Comprehensive Annual Financial Report
of the

Southeast Polk Community School District

Pleasant Hill, Iowa

For the Fiscal Year Ended June 30, 2014

Official Issuing Report
Kevin Baccam, Executive Director of Business Services

Office Issuing Report
Business Services Office

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Southeast Polk
COMMUNITY SCHOOL DISTRICT

January 15, 2015

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, 2014.

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 unmodified (clean) opinion on the District's financial statements for the year ended June, 30, 2014. The independent auditor's report is located at the front of the financial section of the CAFR.

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

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

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

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

Profile of the Government

The Southeast Polk Community School District was organized in May 1961. The District covers roughly 112 square miles and is made up of three major communities including Altoona, Mitchellville, and Runnells in Iowa. District boundaries also reach into much of Pleasant Hill and the east side of Des Moines. Although the District is primarily in Polk County, it also extends into parts of Marion and Jasper Counties. The District serves nearly 30,000 people residing in those communities. The District's budgeted enrollment for the 2013-2014 school year was 6,617, making it the 13th largest public school district in Iowa.

There are eleven schools in the District including eight elementary schools, a sixth grade center, a junior high for seventh and eighth graders and a high school. The oldest of these buildings is Mitchellville Elementary School built in 1925, although a complete remodel and addition to the school was completed for the 2014-2015 school year. 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 be around 500 students. 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. Although the gap was tighter this year, net open enrollment gain for the 2013-2014 school year was 17 students.

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

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

Economic Condition and Outlook

Altoona has seen substantial growth in recent years. Several retail outlets and restaurants have spawned along the 8th Street corridor further bridging the connection between Altoona and Des Moines. Prairie Meadows Racetrack and Casino opened a 168 room hotel in March 2012 connecting the hotel with the casino. Facebook has completed one of two multi-million dollar data centers just inside the city limits just north of Interstate 80. An open air upscale mall will break ground just west and south of Bass Pro Shops in the city's northwest corner early next calendar year. A multiplex movie theater is also planned to break ground this spring just north of Prairie Meadows.

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. Ironwood continues to fill out with multi and single family homes, and higher end townhomes are being constructed in the Eagle Creek Estates neighborhood. Market priced apartments are being built north of Clay Elementary School and a higher end single housing development has opened up just to the east of the school. There are still plans for single family housing project just east of Willowbrook Elementary School and yet more apartment complex being built just north of the school. 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. The Pleasant Ridge Development is also ongoing on the south side of the city. A large six-building apartment complex was completed just east of Delaware Elementary School and there continues to be growth in the Rutherford Development southeast of Target.

A major sewer project known as the Mud Creek Sewer Project was completed recently, and with it, the infrastructure capacity for residential and commercial opportunities east of Altoona, heading towards Mitchellville as well.

Major Initiatives

The District has completed all 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.

The District implemented a new financial accounting software system called eFinance Plus. The new system replaces the legacy system and incorporates changes to general ledger, payroll, and human resources. The District also combined all banking services to one bank from four. These changes will positively affect the efficiency of a number of departments and provide more effective tools to manage personnel and non-personnel expenditures and budgets.

The District was one of thirty-nine school districts in the State of Iowa selected in the first year for the implementation of a Teacher Leadership and Compensation System effective for the 2014-2015 school year. This opportunity funded by the State allows for improved instructional staff support by providing funding for professional development leaders, instructional coaches and model teachers.

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, 2014 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 thirteenth 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, 2013. 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, 2013. 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 2013 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, 2014

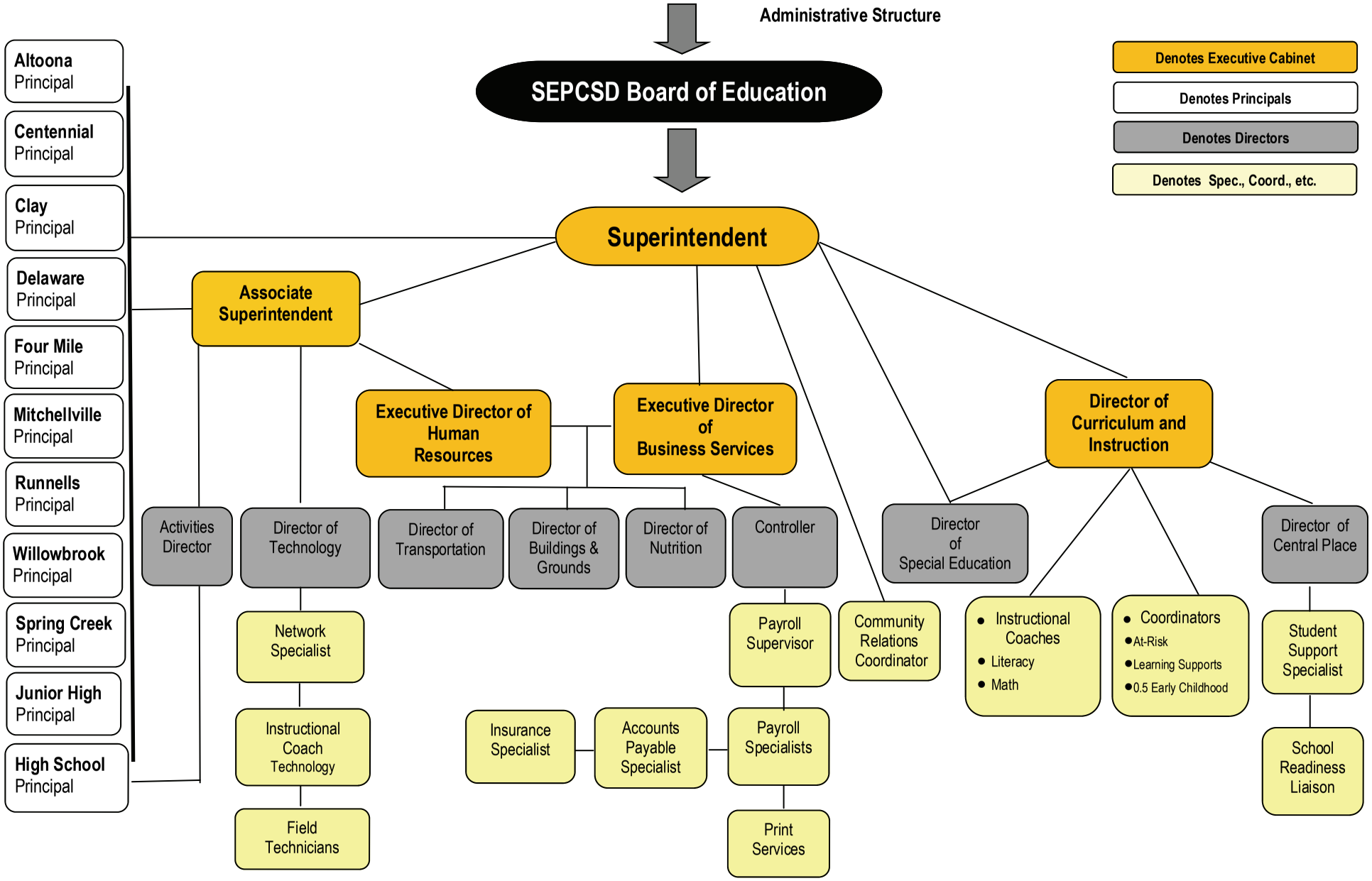
	Title	Term/Contract Expires
	Board of Education	
Brett Handy	President	September, 2015
Lori Slings	Vice-President	September, 2015
Gary Fischer	Member	September, 2017
Joanne Moeller	Member	September, 2017
Chad Johnson	Member	September, 2017
Katie Temple*	Member	September, 2015
Bill Puffett	Member	September, 2015

*Completing board term left vacant by resigning director Doug Roush

	District Administration	
Craig Menozzi	Superintendent	June 30, 2015
Joe Horton	Associate Superintendent	June 30, 2015
Kevin Baccam	Executive Director of Business Services	June 30, 2015
Jo Ellen Latham	Director of Curriculum/Instruction	June 30, 2015
Margi Belger	Executive Director of Human Resources	June 30, 2015
Nate Ballagh	Associate Principal	June 30, 2015
Mike Dailey	Principal	June 30, 2015
Glenn Dietzenbach	Assistant Principal	June 30, 2015
Kent Horstmann	Activities Director	June 30, 2015
Randy Mohning	Principal	June 30, 2015
Lea Morris	Principal	June 30, 2015
Joe Nelson	Principal	June 30, 2015
Mike Nicodemus	Principal	June 30, 2015
Robin Norris	Principal	June 30, 2015
Stephen Pettit	Principal	June 30, 2015
Joel Schutte	Assistant Principal	June 30, 2015
John Steffen	Assistant Principal	June 30, 2015
Lori Waddell	Principal	June 30, 2015
Kevin Walker	Principal	June 30, 2015
Ryan Woods	Principal	June 30, 2015
		June 30, 2015

Southeast Polk
COMMUNITY SCHOOL DISTRICT

Administrative Structure



09/2012

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, 2013

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, 2013

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

Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director

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Bohnsack & Frommelt LLP
Certified Public Accountants

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, 2014, 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, 2014, 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.

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 56–59 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 January 15, 2015 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
January 15, 2015

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Southeast Polk Community School District

Management's Discussion and Analysis
Year Ended June 30, 2014

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, 2014. 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 $8,902,032 and $5,589,128 during the years ended June 30, 2014 and 2013, respectively.

Total revenues for the fiscal year ended June 30, 2014 and 2013 of $88,415,875 and $84,548,624 were comprised of general revenues in the amount of $68,134,008 and $64,967,645 and program revenues totaling $20,281,867 and $19,580,979, respectively.

As of June 30, 2014, the District's governmental funds reported combined fund balances of $14,698,481, a decrease of $1,353,699 in comparison to 2013. 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. For the first time since fiscal year 2002, the District achieved a positive solvency ratio at the end of the fiscal year 2014 at 6.3 percent compared to a negative 0.4 percent at the end of fiscal year 2013.

The Southeast Polk Community School District's total long-term debt decreased by $4,211,758 during fiscal year ended June 30, 2014 and increased by $6,602,489 during fiscal year ended June 30, 2013.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Southeast Polk Community School District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

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

The statement of net 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.

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 56 through 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net 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 $53,136,129 to $62,038,161.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Current and other assets	$ 62,313,030	$ 60,342,501	$ 1,337,061	$ 1,025,282	$ 63,650,091	$ 61,367,783
Capital assets	133,361,695	129,141,782	1,067,584	1,211,456	134,429,279	130,353,238
Total assets	195,674,725	189,484,283	2,404,645	2,236,738	198,079,370	191,721,021
Noncurrent liabilities	88,517,793	92,983,257	240,086	191,600	88,757,879	93,174,857
Other liabilities	16,711,377	15,689,324	141,654	178,542	16,853,031	15,867,866
Total liabilities	105,229,170	108,672,581	381,740	370,142	105,610,910	109,042,723
Deferred inflows of resources	30,430,299	29,542,169	-	-	30,430,299	29,542,169
Net position:						
Net investment in capital assets	48,242,679	47,266,705	1,067,584	1,211,456	49,310,263	48,478,161
Restricted	5,963,176	3,760,304	-	-	5,963,176	3,760,304
Unrestricted	5,809,401	242,524	955,321	655,140	6,764,722	897,664
Total net position	$ 60,015,256	$ 51,269,533	$ 2,022,905	$ 1,866,596	$ 62,038,161	$ 53,136,129

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 $49,310,263 for 2014 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 (9.6 percent for 2014 and 7.1 percent for 2013) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2014 include $512,860 for physical plant and equipment levy, $2,750,903 for school infrastructure, $455,093 for management levy, $490,104 for debt service, $1,422,660 for categorical funding, and $331,556 for student activities. The remaining balance of unrestricted net position is $6,764,722 for 2014. The remaining balance of unrestricted net positions was $897,664 for 2013.

The District's total net position increased by $8,902,032 during the current fiscal year as compared to $5,589,128 in 2013. The governmental activities net position increased by $8,745,723 in 2014 and $5,745,795 in 2013. The business-type activities, which include school nutrition, community service, and school store increased by $156,309 in 2014 and decreased by $156,667 in 2013.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2014 and 2013. 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.

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 - Changes in Net Position

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenues:						
Program revenues:						
Charges for service and sales	$ 5,364,292	$ 6,352,093	$ 2,602,011	$ 2,526,002	$ 7,966,303	$ 8,878,095
Operating grants and contributions	10,779,733	9,117,676	1,535,831	1,435,208	12,315,564	10,552,884
Capital grants and contributions	-	150,000	-	-	-	150,000
General revenues:						
Property taxes and other taxes	36,880,470	34,793,413	-	-	36,880,470	34,793,413
Other local sources	#REF!	31,853	-	-	#REF!	31,853
State sources	31,210,071	30,131,357	-	-	31,210,071	30,131,357
Investment earnings	41,535	10,085	1,932	937	43,467	11,022
Total revenues	#REF!	80,586,477	4,139,774	3,962,147	#REF!	84,548,624
Program expenses:						
Instruction	43,065,043	41,984,675	-	-	43,065,043	41,984,675
Support services	22,928,558	23,267,847	-	-	22,928,558	23,267,847
Noninstructional programs	16,232	595	-	-	16,232	595
Other	2,508,266	2,350,017	-	-	2,508,266	2,350,017
Depreciation unallocated	3,213,938	3,213,866			3,213,938	3,213,866
Interest on long-term debt	3,848,341	4,023,682	-	-	3,848,341	4,023,682
School nutrition	-	-	3,634,175	3,661,721	3,634,175	3,661,721
Community service	-	-	50,750	54,131	50,750	54,131
School store	-	-	248,540	402,962	248,540	402,962
Total expenses	75,580,378	74,840,682	3,933,465	4,118,814	79,513,843	78,959,496
Excess (deficiency) of revenues over expenses before transfers	#REF!	5,745,795	206,309	(156,667)	#REF!	5,589,128
Transfers	50,000	-	(50,000)	-	-	-
Increase (decrease) in net position	#REF!	5,745,795	156,309	(156,667)	#REF!	5,589,128
Net position, beginning	51,269,533	45,523,738	1,866,596	2,023,263	53,136,129	47,547,001
Net position, ending	#REF!	$ 51,269,533	$ 2,022,905	$ 1,866,596	#REF!	$ 53,136,129

GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were $84,276,101 and expenses were $75,580,378. 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 80.7 percent and 80.6 percent, respectively, of total revenues. Instruction constitutes the largest portion of expenditures at $43,065,043 or 56.9 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, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Instruction	$ 43,065,043	$ 41,984,675	$ 31,077,211	$ 30,307,972
Support services	22,928,558	23,267,847	21,280,631	21,674,798
Noninstructional programs	16,232	595	16,232	595
Other	2,508,266	2,350,017	-	-
Depreciation unallocated	3,213,938	3,213,866	3,213,938	3,213,866
Interest on long-term debt	3,848,341	4,023,682	3,848,341	4,023,682
School nutrition	3,634,175	3,661,721	(136,837)	94,425
Community service	50,750	54,131	(57,305)	(18,161)
School store	248,540	402,962	(10,235)	81,340
Total expenses	$ 79,513,843	$ 78,959,496	$ 59,231,976	$ 59,378,517

Net cost of services is 74.4 percent of total cost of services in 2014 and 75.2 percent in 2013. The cost of governmental activities financed by users of the District's programs was $5,364,292 for 2014 and $6,352,093 for 2013. Federal and state governments subsidized certain programs with grants and contributions totaling $10,779,733 for 2014 and $9,267,676 for 2013. The remaining net cost of the governmental activities was financed with property tax, state foundation aid and investment earnings.

Approximately 81 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 2012, 2013, and 2014 were established by the State as 0%, 2%, and 4%, respectively.

Administration proposed and Board approved reductions made in fiscal year 2013 have largely remained in effect for the current fiscal year.

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 an increase in net position of $62,400 for fiscal year 2014.
- The primary source of revenue for the School Store fund is charges for the resale of service operations. The School Store fund had an increase in net position of $10,713.

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 $14,698,481, a decrease of $1,353,699 in comparison with the prior year fund balance of $14,698,481. The unassigned fund balance is $4,264,585 for 2014 and deficit ($244,848) for 2013. The majority of the remaining fund balance for 2014 is restricted to indicate that it is not available for new spending because it has already been restricted for other purposes, $9,554,851.

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 $4,264,585 for 2014 and deficit ($244,848) for 2013, while total fund balance reached $5,689,088 for 2014 and $1,158,803 for 2013. 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 6.5 percent of total fund expenditures and total fund balance is 8.7 percent of total fund expenditures. For the first time since fiscal year 2002, the District achieved a positive solvency ratio at the end of the fiscal year 2014 at 6.3 percent compared to a negative 0.4 percent at the end of fiscal year 2013.

The fund balance of the District's General Fund increased by $4,530,285 during June 30, 2014. Key factors in this increase are as follows:

- Use of the cash reserve levy in 2014.
- Continued analysis of positions that become vacant due to resignation or retirement or newly proposed positions.
- Increase in miscellaneous revenues including tuition and open enrollment billings.
- One-time plus 2% state revenue beyond the supplemental state aid.

The Capital Projects Fund fund balance decreased to $3,036,389 in 2014 from $9,260,416 in 2013. This decrease is due to the planned use of revenue bond proceeds to pay for the remaining projects included in Phase 1 of the District's capital construction plan. During fiscal year 2014, the high school parking lot expansion was completed, the football field turf was replaced as was the roof at Willowbrook Elementary, and a significant portion of the Mitchellville Elementary remodel and construction was completed.

The Debt Service Fund fund balance decreased to $4,360,130 in 2014 from $4,364,262. This decrease is due to less transfers from the 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/	
	Original	Final	Expenses	Variance
Instruction	$ 42,870,000	$ 43,105,000	$ 43,251,441	$ (146,441)
Support services	22,434,600	23,379,580	22,830,205	549,375
Noninstructional programs	3,624,988	3,830,000	3,730,975	99,025
Other	19,739,062	23,194,215	19,723,731	3,470,484
Total	$ 88,668,650	$ 93,508,795	$ 89,536,352	$ 3,972,443

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following table shows ending balances of capital assets invested in various categories. The District recognized a total net increase of $4,076,041 for 2014. Most of the increase can be attributed to construction projects.

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

	2014	2013
Land	$ 3,503,506	$ 3,503,506
Construction-in-progress	6,892,233	1,336,994
Buildings	112,519,341	114,898,770
Land improvements	5,200,572	4,908,883
Machinery and equipment	6,313,627	5,705,085
Total	$ 134,429,279	$ 130,353,238

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

Debt

As of June 30, 2014, the Southeast Polk Community School District had bonds and capital loan notes outstanding totaling $88,989,042 compared to $94,258,421 as of June 30, 2013. In the current year, the District paid $5,248,796 in principal and $3,896,930 in interest on outstanding debt.

As of June 30, 2014, the District's available legal debt margin was $52,854,207 compared to $48,615,778 as of June 30, 2013.

Table 5- Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
General obligation bonds	$ 44,725,000	$ 47,105,000	$ -	$ -	$ 44,725,000	$ 47,105,000
Revenue bonds	42,897,522	44,983,105	-	-	42,897,522	44,983,105
Capital loan notes	1,366,520	2,170,316	-	-	1,366,520	2,170,316
Net OPEB liability	4,979,167	3,973,632	240,086	191,600	5,219,253	4,165,232
Compensated absences	118,836	115,622	3,169	2,783	122,005	118,405
Total	$ 94,087,045	$ 98,347,675	$ 243,255	$ 194,383	$ 94,330,300	$ 98,542,058

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the 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 three and a half percent over the past five years. The tax base increase from fiscal year 2013 to fiscal year 2014 was only 1.35 percent. This slight increase is due mainly to increased rollbacks of commercial and industrial property valuations; however, the tax base did increase nonetheless. Commercial and industrial rollbacks will increase in 2015 as will the state funding to replace lost revenues due to the rollbacks.

The District's certified enrollment count as of October 2014 is 6,634 student FTEs. That is a small increase of 17 student FTEs compared to the previous fiscal year. This increase is much less than the increase of 217 and 186 student FTEs in 2013 and 2012. There continues to be an increase in the number of multi and single family housing developments throughout Altoona, Pleasant Hill, and Mitchellville.

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 and tuition in and out is about 17 student FTEs in fiscal year 2015.

The State ended fiscal year 2014 with a surplus of $1.375 billion including cash reserves and the economic emergency fund. State revenues continue to grow. Through early December of 2014, State revenues have grown 4.9% more to-date when compared to the prior year. Revenue estimates for fiscal year 2015 and 2016 calls for an increase of 5.6% and 4.8%, respectively. Legislators approved a four

percent increase in supplemental state aid for fiscal year 2015. Supplemental state aid 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 has not been established for fiscal year 2016 or 2017.

The District ended fiscal year 2014 with a positive solvency ratio of 6.3%; its first positive solvency ratio since fiscal year 2002. Unspent spending authority rose slightly to 3.2% from 3.0% from fiscal year 2013 to 2014. Both of these ratios are a measurement of financial health for the District's general operating fund.

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, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	$ 22,291,723	$ 1,331,865	$ 23,623,588
Restricted cash, cash equivalents and investments	4,199,588	-	4,199,588
Receivables:			
Property taxes	30,603,975	-	30,603,975
Other	4,320,421	3,541	4,323,962
Prepaid expenses	881,101	181	881,282
Inventories	-	17,696	17,696
Internal balances	16,222	(16,222)	-
Total current assets	62,313,030	1,337,061	63,650,091
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	3,503,506	-	3,503,506
Construction-in-progress	6,892,233	-	6,892,233
Depreciable:			
Buildings	143,525,269	-	143,525,269
Land improvements	9,103,507	-	9,103,507
Machinery and equipment	19,182,112	2,882,106	22,064,218
Accumulated depreciation	(48,844,932)	(1,814,522)	(50,659,454)
Total noncurrent assets	133,361,695	1,067,584	134,429,279
Total assets	$ 195,674,725	$ 2,404,645	$ 198,079,370

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	3,270,237	60,080	3,330,317
Salaries and benefits payable	6,426,601	26,011	6,452,612
Claims payable	725,932	-	725,932
Unearned revenue	247,475	52,394	299,869
Compensated absences	118,836	3,169	122,005
General obligation bonds	2,545,000	-	2,545,000
Revenue bonds	2,190,000	-	2,190,000
Capital loan notes	715,416	-	715,416
Accrued interest payable	471,880	-	471,880
Total current liabilities	16,711,377	141,654	16,853,031
Noncurrent liabilities:			
General obligation bonds	42,180,000	-	42,180,000
Revenue bonds	40,707,522	-	40,707,522
Capital loan notes	651,104	-	651,104
Net OPEB liability	4,979,167	240,086	5,219,253
Total noncurrent liabilities	88,517,793	240,086	88,757,879
Total liabilities	105,229,170	381,740	105,610,910
Deferred inflows of resources, deferred revenue	30,430,299	-	30,430,299
Net Position			
Net investment in capital assets	48,242,679	1,067,584	49,310,263
Restricted for:			
Categorical funding	1,422,660	-	1,422,660
Physical plant and equipment levy	512,860	-	512,860
School infrastructure	2,750,903	-	2,750,903
Debt service	490,104	-	490,104
Management levy	455,093	-	455,093
Student activities	331,556	-	331,556
Unrestricted	5,809,401	955,321	6,764,722
Total net position	$ 60,015,256	$ 2,022,905	$ 62,038,161

Southeast Polk Community School District

Statement of Activities
Year Ended June 30, 2014

Functions/Programs		Expenses
Primary Government:		
Governmental activities:		
Instruction	$	43,065,043
Support services		22,928,558
Noninstructional programs		16,232
AEA flowthrough		2,508,266
Depreciation (unallocated)		3,213,938
Interest on long-term debt		3,848,341
Total governmental activities		75,580,378
Business-type activities:		
School nutrition		3,634,175
Community service		50,750
School store		248,540
Total business-type activities		3,933,465
Total primary government	$	79,513,843
General revenues and transfers:		
General revenues:		
Property taxes for general purposes		
Property taxes for specific purposes		
Income surtax		
Statewide sales and services tax		
State foundation aid, unrestricted		
Investment earnings		
Transfers		
Total general revenues and transfers		
Change in net 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
$ 5,095,985	$ 6,891,847	$ -	$ (31,077,211)	$ -	$ (31,077,211)
268,307	1,379,620	-	(21,280,631)	-	(21,280,631)
-	-	-	(16,232)	-	(16,232)
-	2,508,266	-	-	-	-
-	-	-	(3,213,938)	-	(3,213,938)
-	-	-	(3,848,341)	-	(3,848,341)
5,364,292	10,779,733	-	(59,436,353)	-	(59,436,353)
2,235,181	1,535,831	-	-	136,837	136,837
108,055	-	-	-	57,305	57,305
258,775	-	-	-	10,235	10,235
2,602,011	1,535,831	-	-	204,377	204,377
$ 7,966,303	$ 12,315,564	$ -	(59,436,353)	204,377	(59,231,976)
			21,640,656	-	21,640,656
			7,858,967	-	7,858,967
			1,814,740	-	1,814,740
			5,566,107	-	5,566,107
			31,210,071	-	31,210,071
			41,535	1,932	43,467
			50,000	(50,000)	-
			68,182,076	(48,068)	68,134,008
			8,745,723	156,309	8,902,032
			51,269,533	1,866,596	53,136,129
			$ 60,015,256	$ 2,022,905	$ 62,038,161

Southeast Polk Community School District

Balance Sheet
Governmental Funds
June 30, 2014

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash, cash equivalents and investments	$ 12,475,427	$ 3,701,609	$ 133,056	$ 1,211,985	$ 17,522,077
Restricted cash, cash equivalents and investments	-	-	4,199,588	-	4,199,588
Receivables:					
Property taxes	20,524,032	1,687,208	6,743,891	1,648,844	30,603,975
Income surtax	1,555,949	-	-	-	1,555,949
Due from other governments	1,580,403	1,161,963	-	-	2,742,366
Other	21,325	-	-	29	21,354
Due from other funds	61,520	27,500	-	-	89,020
Prepaid items	1,843	50,977	-	826,225	879,045
Total assets	$ 36,220,499	$ 6,629,257	$ 11,076,535	$ 3,687,083	$ 57,613,374
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	$ 1,541,096	$ 1,636,523	$ -	$ 80,148	$ 3,257,767
Salaries and benefits payable	6,409,837	-	-	16,764	6,426,601
Due to other funds	389,619	-	-	328,832	718,451
Unearned revenue	237,510	-	-	9,965	247,475
Total liabilities	8,578,062	1,636,523	-	435,709	10,650,294
Deferred Inflows of Resources, unavailable revenue:					
Succeeding year property tax	20,397,400	1,677,994	6,716,405	1,638,500	30,430,299
Income surtax	1,555,949	-	-	-	1,555,949
Sales and services tax	-	278,351	-	-	278,351
Total deferred inflows of resources	21,953,349	1,956,345	6,716,405	1,638,500	32,264,599
Fund balances:					
Nonspendable, prepaid items	1,843	50,977	-	826,225	879,045
Restricted for:					
Categorical funding	1,422,660	-	-	-	1,422,660
Physical plant and equipment	-	512,860	-	-	512,860
School infrastructure	-	2,472,552	-	-	2,472,552
Debt service	-	-	4,360,130	-	4,360,130
Management levy	-	-	-	455,093	455,093
Student activities	-	-	-	331,556	331,556
Unassigned	4,264,585	-	-	-	4,264,585
Total fund balances	5,689,088	3,036,389	4,360,130	1,612,874	14,698,481
Total liabilities, deferred inflows of resources and fund balances	$ 36,220,499	$ 6,629,257	$ 11,076,535	$ 3,687,083	$ 57,613,374

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, 2014

Total fund balances		$ 14,698,481
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		133,361,695
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		1,834,300
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	5,551,974	
Other current liabilities	(799,922)	4,752,052
Internal Service funds allocated to business-type activities		(72,347)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable	(471,880)	
Compensated absences	(118,836)	
General obligation bonds, current	(2,545,000)	
General obligation bonds, noncurrent	(42,180,000)	
Premium on revenue bond issuance	(132,522)	
Revenue bonds, current	(2,190,000)	
Revenue bonds, noncurrent	(40,575,000)	
Capital loan notes, current	(715,416)	
Capital loan notes, noncurrent	(651,104)	
Net OPEB liability	(4,979,167)	(94,558,925)
Net position of governmental activities		$ 60,015,256

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, 2014

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes and other local sources:					
Property taxes	$ 21,640,656	$ 1,652,081	$ 4,444,309	$ 1,762,577	$ 29,499,623
Income surtax	1,761,569	-	-	-	1,761,569
Other local sources	659,522	35,966	-	231,394	926,882
Student activities	21,238	-	-	1,068,102	1,089,340
Investment earnings	13,882	6,598	10,349	2,890	33,719
Tuition/transportation	3,252,579	-	-	-	3,252,579
State sources:					
State foundation aid	31,210,071	-	-	-	31,210,071
Statewide sales and services tax	-	5,558,904	-	-	5,558,904
Other state sources	8,301,891	473	1,273	580	8,304,217
Federal sources	2,475,516	-	-	-	2,475,516
Total revenues	69,336,924	7,254,022	4,455,931	3,065,543	84,112,420
Expenditures:					
Current:					
Instruction	41,560,891	-	-	1,504,250	43,065,141
Support services:					
Student services	2,782,640	-	-	88,427	2,871,067
Instructional support	1,313,537	-	-	49,089	1,362,626
General administration	1,221,366	-	-	1,526	1,222,892
School administration	4,003,390	-	-	55,595	4,058,985
Business and central administration	2,684,504	447,921	-	138,122	3,270,547
Plant operation and maintenance	5,920,140	172,146	-	792,987	6,885,273
Student transportation	2,822,941	197,580	-	30,140	3,050,661
Noninstructional programs	-	-	-	16,232	16,232
Other:					
AEA support - direct to AEA	2,508,266	-	-	-	2,508,266
Capital outlay	-	8,066,239	-	-	8,066,239
Debt service:					
Principal	-	-	5,248,796	-	5,248,796
Interest and other charges	-	3,500	3,896,930	-	3,900,430
Total expenditures	64,817,675	8,887,386	9,145,726	2,676,368	85,527,155
Excess (deficiency) of revenues under (over) expenditures	4,519,249	(1,633,364)	(4,689,795)	389,175	(1,414,735)
Other financing sources (uses):					
Transfers in	-	95,000	4,685,663	-	4,780,663
Transfers (out)	-	(4,685,663)	-	(45,000)	(4,730,663)
Proceeds from sale of capital assets	11,036	-	-	-	11,036
Total other financing sources (uses)	11,036	(4,590,663)	4,685,663	(45,000)	61,036
Net change in fund balance	4,530,285	(6,224,027)	(4,132)	344,175	(1,353,699)
Fund balances, beginning of year	1,158,803	9,260,416	4,364,262	1,268,699	16,052,180
Fund balances, end of year	$ 5,689,088	$ 3,036,389	$ 4,360,130	$ 1,612,874	$ 14,698,481

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, 2014

Net change in fund balances - total governmental funds		$ (1,353,699)
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	8,680,585	
Depreciation expense by function:		
Instruction	(86,598)	
Support services	(1,133,853)	
Unallocated	(3,213,938)	4,246,196
Proceeds from sale of capital assets	(11,036)	
Loss on sale of capital assets	(15,247)	(26,283)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Intergovernmental	-	
Sales tax	7,203	
Income surtax	53,171	60,374
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 oustanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Repayment of bonds and loans principal	5,248,796	
Amortization of premium	20,583	
Interest	31,506	5,300,885
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.		1,602,731
Change in internal service funds allocation to business-type activities		(75,732)
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	(3,214)	
Change in liability for net OPEB liability:		
Instruction	(653,598)	
Support services	(351,937)	(1,008,749)
Change in net position of governmental activities		$ 8,745,723

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Assets		
Current assets:		
Cash, cash equivalents and investments	$ 1,331,865	$ 4,769,646
Prepaid expenses	181	2,056
Due from other governments	3,541	-
Due from other funds	-	779,520
Other receivables	-	752
Inventories	17,696	-
Total current assets	1,353,283	5,551,974
Noncurrent assets:		
Capital assets:		
Machinery and equipment	2,882,106	-
Less accumulated depreciation	(1,814,522)	-
Total noncurrent assets	1,067,584	-
Total assets	2,420,867	5,551,974
Liabilities		
Current liabilities:		
Accounts payable	60,080	12,470
Salaries and benefits payable	26,011	-
Compensated absences	3,169	-
Claims payable	-	725,932
Due to other funds	88,569	61,520
Unearned revenues	52,394	-
Total current liabilities	230,223	799,922
Long-term liabilities, net OPEB liability	240,086	-
Total liabilities	470,309	799,922
Net Position		
Net investment in capital assets	1,067,584	-
Unrestricted	882,974	4,752,052
Total net position	$ 1,950,558	$ 4,752,052

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, 2014

Total enterprise funds net position	$	1,950,558
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.		72,347
Net position of business-type activities	$	2,022,905

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, 2014

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Operating revenues:		
Food sales	$ 2,231,491	$ -
Charges for services	370,520	8,319,445
Total operating revenues	2,602,011	8,319,445
Operating expenses:		
Salaries	1,118,575	-
Employee benefits	484,295	-
Purchased services	61,877	504,389
Food consumed	1,775,465	-
Supplies	359,091	-
Depreciation	193,088	-
Claims and administration	-	6,220,141
Other	16,806	-
Total operating expenses	4,009,197	6,724,530
Operating income (loss)	(1,407,186)	1,594,915
Nonoperating revenues (expenses):		
Federal food commodities	229,587	-
Federal appropriations	1,277,240	-
State appropriations	29,004	-
Interest	1,932	7,816
Total nonoperating revenues (expenses)	1,537,763	7,816
Income (loss) before transfers	130,577	1,602,731
Transfers (out)	(50,000)	-
Change in net position	80,577	1,602,731
Net position, beginning of year	1,869,981	3,149,321
Net position, end of year	$ 1,950,558	$ 4,752,052

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, 2014

Net changes in net position in enterprise funds	$	80,577
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.		75,732
Change in net position of business-type activities	$	156,309

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	$ 2,608,994	8,344,951
Payments to suppliers	(1,981,141)	(6,493,988)
Payments to employees	(1,599,544)	-
Net cash provided by (used in) operating activities	(971,691)	1,850,963
Cash flows from noncapital financial activities:		
Transfers to other funds	(50,000)	-
Federal and state appropriations received	1,306,413	-
Payments to other funds	-	(779,520)
Proceeds from other funds	92,066	322
Net cash provided by (used in) noncapital financing activities	1,348,479	(779,198)
Cash flows from capital and related financing activities, purchase of capital assets	(49,216)	-
Cash flows from investing activities, interest received	1,932	7,816
Net increase in cash and cash equivalents	329,504	1,079,581
Cash and cash equivalents, beginning of year	1,002,361	3,690,065
Cash and cash equivalents, end of year	$ 1,331,865	$ 4,769,646

(Continued)

Southeast Polk Community School District

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2014

	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)	(1,407,186)	1,594,915
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	193,088	-
Federal food commodities used	229,587	-
Change in assets and liabilities:		
Receivables	-	25,506
Prepaid expenses	(90)	(2,056)
Inventories	1,311	-
Accounts payable	391	12,470
Salaries and benefits payable	(44,647)	-
Compensated absences	386	-
Claims payable	-	220,128
Unearned revenue	6,983	-
Net OPEB liability	48,486	-
Net cash provided by (used in) operating activities	$ (971,691)	$ 1,850,963
Schedule of noncash items:		
Noncapital financing activities, federal commodities	$ 229,587	$ -

See Notes to Financial Statements.

Southeast Polk Community School District

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Cash, cash equivalents and investments	$ 326,385	$ 177,829
Liabilities and Net Position		
Accounts payable	$ -	$ 10,621
Due to groups	-	167,208
Total liabilities	-	177,829
Net Position		
Restricted	$ 326,385	

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2014

	Private Purpose Trust
Additions:	
Local sources:	
Interest income	$ 4,702
Deductions:	
Current:	
Instruction	
Administrative	264,892
Scholarships awarded	3,500
Supplies	1,057
Total expenditures	269,449
Change in net position	(264,747)
Net position, beginning of year	591,132
Net position, end of year	$ 326,385

See Notes to Basic Financial Statements

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

Nature of operations:

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

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.

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:

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.

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 position and changes in net position. The fiduciary funds report on the accrual basis of accounting.

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

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

compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified in April 2013 based on 2012 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.

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.

Due from other governments: Due from other governments consists of $1,161,963 from the state for the statewide sales and services tax, $381,091 from the state for grant programs and $1,199,312 from other local districts for tuition and fees.

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:

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

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

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.

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

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

Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the statement of net 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. It is the District's policy that the authority to assign fund balances has been delegated to the Executive Director of Business Services by the Board of Education through the adoption of the budget.

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

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

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.

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, 2014.

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 $3,870,026. 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 $512,860 for physical plant and equipment levy, $2,750,903 for school infrastructure, and $455,093 for management levy. All other restricted net position consists of $1,422,660 for categorical funding, $490,104 for required bond reserves and $331,556 for student activities and are restricted by grantors, bond covenants and donors.

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

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.

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. The District exceeded the budgeted expenditures for the instruction function.

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, 2014, the District had an investment in the Iowa Schools Joint Investment Trust of $4,199,634. The investment in the Iowa Schools Joint Investment Trust is 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 pool is the same as the value of the pool shares.

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 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, 2014 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
Governmental activities:		
Major funds:		
Capital Projects Fund	$ 95,000	$ 4,685,663
Debt Service Fund	4,685,663	-
Nonmajor funds, Student Activity Fund	-	45,000
Business-type activities, nonmajor fund, Community Service Fund	-	50,000
	$ 4,780,663	$ 4,780,663

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

Note 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
Govermental activities:		
General Fund	$ 61,520	$ 389,619
Capital Projects Fund	27,500	-
Nonmajor governmental funds	-	328,832
Internal service funds	779,520	61,520
Total governmental activities	868,540	779,971
Business-type activities, nonmajor funds	-	88,569
	$ 868,540	$ 868,540

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, 2014 was as follows:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Business-type activities:				
Capital assets, being depreciated, machinery and equipment	$ 2,832,890	$ 49,216	$ -	$ 2,882,106
Accumulated depreciation, machinery and equipment	1,621,434	193,088	-	1,814,522
Total capital assets, being depreciated, net	$ 1,211,456	$ (143,872)	$ -	$ 1,067,584

Note 5. Capital Assets (Continued)

Capital asset activity of the governmental activities for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 3,503,506	$ -	$ -	$ 3,503,506
Construction-in-progress	1,336,994	7,812,537	2,257,298	6,892,233
Total capital assets, not being depreciated	4,840,500	7,812,537	2,257,298	10,395,739
Capital assets, being depreciated:				
Buildings	143,050,831	474,438	-	143,525,269
Land improvements	8,450,926	652,581	-	9,103,507
Machinery and equipment	17,301,198	1,998,327	117,413	19,182,112
Total capital assets, being depreciated	168,802,955	3,125,346	117,413	171,810,888
Accumulated depreciation:				
Buildings	28,152,061	2,853,867	-	31,005,928
Land improvements	3,542,043	360,892	-	3,902,935
Machinery and equipment	12,807,569	1,219,630	91,130	13,936,069
Total accumulated depreciation	44,501,673	4,434,389	91,130	48,844,932
Total capital assets, being depreciated, net	124,301,282	(1,309,043)	26,283	122,965,956
Governmental activities capital assets, net	$ 129,141,782	$ 6,503,494	$ 2,283,581	$ 133,361,695

Depreciation was charged to the functions as follows:

Governmental activities:	
Instruction	$ 86,598
Support services	1,133,853
Unallocated	3,213,938
Total depreciation expense, governmental activities	$ 4,434,389
Business-type activities, school nutrition	$ 193,088

Note 6. Long-term Debt

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

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Balances Due Within One Year
Governmental activities:					
General obligation bonds	$ 47,105,000	$ -	$ 2,380,000	$ 44,725,000	$ 2,545,000
Revenue bonds	44,830,000	-	2,065,000	42,765,000	2,190,000
Premium on revenue bonds	153,105	-	20,583	132,522	-
Capital loan notes	2,170,316	-	803,796	1,366,520	715,416
Net OPEB liability	3,973,632	1,005,535	-	4,979,167	-
Compensated absences	115,622	118,836	115,622	118,836	118,836
Total	$ 98,347,675	$ 1,124,371	$ 5,385,001	$ 94,087,045	$ 5,569,252
Business-type activities,					
Compensated absences	$ 2,783	$ 3,169	$ 2,783	$ 3,169	$ 3,169
Net OPEB liability	191,600	48,486	-	240,086	-
	$ 194,383	$ 51,655	$ 2,783	$ 243,255	$ 3,169

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.

Note 6. Long-Term Debt (Continued)

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

	Interest	$47,500,000 Issued May 1, 2006		
Year ending June 30:	Rates	Principal	Interest	Total
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	4.50	2,585,000	1,095,300	3,680,300
2020-2024	4.50	14,775,000	3,623,400	18,398,400
2025-2026	4.50	6,980,000	476,775	7,456,775
Totals		$ 33,625,000	$ 10,644,075	$ 44,269,075

	Interest	$5,500,000 Issued May 1, 2007		
Year ending June 30:	Rates	Principal	Interest	Total
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	3.875	185,000	162,380	347,380
2020-2024	3.875-4.00	1,280,000	673,600	1,953,600
2025-2027	4.00-4.100	2,530,000	273,880	2,803,880
Totals		$ 4,785,000	$ 1,839,468	$ 6,624,468

	Interest	$7,000,000 Issued May 1, 2008		
Year ending June 30:	Rates	Principal	Interest	Total
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	4.00	220,000	220,800	440,800
2020-2024	4.00	1,225,000	966,000	2,191,000
2025-2028	4.00	4,075,000	511,000	4,586,000
Totals		$ 6,315,000	$ 2,675,050	$ 8,990,050

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 $58,300,615. During the year ended June 30, 2014, principal and interest of $3,857,876 was paid on the bonds and statewide sales, services and use tax revenues were $5,558,904.

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, 2014, the reserve account balance was $3,882,617.
- 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, 1/6th of the next interest payment and 1/12th of the next principal payment are to be deposited in to the sinking account. As of June 30, 2014, the sinking fund account balance was $316,971. The District did not comply with the sinking fund requirements which requires $322,502 as of June 30, 2014, and monthly transfers were not made for all months of the fiscal year as required.
- 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.

Note 6. Long-Term Debt (Continued)

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

Year ending	Issued April 1, 2009			Issued October 1, 2010		
June 30:	Principal	Interest	Total	Principal	Interest	Total
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	1,475,000	988,306	2,463,306	295,000	184,975	479,975
2020-2024	8,450,000	3,946,175	12,396,175	1,630,000	773,426	2,403,426
2025-2029	10,735,000	1,704,063	12,439,063	1,965,000	461,275	2,426,275
2030	-	-	-	1,150,000	23,000	1,173,000
Totals	$ 26,000,000	$ 11,192,768	$ 37,192,768	$ 6,145,000	$ 2,266,726	$ 8,411,726

Year ending	Issued April 26, 2012			Issued February 28, 2013		
June 30:	Principal	Interest	Total	Principal	Interest	Total
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	145,000	16,178	161,178	580,000	170,468	750,468
2020-2024	420,000	26,032	446,032	3,110,000	672,278	3,782,278
2025-2029	-	-	-	3,635,000	297,031	3,932,031
Totals	$ 1,095,000	$ 143,472	$ 1,238,472	$ 9,525,000	$ 1,932,649	$ 11,457,649

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.

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
2015	715,416	11,751	727,167
2016	246,492	5,994	252,486
2017	247,612	3,194	250,806
2018	78,500	-	78,500
2019	78,500	-	78,500
Totals	$ 1,366,520	$ 20,939	$ 1,387,459

As of June 30, 2014, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$ 2,857,483,983
Debt limit, 5% of total assessed valuation	$ 142,874,199
Amount of debt applicable to debt limit, total indebtedness	88,989,042
Excess of debt limit over debt outstanding, legal debt margin	$ 53,885,157

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.

Note 6. Long-Term Debt (Continued)

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 District pledges it state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2013-2014 warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The warrants matured on June 30, 2014.

As summary of the District's ISCAP activity for the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Advances Received	Advances Repaid	Balance June 30, 2014
Series 2013-2014	$ -	$ 2,000,000	$ 2,000,000	$ -

During the year ended June 30, 2014, the District paid $14,047 of interest on the ISCAP warrants.

On May 1, 2014, the Board of Education approved the Series 2014-2015 ISCAP for $1,000,000 and the issuance occurred June 25, 2014. The interest rate on the Series 2014-2015 warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The warrants mature on June 30, 2015. As of June 30, 2014, none of the issuance had been drawn.

Subsequent to year-end, on July 11, 2014, the District entered into a bank loan for $70,373 to finance the purchase of a video board. The loan bears interest at 3.150 percent with principal and interest payments due each July 11th until maturity on July 11, 2016.

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.

Note 7. Other Postemployment Benefits (Continued)

The District also has early retirement policies in place for employees. Certified employees with at least 15 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, 2014, 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	193,683
Adjustment to annual required contribution	(128,240)
Annual OPEB cost	1,596,410
Contributions made	542,390
Increase in net OPEB obligation	1,054,020
Net OPEB obligation beginning of year	4,165,233
Net OPEB obligation end of year	$ 5,219,253

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, 2014. For the year ended June 30, 2014, the District contributed $542,390 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, 2014 are summarized as follows:

Note 7. Other Postemployment Benefits (Continued)

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	$ 1,471,887	27.2%	$ 3,206,000
June 30, 2013	1,547,297	38.0%	4,165,233
June 30, 2014	1,596,410	34.0%	5,219,253

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, 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 approximately $40,998,000, and the ratio of the UAAL to the covered payroll was 33.62 percent. As of June 30, 2014, 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.

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 5.95 percent of their annual salary and the District is required to contribute 8.93 percent of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were $3,650,051, $3,436,970, and $3,164,198 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.

Note 9. Risk Management (Continued)

Changes in the balances of claims payable during the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Claims payable, beginning of year	$ 505,804	$ 600,000
Incurred claims (including IBNR and changes in estimates)	5,382,793	5,761,747
Claim payments	5,162,665	5,855,943
Claims payable, end of year	$ 725,932	$ 505,804

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 $2,508,266 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

Note 11. Contingencies

As of June 30, 2014, 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, 2014. The construction commitments for these projects are as follows:

Construction Project	Contract Commitment	Remaining Balance
Mitchellville Elementary remodel and addition	$ 8,001,800	$ 2,066,253
High school parking expansion	606,302	28,663
	$ 8,608,102	$ 2,094,916

Note. 13 Restricted Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2014 is comprised of the following programs:

Program:	Amount
Home School Assistance	$ 91,348
At-Risk Supplemental Weighting	108,788
Talented and Gifted	129,286
Dropout Prevention	94
Statewide Preschool	191,040
Teacher Mentoring	35,023
Teacher Salary Supplement	282,270
Iowa Early Intervention Grant	35,500
Empowerment	185
Core Curriculum	88,795
Professional Development	358,736
School Ready Children	9,333
Early Reader	63,515
Teacher Leadership	28,747
	$ 1,422,660

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

The District adopted the following statements during the year ended June 30, 2014:

GASB Statement No. 66, *Technical Corrections – 2012*. 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*. 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. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. 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.

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

The implementation of the above statements did not have a material impact to the District's financial statements. As of June 30, 2014, 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. 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.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, issued November 2013, will be effective upon the implementation of GASB Statement No. 68.., beginning with the year ending June 30, 2015. This Statement amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

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

Note 15. Subsequent Event

On January 15, 2015, the Board approved a resolution to fix the date of sale, approve electronic bid procedures, and approve the official statement for the District to issue $29.6 million Series 2015A general obligation refunding bonds and $10.7 million Series 2015B general obligation advance refunding bonds with interest rates ranging from 0.98% to 2.77%.

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REQUIRED SUPPLEMENTARY INFORMATION

Southeast Polk Community School District

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental and Enterprise Funds
Required Supplementary Information
Year Ended June 30, 2014

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	$ 42,122,616	$ 2,603,943
State sources	39,514,288	29,004
Federal sources	2,475,516	1,506,827
Total revenues	84,112,420	4,139,774
Expenditures/expenses:		
Instruction	43,065,141	186,300
Support services	22,722,051	108,154
Noninstructional programs	16,232	3,714,743
Other expenditures	19,723,731	-
Total expenditures/expenses	85,527,155	4,009,197
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,414,735)	130,577
Other financing sources (uses):		
Transfers in	4,780,663	-
Transfers (out)	(4,730,663)	(50,000)
Sale of capital assets	11,036	-
Total other financing sources (uses)	61,036	(50,000)
Net change in fund balance	(1,353,699)	80,577
Balance, beginning of year	16,052,180	1,869,981
Balance, end of year	$ 14,698,481	$ 1,950,558

See Note to Required Supplementary Information.

Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
$ 44,726,559	$ 44,163,273	$ 44,163,273	$ 563,286
39,543,292	39,378,306	39,378,306	164,986
3,982,343	3,244,617	3,244,617	737,726
88,252,194	86,786,196	86,786,196	1,465,998
43,251,441	42,870,000	43,105,000	(146,441)
22,830,205	22,434,600	23,379,580	549,375
3,730,975	3,624,988	3,830,000	99,025
19,723,731	19,739,062	23,194,215	3,470,484
89,536,352	88,668,650	93,508,795	3,972,443
(1,284,158)	(1,882,454)	(6,722,599)	5,438,441
4,780,663	5,028,858	5,028,858	(248,195)
(4,780,663)	(5,028,858)	(5,028,858)	248,195
11,036	-	-	11,036
11,036	-	-	11,036
(1,273,122)	(1,882,454)	(6,722,599)	5,449,477
17,922,161	17,922,161	17,922,161	-
$ 16,649,039	$ 16,039,707	$ 11,199,562	$ 5,449,477

Southeast Polk Community School District

Note to Required Supplementary Information – Budgetary Reporting
Year Ended June 30, 2014

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, 2014, the District exceeded budgeted expenditures in the instruction functional area. The District amended the budget by $4,840,145 during the year ended June 30, 2014 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%	39,900	34.54%
2014	7/1/2012	-	13,782	13,782	0.00%	40,998	33.62%

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, 2014

	Special Revenue		
	Management	Student Activity	Total
Assets			
Cash, cash equivalents and investments	$ 779,969	$ 432,016	$ 1,211,985
Receivables:			
Property taxes	1,648,844	-	1,648,844
Other	29	-	29
Prepaid items	825,936	289	826,225
Total assets	$ 3,254,778	$ 432,305	$ 3,687,083
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	$ 6,382	$ 73,766	$ 80,148
Salaries and benefits payable	35	16,729	16,764
Due to other funds	328,832	-	328,832
Unearned revenue	-	9,965	9,965
Total liabilities	335,249	100,460	435,709
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,638,500	-	1,638,500
Fund balances:			
Nonspendable, prepaid items	825,936	289	826,225
Restricted	455,093	331,556	786,649
Total fund balances	1,281,029	331,845	1,612,874
Total liabilities, deferred inflows of resources and fund balances	$ 3,254,778	$ 432,305	$ 3,687,083

Southeast Polk Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014

	Special Revenue		
	Management	Student Activity	Total
Revenues:			
Property taxes and other local sources:			
Property taxes	$ 1,762,577	$ -	$ 1,762,577
Other local sources	2,191	229,203	231,394
Student activities	-	1,068,102	1,068,102
Investment earnings	2,309	581	2,890
State sources, other state sources	580	-	580
Total revenues	1,767,657	1,297,886	3,065,543
Expenditures:			
Current:			
Instruction	250,709	1,253,541	1,504,250
Support services:			
Student services	86,587	1,840	88,427
Instructional support	49,089	-	49,089
General administration	-	1,526	1,526
School administration	55,595	-	55,595
Business and central administration	130,236	7,886	138,122
Plant operation and maintenance	788,569	4,418	792,987
Student transportation	16,177	13,963	30,140
Noninstructional programs	14,694	1,538	16,232
Total expenditures	1,391,656	1,284,712	2,676,368
Excess (deficiency) of revenues under (over) expenditures	376,001	13,174	389,175
Other financing (uses), transfers out	-	(45,000)	(45,000)
Net change in fund balances	376,001	(31,826)	344,175
Fund balances, beginning of year	905,028	363,671	1,268,699
Fund balances, end of year	$ 1,281,029	$ 331,845	$ 1,612,874

Southeast Polk Community School District

Schedule of Combining Balance Sheet-
Capital Projects Fund, By Account
June 30, 2014

	Capital Projects Fund Accounts		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
Assets			
Cash, cash equivalents and investments	$ 480,646	$ 3,220,963	$ 3,701,609
Receivables:			
Property taxes	1,687,208	-	1,687,208
Due from other governments	-	1,161,963	1,161,963
Due from other funds	27,500	-	27,500
Prepaid items	50,977	-	50,977
Total assets	$ 2,246,331	$ 4,382,926	$ 6,629,257
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	$ 4,500	$ 1,632,023	$ 1,636,523
Total liabilities	4,500	1,632,023	1,636,523
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,677,994	-	1,677,994
Sales and services tax	-	278,351	278,351
Total deferred inflows of resources	1,677,994	278,351	1,956,345
Fund balances:			
Nonspendable, prepaid items	50,977	-	50,977
Restricted for:			
Physical plant and equipment	512,860	-	512,860
School infrastructure	-	2,472,552	2,472,552
Total fund balances	563,837	2,472,552	3,036,389
Total liabilities, deferred inflows of resources and fund balances	$ 2,246,331	$ 4,382,926	$ 6,629,257

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, 2014

	Capital Projects Fund Accounts		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
Revenues:			
Property taxes and other local sources:			
Property taxes	$ 1,652,081	$ -	$ 1,652,081
Other local sources	35,966	-	35,966
Investment earnings	227	6,371	6,598
State sources:			
Statewide sales and services tax	-	5,558,904	5,558,904
Other state sources	473	-	473
Total revenues	1,688,747	5,565,275	7,254,022
Expenditures:			
Current:			
Support services:			
Business and central administration	440,198	7,723	447,921
Plant operation and maintenance	172,146	-	172,146
Student transportation	197,580	-	197,580
Capital outlay	224,621	7,841,618	8,066,239
Debt service:			
Interest and fiscal charges	-	3,500	3,500
Total expenditures	1,034,545	7,852,841	8,887,386
Excess (deficiency) of revenues under (over) expenditures	654,202	(2,287,566)	(1,633,364)
Other financing sources (uses):			
Transfers in	95,000	-	95,000
Transfers (out)	(372,342)	(4,313,321)	(4,685,663)
Total other financing sources (uses)	(277,342)	(4,313,321)	(4,590,663)
Net change in fund balance	376,860	(6,600,887)	(6,224,027)
Fund balances, beginning of year	186,977	9,073,439	9,260,416
Fund balances, end of year	$ 563,837	$ 2,472,552	$ 3,036,389

Southeast Polk Community School District

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014

	School Nutrition	Community Service	School Store	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	810,244	$ 102,237	$ 419,384	$ 1,331,865
Prepaid expenses	-	-	181	181
Due from other governments	3,541	-	-	3,541
Due from other funds	-	-	-	-
Inventories	17,696	-	-	17,696
Total current assets	831,481	102,237	419,565	1,353,283
Noncurrent assets, capital assets:				
Machinery and equipment	2,882,106	-	-	2,882,106
Less accumulated depreciation	(1,814,522)	-	-	(1,814,522)
Total noncurrent assets	1,067,584	-	-	1,067,584
Total assets	$ 1,899,065	$ 102,237	$ 419,565	$ 2,420,867
Liabilities				
Current liabilities:				
Accounts payable	6,531	-	53,549	60,080
Salaries and benefits payable	20,666	2,181	3,164	26,011
Compensated absences	3,169	-	-	3,169
Due to other funds	88,569	-	-	88,569
Unearned revenue	46,294	-	6,100	52,394
Long-term liabilities, net OPEB liability	240,086	-	-	240,086
Total liabilities	405,315	2,181	62,813	470,309
Net Position				
Net investment in capital assets	1,067,584	-	-	1,067,584
Unrestricted	426,166	100,056	356,752	882,974
Total net position	$ 1,493,750	$ 100,056	$ 356,752	$ 1,950,558

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2014

	School Nutrition	Community Service	School Store	Total
Operating revenues:				
Food sales	$ 2,231,491	$ -	$ -	$ 2,231,491
Other charges for services	3,690	108,055	258,775	370,520
Total operating revenues	2,235,181	108,055	258,775	2,602,011
Operating expenses:				
Salaries	1,070,023	30,030	18,522	1,118,575
Employee benefits	476,336	4,979	2,980	484,295
Purchased services	46,730	5,106	10,041	61,877
Food consumed	1,775,465	-	-	1,775,465
Supplies	147,366	3,355	208,370	359,091
Depreciation	193,088	-	-	193,088
Other	899	7,280	8,627	16,806
Total operating expenses	3,709,907	50,750	248,540	4,009,197
Operating income (loss)	(1,474,726)	57,305	10,235	(1,407,186)
Nonoperating revenues (expenses):				
Federal food commodities	229,587	-	-	229,587
Federal appropriations	1,277,240	-	-	1,277,240
State appropriations	29,004	-	-	29,004
Interest	1,295	159	478	1,932
Loss on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	1,537,126	159	478	1,537,763
Income before transfers	62,400	57,464	10,713	130,577
Transfers (out)	-	(50,000)	-	(50,000)
Change in net position	62,400	7,464	10,713	80,577
Net position, beginning	1,431,350	92,592	346,039	1,869,981
Net position, end of year	$ 1,493,750	$ 100,056	$ 356,752	$ 1,950,558

Southeast Polk Community School District

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2014

	School Nutrition	Community Service	School Store	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	$ 2,243,384	$ 108,055	$ 257,555	$ 2,608,994
Payments to suppliers	(1,746,685)	(15,741)	(218,715)	(1,981,141)
Payments to employees	(1,543,116)	(35,586)	(20,842)	(1,599,544)
Net cash provided by (used in) operating activities	(1,046,417)	56,728	17,998	(971,691)
Cash Flows From Noncapital Financing Activities:				
Transfers to other funds	-	(50,000)	-	(50,000)
Proceeds from other funds	92,026	-	40	92,066
Federal and state appropriations received	1,306,413	-	-	1,306,413
Net cash provided by (used in) noncapital financing activities	1,398,439	(50,000)	40	1,348,479
Cash Flows From Capital and Related Financing Activities, purchases of capital assets	(49,216)	-	-	(49,216)
Cash Flows From Investing Activities, interest received	1,295	159	478	1,932
Net change in cash and cash equivalents	304,101	6,887	18,516	329,504
Cash and Cash Equivalents:				
Beginning of year	506,143	95,350	400,868	1,002,361
End of year	$ 810,244	$ 102,237	$ 419,384	$ 1,331,865

(Continued)

Southeast Polk Community School District

Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2014

	School Nutrition	Community Service	School Store	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ (1,474,726)	$ 57,305	$ 10,235	$ (1,407,186)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	193,088	-	-	193,088
Federal food commodities used	229,587	-	-	229,587
Change in assets and liabilities:				
Prepaid expenses	-	-	(90)	(90)
Inventories	1,311	-	-	1,311
Accounts payable	(8,022)	-	8,413	391
Salaries and benefits payable	(44,730)	(577)	660	(44,647)
Compensated absences	386	-	-	386
Unearned revenue	8,203	-	(1,220)	6,983
Net OPEB liability	48,486	-	-	48,486
Net cash provided by (used in) operating activities	$ (1,046,417)	$ 56,728	$ 17,998	$ (971,691)
Schedule of Noncash Items:				
Noncapital financing activities, Federal commodities	$ 229,587	$ -	$ -	$ 229,587

Southeast Polk Community School District

Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	$ 4,583,535	$ 108,910	$ 77,201	$ 4,769,646
Receivables, other	752	-	-	752
Due from other funds	750,452	-	29,068	779,520
Prepaid expense	-	2,056	-	2,056
Total assets	5,334,739	110,966	106,269	5,551,974
Liabilities				
Current liabilities:				
Accounts payable	12,470	-	-	12,470
Claims payable	710,932	-	15,000	725,932
Due to other funds	61,520	-	-	61,520
Total liabilities	784,922	-	15,000	799,922
Net Position				
Unrestricted	$ 4,549,817	$ 110,966	$ 91,269	$ 4,752,052

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2014

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Operating revenues:				
Charges for services	$ 7,426,492	$ 508,538	$ 384,415	$ 8,319,445
Operating expenses:				
Claims and administration	5,846,021	-	374,120	6,220,141
Purchased services	-	504,389	-	504,389
Total operating expenses	5,846,021	504,389	374,120	6,724,530
Operating income	1,580,471	4,149	10,295	1,594,915
Nonoperating revenues:				
Interest	7,425	236	155	7,816
Changes in net position	1,587,896	4,385	10,450	1,602,731
Net position, beginning	2,961,921	106,581	80,819	3,149,321
Net position, end of year	$ 4,549,817	$ 110,966	$ 91,269	$ 4,752,052

Southeast Polk Community School District

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2014

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	$ 7,451,998	$ 508,538	$ 384,415	$ 8,344,951
Payments to suppliers	(5,628,423)	(506,445)	(359,120)	(6,493,988)
Net cash provided by operating activities	1,823,575	2,093	25,295	1,850,963
Cash Flows From Noncapital Financing Activities:				
Payments to other funds	(750,452)	-	(29,068)	(779,520)
Proceeds from other funds	322	-	-	322
Net cash used in noncapital financing activities	(750,130)	-	(29,068)	(779,198)
Cash Flows From Investing Activities, interest received	7,425	236	155	7,816
Net change in cash and cash equivalents	1,080,870	2,329	(3,618)	1,079,581
Cash and Cash Equivalents:				
Beginning of year	3,502,665	106,581	80,819	3,690,065
End of year	$ 4,583,535	$ 108,910	$ 77,201	$ 4,769,646
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	$ 1,580,471	$ 4,149	$ 10,295	$ 1,594,915
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Accounts receivable	25,506	-	-	25,506
Prepaid expense	-	(2,056)	-	(2,056)
Accounts payable	12,470	-	-	12,470
Claims payable	205,128	-	15,000	220,128
Net cash provided by (used in) operating activities	$ 1,823,575	$ 2,093	$ 25,295	$ 1,850,963

Southeast Polk Community School District

Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2014

	SEP Dollars for Scholars Scholarship	Bud Keyes Scholarship	Burnett Scholarship	Total
Assets				
Cash, cash equivalents and investments	$ -	$ 326,385	$ -	$ 326,385
Net Position				
Restricted, scholarships	$ -	$ 326,385	$ -	$ 326,385

Southeast Polk Community School District

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
Year Ended June 30, 2014

	SEP Dollars for Scholars Scholarship	Bud Keyes Scholarship	Burnett Scholarship	Total
Additions:				
Local sources:				
Interest income	$ -	$ 4,695	$ 7	$ 4,702
Deductions:				
Current:				
Instruction				
Administrative	217,250	-	47,642	264,892
Scholarships awarded	-	3,500	-	3,500
Supplies	-	1,057	-	1,057
Total expenditures	217,250	4,557	47,642	269,449
Change in net position	(217,250)	138	(47,635)	(264,747)
Net position, beginning of year	217,250	326,247	47,635	591,132
Net position, end of year	$ -	$ 326,385	$ -	$ 326,385

Southeast Polk Community School District

Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Agency Fund				
Assets				
Cash and cash equivalents	$ 206,093	$ 449,336	$ 477,600	$ 177,829
Accrued interest receivable	35	242	277	-
Total assets	$ 206,128	$ 449,578	$ 477,877	$ 177,829
Liabilities				
Accounts payable	$ 20,078	$ 10,621	$ 20,078	$ 10,621
Due to other groups	186,050	438,957	457,799	167,208
Total liabilities	$ 206,128	$ 449,578	$ 477,877	$ 177,829

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Southeast Polk Community School District

Statistical Section

(Unaudited)

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

Contents | Page

Financial Trends 75-91
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity 92-95
These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.

Debt Capacity 96-100
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information 101-102
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.

Operating Information 103-110
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Schedule 1
Southeast Polk Community School District

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities:					
Net investment in capital assets	$ 22,984,041	$ 30,566,073	$ 40,518,654	$ 43,708,137	$ 49,335,755
Restricted	4,436,950	772,049	610,623	1,102,209	2,929,346
Unrestricted	1,682,806	909,685	(2,388,634)	(4,810,352)	(11,454,390)
Total governmental activities net position	$ 29,103,797	$ 32,247,807	$ 38,740,643	$ 39,999,994	$ 40,810,711
Business type activities:					
Net investment in capital assets	$ 540,834	$ 672,679	$ 803,685	$ 922,423	$ 1,380,673
Restricted	-	-	-	-	-
Unrestricted	692,249	531,688	353,268	381,792	448,522
Total business type activities net position	$ 1,233,083	$ 1,204,367	$ 1,156,953	$ 1,304,215	$ 1,829,195
Primary government:					
Net investment in capital assets	$ 23,524,875	$ 31,238,752	$ 41,322,339	$ 44,630,560	$ 50,716,428
Restricted	4,436,950	772,049	610,623	1,102,209	2,929,346
Unrestricted	2,375,055	1,441,373	(2,035,366)	(4,428,560)	(11,005,868)
Total primary government net position	$ 30,336,880	$ 33,452,174	$ 39,897,596	$ 41,304,209	$ 42,639,906

Source: School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
$ 41,320,771	$ 41,811,056	$ 45,416,697	$ 47,266,705	$ 48,242,679
4,602,136	7,411,779	4,434,150	3,760,304	5,963,176
(7,475,497)	(8,393,828)	(4,327,109)	242,524	5,809,401
$ 38,447,410	$ 40,829,007	$ 45,523,738	$ 51,269,533	$ 60,015,256
$ 1,673,355	$ 1,497,346	$ 1,349,015	$ 1,211,456	$ 1,067,584
-	-	-	-	-
556,924	717,437	674,248	655,140	955,321
$ 2,230,279	$ 2,214,783	$ 2,023,263	$ 1,866,596	$ 2,022,905
$ 42,994,126	$ 43,308,402	$ 46,765,712	$ 48,478,161	$ 49,310,263
4,602,136	7,411,779	4,434,150	3,760,304	5,963,176
(6,918,573)	(7,676,391)	(3,652,861)	897,664	6,764,722
$ 40,677,689	$ 43,043,790	$ 47,547,001	$ 53,136,129	$ 62,038,161

Schedule 2
Southeast Polk Community School District

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses:					
Governmental activities:					
Instruction	$ 25,683,516	$ 26,044,931	$ 28,821,083	$ 34,094,092	$ 38,998,826
Support services	13,609,023	16,141,741	16,071,731	22,602,803	21,316,457
Non-instructional programs	-	-	3,483	28,615	30,269
Interest on long-term debt	439,621	803,749	2,622,942	2,612,493	3,331,765
AEA flowthrough	1,344,421	1,471,264	1,645,674	1,825,721	2,011,213
Depreciation (unallocated)	767,459	978,327	1,226,350	1,451,589	1,579,234
Total governmental activities expenses	41,844,040	45,440,012	50,391,263	62,615,313	67,267,764
Business type activities:					
Nutrition services	2,065,506	2,364,017	2,623,424	2,746,685	3,000,061
Community service services	-	-	15,571	19,206	10,246
School store services	294,138	316,014	260,339	283,142	300,368
Total business type activities expenses	2,359,644	2,680,031	2,899,334	3,049,033	3,310,675
Total primary government expenses	$ 44,203,684	$ 48,120,043	$ 53,290,597	$ 65,664,346	$ 70,578,439
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	$ 2,746,904	$ 3,361,758	$ 1,955,107	$ 2,527,236	$ 2,948,888
Support services	11,538	19,010	6,026	29,591	36,966
Operating grants and contributions	3,654,335	4,063,657	5,082,354	6,361,705	8,439,040
Capital grants and contributions	202,595	90,197	1,992	1,050,307	63,977
Total governmental activities program revenues	6,615,372	7,534,622	7,045,479	9,968,839	11,488,871

(Continued on the following page.)

Fiscal Year				
2010	2011	2012	2013	2014
$ 39,362,825	$ 39,229,187	$ 40,754,640	$ 41,984,675	$ 43,065,043
22,696,458	22,570,818	23,632,792	23,267,847	22,928,558
2,729	105,134	2,556	595	16,232
4,158,136	3,691,427	3,904,147	4,023,682	3,848,341
2,296,973	2,367,103	2,249,929	2,350,017	2,508,266
2,600,819	3,060,086	3,090,226	3,213,866	3,213,938
71,117,940	71,023,755	73,634,290	74,840,682	75,580,378
3,264,674	3,498,875	3,485,072	3,661,721	3,634,175
25,562	54,940	47,085	54,131	50,750
300,571	237,632	468,622	402,962	248,540
3,590,807	3,791,447	4,000,779	4,118,814	3,933,465
$ 74,708,747	$ 74,815,202	$ 77,635,069	$ 78,959,496	$ 79,513,843
$ 3,315,495	$ 4,062,777	$ 4,965,205	$ 6,083,497	$ 5,095,985
54,549	56,977	103,616	268,596	268,307
11,821,803	9,736,393	9,004,757	9,117,676	10,779,733
95,000	9,800	500,000	150,000	-
15,286,847	13,865,947	14,573,578	15,619,769	16,144,025

Schedule 2
Southeast Polk Community School District

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Business type activities:					
Charges for services:					
Nutrition	1,455,729	1,507,534	1,642,738	1,920,114	1,983,022
Community service services	-	-	15,176	18,663	11,679
School store	339,971	356,842	296,813	295,103	327,403
Operating grants and contributions	587,435	617,393	690,549	768,833	931,979
Capital grants and contributions	-	-	-	-	-
Total business type program revenues	2,383,135	2,481,769	2,645,276	3,002,713	3,254,083
Total primary government program revenues	$ 8,998,507	$ 10,016,391	$ 9,690,755	$ 12,971,552	$ 14,742,954
Net (expense) revenue:					
Governmental activities	$ (35,228,668)	$ (37,905,390)	$ (43,345,784)	$ (52,646,474)	$ (55,778,893)
Business type activities	23,491	(198,262)	(254,058)	(46,320)	(56,592)
Total primary government net expense	$ (35,205,177)	$ (38,103,652)	$ (43,599,842)	$ (52,692,794)	$ (55,835,485)

Source: School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
2,045,530	2,111,679	2,117,647	2,132,088	2,235,181
39,428	49,949	61,197	72,292	108,055
331,276	334,343	357,928	321,622	258,775
1,093,392	1,205,211	1,288,390	1,435,208	1,535,831
-	-	8,433	-	-
3,509,626	3,701,182	3,833,595	3,961,210	4,137,842
$ 18,796,473	$ 17,567,129	$ 18,407,173	$ 19,580,979	$ 20,281,867
$ (55,831,093)	$ (57,157,808)	$ (59,060,712)	$ (59,220,913)	$ (59,436,353)
(81,181)	(90,265)	(167,184)	(157,604)	204,377
$ (55,912,274)	$ (57,248,073)	$ (59,227,896)	$ (59,378,517)	$ (59,231,976)

Schedule 3
Southeast Polk Community School District

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Net (expense) revenue:					
Governmental activities	$ (35,228,668)	$ (37,905,390)	$ (43,345,784)	$ (52,646,474)	$ (55,778,893)
Business type activities	23,491	(198,262)	(254,058)	(46,320)	(56,592)
Total primary government net expense	(35,205,177)	(38,103,652)	(43,599,842)	(52,692,794)	(55,835,485)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	13,582,633	13,828,654	13,962,967	15,834,082	17,023,403
Property taxes levied for specific purposes	345,828	1,993,686	5,608,292	5,612,367	5,661,798
Income surtax	-	-	1,409,760	1,326,524	1,479,994
Sales tax	4,478,035	4,778,685	4,903,664	5,382,517	6,075,699
Unrestricted grants and contributions	18,427,583	20,181,425	21,898,887	24,315,885	25,596,081
Miscellaneous	14,490	-	368,740	891,676	1,137,363
Investment earnings	136,707	266,950	2,252,815	722,131	193,637
Transfers	-	-	(566,505)	(179,357)	(578,365)
Total governmental activities	36,985,276	41,049,400	49,838,620	53,905,825	56,589,610
Business type activities:					
Miscellaneous	269,985	158,498	187,360	-	-
Investment earnings	6,731	11,048	19,284	14,225	3,207
Transfers	-	-	-	179,357	578,365
Total business type activities	276,716	169,546	206,644	193,582	581,572
Total primary government	37,261,992	41,218,946	50,045,264	54,099,407	57,171,182
Change in net position:					
Governmental activities	1,756,608	3,144,010	6,492,836	1,259,351	810,717
Business type activities	300,207	(28,716)	(47,414)	147,262	524,980
Total primary government	$ 2,056,815	$ 3,115,294	$ 6,445,422	$ 1,406,613	$ 1,335,697

Source: School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
$ (55,831,093)	$ (57,157,808)	$ (59,060,712)	$ (59,220,913)	$ (59,436,353)
(81,181)	(90,265)	(167,184)	(157,604)	204,377
(55,912,274)	(57,248,073)	(59,227,896)	(59,378,517)	(59,231,976)
18,992,963	21,538,542	19,712,217	20,157,531	21,640,656
4,435,471	2,813,931	6,953,534	7,612,752	7,858,967
1,508,147	1,466,561	1,547,155	1,618,296	1,814,740
4,813,593	5,456,559	5,370,578	5,404,834	5,566,107
22,969,544	27,333,723	30,138,647	30,131,357	31,210,071
1,181,815	989,354	-	31,853	-
46,977	14,075	7,694	10,085	41,535
(480,718)	(73,340)	25,618	-	50,000
53,467,792	59,539,405	63,755,443	64,966,708	68,182,076
-	-	-	-	-
1,547	1,429	1,282	937	1,932
480,718	73,340	(25,618)	-	(50,000)
482,265	74,769	(24,336)	937	(48,068)
53,950,057	59,614,174	63,731,107	64,967,645	68,134,008
(2,363,301)	2,381,597	4,694,731	5,745,795	8,745,723
401,084	(15,496)	(191,520)	(156,667)	156,309
$ (1,962,217)	$ 2,366,101	$ 4,503,211	$ 5,589,128	$ 8,902,032

Schedule 4
Southeast Polk Community School District

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund:					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	5,128	170,908	70,065	380,356	563,838
Unassigned	145,956	(120,515)	(1,992,925)	(5,219,060)	(7,710,747)
Total General Fund	$ 151,084	$ 50,393	$ (1,922,860)	$ (4,838,704)	$ (7,146,909)
All other governmental funds:					
Nonspendable					
Special revenue funds	$ -	$ -	$ -	$ -	$ -
Capital projects funds	-	-	-	-	-
Restricted					
Debt service funds	16,423	19,644	305,510	-	1,506,862
Capital projects funds	3,792,328	52,455,727	30,503,275	13,616,098	22,947,999
Special revenue funds	1,248,406	1,401,536	717,825	1,125,371	1,313,713
Total all other governmental funds	$ 5,057,157	$ 53,876,907	$ 31,526,610	$ 14,741,469	$ 25,768,574

Source: School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
$ -	$ 11,295	$ 958	$ 1,851	$ 1,843
926,860	1,804,570	1,718,564	1,401,800	1,422,660
(10,338,669)	(9,171,352)	(3,827,114)	(244,848)	4,264,585
$ (9,411,809)	$ (7,355,487)	$ (2,107,592)	$ 1,158,803	$ 5,689,088
$ -	$ 16	$ -	$ 350	$ 825,225
-	-	-	-	50,977
2,546,215	3,659,545	3,922,021	4,364,262	4,360,130
2,509,347	1,178,584	894,891	9,260,416	2,985,412
1,307,275	769,064	1,010,259	1,268,349	786,649
$ 6,362,837	$ 5,607,209	$ 5,827,171	$ 14,893,377	$ 9,008,393

Schedule 5
Southeast Polk Community School District

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

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

Source: School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
$ 5,301,460	$ 2,489,844	$ 3,409,837	$ 2,196,977	$ 2,475,516
5,301,460	2,489,844	3,409,837	2,196,977	2,475,516
$ 28,954,100	$ 34,145,608	$ 36,185,131	$ 37,250,491	$ 45,073,192
28,954,100	34,145,608	36,185,131	37,250,491	45,073,192
$ 46,913	$ 19,660	$ -	$ -	$ -
46,913	19,660	-	-	-
$ 29,638,188	$ 31,248,856	$ 34,316,532	$ 34,716,413	$ 31,261,192
2,255,682	2,832,690	2,810,824	3,117,484	3,252,579
2,906,400	2,674,002	1,084,246	1,902,054	2,049,941
34,800,270	36,755,548	38,211,602	39,735,951	36,563,712
$ 69,102,743	$ 73,410,660	$ 77,806,570	$ 79,183,419	$ 84,112,420

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				
	2005	2006	2007	2008	2009
Instruction	$ 25,365,585	$ 25,957,083	$ 28,905,727	$ 33,610,919	$ 38,572,208
Student services	1,817,992	1,956,064	2,089,478	2,486,812	2,816,848
Instructional staff services	1,432,133	1,431,116	1,486,501	1,904,879	1,875,936
Administration services	4,034,632	6,416,277	6,312,286	7,525,298	8,059,093
Operation and maintenance of plant services	3,401,604	4,240,148	4,271,457	4,849,573	5,225,041
Pupil transportation services	2,174,884	2,096,779	2,561,716	2,452,223	2,631,804
Other support services	62,514	-	-	-	-
Non-instructional programs	-	-	3,483	21,537	30,057
AEA Flowthrough	1,344,421	1,471,264	1,645,674	1,825,721	2,011,213
Capital outlay:					
Facilities acquisition/construction	7,492,246	7,916,892	26,578,865	29,176,901	20,104,947
Debt service:					
Principal	630,000	4,560,000	9,850,000	4,942,648	5,784,426
Interest	419,899	420,126	2,645,496	2,722,874	3,242,194
Total expenditures	$ 48,175,910	$ 56,465,749	$ 86,350,683	$ 91,519,385	$ 90,353,767
Debt service as a percentage of noncapital expenditures	2.65%	11.43%	26.43%	14.02%	14.74%

Source: School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
$ 39,198,436	$ 39,459,638	$ 39,283,989	$ 41,071,632	$ 43,065,141
3,025,235	2,621,251	2,689,447	2,737,489	2,871,067
2,267,956	2,273,565	1,532,183	1,309,987	1,362,626
8,280,473	8,732,892	9,001,087	9,534,684	8,552,424
5,264,105	5,285,469	5,249,364	5,634,313	6,885,273
2,887,338	2,768,595	3,185,624	2,741,957	3,050,661
-	-	-	-	-
2,626	105,134	2,556	595	16,232
2,296,973	2,367,103	2,249,929	2,350,017	2,508,266
21,349,750	10,453,313	2,890,364	3,184,608	8,066,239
2,420,367	3,509,289	4,294,651	4,432,429	5,248,796
4,053,299	3,905,919	3,921,954	4,026,354	3,900,430
$ 91,046,558	$ 81,482,168	$ 74,301,148	$ 77,024,065	$ 85,527,155
10.24%	11.66%	13.00%	11.40%	11.91%

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				
	2005	2006	2007	2008	2009
Excess of revenues over (under) expenditures	$ (4,066,605)	$ (7,881,727)	$ (29,156,259)	$ (27,530,515)	$ (21,819,897)
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	-	-	30,000,000
Issuance of bond anticipation notes	-	-	-	-	-
Refunding debt issued	2,845,000	-	-	-	-
Payment to refunding escrow agent	(2,810,000)	-	-	-	(752,422)
Premium on bonds/notes	4,140	-	-	125,532	87,506
Discount on bonds	-	-	-	-	-
Proceeds from sale of capital assets	1,050	-	-	-	16,125
Issuance of loans	500,000	-	-	703,998	1,185,000
Transfers in	1,014,146	3,971,586	7,940,360	3,083,424	10,993,594
Transfers out	(1,014,146)	(3,971,586)	(8,506,865)	(3,083,424)	(10,991,006)
Total other financing sources (uses)	540,190	56,500,000	4,933,495	7,829,530	30,538,797
Net change in fund balances	$ (3,526,415)	$ 48,618,273	$ (24,222,764)	$ (19,700,985)	$ 8,718,900

Source: School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
$ (21,943,815)	$ (8,071,508)	$ 3,505,422	$ 2,159,354	$ (1,414,735)
-	-	-	-	-
-	7,055,000	1,220,000	10,000,000	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	7,228	31,817	126,932	-
-	(10,951)	-	-	-
22,415	41,295	-	46,315	11,036
250,128	2,330,000	685,000	-	-
4,495,832	7,208,008	4,741,656	4,264,948	4,780,663
(4,495,197)	(7,258,378)	(4,716,038)	(4,264,948)	(4,730,663)
273,178	9,372,202	1,962,435	10,173,247	61,036
$ (21,670,637)	$ 1,300,694	$ 5,467,857	$ 12,332,601	$ (1,353,699)

Schedule 8
Southeast Polk Community School District

Financial Solvency Ratio
Last Ten Fiscal Years
(Unaudited)

School Year	Unassigned General Fund Balance	Actual Revenues	Financial Solvency Ratio
2004-2005	145,956	36,555,316	0.40%
2005-2006	(120,515)	39,403,732	-0.31%
2006-2007	(1,992,925)	42,577,730	-4.68%
2007-2008	(5,219,060)	49,095,777	-10.63%
2008-2009	(7,710,747)	56,171,967	-13.73%
2009-2010	(10,338,669)	56,827,892	-18.19%
2010-2011	(9,171,352)	61,710,472	-14.86%
2011-2012	(3,827,114)	63,876,474	-5.99%
2012-2013	(244,848)	64,749,454	-0.38%
2013-2014	4,264,585	69,336,924	6.15%

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: Residential Property	Actual Value: Commercial Property	Actual Value: Other Property	Less Exemptions	Total Taxable Value	Total Direct Rate (a)
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
2014	940,360,056	497,039,630	120,342,309	2,894,676	1,554,847,319	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. The schedule above excludes utilities valuations.

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

Schedule 10
Southeast Polk Community School District

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

Fiscal Year Ended June 30	District Direct Rates					Overlapping Rates							
	General Purposes	Capital Purposes	Debt Service	Management	Total	Polk County	Jasper County	Marion County	Community College	City of Altoona	City of Mitchellville	City of Pleasant Hill	City of Runnells
2005	15.16501	1.00000	0.00000	1.11513	17.28014	9.96860	8.06036	11.09079	0.59856	8.89369	13.33972	11.48228	8.82955
2006	15.09091	1.00000	1.02764	1.00411	18.12266	9.94718	9.66429	11.21732	0.68408	8.79369	13.47156	11.48189	9.02241
2007	14.98018	1.00000	4.03065	0.97721	20.98804	10.17911	9.80745	11.21732	0.68688	8.64369	12.45074	11.48197	9.07850
2008	16.29737	1.00000	3.77152	0.93111	22.00000	10.16568	9.70787	11.15458	0.60276	8.64369	12.81766	11.48209	9.05656
2009	16.54210	1.00000	3.37366	0.93132	21.84708	10.12882	9.87429	10.89144	0.56386	8.64369	13.58825	11.48208	8.97274
2010	17.55346	1.00000	2.23909	1.03966	21.83221	11.38014	12.32563	10.86049	0.56778	8.64369	14.36664	11.65000	11.01188
2011	18.31204	1.00000	0.97475	1.51988	21.80667	11.36992	11.53823	10.92291	0.56008	9.14369	14.73119	11.65006	11.00432
2012	16.75529	1.00000	2.49606	1.40731	21.65866	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
2014	16.60243	1.00000	2.69013	1.36610	21.65866	11.49540	10.93621	10.87081	0.69120	9.14369	14.39610	11.64997	10.84209

Source: Polk County Auditor website, Ia Dept. of Management website.

Notes: Assessed value equals estimated actual value.

Schedule 11
Southeast Polk Community School District

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

	2014			2005		
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	$ 118,525,280	1	7.62%	$ 72,799,560	2	9.45%
Adventureland/America	25,424,550	2	1.64%	18,713,320	5	2.43%
Ziegler Realty LLC	14,158,370	3	0.91%	13,399,070	6	1.74%
Wal-Mart	12,333,600	4	0.79%	12,143,420	7	1.58%
Menards, Inc.	10,320,700	5	0.66%	10,586,510	9	1.37%
Iowa Cold Storage LLC	9,280,000	6	0.60%	-	-	0.00%
Lowe's Home Centers Inc.	8,460,000	7	0.54%	-	-	0.00%
Care Initiatives	8,444,500	8	0.54%	-	-	0.00%
Hy-Vee	7,878,000	9	0.51%	-	-	0.00%
Deery Investments, Inc.	7,840,000	10	0.50%	-	-	0.00%
Forget Properties	-	-	-	19,998,710	4	2.60%
Kinder Morgan	-	-	-	10,458,609	10	1.36%
Magellan Pipeline	-	-	-	28,427,294	3	3.69%
Mid-American Energy	-	-	-	98,224,070	1	12.75%
Qwest	-	-	-	10,884,299	8	1.41%
Total	$ 222,665,000		14.32%	$ 295,634,862		38.38%

Source: Polk County Auditor/Assessor

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
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	26,605,174	99.79%	1,014	26,606,188	99.79%
2013	27,740,466	27,701,774	99.86%	4,903	27,706,677	99.88%
2014	29,542,169	29,476,586	99.78%	7,540	29,484,126	99.80%

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)
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%	2,729
2012	49,325,000	36,245,000	2,967,745	3,922,021	84,615,724	5.98%	2,646
2013	47,105,000	44,983,105	2,170,316	4,364,262	89,894,159	6.18%	2,811
2014	44,725,000	42,765,000	1,366,520	4,360,130	84,496,390	5.43%	2,642

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)

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Revenue Bans/Bonds	Capital Loan Note	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2005	2,845,000	8,875,000	500,000	12,220,000	2.07%	441
2006	49,430,000	14,325,000	405,000	64,160,000	9.89%	2,397
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	10.12%	2,769
2013	47,105,000	44,983,105	2,170,316	94,258,421	N/A	2,947
2014	44,725,000	42,765,000	1,366,520	88,856,520	N/A	2,779

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, 2014

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	$ 251,119,573	7.88%	$ 19,788,222
Jasper County	13,270,000	0.29%	38,483
Marion County	3,710,000	0.25%	9,275
Des Moines Area Community College	69,105,000	4.30%	2,971,515
City of Bondurant	9,681,519	0.01%	968
City of Des Moines	464,246,254	1.34%	6,220,900
City of Mitchellville	4,201,617	97.51%	4,096,997
City of Altoona	89,045,000	95.93%	85,420,869
City of Pleasant Hill	2,865,000	76.32%	2,186,568
City of Runnells	124,343	100.00%	124,343
Subtotal, overlapping debt			120,858,140
District direct debt			88,989,042
Total direct and overlapping debt			$ 209,847,182

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. Assuming no change for fiscal year.

Schedule 16
Southeast Polk Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2014	
Actual assessed value (a)	$ 2,857,483,983
Debt limit (5% of assessed value) (b)	$ 142,874,199
Debt applicable to limit *	88,989,042
Legal debt margin	$ 53,885,157

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 79,835,196	$ 86,569,626	$ 102,677,743	$ 110,077,048	$ 118,907,095	$ 125,807,197	$ 131,489,280	$ 137,013,733	$ 137,702,101	$ 142,874,199
Total net debt applicable to limit +	3,345,000	49,835,000	52,860,000	58,196,350	57,221,924	54,973,185	54,532,396	52,292,745	49,275,316	46,091,520
Legal debt margin	$ 99,332,743	$ 60,242,048	$ 66,047,095	$ 67,610,847	$ 74,267,356	$ 82,040,548	$ 83,169,705	$ 90,581,454	$ 93,598,883	$ 96,782,679
Total net debt applicable to the limit as a percentage of debt limit	3.26%	45.27%	44.45%	46.26%	43.52%	40.12%	39.60%	36.60%	35.78%	32.26%

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

Notes:
(a) Actual assessed value includes Tax Increment Financing. Valuation date is for the calendar year and relates to the fiscal year that begins the following year (ex: January 1, 2012 is for FY2013/2014.)
(b) Code of Iowa Section 296.1
* Includes all debt (general obligation, capital loan and revenue bonds)
+ Only includes general obligation and capital loan notes

Schedule 17
Southeast Polk Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bans/Bonds			
		Debt Service		
	Revenue	Principal	Interest	Coverage
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
2014	5,558,904	2,065,000	1,792,876	1.44

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 6 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)
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	31,980	$767,148,361	$41,476	$23,988	6.1%
2011	31,980	$804,207,699	$42,477	$25,147	6.3%
2012	31,980	$874,963,955	$45,222	$27,360	5.2%
2013	31,980	N/A	N/A	N/A	4.6%

Notes:
N/A = not available.
(a) U.S. 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)

	2014			2005		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo & Co (a)	13,500	1	*	*	*	*
State of Iowa (b)	8,500	2	*	*	*	*
Hy-Vee Food Stores Inc.	7,500	3	*	*	5	*
Mercy Medical Center - Des Moines	7,305	4	*	*	4	*
Unity Point/Iowa Health - Des Moines	6,329	5	*	*	3	*
Principal Financial Group	6,131	6	*	*	1	*
Des Moines Public Schools (c)	5,056	7	*	*	2	*
Nationwide/Allied Insurance	4,300	8	*	*	*	*
John Deer/Des Moines Works	3,089	9	*	*	*	*
Pioneer Hi-Bred International Inc.	3,000	10	*	*	10	*
U.S. Postal Service Center	*	*	*	*	6	*
City of Des Moines	*	*	*	*	7	*
Bridgestone/Firestone Inc.	*	*	*	*	9	*
Total	64,710		*	-	*	*

Total Employment ** 320,000

Source: 2014 - Altoona Commerce and Des Moines Commerce to include all Polk County
Source: 2005 - 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)

	2005	2006	2007	2008**	2009	2010	2011	2012	2013	2014	Percentage Change 2005-14
Supervisory:											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Assistant superintendent	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Principals	12.0	13.0	16.3	11.0	11.0	12.0	11.0	11.0	11.0	11.0	-8.3%
Assistant principals	2.0	2.0	2.0	5.0	6.0	5.0	4.0	4.0	4.0	4.0	100.0%
All other administrators	11.0	6.5	6.0	12.0	11.0	8.0	8.0	8.0	9.0	8.0	-27.3%
Total supervisory	27.0	23.6	26.3	30.0	30.0	27.0	25.0	25.0	26.0	25.0	-7.4%
Instruction:											
Regular program teachers	346.9	305.2	319.0	373.5	342.5	373.9	343.0	366.0	354.0	370.9	6.9%
Special Education teachers	68.5	130.5	168.0	197.0	194.2	65.0	64.0	51.0	61.0	58.0	-15.3%
Total instruction	415.4	435.7	487.0	570.5	536.7	438.9	407.0	417.0	415.0	428.9	3.2%
Student services:											
Guidance counselors	19.0	23.0	23.0	26.7	19.0	19.0	19.0	18.0	17.0	17.0	-10.5%
Nurses/Nurse aides	8.5	8.0	9.5	10.1	13.7	13.5	13.5	12.0	13.5	13.5	58.9%
Media Specialists/Media Clerks	4.0	4.0	13.0	16.3	16.3	12.5	12.5	12.0	5.0	3.0	-25.0%
Total student services	31.5	35.0	45.5	53.1	49.0	45.0	45.0	42.0	35.5	33.5	6.4%
Support and administration:											
Clerical/secretarial/teacher aide/other support staff	32.3	39.6	40.0	47.3	45.9	52.5	55.6	164.5	165.5	157.3	386.4%
Custodial and Maintenance	52.5	50.7	67.0	67.7	38.0	49.0	45.6	53.3	41.6	40.6	-22.6%
Food Service	21.0	26.4	42.0	62.6	35.4	36.5	39.6	35.8	37.2	35.0	66.7%
Bus Drivers/Bus Aides/Crossing Guard	19.6	29.0	44.0	68.0	36.9	40.0	37.9	39.5	36.7	35.4	80.3%
Total support and administration	125.5	145.6	193.0	245.6	156.2	178.0	178.7	293.0	281.0	268.3	113.8%
Total	599.4	639.9	751.8	899.2	771.9	688.9	655.7	777.0	757.4	755.8	26.1%

Source: District records.

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

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Schedule 21
Southeast Polk Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
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	65,380,674	10,216	(2.28)%
2014	6,617	68,311,690	10,324	1.51%

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

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

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
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%	438.90	13.64	28.30%
74,815,202	12,295	(1.45)%	407.00	14.95	28.52%
77,635,069	12,494	1.61%	417.00	14.90	30.10%
78,959,496	12,337	0.34%	415.00	15.42	28.87%
79,513,843	12,017	(3.82)%	428.92	15.43	28.20%

Schedule 22
Southeast Polk Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	2005	2006	2007	2008	2009
Elementary:					
Altoona (1939)					
Square feet	64,104	64,104	64,104	64,104	64,104
Capacity*	630	630	630	630	630
Enrollment	385	377	435	384	399
Centennial (1968)					
Square feet	61,017	61,017	61,017	61,017	61,017
Capacity	630	630	630	630	630
Enrollment	516	542	547	481	509
Clay (2006)					
Square feet	N/A	79,738	79,738	79,738	79,738
Capacity	N/A	840	840	840	840
Enrollment	N/A	N/A	N/A	322	390
Delaware (1951)					
Square feet	43,418	65,641	65,641	65,641	65,641
Capacity	399	630	630	630	630
Enrollment	436	462	472	503	517
Four Mile (1966)					
Square feet	63,204	63,204	63,204	63,204	63,204
Capacity	630	630	630	630	630
Enrollment	518	558	577	588	628
Mitchellville (1925)					
Square feet	45,293	45,293	45,293	45,293	45,293
Capacity	420	420	420	420	420
Enrollment	215	208	211	170	193
Runnells (2002)					
Square feet**	31,949	43,007	43,007	43,007	43,007
Capacity	210	400	400	400	400
Enrollment	179	196	195	214	217
Willowbrook (1991)					
Square feet	56,546	56,546	56,546	56,546	56,546
Capacity	630	630	630	630	630
Enrollment	500	493	527	477	477
Harbor (1997)					
Square feet	4,537	4,537	4,537	4,537	4,537
Capacity	454	454	454	454	454
Enrollment	69	42	39	39	51
Spring Creek 6th Grade Center:					
Southeast Polk Spring Creek (1992)					
Square feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A

Fiscal Year				
2010	2011	2012	2013	2014
64,104	64,104	64,104	64,104	64,104
630	630	630	630	630
409	400	341	333	353
61,017	61,017	61,017	61,017	61,017
630	630	630	630	630
516	486	419	430	402
79,738	79,738	79,738	79,738	79,738
840	840	840	840	840
391	421	412	430	529
65,641	65,641	65,641	65,641	65,641
630	630	630	630	630
533	509	476	512	380
63,204	63,204	63,204	63,204	63,204
630	630	630	630	630
595	473	478	483	432
45,293	45,293	45,293	45,293	45,293
420	420	420	420	420
195	188	152	154	162
43,007	43,007	43,007	43,007	43,007
400	400	400	400	400
243	221	230	225	255
56,546	56,546	56,546	56,546	56,546
630	630	630	630	630
466	413	438	459	465
4,537	4,537	4,537	4,537	4,537
454	454	454	454	454
49	49	-	-	-
N/A	89,670	89,670	89,670	89,670
N/A	950	950	950	950
N/A	480	518	487	512

Schedule 22
Southeast Polk Community School District

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

	Fiscal Year				
School	2005	2006	2007	2008	2009
Junior High:					
Southeast Polk Junior High (1992)					
Square feet	89,670	89,670	89,670	89,670	89,670
Capacity	950	950	950	950	950
Enrollment	820	823	862	840	859
Southeast Polk Junior High (1963)					
Square feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A
Senior High:					
Southeast Polk Senior High (1963)					
Square feet	206,674	206,674	206,674	206,674	206,674
Capacity	1,800	1,800	1,800	1,800	1,800
Enrollment	1,350	1,495	1,572	1,660	1,700
Southeast Polk Senior High (2010)					
Square feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A
Other District Facilities:					
Bus Garage (2002)					
Square feet	16,384	16,384	16,384	16,384	16,384
District Office (1977)					
Square Feet	8,033	8,033	8,033	8,033	8,033
Grand Total:					
Square Feet	690,829	803,848	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 - 2013-14 Oct 2014 counts from Resident Total Sheet used for enrollment sectior

2010	2011	2012	2013	2014
89,670	N/A	N/A	N/A	N/A
950	N/A	N/A	N/A	N/A
938	N/A	N/A	N/A	N/A
N/A	206,674	206,674	206,674	206,674
N/A	1,800	1,800	1,800	1,800
N/A	1,011	939	977	974
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
430,227	430,227	430,227	430,227	430,227
2,000	2,000	2,000	2,000	2,000
1,667	1,689	1,830	1,920	1,895
16,384	16,384	16,384	16,384	16,384
8,033	8,033	8,033	8,033	8,033
1,027,401	1,234,075	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
2004-2005	$31,612	$52,687	$42,150
2005-2006	$32,752	$54,587	$43,670
2006-2007	$33,892	$56,487	$45,546
2007-2008	$35,180	$58,634	$46,964
2008-2009	$36,343	$60,572	$48,975
2009-2010	$36,640	$61,006	$50,165
2010-2011	$36,982	$63,286	$50,563
2011-2012	$41,251	$68,752	$54,937
2012-2013	$41,804	$71,873	$57,529
2013-2014	$42,736	$73,427	$59,550

Source: School District financial records.

Southeast Polk Community School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State Department of Agriculture and State of Iowa Department of Education:			
National School Breakfast Program	10.553	FY14-4552	$ 197,033
National School Lunch Program	10.555	FY14-4553	1,066,953
Commodities-Noncash, Department of Defense	10.555	FY14	59,597
Commodities-Noncash	10.555	FY14	169,990
Special Milk Program for Children	10.556	FY14-4555	6,047
Summer Food Service Program for Children	10.559	FY14-4556	7,207
Total nutrition cluster			1,506,827
U.S. Department of Natural Resources			
Passed through Iowa Department of Natural Resources			
Sport Fish Restoration	15.605	FY14	375
U.S. Department of Education			
Passed Through State of Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	6101-G	619,151
Special Education-Grants to States, IDEA Part B	84.027	FY14-4525	41,646
Vocational Education Basic Grants to States - Carl Perkins Basic Grant	84.048	FY14-4531	49,007
Education for Homeless Children and Youth	84.196	FY14-4565	38,000
Advanced Placement Program	84.330	FY14-4654	694
Title IIA - Improving Teacher Quality State Grant	84.367	FY14-4643	90,792
Grants for State Assessments and Related Activities	84.369	FY14-4648	35,459
Passed Through Area Education Agency:			
Special Education-Grants to States, IDEA Part B	84.027	N/A	300,840
Title III English Language Acquisition State Grants	84.365	N/A	3,545
Total U.S. Department of Education			1,179,134
Total Expenditures of Federal Awards			$ 2,686,336

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, 2014

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, 2014. 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, 2014

	Findings	Status	Corrective Action Plan or Other Explanation
Significant Deficiency Over Basic Financial Statements:			
2013-001	The District has inadequate segregation of duties over the payroll process.	Not Corrected	See 2014-003
2013-002	The District has insufficient monitoring activities over receipts transactions.	Not Corrected	See 2014-002
Other Findings Related to Required Statutory Reporting:			
IV-A-13	Expenditures exceeded the certified budget for all functions.	Not Corrected	See IV-A-14
IV-F-13	Board minutes are not published timely and do not properly document closed or special meetings.	Not Corrected	See IV-F-14
IV-G-13	Variances were identified in the certified enrollment submitted to the Department of Education	Not Corrected	See IV-G-14
IV-J-13	The certified annual report was not submitted timely.	Not Corrected	See IV-J-14
IV-M-13	The District's General Fund has a deficit unassigned fund balance.	Corrected	

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Bohnsack & Frommelt LLP
Certified Public Accountants

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

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

We have audited, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 15, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2014-002 to be a material weakness. 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2014-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as 2014-001.

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, 2014 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
January 15, 2015

Bohnsack & Frommelt LLP
Certified Public Accountants

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, 2014. 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, 2014.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004 that we consider to be a significant deficiency.

The District's response to the internal control over compliance 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 compliance, and accordingly, we express no opinion on the response.

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
January 15, 2015

Southeast Polk Community School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

a) Unmodified opinions were issued on the financial statements.

b) A material weakness and significant deficiency in internal control over financial reporting were disclosed by the audit of the financial statements.

c) The audit disclosed an instance of noncompliance which is material to the financial statements.

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

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

f) 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. Title 1- Grants to Local Education Agencies — CFDA 84.010

   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)

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

2014-001

Finding: The District has not complied with the debt sinking fund account requirements of the revenue bonds.

Criteria: The School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2009, Series 2010A, Series 2012, and Series 2013A require the District to transfer 1/6th of the next interest payment and 1/12th of the next principal payment into a sinking fund each month.

Condition: The District is not making the required transfer into the sinking fund each month. In addition, as of June 30, 2014, the debt sinking fund balance is not adequate.

Context: No transfers were made into the debt sinking fund for five of the twelve months tested. As a result, the debt sinking fund required balances were not maintained during the year. In addition, the balance of the debt sinking fund should be $322,502 on June 30, 2014; however, the actual balance was $316,971.

Effect: The District is not complying with the revenue bond covenant requirements.

Cause: The District has not established a process to ensure transfers to the debt sinking fund are made timely and for adequate amounts.

Recommendation: The District should obtain a schedule of the amounts required to be transferred to the sinking fund through maturity of the bonds and establish a routine process that ensures the transfers will be made monthly as required.

Response and corrective action plan: The District will establish a process to ensure transfers are made monthly and for the proper amounts. The District has reserved the proper sinking fund requirement amounts as of December 2014.

Material Weakness and Significant deficiencies:

Material Weakness

2014-002

Finding: The District has insufficient reconciling and monitoring activities over cash accounts and receipts transactions.

Condition: The material weakness is a result of a combination of deficiencies in the receipts and bank reconciliation processes due to the following:

- The District did not properly reconcile bank accounts during the fiscal year. The reconciliation of the bank accounts to the general ledger is a key control activity to ensure that all transactions have been properly recorded.

- Key monitoring controls over the school locations collecting, posting, and depositing receipts are the Business Services Department reconciling the bank statements and the Business Services Department reconciling Infinite Campus to the general ledger. These monitoring controls were not in place during the fiscal year.
- The Controller has access to post and reconcile transactions and has access to cash and checks and scans checks to the bank in addition to being assigned to bank reconciliations.
- The District was not able to reconcile cash balances of the District at year-end. There was an approximate $73,000 difference that the District could not resolve.
- The District did not reconcile the Infinite Campus student account balances for food services to the general ledger and resolve reconciling items during the fiscal year.

Context: The District did not properly reconcile the general ledger cash accounts during the fiscal year. The June 30, 2014 reconciliation was not completed until November 2014 and approximately $73,000 was unresolved. The student account balances and the general ledger do not agree by approximately $5,400 as of June 30, 2014.

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

Cause: There has been significant turnover and transition in the District. In addition, the District converted to new financial software and is transitioning financial institutions.

Recommendation: We recommend removing access to cash receipts including the task of scanning receipts to the bank from the Controller. 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. This should be performed by an employee without access to cash receipts. We recommend the District reconcile the food services accounts including the student meal account on a monthly basis to the general ledger. Bank statements should be reconciled monthly and include all cash and investment accounts on the District's general ledger including trust and agency funds.

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. The $73,000 unresolved difference was subsequently partially identified, leaving a balance of $11,000 unresolved. The District has been working with our student information system (Infinite Campus) trying to determine the best place for collection of data to ensure reconciliation between student accounts and the District's general ledger.

Significant Deficiency:

2014-003

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

Condition: Employees that process payroll also have access to change the employee master file, including entering new employees, modifying pay rates and adding deductions as well as access to enter time to the payroll system, process the bi-monthly payroll and generate 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 or errors could occur and not be detected in a timely basis.

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

Recommendation: Any position responsible for processing the payroll should be segregated from the ability to make employee master file changes. We recommend the District remove all access to the employee master file from the payroll office employees and require the Human Resources Department to make all payroll master file employee changes.

Response and Corrective Action Plan: 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.

Part III: Findings and Questioned Costs for Federal Awards

Significant Deficiency over Federal Awards**:**
2014-004

U.S. Department of Education
Passed Through State of Iowa Department of Education
Title 1-Grants to Local Educational Agencies (CFDA 84.010)
Federal Award Year: 2014

Child Nutrition Cluster Program:
National School Breakfast Program (CFDA 10.553)
National School Lunch Program (CFDA 10.555)
Special Milk Program for Children (CFDA 10.556)
Summer Food Service Program for Children (CFDA 10.559)
Federal Award Year: 2014

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

Criteria: The Office of Management and Budget (OMB) Circular A-87 requires the following:

- When an employee works on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. The personnel activity reports must reflect after the fact distribution of the actual activity of the employee, account for the total activity for which the employee is compensated, be prepared at least monthly and coincide with one or more pay periods, and signed by the employee.

- When an employee works solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. The certifications must be prepared at least semi-annually and will be signed by the employee.

Condition: The District did not obtain signed semi-annual certifications from all employees working in the programs. In addition, the District allocated a percentage of payroll of three employees without maintaining proper documentation of the allocation.

Context: Of the four full-time Title 1 employees tested, none had signed semi-annual certifications. In addition, the Title 1 program was allocated 10% of three employee contracts without proper documentation of the allocation. Of the six Child Nutrition employees selected, one did not sign a semi-annual certification.

Effect: The District does not have a system in place to properly document payroll costs as required by OMB Circular A-87.

Cause: The District currently does not have a process in place to ensure all employees charged to a federal payroll account have provided the required signed certifications or to ensure that allocations of a portion of employee contracts are adequate documented.

Recommendation: For fully-funded employees, we recommend semi-annually requiring employees to sign a certification of the federal award they are being paid from. For partially funded employees, the District must maintain proper documentation of the percentage allocated as required by the Office of Management and Budget.

Response and Corrective Action Plan: The District will review current processes to ensure all employees paid from federal programs provide the required documentation.

Compliance Findings:

No matters were reported.

Part IV: Other Findings Related to Statutory Reporting

IV-A-14 - Certified Budget:

Finding: Expenditures for the year ended June 30, 2014 exceeded the certified budget in the instruction function.

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-14 - 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-14 - 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-14 - Business Transactions: No business transactions between the District and District officials or management were noted.

IV-E-14 - 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-14 – Board Minutes: No transactions requiring Board approval which had not been approved by the Board were noted.

Finding: We selected a sample of meeting and noted the following regarding Board of Education minutes:

- Minutes were not published in a timely manner on a consistent basis.
- The schedule of bills is not consistently published in a timely manner.
- Documentation of the notice of meetings is not consistently maintained.

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. The District should maintain the notice of meetings for all Board of Education meetings.

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 and maintain notice of meetings.

Conclusion: Response accepted.

(Continued)

IV-G-14- Certified Enrollment:

Finding: Variances in the basic enrollment data certified to the Department of Education in October 2013 were noted.

Recommendation: We recommend the District review enrollments and verify enrollments prior to the October 1st certification process.

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

Conclusion: Response accepted.

IV-H-14 - Supplementary Weighting: No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-14 - 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-14 - 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: Major changes to the financial accounting and reporting system were made during the fiscal year. The program that is used to generate an upload file was not completed until after the submission deadline. Future filings will be made in a timely manner.

Conclusion: Response accepted.

IV-K-14 - Categorical Funding: No instances of categorical funding being used to supplant rather than supplement other funds were noted.

(Continued)

IV-L-14- 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, 2014, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		$ 9,073,439
Revenues/transfers in:		
Statewide sales and services tax revenue	$ 5,558,904	
Investment earnings	6,371	5,565,275
Expenditures/transfers out:		
Support services	7,723	
Debt service, interest	3,500	
Transfers out	4,313,321	
School infrastructure	7,841,618	12,166,162
Ending balance		$ 2,472,552

For the year ended June 30, 2014, 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.

IV-M-14 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, 2014

	Findings	Corrective Action Plan	Anticipated Date of Completion
Noncompliance Over Basic Financial Statements:			
2014-001	The District is not complying with bond covenant requirements for monthly transfers to debt sinking accounts.	See response and corrective action plan at 2014-001	Fiscal Year 2015-Kevin Baccam
Material Weakness and Significant Deficiency Over Basic Financial Statements:			
2014-002	The District has insufficient reconciliation and monitoring activities over cash and receipt transactions.	See response and corrective action plan at 2014-002	Fiscal Year 2015-Kevin Baccam
2014-003	The District has inadequate segregation of duties over the payroll process.	See response and corrective action plan at 2014-003	Fiscal Year 2015-Kevin Baccam
Significant Deficiency Over Federal Awards:			
2014-004	The District does not have adequate documentation to support payroll costs of the program.	See response and corrective action plan at 2014-004	Fiscal Year 2015-Kevin Baccam
Other Findings Related to Required Statutory Reporting:			
IV-A-14	Expenditures exceeded the certified budget for instruction function.	See response at IV-A-14.	Fiscal Year 2015-Kevin Baccam
IV-F-14	Board minutes are not published timely.	See response at IV-F-14.	Fiscal Year 2015-Kevin Baccam
IV-G-14	Variances were identified in the certified enrollment submitted to the Department of Education.	See response at IV-G-14	Fiscal Year 2015-Kevin Baccam
IV-J-14	The certified annual report was not submitted timely.	See response at IV-J-14	Fiscal Year 2015-Kevin Baccam