southeast Polk Community School District**

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Federal sources:					
Federal sources	\$ 1,314,478	\$ 803,840	\$ 2,226,435	\$ 1,151,223	\$ 1,106,270
<b>Total federal sources</b>	<b>1,314,478</b>	<b>803,840</b>	<b>2,226,435</b>	<b>1,151,223</b>	<b>1,106,270</b>
State sources:					
State sources	\$ 17,938,464	\$ 18,488,105	\$ 19,438,462	\$ 21,133,290	\$ 23,229,009
<b>Total state sources</b>	<b>17,938,464</b>	<b>18,488,105</b>	<b>19,438,462</b>	<b>21,133,290</b>	<b>23,229,009</b>
Intermediate sources:					
Intermediate sources	\$ -	\$ 998	\$ -	\$ -	\$ 50,000
<b>Total intermediate sources</b>	<b>-</b>	<b>998</b>	<b>-</b>	<b>-</b>	<b>50,000</b>
Local sources:					
Local taxes	\$ 14,888,466	\$ 15,293,526	\$ 18,100,184	\$ 18,929,643	\$ 20,601,025
Tuition	1,330,092	1,438,145	1,646,046	1,620,381	1,505,013
Other revenues	1,073,193	1,306,568	1,041,232	1,274,768	2,092,705
<b>Total local sources</b>	<b>17,291,751</b>	<b>18,038,239</b>	<b>20,787,462</b>	<b>21,824,792</b>	<b>24,198,743</b>
<b>Total revenues</b>	<b>\$ 36,544,693</b>	<b>\$ 37,331,182</b>	<b>\$ 42,452,359</b>	<b>\$ 44,109,305</b>	<b>\$ 48,584,022</b>

Source: School District financial records.

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	997,327	\$	1,271,465	\$	2,029,111	\$	5,301,460	\$	2,489,844
	997,327		1,271,465		2,029,111		5,301,460		2,489,844
\$	25,661,826	\$	29,659,603	\$	31,500,871	\$	28,954,100	\$	34,145,608
	25,661,826		29,659,603		31,500,871		28,954,100		34,145,608
\$	157,410	\$	588,103	\$	46,007	\$	46,913	\$	19,660
	157,410		588,103		46,007		46,913		19,660
\$	25,628,503	\$	28,090,339	\$	30,134,043	\$	29,638,188	\$	31,248,856
	1,179,299		1,599,072		1,968,696		2,255,682		2,832,690
	3,570,059		2,780,288		2,855,142		2,906,400		2,674,002
	30,377,861		32,469,699		34,957,881		34,800,270		36,755,548
\$	57,194,424	\$	63,988,870	\$	68,533,870	\$	69,102,743	\$	73,410,660

**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				
	2002	2003	2004	2005	2006
Instruction	\$ 20,848,195	\$ 21,297,513	\$ 23,214,429	\$ 25,365,585	\$ 25,957,083
Student services	1,204,707	1,769,412	1,781,313	1,817,992	1,956,064
Instructional staff services	1,202,330	1,136,804	1,261,556	1,432,133	1,431,116
Administration services	3,198,463	3,568,412	3,975,116	4,034,632	6,416,277
Operation and maintenance of plant services	2,588,392	3,079,753	3,080,660	3,401,604	4,240,148
Pupil transportation services	1,465,053	1,469,880	1,541,136	2,174,884	2,096,779
Other support services	220,135	218,863	269,730	62,514	-
Non-instructional programs	-	-	-	-	-
AEA Flowthrough	1,241,684	1,262,623	1,272,602	1,344,421	1,471,264
Capital outlay:					
Facilities acquisition/construction	7,986,299	1,122,598	4,087,665	7,492,246	7,916,892
Debt service:					
Principal	2,550,000	575,000	4,850,000	630,000	4,560,000
Interest	632,052	533,355	427,617	419,899	420,126
<b>Total expenditures</b>	<b>\$ 43,137,310</b>	<b>\$ 36,034,213</b>	<b>\$ 45,761,824</b>	<b>\$ 48,175,910</b>	<b>\$ 56,465,749</b>
Debt service as a percentage of noncapital expenditures	7.96%	3.17%	13.04%	2.23%	9.67%

**Source:** School District financial records.

		Fiscal Year				
		2007	2008	2009	2010	2011
\$	28,905,727	\$ 33,610,919	\$ 38,572,208	\$ 39,198,436	\$ 39,459,638	
	2,089,478	2,486,812	2,816,848	3,025,235	2,621,251	
	1,486,501	1,904,879	1,875,936	2,267,956	2,273,565	
	6,312,286	7,525,298	8,059,093	8,280,473	8,732,892	
	4,271,457	4,849,573	5,225,041	5,264,105	5,285,469	
	2,561,716	2,452,223	2,631,804	2,887,338	2,768,595	
	-	-	-	-	-	
	3,483	21,537	30,057	2,626	105,134	
	1,645,674	1,825,721	2,011,213	2,296,973	2,367,103	
	26,578,865	29,176,901	20,104,947	21,349,750	10,453,313	
	9,850,000	4,942,648	5,784,426	2,420,367	3,509,289	
	2,645,496	2,722,874	3,242,194	4,053,299	3,905,919	
\$	86,350,683	\$ 91,519,385	\$ 90,353,767	\$ 91,046,558	\$ 81,482,168	
	21.42%	11.83%	12.79%	9.19%	10.46%	

**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				
	2002	2003	2004	2005	2006
Excess of revenues over (under) expenditures	\$ (6,592,617)	\$ 1,296,969	\$ (3,309,465)	\$ (4,066,605)	\$ (7,881,727)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	-	47,500,000
Issuance of revenue bonds	-	-	-	-	9,000,000
Issuance of bond anticipation notes	-	2,800,000	6,075,000	-	-
Refunding debt issued	-	-	-	2,845,000	-
Payment to refunding escrow agent	-	(2,250,000)	-	(2,810,000)	-
Premium on bonds/notes	-	-	-	4,140	-
Discount on bonds	-	-	-	-	-
Proceeds from sale of capital assets	7,176	10,693	-	1,050	-
Issuance of loans	-	-	-	500,000	-
Transfers in	-	558,355	5,282,294	1,014,146	3,971,586
Transfers out	-	(558,355)	(5,282,294)	(1,014,146)	(3,971,586)
<b>Total other financing sources</b>					
<b>(uses)</b>	7,176	560,693	6,075,000	540,190	56,500,000
<b>Net change in fund balances</b>	<b>\$ (6,585,441)</b>	<b>\$ 1,857,662</b>	<b>\$ 2,765,535</b>	<b>\$ (3,526,415)</b>	<b>\$ 48,618,273</b>

Source: School District financial records.

Fiscal Year				
2007	2008	2009	2010	2011
\$ (29,156,259)	\$ (27,530,515)	\$ (21,819,897)	\$ (21,943,815)	\$ (8,071,508)
5,500,000	7,000,000	-	-	-
-	-	30,000,000	-	7,055,000
-	-	-	-	-
-	-	-	-	-
-	-	(752,422)	-	-
-	125,532	87,506	-	7,228
-	-	-	-	(10,951)
-	-	16,125	22,415	41,295
-	703,998	1,185,000	250,128	2,330,000
7,940,360	3,083,424	10,993,594	4,495,832	7,208,008
(8,506,865)	(3,083,424)	(10,991,006)	(4,495,197)	(7,258,378)
4,933,495	7,829,530	30,538,797	273,178	9,372,202
\$ (24,222,764)	\$ (19,700,985)	\$ 8,718,900	\$ (21,670,637)	\$ 1,300,694

**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*
2010-2011	(\$9,171,352)	\$61,710,472	-14.86%
2009-2010	(10,338,669)	56,827,892	-18.19%
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%

**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			
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
2010	712,495,276	463,332,090	92,427,176	2,858,562	1,265,395,980	21.83221
2011	768,505,862	476,361,190	91,778,190	2,864,118	1,333,781,124	21.80667

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 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				Total	Overlapping Rates							
	General Purposes	Capital Purposes	Debt Service	Management		Polk County	Jasper County	Marion County	Community College	Altoona	Michelville	Pleasant Hill	City of Rummells
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	15.46663	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
2010	17.55346	1.00000	2.23909	1.03966	21.83221	11.38014	12.32563	10.86049	0.56778	8.64369	14.36664	11.65000	11.01188
2011	18.31204	1.00000	0.97475	1.51988	21.80667	11.36992	11.53823	10.92291	0.56008	9.14369	14.73119	11.65006	11.00432

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	2011			2002		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	\$ 102,909,000	1	7.72%	\$ 63,815,540	1	9.99%
Adventureland/America	22,134,690	2	1.66%	14,962,030	3	2.34%
Ziegler Realty LLC	14,162,020	3	1.06%	-	-	-
Wal-Mart	12,334,300	4	0.92%	10,608,330	5	1.66%
Menards, Inc.	11,122,600	5	0.83%	8,703,050	6	1.36%
Iowa Cold Storage LLC	9,280,000	6	0.70%	-	-	-
Lowe's Home Centers Inc.	8,460,000	7	0.63%	-	-	-
Target	8,150,500	8	0.61%	-	-	-
Hy-Vee	7,878,000	9	0.59%	-	-	-
Medical Development LC	6,650,000	10	0.50%	-	-	-
Williams Pipeline	-	-	-	20,263,586	2	3.17%
Qwest	-	-	-	10,796,042	4	1.69%
Bosselman Inc	-	-	-	5,358,790	7	0.84%
Altoona Meadows I, II, III	-	-	-	5,318,890	8	0.83%
Warren Family Farms	-	-	-	4,583,538	9	0.72%
ARC III, LLC	-	-	-	4,416,400	10	0.69%
<b>Total</b>	<b>\$ 203,081,110</b>		<b>15.23%</b>	<b>\$ 148,826,196</b>		<b>23.30%</b>

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
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	14,669,998	99.86%	20,306	14,690,304	100.00%
2007	19,579,301	19,577,705	99.99%	202	19,577,907	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%	7,740	22,696,339	99.96%
2010	23,388,205	23,241,726	99.37%	12,821	23,254,547	99.43%
2011	24,419,367	24,305,783	99.53%	-	24,305,783	99.53%

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

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	Less: Amounts Available in Debt Service Fund	Total	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
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	16,423	12,203,577	1.58%	456
2006	49,430,000	14,325,000	405,000	19,644	64,140,356	7.86%	2,316
2007	52,555,000	6,950,000	305,000	305,510	59,504,490	5.85%	2,148
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	1,506,862	85,715,062	7.20%	3,094
2010	53,520,000	30,000,000	1,453,185	2,546,215	82,426,970	6.51%	2,976
2011	51,460,000	36,395,000	3,072,396	3,659,545	87,267,851	6.54%	3,150

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			
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%	597
2005	2,845,000	8,875,000	500,000	12,220,000	2.19%	465
2006	49,430,000	14,325,000	405,000	64,160,000	10.86%	2,397
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	11.99%	3,149
2010	53,520,000	30,000,000	1,453,185	84,973,185	11.61%	3,068
2011	51,460,000	36,395,000	3,072,396	90,927,396	N/A	3,283

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 9 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, 2011**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	\$ 250,642,000	7.42%	\$ 18,597,636
Jasper County	17,115,000	0.28%	47,922
Marion County	4,760,000	0.21%	9,996
Des Moines Area Community College	510,000	4.16%	21,216
City of Des Moines	356,875,000	0.49%	1,737,981
City of Mitchellville	2,313,000	100.00%	2,313,000
City of Altoona	38,495,350	98.14%	37,779,336
City of Pleasant Hill	8,448,135	72.75%	6,146,018
<b>Subtotal, overlapping debt</b>			<b>38,523,943</b>
District direct debt			90,927,396
<b>Total direct and overlapping debt</b>			<b>\$ 129,451,339</b>

**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)**

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	2002	2003	2004	2005	2006
Debt limit	\$ 47,239,601	\$ 51,596,396	\$ 55,669,020	\$ 79,934,600	\$ 86,569,626
Total net debt applicable to limit	11,090,000	12,315,000	12,220,000	64,160,000	59,810,000
Legal debt margin	\$ 36,149,601	\$ 39,281,396	\$ 43,449,020	\$ 15,774,600	\$ 26,759,626

<b>Total net debt applicable to the limit as a percentage of debt limit</b>	23.48%	23.87%	21.95%	80.27%	69.09%
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**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>\$ 2,629,785,592</u>
Debt limit (5% of assessed value) (b)	\$ 131,489,280
Debt applicable to limit	<u>90,927,396</u>
Legal debt margin	<u>\$ 40,561,884</u>

	2007	2008	2009	2010	2011
\$	102,677,743	\$ 110,077,048	\$ 118,907,095	\$ 125,807,197	\$ 131,489,280
	62,571,350	62,571,350	87,221,924	87,221,924	90,927,396
\$	40,106,393	\$ 47,505,698	\$ 31,685,171	\$ 38,585,273	\$ 40,561,884

	60.94%	56.84%	73.35%	69.33%	69.15%
--	--------	--------	--------	--------	--------

**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	
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
2010	4,813,593	-	1,605,399	3.00
2011	5,456,559	660,000	1,536,140	2.48

**Source:** School District financial records.

**Notes:** Details regarding the District's outstanding debt can be found in Note 9 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)
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	\$727,611,072	\$40,921	\$26,268	4.1%
2009	27,700	\$731,952,756	\$40,332	\$26,424	6.7%
2010	27,700	N/A	N/A	N/A	6.1%

**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	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo & Co (a)	11,700	1	*	*	*	*
State of Iowa (b)	8,800	2	*	*	*	*
Iowa Health - Des Moines	7,300	3	*	4,800	3	*
Principal Financial Group	6,728	4	*	8,000	1	*
Mercy Medical Center - Des Moines	4,950	5	*	4,300	4	*
Des Moines Public Schools (c)	4,872	6	*	4,900	2	*
Nationwide/Allied Insurance	4,370	7	*	*	*	*
Des Moines Area Community College (d)	2,381	8	*	*	*	*
Hy-Vee Food Stores Inc	2,000	9	*	4,100	5	*
Pioneer Hi-Bred International Inc	1,900	10	*	1,800	10	*
Minneapolis Postal Service Center	*	*	*	3,211	6	*
Minneapolis Postal Service Center	*	*	*	3,211	6	*
City of Des Moines	*	*	*	2,300	7	*
Bridgestone/Firestone Inc	*	*	*	2,000	9	*
<b>Total</b>	<b>55,001</b>		<b>*</b>	<b>38,622</b>		<b>*</b>

**Source:** 2011 - Greater Des Moines Partnership, Iowa Workforce Development, Information provided by the City of Ankeny, and phone survey completed May 2011. This was provided by Ruan Securities a Division of D.A. Davison & Co.

**Source:** 2002 - Iowa Workforce Development

**Notes:**

- (a) Includes Wells Fargo banking and mortgage divisions.
- (b) Total is for the Greater Des Moines metropolitan statistical area which includes Dallas, Guthrie, Madison and Warren counties.
- (c) Total does not include substitute teachers.
- (d) Includes all regular employees with benefits, as well as temporary, adjunct and student employees located in the Des Moines area, including the Ankeny campus, Urban campus and West camps and other Des Moines area locations.

\* Information not available.

**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				
	2002	2003	2004	2005	2006
<b>Supervisory:</b>					
Superintendent	1.0	1.0	1.0	1.0	1.0
Assistant superintendent	-	1.0	1.0	1.0	1.1
Principals	10.0	12.0	12.0	12.0	13.0
Assistant principals	1.0	1.0	1.0	2.0	2.0
All other administrators	12.0	9.0	9.0	11.0	6.5
<b>Total supervisory</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>27.0</b>	<b>23.6</b>
<b>Instruction:</b>					
Regular program teachers *	294.4	315.2	312.1	346.9	305.2
Special Education teachers*	77.0	62.5	54.5	68.5	130.5
<b>Total instruction</b>	<b>371.4</b>	<b>377.7</b>	<b>366.6</b>	<b>415.4</b>	<b>435.7</b>
<b>Student services:</b>					
Guidance counselors	13.4	22.0	20.0	19.0	23.0
Nurses/Nurse aides	5.0	5.0	7.0	8.5	8.0
Media Specialists/Media Clerks	7.0	4.0	4.0	4.0	4.0
<b>Total student services</b>	<b>25.4</b>	<b>31.0</b>	<b>31.0</b>	<b>31.5</b>	<b>35.0</b>
<b>Support and administration:</b>					
Clerical/secretarial/other support staff	55.0	38.3	38.9	32.3	39.6
Custodial and Maintenance	47.1	45.3	54.4	52.5	50.7
Food Service	27.9	28.9	27.9	21.0	26.4
Bus Drivers/Bus Aides/Crossing Guard	18.0	16.3	16.2	19.6	29.0
<b>Total support and administration</b>	<b>148.0</b>	<b>128.9</b>	<b>137.4</b>	<b>125.5</b>	<b>145.6</b>
<b>Total</b>	<b>568.8</b>	<b>561.5</b>	<b>559.0</b>	<b>599.4</b>	<b>639.9</b>

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
2007	2008**	2009	2010	2011	Change 2002-11
1.0	1.0	1.0	1.0	1.0	0.0%
1.0	1.0	1.0	1.0	1.0	100.0%
16.3	11.0	11.0	12.0	11.0	10.0%
2.0	5.0	6.0	5.0	4.0	300.0%
6.0	12.0	11.0	8.0	8.0	-33.3%
26.3	30.0	30.0	27.0	25.0	4.2%
319.0	373.5	342.5	373.9	343.0	16.5%
168.0	197.0	194.2	65.0	64.0	-16.9%
487.0	570.5	536.7	438.9	407.0	9.6%
23.0	26.7	19.0	19.0	19.0	41.8%
9.5	10.1	13.7	13.5	13.5	170.0%
13.0	16.3	16.3	12.5	12.5	78.6%
45.5	53.1	49.0	45.0	45.0	77.2%
40.0	47.3	45.9	52.5	55.6	1.1%
67.0	67.7	38.0	49.0	45.6	-3.1%
42.0	62.6	35.4	36.5	39.6	41.7%
44.0	68.0	36.9	40.0	37.9	110.6%
193.0	245.6	156.2	178.0	178.7	20.7%
751.8	899.2	771.9	688.9	655.7	15.3%

**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
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	5,966	62,023,892	10,396	4.25%
2010	5,988	63,223,142	10,558	1.56%
2011	6,085	63,613,647	10,454	(0.99)%

**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.

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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	335.95	12.70	15.40%
\$ 39,249,889	\$ 8,604	N/A	352.25	12.50	17.30%
41,206,905	8,621	0.20%	363.05	12.57	18.10%
44,203,684	8,858	2.76%	373.00	12.82	18.60%
48,120,043	8,454	(4.57)%	386.75	12.90	19.80%
53,290,597	9,299	9.99%	429.70	13.25	21.10%
65,664,346	11,458	23.22%	450.95	12.71	20.80%
70,578,439	11,830	3.25%	452.83	13.17	23.50%
74,708,747	12,476	5.46%	438.85	13.64	28.30%
74,815,202	12,295	(1.45)%	448.37	13.57	27.93%

**Schedule 22**  
**Southeast Polk Community School District**

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

School	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Elementary:</b>					
Altoona (1939)					
Square feet	44,425	44,425	44,425	64,104	64,104
Capacity*	424	424	424	630	630
Enrollment	389	388	392	385	377
Centennial (1968)					
Square feet	44,135	44,135	61,017	61,017	61,017
Capacity	446	446	630	630	630
Enrollment	446	490	513	516	542
Clay (2006)					
Square feet	N/A	N/A	N/A	N/A	79,738
Capacity	N/A	N/A	N/A	N/A	840
Enrollment	N/A	N/A	N/A	N/A	N/A
Delaware (1951)					
Square feet	43,418	43,418	43,418	43,418	65,641
Capacity	399	399	399	399	630
Enrollment	347	390	404	436	462
Four Mile (1966)					
Square feet	41,700	41,700	63,204	63,204	63,204
Capacity	456	456	630	630	630
Enrollment	440	457	487	518	558
Mitchellville (1925)					
Square feet	21,805	21,805	45,293	45,293	45,293
Capacity	256	256	420	420	420
Enrollment	172	180	187	215	208
Runnells (2002)					
Square feet**	31,949	31,949	31,949	31,949	43,007
Capacity	210	210	210	210	400
Enrollment	158	168	177	179	196
Willowbrook (1991)					
Square feet	56,546	56,546	56,546	56,546	56,546
Capacity	630	630	630	630	630
Enrollment	497	511	493	500	493
Harbor (1997)					
Square feet	4,537	4,537	4,537	4,537	4,537
Capacity	454	454	454	454	454
Enrollment	56	59	64	69	42
<b>Spring Creek 6th Grade Center:</b>					
Southeast Polk Spring Creek (1992)					
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

Fiscal Year				
2007	2008	2009	2010	2011
64,104	64,104	64,104	64,104	64,104
630	630	630	630	630
435	384	399	409	400
61,017	61,017	61,017	61,017	61,017
630	630	630	630	630
547	481	509	516	486
79,738	79,738	79,738	79,738	79,738
840	840	840	840	840
N/A	322	390	391	421
65,641	65,641	65,641	65,641	65,641
630	630	630	630	630
472	503	517	533	509
63,204	63,204	63,204	63,204	63,204
630	630	630	630	630
577	588	628	595	473
45,293	45,293	45,293	45,293	45,293
420	420	420	420	420
211	170	193	195	188
43,007	43,007	43,007	43,007	43,007
400	400	400	400	400
195	214	217	243	221
56,546	56,546	56,546	56,546	56,546
630	630	630	630	630
527	477	477	466	413
4,537	4,537	4,537	4,537	4,537
454	454	454	454	454
39	39	51	49	49
N/A	N/A	N/A	N/A	89,670
N/A	N/A	N/A	N/A	950
N/A	N/A	N/A	N/A	480

**Schedule 22**  
**Southeast Polk Community School District**

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

School	2002	2003	2004	2005	2006
<b>Junior High:</b>					
Southeast Polk Junior High (1992)					
Square feet	89,670	89,670	89,670	89,670	89,670
Capacity	950	950	950	950	950
Enrollment	661	690	803	820	823
Southeast Polk Junior High (1963)					
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
<b>Senior High:</b>					
Southeast Polk Senior High (1963)					
Square feet	206,674	206,674	206,674	206,674	206,674
Capacity	1,800	1,800	1,800	1,800	1,800
Enrollment	1,317	1,326	1,299	1,350	1,495
Southeast Polk Senior High (2010)					
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
<b>Other District Facilities:</b>					
Bus Garage (2002)					
Square feet	16,384	16,384	16,384	16,384	16,384
District Office (1977)					
Square Feet	8,033	8,033	8,033	8,033	8,033
<b>Grand Total:</b>					
Square Feet	609,276	609,276	671,150	690,829	803,848

**Source:** District records

**Notes:**

\* Capacity figures are based on 30 pupils per classroom

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

Fiscal Year				
2007	2008	2009	2010	2011
89,670	89,670	89,670	89,670	N/A
950	950	950	950	N/A
862	840	859	938	N/A
N/A	N/A	N/A	N/A	206,674
N/A	N/A	N/A	N/A	1,800
N/A	N/A	N/A	N/A	1,011
206,674	206,674	206,674	N/A	N/A
1,800	1,800	1,800	N/A	N/A
1,572	1,660	1,700	N/A	N/A
N/A	N/A	N/A	430,227	430,227
N/A	N/A	N/A	2,000	2,000
N/A	N/A	N/A	1,667	1,689
16,384	16,384	16,384	16,384	16,384
8,033	8,033	8,033	8,033	8,033
803,848	803,848	803,848	1,027,401	1,234,075

**Schedule 23**  
**Southeast Polk Community School District**

**Certified Staff Salaries**  
**Last Ten Fiscal Years**  
**(Unaudited)**

School Year	Minimum	Maximum	Average
2010-2011	\$36,982	\$63,286	\$50,563
2009-2010	36,640	61,006	50,165
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

**Source:** School District financial records.

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

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011**

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	\$ 142,174
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	1,027,262 *
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 11	5,238
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 11	5,131
			<u>1,179,805</u>
TEAM NUTRITION GRANT	10.574	FY 11	<u>650</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	262,438
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6101-GC	16,408
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 11	32,579
			<u>311,425</u>
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES (APPLIED BEHAVIOR ANALYSIS)			
	84.027	FY 11	236 **
SPECIAL EDUCATION - GRANTS TO STATES (PBIS TRAINING)			
	84.027	FY 11	476 **
			<u>712</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES			
	84.048	FY 11	<u>33,616</u>
FUND FOR THE IMPROVEMENT OF EDUCATION (IOWA DEMONSTRATION GRANT)			
	84.215	FY10	<u>9,800</u>
ADVANCED PLACEMENT PROGRAM			
	84.330	FY 11	<u>1,881</u>
IMPROVING TEACHER QUALITY STATE GRANTS			
	84.367	FY 11	<u>105,556</u>
GRANTS FOR STATE ASSESSMENT AND RELATED ACTIVITIES			
	84.369	FY 11	<u>38,948</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) CLUSTER:			
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS (STATE AID), RECOVERY ACT			
	84.394	FY 11	312,744
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS (TEACHER PROFESSIONAL DEVELOPMENT), RECOVERY ACT			
	84.394	FY 11	848
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENTAL SERVICES, RECOVERY ACT			
	84.397	FY 11	278,953
			<u>592,545</u>

Continued on following page.

**SOUTHEAST POLK COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011**

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT (CONTINUED):			
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 11	310,684 **
SPECIAL EDUCATION - GRANTS TO STATES (TRANSITION LIFE SKILLS)	84.027	FY 11	481 **
SPECIAL EDUCATION - GRANTS TO STATES (TRANSITION TRAINING)	84.027	FY 11	240 **
SPECIAL EDUCATION - GRANTS TO STATES (COMMUNICATION STRATEGIES)	84.027	FY 11	241 **
			311,646
ENHANCING EDUCATION THROUGH TECHNOLOGY(E2T2)	84.318	FY 10	77
ENHANCING EDUCATION THROUGH TECHNOLOGY(E2T2)	84.318	FY 11	6,237
			6,314
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 11	580
DEPARTMENT OF LABOR:			
LEARN AND SERVE AMERICA - SCHOOLS AND COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 10	3,792
			\$ 2,597,270

\* - Includes \$221,355 of non-cash awards.

\*\* - Total for CFDA Number 84.027 is \$312,358 and total for Special Education Cluster (IDEA) is \$312,358.

**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 on 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.

**Southeast Polk Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

Findings	Status	Corrective Action Plan or Other Explanation
<b>Significant Deficiencies in Internal Control:</b>		
II-A-10 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.	Corrected	
II-B-10 Support documentation for meal reimbursements lacked detailed receipts.	Corrected	
II-C-10 There was an instance where the District paid a vendor from a faxed spreadsheet instead of an invoice.	Corrected	
<b>Other Findings Related to Required Statutory Reporting:</b>		
IV-A-10 Expenditures for the year ended June 30, 2010 exceeded the amended certified budget amounts in the non-instructional programs and other expenditures functions.	Not corrected	See IV-A-11
IV-F-10 The Board minutes were not always published in a timely manner.	Not corrected	See IV-F-11
IV-H-10 The District overstated supplementary weighting by 3.60.	Corrected	
IV-I-10 There were 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	Corrected	
IV-J-10 The Certified Annual Report was not properly certified to the Iowa Department of Education by September 15, 2010.	Corrected	
IV-M-10 The District had deficit undesignated unreserved fund balance in the General Fund and Capital Projects Fund and deficit account balances in the Student Activity Fund.	Not corrected	See IV-M-11

**Southeast Polk Community School District**

**Summary Schedule of Prior Audit Findings (Continued)**

**Year Ended June 30, 2011**

<u>Findings</u>	<u>Status</u>	<u>Corrective Action Plan or Other Explanation</u>
IV-N-10 The Student Activity Fund shall not be used as a clearing account for any other fund.	Corrected	
IV-O-10 The District had checks included in the bank reconciliations which have been outstanding for over a year.	Corrected	
IV-P-10 The District had interfund loans from the prior year still on the balance sheet.	Corrected	
IV-Q-10 The District made purchases from the Physical Plant and Equipment Levy (PPEL) Fund which do not comply with Chapter 423 and 298 of the Code of Iowa.	Corrected	
IV-R-10 No evaluation was presented to the Board on the use of technology in curriculum as required by Board Policy 605.4. The District did not have a contract in place with Rybolt Consulting.	Corrected	

**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  
Southeast Polk Community School District  
Pleasant Hill, 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 Southeast Polk Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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**

Management of Southeast Polk Community School District is responsible for establishing and maintaining effective 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 an 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as II-A-11 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Comments involving statutory and other legal matters about Southeast Polk Community School District's operations for the year ended June 30, 2011 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.

We noted certain matters that we reported to management of Southeast Polk Community School District in a separate letter dated December 6, 2011.

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 Districts' 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 those specified parties.

*Bohnsack & Frommelt LLP*

Overland Park, Kansas  
December 6, 2011

**Independent Auditor's Report on Compliance With  
Requirements That Could Have a Direct and Material  
Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

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

**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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Southeast Polk Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants 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 auditing standards generally accepted in the United States of America, 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 Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be 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.

*Bohnsack & Frommelt LLP*

Overland Park, Kansas  
December 6, 2011

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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

- a) Unqualified opinions were issued on the financial statements.
- b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no 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:
  - a. ARRA State Fiscal Stabilization Fund (SFSF) Cluster:
    - i. CFDA Number 84.394 ARRA SFSF-Education, State Grants, Recovery Act
    - ii. CFDA Number 84.397 ARRA SFSF-Government Services, Recovery Act
  - b. School Nutrition Cluster:
    - i. CFDA Number 10.553 School Breakfast Program
    - ii. CFDA Number 10.555 National School Lunch Program
    - iii. CFDA Number 10.555 National School Lunch Program-Commodities (Noncash)
    - iv. CFDA Number 10.556 Special Milk Program for Children
    - v. CFDA Number 10.559 Summer Food Service Program for Children
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Southeast Polk Community School District qualified as a low-risk auditee.

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

**II-A-11**

Finding: The District has insufficient segregation of duties over the payroll process.

Condition: One individual at the District has the ability to change the employee master file, including entering new employees, modifying pay rates and adding deductions; enters time to the payroll system, processes the bi-monthly payroll and generates payroll checks and direct deposits. This position also posts the payroll to the general ledger.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: A limited number of personnel are involved in the payroll function.

Recommendation: Ideally, the position responsible for processing the payroll should be segregated from the position with the ability to make employee master file changes. The District should evaluate the payroll software to determine if password protections within applications in regard to the master file could be limited to another position outside the payroll office. If capabilities do not exist to restrict access, we provide the following recommendations to strengthen the District's internal control system:

- Another position should review the payroll checks and direct deposit listing to look for any unknown employees and any unusual pay amounts. This position should compare the total pay amount to the prior payroll period and investigate any unusual variances in the total amount paid from one pay period to the next and compare totals to budget for any variances.
- The District should determine if a payroll change/edit report can be printed from the payroll system. This report should list all changes made to the employee master files as well as extra pays or leave time added for the pay period. The changes on this report should be reviewed by a position independent from the payroll processing position.

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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Response and corrective action plan: Our software does not have the capabilities to restrict access to payroll staff from making changes to the employee master file. To improve internal controls to the current payroll process, the person generating the payroll will provide a summary listing of employees paid to Human Resources as recommended. The District will discuss with its software vendor if a report can be generated as recommended to show payroll changes and edits. If possible, the report of changes and edits will also be sent to Human Resources for review. We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

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

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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

**IV-A-11**

Certified Budget –

Finding: Expenditures for the year ended June 30, 2011 exceeded the amounts budgeted at year-end for the non-instructional programs and other expenditures functions.

Recommendation: The budget should be amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures are allowed to exceed the budget.

Response: In the future, we will amend our budget in accordance with Chapter 24.9 of the Code of Iowa before expenditures are allowed to exceed the budget.

Conclusion: Response accepted

**IV-B-11**

Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

**IV-C-11**

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-11**

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</u>	<u>Amount</u>
Cheryl Thomas, Nutrition Secretary Spouse is owner of A-1 Completed Septic Tank	Purchased Services	\$ 6,250
Chris English, Bus Driver Spouse is contractor with AirCon Mechanical	Services	452,943
Jason Gerth, Teacher, Spouse of Krista Gerth	Uniform Alterations	1,267
Lori Wadell, Principal, Spouse is employee with Grainger, Inc.	Supplies	15,583
Verna Bowie, District Office, Mother of Jay Bowie	Security	525
Karole Turner, Secretary, Mother of Chad Turner	Officiating	972

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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

**IV-E-11**

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-11**

Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

Finding: We noted that the minutes were not published in a timely manner.

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

Response: We will attempt to provide the minutes to be published in a timelier manner to comply with Chapter 279.35 of the Code of Iowa.

Conclusion: Response accepted.

**IV-G-11**

Certified Enrollment –

Finding: Variances in the basic enrollment data certified to the Department of Education were noted.

Recommendation: We recommend the District verify enrollments and funding of students prior to submission to the Iowa Department of Education.

Response: We will review enrollment figures prior to submission to ensure accuracy on the amount certified to the Department of Education.

Conclusion: Response accepted.

**IV-H-11**

Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

**IV-I-11**

Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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**IV-J-11**

Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

**IV-K-11**

Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**IV-L-11**

Statewide Sales, Services and Use Tax-No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the following information includes the amounts the District reported for the statewide sales, services, and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2011 audit.

Beginning balance		\$	4,522,656
Revenues/transfers in:			
Sales tax revenues	5,456,559		
Other local revenues	369,552		
Federal revenues	9,800		
Sale of long-term debt	7,044,049		
Transfers from other funds	2,660		12,882,620
Expenditures/transfers out:			
School infrastructure construction	6,219,709		
Equipment	914,468		
Other	1,013,129		
Transfers to other funds:			
Debt service fund	6,825,725		
Other funds	2,115,181		17,088,212
Ending balance		\$	<u>317,064</u>

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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For the year ended June 30, 2011, the District reduced the following levy as a result of the monies received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy	
	Reduction	Property Tax
	Per \$1,000	Dollars
	Valuation	Reduced
Debt service levy	\$ 1.97904	\$ 3,000,000

**IV-M-11**

Deficit Balances –

Finding: The District had a deficit unrestricted fund balance of \$7,355,487 in the General Fund. In addition, the District had a deficit account balance for an activity in the Student Activity Fund.

Recommendation: The District should continue to monitor the funds and investigate alternatives to eliminate the deficit.

Response: The District will continue to monitor these funds and investigate alternatives to eliminate the deficit balances. The District has adopted a five-year action plan to have a zero solvency ratio and eliminate the deficit fund balance in the General Fund.

Conclusion: Response accepted.

**IV-N-11**

Revenue Bonds – The District has established the reserve accounts required by the revenue bond resolutions.

**IV-O-11**

Student Activity Fund-No instances of noncompliance of expenditures in the Student Activity Fund with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1) were noted.

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

In connection with our audit of the financial statements of the Southeast Polk Community School District as of and for the year ended June 30, 2011, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following is a description of identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

- 1) Periodically, the only documentation provided to the Finance Office for school meal receipts is a manual summary of the amount collected. To improve internal controls over receipts, we recommend requiring each school to provide the Finance Office with a printout of the day from the School Dining System for the Finance Office to compare to the deposit.
- 2) When the food service personnel receive food inventory from the vendors, the only acknowledgement of proper inventory receipt is maintained by the vendor. We recommend the food service personnel sign the invoice indicating the inventory listed is proper based on the delivery and the Food Service Director sign for final approval for payment.

- 3) The District's credit cards are maintained at the Administrative Office. The credit cards are logged out and detailed receipts are required to support all charges before payment is made. The same position that has access to the credit cards, also receives the credit card statements, reconciles the statement to the detailed charge receipts and issues the check for payment. We recommend the reconciliation of the statements and detailed receipts be reviewed by appropriate supervisory personnel independent from the credit card process monthly to ensure no unauthorized disbursements are made.
- 4) The Superintendent's travel and expense reports are reviewed and approved by the Business Manager. There is an inherent limitation to effective controls when direct reports are required to approve their supervisor's transactions. We recommend a member of the Board review and approve the Superintendent's expense reports prior to payment.
- 5) The District does not formally make the monthly Sinking Fund transfers as outlined in the revenue bond agreements. We recommend the District make equal monthly transfers of principal and interest due at the next payment date into the debt service account to ensure compliance with all bond agreement requirements.

This communication is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Bohnsack & Frommelt LLP*

Overland Park, Kansas  
December 6, 2011