





Comprehensive Annual Financial Report  
of the

Southeast Polk Community School District

Pleasant Hill, Iowa

For the Fiscal Year Ended June 30, 2013

Official Issuing Report  
Kevin Baccam, Executive Director of Business Services

Office Issuing Report  
Business Services Office



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## Introductory Section





November 25, 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, 2013.

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, 2013. 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.

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***Learn. Lead. Live.*** Success for college, career, and civic life.

Craig W. Menozzi, Superintendent • 8379 NE University Ave. • Pleasant Hill, IA 50327 • Phone: 515-967-4294 • Fax: 515-967-4257  
[www.southeastpolk.org](http://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 2012-2013 school year was 6,399, making it the 13<sup>th</sup> 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 2012-2013 school year was 69 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 8<sup>th</sup> 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. Facebook is building a \$1 billion-plus data center just inside the city limits and an upscale restaurant is currently being constructed and there are plans for a multiplex movie theater and shopping center just west of Bass Pro Shops in the city's northwest corner.

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 are planned multi-family housing projects just north of Clay Elementary School and planned single family housing projects just east of Willowbrook Elementary School.

A major sewer project known as the Mud Creek Sewer Project has been completed and will provide the infrastructure capacity for residential and commercial opportunities east of Altoona, heading towards Mitchellville.

### **Major Initiatives**

The District has completed four of the six capital construction projects under Phase I of a capital improvements plan approved by the Board in December 2012. Revenue bonds were issued in March 2013 for projects in Phase I including the demolition and reconstruction of part of Mitchellville Elementary School, major repairs to the District's network technology and telephone system, the refurbishing of bleachers and sound environment in the junior high school, replacement of the football field turf, increased parking spaces at the high school, and a roof replacement to Willowbrook Elementary School. Except for the work at Mitchellville and the replacement of the football field turf, all of the other projects have been completed. Mitchellville will be completed in August 2014 and the field turf replacement will begin May 2014.

### **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, 2013 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.

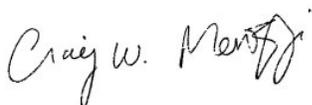
### **Awards and Acknowledgements**

We are pleased to say that for the twelfth 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, 2012. In addition, the Association of School Business Officials (ASBO) International also awarded a Certificate of Excellence in Financial Reporting to the District for the twelfth year in a row for the CAFR for the fiscal year ended June 30, 2012. 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 2012 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 that 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

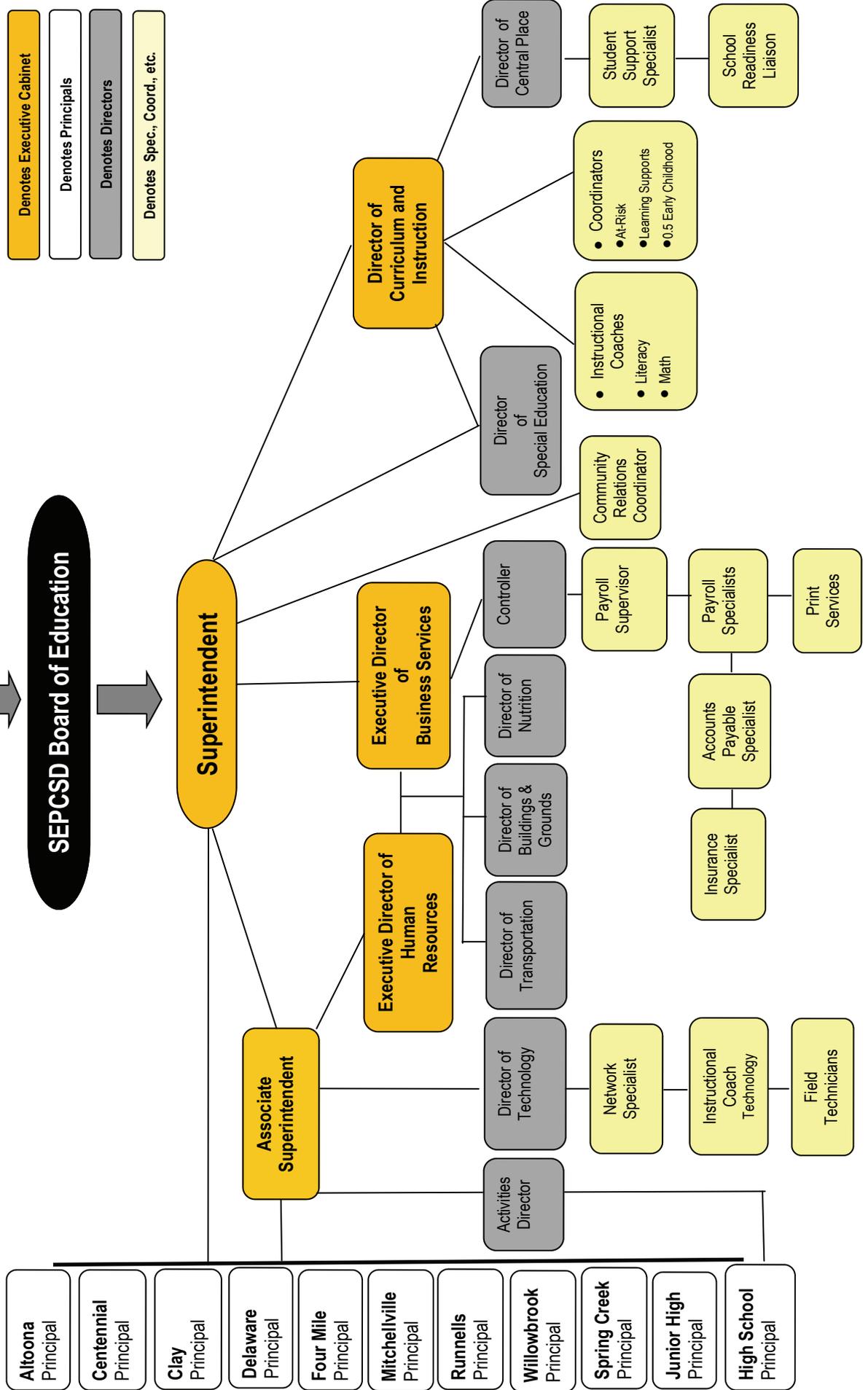
Southeast Polk Community School District

Board of Education and School District Officials  
Year Ended June 30, 2013

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	<u>Title</u>	<u>Term/Contract Expires</u>
<b>Board of Education</b>		
Gary Fischer	President	September, 2013
Joanne Moeller	Vice-President	September, 2013
Tom Hadden	Member	September, 2013
Lori Slings	Member	September, 2015
Brett Handy	Member	September, 2015
Doug Roush	Member	September, 2015
Bill Puffett	Member	September, 2015
<b>District Administration</b>		
Craig Menozzi	Superintendent	June 30, 2014
Joe Horton	Associate Superintendent	June 30, 2014
Jo Ellen Latham	Director of Curriculum/Instruction	June 30, 2014
Margi Belger	Executive Director of Human Resources	June 30, 2014
Kevin Baccam	Executive Director of Business Services	June 30, 2014
Nate Ballagh	Associate Principal	June 30, 2014
Mike Dailey	Principal	June 30, 2014
Glenn Dietzenbach	Assistant Principal	June 30, 2014
Kent Horstmann	Activities Director	June 30, 2014
Nicole Kooiker	Principal	June 30, 2014
Randy Mohning	Principal	June 30, 2014
Lea Morris	Principal	June 30, 2014
Joe Nelson	Principal	June 30, 2014
Mike Nicodemus	Principal	June 30, 2014
Robin Norris	Principal	June 30, 2014
Stephen Pettit	Principal	June 30, 2014
Joel Schutte	Assistant Principal	June 30, 2014
John Steffen	Assistant Principal	June 30, 2014
Lori Waddell	Principal	June 30, 2014
Kevin Walker	Principal	June 30, 2014

## Administrative Structure



- Denotes Executive Cabinet
- Denotes Principals
- Denotes Directors
- Denotes Spec., Coord., etc.



Government Finance Officers Association

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, 2012**

Executive Director/CEO

# Association of School Business Officials International



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

**Southeast Polk Community School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in black ink, reading 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO  
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

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## Financial Section





## Independent Auditor's Report

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

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

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southeast Polk Community School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis Of Matter***

As discussed in Note 14 to the basic financial statements, the District adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2013. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison information, on pages 4–14 and 57–60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information, including the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the

underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bohnsack & Frommelt LLP*

Overland Park, Kansas  
November 25, 2013

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## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2013**

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It is an honor to present to you the financial picture of Southeast Polk Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Southeast Polk Community School District for the fiscal year ended June 30, 2013. 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 position of \$5,589,128 and \$4,503,211 during the years ended June 30, 2013 and 2012, respectively.

Total revenues for the fiscal year ended June 30, 2013 and 2012 of \$84,548,624 and \$82,138,280 were comprised of general revenues in the amount of \$64,967,645 and \$63,731,107 and program revenues totaling \$19,580,979 and \$18,407,173, respectively.

As of June 30, 2013, The District's governmental funds reported combined ending fund balances of \$16,052,180, an increase of \$12,332,601 in comparison to 2012. 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.

The Southeast Polk Community School District's total long-term debt increased by \$6,602,489 during fiscal year ended June 30, 2013 and decreased by \$1,271,073 during fiscal year ended June 30, 2012.

#### **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.

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2013**

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The statement of net position presents information on all of Southeast Polk Community School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2013**

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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 19 through 22 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 23 through 28 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 29 through 30 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 57 through 60 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.

# Southeast Polk Community School District

## Management's Discussion and Analysis Year Ended June 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's total net position has increased from a year ago from \$47,547,001 to \$53,136,129.

**Table 1 - Net Position**

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Current and other assets	\$ 60,342,501	\$ 43,562,734	\$ 1,025,282	\$ 928,382	\$ 61,367,783	\$ 44,491,116
Capital assets	129,141,782	130,618,291	1,211,456	1,349,015	130,353,238	131,967,306
<b>Total assets</b>	<b>189,484,283</b>	<b>174,181,025</b>	<b>2,236,738</b>	<b>2,277,397</b>	<b>191,721,021</b>	<b>176,458,422</b>
Noncurrent liabilities	92,983,257	87,243,106	191,600	100,027	93,174,857	87,343,133
Other liabilities	15,689,324	13,673,722	178,542	154,107	15,867,866	13,827,829
<b>Total liabilities</b>	<b>108,672,581</b>	<b>100,916,828</b>	<b>370,142</b>	<b>254,134</b>	<b>109,042,723</b>	<b>101,170,962</b>
Deferred inflows of resources	29,542,169	27,740,459	-	-	29,542,169	27,740,459
Net position:						
Net investment in capital assets	47,266,705	45,416,697	1,211,456	1,349,015	48,478,161	46,765,712
Restricted	3,760,304	4,434,150	-	-	3,760,304	4,434,150
Unrestricted	242,524	(4,327,109)	655,140	674,248	897,664	(3,652,861)
<b>Total net position</b>	<b>\$ 51,269,533</b>	<b>\$ 45,523,738</b>	<b>\$ 1,866,596</b>	<b>\$ 2,023,263</b>	<b>\$ 53,136,129</b>	<b>\$ 47,547,001</b>

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 position - net investment in capital assets, were \$46,765,712 for 2012 and \$48,478,161 for 2013. 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 position (9.3 percent for 2012 and 7.1 percent for 2013) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2013 include \$186,977 for physical plant and equipment levy, \$574,885 for school infrastructure, \$905,028 for management levy, \$328,293 for debt service, 1,401,800 for categorical funding, and \$363,321 for student activities. The remaining balance of unrestricted net position is \$897,664 for 2013. The remaining balance of unrestricted net positions was (\$3,652,861) for 2012.

The District's total net position increased by \$5,589,128 during the current fiscal year as compared to \$4,503,211 in 2012. The governmental activities net position increased by \$5,745,795 in 2013 and \$4,694,731 in 2012. The business-type activities, which include school nutrition, community service, and school store decreased by \$156,667 in 2013 and \$191,520 in 2012.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2013 and 2012. This table utilizes the full accrual method of accounting. Revenues less expenses yielded the change in net position. This change was anticipated and it enabled the District to acquire capital assets and to service its long-term debt.

## Southeast Polk Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

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, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service and sales	\$ 6,352,093	\$ 5,068,821	\$ 2,526,002	\$ 2,536,772	\$ 8,878,095	\$ 7,605,593
Operating grants and contributions	9,117,676	9,004,757	1,435,208	1,288,390	10,552,884	10,293,147
Capital grants and contributions	150,000	500,000	-	8,433	150,000	508,433
<b>General revenues:</b>						
Property taxes and other taxes	34,793,413	33,583,484	-	-	34,793,413	33,583,484
Other local sources	31,853	-	-	-	31,853	-
State sources	30,131,357	30,138,647	-	-	30,131,357	30,138,647
Investment earnings	10,085	7,694	937	1,282	11,022	8,976
<b>Total revenues</b>	<b>80,586,477</b>	<b>78,303,403</b>	<b>3,962,147</b>	<b>3,834,877</b>	<b>84,548,624</b>	<b>82,138,280</b>
<b>Program expenses:</b>						
Instruction	41,984,675	40,754,640	-	-	41,984,675	40,754,640
Support services	23,267,847	23,632,792	-	-	23,267,847	23,632,792
Noninstructional programs	595	2,556	-	-	595	2,556
Other	2,350,017	2,249,929	-	-	2,350,017	2,249,929
Depreciation unallocated	3,213,866	3,090,226	-	-	3,213,866	3,090,226
Interest on long-term debt	4,023,682	3,904,147	-	-	4,023,682	3,904,147
School nutrition	-	-	3,661,721	3,485,072	3,661,721	3,485,072
Community service	-	-	54,131	47,085	54,131	47,085
School store	-	-	402,962	468,622	402,962	468,622
<b>Total expenses</b>	<b>74,840,682</b>	<b>73,634,290</b>	<b>4,118,814</b>	<b>4,000,779</b>	<b>78,959,496</b>	<b>77,635,069</b>
<b>Excess (deficiency) of revenues over expenses before transfers</b>	<b>5,745,795</b>	<b>4,669,113</b>	<b>(156,667)</b>	<b>(165,902)</b>	<b>5,589,128</b>	<b>4,503,211</b>
Transfers	-	25,618	-	(25,618)	-	-
<b>Increase (decrease) in net position</b>	<b>5,745,795</b>	<b>4,694,731</b>	<b>(156,667)</b>	<b>(191,520)</b>	<b>5,589,128</b>	<b>4,503,211</b>
Net position, beginning	45,523,738	40,829,007	2,023,263	2,214,783	47,547,001	43,043,790
Net position, ending	\$ 51,269,533	\$ 45,523,738	\$ 1,866,596	\$ 2,023,263	\$ 53,136,129	\$ 47,547,001

# Southeast Polk Community School District

## Management's Discussion and Analysis Year Ended June 30, 2013

### GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$80,586,477 and expenses were \$74,840,682. 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 80.56 percent and 81.37 percent, respectively, of total revenues. Instruction constitutes the largest portion of expenditures at \$41,984,675 or 56.1 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, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Instruction	\$ 41,984,675	\$ 40,754,640	\$ 30,307,972	\$ 29,097,252
Support services	23,267,847	23,632,792	21,674,798	22,966,531
Noninstructional programs	595	2,556	595	2,556
Other	2,350,017	2,249,929	-	-
Depreciation unallocated	3,213,866	3,090,226	3,213,866	3,090,226
Interest on long-term debt	4,023,682	3,904,147	4,023,682	3,904,147
School nutrition	3,661,721	3,485,072	94,425	70,602
Community service	54,131	47,085	(18,161)	(14,112)
School store	402,962	468,622	81,340	110,694
<b>Total expenses</b>	<b>\$ 78,959,496</b>	<b>\$ 77,635,069</b>	<b>\$ 59,378,517</b>	<b>\$ 59,227,896</b>

Net cost of services is 75.2 percent of total cost of services in 2013 and 76.3 percent in 2012. The cost of governmental activities financed by users of the District's programs was \$6,352,093 for 2013 and \$5,068,821 for 2012. Federal and state governments subsidized certain programs with grants and contributions totaling \$9,267,676 for 2013 and \$9,004,757 for 2012. 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 are comprised of salary and benefit costs. Collective bargaining contracts have increased three percent or more each year regardless of the allowable growth increase. Allowable growth for fiscal years 2011, 2012, and 2013 were established by the State as 2%, 0%, and 2%, respectively.

For fiscal year 2013, the administration proposed and the Board approved a \$3.6 million budget reduction plan in addressing the financial challenges the District had been faced with for a number of years. The elimination of federal stimulus funds also played a large part in the reduction plan.

## Southeast Polk Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

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#### 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 position of \$95,039 for fiscal year 2013.
- 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 position of \$81,197.

#### 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 \$16,052,180, an increase of \$12,332,601 in comparison with the prior year fund balance of \$3,719,579. The unassigned fund balance is a deficit (\$244,848) for 2013 and deficit (\$3,827,114) for 2012. The majority of the remaining fund balance for 2013 is restricted to indicate that it is not available for new spending because it has already been restricted for other purposes, \$16,294,827.

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 (\$244,848) for 2013 and deficit (\$3,827,114) for 2012, while total fund balance reached \$1,158,803 for 2013 and deficit (\$2,107,592) for 2012. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned General Fund fund balance is deficit (0.40%) of total fund expenditures and total fund balance is 1.88% of total fund expenditures.

**Southeast Polk Community School District**

**Management’s Discussion and Analysis  
Year Ended June 30, 2013**

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The fund balance of the District’s General Fund increased by \$3,266,395 during June 30, 2013. Key factors in this increase are as follows:

- Use of the cash reserve levy in 2013.
- Planned budget reductions.
- Continued analysis of positions that become vacant due to resignation or retirement or newly proposed positions.

The Capital Projects Fund fund balance increased to \$9,260,416 in 2013 from \$894,891 in 2012. This increase is due to the District issuing \$10,000,000 in revenue bonds for capital facility construction.

The Debt Service Fund fund balance increased to \$4,364,262 in 2013 from \$3,922,021. 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	\$ 39,448,751	\$ 40,505,000	\$ 41,364,347	\$ (859,347)
Support services	24,327,190	21,800,795	22,114,628	(313,833)
Noninstructional programs	3,507,854	3,583,400	3,671,870	(88,470)
Other	11,992,096	13,857,137	13,993,408	(136,271)
<b>Total</b>	<b>\$ 79,275,891</b>	<b>\$ 79,746,332</b>	<b>\$ 81,144,253</b>	<b>\$ (1,397,921)</b>

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.

**Southeast Polk Community School District**

**Management’s Discussion and Analysis  
Year Ended June 30, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The following Table 4 shows ending balances of capital assets invested in various categories. The District recognized a total net decrease of \$1,614,068 for 2013. 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)

	2013	2012
Land	\$ 3,503,506	\$ 3,503,506
Construction-in-progress	1,336,994	463,669
Buildings	114,898,770	116,229,863
Land improvements	4,908,883	5,077,101
Machinery and equipment	5,705,085	6,693,167
<b>Total</b>	<b>\$ 130,353,238</b>	<b>\$ 131,967,306</b>

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

**Debt**

As of June 30, 2013, the Southeast Polk Community School District had bonds and capital loan notes outstanding totaling \$94,258,421 compared to \$88,569,562 as of June 30, 2012. In the current year, the District paid \$4,432,429 in principal and \$3,780,378 in interest on outstanding debt. The District issued \$10,000,000 in revenue bonds during the current year.

As of June 30, 2013, the District’s available legal debt margin was \$48,615,778 compared to \$48,444,171 as of June 30, 2012.

Figure A-9 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
General obligation bonds	\$ 47,105,000	\$ 49,325,000	-	-	\$ 47,105,000	\$ 49,325,000
Revenue bonds	44,983,105	36,276,817	-	-	44,983,105	36,276,817
Capital loan notes	2,170,316	2,967,745	-	-	2,170,316	2,967,745
Separation agreements	-	47,366	-	-	-	47,366
Net OPEB liability	3,973,632	3,105,973	191,600	100,027	4,165,232	3,206,000
Compensated absences	115,622	113,913	2,783	2,728	118,405	116,641
<b>Total</b>	<b>\$ 98,347,675</b>	<b>\$ 91,836,814</b>	<b>\$ 194,383</b>	<b>\$ 102,755</b>	<b>\$ 98,542,058</b>	<b>\$ 91,939,569</b>

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

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2013**

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#### **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 2012 to fiscal year 2013 was just under seven percent. The tax base is expected to continue to grow over the next five years.

The District's certified enrollment for fiscal year 2014 is 6,617 student FTEs. That is an increase of 218 students from the previous fiscal year. In a recent study by an independent demographer, the District's enrollment will continue to steadily increase over the next five years. There will be pockets of growth throughout the District. Some of the population pockets are causing a few elementary schools to be at or close to capacity. In response to the changing population trends, the District will be engaging in an attendance area adjustment plan beginning January 2014. The adjustment plan will help to alleviate the capacity pressures at Willowbrook, Delaware, and Four Mile Elementary Schools and more appropriately balance out enrollments in elementary building throughout the District.

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 net gain in open enrollment in and out is about seventy students in the fiscal year 2014.

The State ended fiscal year 2013 with a record surplus of over a \$1 billion, and more importantly, State revenues continue to grow. Through November 2013, State revenues have grown three percent more to-date when compared to the prior year. Legislators approved a two percent increase in allowable growth for fiscal year 2014 and a one-time two percent supplemental payment. Beginning fiscal year 2015, the term "allowable growth" is replaced with "supplemental state aid". Allowable growth is the factor in which the funding per student is calculated and is a funding with a mix of property taxes and state aid. Supplemental state aid will be funded with state dollars only and not local property taxes. For fiscal year 2015, supplemental state aid has been established at four percent.

Planned budget reductions for fiscal year 2013 have remained in effect for fiscal year 2014 with very few exceptions. Continued monitoring of personnel costs and departmental and building budgets will ensure that the District will have a positive solvency ratio by the end of fiscal year 2014, the first time in over a decade. Administration will work with the Board to establish an appropriate minimum solvency ratio target. This will help to ensure that the District lives within the means of its resources and financial stability is maintained for the future.

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2013**

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#### **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.

**Southeast Polk Community School District**

**Statement of Net Position  
June 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 22,355,796	\$ 1,002,361	\$ 23,358,157
Restricted cash, cash equivalents and investments	4,198,319	-	4,198,319
Receivables:			
Property taxes	29,738,736	-	29,738,736
Other	4,047,562	3,710	4,051,272
Prepaid expenses	2,201	91	2,292
Inventories	-	19,007	19,007
Internal balances	(113)	113	-
<b>Total current assets</b>	<b>60,342,501</b>	<b>1,025,282</b>	<b>61,367,783</b>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	3,503,506	-	3,503,506
Construction-in-progress	1,336,994	-	1,336,994
Depreciable:			
Buildings	143,050,831	-	143,050,831
Land improvements	8,450,926	-	8,450,926
Machinery and equipment	17,301,198	2,832,890	20,134,088
Accumulated depreciation	(44,501,673)	(1,621,434)	(46,123,107)
<b>Total noncurrent assets</b>	<b>129,141,782</b>	<b>1,211,456</b>	<b>130,353,238</b>
<b>Total assets</b>	<b>\$ 189,484,283</b>	<b>\$ 2,236,738</b>	<b>\$ 191,721,021</b>

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,626,077	59,689	2,685,766
Salaries and benefits payable	6,337,327	70,659	6,407,986
Claims payable	505,804	-	505,804
Unearned revenue	352,312	45,411	397,723
Compensated absences	115,622	2,783	118,405
General obligation bonds	2,380,000	-	2,380,000
Revenue bonds	2,065,000	-	2,065,000
Capital loan notes	803,796	-	803,796
Accrued interest payable	503,386	-	503,386
<b>Total current liabilities</b>	<b>15,689,324</b>	<b>178,542</b>	<b>15,867,866</b>
Noncurrent liabilities:			
General obligation bonds	44,725,000	-	44,725,000
Revenue bonds	42,918,105	-	42,918,105
Capital loan notes	1,366,520	-	1,366,520
Net OPEB liability	3,973,632	191,600	4,165,232
<b>Total noncurrent liabilities</b>	<b>92,983,257</b>	<b>191,600</b>	<b>93,174,857</b>
<b>Total liabilities</b>	<b>108,672,581</b>	<b>370,142</b>	<b>109,042,723</b>
<b>Deferred inflows of resources</b> , unavailable revenue	29,542,169	-	29,542,169
<b>Net Position</b>			
Net investment in capital assets	47,266,705	1,211,456	48,478,161
Restricted for:			
Categorical funding	1,401,800	-	1,401,800
Physical plant and equipment levy	186,977	-	186,977
School infrastructure	574,885	-	574,885
Debt service	328,293	-	328,293
Management levy	905,028	-	905,028
Student activities	363,321	-	363,321
Unrestricted	242,524	655,140	897,664
<b>Total net position</b>	<b>\$ 51,269,533</b>	<b>\$ 1,866,596</b>	<b>\$ 53,136,129</b>

**Southeast Polk Community School District**

**Statement of Activities  
Year Ended June 30, 2013**

	Functions/Programs	Expenses
Primary Government:		
Governmental activities:		
Instruction		\$ 41,984,675
Support services		23,267,847
Noninstructional programs		595
AEA flowthrough		2,350,017
Depreciation (unallocated)		3,213,866
Interest on long-term debt		4,023,682
<b>Total governmental activities</b>		<u>74,840,682</u>
Business-type activities:		
School nutrition		3,661,721
Community service		54,131
School store		402,962
<b>Total business-type activities</b>		<u>4,118,814</u>
<b>Total primary government</b>		<u>\$ 78,959,496</u>

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  
 Gain on sale of capital assets  
     **Total general revenues**

**Change in net position**

Net position, beginning of year  
 Net position, end of year

See Notes to Basic Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 6,083,497	\$ 5,593,206	\$ -	\$ (30,307,972)	\$ -	\$ (30,307,972)
268,596	1,174,453	150,000	(21,674,798)	-	(21,674,798)
-	-	-	(595)	-	(595)
-	2,350,017	-	-	-	-
-	-	-	(3,213,866)	-	(3,213,866)
-	-	-	(4,023,682)	-	(4,023,682)
6,352,093	9,117,676	150,000	(59,220,913)	-	(59,220,913)
2,132,088	1,435,208	-	-	(94,425)	(94,425)
72,292	-	-	-	18,161	18,161
321,622	-	-	-	(81,340)	(81,340)
2,526,002	1,435,208	-	-	(157,604)	(157,604)
\$ 8,878,095	\$ 10,552,884	\$ 150,000	(59,220,913)	(157,604)	(59,378,517)
			20,157,531	-	20,157,531
			7,612,752	-	7,612,752
			1,618,296	-	1,618,296
			5,404,834	-	5,404,834
			30,131,357	-	30,131,357
			10,085	937	11,022
			31,853	-	31,853
			64,966,708	937	64,967,645
			5,745,795	(156,667)	5,589,128
			45,523,738	2,023,263	47,547,001
			\$ 51,269,533	\$ 1,866,596	\$ 53,136,129

**Southeast Polk Community School District**

**Balance Sheet  
Governmental Funds  
June 30, 2013**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash, cash equivalents and investments	\$ 7,650,554	\$ 9,532,646	\$ 134,825	\$ 1,347,706	\$ 18,665,731
Restricted cash, cash equivalents and investments	-	-	4,198,319	-	4,198,319
Receivables:					
Property taxes	21,810,169	1,665,652	4,484,925	1,777,990	29,738,736
Income surtax	1,502,778	-	-	-	1,502,778
Due from other governments	1,389,346	1,129,086	-	-	2,518,432
Other	94	-	-	-	94
Due from other funds	138,724	7,677	-	1,939	148,340
Prepaid items	1,851	-	-	350	2,201
<b>Total assets</b>	<b>\$ 32,493,516</b>	<b>\$ 12,335,061</b>	<b>\$ 8,818,069</b>	<b>\$ 3,127,985</b>	<b>\$ 56,774,631</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 1,488,620	\$ 1,068,884	\$ -	\$ 68,573	\$ 2,626,077
Salaries and benefits payable	6,325,668	1,804	-	9,855	6,337,327
Due to other funds	13,305	77,199	-	136	90,640
Unearned revenue	337,672	-	-	14,640	352,312
<b>Total liabilities</b>	<b>8,165,265</b>	<b>1,147,887</b>	<b>-</b>	<b>93,204</b>	<b>9,406,356</b>
Deferred Inflows of Resources, unavailable revenue:					
Succeeding year property tax	21,666,670	1,655,610	4,453,807	1,766,082	29,542,169
Income surtax	1,502,778	-	-	-	1,502,778
Sales and services tax	-	271,148	-	-	271,148
<b>Total deferred inflows of resources</b>	<b>23,169,448</b>	<b>1,926,758</b>	<b>4,453,807</b>	<b>1,766,082</b>	<b>31,316,095</b>
Fund balances:					
Nonspendable, prepaid items	1,851	-	-	350	2,201
Restricted for:					
Categorical funding	1,401,800	-	-	-	1,401,800
Physical plant and equipment	-	186,977	-	-	186,977
School infrastructure	-	9,073,439	-	-	9,073,439
Debt service	-	-	4,364,262	-	4,364,262
Management levy	-	-	-	905,028	905,028
Student activities	-	-	-	363,321	363,321
Unassigned	(244,848)	-	-	-	(244,848)
<b>Total fund balances</b>	<b>1,158,803</b>	<b>9,260,416</b>	<b>4,364,262</b>	<b>1,268,699</b>	<b>16,052,180</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 32,493,516</b>	<b>\$ 12,335,061</b>	<b>\$ 8,818,069</b>	<b>\$ 3,127,985</b>	<b>\$ 56,774,631</b>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2013**

---

Total fund balances		\$ 16,052,180
Amounts reported for governmental activities in the statement of net position 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		129,141,782
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 unavailable in the funds		1,773,926
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 position:		
Other current assets	3,716,323	
Other current liabilities	<u>(567,002)</u>	3,149,321
Internal Service funds allocated to business-type activities		3,385
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable	(503,386)	
Compensated absences	(115,622)	
General obligation bonds, current	(2,380,000)	
General obligation bonds, noncurrent	(44,725,000)	
Premium on revenue bond issuance	(153,105)	
Revenue bonds, current	(2,065,000)	
Revenue bonds, noncurrent	(42,765,000)	
Capital loan notes, current	(803,796)	
Capital loan notes, noncurrent	(1,366,520)	
Net OPEB liability	<u>(3,973,632)</u>	(98,851,061)
<b>Net position of governmental activities</b>		<u><u>\$ 51,269,533</u></u>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2013**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Property taxes and other local sources:					
Property taxes	\$ 20,157,531	\$ 1,550,257	\$ 4,389,787	\$ 1,672,708	\$ 27,770,283
Income surtax	1,556,060	-	-	-	1,556,060
Other local sources	604,716	31,565	-	212,852	849,133
Statewide sales and services tax	-	5,390,070	-	-	5,390,070
Student activities	21,618	-	-	1,024,227	1,045,845
Investment earnings	2,165	453	3,180	1,278	7,076
Tuition/transportation	3,117,484	-	-	-	3,117,484
State sources:					
State foundation aid	30,131,357	-	-	-	30,131,357
Other state sources	7,116,749	473	1,339	573	7,119,134
Federal sources	2,041,774	155,203	-	-	2,196,977
<b>Total revenues</b>	<b>64,749,454</b>	<b>7,128,021</b>	<b>4,394,306</b>	<b>2,911,638</b>	<b>79,183,419</b>
<b>Expenditures:</b>					
Current:					
Instruction	39,897,882	-	-	1,173,750	41,071,632
Support services:					
Student services	2,551,381	180,762	-	5,346	2,737,489
Instructional support	1,283,917	26,070	-	-	1,309,987
General administration	1,184,113	4,718	-	-	1,188,831
School administration	3,936,989	63,095	-	-	4,000,084
Business and central administration	2,338,845	897,292	207	1,109,425	4,345,769
Plant operation and maintenance	5,259,914	45,958	-	328,441	5,634,313
Student transportation	2,726,316	-	-	15,641	2,741,957
Noninstructional programs	-	-	-	595	595
Other:					
AEA support - direct to AEA	2,350,017	-	-	-	2,350,017
Capital outlay	-	3,184,608	-	-	3,184,608
Debt service:					
Principal	-	-	4,432,429	-	4,432,429
Interest and other charges	-	221,977	3,784,377	20,000	4,026,354
<b>Total expenditures</b>	<b>61,529,374</b>	<b>4,624,480</b>	<b>8,217,013</b>	<b>2,653,198</b>	<b>77,024,065</b>
<b>Excess (deficiency) of revenues under (over) expenditures</b>	<b>3,220,080</b>	<b>2,503,541</b>	<b>(3,822,707)</b>	<b>258,440</b>	<b>2,159,354</b>
Other financing sources (uses):					
Transfers in	-	-	4,264,948	-	4,264,948
Transfers (out)	-	(4,264,948)	-	-	(4,264,948)
Proceeds from sale of capital assets	46,315	-	-	-	46,315
Premium on issuance of debt	-	126,932	-	-	126,932
Issuance of revenue bonds	-	10,000,000	-	-	10,000,000
<b>Total other financing sources (uses)</b>	<b>46,315</b>	<b>5,861,984</b>	<b>4,264,948</b>	<b>-</b>	<b>10,173,247</b>
<b>Net change in fund balance</b>	<b>3,266,395</b>	<b>8,365,525</b>	<b>442,241</b>	<b>258,440</b>	<b>12,332,601</b>
Fund balances, beginning of year	(2,107,592)	894,891	3,922,021	1,010,259	3,719,579
Fund balances, end of year	\$ 1,158,803	\$ 9,260,416	\$ 4,364,262	\$ 1,268,699	\$ 16,052,180

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, 2013**

Net change in fund balances - total governmental funds		\$ 12,332,601
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	2,969,980	
Depreciation expense by function:		
Instruction	(369,253)	
Support services	(848,908)	
Unallocated	(3,213,866)	(1,462,047)
Proceeds from sale of capital assets	(46,315)	
Gain on sale of capital assets	31,853	(14,462)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Intergovernmental	(48,435)	
Sales tax	14,764	
Income surtax	62,236	28,565
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 position, while the repayment of long-term debt reduces long-term liabilities.		
In the statement of activities, interest is accrued on outstanding 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	(10,000,000)	
Repayment of bonds and loans principal	4,432,429	
Premium on issuance	(126,932)	
Amortization of premium	5,644	
Interest	(2,972)	(5,691,831)
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.		1,376,345
Change in internal service funds allocation to business-type activities		(1,374)
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	(1,709)	
Change in liability for separation agreements, support services	47,366	
Change in liability for net OPEB liability:		
Instruction	(563,978)	
Support services	(303,681)	(822,002)
<b>Change in net position of governmental activities</b>		<u>\$ 5,745,795</u>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Net Position  
Proprietary Funds  
June 30, 2013**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and investments	\$ 1,002,361	\$ 3,690,065
Prepaid expenses	91	-
Due from other governments	3,710	-
Due from other funds	3,936	-
Other receivables	-	26,258
Inventories	19,007	-
<b>Total current assets</b>	<b>1,029,105</b>	<b>3,716,323</b>
Noncurrent assets:		
Capital assets:		
Machinery and equipment	2,832,890	-
Less accumulated depreciation	(1,621,434)	-
<b>Total noncurrent assets</b>	<b>1,211,456</b>	<b>-</b>
<b>Total assets</b>	<b>2,240,561</b>	<b>3,716,323</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	59,689	-
Salaries and benefits payable	70,659	-
Compensated absences	2,783	-
Claims payable	-	505,804
Due to other funds	438	61,198
Unearned revenues	45,411	-
<b>Total current liabilities</b>	<b>178,980</b>	<b>567,002</b>
Long-term liabilities, net OPEB liability	191,600	-
<b>Total liabilities</b>	<b>370,580</b>	<b>567,002</b>
<b>Net Position</b>		
Net investment in capital assets	1,211,456	-
Unrestricted	658,525	3,149,321
<b>Total net position</b>	<b>\$ 1,869,981</b>	<b>\$ 3,149,321</b>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Reconciliation of Enterprise Funds Net Position to the Net Position of  
Business-Type Activities**

**June 30, 2013**

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Total enterprise funds net position \$ 1,869,981

Amounts reported for business-type activities in the statement of net position are different because internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Fund is included in governmental activities in the statement of net position.

(3,385)

**Net position of business-type activities**

\$ 1,866,596

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2013**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenues:		
Food sales	\$ 2,120,345	\$ -
Charges for services	405,657	8,015,935
<b>Total operating revenues</b>	<b>2,526,002</b>	<b>8,015,935</b>
Operating expenses:		
Salaries	1,110,552	-
Employee benefits	557,280	-
Purchased services	88,697	512,406
Food consumed	1,647,587	-
Supplies	482,000	-
Depreciation	201,651	-
Claims and administration	-	6,130,193
Other	31,895	-
<b>Total operating expenses</b>	<b>4,119,662</b>	<b>6,642,599</b>
<b>Operating income (loss)</b>	<b>(1,593,660)</b>	<b>1,373,336</b>
Nonoperating revenues (expenses):		
Federal food commodities	213,022	-
Federal appropriations	1,194,985	-
State appropriations	27,201	-
Interest	937	3,009
Loss on sale of capital assets	(526)	-
<b>Total nonoperating revenues (expenses)</b>	<b>1,435,619</b>	<b>3,009</b>
<b>Change in net position</b>	<b>(158,041)</b>	<b>1,376,345</b>
Net position, beginning of year	2,028,022	1,772,976
Net position, end of year	<b>\$ 1,869,981</b>	<b>\$ 3,149,321</b>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Reconciliation of the Change in Net Position of Enterprise Funds to the  
Statement of Activities  
Year Ended June 30, 2013**

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Net changes in net position in enterprise funds \$ (158,041)

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.

1,374

**Change in net position of business-type activities**

\$ (156,667)

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2013**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from financing activities:		
Receipts from customers and users	\$ 2,537,427	7,989,677
Payments to suppliers	(2,008,638)	(6,736,795)
Payments to employees	(1,575,905)	-
<b>Net cash provided by (used in) operating activities</b>	<b>(1,047,116)</b>	<b>1,252,882</b>
Cash flows from noncapital financial activities:		
Federal and state appropriations received	1,220,323	-
Payments to other funds	(3,936)	-
Proceeds from other funds	438	61,198
<b>Net cash provided by noncapital financing activities</b>	<b>1,216,825</b>	<b>61,198</b>
Cash flows from capital and related financing activities, purchase of capital assets	(64,618)	-
Cash flows from investing activities, interest received	937	3,009
<b>Net increase in cash and cash equivalents</b>	<b>106,028</b>	<b>1,317,089</b>
Cash and cash equivalents, beginning of year	896,333	2,372,976
Cash and cash equivalents, end of year	<b>\$ 1,002,361</b>	<b>\$ 3,690,065</b>

(Continued)

**Southeast Polk Community School District**

**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended June 30, 2013**

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	(1,593,660)	1,373,336
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	201,651	-
Federal food commodities used	213,022	-
Change in assets and liabilities:		
Receivables	-	(26,258)
Prepaid expenses	(69)	-
Inventories	15,932	-
Accounts payable	12,656	-
Salaries and benefits payable	299	-
Compensated absences	55	-
Claims payable	-	(94,196)
Unearned revenue	11,425	-
Net OPEB liability	91,573	-
<b>Net cash (used in) operating activities</b>	<b>\$ (1,047,116)</b>	<b>\$ 1,252,882</b>
Schedule of noncash items:		
Noncapital financing activities, federal commodities	\$ 213,022	\$ -

See Notes to Financial Statements.

**Southeast Polk Community School District**

**Statement of Fiduciary Net Position**

**Fiduciary Funds**

**June 30, 2013**

---

	Private Purpose	
	Trust	Agency
<b>Assets</b>		
Cash, cash equivalents and investments	\$ 590,150	\$ 206,093
Receivables, accrued interest	982	35
Total assets	<u>591,132</u>	<u>206,128</u>
<b>Liabilities and Net Position</b>		
Accounts payable	\$ -	\$ 20,078
Due to groups	-	186,050
Total liabilities	<u>-</u>	<u>206,128</u>
<b>Net Position</b>		
Restricted	<u>\$ 591,132</u>	

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Changes in Fiduciary Net Position**

**Fiduciary Funds**

**June 30, 2013**

---

	Private Purpose Trust
Additions:	
Local sources:	
Gifts and contributions	\$ 30,722
Interest income	3,830
<b>Total revenues</b>	<u>34,552</u>
Deductions:	
Current:	
Instruction	
Scholarships awarded	36,000
Supplies	1,863
<b>Total expenditures</b>	<u>37,863</u>
<b>Change in net position</b>	(3,311)
Net position, beginning of year	594,443
Net position, end of year	<u>\$ 591,132</u>

See Notes to Basic Financial Statements

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## **Southeast Polk Community School District**

### **Notes to Basic Financial Statements Year Ended June 30, 2013**

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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 position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

---

#### 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 position 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 position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets:* 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 position:* Result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position:* Consist of net position that does not meet the definition of the preceding categories. Unrestricted net position often has 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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#### 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 deferred outflows and liabilities and deferred inflows 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.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

---

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

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

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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#### 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 2012 based on 2011 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 position 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.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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**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 position.

**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

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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#### 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.

**Unearned revenue:** Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises monies are received by the District which are not yet earned. Unearned revenue consists primarily of school textbook rental fees and food service deposits collected for the programs and services in the next school year.

**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.

**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.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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

**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 position. Bond premiums and discounts 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.

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

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned funds and then unassigned.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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

**Deferred outflows/inflows of resources:** In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District does not have deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue in the governmental funds balance sheet from the statewide sales and services tax, income surtax, and property tax. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the succeeding year property tax revenues remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which levied.

**Net position:** In proprietary funds, fiduciary funds, and government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds of \$12,383,344. Net position is 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 position restricted through enabling legislation consists of \$186,977 for physical plant and equipment levy, \$574,885 for statewide sales and services tax, and \$905,028 for management levy. All other restricted net position consists of \$1,401,800 for categorical funding, \$328,293 for required bond reserves and \$363,321 for student activities and are restricted by grantors, bond covenants and donors.

**Net position flow assumption:** Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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

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

As of June 30, 2013, the District had the following investments:

	Fair Value/ Amortized Cost	Maturity
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 14,262,443	N/A
The Education Liquidity Fund, Diversified Portfolio	1,407,508	N/A
	<u>\$ 15,669,951</u>	

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.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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

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 AAAM 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.

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, 2013 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.

#### Note 4. Interfund Transfers and Balances

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

	Transfers In	Transfers Out
Major funds:		
Capital Projects Fund	\$ -	\$ 4,264,948
Debt Service Fund	4,264,948	-
	<u>\$ 4,264,948</u>	<u>\$ 4,264,948</u>

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

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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**Note 4. Interfund Transfers and Balances (Continued)**

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

	Due From	Due To
Governmental activities:		
General Fund	\$ 138,724	\$ 13,305
Capital Projects Fund	7,677	77,199
Nonmajor governmental funds	1,939	136
Internal service funds	-	61,198
Total governmental activities	<u>148,340</u>	<u>151,838</u>
Business-type activities, nonmajor funds	<u>3,936</u>	<u>438</u>
	<u>\$ 152,276</u>	<u>\$ 152,276</u>

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

**Note 5. Capital Assets**

Capital asset activity of the business-type activities for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Business-type activities:				
Capital assets, being depreciated, machinery and equipment	\$ 2,782,350	\$ 64,618	\$ 14,078	\$ 2,832,890
Accumulated depreciation, machinery and equipment	<u>1,433,335</u>	<u>201,651</u>	<u>13,552</u>	<u>1,621,434</u>
<b>Total capital assets, being depreciated,     net</b>	<u>\$ 1,349,015</u>	<u>\$ (137,033)</u>	<u>\$ 526</u>	<u>\$ 1,211,456</u>

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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

Capital asset activity of the governmental activities for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,503,506	\$ -	\$ -	\$ 3,503,506
Construction-in-progress	463,669	2,565,646	1,692,321	1,336,994
<b>Total capital assets, not being depreciated</b>	<b>3,967,175</b>	<b>2,565,646</b>	<b>1,692,321</b>	<b>4,840,500</b>
Capital assets, being depreciated:				
Buildings	141,586,739	1,464,092	-	143,050,831
Land improvements	8,259,255	191,671	-	8,450,926
Machinery and equipment	17,547,911	440,892	687,605	17,301,198
<b>Total capital assets, being depreciated</b>	<b>167,393,905</b>	<b>2,096,655</b>	<b>687,605</b>	<b>168,802,955</b>
Accumulated depreciation:				
Buildings	25,356,876	2,795,185	-	28,152,061
Land improvements	3,182,154	359,889	-	3,542,043
Machinery and equipment	12,203,759	1,276,953	673,143	12,807,569
<b>Total accumulated depreciation</b>	<b>40,742,789</b>	<b>4,432,027</b>	<b>673,143</b>	<b>44,501,673</b>
<b>Total capital assets, being depreciated, net</b>	<b>126,651,116</b>	<b>(2,335,372)</b>	<b>14,462</b>	<b>124,301,282</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 130,618,291</b>	<b>\$ 230,274</b>	<b>\$ 1,706,783</b>	<b>\$ 129,141,782</b>

Depreciation was charged to the functions as follows:

Governmental activities:	
Instruction	\$ 369,253
Support services	848,908
Unallocated	3,213,866
<b>Total depreciation expense, governmental activities</b>	<b>\$ 4,432,027</b>
Business-type activities, school nutrition	<b>\$ 201,651</b>

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2013**

**Note 6. Long-term Debt**

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

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Balances Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 49,325,000	\$ -	\$ 2,220,000	\$ 47,105,000	\$ 2,380,000
Revenue bonds	36,245,000	10,000,000	1,415,000	44,830,000	2,065,000
Premium on revenue bonds	31,817	126,932	5,644	153,105	-
Capital loan notes	2,967,745	-	797,429	2,170,316	803,796
Separation agreements	47,366	-	47,366	-	-
Net OPEB liability	3,105,973	867,659	-	3,973,632	-
Compensated absences	113,913	115,622	113,913	115,622	115,622
<b>Total</b>	<b>\$ 91,836,814</b>	<b>\$ 11,110,213</b>	<b>\$ 4,599,352</b>	<b>\$ 98,347,675</b>	<b>\$ 5,364,418</b>
<b>Business-type activities,</b>					
Compensated absences	\$ 2,728	\$ 2,783	\$ 2,728	\$ 2,783	\$ 2,783
Net OPEB liability	100,027	91,573	-	191,600	-
	<b>\$ 102,755</b>	<b>\$ 94,356</b>	<b>\$ 2,728</b>	<b>\$ 194,383</b>	<b>\$ 2,783</b>

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 was paid during the year ended June 30, 2013 by the special revenue, Management Fund.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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**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
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	4.50	2,475,000	1,206,675	3,681,675
2019-2023	4.50	14,140,000	4,259,700	18,399,700
2024-2026	4.50	10,200,000	935,775	11,135,775
<b>Totals</b>		<b>\$ 35,700,000</b>	<b>\$ 12,245,388</b>	<b>\$ 47,945,388</b>

Year ending June 30:	Interest Rates	\$5,500,000 Issued May 1, 2007		
		Principal	Interest	Total
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	3.875	210,000	170,518	380,518
2019-2023	3.875-4.00	1,195,000	721,180	1,916,180
2024-2027	4.00-4.100	2,800,000	388,680	3,188,680
<b>Totals</b>		<b>\$ 4,965,000</b>	<b>\$ 2,041,486</b>	<b>\$ 7,006,486</b>

Year ending June 30:	Interest Rates	\$7,000,000 Issued May 1, 2008		
		Principal	Interest	Total
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	4.00	210,000	229,200	439,200
2019-2023	4.00	1,180,000	1,013,200	2,193,200
2024-2028	4.00	4,340,000	684,600	5,024,600
<b>Totals</b>		<b>\$ 6,440,000</b>	<b>\$ 2,941,025</b>	<b>\$ 9,381,025</b>

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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#### 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.
- On February 28, 2013, the District issued \$10,000,000 in revenue bonds for capital facility construction. The bonds bear interest at rates ranging from 2.00 to 2.80 percent and mature on June 1, 2029.

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 \$62,158,490. During the year ended June 30, 2013, principal and interest of \$2,996,624 was paid on the bonds and statewide sales, services and use tax revenues were \$5,390,070.

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

- \$3,870,026 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. As of June 30, 2013, the reserve account balance was \$3,873,150.
- All proceeds from the statewide sales, services and use tax shall be placed in a revenue account. 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, 1/6<sup>th</sup> of the next interest payment and 1/12<sup>th</sup> of the next principal payment are to be deposited in to the sinking account. As of June 30, 2013, the sinking fund account balance was \$325,169.
- Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

#### Note 6 Long-Term Debt (Continued)

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

Year ending June 30:	Issued April 1, 2009			Issued October 1, 2010		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 1,210,000	\$ 1,264,456	\$ 2,474,456	\$ 255,000	\$ 225,775	\$ 480,775
2015	1,260,000	1,216,056	2,476,056	265,000	218,125	483,125
2016	1,305,000	1,165,656	2,470,656	270,000	210,175	480,175
2017	1,360,000	1,113,456	2,473,456	280,000	202,075	482,075
2018	1,415,000	1,059,056	2,474,056	290,000	193,675	483,675
2019-2023	8,075,000	4,296,506	12,371,506	1,575,000	826,313	2,401,313
2024-2028	10,220,000	2,217,875	12,437,875	1,890,000	530,363	2,420,363
2029-2030	2,365,000	124,163	2,489,163	1,575,000	86,000	1,661,000
<b>Totals</b>	<b>\$ 27,210,000</b>	<b>\$ 12,457,224</b>	<b>\$ 39,667,224</b>	<b>\$ 6,400,000</b>	<b>\$ 2,492,501</b>	<b>\$ 8,892,501</b>

Year ending June 30:	Issued April 26, 2012			Issued February 28, 2013		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 125,000	\$ 35,128	\$ 160,128	\$ 475,000	\$ 267,517	\$ 742,517
2015	130,000	31,378	161,378	535,000	214,468	749,468
2016	135,000	26,178	161,178	545,000	203,768	748,768
2017	130,000	23,478	153,478	555,000	192,868	747,868
2018	135,000	20,228	155,228	565,000	181,768	746,768
2019-2023	565,000	42,210	607,210	3,035,000	733,938	3,768,938
2024-2028	-	-	-	3,510,000	383,998	3,893,998
2029	-	-	-	780,000	21,840	801,840
<b>Totals</b>	<b>\$ 1,220,000</b>	<b>\$ 178,600</b>	<b>\$ 1,398,600</b>	<b>\$ 10,000,000</b>	<b>\$ 2,200,165</b>	<b>\$ 12,200,165</b>

**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.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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

- \$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.

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

Year Ending June 30:	Principal	Interest	Total
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	78,500		
2019	78,500	-	78,500
<b>Totals</b>	\$ 2,170,316	\$ 51,189	\$ 2,143,005

As of June 30, 2013, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 2,857,483,983</u>
Debt limit, 5% of total assessed valuation	\$ 142,874,199
Amount of debt applicable to debt limit, total indebtedness	<u>94,258,421</u>
<b>Excess of debt limit over debt outstanding, legal debt margin</b>	<u><u>\$ 48,615,778</u></u>

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.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2013**

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

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25<sup>th</sup> 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 2012-2013 warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The warrants matured on June 30, 2013.

As summary of the District’s ISCAP activity for the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Advances Received	Advances Repaid	Balance June 30, 2013
Series 2012-2013	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -

During the year ended June 30, 2013, the District paid \$64,857 of interest on the ISCAP warrants.

On April 30, 2013, the District was approved for ISCAP Series 2013-2014 for \$6,343,000 in anticipation of cash deficits during the next fiscal year. The Board approved the Series 2013-2014 on May 2, 2013, and the issuance occurred on June 26, 2013. The interest rate on the Series 2013-2014 warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The warrants mature on June 30, 2014. As of June 30, 2013, none of issuance had been drawn. However, the District withdrew \$2,000,000 on the warrant subsequent to year-end as follows: \$1,000,000 on August 27, 2013, \$750,000 on September 10, 2013, and \$250,000 on October 8, 2013.

**Note 7. Other Postemployment Benefits**

Plan Description: The District operates a single-employer retiree benefit plan which provides health benefits, including prescription drugs, and dental benefits for retirees and their spouses and dependents. There are 629 active and 56 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 health/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.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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#### Note 7. Other Postemployment Benefits (Continued)

The District also has early retirement policies in place for employees. Certified 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.

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.

The following table shows the components of the District's annual OPEB cost for June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution, ARC	\$ 1,530,967
Interest on net OPEB obligation	144,270
Adjustment to annual required contribution	<u>(127,940)</u>
Annual OPEB cost	1,547,297
Contributions made	<u>588,065</u>
Increase in net OPEB obligation	959,232
Net OPEB obligation beginning of year	<u>3,206,000</u>
Net OPEB obligation end of year	<u><u>\$ 4,165,232</u></u>

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, 2013.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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#### Note 7. Other Postemployment Benefits (Continued)

For the year ended June 30, 2013, the District contributed \$588,065 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, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 1,423,000	23.8%	\$ 2,134,689
June 30, 2012	1,471,887	27.2%	3,206,000
June 30, 2013	1,547,297	38.0%	4,165,232

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$13,781,810 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$138,781,810. The covered payroll (annual payroll of active employees covered by the plan) was \$28,202,660, and the ratio of the UAAL to the covered payroll was 48.9 percent. As of June 30, 2013, there were no trust fund assets.

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, 2012 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 9.5 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.

## **Southeast Polk Community School District**

### **Notes to Basic Financial Statements Year Ended June 30, 2013**

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#### **Note 7. Other Postemployment Benefits (Continued)**

Mortality rates are from the RP2000 Combined Healthy Generational Mortality Table. Annual retirement and termination probabilities were developed from the Iowa Public Employees' Retirement System Actuarial Valuation Report as of June 30, 2011 and applying termination factors used in the Iowa Public Employees' Retirement System Actuarial report as of June 30, 2011.

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 5.78 percent of their annual salary and the District is required to contribute 8.67 percent of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$3,436,970, \$3,164,198 and \$2,729,030 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 \$110,000 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.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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**Note 9. Risk Management (Continued)**

Changes in the balances of claims payable during the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Claims payable, beginning of year	\$ 600,000	\$ 832,095
Incurred claims (including IBNR and changes in estimates)	5,761,747	5,596,746
Claim payments	5,855,943	5,828,841
Claims payable, end of year	<u>\$ 505,804</u>	<u>\$ 600,000</u>

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, and media and educational services provided through the local area education agency. The District's actual amount for this purpose totaled \$2,350,017 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**Note 11. Contingencies**

As of June 30, 2013, 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, 2013. The construction commitments for these projects are as follows:

Construction Project	Contract Commitment	Remaining Balance
District-wide network switches and telephones	\$ 729,657	\$ 86,456
Mitchellville Elementary remodel and addition	8,006,030	7,677,960
High school parking expansion	606,302	493,360
Accounting/HR software purchase and implementation	234,940	234,940
	<u>\$ 9,576,929</u>	<u>\$ 8,492,716</u>

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2013**

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**Note 13 Restricted Categorical Funding**

The District’s fund balance restricted for categorical funding as of June 30, 2013 is comprised of the following programs:

<u>Program:</u>	<u>Amount</u>
Home School Assistance	\$ 40,126
At-Risk Supplemental Weighting	216,933
Talented and Gifted	49,540
Dropout Prevention	149,021
Statewide Preschool	179,410
Teacher Mentoring	36,558
Teacher Salary Supplement	258,676
Iowa Early Intervention Grant	16,961
Empowerment	9,760
Core Curriculum	187,706
Professional Development	257,109
	<u>\$ 1,401,800</u>

**Note 14. New Governmental Accounting Standards Board (GASB) Statements**

The District adopted the following statements during the year ended June 30, 2013:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. 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*. 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*. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. 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.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2013

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#### **Note 14. New Governmental Accounting Standards Board (GASB) Statements (continued)**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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.

The implementation of the above statements did not have a material impact to the District's financial statements other than GASB Statement No. 63 and No. 65. The adoption of these statements changed the presentation of the basic financial statements to a statement of net position format.

As of June 30, 2013, 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. 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).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, is effective for the District beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

## **Southeast Polk Community School District**

### **Notes to Basic Financial Statements Year Ended June 30, 2013**

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#### **Note 14. New Governmental Accounting Standards Board (GASB) Statements (continued)**

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, is effective for the District beginning with its year ending June 30, 2014. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

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

## **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, 2013**

	Governmental Funds - Actual	Enterprise Fund - Actual	Total Actual
Revenues:			
Local sources	\$ 39,735,951	\$ 2,526,939	\$ 42,262,890
State sources	37,250,491	27,201	37,277,692
Federal sources	2,196,977	1,408,007	3,604,984
<b>Total revenues</b>	<b>79,183,419</b>	<b>3,962,147</b>	<b>83,145,566</b>
Expenditures/expenses:			
Instruction	41,071,632	292,715	41,364,347
Support services	21,958,430	156,198	22,114,628
Noninstructional programs	595	3,671,275	3,671,870
Other expenditures	13,993,408	-	13,993,408
<b>Total expenditures/expenses</b>	<b>77,024,065</b>	<b>4,120,188</b>	<b>81,144,253</b>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<b>2,159,354</b>	<b>(158,041)</b>	<b>2,001,313</b>
Other financing sources (uses):			
Transfers in	4,264,948	-	4,264,948
Transfers (out)	(4,264,948)	-	(4,264,948)
Sale of capital assets	46,315	-	46,315
Premium on issuance of debt	126,932	-	126,932
Issuance of revenue bonds	10,000,000	-	10,000,000
<b>Total other financing sources (uses)</b>	<b>10,173,247</b>	<b>-</b>	<b>10,173,247</b>
<b>Net change in fund balance</b>	<b>12,332,601</b>	<b>(158,041)</b>	<b>12,174,560</b>
Balance, beginning of year	3,719,579	2,028,022	5,747,601
Balance, end of year	\$ 16,052,180	\$ 1,869,981	\$ 17,922,161

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual	
Original	Final	Variance	
\$ 42,492,290	\$ 42,492,290	\$	(229,400)
37,661,626	37,661,626		(383,934)
3,194,625	3,194,625		410,359
<u>83,348,541</u>	<u>83,348,541</u>		<u>(202,975)</u>
39,448,751	40,505,000		(859,347)
24,327,190	21,800,795		(313,833)
3,507,854	3,583,400		(88,470)
11,992,096	13,857,137		(136,271)
<u>79,275,891</u>	<u>79,746,332</u>		<u>(1,397,921)</u>
4,072,650	3,602,209		(1,600,896)
4,001,691	4,001,691		263,257
(4,075,929)	(4,075,929)		(189,019)
43,370	43,370		2,945
-	-		126,932
<u>1,220,000</u>	<u>1,220,000</u>		<u>8,780,000</u>
<u>1,189,132</u>	<u>1,189,132</u>		<u>8,984,115</u>
5,261,782	4,791,341		7,383,219
5,747,601	5,747,601		-
<u>\$ 11,009,383</u>	<u>\$ 10,538,942</u>	<u>\$</u>	<u>7,383,219</u>

## **Southeast Polk Community School District**

### **Note to Required Supplementary Information – Budgetary Reporting Year Ended June 30, 2013**

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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.

During the year ended June 30, 2013, the District exceeded budgeted expenditures in all four functional areas. The District amended the budget by \$470,441 during the year ended June 30, 2013 primarily for capital construction.

**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)
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%
2013	7/1/2012	-	13,782	13,782	0.00%	28,203	48.87%

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, 2013**

	Special Revenue		Total
	Management	Student Activity	
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 899,735	\$ 447,971	\$ 1,347,706
Receivables:			
Property taxes	1,777,990	-	1,777,990
Due from other funds	-	1,939	1,939
Prepaid items	-	350	350
<b>Total assets</b>	<b>\$ 2,677,725</b>	<b>\$ 450,260</b>	<b>\$ 3,127,985</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 6,580	\$ 61,993	\$ 68,573
Salaries and benefits payable	35	9,820	9,855
Due to other funds	-	136	136
Unearned revenue	-	14,640	14,640
<b>Total liabilities</b>	<b>6,615</b>	<b>86,589</b>	<b>93,204</b>
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,766,082	-	1,766,082
Fund balances:			
Nonspendable, prepaid items	-	350	350
Restricted	905,028	363,321	1,268,349
<b>Total fund balances</b>	<b>905,028</b>	<b>363,671</b>	<b>1,268,699</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,677,725</b>	<b>\$ 450,260</b>	<b>\$ 3,127,985</b>

**Southeast Polk Community School District**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds**

**Year Ended June 30, 2013**

	Special Revenue		Total
	Management	Student Activity	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,672,708	\$ -	\$ 1,672,708
Other local sources	26,096	186,756	212,852
Student activities	-	1,024,227	1,024,227
Investment earnings	950	328	1,278
State sources, other state sources	573	-	573
<b>Total revenues</b>	<b>1,700,327</b>	<b>1,211,311</b>	<b>2,911,638</b>
Expenditures:			
Current:			
Instruction	723	1,173,027	1,173,750
Support services:			
Student services	198	5,148	5,346
General administration	-	-	-
Business and central administration	1,105,994	3,431	1,109,425
Plant operation and maintenance	328,441	-	328,441
Student transportation	4,410	11,231	15,641
Noninstructional programs	345	250	595
Debt service, other	20,000	-	20,000
<b>Total expenditures</b>	<b>1,460,111</b>	<b>1,193,087</b>	<b>2,653,198</b>
<b>Net change in fund balances</b>	<b>240,216</b>	<b>18,224</b>	<b>258,440</b>
Fund balances, beginning of year	664,812	345,447	1,010,259
Fund balances, end of year	\$ 905,028	\$ 363,671	\$ 1,268,699

**Southeast Polk Community School District**

**Schedule of Combining Balance Sheet-  
Capital Projects Fund, By Account  
June 30, 2013**

	Capital Projects Fund Accounts		
	Physical	Statewide	Total
	Plant and Equipment	Sales and Services Tax	
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 323,473	\$ 9,209,173	\$ 9,532,646
Receivables:			
Property taxes	1,665,652	-	1,665,652
Due from other governments	-	1,129,086	1,129,086
Due from other funds	-	7,677	7,677
<b>Total assets</b>	<b>\$ 1,989,125</b>	<b>\$ 10,345,936</b>	<b>\$ 12,335,061</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 69,339	\$ 999,545	\$ 1,068,884
Salaries and benefits payable	-	1,804	1,804
Due to other funds	77,199	-	77,199
<b>Total liabilities</b>	<b>146,538</b>	<b>1,001,349</b>	<b>1,147,887</b>
Deferred inflows of resources,			
unavailable revenue:			
Succeeding year property tax	1,655,610	-	1,655,610
Sales and services tax	-	271,148	271,148
<b>Total deferred inflows of resources</b>	<b>1,655,610</b>	<b>271,148</b>	<b>1,926,758</b>
Fund balances:			
Restricted for:			
Physical plant and equipment	186,977	-	186,977
School infrastructure	-	9,073,439	9,073,439
<b>Total fund balances</b>	<b>186,977</b>	<b>9,073,439</b>	<b>9,260,416</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,989,125</b>	<b>\$ 10,345,936</b>	<b>\$ 12,335,061</b>

**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, 2013**

	Capital Projects Fund Accounts		
	Physical	Statewide	Total
	Plant and Equipment	Sales and Services Tax	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,550,257	\$ -	\$ 1,550,257
Other local sources	20,050	11,515	31,565
Statewide sales and services tax	-	5,390,070	5,390,070
Investment earnings	-	453	453
State sources, other state sources	473	-	473
Federal sources	155,203	-	155,203
<b>Total revenues</b>	<b>1,725,983</b>	<b>5,402,038</b>	<b>7,128,021</b>
Expenditures:			
Current:			
Support services:			
Student services	-	180,762	180,762
Instructional support	26,070	-	26,070
General administration	-	4,718	4,718
School administration	-	63,095	63,095
Business and central administration	874,014	23,278	897,292
Plant operation and maintenance	41,964	3,994	45,958
Capital outlay	862,825	2,321,783	3,184,608
Debt service:			
Interest and fiscal charges	-	221,977	221,977
<b>Total expenditures</b>	<b>1,804,873</b>	<b>2,819,607</b>	<b>4,624,480</b>
<b>Excess (deficiency) of revenues under (over) expenditures</b>	<b>(78,890)</b>	<b>2,582,431</b>	<b>2,503,541</b>
Other financing sources (uses):			
Transfers (out)	(296,546)	(3,968,402)	(4,264,948)
Premium on issuance of debt	-	126,932	126,932
Issuance of revenue bonds	-	10,000,000	10,000,000
<b>Total other financing sources (uses)</b>	<b>(296,546)</b>	<b>6,158,530</b>	<b>5,861,984</b>
<b>Net change in fund balance</b>	<b>(375,436)</b>	<b>8,740,961</b>	<b>8,365,525</b>
Fund balances, beginning of year	562,413	332,478	894,891
Fund balances, end of year	\$ 186,977	\$ 9,073,439	\$ 9,260,416

**Southeast Polk Community School District**

**Combining Statement of Net Position**

**Nonmajor Enterprise Funds**

**June 30, 2013**

	School Nutrition	Community Service	School Store	Total
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments	506,143	\$ 95,350	\$ 400,868	\$ 1,002,361
Prepaid expenses	-	-	91	91
Due from other governments	3,710	-	-	3,710
Due from other funds	3,896	-	40	3,936
Inventories	19,007	-	-	19,007
<b>Total current assets</b>	<b>532,756</b>	<b>95,350</b>	<b>400,999</b>	<b>1,029,105</b>
Noncurrent assets, capital assets:				
Machinery and equipment	2,832,890	-	-	2,832,890
Less accumulated depreciation	(1,621,434)	-	-	(1,621,434)
<b>Total noncurrent assets</b>	<b>1,211,456</b>	<b>-</b>	<b>-</b>	<b>1,211,456</b>
<b>Total assets</b>	<b>\$ 1,744,212</b>	<b>\$ 95,350</b>	<b>\$ 400,999</b>	<b>\$ 2,240,561</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	14,553	-	45,136	59,689
Salaries and benefits payable	65,397	2,758	2,504	70,659
Compensated absences	2,783	-	-	2,783
Due to other funds	438	-	-	438
Unearned revenue	38,091	-	7,320	45,411
Long-term liabilities, net OPEB liability	191,600	-	-	191,600
<b>Total liabilities</b>	<b>312,862</b>	<b>2,758</b>	<b>54,960</b>	<b>370,580</b>
<b>Net Position</b>				
Net investment in capital assets	1,211,456	-	-	1,211,456
Unrestricted	219,894	92,592	346,039	658,525
<b>Total net position</b>	<b>\$ 1,431,350</b>	<b>\$ 92,592</b>	<b>\$ 346,039</b>	<b>\$ 1,869,981</b>

**Southeast Polk Community School District**

**Combining Statement of Revenues, Expenses and Changes in Net Position**

**Nonmajor Enterprise Funds**

**Year Ended June 30, 2013**

	School Nutrition	Community Service	School Store	Total
Operating revenues:				
Food sales	\$ 2,120,345	\$ -	\$ -	\$ 2,120,345
Other charges for services	11,743	72,292	321,622	405,657
<b>Total operating revenues</b>	<b>2,132,088</b>	<b>72,292</b>	<b>321,622</b>	<b>2,526,002</b>
Operating expenses:				
Salaries	1,041,436	46,306	22,810	1,110,552
Employee benefits	545,932	7,715	3,633	557,280
Purchased services	78,526	-	10,171	88,697
Food consumed	1,647,587	-	-	1,647,587
Supplies	147,437	-	334,563	482,000
Depreciation	201,651	-	-	201,651
Other	-	110	31,785	31,895
<b>Total operating expenses</b>	<b>3,662,569</b>	<b>54,131</b>	<b>402,962</b>	<b>4,119,662</b>
<b>Operating income (loss)</b>	<b>(1,530,481)</b>	<b>18,161</b>	<b>(81,340)</b>	<b>(1,593,660)</b>
Nonoperating revenues (expenses):				
Federal food commodities	213,022	-	-	213,022
Federal appropriations	1,194,985	-	-	1,194,985
State appropriations	27,201	-	-	27,201
Interest	760	34	143	937
Loss on sale of capital assets	(526)	-	-	(526)
<b>Total nonoperating revenues (expenses)</b>	<b>1,435,442</b>	<b>34</b>	<b>143</b>	<b>1,435,619</b>
<b>Changes in net position</b>	<b>(95,039)</b>	<b>18,195</b>	<b>(81,197)</b>	<b>(158,041)</b>
Net position, beginning	1,526,389	74,397	427,236	2,028,022
Net position, end of year	\$ 1,431,350	\$ 92,592	\$ 346,039	\$ 1,869,981

**Southeast Polk Community School District**

**Combining Statement of Cash Flows**

**Nonmajor Enterprise Funds**

**Year Ended June 30, 2013**

	School Nutrition	Community Service	School Store	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 2,139,163	\$ 72,292	\$ 325,972	\$ 2,537,427
Payments to suppliers	(1,657,394)	(3,310)	(347,934)	(2,008,638)
Payments to employees	(1,497,532)	(52,914)	(25,459)	(1,575,905)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,015,763)</b>	<b>16,068</b>	<b>(47,421)</b>	<b>(1,047,116)</b>
Cash Flows From Noncapital Financing Activities:				
Payments to other funds	(3,896)	-	(40)	(3,936)
Proceeds from other funds	438	-	-	438
Federal and state appropriations received	1,220,323	-	-	1,220,323
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>1,216,865</b>	<b>-</b>	<b>(40)</b>	<b>1,216,825</b>
Cash Flows From Capital and Related Financing Activities, purchases of capital assets	(64,618)	-	-	(64,618)
Cash Flows From Investing Activities, interest received	760	34	143	937
<b>Net change in cash and cash equivalents</b>	<b>137,244</b>	<b>16,102</b>	<b>(47,318)</b>	<b>106,028</b>
Cash and Cash Equivalents:				
Beginning of year	368,899	79,248	448,186	896,333
End of year	\$ 506,143	\$ 95,350	\$ 400,868	\$ 1,002,361

(Continued)

**Southeast Polk Community School District**

**Combining Statement of Cash Flows (Continued)**

**Nonmajor Enterprise Funds**

**Year Ended June 30, 2013**

	School Nutrition	Community Service	School Store	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (1,530,481)	\$ 18,161	\$ (81,340)	\$ (1,593,660)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	201,651	-	-	201,651
Federal food commodities used	213,022	-	-	213,022
Change in assets and liabilities:				
Prepaid expenses	-	-	(69)	(69)
Inventories	15,932	-	-	15,932
Accounts payable	(12,798)	(3,200)	28,654	12,656
Salaries and benefits payable	(1,792)	1,107	984	299
Compensated absences	55	-	-	55
Unearned revenue	7,075	-	4,350	11,425
Net OPEB liability	91,573	-	-	91,573
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,015,763)</b>	<b>\$ 16,068</b>	<b>\$ (47,421)</b>	<b>\$ (1,047,116)</b>
Schedule of Noncash Items:				
Noncapital financing activities, Federal commodities	\$ 213,022	\$ -	\$ -	\$ 213,022

**Southeast Polk Community School District**

**Combining Statement of Net Position**

**Internal Service Funds**

**June 30, 2013**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments	\$ 3,502,665	\$ 106,581	\$ 80,819	\$ 3,690,065
Receivables, other	26,258	-	-	26,258
<b>Total assets</b>	<b>3,528,923</b>	<b>106,581</b>	<b>80,819</b>	<b>3,716,323</b>
<b>Liabilities</b>				
Current liabilities:				
Claims payable	505,804	-	-	505,804
Due to other funds	61,198	-	-	61,198
<b>Total liabilities</b>	<b>567,002</b>	<b>-</b>	<b>-</b>	<b>567,002</b>
<b>Net Position</b>				
Unrestricted	\$ 2,961,921	\$ 106,581	\$ 80,819	\$ 3,149,321

**Southeast Polk Community School District**

**Combining Statement of Revenues, Expenses and Changes in Net Position**

**Internal Service Funds**

**Year Ended June 30, 2013**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Operating revenues:				
Charges for services	\$ 7,103,286	\$ 528,362	\$ 384,287	\$ 8,015,935
Operating expenses:				
Claims and administration	5,761,747	-	368,446	6,130,193
Purchased services	-	512,406	-	512,406
<b>Total operating expenses</b>	<b>5,761,747</b>	<b>512,406</b>	<b>368,446</b>	<b>6,642,599</b>
<b>Operating income</b>	<b>1,341,539</b>	<b>15,956</b>	<b>15,841</b>	<b>1,373,336</b>
Nonoperating revenues:				
Interest	2,767	147	95	3,009
<b>Changes in net position</b>	<b>1,344,306</b>	<b>16,103</b>	<b>15,936</b>	<b>1,376,345</b>
Net position, beginning	1,617,615	90,478	64,883	1,772,976
Net position, end of year	\$ 2,961,921	\$ 106,581	\$ 80,819	\$ 3,149,321

**Southeast Polk Community School District**

**Combining Statement of Cash Flows**

**Internal Service Funds**

**Year Ended June 30, 2013**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 7,077,028	\$ 528,362	\$ 384,287	\$ 7,989,677
Payments to suppliers	(5,855,943)	(512,406)	(368,446)	(6,736,795)
<b>Net cash provided by operating activities</b>	<b>1,221,085</b>	<b>15,956</b>	<b>15,841</b>	<b>1,252,882</b>
Cash Flows From Noncapital Financing Activities, Proceeds from other funds	61,198	-	-	61,198
Cash Flows From Investing Activities, interest received	2,767	147	95	3,009
<b>Net change in cash and cash equivalents</b>	<b>1,285,050</b>	<b>16,103</b>	<b>15,936</b>	<b>1,317,089</b>
Cash and Cash Equivalents:				
Beginning of year	2,217,615	90,478	64,883	2,372,976
End of year	\$ 3,502,665	\$ 106,581	\$ 80,819	\$ 3,690,065
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 1,341,539	\$ 15,956	\$ 15,841	\$ 1,373,336
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Accounts receivable	(26,258)	-	-	(26,258)
Claims payable	(94,196)	-	-	(94,196)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,221,085</b>	<b>\$ 15,956</b>	<b>\$ 15,841</b>	<b>\$ 1,252,882</b>

**Southeast Polk Community School District**

**Combining Statement of Fiduciary Net Position**

**Private Purpose Trust Funds**

**June 30, 2013**

	SEP			
	Dollars for			
	Scholars	Bud Keyes	Burnett	
	Scholarship	Scholarship	Scholarship	Total
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 216,268	\$ 326,247	\$ 47,635	\$ 590,150
Receivables:				
Accrued interest receivable	982	-	-	982
<b>Total assets</b>	<b>\$ 217,250</b>	<b>\$ 326,247</b>	<b>\$ 47,635</b>	<b>\$ 591,132</b>
<b>Net Position</b>				
Restricted, scholarships	\$ 217,250	\$ 326,247	\$ 47,635	\$ 591,132

**Southeast Polk Community School District**

**Combining Statement of Changes in Fiduciary Net Position**

**Private Purpose Trust Funds**

**Year Ended June 30, 2013**

	SEP			
	Dollars for			
	Scholars	Bud Keyes	Burnett	Total
	Scholarship	Scholarship	Scholarship	
Additions:				
Local sources:				
Gifts and contributions	\$ -	\$ -	\$ 30,722	\$ 30,722
Interest income	(312)	4,142	-	3,830
<b>Total revenues</b>	<b>(312)</b>	<b>4,142</b>	<b>30,722</b>	<b>34,552</b>
Deductions:				
Current:				
Instruction				
Scholarships awarded	2,000	3,500	30,500	36,000
Supplies	-	1,863	-	1,863
<b>Total expenditures</b>	<b>2,000</b>	<b>5,363</b>	<b>30,500</b>	<b>37,863</b>
<b>Change in net position</b>	<b>(2,312)</b>	<b>(1,221)</b>	<b>222</b>	<b>(3,311)</b>
Net position, beginning of year	219,562	327,468	47,413	594,443
Net position, end of year	\$ 217,250	\$ 326,247	\$ 47,635	\$ 591,132

**Southeast Polk Community School District**

**Statement of Changes in Assets and Liabilities**

**Agency Fund**

**Year Ended June 30, 2013**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Student Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 137,289	\$ 349,266	\$ 280,462	\$ 206,093
Accrued interest receivable	-	35	-	35
Total assets	<u>\$ 137,289</u>	<u>\$ 349,301</u>	<u>\$ 280,462</u>	<u>\$ 206,128</u>
<b>Liabilities</b>				
Accounts payable	\$ 6,266	\$ 20,078	\$ 6,266	\$ 20,078
Due to other groups	131,023	329,223	274,196	186,050
Total liabilities	<u>\$ 137,289</u>	<u>\$ 349,301</u>	<u>\$ 280,462</u>	<u>\$ 206,128</u>

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# Southeast Polk Community School District

## Statistical Section

### (Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	76-92
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	93-96
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	97-102
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	103-104
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	105-112

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

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

	2004	2005	2006	2007	2008
Governmental activities:					
Net investment in capital assets	\$ 14,120,320	\$ 22,984,041	\$ 30,566,073	\$ 40,518,654	\$ 43,708,137
Restricted	7,944,765	4,436,950	772,049	610,623	1,102,209
Unrestricted	2,730,484	1,682,806	909,685	(2,388,634)	(4,810,352)
<b>Total governmental activities net position</b>	<b>\$ 24,795,569</b>	<b>\$ 29,103,797</b>	<b>\$ 32,247,807</b>	<b>\$ 38,740,643</b>	<b>\$ 39,999,994</b>
Business type activities:					
Net investment in capital assets	\$ 339,530	\$ 540,834	\$ 672,679	\$ 803,685	\$ 922,423
Restricted	-	-	-	-	-
Unrestricted	593,346	692,249	531,688	353,268	381,792
<b>Total business type activities net position</b>	<b>\$ 932,876</b>	<b>\$ 1,233,083</b>	<b>\$ 1,204,367</b>	<b>\$ 1,156,953</b>	<b>\$ 1,304,215</b>
Primary government:					
Net investment in capital assets	\$ 14,459,850	\$ 23,524,875	\$ 31,238,752	\$ 41,322,339	\$ 44,630,560
Restricted	7,944,765	4,436,950	772,049	610,623	1,102,209
Unrestricted	3,323,830	2,375,055	1,441,373	(2,035,366)	(4,428,560)
<b>Total primary government net position</b>	<b>\$ 25,728,445</b>	<b>\$ 30,336,880</b>	<b>\$ 33,452,174</b>	<b>\$ 39,897,596</b>	<b>\$ 41,304,209</b>

Source: School District financial records.

Fiscal Year				
2009	2010	2011	2012	2013
\$ 49,335,755	\$ 41,320,771	\$ 41,811,056	\$ 45,416,697	\$ 47,266,705
2,929,346	4,602,136	7,411,779	4,434,150	3,760,304
(11,454,390)	(7,475,497)	(8,393,828)	(4,327,109)	242,524
<u>\$ 40,810,711</u>	<u>\$ 38,447,410</u>	<u>\$ 40,829,007</u>	<u>\$ 45,523,738</u>	<u>\$ 51,269,533</u>
\$ 1,380,673	\$ 1,673,355	\$ 1,497,346	\$ 1,349,015	\$ 1,211,456
-	-	-	-	-
448,522	556,924	717,437	674,248	655,140
<u>\$ 1,829,195</u>	<u>\$ 2,230,279</u>	<u>\$ 2,214,783</u>	<u>\$ 2,023,263</u>	<u>\$ 1,866,596</u>
\$ 50,716,428	\$ 42,994,126	\$ 43,308,402	\$ 46,765,712	\$ 48,478,161
2,929,346	4,602,136	7,411,779	4,434,150	3,760,304
(11,005,868)	(6,918,573)	(7,676,391)	(3,652,861)	897,664
<u>\$ 42,639,906</u>	<u>\$ 40,677,689</u>	<u>\$ 43,043,790</u>	<u>\$ 47,547,001</u>	<u>\$ 53,136,129</u>

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

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

	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
Instruction	\$ 23,761,239	\$ 25,683,516	\$ 26,044,931	\$ 28,821,083	\$ 34,094,092
Support services	13,548,353	13,609,023	16,141,741	16,071,731	22,602,803
Non-instructional programs	-	-	-	3,483	28,615
Interest on long-term debt	441,509	439,621	803,749	2,622,942	2,612,493
AEA flowthrough	1,272,602	1,344,421	1,471,264	1,645,674	1,825,721
Depreciation (unallocated)	147,998	767,459	978,327	1,226,350	1,451,589
<b>Total governmental activities expenses</b>	<b>39,171,701</b>	<b>41,844,040</b>	<b>45,440,012</b>	<b>50,391,263</b>	<b>62,615,313</b>
Business type activities:					
Nutrition services	1,774,896	2,065,506	2,364,017	2,623,424	2,746,685
Community service services	-	-	-	15,571	19,206
School store services	260,308	294,138	316,014	260,339	283,142
<b>Total business type activities expenses</b>	<b>2,035,204</b>	<b>2,359,644</b>	<b>2,680,031</b>	<b>2,899,334</b>	<b>3,049,033</b>
<b>Total primary government expenses</b>	<b>\$ 41,206,905</b>	<b>\$ 44,203,684</b>	<b>\$ 48,120,043</b>	<b>\$ 53,290,597</b>	<b>\$ 65,664,346</b>
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 2,613,661	\$ 2,746,904	\$ 3,361,758	\$ 1,955,107	\$ 2,527,236
Support services	30,032	11,538	19,010	6,026	29,591
Operating grants and contributions	3,676,491	3,654,335	4,063,657	5,082,354	6,361,705
Capital grants and contributions	937,875	202,595	90,197	1,992	1,050,307
<b>Total governmental activities program revenues</b>	<b>7,258,059</b>	<b>6,615,372</b>	<b>7,534,622</b>	<b>7,045,479</b>	<b>9,968,839</b>

(Continued on the following page.)

		Fiscal Year							
		2009	2010	2011	2012	2013			
\$	38,998,826	\$	39,362,825	\$	39,229,187	\$	40,754,640	\$	41,984,675
	21,316,457		22,696,458		22,570,818		23,632,792		23,267,847
	30,269		2,729		105,134		2,556		595
	3,331,765		4,158,136		3,691,427		3,904,147		4,023,682
	2,011,213		2,296,973		2,367,103		2,249,929		2,350,017
	1,579,234		2,600,819		3,060,086		3,090,226		3,213,866
	<u>67,267,764</u>		<u>71,117,940</u>		<u>71,023,755</u>		<u>73,634,290</u>		<u>74,840,682</u>
	3,000,061		3,264,674		3,498,875		3,485,072		3,661,721
	10,246		25,562		54,940		47,085		54,131
	300,368		300,571		237,632		468,622		402,962
	<u>3,310,675</u>		<u>3,590,807</u>		<u>3,791,447</u>		<u>4,000,779</u>		<u>4,118,814</u>
\$	<u>70,578,439</u>	\$	<u>74,708,747</u>	\$	<u>74,815,202</u>	\$	<u>77,635,069</u>	\$	<u>78,959,496</u>
\$	2,948,888	\$	3,315,495	\$	4,062,777	\$	4,965,205	\$	6,083,497
	36,966		54,549		56,977		103,616		268,596
	8,439,040		11,821,803		9,736,393		9,004,757		9,117,676
	63,977		95,000		9,800		500,000		150,000
	<u>11,488,871</u>		<u>15,286,847</u>		<u>13,865,947</u>		<u>14,573,578</u>		<u>15,619,769</u>

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

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

	2004	2005	2006	2007	2008
Business type activities:					
Charges for services:					
Nutrition	1,368,148	1,455,729	1,507,534	1,642,738	1,920,114
Community service services	-	-	-	15,176	18,663
School store	270,554	339,971	356,842	296,813	295,103
Operating grants and contributions	525,005	587,435	617,393	690,549	768,833
Capital grants and contributions	-	-	-	-	-
<b>Total business type program revenues</b>	<b>2,163,707</b>	<b>2,383,135</b>	<b>2,481,769</b>	<b>2,645,276</b>	<b>3,002,713</b>
<b>Total primary government program revenues</b>	<b>\$ 9,421,766</b>	<b>\$ 8,998,507</b>	<b>\$ 10,016,391</b>	<b>\$ 9,690,755</b>	<b>\$ 12,971,552</b>
Net (expense) revenue:					
Governmental activities	\$ (31,913,642)	\$ (35,228,668)	\$ (37,905,390)	\$ (43,345,784)	\$ (52,646,474)
Business type activities	128,503	23,491	(198,262)	(254,058)	(46,320)
<b>Total primary government net expense</b>	<b>\$ (31,785,139)</b>	<b>\$ (35,205,177)</b>	<b>\$ (38,103,652)</b>	<b>\$ (43,599,842)</b>	<b>\$ (52,692,794)</b>

Source: School District financial records.

Fiscal Year				
2009	2010	2011	2012	2013
1,983,022	2,045,530	2,111,679	2,117,647	2,132,088
11,679	39,428	49,949	61,197	72,292
327,403	331,276	334,343	357,928	321,622
931,979	1,093,392	1,205,211	1,288,390	1,435,208
-	-	-	8,433	-
3,254,083	3,509,626	3,701,182	3,833,595	3,961,210
\$ 14,742,954	\$ 18,796,473	\$ 17,567,129	\$ 18,407,173	\$ 19,580,979
\$ (55,778,893)	\$ (55,831,093)	\$ (57,157,808)	\$ (59,060,712)	\$ (59,220,913)
(56,592)	(81,181)	(90,265)	(167,184)	(157,604)
\$ (55,835,485)	\$ (55,912,274)	\$ (57,248,073)	\$ (59,227,896)	\$ (59,378,517)

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

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

	2004	2005	2006	2007	2008
Net (expense) revenue:					
Governmental activities	\$ (31,913,642)	\$ (35,228,668)	\$ (37,905,390)	\$ (43,345,784)	\$ (52,646,474)
Business type activities	128,503	23,491	(198,262)	(254,058)	(46,320)
<b>Total primary government net expense</b>	<b>(31,785,139)</b>	<b>(35,205,177)</b>	<b>(38,103,652)</b>	<b>(43,599,842)</b>	<b>(52,692,794)</b>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	13,587,154	13,582,633	13,828,654	13,962,967	15,834,082
Property taxes levied for specific purposes	869,519	345,828	1,993,686	5,608,292	5,612,367
Income surtax	-	-	-	1,409,760	1,326,524
Sales tax	4,249,399	4,478,035	4,778,685	4,903,664	5,382,517
Unrestricted grants and contributions	17,050,531	18,427,583	20,181,425	21,898,887	24,315,885
Miscellaneous	-	14,490	-	368,740	891,676
Investment earnings	43,584	136,707	266,950	2,252,815	722,131
Transfers	-	-	-	(566,505)	(179,357)
<b>Total governmental activities</b>	<b>35,800,187</b>	<b>36,985,276</b>	<b>41,049,400</b>	<b>49,838,620</b>	<b>53,905,825</b>
Business type activities:					
Miscellaneous	-	269,985	158,498	187,360	-
Investment earnings	3,729	6,731	11,048	19,284	14,225
Transfers	-	-	-	-	179,357
<b>Total business type activities</b>	<b>3,729</b>	<b>276,716</b>	<b>169,546</b>	<b>206,644</b>	<b>193,582</b>
<b>Total primary government</b>	<b>35,803,916</b>	<b>37,261,992</b>	<b>41,218,946</b>	<b>50,045,264</b>	<b>54,099,407</b>
Change in net position:					
Governmental activities	3,886,545	1,756,608	3,144,010	6,492,836	1,259,351
Business type activities	132,232	300,207	(28,716)	(47,414)	147,262
<b>Total primary government</b>	<b>\$ 4,018,777</b>	<b>\$ 2,056,815</b>	<b>\$ 3,115,294</b>	<b>\$ 6,445,422</b>	<b>\$ 1,406,613</b>

Source: School District financial records.

Fiscal Year				
2009	2010	2011	2012	2013
\$ (55,778,893)	\$ (55,831,093)	\$ (57,157,808)	\$ (59,060,712)	\$ (59,220,913)
(56,592)	(81,181)	(90,265)	(167,184)	(157,604)
(55,835,485)	(55,912,274)	(57,248,073)	(59,227,896)	(59,378,517)
17,023,403	18,992,963	21,538,542	19,712,217	20,157,531
5,661,798	4,435,471	2,813,931	6,953,534	7,612,752
1,479,994	1,508,147	1,466,561	1,547,155	1,618,296
6,075,699	4,813,593	5,456,559	5,370,578	5,404,834
25,596,081	22,969,544	27,333,723	30,138,647	30,131,357
1,137,363	1,181,815	989,354	-	31,853
193,637	46,977	14,075	7,694	10,085
(578,365)	(480,718)	(73,340)	25,618	-
56,589,610	53,467,792	59,539,405	63,755,443	64,966,708
-	-	-	-	-
3,207	1,547	1,429	1,282	937
578,365	480,718	73,340	(25,618)	-
581,572	482,265	74,769	(24,336)	937
57,171,182	53,950,057	59,614,174	63,731,107	64,967,645
810,717	(2,363,301)	2,381,597	4,694,731	5,745,795
524,980	401,084	(15,496)	(191,520)	(156,667)
\$ 1,335,697	\$ (1,962,217)	\$ 2,366,101	\$ 4,503,211	\$ 5,589,128

**Schedule 4**  
**Southeast Polk Community School District**

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

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

Source: School District financial records.

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ -	\$ -	\$ -	\$ 11,295	\$ 958	\$ 1,851	
380,356	563,838	926,860	1,804,570	1,718,564	1,401,800	
(5,219,060)	(7,710,747)	(10,338,669)	(9,171,352)	(3,827,114)	(244,848)	
<u>\$ (4,838,704)</u>	<u>\$ (7,146,909)</u>	<u>\$ (9,411,809)</u>	<u>\$ (7,355,487)</u>	<u>\$ (2,107,592)</u>	<u>\$ 1,158,803</u>	
\$ -	\$ -	\$ -	\$ 16	\$ -	\$ 350	
-	1,506,862	2,546,215	3,659,545	3,922,021	4,364,262	
13,616,098	22,947,999	2,509,347	1,178,584	894,891	9,260,416	
1,125,371	1,313,713	1,307,275	769,064	1,010,259	1,268,349	
<u>\$ 14,741,469</u>	<u>\$ 25,768,574</u>	<u>\$ 6,362,837</u>	<u>\$ 5,607,209</u>	<u>\$ 5,827,171</u>	<u>\$ 14,893,377</u>	

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

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Federal sources:					
Federal sources	\$ 2,226,435	\$ 1,151,223	\$ 1,106,270	\$ 997,327	\$ 1,271,465
<b>Total federal sources</b>	<b>2,226,435</b>	<b>1,151,223</b>	<b>1,106,270</b>	<b>997,327</b>	<b>1,271,465</b>
State sources:					
State sources	\$ 19,438,462	\$ 21,133,290	\$ 23,229,009	\$ 25,661,826	\$ 29,659,603
<b>Total state sources</b>	<b>19,438,462</b>	<b>21,133,290</b>	<b>23,229,009</b>	<b>25,661,826</b>	<b>29,659,603</b>
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ 50,000	\$ 157,410	\$ 588,103
<b>Total intermediate sources</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>157,410</b>	<b>588,103</b>
Local sources:					
Local taxes	\$ 18,100,184	\$ 18,929,643	\$ 20,601,025	\$ 25,628,503	\$ 28,090,339
Tuition	1,646,046	1,620,381	1,505,013	1,179,299	1,599,072
Other revenues	1,041,232	1,274,768	2,092,705	3,570,059	2,780,288
<b>Total local sources</b>	<b>20,787,462</b>	<b>21,824,792</b>	<b>24,198,743</b>	<b>30,377,861</b>	<b>32,469,699</b>
<b>Total revenues</b>	<b>\$ 42,452,359</b>	<b>\$ 44,109,305</b>	<b>\$ 48,584,022</b>	<b>\$ 57,194,424</b>	<b>\$ 63,988,870</b>

Source: School District financial records.

Fiscal Year				
2009	2010	2011	2012	2013
\$ 2,029,111	\$ 5,301,460	\$ 2,489,844	\$ 3,409,837	\$ 2,196,977
2,029,111	5,301,460	2,489,844	3,409,837	2,196,977
\$ 31,500,871	\$ 28,954,100	\$ 34,145,608	\$ 36,185,131	\$ 37,250,491
31,500,871	28,954,100	34,145,608	36,185,131	37,250,491
\$ 46,007	\$ 46,913	\$ 19,660	\$ -	\$ -
46,007	46,913	19,660	-	-
\$ 30,134,043	\$ 29,638,188	\$ 31,248,856	\$ 34,316,532	\$ 34,716,413
1,968,696	2,255,682	2,832,690	2,810,824	3,117,484
2,855,142	2,906,400	2,674,002	1,084,246	1,902,054
34,957,881	34,800,270	36,755,548	38,211,602	39,735,951
\$ 68,533,870	\$ 69,102,743	\$ 73,410,660	\$ 77,806,570	\$ 79,183,419

**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				
	2004	2005	2006	2007	2008
Instruction	\$ 23,214,429	\$ 25,365,585	\$ 25,957,083	\$ 28,905,727	\$ 33,610,919
Student services	1,781,313	1,817,992	1,956,064	2,089,478	2,486,812
Instructional staff services	1,261,556	1,432,133	1,431,116	1,486,501	1,904,879
Administration services	3,975,116	4,034,632	6,416,277	6,312,286	7,525,298
Operation and maintenance of plant services	3,080,660	3,401,604	4,240,148	4,271,457	4,849,573
Pupil transportation services	1,541,136	2,174,884	2,096,779	2,561,716	2,452,223
Other support services	269,730	62,514	-	-	-
Non-instructional programs	-	-	-	3,483	21,537
AEA Flowthrough	1,272,602	1,344,421	1,471,264	1,645,674	1,825,721
Capital outlay:					
Facilities acquisition/construction	4,087,665	7,492,246	7,916,892	26,578,865	29,176,901
Debt service:					
Principal	4,850,000	630,000	4,560,000	9,850,000	4,942,648
Interest	427,617	419,899	420,126	2,645,496	2,722,874
<b>Total expenditures</b>	<b>\$ 45,761,824</b>	<b>\$ 48,175,910</b>	<b>\$ 56,465,749</b>	<b>\$ 86,350,683</b>	<b>\$ 91,519,385</b>
Debt service as a percentage of noncapital expenditures	14.50%	2.65%	11.43%	26.43%	14.02%

Source: School District financial records.

Fiscal Year					
2009	2010	2011	2012	2013	
\$ 38,572,208	\$ 39,198,436	\$ 39,459,638	\$ 39,283,989	\$ 41,071,632	
2,816,848	3,025,235	2,621,251	2,689,447	2,737,489	
1,875,936	2,267,956	2,273,565	1,532,183	1,309,987	
8,059,093	8,280,473	8,732,892	9,001,087	9,534,684	
5,225,041	5,264,105	5,285,469	5,249,364	5,634,313	
2,631,804	2,887,338	2,768,595	3,185,624	2,741,957	
-	-	-	-	-	
30,057	2,626	105,134	2,556	595	
2,011,213	2,296,973	2,367,103	2,249,929	2,350,017	
20,104,947	21,349,750	10,453,313	2,890,364	3,184,608	
5,784,426	2,420,367	3,509,289	4,294,651	4,432,429	
3,242,194	4,053,299	3,905,919	3,921,954	4,026,354	
<u>\$ 90,353,767</u>	<u>\$ 91,046,558</u>	<u>\$ 81,482,168</u>	<u>\$ 74,301,148</u>	<u>\$ 77,024,065</u>	
14.74%	10.24%	11.66%	13.00%	11.40%	

**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				
	2004	2005	2006	2007	2008
Excess of revenues over (under) expenditures	\$ (3,309,465)	\$ (4,066,605)	\$ (7,881,727)	\$ (29,156,259)	\$ (27,530,515)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	47,500,000	5,500,000	7,000,000
Issuance of revenue bonds	-	-	9,000,000	-	-
Issuance of bond anticipation notes	6,075,000	-	-	-	-
Refunding debt issued	-	2,845,000	-	-	-
Payment to refunding escrow agent	-	(2,810,000)	-	-	-
Premium on bonds/notes	-	4,140	-	-	125,532
Discount on bonds	-	-	-	-	-
Proceeds from sale of capital assets	-	1,050	-	-	-
Issuance of loans	-	500,000	-	-	703,998
Transfers in	5,282,294	1,014,146	3,971,586	7,940,360	3,083,424
Transfers out	(5,282,294)	(1,014,146)	(3,971,586)	(8,506,865)	(3,083,424)
<b>Total other financing sources (uses)</b>	<b>6,075,000</b>	<b>540,190</b>	<b>56,500,000</b>	<b>4,933,495</b>	<b>7,829,530</b>
<b>Net change in fund balances</b>	<b>\$ 2,765,535</b>	<b>\$ (3,526,415)</b>	<b>\$ 48,618,273</b>	<b>\$ (24,222,764)</b>	<b>\$ (19,700,985)</b>

Source: School District financial records.

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Fiscal Year				
2009	2010	2011	2012	2013
\$ (21,819,897)	\$ (21,943,815)	\$ (8,071,508)	\$ 3,505,422	\$ 2,159,354
-	-	-	-	-
30,000,000	-	7,055,000	1,220,000	10,000,000
-	-	-	-	-
-	-	-	-	-
(752,422)	-	-	-	-
87,506	-	7,228	31,817	126,932
-	-	(10,951)	-	-
16,125	22,415	41,295	-	46,315
1,185,000	250,128	2,330,000	685,000	-
10,993,594	4,495,832	7,208,008	4,741,656	4,264,948
(10,991,006)	(4,495,197)	(7,258,378)	(4,716,038)	(4,264,948)
30,538,797	273,178	9,372,202	1,962,435	10,173,247
\$ 8,718,900	\$ (21,670,637)	\$ 1,300,694	\$ 5,467,857	\$ 12,332,601

**Schedule 8**  
**Southeast Polk Community School District**

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

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School Year	Unreserved Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio*
2012-2013	\$ (244,848)	\$ 64,749,454	-0.38%
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%

Source: School District financial records.

**Schedule 9**  
**Southeast Polk Community School District**

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

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
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
2013	881,559,421	467,247,250	109,000,247	2,870,600	1,454,936,318	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 are applied to the following fiscal year. Assessed value equals estimated actual value.

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

**Schedule 10**  
**Southeast Polk Community School District**

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

Fiscal Year Ended June 30	District Direct Rates				Total	Overlapping Rates							
	General Purposes	Capital Purposes	Debt Service	Management		Polk County	Jasper County	Marion County	Community College	Altoona	Michellville	Pleasant Hill	City of Runnels
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	11.39014	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	11.36151	11.77629	10.98648	0.58466	9.14369	14.72889	11.65000	10.89865
2013	16.46265	1.00000	2.82991	1.36610	21.65866	11.36151	11.11455	10.90229	0.58466	9.14369	14.79884	11.65600	10.92281

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

Notes: Assessed value equals estimated actual value.

**Schedule 11****Southeast Polk Community School District****Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)**

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	\$ 112,593,050	1	7.74%	\$ 72,799,560	1	10.40%
Adventureland/America	24,502,432	2	1.68%	18,713,320	3	2.67%
Ziegler Realty LLC	13,448,733	3	0.92%	13,399,070	4	1.91%
Wal-Mart	11,717,585	4	0.81%	12,143,420	5	1.73%
Menards, Inc.	10,631,165	5	0.73%	10,586,510	6	1.51%
Iowa Cold Storage LLC	8,816,000	6	0.61%	-	-	0.00%
Lowe's Home Centers Inc.	8,037,000	7	0.55%	9,592,850	8	1.37%
Target	7,975,725	8	0.55%	8,004,900	9	1.14%
Hy-Vee	7,484,100	9	0.51%	-	-	0.00%
Medical Development LC	6,317,500	10	0.43%	-	-	0.00%
Magellan Pipeline	-	-	-	24,332,081	2	3.47%
Qwest	-	-	-	9,622,824	7	1.37%
Bosselman Inc	-	-	-	6,140,910	10	0.88%
<b>Total</b>	<b>\$ 211,523,290</b>		<b>14.54%</b>	<b>\$ 185,335,445</b>		<b>26.47%</b>

Source: Polk County Auditor

**Schedule 12**  
**Southeast Polk Community School District**

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	24,419,373	24,305,783	99.53%	58,059	24,363,842	99.77%
2012	26,661,412	26,520,038	99.47%	1,014	26,521,052	99.47%
2013	27,740,466	27,620,528	99.57%	4,903	27,625,431	99.59%

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)
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
2013	47,105,000	44,983,105	2,170,316	4,364,262	89,894,159	6.18%	3,245

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

**Notes:**

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

**Schedule 14**  
**Southeast Polk Community School District**

**Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bans/Bonds	Capital Loan Note			
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	11.31%	3,283
2012	49,325,000	36,245,000	2,967,745	88,537,745	N/A	3,196
2013	47,105,000	44,983,105	2,170,316	94,258,421	N/A	3,403

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, 2013**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	\$ 316,914,566	7.42%	\$ 23,515,061
Jasper County	13,885,000	0.28%	38,878
Marion County	4,310,000	0.21%	9,051
Des Moines Area Community College	69,775,000	4.16%	2,902,640
City of Des Moines	424,844,439	0.49%	2,068,992
City of Mitchellville	4,535,638	100.00%	4,535,638
City of Altoona	97,285,000	98.14%	95,475,499
City of Pleasant Hill	7,590,000	72.75%	5,521,725
<b>Subtotal, overlapping debt</b>			<b>134,067,484</b>
District direct debt			94,258,421
<b>Total direct and overlapping debt</b>			<b><u><u>\$ 228,325,905</u></u></b>

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

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

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

**Schedule 16**  
**Southeast Polk Community School District**

**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

**(Unaudited)**

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	2004	2005	2006	2007
Debt limit	\$ 86,569,626	\$ 102,677,743	\$ 110,077,048	\$ 118,907,095
Total net debt applicable to limit	3,440,000	3,345,000	49,835,000	52,860,000
Legal debt margin	\$ 83,129,626	\$ 99,332,743	\$ 60,242,048	\$ 66,047,095
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	3.97%	3.26%	45.27%	44.45%

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 2013**

Actual assessed value (a)							<u>\$ 2,857,483,983</u>
Debt limit (5% of assessed value) (b)							\$ 142,874,199
Debt applicable to limit							<u>94,258,421</u>
Legal debt margin							<u>\$ 48,615,778</u>
	2008	2009	2010	2011	2012	2013	
\$	125,807,197	\$ 131,489,280	\$ 137,013,733	\$ 137,702,101	\$ 142,874,199	\$ 142,874,199	
	58,196,350	57,221,924	54,973,185	54,532,396	52,292,745	49,275,316	
\$	67,610,847	\$ 74,267,356	\$ 82,040,548	\$ 83,169,705	\$ 90,581,454	\$ 93,598,883	
	46.26%	43.52%	40.12%	39.60%	36.60%	34.49%	

**Schedule 17**  
**Southeast Polk Community School District**

**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	Sales Tax Revenue Bans/Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
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
2013	5,390,070	1,415,000	1,581,624	1.80

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)
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	\$804,207,699	\$42,477	\$29,033	6.3%
2012	27,700	N/A	N/A	N/A	4.9%

**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)**

Employer	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo & Co (a)	13,500	1	*	*	*	*
State of Iowa (b)	8,300	2	*	*	*	*
Mercy Medical Center - Des Moines	7,100	3	*		4	*
Principal Financial Group	6,131	4	*		1	*
Unity Point/Iowa Health - Des Moines	5,505	5	*		3	*
Nationwide/Allied Insurance	5,000	6	*	*	*	*
Des Moines Public Schools (c)	4,950	7	*		2	*
John Deer/Des Moines Works	3,100	8	*	*	*	*
Pioneer Hi-Bred International Inc	2,849	9	*		10	*
Hy-Vee Food Stores Inc	2,100	10	*		5	*
Minneapolis Postal Service Center	*	*	*		6	*
City of Des Moines	*	*	*		7	*
Bridgestone/Firestone Inc	*	*	*		9	*
<b>Total</b>	<b>58,535</b>		*	<b>-</b>	*	*

Source: 2013 - 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.

\* 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)**

	2004	2005	2006	2007	2008**	2009	2010	2011	2012	2013	Percentage Change 2004-13
<b>Supervisory:</b>											
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	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Principals	12.0	12.0	13.0	16.3	11.0	11.0	12.0	11.0	11.0	11.0	-8.3%
Assistant principals	1.0	2.0	2.0	2.0	5.0	6.0	5.0	4.0	4.0	4.0	300.0%
All other administrators	9.0	11.0	6.5	6.0	12.0	11.0	8.0	8.0	8.0	9.0	0.0%
<b>Total supervisory</b>	<b>24.0</b>	<b>27.0</b>	<b>23.6</b>	<b>26.3</b>	<b>30.0</b>	<b>30.0</b>	<b>27.0</b>	<b>25.0</b>	<b>25.0</b>	<b>26.0</b>	<b>8.3%</b>
<b>Instruction:</b>											
Regular program teachers	312.1	346.9	305.2	319.0	373.5	342.5	373.9	343.0	366.0	354.0	13.4%
Special Education teachers	54.5	68.5	130.5	168.0	197.0	194.2	65.0	64.0	51.0	61.0	11.9%
<b>Total instruction</b>	<b>366.6</b>	<b>415.4</b>	<b>435.7</b>	<b>487.0</b>	<b>570.5</b>	<b>536.7</b>	<b>438.9</b>	<b>407.0</b>	<b>417.0</b>	<b>415.0</b>	<b>13.2%</b>
<b>Student services:</b>											
Guidance counselors	20.0	19.0	23.0	23.0	26.7	19.0	19.0	19.0	18.0	17.0	-15.0%
Nurses/Nurse aides	7.0	8.5	8.0	9.5	10.1	13.7	13.5	13.5	12.0	13.5	92.9%
Media Specialists/Media Clerks	4.0	4.0	4.0	13.0	16.3	16.3	12.5	12.5	12.0	5.0	25.0%
<b>Total student services</b>	<b>31.0</b>	<b>31.5</b>	<b>35.0</b>	<b>45.5</b>	<b>53.1</b>	<b>49.0</b>	<b>45.0</b>	<b>45.0</b>	<b>42.0</b>	<b>35.5</b>	<b>14.5%</b>
<b>Support and administration:</b>											
Clerical/secrarial/teacher aide/other support staff	38.9	32.3	39.6	40.0	47.3	45.9	52.5	55.6	164.5	165.5	325.4%
Custodial and Maintenance	54.4	52.5	50.7	67.0	67.7	38.0	49.0	45.6	53.3	41.6	-23.5%
Food Service	27.9	21.0	26.4	42.0	62.6	35.4	36.5	39.6	35.8	37.2	33.1%
Bus Drivers/Bus Aides/Crossing Guard	16.2	19.6	29.0	44.0	68.0	36.9	40.0	37.9	39.5	36.7	126.5%
<b>Total support and administration</b>	<b>137.4</b>	<b>125.5</b>	<b>145.6</b>	<b>193.0</b>	<b>245.6</b>	<b>156.2</b>	<b>178.0</b>	<b>178.7</b>	<b>293.0</b>	<b>281.0</b>	<b>104.5%</b>
<b>Total</b>	<b>559.0</b>	<b>599.4</b>	<b>639.9</b>	<b>751.8</b>	<b>899.2</b>	<b>771.9</b>	<b>688.9</b>	<b>655.7</b>	<b>777.0</b>	<b>757.4</b>	<b>35.5%</b>

Source: District records.

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

**Schedule 21**  
**Southeast Polk Community School District**

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

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Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
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)%
2013	6,400	65,595,302	10,249	0.78%

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.

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Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
41,206,905	8,621	N/A	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%
77,024,065	12,035	(3.67)%	415.00	15.42	28.87%

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

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

School	2004	2005	2006	2007	2008
<b>Elementary:</b>					
Altoona (1939)					
Square feet	44,425	64,104	64,104	64,104	64,104
Capacity*	424	630	630	630	630
Enrollment	392	385	377	435	384
Centennial (1968)					
Square feet	61,017	61,017	61,017	61,017	61,017
Capacity	630	630	630	630	630
Enrollment	513	516	542	547	481
Clay (2006)					
Square feet	N/A	N/A	79,738	79,738	79,738
Capacity	N/A	N/A	840	840	840
Enrollment	N/A	N/A	N/A	N/A	322
Delaware (1951)					
Square feet	43,418	43,418	65,641	65,641	65,641
Capacity	399	399	630	630	630
Enrollment	404	436	462	472	503
Four Mile (1966)					
Square feet	63,204	63,204	63,204	63,204	63,204
Capacity	630	630	630	630	630
Enrollment	487	518	558	577	588
Mitchellville (1925)					
Square feet	45,293	45,293	45,293	45,293	45,293
Capacity	420	420	420	420	420
Enrollment	187	215	208	211	170
Runnells (2002)					
Square feet**	31,949	31,949	43,007	43,007	43,007
Capacity	210	210	400	400	400
Enrollment	177	179	196	195	214
Willowbrook (1991)					
Square feet	56,546	56,546	56,546	56,546	56,546
Capacity	630	630	630	630	630
Enrollment	493	500	493	527	477
Harbor (1997)					
Square feet	4,537	4,537	4,537	4,537	4,537
Capacity	454	454	454	454	454
Enrollment	64	69	42	39	39
<b>Spring Creek 6th Grade Center:</b>					
Southeast Polk Spring Creek (1992)					
Square feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A

Fiscal Year				
2009	2010	2011	2012	2013
64,104	64,104	64,104	64,104	64,104
630	630	630	630	630
399	409	400	341	333
61,017	61,017	61,017	61,017	61,017
630	630	630	630	630
509	516	486	419	430
79,738	79,738	79,738	79,738	79,738
840	840	840	840	840
390	391	421	412	430
65,641	65,641	65,641	65,641	65,641
630	630	630	630	630
517	533	509	476	512
63,204	63,204	63,204	63,204	63,204
630	630	630	630	630
628	595	473	478	483
45,293	45,293	45,293	45,293	45,293
420	420	420	420	420
193	195	188	152	154
43,007	43,007	43,007	43,007	43,007
400	400	400	400	400
217	243	221	230	225
56,546	56,546	56,546	56,546	56,546
630	630	630	630	630
477	466	413	438	459
4,537	4,537	4,537	4,537	4,537
454	454	454	454	454
51	49	49	-	-
N/A	N/A	89,670	89,670	89,670
N/A	N/A	950	950	950
N/A	N/A	480	518	487

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

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

School	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Junior High:</b>					
Southeast Polk Junior High (1992)					
Square feet	89,670	89,670	89,670	89,670	89,670
Capacity	950	950	950	950	950
Enrollment	803	820	823	862	840
Southeast Polk Junior High (1963)					
Square feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A
<b>Senior High:</b>					
Southeast Polk Senior High (1963)					
Square feet	206,674	206,674	206,674	206,674	206,674
Capacity	1,800	1,800	1,800	1,800	1,800
Enrollment	1,299	1,350	1,495	1,572	1,660
Southeast Polk Senior High (2010)					
Square feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A
<b>Other District Facilities:</b>					
Bus Garage (2002)					
Square feet	16,384	16,384	16,384	16,384	16,384
District Office (1977)					
Square Feet	8,033	8,033	8,033	8,033	8,033
<b>Grand Total:</b>					
Square Feet	671,150	690,829	803,848	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 Resident Total Sheet used for enrollment sector

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2009	2010	2011	2012	2013
89,670	89,670	N/A	N/A	N/A
950	950	N/A	N/A	N/A
859	938	N/A	N/A	N/A
N/A	N/A	206,674	206,674	206,674
N/A	N/A	1,800	1,800	1,800
N/A	N/A	1,011	939	977
206,674	N/A	N/A	N/A	N/A
1,800	N/A	N/A	N/A	N/A
1,700	N/A	N/A	N/A	N/A
N/A	430,227	430,227	430,227	430,227
N/A	2,000	2,000	2,000	2,000
N/A	1,667	1,689	1,830	1,920
16,384	16,384	16,384	16,384	16,384
8,033	8,033	8,033	8,033	8,033
803,848	1,027,401	1,234,075	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
2012-2013	\$42,736	\$73,427	\$57,529
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

Source: School District financial records.





**Southeast Polk Community School District**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Passed through State Department of Agriculture and State of Iowa Department of Education:</i>			
National School Breakfast Program	10.553	FY13-4552	\$ 177,982
National School Lunch Program	10.555	FY13-4553	1,005,543
Commodities-Noncash, Department of Defense	10.555	FY13	61,499
Commodities-Noncash	10.555	FY13	151,523
Special Milk Program for Children	10.556	FY13-4555	5,584
Summer Food Service Program for Children	10.559	FY13-4556	7,266
<b>Total nutrition cluster</b>			<u>1,409,397</u>
<b>U.S. Department of Defense</b>			
<i>Passed through State of Iowa Department of Defense</i>			
Federal Flood Control	12.106	FY13-4203	<u>5,203</u>
<b>U.S. Department of Natural Resources</b>			
<i>Passed through Iowa Department of Natural Resources</i>			
Sport Fish Restoration	15.610	FY13	<u>375</u>
<b>U.S. Department of Education</b>			
<i>Passed Through State of Iowa Department of Education:</i>			
Title I - Grants to Local Educational Agencies	84.010	6101-G	295,170
Special Education-Grants to States, IDEA Part B	84.027	FY13-4525	46,913
Vocational Education Basic Grants to States - Carl Perkins Basic Grant	84.048	FY13-4539	155
Carl Perkins Basic Grant	84.048	FY13-4531	42,488
Education for Homeless Children and Youth	84.196	FY13-4565	24,000
Iowa Demonstration Construction Grant	84.215	FY13-4662	150,000
Title IIA - Improving Teacher Quality State Grant	84.367	FY13-4643	91,661
Grants for State Assessments and Related Activities	84.369	FY13-4648	40,846
ARRA- Education Jobs Bill	84.410	FY11-4041	2,611
<i>Passed Through Area Education Agency:</i>			
Special Education-Grants to States, IDEA Part B	84.027	N/A	<u>321,691</u>
<b>Total U.S. Department of Education</b>			<u>1,015,535</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,430,510</u>

See Notes to the Schedule of Expenditures of Federal Awards

## **Southeast Polk Community School District**

### **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013**

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southeast Polk Community School District under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

#### **Note 2. Significant Accounting Policies**

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual or accrual basis of accounting based on the fund type of the program. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles of State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Southeast Polk Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2013**

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Findings	Status	Corrective Action Plan or Other Explanation
<b>Compliance Findings Over Basic Financial Statements:</b>		
<b>II-A-12</b> The District did not make the required monthly Sinking Fund transfers as outlined in the bond documents.	Corrected	
<b>Significant Deficiency Over Basic Financial Statements:</b>		
<b>II-B-12</b> The District has inadequate segregation of duties over the payroll process.	Not Corrected	See 2013-001
<b>Significant Deficiency over Federal Awards:</b>		
<b>III-A-12</b> The District does not have adequate documentation to support federal program payroll costs.	Corrected	
<b>Compliance Findings over Federal Awards:</b>		
<b>III-B-12</b> The required certified payrolls were not obtained weekly and were not detail reviewed for compliance.	Corrected	
<b>III-C-12</b> The District did not maintain documentation to support suspension and debarment certifications.	Corrected	
<b>Other Findings Related to Required Statutory Reporting:</b>		
<b>IV-F-12</b> Board minutes are not published timely and do not properly documented closed or special meetings.	Not Corrected	See IV-F-13

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**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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Southeast Polk Community School District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2013-001 and 2013-002 that we consider to be significant deficiencies.

## **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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.

## **District's Response to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bohnsack & Frommelt LLP*

Overland Park, Kansas  
November 25, 2013

**Independent Auditor's Report on Compliance For Each  
Major Federal 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

**Report on Compliance for Each Major Federal Program**

We have audited Southeast Polk Community School District's (the District) compliance 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, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of 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, 2013.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Bohnsack & Frommelt LLP*

Overland Park, Kansas  
November 25, 2013

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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

- a) Unmodified opinions were issued on the financial statements.
- b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) There were no significant deficiencies or material weaknesses in internal control over major programs disclosed.
- e) Unmodified opinions were issued on compliance with requirements applicable to each major program.
- f) No audit findings were disclosed 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. Special Education-Grants to States, IDEA Part B                      CFDA 84.027
  - b. Child Nutrition Cluster:
    - i. National School Breakfast Program                      CFDA 10.553
    - ii. National School Lunch Program                      CFDA 10.555
    - iii. Special Milk Program for Children                      CFDA 10.556
    - iv. Summer Food Service Program for Children                      CFDA 10.559
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Southeast Polk Community School District qualified as a low-risk auditee.

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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

**Instances of noncompliance:**

No matters were reported.

**Significant deficiencies:**

**2013-001**

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 current software does not have the capabilities to restrict access to payroll staff from making changes to the employee master file. The District is implementing new accounting software and will review and limit restrictions based on software security. We will continue to review our procedures and implement additional controls where possible.

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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**2013-002**

Finding: The District has insufficient monitoring activities over receipts transactions.

Condition: The significant deficiency is a result of a combination of deficiencies in the receipts process due to the following:

- A reconciliation of the receipts recorded in Infinite Campus to the receipts deposited and ultimately posted to the general ledger on a District-wide basis has not been performed.
- The District's main bank accounts were not reconciled on a monthly basis.
- Employees with access to post and reconcile transactions also have access to cash and checks and are taking receipts to the bank for deposit.
- On June 30, 2013, the District was not able to reconcile cash balances in several funds with differences ranging approximately \$4,000 to \$33,000.

Context: Student fees, whether paid by cash, check or credit card, are entered into the Infinite Campus software. Movement of cash balances between funds and accounts requires physical checks to be cut and posted.

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

Cause: There has been significant turnover and transition in the Business Services Office.

Recommendation: We recommend that the Business Services office reconcile the receipts recorded in Infinite Campus to the amounts deposited and posted to the general ledger on at least a monthly basis. Bank statements should be reconciled monthly. We recommend segregating the duties of access to cash from posting transactions and from taking deposits to the bank.

Response and Corrective Action Plan: The District is currently in the process of evaluating processes to reconcile receipt transactions and to timely reconcile bank statements each month.

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

**Significant deficiency over federal awards:**

No matters were reported.

**Compliance findings:**

No matters were reported.

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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

**IV-A-13 - Certified Budget:**

Finding: Expenditures for the year ended June 30, 2013 exceeded the certified budget in all functions.

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

Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

**IV-B-13 - 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-13 - 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-13 - Business Transactions:** No business transactions between the District and District officials or management were noted.

**IV-E-13 - 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-13 – 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 schedule of bills is not consistently published in a timely manner.

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.

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.

Conclusion: Response accepted.

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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**IV-G-13 - Certified Enrollment:**

Finding: Variances in the basic enrollment data certified to the Department of Education in October 2012 were noted.

Recommendation: We recommend the District review enrollments and verify enrollments prior to the October 1<sup>st</sup> 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-13 - Supplementary Weighting**: No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

**IV-I-13 - 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-13 - 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-13 - Categorical Funding**: No instances of categorical funding being used to supplant rather than supplement other funds were noted.

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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**IV-L-13 - Statewide Sales, Services and Use 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, 2013, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$	332,478
Revenues/transfers in:			
Statewide sales and services tax revenue	\$	5,390,070	
Investment earnings		453	
Other local sources		11,515	
Issuance of long-term debt		10,126,932	15,528,970
			<hr/>
Expenditures/transfers out:			
Support services		275,847	
Debt service, interest		221,977	
Transfers out		3,968,402	
School infrastructure:			
Architecture and engineering		412,862	
Building acquisition and construction		11,749	
Building improvements		1,894,794	
Other		2,378	6,788,009
			<hr/>
Ending balance		\$	<u>9,073,439</u>

For the year ended June 30, 2013, the District reduced the debt service tax levy by not having a debt service tax levy of \$4.40 per \$1000 of taxable valuation as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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**IV-M-13** Deficit Balances:

Finding: The District had a deficit unassigned 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-13** Revenue Bonds: The District has established the reserve accounts required by the revenue bond resolutions.

**Southeast Polk Community School District**

**Corrective Action Plan**

**Year Ended June 30, 2013**

	Findings	Corrective Action Plan	Anticipated Date of Completion
<b>Significant Deficiencies Over Basic Financial Statements:</b>			
<b>2013-001</b>	The District has inadequate segregation of duties over the payroll process.	See response and corrective action plan at 2013-001	Fiscal Year 2014-Kevin Baccam
<b>2013-002</b>	The District has insufficient monitoring activities over receipts transactions.	See response and corrective action plan at 2013-002	Fiscal Year 2014-Kevin Baccam
<b>Other Findings Related to Required Statutory Reporting:</b>			
<b>IV-A-13</b>	Expenditures exceeded the certified budget for all functions.	See response at IV-A-13.	Fiscal Year 2014-Kevin Baccam
<b>IV-F-13</b>	Board minutes are not published timely and do not properly documented closed or special meetings.	See response at IV-F-13.	Fiscal Year 2014-Kevin Baccam
<b>IV-G-13</b>	Variances were identified in the certified enrollment submitted to the Department of Education.	See response at IV-G-13	Fiscal Year 2014-Kevin Baccam
<b>IV-J-13</b>	The certified annual report was not submitted timely.	See response at IV-J-13	Fiscal Year 2014-Kevin Baccam
<b>IV-M-13</b>	The District had a deficit unassigned General Fund fund balance.	See response at IV-M-13	Fiscal Year 2014-Kevin Baccam







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, 2013, 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) In a sample of 25 payroll transactions, three payroll transactions were not approved by the employee's supervisor. Supervisory approval is recorded electronically in the time clock system and is one of the key monitoring controls in the process. We recommend the District required supervisors to timely review and approve payroll.
- 2) We noted six vendor invoices dated prior to the purchase order approval date. We also noted one transaction that did not have an approved purchase order. We recommend the District evaluate current processes over purchase orders and invoice approvals and establish criteria and policies to provide consistency and a more effective monitoring control.

- 3) The District properly requires employees that work in a federal program to sign semi-annual certifications as required by the Office of Management and Budget. The District did not include the employees that were charged to the High Cost Claim component of the Special Education-Grants to States (IDEA, Part B) program in the semi-annual certification process due to the District not being notified of the allocation until year-end. We recommend the District include all employees that are part of the High Cost Claim component of the program during the year.
  
- 4) The District had approximately \$54,000 as an unreconciled difference in governmental activities capital assets at year-end. Differences can be caused by adjustments posted to trial balances that are not posted to subsidiary ledgers or by data entry errors. Differences may also be caused by back dating transactions. We recommend the District discontinue back dating purchases or sales that occurred in prior periods. We also recommend the District evaluate current processes to determine if there are additional software controls or process controls that will allow for reconciling items to be identified more timely.

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  
November 25, 2013