Comprehensive Annual Financial Report
of the

Southeast Polk Community School District

Pleasant Hill, Iowa

For the Fiscal Year Ended June 30, 2012

Official Issuing Report
Kevin Baccam, Executive Director of Business Services

Office Issuing Report
Business Services Office

Table of Contents

INTRODUCTORY SECTION	
Table of contents	i-ii
Letter of transmittal	iii-vi
Board of education and school district officials	vii
Organizational chart	viii
GFOA Certificate of achievement for excellence in financial reporting	ix
ASBO Certificate of excellence in financial reporting	x
FINANCIAL SECTION	
Independent auditor's report	1-2
Management's discussion and analysis	3-13
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	14-15
Statement of activities	16-17
Governmental fund financial statements:	
Balance sheet- governmental funds	18
Reconciliation of total governmental fund balances to net assets of governmental Activities	19
Statement of revenues, expenditures and changes in fund balances -governmental Funds	20
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	21
Proprietary fund financial statements:	
Statement of net assets -proprietary funds	22
Reconciliation of enterprise funds net asset to the net assets of business-type activities	23
Statement of revenues, expenses and changes in net assets- proprietary funds	24
Reconciliation of the change in net assets of enterprise funds to the statement of activities	25
Statement of cash flows -proprietary funds	26-27
Fiduciary fund financial statements:	
Statement of fiduciary net assets	28
Statement of changes in fiduciary net assets	29
Notes to financial statements	30-54
Required supplementary information:	
Budgetary comparison schedule of revenues, expenditures/expenses and changes in balances budget and actual – all governmental and enterprise funds	55-56
Note to required supplementary information – budgetary reporting	57
Schedule of funding progress for the Retiree Health Plan	58
Other supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	59
Combining statement of revenues, expenditures and changes in fund balances	60
Schedule of combining balance sheet-capital projects fund-by account	61
Schedule of combining statement of revenues, expenditures and changes in fund balance-capital projects fund-by account	62
Nonmajor enterprise funds:	
Combining statement of net assets	63
Combining statement of revenues, expenses and changes in net assets	64
Combining statement of cash flows	65-66

FINANCIAL SECTION (Continued)	
Internal service funds:	
Combining statement of net assets	67
Combining statement of revenues, expenses and changes in net assets	68
Combining statement of cash flows	69
Fiduciary funds:	
Combining statement of fiduciary net assets-private purpose trust funds	70
Combining statement of changes in fiduciary net assets	71
Agency fund, statement of changes in net assets and liabilities	72
STATISTICAL SECTION (Unaudited)	
Statistical section contents	73
Net assets by component	74-75
Expenses, program revenues and net (expense)/revenue	76-79
General revenues and total change in net assets	80-81
Fund balances, governmental funds	82-83
Governmental funds revenues	84-85
Governmental funds expenditures and debt service ratio	86-87
Other financing sources and uses and net change in fund balances	88-89
Financial solvency ratio	90
Assessed value and actual value of taxable property	91
Direct and overlapping property tax rates	92
Principal property tax payers	93
Property tax levies and collections	94
Ratio of general bonded debt outstanding	95
Outstanding debt by type	96
Direct and overlapping governmental activities debt	97
Legal debt margin information	98-99
Pledged-revenue coverage	100
Demographic and economic statistics	101
Principal employers	102
Full-time equivalent district employees by type	103
Operating statistics	104-105
School building information	106-109
Certified staff salaries	110
COMPLIANCE SECTION	
Schedule of expenditures of federal awards	111
Notes to schedule of expenditures of federal awards	112
Summary schedule of prior audit findings	113
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*	114-115
Independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133	116-117
Schedule of findings and questioned costs	118-126
Corrective action plan	127

Southeast Polk
COMMUNITY SCHOOL DISTRICT

January 24, 2013

The Board of Education and Residents of
Southeast Polk Community School District

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Southeast Polk Community School District (the District) for the fiscal year ended June 30, 2012.

The District operates in compliance with generally accepted accounting principles (GAAP) and prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB). The report has been prepared to conform to guidelines recommended by the Association of School Business Officials (ASBO) International and the Government Finance Officers' Association (GFOA) of the United States and Canada.

Bohnsack & Frommelt LLP, Certified Public Accountants, have issued an unqualified (clean) opinion on the District's financial statements for the year ended June, 30, 2012. The independent auditor's report is located at the front of the financial section of the CAFR.

The responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the management of the District and with the office of Business Services. The CAFR presents the financial information of the District accurately and concisely and is comprehensive. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. We believe that the data herein is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position and results of operations of the District as measured by the financial activity of the various funds; and that all necessary disclosures have been included in order to enable a reader to gain the maximum understanding of the District's financial affairs.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The District is required to undergo a single audit annually in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Nonprofit Organizations. Information related to the single audit, including a schedule of findings and questioned costs and corrective action plans (if any) are included in the single audit compliance section of this report.

Craig W. Menozzi, Superintendent • 8379 NE University Ave. • Pleasant Hill, IA 50327 • Phone: 515-967-4294 • Fax: 515-967-4257
www.southeastpolk.org

Profile of the Government

The Southeast Polk Community School District was organized in May 1961. The District covers roughly 112 square miles and is made up of three major communities including Altoona, Mitchellville, and Runnells in Iowa. District boundaries also reach into much of Pleasant Hill and the east side of Des Moines. Although the District is primarily in Polk County, it also extends into parts of Marion and Jasper Counties. The District serves nearly 30,000 people residing in those communities. The District's enrollment for the 2011-2012 school year was 6,214, making it the 13th largest public school district in Iowa.

There are eleven schools in the District including eight elementary schools, a sixth grade center, a junior high for seventh and eighth graders and a high school. The oldest of these buildings is Mitchellville Elementary School built in 1925 and the newest building is Southeast Polk High School completed in 2010. The District provides a full range of educational programs and services for its students from early childhood, pre-kindergarten levels through the twelfth grade. Services include regular and enriched academic education, special education, vocational education, and numerous individualized programs such as instruction for students at-risk, talented and gifted, and English Language Learners (ELL).

The District is expecting continued student growth over at least the next five years. A recent independent study shows that growth to be anywhere from 40 to 160 students per year. Future kindergarten classes are expected to exceed 500 students. And unlike many suburbs in the Des Moines metro area, the District has a net gain in open enrollment. That is, there are more students outside of the District enrolling into the District than students residing in the District enrolling out of the District. That net open enrollment gain for the 2011-2012 school year was 140 students.

The District is a political subdivision of the state of Iowa, and as such operates public schools and supporting programs for children in preschool through twelfth grade. The District is governed by a seven member Board of Education; members serve four year, overlapping terms and elections are held bi-annually. All Board members are elected at-large and are non-partisan.

The District is financially supported primarily by state aid and local property taxes within its operating budget. The District also receives state and federal grants for restricted purposes, and local revenues in the form of student fees and private donations and contributions.

Economic Condition and Outlook

Altoona has seen substantial growth in recent years. Several retail outlets and restaurants have spawned along the 8th Street corridor further bridging the connection between Altoona and Des Moines. Prairie Meadows Racetrack and Casino opened a 168 room hotel in March 2012 connecting the hotel with the casino. New retail outlets have opened including Foxton Village, Altoona Crossing, Old Town South, and Center Pointe I. The city recently announced a $1 billion-plus data center project and is currently working out details.

There are a number of new residential housing developments in the communities that comprise the District. Meadow Vista South Subdivision, Tuscany, Burget Acres, and Clay Estates are all single family housing developments in Altoona. Deer Run and Clark's Lake View are subdivisions being expanded in Mitchellville. Spring Creek is a development just south of the high school in Pleasant Hill and there will be further expansion around the Four Mile Elementary School boundary.

There is major sewer project undertaking known as the Mud Creek Sewer Project. The project will provide the infrastructure capacity for residential and commercial opportunities east of Altoona, heading towards Mitchellville.

Major Initiatives

Effective July 1, 2010, the State passed a statewide sales and use tax to support public school districts with infrastructure needs, replacing the local option sales tax. This tax is effective through June 30, 2029. With proceeds from revenue bonds, the District finished construction to the high school and made major land and site improvements to the surrounding area around the high school. Proceeds were also used to remodel the current junior high school and one of the elementary schools.

The District has recently reviewed and analyzed infrastructure needs throughout the District and the Board recently passed Phase I of a capital improvements plan. The District intends to issue revenue bonds from the statewide sales and use tax fund to fund these projects. The projects in Phase I include the demolition and reconstruction of part of Mitchellville Elementary School and retrofitting the existing building, major repairs to the District's network technology and telephone system, the refurbishing of bleachers and sound environment in the junior high school, improvements to the football field, and a roof replacement to one of the elementary schools.

Other Financial Information

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

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

As a part of the District's single audit as described earlier, tests are made to determine the adequacy of the internal control over the financial reporting and compliance with applicable laws and regulations, including those related to major federal programs. The results of the District's single audit for the fiscal year ended June 30, 2012 provided no instances of material weaknesses in the internal control or material violations of applicable laws.

Budgetary Controls: The Board of Education annually adopts a budget and approves the related appropriations for the General Fund, special revenue funds, Capital Projects Fund, Debt Service Fund, and enterprise funds. The level of budgetary control, or the level at which expenditures cannot legally exceed the appropriated amount, is established at the functional level for all funds combined rather than at the individual fund level.

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

Independent Audit: The accounting firm of Bohnsack & Frommelt LLP, was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements for the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report. The Comprehensive Annual Financial Report (CAFR) also includes a statistical section which is unaudited.

Awards and Acknowledgements

We are pleased to say that for the eleventh consecutive year the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement and Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2011. In addition, the Association of School Business Officials (ASBO) International also awarded a Certificate of Excellence in Financial Reporting to the District for the eleventh year in a row for the CAFR for the fiscal year ended June 30, 2011. For both organizations, these prestigious awards represent the highest level of recognition that can be bestowed upon a school district in financial reporting. In order to be awarded these certificates, the District must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Each certificate is valid for a period of one year only and the certificates for fiscal year 2011 are included in this report. We believe that our current CAFR continues to meet the GFOA and ASBO International Certificate of Achievement programs' requirements and we are submitting it to both the GFOA and ASBO International to determine eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the District's business services staff and our auditors, Bohnsack and Frommelt, LLP. We would like to express our appreciation and gratitude to all District staff who assisted and contributed to this report as well as the city and county government officials. Finally, we would like to thank the Southeast Polk Board of Directors for its guidance and continued support of the administration and focusing on the mission, vision, and core values of the District and our priorities which focus on high academic achievement, fiscal integrity, and effective and engaging communications.

Respectfully submitted,

Craig W. Menozzi
Superintendent of Schools

Kevin S. Baccam
Executive Director of Business Services

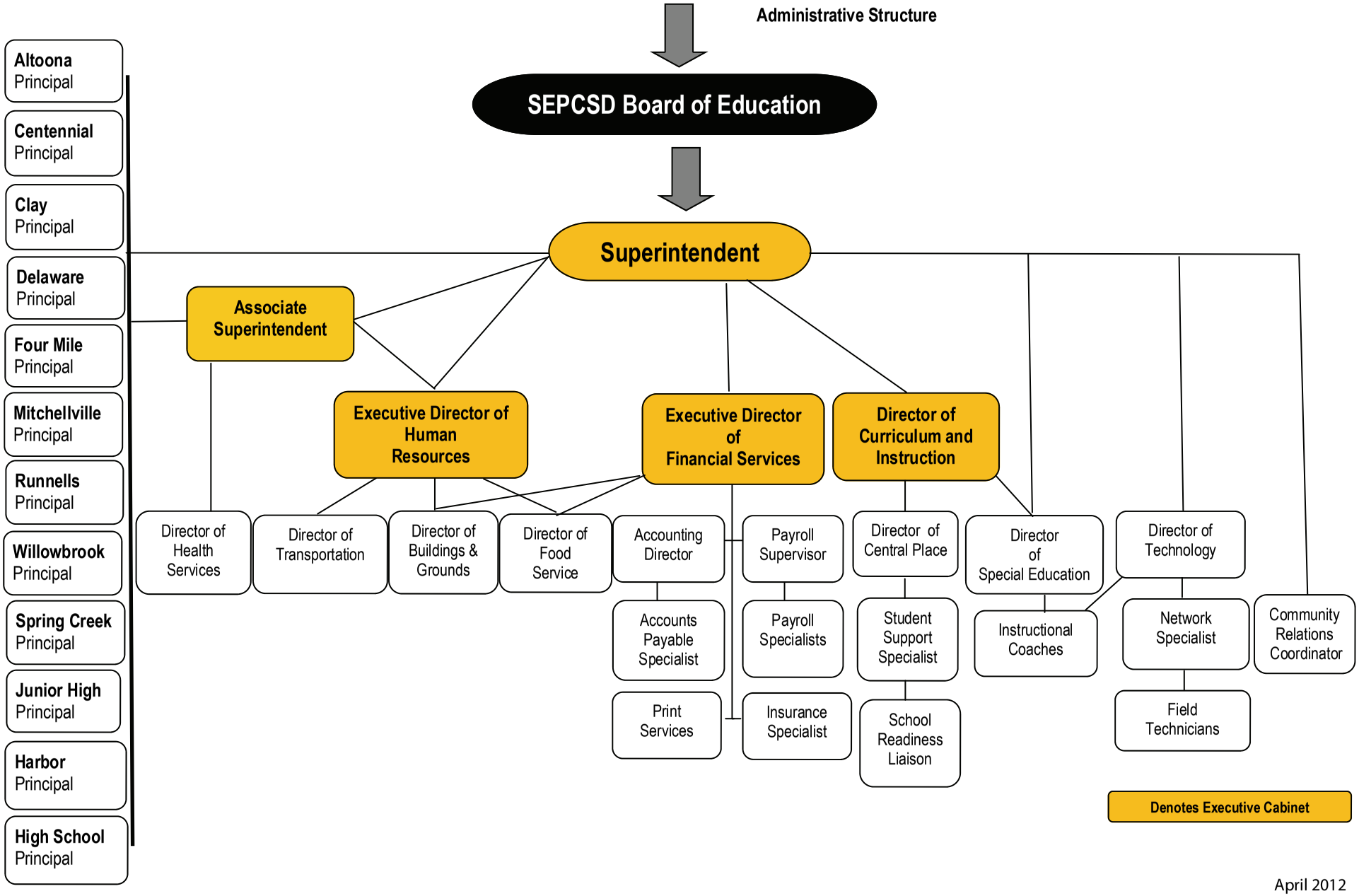
Southeast Polk Community School District

Board of Education and School District Officials
Year Ended June 30, 2012

	Title	Term/Contract Expires
	Board of Education	
Tom Hadden	President	September, 2013
Gary Fischer	Vice President	September, 2013
Joanne Moeller	Member	September, 2013
Lori Slings	Member	September, 2015
Brett Handy	Member	September, 2015
Doug Roush	Member	September, 2015
Bill Puffett	Member	September, 2015
	District Administration	
Craig Menozzi	Superintendent	June 30, 2012
Joe Horton	Associate Superintendent	June 30, 2012
Steve Stotts	Executive Director of Human Resources	June 30, 2012
Jo Ellen Latham	Director of Curriculum/Instruction	June 30, 2012
R. Michael Hamilton	Board Secretary/Business Manager	June 30, 2012
Mike Nicodemus	Principal	June 30, 2012
Randy Mohning	Principal	June 30, 2012
Lori Waddell	Principal	June 30, 2012
Joe Nelson	Principal	June 30, 2012
Joel Schutte	Principal	June 30, 2012
Kevin Walker	Principal	June 30, 2012
Dennis O'Lear	Principal	June 30, 2012
Robin Norris	Principal	June 30, 2012
Mike Dailey	Principal	June 30, 2012
Lea Morris	Principal	June 30, 2012
Nicole Kooiker	Principal	June 30, 2012
Chuck Bredlow	Principal	June 30, 2012
Stephen Pettit	Associate Principal	June 30, 2012
John Steffen	Assistant Principal	June 30, 2012
Glenn Dietzenbach	Assistant Principal	June 30, 2012
Nate Ballagh	Associate Principal	June 30, 2012
Kent Horstmann	Activities Director	June 30, 2012

Southeast Polk
COMMUNITY SCHOOL DISTRICT

Administrative Structure



April 2012

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, 2011

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.

President

Executive Director

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, 2011

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

Bohnsack & Frommelt LLP
Certified Public Accountants

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District's 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 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, business-type activities, each major fund, and the aggregate remaining fund information of the Southeast Polk Community School District as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2013 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, budgetary comparison information on pages 55 through 57 and schedule of funding progress for the retiree health plan on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southeast Polk Community School District's basic financial statements. The combining nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular , *Audits of States, Local Governments and Nonprofit Organizations,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Bohnsack & Frommelt LLP

Overland Park, Kansas
January 24, 2013

Southeast Polk Community School District

Management's Discussion and Analysis
Year Ended June 30, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

The District showed an increase in net assets of $4,503,211 and $2,366,101 during the years ended June 30, 2012 and 2011, respectively.

Total revenues for the fiscal year ended June 30, 2012 and 2011 of $82,138,280 and $77,181,303 were comprised of general revenues in the amount of $63,731,107 and $59,614,174 and program revenues totaling $18,407,173 and $17,567,129, respectively.

As of June 30, 2012, the District's governmental funds reported combined ending fund balances of $3,719,579, an increase of $5,467,857 in comparison with 2011. Of the total combined fund balance, ($3,827,114) represents unassigned fund balance. Subsequently, the solvency ratio went from negative 15.4 percent to a negative 6.2 percent from June 30, 2011 to June 30, 2012.

The Southeast Polk Community School District's total long-term debt decreased by $1,271,073 during fiscal year ended June 30, 2012 and increased by $5,935,839 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 basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements reflect functions of 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, noninstructional programs, other and interest on long-term debt. Business-type activities are those that the District charges a fee to help cover the costs, such as School Nutrition and Community Service and School Store.

The government-wide financial statements include only 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 the government's near-term financial requirements.

Because the focus of governmental fund 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 and 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 nonmajor 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 18 through 21 of this report.

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 22 through 27 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 statements 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 private purpose trust funds and an agency fund. Agency funds are custodial in nature and do not involve measurement of results of operation.

The basic fiduciary fund financial statement can be found on pages 28 through 29 of this report.

Notes to 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 and funding progress for the retiree health plan. Required supplementary information can be found on pages 55 through 58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise 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 $43,043,790 to $47,547,001.

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Current and other assets	$ 43,562,734	$ 45,203,318	$ 928,382	$ 881,369	$ 44,491,116	$ 46,084,687
Capital assets	130,618,291	126,050,140	1,349,015	1,497,346	131,967,306	127,547,486
Total assets	174,181,025	171,253,458	2,277,397	2,378,715	176,458,422	173,632,173
Noncurrent liabilities	87,243,106	93,144,040	100,027	66,602	87,343,133	93,210,642
Other liabilities	41,414,181	37,280,411	154,107	97,330	41,568,288	37,377,741
Total liabilities	128,657,287	130,424,451	254,134	163,932	128,911,421	130,588,383
Net assets:						
Invested in capital assets, net of debt	45,416,697	41,811,056	1,349,015	1,497,346	46,765,712	43,308,402
Restricted	4,434,150	7,411,779	-	-	4,434,150	7,411,779
Unrestricted	(4,327,109)	(8,393,828)	674,248	717,437	(3,652,861)	(7,676,391)
Total net assets	$ 45,523,738	$ 40,829,007	$ 2,023,263	$ 2,214,783	$ 47,547,001	$ 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, were $46,765,712 for 2012 and $43,308,402 for 2011. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net assets (9.3 percent for 2012 and 17.2 percent for 2011) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2012 include $562,413 for physical plant and equipment levy, $588,861 for school infrastructure, $664,812 for management levy, $554,053 for debt service, 1,718,564 for categorical funding, and $345,447 for student activities. The remaining balance of unrestricted net assets, ($3,652,861) for 2012 and ($7,676,391) for 2011 is in a deficit position.

The District's total net assets increased by $4,503,211 during the current fiscal year as compared to $2,366,101 in 2011. The governmental activities net assets increased by $4,694,731 in 2012 and $2,381,597 in 2011. The business-type activities, which include nutrition, community service, and school store decreased by $191,520 in 2012 and $15,496 in 2011.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2012 and 2011. This table utilizes the full accrual method of accounting. Revenues less expenses yielded the change in net assets. This change was anticipated and it enabled the District to acquire capital assets and to service its long-term debt.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, noninstructional programs, other, depreciation unallocated, interest on long-term debt, school nutrition, community service, and school store.

Table 2 - Program Revenues and Expenses

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenues:						
Program revenues:						
Charges for service and sales	$ 5,068,821	$ 4,119,754	$ 2,536,772	$ 2,495,971	$ 7,605,593	$ 6,615,725
Operating grants and contributions	9,004,757	9,736,393	1,288,390	1,205,211	10,293,147	10,941,604
Capital grants and contributions	500,000	9,800	8,433	-	508,433	9,800
General revenues:						
Property taxes and other taxes	33,583,484	31,275,593	-	-	33,583,484	31,275,593
Other local sources	-	989,354	-	-	-	989,354
State sources	30,138,647	27,333,723	-	-	30,138,647	27,333,723
Investment earnings	7,694	14,075	1,282	1,429	8,976	15,504
Total revenues	78,303,403	73,478,692	3,834,877	3,702,611	82,138,280	77,181,303
Program expenses:						
Instruction	40,754,640	39,229,187	-	-	40,754,640	39,229,187
Support services	23,632,792	22,570,818	-	-	23,632,792	22,570,818
Noninstructional programs	2,556	105,134	-	-	2,556	105,134
Other	2,249,929	2,367,103	-	-	2,249,929	2,367,103
Depreciation unallocated	3,090,226	3,060,086			3,090,226	3,060,086
Interest on long-term debt	3,904,147	3,691,427	-	-	3,904,147	3,691,427
School nutrition	-	-	3,485,072	3,498,875	3,485,072	3,498,875
Community service	-	-	47,085	54,940	47,085	54,940
School store	-	-	468,622	237,632	468,622	237,632
Total expenses	73,634,290	71,023,755	4,000,779	3,791,447	77,635,069	74,815,202
Excess of revenues over expenses before transfers	4,669,113	2,454,937	(165,902)	(88,836)	4,503,211	2,366,101
Transfers	25,618	(73,340)	(25,618)	73,340	-	-
Increase in net assets	4,694,731	2,381,597	(191,520)	(15,496)	4,503,211	2,366,101
Net assets, beginning	40,829,007	38,447,410	2,214,783	2,230,279	43,043,790	40,677,689
Net assets, ending	$ 45,523,738	$ 40,829,007	$ 2,023,263	$ 2,214,783	$ 47,547,001	$ 43,043,790

GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were $78,303,403 and expenses were $73,634,290. Property taxes and other taxes such as sales tax and state sources including state foundation aid are the primary sources of revenue for the District. These sources represent 42.9 percent and 38.5 percent, respectively, of total revenues. Instruction constitutes the largest portion of expenditures at $40,754,460 or 55.3 percent of total expenditures.

Table 3 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 - Governmental and Business-Type Activities

	Total Cost of Services		Net Cost of Services	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Instruction	$ 40,754,640	$ 39,229,187	$ 29,097,252	$ 27,860,616
Support services	23,632,792	22,570,818	22,966,531	22,440,545
Noninstructional programs	2,556	105,134	2,556	105,134
Other	2,249,929	2,367,103	-	-
Depreciation unallocated	3,090,226	3,060,086	3,090,226	3,060,086
Interest on long-term debt	3,904,147	3,691,427	3,904,147	3,691,427
School nutrition	3,485,072	3,498,875	70,602	181,985
Community service	47,085	54,940	(14,112)	4,991
School store	468,622	237,632	110,694	(96,711)
Total expenses	$ 77,635,069	$ 74,815,202	$ 59,227,896	$ 57,248,073

Net cost of services is 76.3 percent of total cost of services in 2012 and 76.5 percent in 2011. The cost of governmental activities financed by users of the District's programs was $5,068,821 for 2012 and $4,119,754 for 2011. Federal and state governments subsidized certain programs with grants and contributions totaling $9,004,757 for 2012 and $9,746,193 for 2011. The remaining net cost of the governmental activities was financed with property tax, state foundation aid and investment earnings.

Approximately 83 percent of the District's General Fund expenditures is comprised of salary and benefit costs. Historically speaking, collective bargaining contracts have increased three percent or more each year. Until 2010, District staffing had increased for several consecutive years due to gradual enrollment growth, changing student needs and demographics. More recently, the Board of Education has approved the administration's recommendation to reduce some teaching and staff positions in various education programs and support areas. These reductions were made in response to state funding cuts and an increasing deficit in the General Fund.

BUSINESS-TYPE ACTIVITIES

- The School Nutrition and School Store programs constitute the majority of the business-type activities.
- The primary sources of income are charges for services and federal revenues.
- The School Nutrition Fund's primary expenses are staff and food. The District's free and reduced participation continued to increase during the fiscal year. The School Nutrition Fund had a decrease in net assets of $65,203 for fiscal year 2012.
- The primary source of revenue for the School Store fund is charges for the resale of service operations. The School Store fund had a decrease in net assets of $135,674.

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, unassigned 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 $3,719,579, an increase of $5,467,857 in comparison with the prior year fund balance deficit of ($1,748,278). The unassigned fund balance is a deficit ($3,827,114) for 2012 and deficit ($9,171,352) for 2011. The majority of the remaining fund balance for 2012 is restricted to indicate that it is not available for new spending because it has already been restricted for other purposes, $7,545,735.

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 ($3,827,114) for 2012 and deficit ($9,171,352) for 2011, while total fund balance reached a deficit ($2,107,592) for 2012 and deficit ($7,355,487) for 2011. 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 revenues. The solvency ratio went from negative 15.4 percent to a negative 6.2 percent from June 30, 2011 to June 30, 2012.

The fund balance of the District's General Fund increased by $5,247,895 during June 30, 2012. Key factors in this increase are as follows:

- Increased cash reserve levy in 2012.
- Realized savings through favorable medical claims experience during 2012.
- Reduced spending during the 2011-2012 school year.

The Capital Projects Fund fund balance decreased to $894,891 in 2012 from $1,178,584 in 2011. This decrease is due to the District completing various construction projects from the prior years.
The Debt Service Fund fund balance increased to $3,922,021 in 2012 from $3,659,545. This increase is due to the District transferring more statewide sales, services and use tax to the fund for debt reserve requirements.

BUDGETARY HIGHLIGHTS

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget which includes all funds except internal service, private purpose trust, and agency funds as described in the note to required supplementary information.

A comparison of the actual expenditures/expenses of the District's budgeted funds with the final amended program budget amounts is as follows:

	Budget		Actual Expenditures/ Expenses	Variance
	Original	Final		
Instruction	$ 39,183,970	$ 41,112,693	$ 39,606,429	$ 1,506,264
Support services	20,713,248	24,883,093	21,852,655	3,030,438
Noninstructional programs	3,486,418	3,760,171	3,481,186	278,985
Other	12,547,036	18,339,047	13,356,898	4,982,149
Total	$ 75,930,672	$ 88,095,004	$ 78,297,168	$ 9,797,836

The original budget is published at least three months prior to the fiscal year-often prior to settlement of collective bargaining agreements and before final legislative action on the state budget. In the latter portion of the fiscal year the amended budget is published with "not to exceed" amounts to satisfy Iowa's statutory reporting requirements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following table shows ending balances of capital assets invested in various categories. The District recognized a total net decrease of $2,268,492 for 2012. Most of the decrease can be attributed to the depreciation of buildings, improvements and machinery and equipment.

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

	2012	2011
Land	$ 3,503,506	$ 3,503,506
Construction-in-progress	463,669	3,184,806
Buildings	116,229,863	115,505,196
Land improvements	5,077,101	5,429,838
Machinery and equipment	6,693,167	6,612,452
Total	$ 131,967,306	$ 134,235,798

Additional information about the District's capital assets can be found in Note 5 to the financial statements.

Debt

As of June 30, 2012, the Southeast Polk Community School District had bonds and capital loan notes outstanding totaling $88,569,562 compared to $90,927,396 as of June 30, 2011. In the current year, the District paid $4,294,651 in principal and $3,921,954 in interest on outstanding debt.

As of June 30, 2012, the District's available legal debt margin was $48,444,171 compared to $40,561,884 as of June 30, 2011.

Figure A-9 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
General obligation bonds	$ 49,325,000	$ 51,460,000	$ -	$ -	$ 49,325,000	$ 51,460,000
Revenue bonds	36,276,817	36,395,000	-	-	36,276,817	36,395,000
Capital loan notes	2,967,745	3,072,396	-	-	2,967,745	3,072,396
Separation agreements	47,366	148,557	-	-	47,366	148,557
Net OPEB liability	3,105,973	2,068,087	100,027	66,602	3,206,000	2,134,689
Compensated absences	113,913	-	2,728	-	116,641	-
Total	$ 91,836,814	$ 93,144,040	$ 102,755	$ 66,602	$ 91,939,569	$ 93,210,642

Additional information about the District's long-term debt can be found in Note 6 to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

This 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 state. The economic condition and outlook of the District has remained strong during the past ten years, following several years of very high economic growth and steady enrollment growth. The growth has had a positive effect on employment in the area and the District's tax base. The District's tax base increased at an average annual rate of over four percent over the past 10 years. The tax base increase from fiscal year 2011 to fiscal year 2012 was eight percent. The tax base is expected to continue to grow over the next five years.

The District's certified enrollment for fiscal year 2013 is 6,399 student FTEs. That is an increase of nearly 180 students from the previous fiscal year. In a recent study by an independent demographer, the District's enrollment, conservatively, will continue to steadily increase over the next five years at an average rate of over 60 students per year. Furthermore, the District is one of a few districts in the Des Moines metropolitan area that has net increase in open enrollment. That is, there are more open enrolled students into the district than open-enrolled out. This increases funding for the District as the funding dollars for the student follows the student to where (s)he is educated.

The State of Iowa has shown signs of improvement and coming out of the recession that has occurred throughout the United States in recent years. The State ended fiscal year 2012 with a record surplus of $688 million; an increase of 7% over FY2011. State revenues continue to grow at a similar rate in fiscal year 2013.

Legislators approved a two percent increase in allowable growth for fiscal year 2013; however, that funding is inadequate for school districts in Iowa without having to go through significant budget reductions. Allowable growth is the factor in which the funding per student is calculated. Through the budget process, the Board approved a $3.5 million budget reduction for fiscal year 2013. The reduction included not only decreases in operational costs but also increases to some student fees to help offset those reductions. It is too early to know whether additional reductions will be recommended for fiscal year 2014 going forward.

The Governor fell short in outlining an education reform package during the legislative session in 2012. Instead, a task force was created to study aspects of education reform. Based on that study, there will be expected program and possibly fiscal changes that occur in education in the State of Iowa. This reform in the State's education system as well as the determination of allowable growth will be critical for budget planning for fiscal year 2014.

Request 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 contact Mr. Kevin Baccam, Executive Director of Business Services, Southeast Polk Community School District, 8379 NE University, Pleasant Hill, Iowa 50327.

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Southeast Polk Community School District

Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	$ 8,689,642	$ 896,333	$ 9,585,975
Restricted cash, cash equivalents and investments	3,367,968	-	3,367,968
Receivables:			
Property taxes	27,898,549	-	27,898,549
Other	3,600,858	1,847	3,602,705
Prepaid expenses	958	22	980
Inventories	-	34,939	34,939
Internal balances	4,759	(4,759)	-
Total current assets	43,562,734	928,382	44,491,116
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	3,503,506	-	3,503,506
Construction-in-progress	463,669	-	463,669
Depreciable:			
Buildings	141,586,739	-	141,586,739
Land improvements	8,259,255	-	8,259,255
Machinery and equipment	17,547,911	2,782,350	20,330,261
Accumulated depreciation	(40,742,789)	(1,433,335)	(42,176,124)
Total noncurrent assets	130,618,291	1,349,015	131,967,306
Total assets	$ 174,181,025	$ 2,277,397	$ 176,458,422

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	1,683,137	47,033	1,730,170
Salaries and benefits payable	6,110,467	70,360	6,180,827
Claims payable	600,000	-	600,000
Unearned revenue	27,926,455	33,986	27,960,441
Separation agreements	47,366	-	47,366
Compensated absences	113,913	2,728	116,641
General obligation bonds	2,220,000	-	2,220,000
Revenue bonds	1,415,000	-	1,415,000
Capital loan notes	797,429	-	797,429
Accrued interest payable	500,414	-	500,414
Total current liabilities	41,414,181	154,107	41,568,288
Noncurrent liabilities:			
General obligation bonds	47,105,000	-	47,105,000
Revenue bonds	34,861,817	-	34,861,817
Capital loan notes	2,170,316	-	2,170,316
Net OPEB liability	3,105,973	100,027	3,206,000
Total noncurrent liabilities	87,243,106	100,027	87,343,133
Total liabilities	128,657,287	254,134	128,911,421
Net Assets			
Investment in capital assets, net of related debt	45,416,697	1,349,015	46,765,712
Restricted for:			
Categorical funding	1,718,564	-	1,718,564
Physical plant and equipment levy	562,413	-	562,413
School infrastructure	588,861	-	588,861
Debt service	554,053	-	554,053
Management levy	664,812	-	664,812
Student activities	345,447	-	345,447
Unrestricted	(4,327,109)	674,248	(3,652,861)
Total net assets	$ 45,523,738	$ 2,023,263	$ 47,547,001

Southeast Polk Community School District

Statement of Activities
Year Ended June 30, 2012

Functions/Programs		Expenses
Primary Government:		
Governmental activities:		
Instruction	$	40,754,640
Support services		23,632,792
Noninstructional programs		2,556
AEA flowthrough		2,249,929
Depreciation (unallocated)		3,090,226
Interest on long-term debt		3,904,147
Total governmental activities		73,634,290
Business-type activities:		
School nutrition		3,485,072
Community service		47,085
School store		468,622
Total business-type activities		4,000,779
Total primary government	$	77,635,069

General revenues and transfers:
General revenues:
Property taxes for general purposes
Property taxes for specific purposes
Income surtax
Statewide sales and services tax
State foundation aid, unrestricted
Investment earnings
Transfers
Total general revenues and transfers

Change in net assets

Net assets, beginning of year
Net assets, end of year

See Notes to Basic Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ 4,965,205	$ 6,692,183	$ -	$ (29,097,252)	$ -	$ (29,097,252)
103,616	62,645	500,000	(22,966,531)	-	(22,966,531)
-	-	-	(2,556)	-	(2,556)
-	2,249,929	-	-	-	-
-	-	-	(3,090,226)	-	(3,090,226)
-	-	-	(3,904,147)	-	(3,904,147)
5,068,821	9,004,757	500,000	(59,060,712)	-	(59,060,712)
2,117,647	1,288,390	8,433	-	(70,602)	(70,602)
61,197	-	-	-	14,112	14,112
357,928	-	-	-	(110,694)	(110,694)
2,536,772	1,288,390	8,433	-	(167,184)	(167,184)
$ 7,605,593	$ 10,293,147	$ 508,433	(59,060,712)	(167,184)	(59,227,896)
			19,712,217	-	19,712,217
			6,953,534	-	6,953,534
			1,547,155	-	1,547,155
			5,370,578	-	5,370,578
			30,138,647	-	30,138,647
			7,694	1,282	8,976
			25,618	(25,618)	-
			63,755,443	(24,336)	63,731,107
			4,694,731	(191,520)	4,503,211
			40,829,007	2,214,783	43,043,790
			$ 45,523,738	$ 2,023,263	$ 47,547,001

Southeast Polk Community School District

Balance Sheet
Governmental Funds
June 30, 2012

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash, cash equivalents and investments	$ 4,000,047	$ 706,337	$ 534,365	$ 1,075,917	$ 6,316,666
Restricted cash, cash equivalents and investments	-	-	3,367,968	-	3,367,968
Receivables:					
Property taxes	20,256,295	1,557,182	4,404,044	1,681,028	27,898,549
Income surtax	1,440,542	-	-	-	1,440,542
Due from other governments	1,080,319	1,069,450	-	-	2,149,769
Other	10,547	-	-	-	10,547
Prepaid items	958	-	-	-	958
Total assets	$ 26,788,708	$ 3,332,969	$ 8,306,377	$ 2,756,945	$ 41,184,999
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 988,305	$ 630,128	$ -	$ 64,704	$ 1,683,137
Salaries and benefits payable	6,097,908	2,272	-	10,287	6,110,467
Deferred revenue:					
Succeeding year property tax	20,135,894	1,549,294	4,384,356	1,670,915	27,740,459
Income surtax	1,440,542	-	-	-	1,440,542
Other	233,651	256,384	-	780	490,815
Total liabilities	28,896,300	2,438,078	4,384,356	1,746,686	37,465,420
Fund balances:					
Nonspendable, prepaid items	958	-	-	-	958
Restricted for:					
Categorical funding	1,718,564	-	-	-	1,718,564
Physical plant and equipment	-	562,413	-	-	562,413
School infrastructure	-	332,478	-	-	332,478
Debt service	-	-	3,922,021	-	3,922,021
Management levy	-	-	-	664,812	664,812
Student activities	-	-	-	345,447	345,447
Unassigned	(3,827,114)	-	-	-	(3,827,114)
Total fund balances	(2,107,592)	894,891	3,922,021	1,010,259	3,719,579
Total liabilities and fund balances	$ 26,788,708	$ 3,332,969	$ 8,306,377	$ 2,756,945	$ 41,184,999

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities
June 30, 2012

Total fund balances		$	3,719,579
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds			130,618,291
Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds			1,745,361
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets:			
Other current assets	2,372,976		
Other current liabilities	(600,000)		1,772,976
Internal Service funds allocated to business-type activities			4,759
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Accrued interest payable	(500,414)		
Compensated absences	(113,913)		
General obligation bonds, current	(2,220,000)		
General obligation bonds, noncurrent	(47,105,000)		
Premium on revenue bond issuance	(31,817)		
Revenue bonds, current	(1,415,000)		
Revenue bonds, noncurrent	(34,830,000)		
Capital loan notes, current	(797,429)		
Capital loan notes, noncurrent	(2,170,316)		
Liability for separation agreements	(47,366)		
Net OPEB liability	(3,105,973)		(92,337,228)
Net assets of governmental activities		$	45,523,738

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, 2012

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes and other local sources:					
Property taxes	$ 19,712,217	$ 1,515,382	$ 3,782,484	$ 1,655,668	$ 26,665,751
Income surtax	1,503,129	-	-	-	1,503,129
Other local sources	775,589	32,882	-	292,944	1,101,415
Statewide sales and services tax	-	5,114,195	-	-	5,114,195
Student activities	20,040	-	-	991,597	1,011,637
Investment earnings	3,293	408	333	617	4,651
Tuition/transportation	2,810,824	-	-	-	2,810,824
State sources:					
State foundation aid	30,136,806	-	-	-	30,136,806
Other state sources	6,045,993	491	1,226	615	6,048,325
Federal sources	2,907,541	502,296	-	-	3,409,837
Total revenues	63,915,432	7,165,654	3,784,043	2,941,441	77,806,570
Expenditures:					
Current:					
Instruction	38,036,497	-	-	1,247,492	39,283,989
Support services:					
Student services	2,503,336	181,539	-	4,572	2,689,447
Instructional support	1,400,476	131,707	-	-	1,532,183
General administration	1,191,315	6,614	-	31	1,197,960
School administration	3,816,358	29,412	-	-	3,845,770
Business and central administration	1,961,030	795,930	-	1,200,397	3,957,357
Plant operation and maintenance	4,844,033	186,150	-	219,181	5,249,364
Student transportation	2,599,118	534,006	-	52,500	3,185,624
Noninstructional programs	-	849	-	1,707	2,556
Other:					
AEA support - direct to AEA	2,249,929	-	-	-	2,249,929
Capital outlay	-	2,890,364	-	-	2,890,364
Debt service:					
Principal	-	-	4,294,651	-	4,294,651
Interest	-	44,445	3,877,509	-	3,921,954
Total expenditures	58,602,092	4,801,016	8,172,160	2,725,880	74,301,148
Excess (deficiency) of revenues under (over) expenditures	5,313,340	2,364,638	(4,388,117)	215,561	3,505,422
Other financing sources (uses):					
Transfers in	-	65,445	4,650,593	25,618	4,741,656
Transfers (out)	(65,445)	(4,650,593)	-	-	(4,716,038)
Premium on issuance of debt	-	31,817	-	-	31,817
Issuance of capital loan notes		685,000	-	-	685,000
Issuance of revenue bonds	-	1,220,000	-	-	1,220,000
Total other financing sources (uses)	(65,445)	(2,648,331)	4,650,593	25,618	1,962,435
Net change in fund balance	5,247,895	(283,693)	262,476	241,179	5,467,857
Fund balances, beginning of year	(7,355,487)	1,178,584	3,659,545	769,080	(1,748,278)
Fund balances, end of year	$ (2,107,592)	$ 894,891	$ 3,922,021	$ 1,010,259	$ 3,719,579

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net change in fund balances - total governmental funds		$ 5,467,857
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay	2,285,134	
Depreciation expense by function:		
Instruction	(367,855)	
Support services	(947,214)	
Unallocated	(3,090,226)	(2,120,161)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Sales tax	256,383	
Income surtax	44,026	
Intergovernmental	48,436	348,845
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The issuance of long-term debt increases liabilities in the statement of net assets, while the repayment of long-term debt reduces long-term liabilities. In the statement of activities, interest is accrued on oustanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Issuance of bonds and capital loan notes	(1,905,000)	
Repayment of bonds and loans principal	4,294,651	
Premium on issuance	(31,817)	
Interest	17,807	2,375,641
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		(331,602)
Change in internal service funds allocation to business-type activities		4,759
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 governmental funds:		
Change in compensated absences, support services	(113,913)	
Change in liability for separation agreements, support services	101,191	
Change in liability for net OPEB liability:		
Instruction	(657,249)	
Support services	(380,637)	(1,050,608)
Change in net assets of governmental activities		$ 4,694,731

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Assets		
Current assets:		
Cash, cash equivalents and investments	$ 896,333	$ 2,372,976
Prepaid expenses	22	-
Due from other governments	1,847	-
Inventories	34,939	-
Total current assets	933,141	2,372,976
Noncurrent assets:		
Capital assets:		
Machinery and equipment	2,782,350	-
Less accumulated depreciation	(1,433,335)	-
Total noncurrent assets	1,349,015	-
Total assets	2,282,156	2,372,976
Liabilities		
Current liabilities:		
Accounts payable	47,033	-
Salaries and benefits payable	70,360	-
Compensated absences	2,728	-
Claims payable	-	600,000
Unearned revenues	33,986	-
Total current liabilities	154,107	600,000
Long-term liabilities, net OPEB liability	100,027	-
Total liabilities	254,134	600,000
Net Assets		
Invested in capital assets	1,349,015	-
Unrestricted	679,007	1,772,976
Total net assets	$ 2,028,022	$ 1,772,976

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Reconciliation of Enterprise Funds Net Assets to the Net Assets of Business-Type Activities
June 30, 2012

Total enterprise funds net assets	$	2,028,022
Amounts reported for business-type activities in the statement of net assets are different because internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Fund is included in governmental activities in the statement of net assets.		(4,759)
Net assets of business-type activities	$	2,023,263

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, 2012

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Operating revenues:		
Food sales	$ 2,117,647	$ -
Charges for services	419,125	6,136,521
Total operating revenues	2,536,772	6,136,521
Operating expenses:		
Salaries	1,062,800	-
Employee benefits	470,060	-
Purchased services	125,633	527,275
Food consumed	1,567,625	-
Supplies	552,853	-
Depreciation	199,187	-
Claims and administration	-	5,943,891
Other	17,862	-
Total operating expenses	3,996,020	6,471,166
Operating (loss)	(1,459,248)	(334,645)
Nonoperating revenues:		
Federal food commodities	198,150	-
Federal appropriations	1,062,323	-
State appropriations	27,917	-
Interest	1,282	3,043
Total nonoperating revenues	1,289,672	3,043
Income (loss) before contributions and transfers	(169,576)	(331,602)
Capital contributions	8,433	-
Transfers (out)	(25,618)	-
Change in net assets	(186,761)	(331,602)
Net assets, beginning of year	2,214,783	2,104,578
Net assets, end of year	$ 2,028,022	$ 1,772,976

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Reconciliation of the Change in Net Assets of Enterprise Funds to the Statement of Activities
Year Ended June 30, 2012

Net changes in net assets in enterprise funds	$	(186,761)
Amounts reported for proprietary activities in the statement of activities are different because internal service funds are used by management to charge the costs of various activities internally to individual funds. The net revenue of certain activities of the Internal Service Fund is reported with business-type activities.		(4,759)
Change in net assets of business-type activities	$	(191,520)

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Cash flows from financing activities:		
Receipts from customers and users	$ 2,563,157	6,152,909
Payments to suppliers	(2,193,150)	(6,703,261)
Payments to employees	(1,490,147)	-
Net cash (used in) operating activities	(1,120,140)	(550,352)
Cash flows from noncapital financial activities:		
Federal and state appropriations received	1,288,390	-
Transfers (out)	(25,618)	-
Net cash provided by noncapital financing activities	1,262,772	-
Cash flows from capital and related financing activities, purchase of capital assets	(42,423)	-
Cash flows from investing activities, interest received	1,282	3,043
Net increase in cash and cash equivalents	101,491	(547,309)
Cash and cash equivalents, beginning of year	794,842	2,920,285
Cash and cash equivalents, end of year	$ 896,333	$ 2,372,976

(Continued)

Southeast Polk Community School District

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	(1,459,248)	(334,645)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	199,187	-
Federal food commodities used	198,150	-
Change in assets and liabilities:		
Receivables	7,585	16,388
Prepaid expenses	18	-
Inventories	(156,034)	-
Accounts payable	28,689	-
Salaries and benefits payable	6,560	-
Compensated absences	2,728	-
Claims payable	-	(232,095)
Unearned revenue	18,800	-
Net OPEB liability	33,425	-
Net cash (used in) operating activities	$ (1,120,140)	$ (550,352)
Schedule of noncash items:		
Noncapital financing activities, federal commodities	$ 198,150	$ -
Capital and related financing activities, capital assets contributed	$ 8,433	$ -

See Notes to Financial Statements.

Southeast Polk Community School District

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust	Agency
Assets		
Cash, cash equivalents and investments	$ 591,651	$ 137,289
Receivables, accrued interest	2,792	-
Total assets	594,443	137,289
Liabilities and Fund Equity		
Accounts payable	$ -	$ 6,266
Due to groups	-	131,023
Total liabilities	-	137,289
Net Assets		
Restricted	$ 594,443	

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust
Additions:	
Local sources:	
Gifts and contributions	$ 4,835
Interest income	6,625
Total revenues	11,460
Deductions:	
Current:	
Instruction	
Scholarships awarded	5,000
Supplies	1,423
Total expenditures	6,423
Change in net assets	5,037
Net assets, beginning of year	589,406
Net assets, end of year	$ 594,443

See Notes to Basic Financial Statements

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

Nature of operations:

The Southeast Polk Community School District (the District) was incorporated under Chapter 274 of the State Code of Iowa. The District has the power to make rules and regulations for its own government consistent with the laws of the state of Iowa and the regulations of the Iowa State Board of Education. The District is governed by the elected Southeast Polk Community School Board of Education (the Board). The District operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten.

The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting entity:

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a 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. In addition, the GASB Statement No. 39, sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, there are no other organizations which should be included in these basic financial statements.

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

Basis of presentation: The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

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

Government-wide and fund financial statements: The government-wide financial statements (i.e., 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 the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Interfund services provided and used are not eliminated in the process of consolidation for these statements.

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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net assets: Consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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

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

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

General Fund: The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the fund consists primarily of local property taxes and state governmental aid.

Capital Projects Fund: Accounts for the resources used to pay for the purchase and improvement of sites, demolition work, and major building repairs as well as the statewide sales and services tax for school infrastructure.

Debt Service Fund: Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

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

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

Management Fund: Accounts for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

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

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

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has elected to apply 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

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

Interpretations, Accounting Principle Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure. The following enterprise funds of the District are considered nonmajor:

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

Community Service Fund: Accounts for the community service operations of the District.

School Store Fund: Accounts for the resale service operations of the District.

Internal Service Funds: The Internal Service Funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service funds are used to account for the premium and claim payments for the self-insured health insurance plans, flex benefit plan, and self-funded dental insurance plan for District employees.

Fiduciary Fund Types: Fiduciary fund types are used to account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary funds:

Private Purpose Trust Funds: Accounts for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards. The District's Private Purpose Trust Funds are comprised mainly of scholarship funds to benefit students.

Agency Fund: Accounts for assets held in a custodial capacity by the District for individuals, private organizations, or other governments. The Agency fund is custodial in nature, assets equal liabilities, and does not involve measurement of operations. The District's Agency Fund consists of accounts for Booster Clubs and PTG parent organizations.

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. The District also reports fiduciary funds which focus on net assets and changes in net assets. The fiduciary funds report on the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

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

compensated absences and claims and judgments, are recorded 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.

Revenues – exchange and nonexchange transactions: Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which it is budgeted. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified in April 2011 based on 2010 assessed valuations. These taxes are due in two installments on September 30 and March 31, with a 1.5 percent per month penalty for delinquent payment.

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

Under the 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.

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

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 restricted fund balance and then to less restrictive classifications – committed, assigned and then unassigned fund balances.

Significant Accounting Policies:

The significant accounting policies followed by the District include the following:

Cash, cash equivalents and investment accounts: Separate bank accounts and investments are not maintained for all District funds, as certain funds maintain their cash and investment balances in a pooled account. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund. 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 cost.

Inventories: Inventories are valued at cost (first-in, first-out), which approximates market. The consumption method of accounting is applied to the governmental fund type inventories. Unused commodities at balance sheet date are reported as inventory in the statement of net assets.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements on the consumption method.

Capital assets: General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated capital assets are recorded at their fair values as of the date received. The District maintains the following capitalization thresholds:

Asset Class	Threshold
Land	$ 1
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported assets except land and construction-in-progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Useful Lives
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

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

Deferred/Unearned revenue: Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the receivables were not available or the revenue recognition criteria has not been met.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

Accrued payroll: Payroll and the related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but have balances payable in July and August, have been accrued as a liability as they are applicable to services provided during the respective fiscal years and will be paid with available resources.

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

Compensated absences: Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No amount is expected to be liquidated with available resources as of year-end. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a current liability in the statement of net assets as vacation must be used within one year. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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 on the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

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

There have been no significant reductions in insurance coverage for the District from the prior year.

Cash flows: For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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

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

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

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the 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.

Assigned: Amounts the Board of Education intend to use for specific purposes. The authority to assign fund balances has been delegated to the Executive Director of Business Services.

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

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

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net assets restricted through enabling legislation consists of $554,053 for debt service, $562,413 for physical plant and equipment levy, $332,478 for statewide sales and services tax, and $664,812 for management levy. All other restricted net assets consist of $1,718,564 for categorical funding and $345,447 for student activities and are restricted by grantors and donors.

Interfund activity: Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

Note 2. Budgetary and Budgetary Control

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

Note 3. Cash and Cash Equivalents and Investments

Authorized 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 or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts and warrants or improvements certificates of a drainage district.

Note 3. Cash and Cash Equivalents and Investments (Continued)

As of June 30, 2012, the District had the following investments:

	Fair Value/ Amortized Cost	Maturity
Iowa Schools Joint Investment Trust, Diverisified Portfolio	$ 4,635,320	N/A
The Education Liquidity Fund, Diversified Portfolio	2,943,119	N/A
Edward Jones:		
Cash	177,365	N/A
Corporate bonds	6,421	2/22/2033
	$ 7,762,225	

The investments in the Iowa Schools Joint Investment Trust and The Education Liquidity Fund are valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The fair value of the District's financial position in the pools are the same as the value of the pool shares.

Interest rate risk: The District's investment policy limits the investment of operating funds in instruments that mature within 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 pool is based on the average maturity of the pool's investments.

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Rating Service. The Iowa Schools Joint Investment Trust is sponsored by the Iowa Association of School Boards, governed by a representative board of trustees. The board of trustees serves as the regulatory oversight of the pool. The investments in The Education Liquidity Fund (formerly IPASeducation) pool 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. The rating of the Edward Jones corporate bonds is BBB+.

Custodial credit risk: For deposits, custodial credit risk 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 District's deposits in banks as of June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

For investments, custodial credit risk is the risk that, in the event of 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. As of June 30, 2012, $183,786 of the District's investments were uninsured or unregistered, with securities held by the counterparty's agent in the District's name.

Note 4. Interfund Transfers

The following is a schedule of transfers as included in the basic financial statements of the District:

	Transfers In	Transfers Out
Major funds:		
General Fund	$ -	$ 65,445
Capital Projects Fund	65,445	4,650,593
Debt Service Fund	4,650,593	-
Other nonmajor governmental funds	25,618	-
Other nonmajor enterprise funds	-	25,618
	$ 4,741,656	$ 4,741,656

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

Note 5. Capital Assets

Capital asset activity of the business-type activities for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Business-type activities:				
Capital assets, being depreciated, machinery and equipment	$ 2,731,494	$ 50,856	$ -	$ 2,782,350
Accumulated depreciation, machinery and equipment	1,234,148	199,187	-	1,433,335
Total capital assets, being depreciated, net	$ 1,497,346	$ (148,331)	$ -	$ 1,349,015

Note 5. Capital Assets (Continued)

Capital asset activity of the governmental activities for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 3,503,506	$ -	$ -	$ 3,503,506
Construction-in-progress	3,184,806	463,669	3,184,806	463,669
Total capital assets, not being depreciated	6,688,312	463,669	3,184,806	3,967,175
Capital assets, being depreciated:				
Buildings	138,096,168	3,490,571	-	141,586,739
Land improvements	8,259,255	-	-	8,259,255
Machinery and equipment	16,032,211	1,515,700	-	17,547,911
Total capital assets, being depreciated	162,387,634	5,006,271	-	167,393,905
Accumulated depreciation:				
Buildings	22,590,972	2,765,904	-	25,356,876
Land improvements	2,829,417	352,737	-	3,182,154
Machinery and equipment	10,917,105	1,286,654	-	12,203,759
Total accumulated depreciation	36,337,494	4,405,295	-	40,742,789
Total capital assets, being depreciated, net	126,050,140	600,976	-	126,651,116
Governmental activities capital assets, net	$ 132,738,452	$ 1,064,645	$ 3,184,806	$ 130,618,291

Depreciation was charged to the functions as follows:

Governmental activities:	
Instruction	$ 367,855
Support services	947,214
Unallocated	3,090,226
Total depreciation expense, governmental activities	$ 4,405,295
Business-type activities, nutrition	$ 199,187

Note 6. Long-Term Debt

The following is a summary of changes in long-term debt of the District:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Balances Due Within One Year
Governmental activities:					
General obligation bonds	$ 51,460,000	$ -	$ 2,135,000	$ 49,325,000	$ 2,220,000
Revenue bonds	36,395,000	1,220,000	1,370,000	36,245,000	1,415,000
Premium on revenue bonds	-	31,817	-	31,817	-
Capital loan notes	3,072,396	685,000	789,651	2,967,745	797,429
Separation agreements	148,557	-	101,191	47,366	47,366
Net OPEB liability	2,068,087	1,037,886	-	3,105,973	-
Compensated absences	-	113,913	-	113,913	113,913
Total	$ 93,144,040	$ 3,088,616	$ 4,395,842	$ 91,836,814	$ 4,593,708
Business-type activities,					
Compensated absences	$ -	$ 2,728	$ -	$ 2,728	$ 2,728
Net OPEB liability	66,602	33,425	-	100,027	-
	$ 66,602	$ 36,153	$ -	$ 102,755	$ 2,728

Compensated absences are generally liquidated by the General Fund. Net OPEB liability is generally liquidated by the General Fund for Governmental Activities and the respective funds for business-type activities.

Separation agreements: The District offered two administrators separation agreements during the year ended June 30, 2011. The agreements require the District to pay $213,000 and FICA taxes of $14,330 over two years. The remaining balance as of June 30, 2012 is $47,366 and will be paid $11,841 each quarter through June 30, 2013. The separation agreements are paid from the special revenue, Management Fund.

Note 6. Long-Term Debt (Continued)

General Obligation Bonds: The District has issued the following General Obligation Bonds for capital facility additions:

Year ending June 30:	Interest Rates	$47,500,000 Issued May 1, 2006 Principal	Interest	Total
2013	4.00%	$ 2,000,000	$ 1,681,312	$ 3,681,312
2014	4.00	2,075,000	1,601,313	3,676,313
2015	4.50	2,170,000	1,513,125	3,683,125
2016	4.50	2,270,000	1,415,475	3,685,475
2017	4.50	2,370,000	1,313,325	3,683,325
2018-2022	4.50	13,535,000	5,168,775	18,703,775
2023-2026	4.50	13,280,000	1,533,375	14,813,375
Totals		$ 37,700,000	$ 14,226,700	$ 51,926,700

Year ending June 30:	Interest Rates	$5,500,000 Issued May 1, 2007 Principal	Interest	Total
2013	4.25%	$ 100,000	$ 206,267	$ 306,267
2014	4.25	180,000	202,018	382,018
2015	4.25	185,000	194,367	379,367
2016	4.25	195,000	186,505	381,505
2017	3.85	200,000	178,218	378,218
2018-2022	3.875-4.00	1,145,000	766,498	1,911,498
2023-2027	4.00-4.100	3,060,000	513,880	3,573,880
Totals		$ 5,065,000	$ 2,247,753	$ 7,312,753

Year ending June 30:	Interest Rates	$7,000,000 Issued May 1, 2008 Principal	Interest	Total
2013	5.25%	$ 120,000	$ 272,275	$ 392,275
2014	5.25	125,000	265,975	390,975
2015	5.25	190,000	259,412	449,412
2016	5.25	195,000	249,438	444,438
2017	5.00	200,000	239,200	439,200
2018-2022	4.00	1,135,000	1,058,600	2,193,600
2023-2027	4.00	3,345,000	818,400	4,163,400
2028	4.00	1,250,000	50,000	1,300,000
Totals		$ 6,560,000	$ 3,213,300	$ 9,773,300

Note 6 Long-Term Debt (Continued)

Revenue bonds:

- On April 1, 2009, the District issued $30,000,000 in revenue bonds for capital facility construction. The bonds bear interest at rates ranging from 4.00 percent to 5.25 percent and mature on June 1, 2029.
- On October 1, 2010, the District issued $7,055,000 in revenue bonds for capital facility construction at Willowbrook Elementary, new baseball stadium, and Meacham Drive. The bonds bear interest at rates ranging from 2.00 percent to 4.00 percent and mature on December 1, 2029.
- On April 26, 2012, the District issued $1,220,000 in revenue bonds for capital facility construction. The bonds bear interest at rates ranging from 2.00 percent to 4.00 percent and mature on June 1, 2022.

The annual debt service requirements on the revenue bonds are as follows:

Year ending	Issued April 1, 2009		Issued October 1, 2010		Issued April 26, 2012		
June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Total
2013	$ 1,165,000	$ 1,311,056	$ 250,000	$ 232,025	$ -	$ 38,543	$ 2,996,624
2014	1,210,000	1,264,456	255,000	225,775	125,000	35,128	3,115,359
2015	1,260,000	1,216,056	265,000	218,125	130,000	31,378	3,120,559
2016	1,305,000	1,165,656	270,000	210,175	135,000	26,178	3,112,009
2017	1,360,000	1,113,456	280,000	202,075	130,000	23,478	3,109,009
2018-2022	7,725,000	4,634,956	1,530,000	876,175	700,000	62,438	15,528,569
2023-2027	9,735,000	2,698,006	1,815,000	595,800	-	-	14,843,806
2028-2030	4,615,000	363,637	1,985,000	164,375	-		7,128,012
Totals	$ 28,375,000	$ 13,767,279	$ 6,650,000	$ 2,724,525	$ 1,220,000	$ 217,143	$ 52,953,947

The revenue bonds will be repaid using statewide sales, services and use tax collected in the Capital Project Fund. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not general obligations of the District. However, the bonds are subject to the constitutional debt limitation of the District.

The total principal and interest remaining to be paid on the bonds is $52,953,947. During the year ended June 30, 2012, principal and interest of $2,962,981 was paid on the bonds and statewide sales, services and use tax revenues were $5,114,195.

The resolution providing for the issuance of the revenue bonds included the following provisions:

- $2,243,981 shall be deposited into a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account.
- All proceeds from the statewide sales and services tax shall be placed in a revenue account.

Note 6 Long-Term Debt (Continued)

- Monies in the revenue account shall first be disbursed to make deposits into the sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year. Monthly, 1/6th of the next interest payment and 1/12th of the next principal payment are to be deposited in to the sinking account.
- Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be sued for any lawful purpose.

As of June 30, 2012, the District has $3,367,968 deposited into the reserve account and sinking accounts.

Capital Loan Notes: Capital loan notes were issued in anticipation of future revenues and were used for capital building and equipment purchases and the cost of the Meacham Drive project including tunnel costs. The District has the following capital loan notes:

- $703,998 issued February 21, 2008 from the Chapter 28E agreement approved February 21, 2008 for the Meacham Drive construction. The notes bear interest rates of 11.57 percent and mature in fiscal year 2014.
- $785,000 issued December 2, 2008 from the Letter of Agreement with Polk County approved November 18, 2008 to assist in financing the tunnel project. The notes bear 0 percent interest rate and mature in fiscal year 2019.
- $400,000 issued May 5, 2009 for the purchase of the Central Place land and buildings from the Des Moines Water Works. The notes bear interest at 3.00 percent and were paid in full as of June 30, 2012.
- $250,128 issued May 21, 2009 for the Sanitary Sewer Extension Agreement with Polk County for sewer extension. The notes bear interest at 4.00 percent and mature during fiscal year 2019.
- $1,600,000 issued May 20, 2010 for the purchase of land for the Real Estate Installment Contract with the City of Pleasant Hill. The notes bear interest at 0 percent and mature during fiscal year 2015.
- $730,000 issued October 1, 2010 for the purchase of equipment. The notes bear interest at rates ranging from 1.25 percent to 2.00 percent and mature during fiscal year 2015. The notes will be repaid from the physical plant and equipment (PPEL) levy.
- $685,000 issued December 1, 2011 to purchase buses, copiers and technology equipment. The notes bear interest at rates ranging from 1.00 percent to 1.450 percent and maturing during fiscal year 2017. The notes will be repaid from the PPEL levy.

Note 6. Long-Term Debt (Continued)

The annual debt service requirements on the capital loans notes are as follows:

Year Ending June 30:	Principal	Interest	Total
2013	$ 797,429	$ 38,899	$ 836,328
2014	803,796	30,250	834,046
2015	715,416	11,751	727,167
2016	246,492	5,994	252,486
2017	247,612	3,194	250,806
2018-2022	157,000	-	157,000
Totals	$ 2,967,745	$ 90,088	$ 3,057,833

As of June 30, 2012, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$ 2,740,274,666
Debt limit, 5% of total assessed valuation	$ 137,013,733
Amount of debt applicable to debt limit, total indebtedness	88,569,562
Excess of debt limit over debt outstanding, legal debt margin	$ 48,444,171

Iowa School Cash Anticipation Program: 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. N.A. is the trustee for the program.

The District pledges it 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 2011-2012 B warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The warrants matured on June 30, 2012.

Note 6. Long-Term Debt (Continued)

As summary of the District's ISCAP activity for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Advances Received	Advances Repaid	Balance June 30, 2012
Series 2011-12B	$ -	$ 1,500,000	$ 1,500,000	$ -

During the year ended June 30, 2012, the District paid $6,193 of interest on the ISCAP warrants.

On April 23, 2012, the District approved ISCAP Series 2012-2013 for $10,408,000 in anticipation of cash deficits during the next fiscal year. The Board approved the Series 2012-2013 on May 3, 2012 and the issuance occurred on June 27, 2012. The interest rate on the Series 2012-2013 warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The warrants mature on June 30, 2013. As of June 30, 2012, none of issuance had been drawn.

Taxable Anticipatory Warrants: 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. The Series 2011-12A warrant had an interest rate of 1.50 percent and had a final maturity date of February 25, 2012. The District pledges state foundation aid payments and General Fund receipts as security for the warrants issued. A summary of the District's taxable anticipatory warrants activity for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Advances Received	Advances Repaid	Balance June 30, 2012
Series 2011-12A	$ -	$ 5,000,000	$ 5,000,000	$ -

Note 7. Other Postemployment Benefits

Plan Description: The District operates a single-employer retiree benefit plan which provides medical benefits, including prescription drugs, and dental benefits for retirees and their spouses and dependents. There are 674 active and 71 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 Wellmark Blue Cross and Blue Shield. 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.

Note 7. Other Postemployment Benefits (Continued)

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. This arrangement expires May 2013.
- Retiree 2 (Post 65) Pre 65 Spouse may stay on the District plan until January 1, 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. This arrangement expires November 2015.
- Retiree 4 (Pre 65) Retiree receives medical, dental, and vision insurance coverage paid in full by the District until age 65. This arrangement expires July 2017.
- 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. This arrangement expires April 2017.

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 contributions (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.

Note 7. Other Postemployment Benefits (Continued)

The following table shows the components of the District's annual OPEB cost for June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution, ARC	$ 1,416,000
Interest on net OPEB obligation	95,000
Adjustment to annual required contribution	(39,113)
Annual OPEB cost	1,471,887
Contributions made	400,576
Increase in net OPEB obligation	1,071,311
Net OPEB obligation beginning of year	2,134,689
Net OPEB obligation end of year	$ 3,206,000

For calculation of the net OPEB obligation, the actuary has set the transition day as of 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, 2012.

For the year ended June 30, 2012, the District contributed $400,576 to the plan. 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, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 1,000,924	52.2%	$ 1,050,924
June 30, 2011	1,423,000	23.8%	2,134,689
June 30, 2012	1,471,887	27.2%	3,206,000

As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, 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 $39,209,372, and the ratio of the UAAL to the covered payroll was 27.93 percent. As of June 30, 2012, there were no trust fund assets.

Note 7. Other Postemployment Benefits (Continued)

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 basic financial statements, presents multiyear trend information about whether the actuarial value of the 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 that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 11 percent. The ultimate medical trend rate is 5 percent. The medical trend rate is reduced .5 percent each year until reaching the 5 percent ultimate trend rate. 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 Iowa Public Employees' Retirement System Actuarial Valuation Report as of June 30, 2009 and applying termination factors used in the Iowa Public Employees' Retirement System Actuarial report as of June 30, 2009.

The 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 percent per year. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

Note 8. Retirement System

The 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, PO Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38 percent of their annual salary and the District is required to contribute 8.07 percent of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were $3,164,198 $2,729,030 and $2,576,590 respectively, equal to the required contributions for each year.

Note 9. Risk Management

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

The District has established an internal service fund to account for premium and claim payments for a self-insured group health insurance plan for the District's employees to meet potential losses from medical claims. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125 percent 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 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. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims payable during the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Claims payable, beginning of year	$ 832,095	$ 603,082
Incurred claims (including IBNR and changes in estimates)	5,596,746	5,776,316
Claim payments	5,828,841	5,547,303
Claims payable, end of year	$ 600,000	$ 832,095

Each participating fund makes payments to the self-insurance fund for amounts which are determined based on historical claims experience. Such payments are displayed on the financial statements as revenues and expenditures/expenses. There have been no significant reductions in insurance coverage from the past three years.

Note 10. 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 local area education agency. The District's actual amount for this purpose totaled $2,249,929 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

Note 11. Contingencies

As of June 30, 2012, the District is involved in various claims against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time; however, management does not believe they will be material to the basic financial statements.

Note 12. Commitments

The District has active construction projects as of June 30, 2012. The construction commitments for these projects are as follows:

Construction Project	Contract Commitment	Remaining Balance
Altoona Elementary	$ 720,200	$ 553,324
Four Mile Elementary	698,470	546,966
Centennial Elementary	51,300	44,231
	$ 1,469,970	$ 1,144,521

Note 13. Restricted Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2012 is comprised of the following programs:

Program:	Amount
Limited English Proficient	$ 21,853
At-Risk Supplemental Weighting	374,291
Talented and Gifted	10
Dropout Prevention	444,996
Statewide Preschool	146,793
Teacher Mentoring	34,092
Teacher Salary Supplement	286,195
Iowa Early Intervention Grant	848
Empowerment	9,573
Core Curriculum	242,439
Professional Development	157,474
	$ 1,718,564

Note 14. Subsequent Events

The District has drawn on the Series 2012-2013 ISCAP issuance as follows:

Transaction Dates	Amount
July 23, 2012	$ 3,500,000
August 23, 2012	2,000,000
August 28, 2012	1,500,000
October 10, 2012	1,000,000
Total drawn	$ 8,000,000

Note 15. New Governmental Accounting Standards Board (GASB) Statements

The District adopted the following statements during the year ended June 30, 2012:

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. This Statement addressed issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions (*an amendment of GASB Statement No. 53), issued July 2011. This Statement clarified that when certain conditions are met, the use of hedge accounting should not be terminated.

The adoption of these Statements had no effect on the District in the current year.

As of June 30, 2012, 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. 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.

Note 15. New Governmental Accounting Standards Board (GASB) Statements (Continued)

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. 65, *Items Previously Reported as Assets and Liabilities,* issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 66, *Technical Corrections – 2012*, issued April 2012, will be effective for the District with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.

GASB Statement No. 67, *Financial Reporting for Pension Plans,* issued June 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement revises existing guidance for the financial reports of most pension plans. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures,* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The District's management has not yet determined the effect these GASB Statements will have on the District's financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Southeast Polk Community School District

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental and Enterprise Funds
Required Supplementary Information
Year Ended June 30, 2012

	Governmental Funds - Actual	Enterprise Fund - Actual	Total Actual
Revenues:			
Local sources	$ 38,211,602	$ 2,546,487	$ 40,758,089
State sources	36,185,131	27,917	36,213,048
Federal sources	3,409,837	1,260,473	4,670,310
Total revenues	77,806,570	3,834,877	81,641,447
Expenditures/expenses:			
Instruction	39,283,989	322,440	39,606,429
Support services	21,657,705	194,950	21,852,655
Noninstructional programs	2,556	3,478,630	3,481,186
Other expenditures	13,356,898	-	13,356,898
Total expenditures/expenses	74,301,148	3,996,020	78,297,168
Excess (deficiency) of revenues over (under) expenditures/expenses	3,505,422	(161,143)	3,344,279
Other financing sources (uses):			
Transfers in	4,741,656	-	4,741,656
Transfers (out)	(4,716,038)	(25,618)	(4,741,656)
Premium on issuance of debt	31,817	-	31,817
Issuance of capital loan notes	685,000	-	685,000
Issuance of revenue bonds	1,220,000	-	1,220,000
Total other financing sources (uses)	1,962,435	(25,618)	1,936,817
Net change in fund balance	5,467,857	(186,761)	5,281,096
Balance, beginning of year	(1,748,278)	2,214,783	466,505
Balance, end of year	$ 3,719,579	$ 2,028,022	$ 5,747,601

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual
Original	Final	Variance
$ 40,604,683	$ 40,604,683	$ 153,406
43,013,973	43,013,973	(6,800,925)
3,117,832	3,117,832	1,552,478
86,736,488	86,736,488	(5,095,041)
39,183,970	41,112,693	1,506,264
20,713,248	24,883,093	3,030,438
3,486,418	3,760,171	278,985
12,547,036	18,339,047	4,982,149
75,930,672	88,095,004	9,797,836
10,805,816	(1,358,516)	(14,892,877)
3,839,556	3,839,556	902,100
(3,446,044)	(3,446,044)	(1,295,612)
-	-	31,817
350,000	350,000	335,000
-	-	1,220,000
743,512	743,512	1,193,305
11,549,328	(615,004)	(13,699,572)
466,505	466,505	-
$ 12,015,833	$ (148,499)	$ (13,699,572)

Southeast Polk Community School District

Note to Required Supplementary Information – Budgetary Reporting
Year Ended June 30, 2012

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 adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional programs and other expenditures. The legal level of control is at the aggregated functional level, not at the fund or fund type level.

Southeast Polk Community School District

Required Supplementary Information
Schedule of Funding Progress for the Retiree Health Plan (In Thousands)

Year Ended June 30:	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	7/1/2007	$ -	$ 8,272	$ 8,272	0.00%	$ 29,353	28.18%
2010	7/1/2008	-	8,272	8,272	0.00%	34,006	24.33%
2011	7/1/2010	-	10,953	10,953	0.00%	38,707	28.30%
2012	7/1/2010	-	10,953	10,953	0.00%	39,209	27.93%

See Note 7 in the accompanying notes to 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 COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Southeast Polk Community School District

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue		
	Management	Student Activity	Total
Assets			
Cash, cash equivalents and investments	$ 669,687	$ 406,230	$ 1,075,917
Receivables, property taxes	1,681,028	-	1,681,028
Total assets	$ 2,350,715	$ 406,230	$ 2,756,945
Liabilities and fund balances			
Liabilities:			
Accounts payable	$ 14,988	$ 49,716	$ 64,704
Salaries and benefits payable	-	10,287	10,287
Deferred revenue:			
Succeeding year property tax	1,670,915	-	1,670,915
Other	-	780	780
Total liabilities	1,685,903	60,783	1,746,686
Fund balances			
Restricted	664,812	345,447	1,010,259
Total liabilities and fund balances	$ 2,350,715	$ 406,230	$ 2,756,945

Southeast Polk Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue		
	Management	Student Activity	Total
Revenues:			
Property taxes and other local sources:			
Property taxes	$ 1,655,668	$ -	$ 1,655,668
Other local sources	72,818	220,126	292,944
Student activities	-	991,597	991,597
Investment earnings	-	617	617
State sources, other state sources	615	-	615
Total revenues	1,729,101	1,212,340	2,941,441
Expenditures:			
Current:			
Instruction	5,803	1,241,689	1,247,492
Support services:			
Student services	-	4,572	4,572
General administration	-	31	31
Business and central administration	1,200,397	-	1,200,397
Plant operation and maintenance	211,395	7,786	219,181
Student transportation	52,500	-	52,500
Noninstructional programs	568	1,139	1,707
Total expenditures	1,470,663	1,255,217	2,725,880
Excess (deficiency) of revenues over (under) expenditures	258,438	(42,877)	215,561
Other financing sources (uses):			
Transfer in	-	25,618	25,618
Net change in fund balances	258,438	(17,259)	241,179
Fund balances, beginning of year	406,374	362,706	769,080
Fund balances, end of year	$ 664,812	$ 345,447	$ 1,010,259

Southeast Polk Community School District

Schedule of Combining Balance Sheet-
Capital Projects Fund, By Account
June 30, 2012

	Capital Projects Fund Accounts		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
Assets			
Cash, cash equivalents and investments	$ 706,337	$ -	$ 706,337
Receivables:			
Property taxes	1,557,182	-	1,557,182
Due from other governments	-	1,069,450	1,069,450
Due from other funds	72,683	-	72,683
Total assets	$ 2,336,202	$ 1,069,450	$ 3,405,652
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 224,495	$ 405,633	$ 630,128
Salaries and benefits payable	-	2,272	2,272
Due to other funds	-	72,683	72,683
Deferred revenue:			
Succeeding year property tax	1,549,294	-	1,549,294
Other	-	256,384	256,384
Total liabilities	1,773,789	736,972	2,510,761
Fund balances			
Restricted for:			
Physical plant and equipment	562,413	-	562,413
School infrastructure	-	332,478	332,478
Total fund balances	562,413	332,478	894,891
Total liabilities and fund balances	$ 2,336,202	$ 1,069,450	$ 3,405,652

Southeast Polk Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balance-Capital Projects Fund, By Account
Year Ended June 30, 2012

	Capital Projects Fund Accounts		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
Revenues:			
Property taxes and other local sources:			
Property taxes	$ 1,515,382	$ -	$ 1,515,382
Other local sources	32,000	882	32,882
Statewide sales and services tax	-	5,114,195	5,114,195
Investment earnings	28	380	408
State sources, other state sources	491	-	491
Federal sources	2,296	500,000	502,296
Total revenues	1,550,197	5,615,457	7,165,654
Expenditures:			
Current:			
Support services:			
Student services	-	181,539	181,539
Instructional support	131,707	-	131,707
General administration	2,223	4,391	6,614
School administration	-	29,412	29,412
Business and central administration	790,483	5,447	795,930
Plant operation and maintenance	175,379	10,771	186,150
Student transportation	534,006	-	534,006
Noninstructional programs	-	849	849
Capital outlay	725,934	2,164,430	2,890,364
Debt service:			
Interest and fiscal charges	5,238	39,207	44,445
Total expenditures	2,364,970	2,436,046	4,801,016
Excess (deficiency) of revenues under (over) expenditures	(814,773)	3,179,411	2,364,638
Other financing sources (uses):			
Transfers in	65,445	261,248	326,693
Transfers (out)	(234,813)	(4,677,028)	(4,911,841)
Premium on issuance of debt	34	31,783	31,817
Issuance of capital loan notes	685,000	-	685,000
Issuance of revenue bonds	-	1,220,000	1,220,000
Total other financing sources (uses)	515,666	(3,163,997)	(2,648,331)
Net change in fund balance	(299,107)	15,414	(283,693)
Fund balances, beginning of year	861,520	317,064	1,178,584
Fund balances, end of year	$ 562,413	$ 332,478	$ 894,891

Southeast Polk Community School District

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	School Nutrition	Community Service	School Store	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	368,899	$ 79,248	$ 448,186	$ 896,333
Prepaid expenses	-	-	22	22
Due from other governments	1,847	-	-	1,847
Inventories	34,939	-	-	34,939
Total current assets	405,685	79,248	448,208	933,141
Noncurrent assets, capital assets:				
Machinery and equipment	2,782,350	-	-	2,782,350
Less accumulated depreciation	(1,433,335)	-	-	(1,433,335)
Total noncurrent assets	1,349,015	-	-	1,349,015
Total assets	$ 1,754,700	$ 79,248	$ 448,208	$ 2,282,156
Liabilities				
Current liabilities:				
Accounts payable	27,351	3,200	16,482	47,033
Salaries and benefits payable	67,189	1,651	1,520	70,360
Compensated absences	2,728	-	-	2,728
Unearned revenue	31,016	-	2,970	33,986
Long-term liabilities, net OPEB liability	100,027	-	-	100,027
Total liabilities	228,311	4,851	20,972	254,134
Net Assets				
Invested in capital assets	1,349,015	-	-	1,349,015
Unrestricted	177,374	74,397	427,236	679,007
Total net assets	$ 1,526,389	$ 74,397	$ 427,236	$ 2,028,022

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	School Nutrition	Community Service	School Store	Total
Operating revenues:				
Food sales	$ 2,117,647	$ -	$ -	$ 2,117,647
Other charges for services	-	61,197	357,928	419,125
Total operating revenues	2,117,647	61,197	357,928	2,536,772
Operating expenses:				
Salaries	1,008,616	34,291	19,893	1,062,800
Employee benefits	461,592	5,376	3,092	470,060
Purchased services	113,368	2,618	9,647	125,633
Food consumed	1,567,625	-	-	1,567,625
Supplies	129,925	4,800	418,128	552,853
Depreciation	199,187	-	-	199,187
Other	-	-	17,862	17,862
Total operating expenses	3,480,313	47,085	468,622	3,996,020
Operating income (loss)	(1,362,666)	14,112	(110,694)	(1,459,248)
Nonoperating revenues:				
Federal food commodities	198,150	-	-	198,150
Federal appropriations	1,062,323	-	-	1,062,323
State appropriations	27,917	-	-	27,917
Interest	640	4	638	1,282
Total nonoperating revenues	1,289,030	4	638	1,289,672
Income (loss) before contributions and transfers	(73,636)	14,116	(110,056)	(169,576)
Capital contributions	8,433	-	-	8,433
Transfers (out)	-	-	(25,618)	(25,618)
Changes in net assets	(65,203)	14,116	(135,674)	(186,761)
Net assets, beginning	1,591,592	60,281	562,910	2,214,783
Net assets, end of year	$ 1,526,389	$ 74,397	$ 427,236	$ 2,028,022

Southeast Polk Community School District

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	School Nutrition	Community Service	School Store	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	$ 2,140,229	$ 62,168	$ 360,760	$ 2,563,157
Payments to suppliers	(1,749,764)	(4,585)	(438,801)	(2,193,150)
Payments to employees	(1,423,240)	(43,641)	(23,266)	(1,490,147)
Net cash provided by (used in) operating activities	(1,032,775)	13,942	(101,307)	(1,120,140)
Cash Flows From Noncapital Financing Activities:				
Federal and state appropriations received	1,288,390	-	-	1,288,390
Transfers (out)	-	-	(25,618)	(25,618)
Net cash provided by (used in) noncapital financing activities	1,288,390	-	(25,618)	1,262,772
Cash Flows From Capital and Related Financing Activities, purchases of capital assets	(42,423)	-	-	(42,423)
Cash Flows From Investing Activities, interest received	640	4	638	1,282
Net change in cash and cash equivalents	213,832	13,946	(126,287)	101,491
Cash and Cash Equivalents:				
Beginning of year	155,067	65,302	574,473	794,842
End of year	$ 368,899	$ 79,248	$ 448,186	$ 896,333

(Continued)

Southeast Polk Community School District

Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	School Nutrition	Community Service	School Store	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ (1,362,666)	$ 14,112	$ (110,694)	$ (1,459,248)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	199,187	-	-	199,187
Federal food commodities used	198,150	-	-	198,150
Change in assets and liabilities:				
Receivables	5,086	1,559	940	7,585
Prepaid expenses	-	16	2	18
Inventories	(156,034)	-	-	(156,034)
Accounts payable	19,038	2,817	6,834	28,689
Salaries and benefits payable	10,815	(3,974)	(281)	6,560
Compensated absences	2,728	-	-	2,728
Unearned revenue	17,496	(588)	1,892	18,800
Net OPEB liability	33,425	-	-	33,425
Net cash provided by (used in) operating activities	$ (1,032,775)	$ 13,942	$ (101,307)	$ (1,120,140)
Schedule of Noncash Items:				
Noncapital financing activities, Federal commodities	$ 198,150	$ -	$ -	$ 198,150
Capital and related financing activities, capital assets contributed	$ 8,433	$ -	$ -	$ 8,433

Southeast Polk Community School District

Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	$ 2,217,615	$ 90,478	$ 64,883	$ 2,372,976
Liabilities				
Current liabilities:				
Claims payable	600,000	-	-	600,000
Net Assets				
Unrestricted	$ 1,617,615	$ 90,478	$ 64,883	$ 1,772,976

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2012

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Operating revenues:				
Charges for services	$ 5,227,782	$ 527,136	$ 381,603	$ 6,136,521
Operating expenses:				
Claims and administration	5,596,746	-	347,145	5,943,891
Purchased services	-	527,275	-	527,275
Total operating expenses	5,596,746	527,275	347,145	6,471,166
Operating income (loss)	(368,964)	(139)	34,458	(334,645)
Nonoperating revenues:				
Interest	2,739	148	156	3,043
Changes in net assets	(366,225)	9	34,614	(331,602)
Net assets, beginning	1,983,840	90,469	30,269	2,104,578
Net assets, end of year	$ 1,617,615	$ 90,478	$ 64,883	$ 1,772,976

Southeast Polk Community School District

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2012

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	$ 5,244,141	$ 527,136	$ 381,632	$ 6,152,909
Payments to suppliers	(5,828,841)	(527,275)	(347,145)	(6,703,261)
Net cash provided by (used in) operating activities	(584,700)	(139)	34,487	(550,352)
Cash Flows From Investing Activities, interest received	2,739	148	156	3,043
Net change in cash and cash equivalents	(581,961)	9	34,643	(547,309)
Cash and Cash Equivalents:				
Beginning of year	2,799,576	90,469	30,240	2,920,285
End of year	$ 2,217,615	$ 90,478	$ 64,883	$ 2,372,976
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ (368,964)	$ (139)	$ 34,458	$ (334,645)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Accounts receivable	16,359	-	29	16,388
Claims payable	(232,095)	-	-	(232,095)
Net cash provided by (used in) operating activities	$ (584,700)	$ (139)	$ 34,487	$ (550,352)

Southeast Polk Community School District

Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2012

	SEP Dollars for Scholars Scholarship	Bud Keyes Scholarship	Burnett Scholarship	Total
Assets				
Cash, cash equivalents and investments	$ 219,467	$ 324,983	$ 47,201	$ 591,651
Receivables:				
Accrued interest receivable	95	2,485	212	2,792
Total assets	$ 219,562	$ 327,468	$ 47,413	$ 594,443
Net Assets				
Restricted, scholarships	$ 219,562	$ 327,468	$ 47,413	$ 594,443

Southeast Polk Community School District

Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
Year Ended June 30, 2012

	SEP Dollars for Scholars Scholarship	Bud Keyes Scholarship	Burnett Scholarship	Total
Additions:				
Local sources:				
Gifts and contributions	$ -	$ -	$ 4,835	$ 4,835
Interest income	-	6,625	-	6,625
Total revenues	-	6,625	4,835	11,460
Deductions:				
Current:				
Instruction				
Scholarships awarded	-	5,000	-	5,000
Supplies	-	1,423	-	1,423
Total expenditures	-	6,423	-	6,423
Change in net assets	-	202	4,835	5,037
Net assets, beginning of year	219,562	327,266	42,578	589,406
Net assets, end of year	$ 219,562	$ 327,468	$ 47,413	$ 594,443

Southeast Polk Community School District

Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Student Agency				
Assets				
Cash and cash equivalents	$ 174,091	$ 346,038	$ 382,840	$ 137,289
Accrued interest receivable	8	-	8	-
Total assets	$ 174,099	$ 346,038	$ 382,848	$ 137,289
Liabilities				
Accounts payable	$ 9,650	$ 6,266	$ 9,650	$ 6,266
Due to other groups	164,449	339,772	373,198	131,023
Total liabilities	$ 174,099	$ 346,038	$ 382,848	$ 137,289

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Southeast Polk Community School District

Statistical Section

(Unaudited)

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

Contents | Page

Financial Trends 74-90
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity 91-94
These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.

Debt Capacity 95-100
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.

Demographic and Economic Information 101-103
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.

Operating Information 104-110
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.

Schedule 1
Southeast Polk Community School District

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

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

Source: School District financial records.

Fiscal Year				
2008	2009	2010	2011	2012
$ 43,708,137	$ 49,335,755	$ 41,320,771	$ 41,811,056	$ 45,416,697
1,102,209	2,929,346	4,602,136	7,411,779	4,434,150
(4,810,352)	(11,454,390)	(7,475,497)	(8,393,828)	(4,327,109)
$ 39,999,994	$ 40,810,711	$ 38,447,410	$ 40,829,007	$ 45,523,738
$ 922,423	$ 1,380,673	$ 1,673,355	$ 1,497,346	$ 1,349,015
-	-	-	-	-
381,792	448,522	556,924	717,437	674,248
$ 1,304,215	$ 1,829,195	$ 2,230,279	$ 2,214,783	$ 2,023,263
$ 44,630,560	$ 50,716,428	$ 42,994,126	$ 43,308,402	$ 46,765,712
1,102,209	2,929,346	4,602,136	7,411,779	4,434,150
(4,428,560)	(11,005,868)	(6,918,573)	(7,676,391)	(3,652,861)
$ 41,304,209	$ 42,639,906	$ 40,677,689	$ 43,043,790	$ 47,547,001

Schedule 2
Southeast Polk Community School District

Expenses, Program Revenues and Net (Expense) Revenue
Last Ten 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
Support services	13,280,164	13,548,353	13,609,023	16,141,741	16,071,731
Non-instructional programs	-	-	-	-	3,483
Interest on long-term debt	538,403	441,509	439,621	803,749	2,622,942
AEA flowthrough	1,262,623	1,272,602	1,344,421	1,471,264	1,645,674
Depreciation (unallocated)	939,144	147,998	767,459	978,327	1,226,350
Total governmental activities expenses	37,287,295	39,171,701	41,844,040	45,440,012	50,391,263
Business type activities:					
Nutrition services	1,711,844	1,774,896	2,065,506	2,364,017	2,623,424
Community service services	-	-	-	-	15,571
School store services	250,750	260,308	294,138	316,014	260,339
Total busines type activities expenses	1,962,594	2,035,204	2,359,644	2,680,031	2,899,334
Total primary government expenses	$ 39,249,889	$ 41,206,905	$ 44,203,684	$ 48,120,043	$ 53,290,597
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	$ 2,651,988	$ 2,613,661	$ 2,746,904	$ 3,361,758	$ 1,955,107
Support services	12,761	30,032	11,538	19,010	6,026
Operating grants and contributions	3,197,867	3,676,491	3,654,335	4,063,657	5,082,354
Capital grants and contributions	-	937,875	202,595	90,197	1,992
Total governmental activities program revenues	5,862,616	7,258,059	6,615,372	7,534,622	7,045,479

(Continued on the following page.)

Fiscal Year				
2008	2009	2010	2011	2012
$ 34,094,092	$ 38,998,826	$ 39,362,825	$ 39,229,187	$ 40,754,640
22,602,803	21,316,457	22,696,458	22,570,818	23,632,792
28,615	30,269	2,729	105,134	2,556
2,612,493	3,331,765	4,158,136	3,691,427	3,904,147
1,825,721	2,011,213	2,296,973	2,367,103	2,249,929
1,451,589	1,579,234	2,600,819	3,060,086	3,090,226
62,615,313	67,267,764	71,117,940	71,023,755	73,634,290
2,746,685	3,000,061	3,264,674	3,498,875	3,485,072
19,206	10,246	25,562	54,940	47,085
283,142	300,368	300,571	237,632	468,622
3,049,033	3,310,675	3,590,807	3,791,447	4,000,779
$ 65,664,346	$ 70,578,439	$ 74,708,747	$ 74,815,202	$ 77,635,069
$ 2,527,236	$ 2,948,888	$ 3,315,495	$ 4,062,777	$ 4,965,205
29,591	36,966	54,549	56,977	103,616
6,361,705	8,439,040	11,821,803	9,736,393	9,004,757
1,050,307	63,977	95,000	9,800	500,000
9,968,839	11,488,871	15,286,847	13,865,947	14,573,578

Schedule 2
Southeast Polk Community School District

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

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

Source: School District financial records.

Fiscal Year				
2008	2009	2010	2011	2012
1,920,114	1,983,022	2,045,530	2,111,679	2,117,647
18,663	11,679	39,428	49,949	61,197
295,103	327,403	331,276	334,343	357,928
768,833	931,979	1,093,392	1,205,211	1,288,390
-	-	-	-	8,433
3,002,713	3,254,083	3,509,626	3,701,182	3,833,595
$ 12,971,552	$ 14,742,954	$ 18,796,473	$ 17,567,129	$ 18,407,173
$ (52,646,474)	$ (55,778,893)	$ (55,831,093)	$ (57,157,808)	$ (59,060,712)
(46,320)	(56,592)	(81,181)	(90,265)	(167,184)
$ (52,692,794)	$ (55,835,485)	$ (55,912,274)	$ (57,248,073)	$ (59,227,896)

Schedule 3
Southeast Polk Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (expense) revenue:					
Governmental activities	$ (31,424,679)	$ (31,913,642)	$ (35,228,668)	$ (37,905,390)	$ (43,345,784)
Business type activities	35,655	128,503	23,491	(198,262)	(254,058)
Total primary government net expense	(31,389,024)	(31,785,139)	(35,205,177)	(38,103,652)	(43,599,842)
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	11,930,594	13,587,154	13,582,633	13,828,654	13,962,967
Property taxes levied for specific purpooses	-	869,519	345,828	1,993,686	5,608,292
Income surtax	-	-	-	-	1,409,760
Sales tax	4,109,803	4,249,399	4,478,035	4,778,685	4,903,664
Unrestricted grants and contributions	16,095,076	17,050,531	18,427,583	20,181,425	21,898,887
Miscellaneous	10,693	-	14,490	-	368,740
Investment earnings	79,964	43,584	136,707	266,950	2,252,815
Transfers	-	-	-	-	(566,505)
Total governmental activities	32,226,130	35,800,187	36,985,276	41,049,400	49,838,620
Business type activities:					
Miscellaneous	-	-	269,985	158,498	187,360
Investment earnings	4,654	3,729	6,731	11,048	19,284
Transfers	-	-	-	-	-
Total business type activities	4,654	3,729	276,716	169,546	206,644
Total primary government	32,230,784	35,803,916	37,261,992	41,218,946	50,045,264
Change in net assets:					
Governmental activities	801,451	3,886,545	1,756,608	3,144,010	6,492,836
Business type activities	40,309	132,232	300,207	(28,716)	(47,414)
Total primary government	$ 841,760	$ 4,018,777	$ 2,056,815	$ 3,115,294	$ 6,445,422

Source: School District financial records.

Fiscal Year				
2008	2009	2010	2011	2012
$ (52,646,474)	$ (55,778,893)	$ (55,831,093)	$ (57,157,808)	$ (59,060,712)
(46,320)	(56,592)	(81,181)	(90,265)	(167,184)
(52,692,794)	(55,835,485)	(55,912,274)	(57,248,073)	(59,227,896)
15,834,082	17,023,403	18,992,963	21,538,542	19,712,217
5,612,367	5,661,798	4,435,471	2,813,931	6,953,534
1,326,524	1,479,994	1,508,147	1,466,561	1,547,155
5,382,517	6,075,699	4,813,593	5,456,559	5,370,578
24,315,885	25,596,081	22,969,544	27,333,723	30,138,647
891,676	1,137,363	1,181,815	989,354	-
722,131	193,637	46,977	14,075	7,694
(179,357)	(578,365)	(480,718)	(73,340)	25,618
53,905,825	56,589,610	53,467,792	59,539,405	63,755,443
-	-	-	-	-
14,225	3,207	1,547	1,429	1,282
179,357	578,365	480,718	73,340	(25,618)
193,582	581,572	482,265	74,769	(24,336)
54,099,407	57,171,182	53,950,057	59,614,174	63,731,107
1,259,351	810,717	(2,363,301)	2,381,597	4,694,731
147,262	524,980	401,084	(15,496)	(191,520)
$ 1,406,613	$ 1,335,697	$ (1,962,217)	$ 2,366,101	$ 4,503,211

Schedule 4
Southeast Polk Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund:					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	55,605	16,904	5,128	170,908	70,065
Unassigned	38,313	452,578	145,956	(120,515)	(1,992,925)
Total General Fund	$ 93,918	$ 469,482	$ 151,084	$ 50,393	$ (1,922,860)
All other governmental funds:					
Nonspendable					
Special revenue funds	$ -	$ -	$ -	$ -	$ -
Restricted					
Debt service funds	-	-	16,423	19,644	305,510
Capital projects funds	4,185,574	7,131,458	3,792,328	52,455,727	30,503,275
Special revenue funds	1,689,629	1,133,716	1,248,406	1,401,536	717,825
Total all other governmental funds	$ 5,875,203	$ 8,265,174	$ 5,057,157	$ 53,876,907	$ 31,526,610

Source: School District financial records.

Fiscal Year				
2008	2009	2010	2011	2012
$ -	$ -	$ -	$ 11,295	$ 958
380,356	563,838	926,860	1,804,570	1,718,564
(5,219,060)	(7,710,747)	(10,338,669)	(9,171,352)	(3,827,114)
$ (4,838,704)	$ (7,146,909)	$ (9,411,809)	$ (7,355,487)	$ (2,107,592)
$ -	$ -	$ -	$ 16	$ -
-	1,506,862	2,546,215	3,659,545	3,922,021
13,616,098	22,947,999	2,509,347	1,178,584	894,891
1,125,371	1,313,713	1,307,275	769,064	1,010,259
$ 14,741,469	$ 25,768,574	$ 6,362,837	$ 5,607,209	$ 5,827,171

Schedule 5
Southeast Polk Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Federal sources:					
Federal sources	$ 803,840	$ 2,226,435	$ 1,151,223	$ 1,106,270	$ 997,327
Total federal sources	803,840	2,226,435	1,151,223	1,106,270	997,327
State sources:					
State sources	$ 18,488,105	$ 19,438,462	$ 21,133,290	$ 23,229,009	$ 25,661,826
Total state sources	18,488,105	19,438,462	21,133,290	23,229,009	25,661,826
Intermediate sources:					
Intermediate sources	$ 998	$ -	$ -	$ 50,000	$ 157,410
Total intermediate sources	998	-	-	50,000	157,410
Local sources:					
Local taxes	$ 15,293,526	$ 18,100,184	$ 18,929,643	$ 20,601,025	$ 25,628,503
Tuition	1,438,145	1,646,046	1,620,381	1,505,013	1,179,299
Other revenues	1,306,568	1,041,232	1,274,768	2,092,705	3,570,059
Total local sources	18,038,239	20,787,462	21,824,792	24,198,743	30,377,861
Total revenues	$ 37,331,182	$ 42,452,359	$ 44,109,305	$ 48,584,022	$ 57,194,424

Source: School District financial records.

Fiscal Year				
2008	2009	2010	2011	2012
$ 1,271,465	$ 2,029,111	$ 5,301,460	$ 2,489,844	$ 3,409,837
1,271,465	2,029,111	5,301,460	2,489,844	3,409,837
$ 29,659,603	$ 31,500,871	$ 28,954,100	$ 34,145,608	$ 36,185,131
29,659,603	31,500,871	28,954,100	34,145,608	36,185,131
$ 588,103	$ 46,007	$ 46,913	$ 19,660	$ -
588,103	46,007	46,913	19,660	-
$ 28,090,339	$ 30,134,043	$ 29,638,188	$ 31,248,856	$ 34,316,532
1,599,072	1,968,696	2,255,682	2,832,690	2,810,824
2,780,288	2,855,142	2,906,400	2,674,002	1,084,246
32,469,699	34,957,881	34,800,270	36,755,548	38,211,602
$ 63,988,870	$ 68,533,870	$ 69,102,743	$ 73,410,660	$ 77,806,570

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				
	2003	2004	2005	2006	2007
Instruction	$ 21,297,513	$ 23,214,429	$ 25,365,585	$ 25,957,083	$ 28,905,727
Student services	1,769,412	1,781,313	1,817,992	1,956,064	2,089,478
Instructional staff services	1,136,804	1,261,556	1,432,133	1,431,116	1,486,501
Administration services	3,568,412	3,975,116	4,034,632	6,416,277	6,312,286
Operation and maintenance of plant services	3,079,753	3,080,660	3,401,604	4,240,148	4,271,457
Pupil transportation services	1,469,880	1,541,136	2,174,884	2,096,779	2,561,716
Other support services	218,863	269,730	62,514	-	-
Non-instructional programs	-	-	-	-	3,483
AEA Flowthrough	1,262,623	1,272,602	1,344,421	1,471,264	1,645,674
Capital outlay:					
Facilities acquisition/construction	1,122,598	4,087,665	7,492,246	7,916,892	26,578,865
Debt service:					
Principal	575,000	4,850,000	630,000	4,560,000	9,850,000
Interest	533,355	427,617	419,899	420,126	2,645,496
Total expenditures	$ 36,034,213	$ 45,761,824	$ 48,175,910	$ 56,465,749	$ 86,350,683
Debt service as a percentage of noncapital expenditures	3.28%	14.50%	2.65%	11.43%	26.43%

Source: School District financial records.

Fiscal Year				
2008	2009	2010	2011	2012
$ 33,610,919	$ 38,572,208	$ 39,198,436	$ 39,459,638	$ 39,283,989
2,486,812	2,816,848	3,025,235	2,621,251	2,689,447
1,904,879	1,875,936	2,267,956	2,273,565	1,532,183
7,525,298	8,059,093	8,280,473	8,732,892	9,001,087
4,849,573	5,225,041	5,264,105	5,285,469	5,249,364
2,452,223	2,631,804	2,887,338	2,768,595	3,185,624
-	-	-	-	-
21,537	30,057	2,626	105,134	2,556
1,825,721	2,011,213	2,296,973	2,367,103	2,249,929
29,176,901	20,104,947	21,349,750	10,453,313	2,890,364
4,942,648	5,784,426	2,420,367	3,509,289	4,294,651
2,722,874	3,242,194	4,053,299	3,905,919	3,921,954
$ 91,519,385	$ 90,353,767	$ 91,046,558	$ 81,482,168	$ 74,301,148
14.02%	14.74%	10.24%	11.66%	13.00%

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				
	2003	2004	2005	2006	2007
Excess of revenues over (under) expenditures	$ 1,296,969	$ (3,309,465)	$ (4,066,605)	$ (7,881,727)	$ (29,156,259)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	47,500,000	5,500,000
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	10,693	-	1,050	-	-
Issuance of loans	-	-	500,000	-	-
Transfers in	558,355	5,282,294	1,014,146	3,971,586	7,940,360
Transfers out	(558,355)	(5,282,294)	(1,014,146)	(3,971,586)	(8,506,865)
Total other financing sources (uses)	560,693	6,075,000	540,190	56,500,000	4,933,495
Net change in fund balances	$ 1,857,662	$ 2,765,535	$ (3,526,415)	$ 48,618,273	$ (24,222,764)

Source: School District financial records.

Fiscal Year				
2008	2009	2010	2011	2012
$ (27,530,515)	$ (21,819,897)	$ (21,943,815)	$ (8,071,508)	$ 3,505,422
7,000,000	-	-	-	-
-	30,000,000	-	7,055,000	1,220,000
-	-	-	-	-
-	-	-	-	-
-	(752,422)	-	-	-
125,532	87,506	-	7,228	31,817
-	-	-	(10,951)	-
-	16,125	22,415	41,295	-
703,998	1,185,000	250,128	2,330,000	685,000
3,083,424	10,993,594	4,495,832	7,208,008	4,741,656
(3,083,424)	(10,991,006)	(4,495,197)	(7,258,378)	(4,716,038)
7,829,530	30,538,797	273,178	9,372,202	1,962,435
$ (19,700,985)	$ 8,718,900	$ (21,670,637)	$ 1,300,694	$ 5,467,857

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*
2011-2012	($3,827,114)	$63,876,474	-5.99%
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%

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: Residential Property	Actual Value: Commercial Property	Actual Value: Other Property	Less Exemptions	Total Taxable Value	Total Direct Rate (a)
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
2012	838,126,339	477,463,180	103,292,028	2,852,145	1,416,029,402	21.65866

Source: Iowa Department of Management. School Taxable and TIF by Class report.

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					Overlapping Rates							
	General Purposes	Capital Purposes	Debt Service	Management	Total	Polk County	Jasper County	Marion County	Community College	City of Altoona	City of Michellville	City of Pleasant Hill	City of Runnells
2003	13.50415	1.00000	0.00000	0.91212	15.41627	9.64388	9.05654	10.51039	0.54454	8.89369	13.61875	11.60171	8.10000
2004	15.46653	1.00000	0.00000	0.90325	17.36978	9.76626	9.07370	10.55243	0.58184	8.89369	13.86759	11.48189	8.10000
2005	15.16501	1.00000	0.00000	1.11513	17.28014	9.96860	8.06036	11.09079	0.59856	8.89369	13.33972	11.48228	8.82955
2006	15.09091	1.00000	1.02764	1.00411	18.12266	9.94718	9.66429	11.21732	0.68408	8.79369	13.47156	11.48189	9.02241
2007	14.98018	1.00000	4.03065	0.97721	20.98804	10.17911	9.80745	11.21732	0.68688	8.64369	12.45074	11.48197	9.07850
2008	16.29737	1.00000	3.77152	0.93111	22.00000	10.16568	9.70787	11.15458	0.60276	8.64369	12.81766	11.48209	9.05656
2009	16.54210	1.00000	3.37366	0.93132	21.84708	10.12882	9.87429	10.89144	0.56386	8.64369	13.58825	11.48208	8.97274
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
2012	16.75529	1.00000	2.49606	1.40731	21.65866	15.91000	14.79884	10.92281	0.58466	9.14369	14.72889	11.65000	10.89865

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)

	2012			2003		
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	$ 102,909,000	1	7.27%	$ 67,140,900	1	9.96%
Adventureland/America	22,134,690	2	1.56%	18,312,950	3	2.72%
Ziegler Realty LLC	14,162,020	3	1.00%	-		0.00%
Wal-Mart	12,334,300	4	0.87%	11,146,390	4	1.65%
Menards, Inc.	11,122,600	5	0.79%	9,157,450	5	1.36%
Iowa Cold Storage LLC	9,280,000	6	0.66%	-	-	0.00%
Lowe's Home Centers Inc.	8,460,000	7	0.60%	-	-	0.00%
Target	8,150,500	8	0.58%	-	-	0.00%
Hy-Vee	7,878,000	9	0.56%	-	-	0.00%
Medical Development LC	6,650,000	10	0.47%	-	-	0.00%
Magellan Pipeline				22,748,099	2	3.37%
Williams Pipeline	-	-	-	-		0.00%
Qwest	-	-	-	9,151,064	6	1.36%
Bosselman Inc	-	-	-	5,637,800	7	0.84%
Canterbury Equities				4,939,030	8	
ARC Communities I9				4,928,120	9	
Altoona Meadows I, II, III	-	-	-	4,519,500	10	0.67%
Warren Family Farms	-	-	-	-		0.00%
ARC III, LLC	-	-	-	-		0.00%
Total	$ 203,081,110		14.34%	$ 157,681,303		21.92%

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
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%	58,059	24,363,842	99.77%
2012	26,661,419	26,520,038	99.47%	1,014	26,521,052	99.47%

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)
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
2012	49,325,000	36,245,000	2,967,745	3,922,021	84,615,724	5.98%	3,055

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: General Obligation Bonds	Revenue Bans/Bonds	Capital Loan Note	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2003	$ 4,040,000	7,050,000	$ -	$ 11,090,000	2.27%	422
2004	3,440,000	8,875,000	-	12,315,000	2.21%	469
2005	2,845,000	8,875,000	500,000	12,220,000	2.07%	456
2006	49,430,000	14,325,000	405,000	64,160,000	9.89%	2,316
2007	52,555,000	6,950,000	305,000	59,810,000	8.49%	2,159
2008	57,405,000	4,375,000	791,350	62,571,350	8.60%	2,259
2009	55,520,000	30,000,000	1,701,924	87,221,924	11.92%	3,149
2010	53,520,000	30,000,000	1,453,185	84,973,185	11.08%	3,068
2011	51,460,000	36,395,000	3,072,396	90,927,396	N/A	3,283
2012	49,325,000	36,245,000	2,967,745	88,537,745	N/A	3,196

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, 2012

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	$ 250,561,132	7.42%	$ 18,591,636
Jasper County	15,200,000	0.28%	42,560
Marion County	4,160,000	0.21%	8,736
Des Moines Area Community College	74,420,000	4.16%	3,095,872
City of Des Moines	438,407,117	0.49%	2,135,043
City of Mitchellville	4,931,141	100.00%	4,931,141
City of Altoona	101,425,000	98.14%	99,538,495
City of Pleasant Hill	10,700,000	72.75%	7,784,250
Subtotal, overlapping debt			136,127,733
District direct debt			88,537,745
Total direct and overlapping debt			$ 224,665,478

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)

	2003	2004	2005	2006
Debt limit	$ 79,835,196	$ 86,569,626	$ 102,677,743	$ 110,077,048
Total net debt applicable to limit	4,040,000	3,440,000	3,345,000	49,835,000
Legal debt margin	$ 75,795,196	$ 83,129,626	$ 99,332,743	$ 60,242,048
Total net debt applicable to the limit as a percentage of debt limit	5.06%	3.97%	3.26%	45.27%

Source: School District financial records, Iowa Department of Management 100% Valuations By Individual Levy Authority

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

Legal Debt Margin Calculation for Fiscal Year 2012

Actual assessed value (a)	$ 2,857,483,983
Debt limit (5% of assessed value) (b)	$ 142,874,199
Debt applicable to limit	52,292,745
Legal debt margin	$ 90,581,454

2007	2008	2009	2010	2011	2012
$ 118,907,095	$ 125,807,197	$ 131,489,280	$ 137,013,733	$ 137,702,101	$ 142,874,199
52,860,000	58,196,350	57,221,924	54,973,185	54,532,396	52,292,745
$ 66,047,095	$ 67,610,847	$ 74,267,356	$ 82,040,548	$ 83,169,705	$ 90,581,454
44.45%	46.26%	43.52%	40.12%	39.60%	36.60%

Schedule 17
Southeast Polk Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bans/Bonds			
		Debt Service		
	Revenue	Principal	Interest	Coverage
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
2012	5,114,195	1,370,000	1,592,981	1.73

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)
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	$767,148,361	$41,476	$27,695	6.1%
2011	27,700	N/A	N/A	N/A	6.3%

Notes:
N/A = not available.
(a) U.S. Department of Commerce, Bureau of Census
(b) Iowa Department of Revenue
(c) Iowa Workforce Development

Schedule 19
Southeast Polk Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2012			2003		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo & Co (a)	12,900	1	*	**	8	*
State of Iowa (b)	8,800	2	*	**	*	*
Mercy Medical Center - Des Moines	6,900	3	*	**	3	*
Principal Financial Group	6,547	4	*	**	1	*
Des Moines Public Schools (c)	4,872	5	*	**	*	*
Iowa Health - Des Moines	4,505	6	*	**	2	*
Nationwide/Allied Insurance	4,396	7	*	**	5	*
Pioneer Hi-Bred International Inc	3,166	8	*	**	7	*
Hy-Vee Food Stores Inc	2,200	9	*	**	4	*
John Deer/Des Moines Works	1,900	10	*	**	*	*
Walmart					6	
Dahls					9	
UPS					10	
Total	56,186		*	-	*	*

Source: 2012 - Altoona Commerce and Des Moines Commerce to include all Polk County
Source: 2003 - 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.

**Per Iowa Workforce Development data regarding the number of employees for private sector employers is no longer available to public.

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										Percentage Change
	2003	2004	2005	2006	2007	2008**	2009	2010	2011	2012	2003-12
Supervisory:											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Assistant superintendent	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Principals	12.0	12.0	12.0	13.0	16.3	11.0	11.0	12.0	11.0	11.0	-8.3%
Assistant principals	1.0	1.0	2.0	2.0	2.0	5.0	6.0	5.0	4.0	4.0	300.0%
All other administrators	9.0	9.0	11.0	6.5	6.0	12.0	11.0	8.0	8.0	8.0	-11.1%
Total supervisory	24.0	24.0	27.0	23.6	26.3	30.0	30.0	27.0	25.0	25.0	4.2%
Instruction:											
Regular program teachers	315.2	312.1	346.9	305.2	319.0	373.5	342.5	373.9	343.0	366.0	16.1%
Special Education teachers	62.5	54.5	68.5	130.5	168.0	197.0	194.2	65.0	64.0	51.0	-18.4%
Total instruction	377.7	366.6	415.4	435.7	487.0	570.5	536.7	438.9	407.0	417.0	10.4%
Student services:											
Guidance counselors	22.0	20.0	19.0	23.0	23.0	26.7	19.0	19.0	19.0	18.0	-18.2%
Nurses/Nurse aides	5.0	7.0	8.5	8.0	9.5	10.1	13.7	13.5	13.5	12.0	140.0%
Media Spcialists/Media Clerks	4.0	4.0	4.0	4.0	13.0	16.3	16.3	12.5	12.5	12.0	200.0%
Total student services	31.0	31.0	31.5	35.0	45.5	53.1	49.0	45.0	45.0	42.0	35.5%
Support and administration:											
Clerical/secretarial/teacher aide/other support staff	38.3	38.9	32.3	39.6	40.0	47.3	45.9	52.5	55.6	164.5	329.5%
Custodial and Maintenance	45.3	54.4	52.5	50.7	67.0	67.7	38.0	49.0	45.6	53.3	17.6%
Food Service	28.9	27.9	21.0	26.4	42.0	62.6	35.4	36.5	39.6	35.8	23.7%
Bus Drivers/Bus Aides/Crossing Guard	16.3	16.2	19.6	29.0	44.0	68.0	36.9	40.0	37.9	39.5	142.1%
Total support and administration	128.9	137.4	125.5	145.6	193.0	245.6	156.2	178.0	178.7	293.0	127.4%
Total	561.5	559.0	599.4	639.9	751.8	899.2	771.9	688.9	655.7	777.0	38.4%

Source: District records.

**2008 figures were taken from CAR which included substitue data.

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
2003	4,402	33,803,260	7,679	3.23%
2004	4,562	36,396,542	7,978	3.90%
2005	4,780	39,633,765	8,292	3.93%
2006	4,990	43,568,731	8,731	5.30%
2007	5,692	47,276,322	8,306	(4.87)%
2008	5,775	54,676,962	9,468	13.99%
2009	5,966	61,222,200	10,262	8.39%
2010	5,988	63,223,142	10,558	2.89%
2011	6,085	63,613,647	10,454	(0.99)%
2012	6,214	63,194,179	10,170	(2.72)%

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

Notes: N/A = not available.
(1) Certified enrollment.
(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
$ 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	9,228	9.15%	429.70	13.25	21.10%
65,664,346	11,370	23.22%	450.95	12.81	20.80%
70,578,439	11,830	4.04%	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	28.52%
77,635,069	12,494	1.61%	459.00	13.54	30.10%

Schedule 22
Southeast Polk Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year				
School	2003	2004	2005	2006	2007
Elementary:					
Altoona (1939)					
Square feet	44,425	44,425	64,104	64,104	64,104
Capacity*	424	424	630	630	630
Enrollment	388	392	385	377	435
Centennial (1968)					
Square feet	44,135	61,017	61,017	61,017	61,017
Capacity	446	630	630	630	630
Enrollment	490	513	516	542	547
Clay (2006)					
Square feet	N/A	N/A	N/A	79,738	79,738
Capacity	N/A	N/A	N/A	840	840
Enrollment	N/A	N/A	N/A	N/A	N/A
Delaware (1951)					
Square feet	43,418	43,418	43,418	65,641	65,641
Capacity	399	399	399	630	630
Enrollment	390	404	436	462	472
Four Mile (1966)					
Square feet	41,700	63,204	63,204	63,204	63,204
Capacity	456	630	630	630	630
Enrollment	457	487	518	558	577
Mitchellville (1925)					
Square feet	21,805	45,293	45,293	45,293	45,293
Capacity	256	420	420	420	420
Enrollment	180	187	215	208	211
Runnells (2002)					
Square feet**	31,949	31,949	31,949	43,007	43,007
Capacity	210	210	210	400	400
Enrollment	168	177	179	196	195
Willowbrook (1991)					
Square feet	56,546	56,546	56,546	56,546	56,546
Capacity	630	630	630	630	630
Enrollment	511	493	500	493	527
Harbor (1997)					
Square feet	4,537	4,537	4,537	4,537	4,537
Capacity	454	454	454	454	454
Enrollment	59	64	69	42	39
Spring Creek 6th Grade Center:					
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				
2008	2009	2010	2011	2012
64,104	64,104	64,104	64,104	64,104
630	630	630	630	630
384	399	409	400	341
61,017	61,017	61,017	61,017	61,017
630	630	630	630	630
481	509	516	486	419
79,738	79,738	79,738	79,738	79,738
840	840	840	840	840
322	390	391	421	412
65,641	65,641	65,641	65,641	65,641
630	630	630	630	630
503	517	533	509	476
63,204	63,204	63,204	63,204	63,204
630	630	630	630	630
588	628	595	473	478
45,293	45,293	45,293	45,293	45,293
420	420	420	420	420
170	193	195	188	152
43,007	43,007	43,007	43,007	43,007
400	400	400	400	400
214	217	243	221	230
56,546	56,546	56,546	56,546	56,546
630	630	630	630	630
477	477	466	413	438
4,537	4,537	4,537	4,537	4,537
454	454	454	454	454
39	51	49	49	-
N/A	N/A	N/A	89,670	89,670
N/A	N/A	N/A	950	950
N/A	N/A	N/A	480	518

Schedule 22
Southeast Polk Community School District

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

School	2003	2004	2005	2006	2007
Junior High:					
Southeast Polk Junior High (1992)					
Square feet	89,670	89,670	89,670	89,670	89,670
Capacity	950	950	950	950	950
Enrollment	690	803	820	823	862
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
Senior High:					
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	1,326	1,299	1,350	1,495	1,572
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
Other District Facilities:					
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
Grand Total:					
Square Feet	609,276	671,150	690,829	803,848	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
***Iowa Department of Education - 2011-12 Oct 2011 counts from Residient Total Sheet used for enrollment section

Fiscal Year				
2008	2009	2010	2011	2012
89,670	89,670	89,670	N/A	N/A
950	950	950	N/A	N/A
840	859	938	N/A	N/A
N/A	N/A	N/A	206,674	206,674
N/A	N/A	N/A	1,800	1,800
N/A	N/A	N/A	1,011	939
206,674	206,674	N/A	N/A	N/A
1,800	1,800	N/A	N/A	N/A
1,660	1,700	N/A	N/A	N/A
N/A	N/A	430,227	430,227	430,227
N/A	N/A	2,000	2,000	2,000
N/A	N/A	1,667	1,689	1,830
16,384	16,384	16,384	16,384	16,384
8,033	8,033	8,033	8,033	8,033
803,848	803,848	1,027,401	1,234,075	1,234,075

Schedule 23
Southeast Polk Community School District

Certified Staff Salaries
Last Ten Fiscal Years
(Unaudited)

School Year	Minimum	Maximum	Average
2011-2012	$41,251	$68,752	$54,937
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

Source: School District financial records.

Notes:
- The above table does not include extra duty pay.
- Average salary includes supplemental Phase and TSS payments
- Average: Earnings Report - 7/2011 to 6/2012, Payroll Group= M, Salaries above 10,000 Average
- Minimum and Maximum: Salary Schedule for Fiscal Year - found in Certified Contract

Southeast Polk Community School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State Department of Agriculture and			
State of Iowa Department of Education:			
National School Breakfast Program	10.553	FY12	$ 162,800
National School Lunch Program	10.555	FY12	882,164
Commodities-Noncash, Department of Defense	10.555	FY12	39,988
Commodities-Noncash	10.555	FY12	158,162
Special Milk Program for Children	10.556	FY12	4,887
Summer Food Service Program for Children	10.559	FY12	13,019
Total nutrition cluster			1,261,020
U.S. Department of Defense			
Passed through State of Iowa Department of Defense			
Federal Flood Control	12.106	FY12	2,296
U.S. Department of Education			
Passed Through State of Iowa Department of Education:			
Title I Cluster:			
Title I - Grants to Local Educational Agencies	84.010	6101-G	244,530
ARRA-Title I Grants to Local Educational Agencies	84.389	FY10	31,195
			275,725
Vocational Education Basic Grants to States - Carl Perkins Basic Grant	84.048	FY12	32,937
Iowa Demostration Construction Grant	84.215	FY12	500,000
Special Education -State Program Improvement Grants	84.323	FY12	304
Advanced Placement Program	84.330	FY12	578
Title II - Improving Teacher Quality State Grant	84.367	FY12	84,530
Grants for State Assessments and Related Activities	84.369	FY12	39,982
ARRA- Education Jobs Bill	84.410	FY 11	1,203,325
Passed Through Area Education Agency:			
Special Education-Grants to States	84.027	N/A	312,704
Title III English Language Acquisition	84.365	N/A	3,062
Total U.S. Department of Education			2,453,147
Total Expenditures of Federal Awards			3,716,463

See Notes to the Schedule of Expenditures of Federal Awards

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Southeast Polk Community School District

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Southeast Polk Community School District for the year ended June 30, 2012. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Southeast Polk Community School District

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

	Findings	Status	Corrective Action Plan or Other Explanation
Significant Deficiencies Related to the Basic Financial Statements:			
II-A-11	The District has insufficient segregation of duties over the payroll process.	Not Corrected	See II-B-12
Other Findings Related to Required Statutory Reporting:			
IV-A-11	Expenditures exceeded the amounts budgeted at year-end for the non-instructional programs and other expenditures functions.	Corrected	
IV-F-11	Board meeting minutes were not published timely.	Not Corrected	See IV-F-12
IV-G-11	Variances in the basic enrollment data certified to the Department of Education were noted.	Not Corrected	See IV-G-12
IV-M-11	The District has a deficit unrestricted fund balance of $7,355,487 in the General Fund. In addition, the Distrct had a deficit account balance for an activity in the Student Activity Fund.	Not Corrected	See IV-M-12

Bohnsack & Frommelt LLP
Certified Public Accountants

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

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

We have audited the 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 (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 24, 2013. 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 the 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 the 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 District'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 item II-B-12 that we consider to be a significant deficiency in internal 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 the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item II-A-12.

We also 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 the District's operations for the year ended June 30, 2012 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 the District in a separate letter dated January 24, 2013.

The District's responses to findings identified in our audit are described in the accompanying schedule of findings. While we have expressed our conclusions on the District's responses, we did not audit the District's responses and, accordingly, we express no opinion on them.

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

Bohnsack & Frommelt LLP

Overland Park, Kansas
January 24, 2013

Bohnsack & Frommelt LLP
Certified Public Accountants

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 (the District) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of independent 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 the 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 the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements , which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items III-B-12 and III-C-12.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item III-A-12. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

Bohnsack & Frommelt LLP

Overland Park, Kansas
January 24, 2013

Southeast Polk Community School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

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) A significant deficiency in internal control over major programs was disclosed.

e) Unqualified opinions were issued on compliance with requirements applicable to each major program.

f) The audit disclosed 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. CFDA 84.410 ARRA Education Jobs Bill

   b. CFDA 84.215 Iowa Demonstration Construction Grant

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)

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

II-A-12

Finding: The District did not make the required monthly Sinking Fund transfers as outlined in the revenue bond agreements.

Condition: The District makes one deposit at year-end for the principal and interest payments. The revenue bond agreements require monthly transfers throughout the year to ensure adequate reserves are being established and monitored by the District.

Context: As of June 30, 2012, the District provided for $246,590 of the $250,128 required for the School Infrastructure, Sales, Services and Use Tax Revenue Bonds, Series 2009, Series 2010A, and Series 2012.

Effect: The District is not in compliance with the revenue bond agreements.

Cause: The District was unaware of the requirement.

Recommendation: The District should establish a debt covenant monitoring schedule that is documented and reported on monthly. This process would include making the monthly required Sinking Fund transfers. All subsequent bonds issues should be monitored for covenant compliance requirements.

Response and Corrective Action Plan: The District has established a monthly transfer schedule and will make the required monthly Sinking Fund transfers.

Internal control deficiencies:

II-B-12

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.

Response and Corrective Action Plan: The District's 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.

Part III: Findings and Questioned Costs for Federal Awards

Significant Deficiency over Federal Awards:

III-A-12
U.S. Department of Education
Passed Through Iowa Department of Education
ARRA-Education Jobs Fund (CFDA 84.410)
Federal Award Year 2012

Finding: The District does not have adequate documentation to support payroll costs of the program.

Criteria: The Office of Management and Budget (OMB) Circular A-87 requires the following: When an employee works solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. The certifications must be prepared at least semi-annually and will be signed by the employee.

Condition: The District does not have the signed semi-annual certifications that state the federal award the employee worked on for the employees that worked 100% on a single federal award program.

Context: There were 22 employees paid from the program.

Effect: The District is not in compliance with the allowable costs/cost principles requirement of OMB Circular A-87.

Cause: The District currently does not have a process in place for signed certifications for fully funded employees.

Recommendation: For fully-funded employees, we recommend semi-annually requiring employees to sign a certification of the federal award they are being paid from.

Response and Corrective Action Plan: The District will obtained signed certifications for all fully funded employees that work 100% of a federal program.

Compliance Findings:

III-B-12
U.S. Department of Education
Passed Through the Iowa Department of Education
Iowa Demonstration Construction Grant (CFDA 84.215)
Federal Award Year 2012

Finding: The required certified payrolls were not submitted on a weekly basis and were not detailed reviewed for compliance.

Criteria: The Office of Management and Budget Compliance Supplement states the requirements of the Davis Bacon Act "includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly".

Condition: The District obtained certified payrolls on a monthly basis through an upload to the EZNet Pay system rather than on the required weekly system. In addition, while the information was provided, the detailed review of the certified payrolls for compliance was not assigned and documented.

Questioned Costs: None

Context: There were 13 contractors in this program. Two were selected for testing.

Effect: The District is not in compliance with the Davis Bacon requirements of Office of Management and Budget Compliance Supplement.

Cause: The District has experienced retirement turnover in the business office.

Recommendation: We recommend the District implement a requirement that certified payrolls are uploaded weekly rather than monthly and specifically assign the responsibility to monitor compliance with Davis Bacon provisions to a specific person on the project.

Response and Corrective Action Plan: The District will review current processes and determine the changes necessary to comply with the federal program requirements.

III-C-12
U.S. Department of Education
Passed Through the Iowa Department of Education
Iowa Demonstration Construction Grant (CFDA 84.215)
Federal Award Year 2012

Finding: The District did not maintain documentation to support suspension and debarment certifications.

Criteria: The Office of Management and Budget Compliance Supplement requires the non-Federal entity to document that a verification check for covered transactions was performed, either by checking the federal Excluded Parties Listing System or by collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.

Condition: The District provided bidders on the contract with a certification to complete regarding suspension and debarment; however, the District could not locate the certifications for contractors tested.

Questioned Costs: None

Context: Two contractors were tested from a sample of 13.

Effect: The District is not in compliance with the suspension and debarment requirements of Office of Management and Budget Compliance Supplement.

Cause: The District has experienced retirement turnover in the business office.

Recommendation: We recommend the District document compliance with the suspension and debarment provisions with all contractors.

Response and Corrective Action Plan: The District will maintain all required contractor forms including the certification required for suspension and debarment.

Part IV: Other Findings Related to Statutory Reporting
IV-A-12 - Certified Budget: Expenditures did not exceed the amended budget.

IV-B-12 - Questionable Expenditures: No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-12 - 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-12 - Business Transactions: No business transactions between the District and District officials or management were noted.

IV-E-12 - Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-12 – Board Minutes: No transactions requiring Board approval which had not been approved by the Board were noted.

Finding: We noted the following regarding Board of Education minutes:

- Minutes were not published in a timely manner.
- The June 12, 2012 schedule of bills was not published until August 22, 2012.
- The closed session on March 15, 2012 did not specifically reference Chapter 21.5 of the Code of Iowa.
- The final actions from the March 15, 2012 closed sessions were not identified and approved in subsequent open sessions.

Recommendation: The District should publish the minutes within two weeks of the Board meeting and the schedule of bills within one month as required by Chapter 279.35 of the Code of Iowa. Closed sessions are required to specifically reference Chapter 21.5 of the Code of Iowa in the minutes and final actions are to be taken in open sessions.

Response: The District will attempt to provide the minutes and schedule of bills to be published in a timelier manner to comply with Chapter 279.35 of the Code of Iowa. The District will document Chapter 21.5 when going into closed session and document and take final actions in open sessions.

Conclusion: Response accepted.

(Continued)

IV-G-12 - Certified Enrollment:

Finding: Variances in the basic enrollment data certified to the Department of Education in October 2011 were noted.

Recommendation: We recommend the District review ELL enrollments to ensure students do not exceed the allowable years of service and implement procedures to update student databases and verify enrollments prior to the October 1st certification process.

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

Conclusion: Response accepted.

IV-H-12 - Supplementary Weighting: No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-12 - Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-12 - Certified Annual Report:
Finding: The certified annual report was not timely certified to the Iowa Department of Education.

Recommendation: We recommend the District implement procedures to timely submit the certified annual report.

Response: The District delayed the submission of the certified annual report in order to ensure the submission was accurate. Submissions will be filed timely in the future.

Conclusion: Response accepted.

IV-K-12 - Categorical Funding: No instances of categorical funding being used to supplant rather than supplement other funds were noted.

(Continued)

IV-L-12 - Statewide Sales and Services Tax: No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		$ 317,064
Revenues/transfers in:		
Statewide sales and services tax revenue	$ 5,114,195	
Investment earnings	380	
Other local sources	882	
Federal sources	500,000	
Issuance of long-term debt	1,251,783	
Physical plant and equipment for capital projects	261,248	7,128,488
Expenditures/transfers out:		
Support services	232,409	
Debt service, interest	39,207	
Transfers out	4,677,028	
School infrastructure:		
Buildings	2,164,430	7,113,074
Ending balance		$ 332,478

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-12 Deficit Balances:
Finding: The District had a deficit unrestricted fund balance in the General Fund.

Recommendation: The District should continue to monitor the General Fund and investigate plans to eliminate the deficit.

Response**:** The District will continue to monitor its funds. The District has adopted action plans to have a zero solvency ratio and eliminate the deficit fund balance in the General Fund.

Conclusion: Response accepted.

IV-N-12 Revenue Bonds: The District has established the reserve accounts required by the revenue bond resolutions. However, refer to II-A-12 in Part II.

IV-O-12 Interfund Transfers:
Finding: The District is not obtaining Board approval of all interfund transfers. In a letter dated March 7, 2012 to the District, the Auditor of State stated "Interfund transfers should be prohibited unless approved by the Board. In addition, the Board should adopt policies and procedures for interfund transfers to ensure interfund transfers are approved by the Board and comply with Iowa laws." The District's total transfers exceeded the approved budget. Transfers are not being approved by the Board.

Recommendation: We recommend the District establish a process whereby all transfers between funds regardless of the method of the transfer are specifically approved by the Board and the minutes document the approval.

Response: The District will establish a process to ensure all transfers between funds comply with Iowa laws including Board approval.

Conclusion: Response accepted.

Southeast Polk Community School District

Corrective Action Plan
Year Ended June 30, 2012

	Findings	Corrective Action Plan	Anticipated Date of Completion
Compliance Findings Over Basic Financial Statements:			
II-A-12	The District did not make the required monthly Sinking Fund transfers as outlined in the bond documents.	See response and corrective action plan at II-A-12	Fiscal Year 2013-Kevin Baccam
Significant Deficiency Over Basic Financial Statements:			
II-B-12	The District has inadequate segregation of duties over the payroll process.	See response and corrective action plan at II-B-12	Fiscal Year 2013-Kevin Baccam
Significant Deficiency over Federal Awards:			
III-A-12	The District does not have adequate documentation to support federal program payroll costs.	See response and corrective action plan at III-A-12	Fiscal Year 2013-Kevin Baccam
Compliance Findings over Federal Awards:			
III-B-12	The required certified payrolls were not obtained weekly and were not detailed reviewed for compliance.	See response and corrective action plan at III-B-12	Fiscal Year 2013-Kevin Baccam
III-C-12	The District did not maintain documentation to support suspension and debarment certifications.	See response and corrective action plan at III-C-12	Fiscal Year 2013-Kevin Baccam
Other Findings Related to Required Statutory Reporting:			
IV-F-12	Board minutes are not published timely and do not properly documented closed or special meetings.	See response at IV-F-12.	Fiscal Year 2013-Kevin Baccam
IV-G-12	Variances were identified in the certified enrollment submitted to the Department of Education	See response at IV-G-12	Fiscal Year 2013-Kevin Baccam
IV-J-12	The certified annual report was not submitted timely.	See response at IV-J-12	Fiscal Year 2013-Kevin Baccam
IV-M-12	The District's General Fund has a deficit fund balance.	See response at IV-M-12	Fiscal Year 2013-Kevin Baccam
IV-O-12	The District is not obtaining Board approval of interfund transfers.	See response at IV-O-12	Fiscal Year 2013-Kevin Baccam

Bohnsack & Frommelt LLP
Certified Public Accountants

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, 2012, 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) As of June 30, 2012, the District had unreconciled differences of approximately $8,000 between bank reconciliations and the trial balances. We recommend the District implement consistent procedures for posting receipts and disbursements that allow for more accurate and timely reconciling processes. We suggest the District investigate reconciliation options within the financial system as well.

2) The cash and investment accounts for the District's trust and agency funds are not being updated within the District's financial system. Information is not being provided to the Business Office to maintain complete financial ledgers. All cash and investment accounts using the District's employer identification number must be accounted for and reconciled within the District's monthly reconciliation procedures. Transactions should be posted to the financial system by the Business Office.

3) The District currently does not have a process for identifying capital assets that were purchased or constructed with federal funds. The federal government requires entities to maintain specific documentation of all capital assets purchased with federal grants. We recommend the District establish a process that identifies each capital asset acquired with federal awards and the percentage of the capital asset cost financed with federal awards.

4) During audit testing, a travel reimbursement request for airfare and hotel costs for an out of state trip was selected. The public purpose of the trip was not documented on the reimbursement request or the supporting invoices. We recommend requiring the public purpose of the travel be listed on all reimbursement requests as a condition of approval.

5) Currently, compensated absences are maintained on a spreadsheet separately from the payroll system. There is no reconciliation performed between the offline spreadsheet and the payroll leave reports. We recommend the District maintain and record compensated absences within the payroll module. This would ensure leave time within the system is automatically updated and the ending balances are based on approved rates of pay.

6) The District's purchasing system will not generate a purchase order without proper system approvals. However, the printed purchase order does not have the approvals documented. In addition, the invoices are not consistently initialed or signed by the approver. We recommend the District include approvals on all printed purchase orders and implement a consistent practice of approving invoices.

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
January 24, 2013