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Southeast Polk

COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Comprehensive Annual Financial Report
of the

Southeast Polk Community School District

Pleasant Hill, Iowa

For the Fiscal Year Ended June 30, 2015

Official Issuing Report
Kevin Baccam, Executive Director of Business Services

Office Issuing Report
Business Services Office

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December 18, 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, 2015.

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, 2015. 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.

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

Dr. Dirk Halupnik, 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 2014-2015 school year was 6,634, 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 Altoona Elementary School which was built in 1939. There have been some small-scale renovations and a gym addition; however, the building shell has not significantly changed since construction. The newest building is Mitchellville Elementary School. A complete remodel of the building was completed in August 2014 just in time for the 2014-2015 school year. 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 90 to 210 students per year. Future kindergarten classes are expected to be around 500 students. Unlike many suburbs in the Des Moines metro area, the District still 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. This gap, however, has effectively been eliminated based on certified enrollment figures from the October 2015 count.

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 over the past decade. 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 has a 168 room hotel connected to the casino. Several other hotels have been renovated or constructed along the I-80 corridor. Facebook has completed one and nearing completion on a second data center just inside the city limits north of Interstate 80. A third data center is currently being constructed near the same site. An open air upscale mall called The Shoppes at Prairie Crossing 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 just north of Prairie Meadows is scheduled to open in December 2015.

There are a number of new residential housing developments in the communities that comprise the District. Meadow Vista South Subdivision, Tuscany, Burget Acres, Clay Estates, and Fieldstone Estates are all single family housing developments in Altoona and continue to build out. 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 have been built north of Clay and Willowbrook Elementary Schools. Additional high end apartments are being built north of Clay. There are plans for single family housing project just east of Willowbrook Elementary School with some additional townhome association builds in the same area. Deer Run and Clark's Lake View are subdivisions being expanded in Mitchellville. Spring Creek Hills 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 along with additional planned plats for Sunrise Pointe. 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.

With continued projected enrollment growth combined with an increase in commercial and residential patterns, the financial viability of the District is strong. Long-term financial planning will need to include the necessity for an additional elementary building and modifications to the secondary buildings in order to accommodate the enrollment growth.

Major Initiatives

The District began Phase II of a capital improvements plan in February 2015. A number of the projects have been completed or are nearing completion including replacing roofs at Altoona and Centennial Elementary Schools, renovation of the HVAC system at Willowbrook Elementary School, and construction of a cross country course and tennis courts at the high school. The installation of a District wide fiber optic network is the final project in Phase II. This project has recently begun and will finish next fall. With this project, the district will be installing a stand-alone fiber optic network connecting all of the District's school buildings. This will allow for increased internet/network capacity and speed, creates network redundancy throughout the District, and reduces the dependency on third party vendors for internet services.

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. There has been effective teacher collaboration throughout the District and this has resulted in increased learning for students.

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, 2015 provided no instances of material weaknesses in the internal control or material violations of applicable laws over major programs.

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 fourteenth 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, 2014. In addition, the Association of School Business Officials (ASBO) International also awarded a Certificate of Excellence in Financial Reporting to the District for the thirteenth year in a row for the CAFR for the fiscal year ended June 30, 2014. 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 2014 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,



Dr. Dirk Halupnik
Superintendent of Schools



Kevin S. Baccam
Executive Director of Business Services

Southeast Polk Community School District

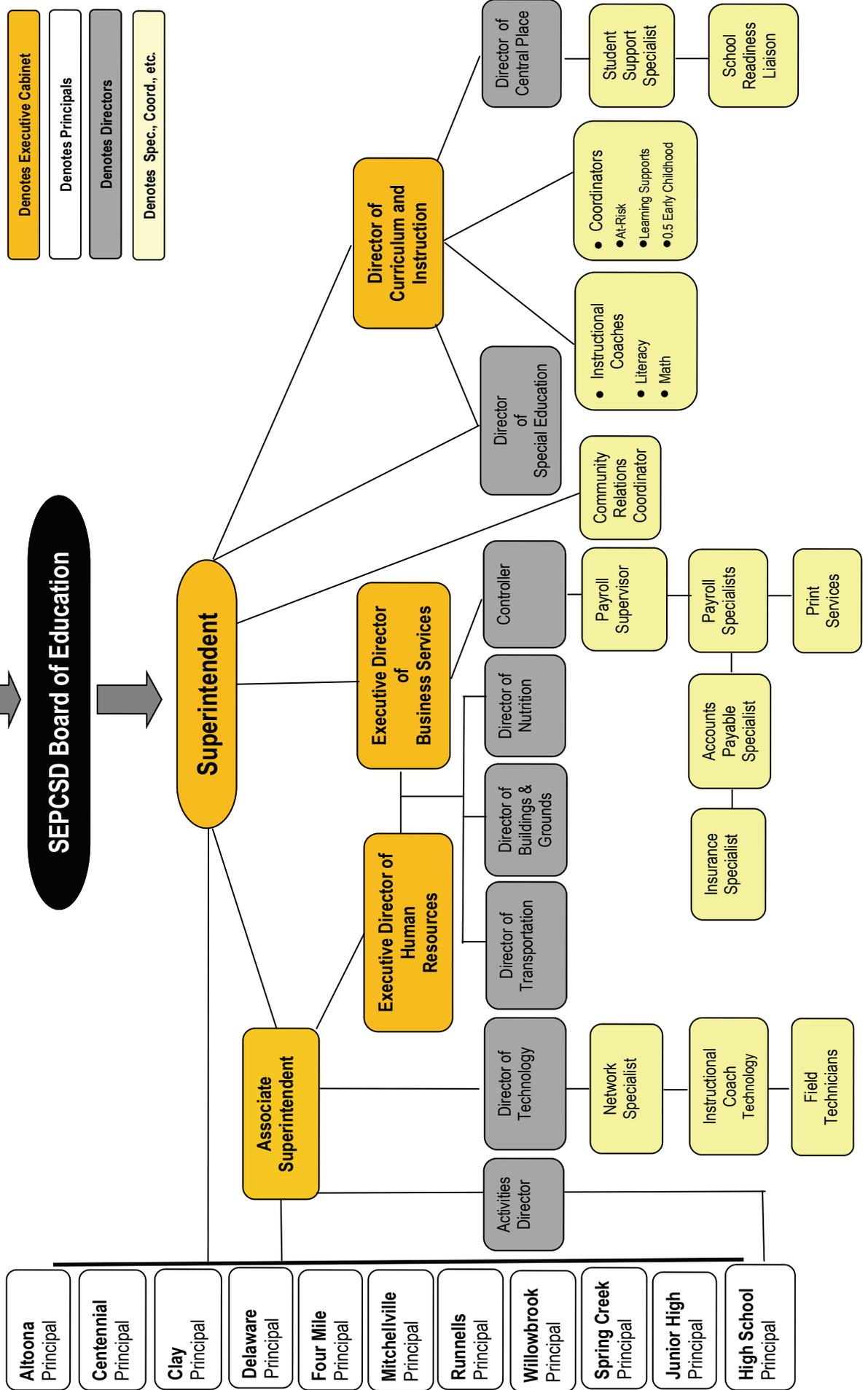
**Board of Education and School District Officials
Year Ended June 30, 2015**

	<u>Title</u>	<u>Term/Contract Expires</u>
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		
Dirk Halupnik	Superintendent	June 30, 2016
Joe Horton	Associate Superintendent	June 30, 2016
Kevin Baccam	Executive Director of Business Services	June 30, 2016
Jo Ellen Latham	Director of Curriculum/Instruction	June 30, 2016
Margi Belger	Executive Director of Human Resources	June 30, 2016
Nate Ballagh	Associate Principal	June 30, 2016
Mike Dailey	Principal	June 30, 2016
Glenn Dietzenbach	Assistant Principal	June 30, 2016
Kent Horstmann	Activities Director	June 30, 2016
Randy Mohning	Principal	June 30, 2016
Lea Morris	Principal	June 30, 2016
Joe Nelson	Principal	June 30, 2016
Mike Nicodemus	Principal	June 30, 2016
Robin Norris	Principal	June 30, 2016
Stephen Pettit	Principal	June 30, 2016
Joel Schutte	Assistant Principal	June 30, 2016
John Steffen	Assistant Principal	June 30, 2016
Lori Waddell	Principal	June 30, 2016
Kevin Walker	Principal	June 30, 2016
Ryan Woods	Principal	June 30, 2016

Administrative Structure





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, 2014

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, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

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

John D. Musso, CAE, RSBA
Executive Director

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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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the basic financial statements, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, the District's net position for governmental activities and business-type activities has been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, budgetary comparison information, schedule of the proportionate share of the net pension liability, and schedule of district contributions on pages 4-14 and 62-69 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 other supplementary information as listed in the table of contents 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 other supplementary information as listed in the table of contents 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 and schedule of expenditures of federal awards 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 December 18, 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

Taylor Ridge, Illinois

December 18, 2015

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Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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, 2015. 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 \$11,714,186 and \$8,902,032 during the years ended June 30, 2015 and 2014, respectively.

Total revenues for the fiscal year ended June 30, 2015 and 2014 of \$95,936,151 and \$88,415,875 were comprised of general revenues in the amount of \$73,041,608 and \$68,134,008 and program revenues totaling \$22,894,543 and \$20,281,867, respectively.

As of June 30, 2015, the District's governmental funds reported combined fund balances of \$35,500,742, an increase of \$20,802,261 in comparison to 2014. 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.

The Southeast Polk Community School District's total long-term debt increased by \$1,576,389 during fiscal year ended June 30, 2015 and decreased by \$4,211,758 during fiscal year ended June 30, 2014.

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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements reflect functions of Southeast Polk Community School District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, noninstructional programs, other and interest on long-term debt. Business-type activities are those that the District charges a fee to help cover the costs, such as school nutrition and community service and school store.

The government-wide financial statements include only Southeast Polk Community School District. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the District.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Southeast Polk Community School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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 a private purpose trust fund 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, funding progress for the retiree health plan, and schedule of proportionate share of the net pension liability and schedule of contributions of the retirement system. Required supplementary information can be found on pages 62 through 69 of this report.

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

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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 \$30,986,443, (as restated) to \$42,700,629.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2015	June 30, 2014 (Restated)	June 30, 2015	June 30, 2014 (Restated)	June 30, 2015	June 30, 2014 (Restated)
Current and other assets	\$ 83,260,740	\$ 62,313,030	\$ 1,767,687	\$ 1,337,061	\$ 85,028,427	\$ 63,650,091
Capital assets	133,234,003	133,361,695	854,710	1,067,584	134,088,713	134,429,279
Total assets	216,494,743	195,674,725	2,622,397	2,404,645	219,117,140	198,079,370
Deferred outflows of resources	5,183,695	3,556,138	133,951	91,894	5,317,646	3,648,032
Noncurrent liabilities	121,536,010	122,343,456	893,419	1,114,173	122,429,429	123,457,629
Other liabilities	19,377,974	16,711,377	143,743	141,654	19,521,717	16,853,031
Total liabilities	140,913,984	139,054,833	1,037,162	1,255,827	141,951,146	140,310,660
Deferred inflows of resources	39,543,827	30,430,299	239,184	-	39,783,011	30,430,299
Net position:						
Net investment in capital assets	53,819,946	48,242,679	854,710	1,067,584	54,674,656	49,310,263
Restricted	7,537,285	5,963,176	-	-	7,537,285	5,963,176
Unrestricted	(20,136,604)	(24,460,124)	625,292	173,128	(19,511,312)	(24,286,996)
Total net position	\$ 41,220,627	\$ 29,745,731	\$ 1,480,002	\$ 1,240,712	\$ 42,700,629	\$ 30,986,443

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 \$54,674,656 for 2015 and \$49,310,263 for 2014. 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 (17.7 percent for 2015 and 19.2 percent for 2014) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2015 include \$1,055,709 for physical plant and equipment levy, \$2,833,468 for school infrastructure, \$709,141 for management levy, \$677,649 for debt service, \$1,828,433 for categorical funding, and \$432,885 for student activities. The remaining balance of unrestricted net position is (\$19,511,312) for 2015. The remaining balance of unrestricted net position was (\$24,286,996) for 2014 as restated for the implementation of Governmental Accounting Standards Board Statements No. 68 and 71 that required the District to report a net pension liability and the related deferred inflows of resources and deferred outflows of resources. The restatement was a decrease to net position of \$30,269,525 to governmental activities and \$782,193 to business-type activities.

The District's total net position increased by \$11,714,186 during the current fiscal year as compared to \$8,902,032 in 2014. The governmental activities net position increased by \$11,474,896 in 2015 and \$8,745,723 in 2014. The business-type activities, which include school nutrition, community service, and school store increased by \$239,290 in 2015 and decreased by \$156,309 in 2014.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2015 and 2014. 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, 2015 (Restated)	June 30, 2014 (Not Restated)	June 30, 2015 (Restated)	June 30, 2014 (Not Restated)	June 30, 2015 (Restated)	June 30, 2014 (Not Restated)
Revenues:						
Program revenues:						
Charges for service and sales	\$ 5,344,177	\$ 5,364,292	\$ 2,796,744	\$ 2,602,011	\$ 8,140,921	\$ 7,966,303
Operating grants and contributions	13,209,625	10,779,733	1,543,997	1,535,831	14,753,622	12,315,564
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes and other taxes	38,740,662	36,880,470	-	-	38,740,662	36,880,470
State sources	34,212,768	31,210,071	-	-	34,212,768	31,210,071
Investment earnings	83,632	41,535	4,546	1,932	88,178	43,467
Total revenues	91,590,864	84,276,101	4,345,287	4,139,774	95,936,151	88,415,875
Program expenses:						
Instruction	45,484,994	43,065,043	-	-	45,484,994	43,065,043
Support services	24,622,587	22,928,558	-	-	24,622,587	22,928,558
Noninstructional programs	35,339	16,232	-	-	35,339	16,232
Other	2,713,171	2,508,266	-	-	2,713,171	2,508,266
Depreciation unallocated	3,138,172	3,213,938	-	-	3,138,172	3,213,938
Interest on long-term debt	4,121,705	3,848,341	-	-	4,121,705	3,848,341
School nutrition	-	-	3,718,102	3,634,175	3,718,102	3,634,175
Community service	-	-	58,807	50,750	58,807	50,750
School store	-	-	329,088	248,540	329,088	248,540
Total expenses	80,115,968	75,580,378	4,105,997	3,933,465	84,221,965	79,513,843
Excess (deficiency) of revenues over expenses before transfers	11,474,896	8,695,723	239,290	206,309	11,714,186	8,902,032
Transfers	-	50,000	-	(50,000)	-	-
Increase (decrease) in net position	11,474,896	8,745,723	239,290	156,309	11,714,186	8,902,032
Net position, beginning	29,745,731	51,269,533	1,240,712	1,866,596	30,986,443	53,136,129
Net position, ending	\$ 41,220,627	\$ 60,015,256	\$ 1,480,002	\$ 2,022,905	\$ 42,700,629	\$ 62,038,161

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$91,590,864 and expenses were \$80,115,968. Property taxes and other taxes such as sales tax and state sources including state foundation aid are the primary sources of revenue for the District. These sources represent 42.3 percent and 37.3 percent, respectively, of total revenues. Instruction constitutes the largest portion of expenditures at \$45,484,994 or 56.8 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, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Instruction	\$ 45,484,994	\$ 43,065,043	\$ 31,412,358	\$ 31,077,211
Support services	24,622,587	22,928,558	22,854,592	21,280,631
Noninstructional programs	35,339	16,232	35,339	16,232
Other	2,713,171	2,508,266	-	-
Depreciation unallocated	3,138,172	3,213,938	3,138,172	3,213,938
Interest on long-term debt	4,121,705	3,848,341	4,121,705	3,848,341
School nutrition	3,718,102	3,634,175	(140,837)	(136,837)
Community service	58,807	50,750	(98,727)	(57,305)
School store	329,088	248,540	4,820	(10,235)
Total expenses	\$ 84,221,965	\$ 79,513,843	\$ 61,327,422	\$ 59,231,976

Net cost of services is 72.8 percent of total cost of services in 2015 and 74.4 percent in 2014. The cost of governmental activities financed by users of the District's programs was \$5,344,177 for 2015 and \$5,364,292 for 2014. Federal and state governments subsidized certain programs with grants and contributions totaling \$13,209,625 for 2015 and \$10,779,733 for 2014. 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 supplemental state aid increase. Supplemental state aid for fiscal years 2012, 2013, 2014, and 2015 were established by the State as 0%, 2%, 2%, and 4% respectively.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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 \$114,765 for fiscal year 2015.
- The primary source of revenue for the School Store fund is charges for the resale of service operations. The School Store fund had a decrease in net position of (\$3,631).

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 \$35,500,742, an increase of \$20,802,261 in comparison with the prior year fund balance of \$14,698,481. The unassigned fund balance is \$7,226,923 for 2015 and \$4,264,585 for 2014. The majority of the remaining fund balance for 2015 is restricted to indicate that it is not available for new spending because it has already been restricted for other purposes, \$27,473,644.

The General Fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,226,923 for 2015 and \$4,264,585 for 2014, while total fund balance reached \$9,228,857 for 2015 and \$5,689,088 for 2014. 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 10.3 percent of total fund expenditures and total fund balance is 13.1 percent of total fund expenditures.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

The fund balance of the District's General Fund increased by \$3,539,769 during June 30, 2015. Key factors in this increase are as follows:

- Use of the cash reserve levy in 2015.
- Continued analysis of positions that become vacant.
- Leveraging other funds as allowed by Iowa code.

The Capital Projects Fund fund balance increased to \$8,953,292 in 2015 from \$3,036,389 in 2014. This increase is due to the issuance of \$6,515,000 revenue bonds for future capital projects.

The Debt Service Fund fund balance increased to \$15,378,305 in 2015 from \$4,360,130. This increase is due to the issuance of \$35,205,000 in refunding bonds.

BUDGETARY HIGHLIGHTS

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

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

	Budget		Actual Expenditures/ Expenses	Variance
	Original	Final		
Instruction	\$ 45,157,500	\$ 45,157,500	\$ 46,256,691	\$ (1,099,191)
Support services	25,981,000	26,100,000	24,596,729	1,503,271
Noninstructional programs	3,928,800	3,928,800	3,884,235	44,565
Other	15,619,731	22,199,038	18,363,790	3,835,248
Total	\$ 90,687,031	\$ 97,385,338	\$ 93,101,445	\$ 4,283,893

The variance in the instruction and support services function is related. There were account classifications that increased expenditures in instruction and reduced expenditures in support services. These entries occurred after the budget adjustment deadline. In the aggregate for these two functional areas, the budget was not over expended. There was a significant variance in the other function due mainly to some capital projects beginning later in the summer than originally planned. These costs will be incurred in fiscal year 2016.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following table shows ending balances of capital assets invested in various categories. The District recognized a total net decrease of \$340,566 for 2015. The decrease is due to depreciation expense and deletions exceeding current year construction projects.

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

	2015	2014
Land	\$ 3,503,506	\$ 3,503,506
Construction-in-progress	1,574,691	6,892,233
Buildings	117,960,327	112,519,341
Land improvements	5,332,385	5,200,572
Machinery and equipment	5,717,804	6,313,627
Total	\$ 134,088,713	\$ 134,429,279

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

Debt

As of June 30, 2015, the Southeast Polk Community School District had bonds and capital loan notes and notes payable outstanding totaling \$99,505,226 compared to \$88,989,042 as of June 30, 2014. In the current year, the District paid \$7,650,416 in principal and \$4,036,730 in interest on outstanding debt. The District paid \$29,255,000 to a bond escrow to refund bonds. The District issued \$9,295,000 general obligation school refunding bonds which will crossover refund \$10,335,000 of previously issued bonds on May 1, 2016.

As of June 30, 2015, the District's available legal debt margin was \$48,101,772 compared to \$52,854,207 as of June 30, 2014.

Southeast Polk Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2015**

Table 5- Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
General obligation bonds	\$ 45,930,000	\$ 44,725,000	\$ -	\$ -	\$ 45,930,000	\$ 44,725,000
Revenue bonds	52,853,749	42,897,522	-	-	52,853,749	42,897,522
Capital loan notes	651,104	1,366,520	-	-	651,104	1,366,520
Note payable	70,373	-	-	-	70,373	-
Net OPEB liability	5,934,613	4,979,167	269,737	240,086	6,204,350	5,219,253
Net pension liability	24,135,415	33,825,663	623,682	874,087	24,759,097	34,699,750
Compensated absences	134,469	118,836	3,297	3,169	137,766	122,005
Total	\$ 129,709,723	\$ 127,912,708	\$ 896,716	\$ 1,117,342	\$ 130,606,439	\$ 129,030,050

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 just under three percent over the past five years. The tax base increase from fiscal year 2015 to fiscal year 2016 was only 2.93 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 have increased in 2016 as will the state funding to replace lost revenues due to the rollbacks.

The District’s certified enrollment count as of October 2015 is 6,801 student FTEs. That is an increase of 176 student FTEs compared to the previous fiscal year. This increase is significantly greater than the increase of 17.5 student FTEs just one year ago. 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; however, based on the October 2015 certified count, the gap has been essentially eliminated.

State revenues continue to moderately grow. Revenue projections recently established by the Revenue Estimating Conference in December estimates an increase of 3.3% and 4.0% for fiscal years 2016 and 2017, respectively. Legislators approved a one and a quarter percent increase in

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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 2017.

The District ended fiscal year 2015 with a positive solvency ratio of 10.27%. This is an increase from the previous year solvency ratio of 6.3%. Unspent spending authority rose slightly to 3.6% from 3.2% from fiscal year 2014 to 2015. 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, 2015**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 26,982,037	\$ 1,601,828	\$ 28,583,865
Restricted cash, cash equivalents and investments	20,477,228	-	20,477,228
Receivables:			
Property taxes	30,447,229	-	30,447,229
Other	4,653,138	38,002	4,691,140
Prepaid expenses	802,468	199	802,667
Inventories	-	26,298	26,298
Internal balances	(101,360)	101,360	-
Total current assets	83,260,740	1,767,687	85,028,427
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	3,503,506	-	3,503,506
Construction-in-progress	1,574,691	-	1,574,691
Depreciable:			
Buildings	151,584,784	-	151,584,784
Land improvements	9,629,673	-	9,629,673
Machinery and equipment	19,963,417	2,893,005	22,856,422
Accumulated depreciation	(53,022,068)	(2,038,295)	(55,060,363)
Total noncurrent assets	133,234,003	854,710	134,088,713
Total assets	\$ 216,494,743	\$ 2,622,397	\$ 219,117,140
Deferred outflows of resources,			
Pension related deferred outflows	5,183,695	133,951	5,317,646

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 3,068,779	\$ 65,512	\$ 3,134,291
Salaries and benefits payable	6,834,149	13,802	6,847,951
Claims payable	648,073	-	648,073
Unearned revenue	79,432	61,132	140,564
Compensated absences	134,469	3,297	137,766
General obligation bonds	5,130,000	-	5,130,000
Revenue bonds	2,620,000	-	2,620,000
Capital loan notes	246,492	-	246,492
Note payable	42,752	-	42,752
Accrued interest payable	573,828	-	573,828
Total current liabilities	19,377,974	143,743	19,521,717
Noncurrent liabilities:			
General obligation bonds	40,800,000	-	40,800,000
Revenue bonds	50,233,749	-	50,233,749
Capital loan notes	404,612	-	404,612
Note payable	27,621	-	27,621
Net OPEB liability	5,934,613	269,737	6,204,350
Net pension liability	24,135,415	623,682	24,759,097
Total noncurrent liabilities	121,536,010	893,419	122,429,429
Total liabilities	140,913,984	1,037,162	141,951,146
Deferred inflows of resources:			
Succeeding year property taxes	30,287,811	-	30,287,811
Pension related deferred inflows	9,256,016	239,184	9,495,200
Total deferred inflows of resources	39,543,827	239,184	39,783,011
Net Position			
Net investment in capital assets	53,819,946	854,710	54,674,656
Restricted for:			
Categorical funding	1,828,433	-	1,828,433
Physical plant and equipment levy	1,055,709	-	1,055,709
School infrastructure	2,833,468	-	2,833,468
Debt service	677,649	-	677,649
Management levy	709,141	-	709,141
Student activities	432,885	-	432,885
Unrestricted	(20,136,604)	625,292	(19,511,312)
Total net position	\$ 41,220,627	\$ 1,480,002	\$ 42,700,629

Southeast Polk Community School District

**Statement of Activities
Year Ended June 30, 2015**

	Functions/Programs	Expenses
Primary Government:		
Governmental activities:		
Instruction		\$ 45,484,994
Support services		24,622,587
Noninstructional programs		35,339
AEA flowthrough		2,713,171
Depreciation (unallocated)		3,138,172
Interest on long-term debt		4,121,705
Total governmental activities		<u>80,115,968</u>
Business-type activities:		
School nutrition		3,718,102
Community service		58,807
School store		329,088
Total business-type activities		<u>4,105,997</u>
Total primary government		<u>\$ 84,221,965</u>

General revenues:

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

Total general revenues

Change in net position

Net position, beginning of year, as restated
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
\$ 5,106,252	\$ 8,966,384	\$ -	\$ (31,412,358)	\$ -	\$ (31,412,358)
237,925	1,530,070	-	(22,854,592)	-	(22,854,592)
-	-	-	(35,339)	-	(35,339)
-	2,713,171	-	-	-	-
-	-	-	(3,138,172)	-	(3,138,172)
-	-	-	(4,121,705)	-	(4,121,705)
5,344,177	13,209,625	-	(61,562,166)	-	(61,562,166)
2,314,942	1,543,997	-	-	140,837	140,837
157,534	-	-	-	98,727	98,727
324,268	-	-	-	(4,820)	(4,820)
2,796,744	1,543,997	-	-	234,744	234,744
\$ 8,140,921	\$ 14,753,622	\$ -	(61,562,166)	234,744	(61,327,422)
			20,432,766	-	20,432,766
			10,035,219	-	10,035,219
			1,958,621	-	1,958,621
			6,314,056	-	6,314,056
			34,212,768	-	34,212,768
			83,632	4,546	88,178
			73,037,062	4,546	73,041,608
			11,474,896	239,290	11,714,186
			29,745,731	1,240,712	30,986,443
			\$ 41,220,627	\$ 1,480,002	\$ 42,700,629

Southeast Polk Community School District

**Balance Sheet
Governmental Funds
June 30, 2015**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash, cash equivalents and investments	\$ 16,367,664	\$ 3,439,069	\$ 259,777	\$ 1,199,244	\$ 21,265,754
Restricted cash, cash equivalents and investments	-	5,390,513	15,086,715	-	20,477,228
Receivables:					
Property taxes	20,121,785	1,735,746	6,942,538	1,647,160	30,447,229
Income surtax	1,761,655	-	-	-	1,761,655
Due from other governments	1,576,323	1,299,704	-	-	2,876,027
Other	155	-	-	-	155
Prepaid items	1,913	-	-	798,262	800,175
Total assets	\$ 39,829,495	\$ 11,865,032	\$ 22,289,030	\$ 3,644,666	\$ 77,628,223
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,927,419	\$ 858,175	\$ 2,500	\$ 49,942	\$ 2,838,036
Salaries and benefits payable	6,827,563	-	-	6,586	6,834,149
Unearned revenue	70,082	-	-	9,350	79,432
Total liabilities	8,825,064	858,175	2,500	65,878	9,751,617
Deferred Inflows of Resources, unavailable revenue:					
Succeeding year property tax	20,013,919	1,727,167	6,908,225	1,638,500	30,287,811
Income surtax	1,761,655	-	-	-	1,761,655
Sales and services tax	-	326,398	-	-	326,398
Total deferred inflows of resources	21,775,574	2,053,565	6,908,225	1,638,500	32,375,864
Fund balances:					
Nonspendable, prepaid items	1,913	-	-	798,262	800,175
Restricted for:					
Categorical funding	1,828,433	-	-	-	1,828,433
Physical plant and equipment	-	1,055,709	-	-	1,055,709
School infrastructure	-	7,311,097	-	-	7,311,097
Debt service	-	586,486	15,378,305	-	15,964,791
Management levy	-	-	-	709,141	709,141
Student activities	-	-	-	432,885	432,885
Assigned for community programs	171,588	-	-	-	171,588
Unassigned	7,226,923	-	-	-	7,226,923
Total fund balances	9,228,857	8,953,292	15,378,305	1,940,288	35,500,742
Total liabilities, deferred inflows of resources and fund balances	\$ 39,829,495	\$ 11,865,032	\$ 22,289,030	\$ 3,644,666	\$ 77,628,223

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, 2015**

Total fund balances		\$ 35,500,742
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		133,234,003
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		2,088,053
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	5,733,877	
Other current liabilities	<u>(878,816)</u>	4,855,061
Internal Service funds allocated to business-type activities		(101,360)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	5,183,695	
Deferred inflows of resources	<u>(9,256,016)</u>	(4,072,321)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable	(573,828)	
Compensated absences	(134,469)	
General obligation bonds, current	(5,130,000)	
General obligation bonds, noncurrent	(40,800,000)	
Premium on revenue bond issuance	(5,763,749)	
Revenue bonds, current	(2,620,000)	
Revenue bonds, noncurrent	(44,470,000)	
Capital loan notes, current	(246,492)	
Capital loan notes, noncurrent	(404,612)	
Note payable, current	(42,752)	
Note payable, noncurrent	(27,621)	
Net OPEB liability	(5,934,613)	
Net pension liability	<u>(24,135,415)</u>	(130,283,551)
Net position of governmental activities		<u><u>\$ 41,220,627</u></u>

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended June 30, 2015

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes and other local sources:					
Property taxes	\$ 20,432,766	\$ 1,678,828	\$ 6,716,085	\$ 1,640,306	\$ 30,467,985
Income surtax	1,752,915	-	-	-	1,752,915
Other local sources	719,048	87,560	-	205,629	1,012,237
Student activities	43,159	-	-	997,159	1,040,318
Investment earnings	38,207	15,945	10,117	3,374	67,643
Tuition/transportation	3,280,065	-	-	-	3,280,065
State sources:					
State foundation aid	34,212,768	-	-	-	34,212,768
Statewide sales and services tax	-	6,266,009	-	-	6,266,009
Other state sources	10,428,067	25,646	102,653	30,775	10,587,141
Federal sources	2,622,484	-	-	-	2,622,484
Total revenues	73,529,479	8,073,988	6,828,855	2,877,243	91,309,565
Expenditures:					
Current:					
Instruction	44,290,008	14,133	-	1,678,705	45,982,846
Support services:					
Student services	2,756,030	-	-	94,033	2,850,063
Instructional support	3,219,071	-	-	64,364	3,283,435
General administration	1,135,282	-	-	34,761	1,170,043
School administration	4,024,897	-	-	74,445	4,099,342
Business and central administration	2,803,177	376,624	-	186,409	3,366,210
Plant operation and maintenance	5,981,688	70,692	-	339,311	6,391,691
Student transportation	3,073,987	307,227	-	42,462	3,423,676
Noninstructional programs	-	-	-	35,339	35,339
Other:					
AEA support - direct to AEA	2,713,171	-	-	-	2,713,171
Capital outlay	-	3,963,473	-	-	3,963,473
Debt service:					
Principal	-	-	7,650,416	-	7,650,416
Interest and other charges	-	107,003	3,929,727	-	4,036,730
Total expenditures	69,997,311	4,839,152	11,580,143	2,549,829	88,966,435
Excess (deficiency) of revenues (under) over expenditures	3,532,168	3,234,836	(4,751,288)	327,414	2,343,130
Other financing sources (uses):					
Transfers in	-	-	4,653,042	-	4,653,042
Transfers (out)	-	(4,653,042)	-	-	(4,653,042)
Issuance of note payable	-	70,373	-	-	70,373
Issuance of revenue bonds	-	6,515,000	-	-	6,515,000
Issuance of refunding bonds	-	-	35,205,000	-	35,205,000
Premium on issuance of bonds	-	481,779	5,166,421	-	5,648,200
Payment to refunded bond escrow	-	-	(29,255,000)	-	(29,255,000)
Proceeds from sale of capital assets	7,601	267,957	-	-	275,558
Total other financing sources (uses)	7,601	2,682,067	15,769,463	-	18,459,131
Net change in fund balance	3,539,769	5,916,903	11,018,175	327,414	20,802,261
Fund balances, beginning of year	5,689,088	3,036,389	4,360,130	1,612,874	14,698,481
Fund balances, end of year	\$ 9,228,857	\$ 8,953,292	\$ 15,378,305	\$ 1,940,288	\$ 35,500,742

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, 2015**

Net change in fund balances - total governmental funds	\$	20,802,261
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	4,534,305	
Depreciation expense by function:		
Instruction	(109,002)	
Support services	(1,149,570)	
Unallocated	(3,138,172)	137,561
Proceeds from sale of capital assets	(275,558)	
Gain on sale of capital assets	10,305	(265,253)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Sales tax	48,047	
Income surtax	205,706	253,753
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The issuance of long-term debt increases liabilities in the statement of net position, while the repayment of long-term debt reduces long-term liabilities.		
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Issuance of bonds and notes	(41,790,373)	
Repayment of bonds and loans principal	36,905,416	
Premium on issuance	(5,648,200)	
Amortization of premium	16,973	
Interest	(101,948)	(10,618,132)
The current year District share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the statement of net position.		300,101
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.		103,009
Change in internal service funds allocation to business-type activities		(29,013)
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	(15,633)	
Change in liability for net OPEB liability:		
Instruction	(621,040)	
Support services	(334,406)	
Change in liability for net pension liability:		
Instruction	1,233,181	
Support services	528,507	790,609
Change in net position of governmental activities		\$ 11,474,896

See Notes to Basic Financial Statements.

Southeast Polk Community School District

**Statement of Net Position
Proprietary Funds
June 30, 2015**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash, cash equivalents and investments	\$ 1,601,828	\$ 5,716,283
Prepaid expenses	199	2,293
Due from other governments	8,101	-
Other receivables	29,901	15,301
Inventories	26,298	-
Total current assets	1,666,327	5,733,877
Noncurrent assets:		
Capital assets:		
Machinery and equipment	2,893,005	-
Less accumulated depreciation	(2,038,295)	-
Total noncurrent assets	854,710	-
Total assets	2,521,037	5,733,877
Deferred outflows of resources,		
Pension related deferred outflows	133,951	-
Liabilities		
Current liabilities:		
Accounts payable	65,512	230,743
Salaries and benefits payable	13,802	-
Compensated absences	3,297	-
Claims payable	-	648,073
Unearned revenues	61,132	-
Total current liabilities	143,743	878,816
Noncurrent liabilities:		
Net OPEB liability	269,737	-
Net pension liability	623,682	-
Total noncurrent liabilities	893,419	-
Total liabilities	1,037,162	878,816
Deferred inflows of resources,		
Pension related deferred inflows	239,184	-
Net Position		
Net investment in capital assets	854,710	-
Unrestricted	523,932	4,855,061
Total net position	\$ 1,378,642	\$ 4,855,061

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, 2015

Total enterprise funds net position \$ 1,378,642

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.

101,360

Net position of business-type activities

\$ 1,480,002

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, 2015**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenues:		
Food sales	\$ 2,312,514	\$ -
Charges for services	484,230	8,101,515
Total operating revenues	2,796,744	8,101,515
Operating expenses:		
Salaries	1,139,649	-
Employee benefits	368,340	-
Purchased services	126,121	587,971
Food consumed	1,559,863	-
Supplies	687,002	-
Depreciation	227,613	-
Claims and administration	-	7,426,524
Other	22,582	-
Total operating expenses	4,131,170	8,014,495
Operating income (loss)	(1,334,426)	87,020
Nonoperating revenues (expenses):		
Federal food commodities	231,546	-
Federal appropriations	1,283,865	-
State appropriations	28,586	-
Interest	4,546	15,989
Loss on sale of capital assets	(3,840)	-
Total nonoperating revenues (expenses)	1,544,703	15,989
Change in net position	210,277	103,009
Net position, beginning of year	1,168,365	4,752,052
Net position, end of year	\$ 1,378,642	\$ 4,855,061

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, 2015**

Net changes in net position in enterprise funds \$ 210,277

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.

29,013

Change in net position of business-type activities

\$ 239,290

See Notes to Basic Financial Statements.

Southeast Polk Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,775,581	8,086,966
Payments to suppliers	(2,167,210)	(7,874,318)
Payments to employees	(1,543,697)	-
Net cash provided by (used in) operating activities	(935,326)	212,648
Cash flows from noncapital financial activities:		
Federal and state appropriations received	1,307,891	-
Payments to other funds	-	(61,520)
Proceeds from other funds	(88,569)	779,520
Net cash provided by noncapital financing activities	1,219,322	718,000
Cash flows from capital and related financing activities, purchase of capital assets	(18,579)	-
Cash flows from investing activities, interest received	4,546	15,989
Net increase in cash and cash equivalents	269,963	946,637
Cash and cash equivalents, beginning of year	1,331,865	4,769,646
Cash and cash equivalents, end of year	\$ 1,601,828	\$ 5,716,283

(Continued)

Southeast Polk Community School District

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	(1,334,426)	87,020
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	227,613	-
Federal food commodities used	231,546	-
Change in assets and liabilities:		
Receivables	(29,901)	(14,549)
Prepaid expenses	(18)	(237)
Inventories	(8,602)	-
Accounts payable	5,432	218,273
Salaries and benefits payable	(12,209)	-
Compensated absences	128	-
Claims payable	-	(77,859)
Unearned revenue	8,738	-
Net pension liability	(250,405)	-
Deferred outflows of resources	(42,057)	-
Deferred inflows of resources	239,184	-
Net OPEB liability	29,651	-
Net cash provided by (used in) operating activities	\$ (935,326)	\$ 212,648
Schedule of noncash items:		
Noncapital financing activities, federal commodities	\$ 231,546	\$ -

See Notes to Financial Statements.

Southeast Polk Community School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	Private Purpose	
	Trust	Agency
Assets		
Cash, cash equivalents and investments	\$ -	\$ 170,821
Liabilities and Net Position		
Accounts payable	\$ -	\$ 14,364
Due to groups	-	156,457
Total liabilities	-	170,821
Net Position		
Restricted	\$ -	

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
Additions:	
Local sources:	
Interest income	\$ 2,048
Deductions:	
Current:	
Instruction	
Administrative	327,933
Scholarships awarded	500
Total expenditures	<u>328,433</u>
Change in net position	(326,385)
Net position, beginning of year	<u>326,385</u>
Net position, end of year	<u>\$ -</u>

See Notes to Basic Financial Statements.

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Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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

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

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

Net investment in capital assets: Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

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

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

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

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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 Fund: Accounts for assets held by the District under a trust agreement which requires income earned to be used to benefit individuals through scholarship awards. The District's Private Purpose Trust Fund is comprised mainly of scholarship funds to benefit students. During the fiscal year 2015, the private purpose trust fund was transferred by court decree to a new reporting entity.

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

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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 2014 based on 2013 assessed valuations. These taxes are due in two installments on September 30 and March 31, with a 1.5 percent per month penalty for delinquent payment.

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs and then general revenues.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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 \$1,299,704 from the state for the statewide sales and services tax, \$455,730 from the state for grant programs and \$1,120,593 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:

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2015

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as 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. Deferred outflows of resources in the proprietary funds and government-wide statement of net position consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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. Deferred inflows of resources in the proprietary funds and government-wide statements also include the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported as fair value.

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 bond proceeds of \$20,091,169 .

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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

Net position restricted through enabling legislation consists of \$1,055,709 for physical plant and equipment levy, \$2,833,468 for school infrastructure, and \$709,141 for management levy. All other restricted net position consists of \$1,828,433 for categorical funding, \$677,649 for required bond reserves and \$432,885 for student activities and are restricted by grantors, bond covenants and donors.

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

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, 2015, the District had an investment in the Iowa Schools Joint Investment Trust of \$4,842,568. 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.

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

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, 2015 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

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major funds:		
Capital Projects Fund	\$ -	\$ (4,653,042)
Debt Service Fund	4,653,042	-
	<u>\$ 4,653,042</u>	<u>\$ (4,653,042)</u>

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

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

Note 5. Capital Assets

Capital asset activity of the business-type activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Business-type activities:				
Capital assets, being depreciated, machinery and equipment	\$ 2,882,106	\$ 18,579	\$ 7,680	\$ 2,893,005
Accumulated depreciation, machinery and equipment	1,814,522	227,613	3,840	2,038,295
Total capital assets, being depreciated, net	\$ 1,067,584	\$ (209,034)	\$ 3,840	\$ 854,710

Capital asset activity of the governmental activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,503,506	\$ -	\$ -	\$ 3,503,506
Construction-in-progress	6,892,233	3,478,641	8,796,183	1,574,691
Total capital assets, not being depreciated	10,395,739	3,478,641	8,796,183	5,078,197
Capital assets, being depreciated:				
Buildings	143,525,269	8,483,862	424,347	151,584,784
Land improvements	9,103,507	526,166	-	9,629,673
Machinery and equipment	19,182,112	841,819	60,514	19,963,417
Total capital assets, being depreciated	171,810,888	9,851,847	484,861	181,177,874
Accumulated depreciation:				
Buildings	31,005,928	2,780,841	162,312	33,624,457
Land improvements	3,902,935	394,353	-	4,297,288
Machinery and equipment	13,936,069	1,221,550	57,296	15,100,323
Total accumulated depreciation	48,844,932	4,396,744	219,608	53,022,068
Total capital assets, being depreciated, net	122,965,956	5,455,103	265,253	128,155,806
Governmental activities capital assets, net	\$ 133,361,695	\$ 8,933,744	\$ 9,061,436	\$ 133,234,003

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 5. Capital Assets (Continued)

Depreciation was charged to the functions as follows:

Governmental activities:		
Instruction		\$ 109,002
Support services		1,149,570
Unallocated		3,138,172
Total depreciation expense, governmental activities		<u>\$ 4,396,744</u>
Business-type activities, school nutrition		<u>\$ 227,613</u>

Note 6. Long-term Debt

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

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Balances Due Within One Year
Governmental activities:					
General obligation bonds	\$ 44,725,000	\$ 35,205,000	\$ 34,000,000	\$ 45,930,000	\$ 5,130,000
Revenue bonds	42,765,000	6,515,000	2,190,000	47,090,000	2,620,000
Premium on revenue bonds	132,522	5,648,200	16,973	5,763,749	-
Capital loan notes	1,366,520	-	715,416	651,104	246,492
Note payable	-	70,373	-	70,373	42,752
Net OPEB liability	4,979,167	955,446	-	5,934,613	-
Net pension liability	33,825,663	-	9,690,248	24,135,415	-
Compensated absences	118,836	134,469	118,836	134,469	134,469
Total	<u>\$ 127,912,708</u>	<u>\$ 48,528,488</u>	<u>\$ 46,731,473</u>	<u>\$ 129,709,723</u>	<u>\$ 8,173,713</u>
Business-type activities,					
Compensated absences	\$ 3,169	\$ 3,297	\$ 3,169	\$ 3,297	\$ 3,297
Net OPEB liability	240,086	29,651	-	269,737	-
Net pension liability	874,087	-	250,405	623,682	-
	<u>\$ 1,117,342</u>	<u>\$ 32,948</u>	<u>\$ 253,574</u>	<u>\$ 896,716</u>	<u>\$ 3,297</u>

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

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

Note 6. Long-term Debt (Continued)

In March 2015, the District issued \$25,910,000 General Obligation School Refunding Bonds, Series 2015A, with interest rates ranging from 3.00 to 5.00 percent, to current refund the District's outstanding \$29,255,000 of General Obligation School Bonds, Series 2006 and to pay the costs of issuing the bonds.

The District completed the current refunding to reduce its total debt service payments from 2015-2026 by \$5,783,418 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$4,617,423. The Series 2015A bonds have an outstanding balance of \$25,910,000 which matures in remaining annual amounts ranging from \$1,400,000 to \$4,700,000 through May 1, 2025.

In March 2015, the District issued \$9,295,000 General Obligation School Refunding Bonds, Series 2015B, with interest rates of 5.00 percent, to crossover advance refund on May 1, 2016, the District's outstanding \$4,405,000 of General Obligation School Bonds, Series 2007 and \$5,930,000 of General Obligation School Bonds, Series 2008 and to pay the costs of issuing the bonds. The proceeds after refunding expenses of \$10,827,871 were put into escrow for future payment of the bonds on the crossover date. The balance of the escrow as of June 30, 2015 is \$10,834,827 which is classified as restricted in the Debt Service Fund.

The District completed the crossover refunding to reduce its total debt service payments from 2015-2028 by \$2,390,795 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$1,506,121. The Series 2015B bonds have an outstanding balance of \$9,295,000 which matures in remaining annual amounts ranging from \$1,000,000 to \$1,155,000 through May 1, 2025.

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2015

Note 6. Long-term Debt (Continued)

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

Year ending June 30:	Interest Rates	\$5,500,000 Issued May 1, 2007		
		Principal	Interest	Total
2016	4.25%	\$ 195,000	\$ 186,505	\$ 381,505
2017	3.85%	200,000	178,218	378,218
2018	3.88%	210,000	170,518	380,518
2019	3.90%	220,000	162,380	382,380
2020	4.00%	230,000	153,800	383,800
2021-2025	4.00-4.10	1,295,000	478,930	1,773,930
2026-2027	4.10%	2,250,000	170,150	2,420,150
Totals		\$ 4,600,000	\$ 1,500,501	\$ 6,100,501

Year ending June 30:	Interest Rates	\$7,000,000 Issued May 1, 2008		
		Principal	Interest	Total
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	4.00	225,000	212,000	437,000
2021-2025	4.00	1,150,000	917,000	2,067,000
2026-2028	4.00	3,925,000	348,000	4,273,000
Totals		\$ 6,125,000	\$ 2,415,638	\$ 8,540,638

Year ending June 30:	Interest Rates	\$25,910,000 Issued March 19, 2015		
		Principal	Interest	Total
2016	3.00%	\$ 4,740,000	\$ 1,340,782	\$ 6,080,782
2017	5.00	4,230,000	1,058,500	5,288,500
2018	5.00	4,560,000	847,000	5,407,000
2019	5.00	2,835,000	619,000	3,454,000
2020	5.00	1,400,000	477,250	1,877,250
2021-2025	5.00	8,145,000	1,261,000	9,406,000
Totals		\$ 25,910,000	\$ 5,603,532	\$ 31,513,532

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 6. Long-Term Debt (Continued)

Year ending June 30:	Interest Rates	\$9,295,000 Issued March 19, 2015		
		Principal	Interest	Total
2016	5.00%	\$ -	\$ 518,971	\$ 518,971
2017	5.00	1,155,000	464,750	1,619,750
2018	5.00	1,095,000	407,000	1,502,000
2019	5.00	1,045,000	352,250	1,397,250
2020	5.00	1,000,000	300,000	1,300,000
2021-2025	5.00	5,000,000	750,000	5,750,000
Totals		\$ 9,295,000	\$ 2,792,971	\$ 12,087,971

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.
- On May 8, 2015, the District issued \$6,515,000 in revenue bonds for capital facility construction. The bonds bear interest rates ranging from 3.00 to 4.00 percent and mature on June 1, 2029.

The District has pledged future statewide sales, services and use tax collected in the Capital Project Fund for repayment of the revenue bonds. 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.

Annual principal and interest on the bonds are expected to require 68-77% of the pledged revenue over the life of the bonds. The total principal and interest remaining to be paid on the bonds is \$62,894,973. During the year ended June 30, 2015, principal and interest of \$3,870,026 was paid on the bonds and statewide sales, services and use tax revenues were \$6,266,009.

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, 2015, the reserve account balance was \$3,878,629.

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 6. Long-Term Debt (Continued)

- 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, 2015, the sinking fund account balance was \$373,259. The District complied with the sinking fund requirements which requires \$372,320 as of June 30, 2015.
- 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.

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

Year ending June 30:	Issued April 1, 2009			Issued October 1, 2010		
	Principal	Interest	Total	Principal	Interest	Total
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	1,540,000	929,306	2,469,306	305,000	176,125	481,125
2021-2025	8,850,000	3,562,344	12,412,344	1,690,000	717,139	2,407,139
2026-2030	8,795,000	1,158,588	9,953,588	2,750,000	364,437	3,114,437
Totals	\$ 24,740,000	\$ 9,976,712	\$ 34,716,712	\$ 5,880,000	\$ 2,048,601	\$ 7,928,601

Year ending June 30:	Issued April 26, 2012			Issued February 28, 2013		
	Principal	Interest	Total	Principal	Interest	Total
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	135,000	12,553	147,553	590,000	158,868	748,868
2021-2025	285,000	13,480	298,480	3,200,000	607,480	3,807,480
2026-2029	-	-	-	2,955,000	202,961	3,157,961
Totals	\$ 965,000	\$ 112,095	\$ 1,077,095	\$ 8,990,000	\$ 1,718,181	\$ 10,708,181

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 6. Long-Term Debt (Continued)

Year ending June 30:	Issued May 28, 2015		
	Principal	Interest	Total
2016	\$ 365,000	\$ 240,084	\$ 605,084
2017	380,000	227,150	607,150
2018	390,000	215,750	605,750
2019	400,000	204,050	604,050
2020	415,000	188,050	603,050
2021-2025	2,345,000	676,650	3,021,650
2026-2029	2,220,000	197,650	2,417,650
Totals	\$ 6,515,000	\$ 1,949,384	\$ 8,464,384

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:

- \$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.
- \$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 matured 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 matured during fiscal year 2015.
- \$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
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	\$ 651,104	\$ 9,188	\$ 660,292

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 6. Long-Term Debt (Continued)

As of June 30, 2015, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 2,836,864,988</u>
Debt limit, 5% of total assessed valuation	\$ 141,843,249
Amount of debt applicable to debt limit, total indebtedness	<u>93,741,477</u>
Excess of debt limit over debt outstanding, legal debt margin	<u><u>\$ 48,101,772</u></u>

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

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. There were no draws on the ISCAP during the year ended June 30, 2015.

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.

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 as follows:

Year Ending June 30:	Principal	Interest	Total
2016	\$ 42,752	\$ 2,248	\$ 45,000
2017	27,621	885	28,506
Totals	<u>\$ 70,373</u>	<u>\$ 3,133</u>	<u>\$ 73,506</u>

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

Note 7. Other Postemployment Benefits (Continued)

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.

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, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution, ARC	\$ 1,766,561
Interest on net OPEB obligation	234,866
Adjustment to annual required contribution	(208,282)
Annual OPEB cost	<u>1,793,145</u>
Contributions made	<u>808,048</u>
Increase in net OPEB obligation	985,097
Net OPEB obligation beginning of year	<u>5,219,253</u>
Net OPEB obligation end of year	<u><u>\$ 6,204,350</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as of July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015. For the year ended June 30, 2015, the District contributed \$808,048 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, 2015 are summarized as follows:

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 7. Other Postemployment Benefits (Continued)

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,547,297	38.0%	\$ 4,165,233
June 30, 2014	1,596,410	34.0%	5,219,253
June 30, 2015	1,793,145	45.1%	6,204,350

As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$16,265,503 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$16,265,503. The covered payroll (annual payroll of active employees covered by the plan) was \$35,164,474, and the ratio of the UAAL to the covered payroll was 46.3 percent. As of June 30, 2015, 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, 2014 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 8.0 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 RP-2014 Combined Healthy Generational Mortality Table. 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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

Note 8. Retirement System

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 8. Retirement System (Continued)

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent. The District’s contributions to IPERS for the year ended June 30, 2015 were \$3,955,888.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$24,759,097 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s proportion was .611776 percent, which was a decrease of .001077 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,840,821. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 269,083	\$ -
Changes of assumptions	1,092,675	-
Net difference between projected and actual earnings on pension plan investments	-	9,442,407
Changes in proportion and differences between District contributions and proportionate share of contributions	-	52,793
District contributions subsequent to the measurement date	3,955,888	-
Total	<u>\$ 5,317,646</u>	<u>\$ 9,495,200</u>

\$3,955,888 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2015

Note 8. Retirement System (Continued)

Year Ended June 30,

2016	\$ (2,054,769)
2017	(2,054,769)
2018	(2,054,769)
2019	(2,054,769)
2020	85,634
Total	<u>\$ (8,133,442)</u>

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary Increases (effective June 30, 2010)	4.00 to 17.00 percent, including inflation. Rates
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually,

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2015

Note 8. Retirement System (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15%	6.76%
Private Equity	13%	11.34%
Real Estate	8%	3.52%
Core Plus Fixed Income	28%	2.06%
Credit Opportunities	5%	3.67%
TIPS	5%	1.92%
Other Real Assets	2%	6.27%
Cash	1%	-0.69%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 46,781,619	\$ 24,759,097	\$ 6,169,807

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

Note 8. Retirement System (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 9. Risk Management

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

The District has established an internal service fund to account for premium and claim payments for a self-insured group health insurance plan for the District’s employees to meet potential losses from medical claims. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125 percent of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$110,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs and other economic and social factors.

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2015

Note 9. Risk Management (Continued)

Changes in the balances of claims payable during the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Claims payable, beginning of year	\$ 725,932	\$ 505,804
Incurred claims (including IBNR and changes in estimates)	6,509,596	5,382,793
Claim payments	6,587,455	5,162,665
Claims payable, end of year	<u>\$ 648,073</u>	<u>\$ 725,932</u>

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, and media and educational services provided through the local area education agency. The District's actual amount for this purpose totaled \$2,713,171 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

Note 11. Contingencies

As of June 30, 2015, 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, 2015. The construction commitments for these projects are as follows:

Construction Project	Contract Commitment	Remaining Balance
Fiber optic	\$ 1,780,064	\$ 1,758,975
High school tennis courts	1,618,798	1,319,704
Altoona Elementary roof	528,800	118,350
Centennial Elementary roof	464,010	435,512
Willowbrook Elementary HVAC	2,220,332	1,579,850
	<u>\$ 6,612,004</u>	<u>\$ 5,212,391</u>

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

Note. 13 Restricted Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2015 is comprised of the following programs:

Program:	Amount
Home School Assistance	\$ 143,293
At-Risk Supplemental Weighting	41,543
Talented and Gifted	152,415
Dropout Prevention	226,193
Statewide Preschool	13,642
Teacher Mentoring	87,630
Teacher Salary Supplement	223,502
Iowa Early Intervention Grant	72,859
Empowerment	185
Core Curriculum	23,151
Professional Development	476,915
School Ready Children	8,910
Early Reader	130,614
Teacher Leadership	227,581
	<u>\$ 1,828,433</u>

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

The District adopted the following statements during the year ended June 30, 2015:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012. 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. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, issued November 2013. 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 implementation of the above statements did not have a material impact to the District's financial statements except for GASB Statement No. 68 and No. 71 which required the District to change the accounting and reporting of pension expense, net pension liability, and the related deferred inflows of resources and deferred outflows of resources. As a result, the District's financial statements required a restatement as stated in Note 15. In addition, the new standards required new required supplementary information schedules.

As of June 30, 2015, 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. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the District beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2016. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2015

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2017. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2015**

Note 15. Accounting Change and Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB No. 27*, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental	Business-type	Nonmajor Enterprise Funds
	Activities	Activities	School Nutrition
Net position June 30, 2014, as previously reported	\$ 60,015,256	\$ 2,022,905	\$ 1,493,750
Net pension liability at June 30, 2014	(33,825,663)	(874,087)	(874,087)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	3,556,138	91,894	91,894
Net position July 1, 2014, as restated	<u>\$ 29,745,731</u>	<u>\$ 1,240,712</u>	<u>\$ 711,557</u>

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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, 2015**

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	\$ 43,887,172	\$ 2,801,290
State sources	44,799,909	28,586
Federal sources	2,622,484	1,515,411
Total revenues	91,309,565	4,345,287
Expenditures/expenses:		
Instruction	45,982,846	273,845
Support services	24,584,460	12,269
Noninstructional programs	35,339	3,848,896
Other expenditures	18,363,790	-
Total expenditures/expenses	88,966,435	4,135,010
Excess (deficiency) of revenues over (under) expenditures/expenses	2,343,130	210,277
Other financing sources (uses):		
Transfers in	4,653,042	-
Transfers (out)	(4,653,042)	-
Proceeds on debt	70,373	-
Issuance of revenue bonds	6,515,000	-
Issuance of refunding bonds	35,205,000	-
Premium on issuance of bonds	5,648,200	-
Payment to refunded bond escrow	(29,255,000)	-
Sale of capital assets	275,558	-
Total other financing sources (uses)	18,459,131	-
Net change in fund balance	20,802,261	210,277
Balance, beginning of year, as restated	14,698,481	1,168,365
Balance, end of year	\$ 35,500,742	\$ 1,378,642

See Note to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 46,688,462	\$ 45,580,871	\$ 45,580,871	\$ 1,107,591
44,828,495	45,115,859	45,115,859	(287,364)
4,137,895	3,949,115	3,949,115	188,780
<u>95,654,852</u>	<u>94,645,845</u>	<u>94,645,845</u>	<u>1,009,007</u>
46,256,691	45,157,500	45,157,500	(1,099,191)
24,596,729	25,981,000	26,100,000	1,503,271
3,884,235	3,928,800	3,928,800	44,565
18,363,790	15,619,731	22,199,038	3,835,248
<u>93,101,445</u>	<u>90,687,031</u>	<u>97,385,338</u>	<u>4,283,893</u>
2,553,407	3,958,814	(2,739,493)	5,292,900
4,653,042	4,603,493	4,603,493	49,549
(4,653,042)	(4,599,993)	(4,599,993)	(53,049)
70,373	-	-	70,373
6,515,000	-	-	6,515,000
35,205,000	-	-	35,205,000
5,648,200	-	-	5,648,200
(29,255,000)	-	(29,255,000)	-
275,558	-	-	275,558
<u>18,459,131</u>	<u>3,500</u>	<u>(29,251,500)</u>	<u>47,710,631</u>
21,012,538	3,962,314	(31,990,993)	53,003,531
15,866,846	15,866,846	15,866,846	-
<u>\$ 36,879,384</u>	<u>\$ 19,829,160</u>	<u>\$ (16,124,147)</u>	<u>\$ 53,003,531</u>

Southeast Polk Community School District

Note to Required Supplementary Information – Budgetary Reporting Year Ended June 30, 2015

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, 2015, the District exceeded budgeted expenditures in the instruction functional area. The District amended the budget by \$35,953,307 during the year ended June 30, 2015 primarily for capital construction and debt refunding.

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)
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%
2015	7/1/2014	-	16,266	16,266	0.00%	35,164	46.26%

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Southeast Polk Community School District

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year***

	<u>2015</u>
District's proportion of the net pension liability	0.611776%
District's proportionate share of the net pension liability	\$ 24,759,097
District's covered-employee payroll	\$ 44,298,855
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.89%
Plan fiduciary net pension as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note 1: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See Note to Required Supplementary Information-Pension Liability.

Southeast Polk Community School District

**Required Supplementary Information
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years**

	2015	2014	2013	2012
Statutorily required contribution	\$ 3,956	\$ 3,650	\$ 3,437	\$ 3,164
Contributions in relation to the statutorily required contribution	\$ (3,956)	\$ (3,650)	\$ (3,437)	\$ (3,164)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 44,299	\$ 40,874	\$ 39,642	\$ 39,222
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See Note to Required Supplementary Information-Pension Liability.

2011	2010	2009	2008	2007	2006
\$ 2,729	\$ 2,577	\$ 2,343	\$ 2,015	\$ 1,653	\$ 1,520
\$ (2,729)	\$ (2,577)	\$ (2,343)	\$ (2,015)	\$ (1,653)	\$ (1,520)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 39,267	\$ 38,731	\$ 36,898	\$ 33,302	\$ 28,754	\$ 26,431
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

Southeast Polk Community School District

Note to Required Supplementary Information – Pension Liability Year Ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailors, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year leg between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**OTHER COMBINING AND
INDIVIDUAL FUND FINANCIAL STATEMENTS**

Southeast Polk Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	Special Revenue		Total
	Management	Student Activity	
Assets			
Cash, cash equivalents and investments	\$ 714,744	\$ 484,500	\$ 1,199,244
Receivables:			
Property taxes	1,647,160	-	1,647,160
Prepaid items	797,987	275	798,262
Total assets	\$ 3,159,891	\$ 484,775	\$ 3,644,666
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 14,228	\$ 35,714	\$ 49,942
Salaries and benefits payable	35	6,551	6,586
Unearned revenue	-	9,350	9,350
Total liabilities	14,263	51,615	65,878
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,638,500	-	1,638,500
Fund balances:			
Nonspendable, prepaid items	797,987	275	798,262
Restricted	709,141	432,885	1,142,026
Total fund balances	1,507,128	433,160	1,940,288
Total liabilities, deferred inflows of resources and fund balances	\$ 3,159,891	\$ 484,775	\$ 3,644,666

Southeast Polk Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2015

	Special Revenue		Total
	Management	Student Activity	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,640,306	\$ -	\$ 1,640,306
Other local sources	1,011	204,618	205,629
Student activities	-	997,159	997,159
Investment earnings	3,203	171	3,374
State sources, other state sources	30,775	-	30,775
Total revenues	1,675,295	1,201,948	2,877,243
Expenditures:			
Current:			
Instruction	603,976	1,074,729	1,678,705
Support services:			
Student services	94,033	-	94,033
Instructional support	62,929	1,435	64,364
General administration	34,316	445	34,761
School administration	74,445	-	74,445
Business and central administration	178,187	8,222	186,409
Plant operation and maintenance	336,234	3,077	339,311
Student transportation	32,527	9,935	42,462
Noninstructional programs	32,549	2,790	35,339
Total expenditures	1,449,196	1,100,633	2,549,829
Change in fund balances	226,099	101,315	327,414
Fund balances, beginning of year	1,281,029	331,845	1,612,874
Fund balances, end of year	\$ 1,507,128	\$ 433,160	\$ 1,940,288

Southeast Polk Community School District

**Schedule of Combining Balance Sheet-
Capital Projects Fund, By Account
June 30, 2015**

	Capital Projects Fund Accounts		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
Assets			
Cash, cash equivalents and investments	\$ 1,068,044	\$ 2,371,025	\$ 3,439,069
Restricted cash and investments	-	5,390,513	\$ 5,390,513
Receivables:			
Property taxes	1,735,746	-	1,735,746
Due from other governments	-	1,299,704	1,299,704
Total assets	\$ 2,803,790	\$ 9,061,242	\$ 11,865,032
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 20,914	\$ 837,261	\$ 858,175
Total liabilities	20,914	837,261	858,175
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,727,167	-	1,727,167
Sales and services tax	-	326,398	326,398
Total deferred inflows of resources	1,727,167	326,398	2,053,565
Fund balances:			
Restricted for:			
Physical plant and equipment	1,055,709	-	1,055,709
Debt service	-	586,486	586,486
School infrastructure	-	7,311,097	7,311,097
Total fund balances	1,055,709	7,897,583	8,953,292
Total liabilities, deferred inflows of resources and fund balances	\$ 2,803,790	\$ 9,061,242	\$ 11,865,032

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, 2015**

	Capital Projects Fund Accounts		
	Physical	Statewide	Total
	Plant and Equipment	Sales and Services Tax	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,678,828	\$ -	\$ 1,678,828
Other local sources	47,500	40,060	87,560
Investment earnings	4,484	11,461	15,945
State sources:			
Statewide sales and services tax	-	6,266,009	6,266,009
Other state sources	25,646	-	25,646
Total revenues	1,756,458	6,317,530	8,073,988
Expenditures:			
Current:			
Instruction	14,133	-	14,133
Support services:			
Business and central administration	376,624	-	376,624
Plant operation and maintenance	70,692	-	70,692
Student transportation	307,227	-	307,227
Capital outlay	456,850	3,506,623	3,963,473
Debt service:			
Interest and other charges	-	107,003	107,003
Total expenditures	1,225,526	3,613,626	4,839,152
Excess (deficiency) of revenues under (over) expenditures	530,932	2,703,904	3,234,836
Other financing sources (uses):			
Transfers (out)	(377,390)	(4,275,652)	(4,653,042)
Proceeds from sale of capital assets	267,957	-	267,957
Issuance of note payable	70,373	-	70,373
Issuance of revenue bonds	-	6,515,000	6,515,000
Premium on issuance of bonds	-	481,779	481,779
Total other financing sources (uses)	(39,060)	2,721,127	2,682,067
Net change in fund balance	491,872	5,425,031	5,916,903
Fund balances, beginning of year	563,837	2,472,552	3,036,389
Fund balances, end of year	\$ 1,055,709	\$ 7,897,583	\$ 8,953,292

Southeast Polk Community School District

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2015

	School Nutrition	Community Service	School Store	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 1,007,176	\$ 173,788	\$ 420,864	\$ 1,601,828
Prepaid expenses	-	-	199	199
Due from other governments	8,101	-	-	8,101
Other receivables	-	29,901	-	29,901
Inventories	26,298	-	-	26,298
Total current assets	1,041,575	203,689	421,063	1,666,327
Noncurrent assets, capital assets:				
Machinery and equipment	2,893,005	-	-	2,893,005
Less accumulated depreciation	(2,038,295)	-	-	(2,038,295)
Total noncurrent assets	854,710	-	-	854,710
Total assets	\$ 1,896,285	\$ 203,689	\$ 421,063	\$ 2,521,037
Deferred outflows of resources,				
Pension related deferred outflows	133,951	-	-	133,951
Liabilities				
Current liabilities:				
Accounts payable	6,975	-	58,537	65,512
Salaries and benefits payable	6,707	4,490	2,605	13,802
Compensated absences	3,297	-	-	3,297
Unearned revenue	54,332	-	6,800	61,132
Long-term liabilities:				
Net OPEB liability	269,737	-	-	269,737
Net pension liability	623,682	-	-	623,682
Total liabilities	964,730	4,490	67,942	1,037,162
Deferred inflows of resources,				
Pension related deferred inflows	239,184	-	-	239,184
Net Position				
Net investment in capital assets	854,710	-	-	854,710
Unrestricted	(28,388)	199,199	353,121	523,932
Total net position	\$ 826,322	\$ 199,199	\$ 353,121	\$ 1,378,642

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

Year Ended June 30, 2015

	School Nutrition	Community Service	School Store	Total
Operating revenues:				
Food sales	\$ 2,312,514	\$ -	\$ -	\$ 2,312,514
Other charges for services	2,428	157,534	324,268	484,230
Total operating revenues	2,314,942	157,534	324,268	2,796,744
Operating expenses:				
Salaries	1,087,580	31,211	20,858	1,139,649
Employee benefits	360,178	4,832	3,330	368,340
Purchased services	101,127	14,990	10,004	126,121
Food consumed	1,559,863	-	-	1,559,863
Supplies	406,914	7,774	272,314	687,002
Depreciation	227,613	-	-	227,613
Other	-	-	22,582	22,582
Total operating expenses	3,743,275	58,807	329,088	4,131,170
Operating income (loss)	(1,428,333)	98,727	(4,820)	(1,334,426)
Nonoperating revenues (expenses):				
Federal food commodities	231,546	-	-	231,546
Federal appropriations	1,283,865	-	-	1,283,865
State appropriations	28,586	-	-	28,586
Interest	2,941	416	1,189	4,546
Loss on sale of capital assets	(3,840)	-	-	(3,840)
Total nonoperating revenues (expenses)	1,543,098	416	1,189	1,544,703
Change in net position	114,765	99,143	(3,631)	210,277
Net position, beginning, as restated	711,557	100,056	356,752	1,168,365
Net position, end of year	\$ 826,322	\$ 199,199	\$ 353,121	\$ 1,378,642

Southeast Polk Community School District

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended June 30, 2015

	School Nutrition	Community Service	School Store	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 2,322,980	\$ 127,633	\$ 324,968	\$ 2,775,581
Payments to suppliers	(1,844,516)	(22,764)	(299,930)	(2,167,210)
Payments to employees	(1,485,216)	(33,734)	(24,747)	(1,543,697)
Net cash provided by (used in) operating activities	(1,006,752)	71,135	291	(935,326)
Cash Flows From Noncapital Financing Activities:				
Payments to other funds	(88,569)	-	-	(88,569)
Federal and state appropriations received	1,307,891	-	-	1,307,891
Net cash provided by (used in) noncapital financing activities	1,219,322	-	-	1,219,322
Cash Flows From Capital and Related Financing Activities, purchases of capital assets	(18,579)	-	-	(18,579)
Cash Flows From Investing Activities, interest received	2,941	416	1,189	4,546
Net change in cash and cash equivalents	196,932	71,551	1,480	269,963
Cash and Cash Equivalents:				
Beginning of year	810,244	102,237	419,384	1,331,865
End of year	\$ 1,007,176	\$ 173,788	\$ 420,864	\$ 1,601,828

(Continued)

Southeast Polk Community School District

Combining Statement of Cash Flows (Continued)

Nonmajor Enterprise Funds

Year Ended June 30, 2015

	School Nutrition	Community Service	School Store	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (1,428,333)	\$ 98,727	\$ (4,820)	\$ (1,334,426)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	227,613	-	-	227,613
Federal food commodities used	231,546	-	-	231,546
Change in assets and liabilities:				
Other receivables	-	(29,901)	-	(29,901)
Prepaid expenses	-	-	(18)	(18)
Inventories	(8,602)	-	-	(8,602)
Accounts payable	444	-	4,988	5,432
Salaries and benefits payable	(13,959)	2,309	(559)	(12,209)
Compensated absences	128	-	-	128
Unearned revenue	8,038	-	700	8,738
Net pension liability	(250,405)	-	-	(250,405)
Deferred outflows of resources	(42,057)	-	-	(42,057)
Deferred inflows of resources	239,184	-	-	239,184
Net OPEB liability	29,651	-	-	29,651
Net cash provided by (used in) operating activities	\$ (1,006,752)	\$ 71,135	\$ 291	\$ (935,326)
Schedule of Noncash Items:				
Noncapital financing activities, Federal commodities	\$ 231,546	\$ -	\$ -	\$ 231,546

Southeast Polk Community School District

Combining Statement of Net Position

Internal Service Funds

June 30, 2015

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 5,493,045	\$ 103,005	\$ 120,233	\$ 5,716,283
Receivables, other	15,301	-	-	15,301
Prepaid expense	-	2,293	-	2,293
Total assets	5,508,346	105,298	120,233	5,733,877
Liabilities				
Current liabilities:				
Accounts payable	222,633	-	8,110	230,743
Claims payable	633,073	-	15,000	648,073
Total liabilities	855,706	-	23,110	878,816
Net Position				
Unrestricted	\$ 4,652,640	\$ 105,298	\$ 97,123	\$ 4,855,061

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

Year Ended June 30, 2015

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Operating revenues:				
Charges for services	\$ 7,110,489	\$ 582,273	\$ 408,753	\$ 8,101,515
Operating expenses:				
Claims and administration	7,023,302	-	403,222	7,426,524
Purchased services	-	587,971	-	587,971
Total operating expenses	7,023,302	587,971	403,222	8,014,495
Operating income	87,187	(5,698)	5,531	87,020
Nonoperating revenues:				
Interest	15,636	30	323	15,989
Changes in net position	102,823	(5,668)	5,854	103,009
Net position, beginning	4,549,817	110,966	91,269	4,752,052
Net position, end of year	\$ 4,652,640	\$ 105,298	\$ 97,123	\$ 4,855,061

Southeast Polk Community School District

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2015

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 7,095,940	\$ 582,273	\$ 408,753	\$ 8,086,966
Payments to suppliers	(6,890,998)	(588,208)	(395,112)	(7,874,318)
Net cash provided by (used in) operating activities	204,942	(5,935)	13,641	212,648
Cash Flows From Noncapital Financing Activities:				
Payments to other funds	(61,520)	-	-	(61,520)
Proceeds from other funds	750,452	-	29,068	779,520
Net cash provided by noncapital financing activities	688,932	-	29,068	718,000
Cash Flows From Investing Activities, interest received				
	15,636	30	323	15,989
Net change in cash and cash equivalents	909,510	(5,905)	43,032	946,637
Cash and Cash Equivalents:				
Beginning of year	4,583,535	108,910	77,201	4,769,646
End of year	<u>\$ 5,493,045</u>	<u>\$ 103,005</u>	<u>\$ 120,233</u>	<u>\$ 5,716,283</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 87,187	\$ (5,698)	\$ 5,531	\$ 87,020
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Accounts receivable	(14,549)	-	-	(14,549)
Prepaid expense	-	(237)	-	(237)
Accounts payable	210,163	-	8,110	218,273
Claims payable	(77,859)	-	-	(77,859)
Net cash provided by (used in) operating activities	\$ 204,942	\$ (5,935)	\$ 13,641	\$ 212,648

Southeast Polk Community School District

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Agency Fund				
Assets				
Cash and cash equivalents	\$ 177,829	\$ 331,241	\$ 338,249	\$ 170,821
Total assets	<u>\$ 177,829</u>	<u>\$ 331,241</u>	<u>\$ 338,249</u>	<u>\$ 170,821</u>
Liabilities				
Accounts payable	\$ 10,621	\$ 14,364	\$ 10,621	\$ 14,364
Due to other groups	167,208	331,241	341,992	156,457
Total liabilities	<u>\$ 177,829</u>	<u>\$ 345,605</u>	<u>\$ 352,613</u>	<u>\$ 170,821</u>

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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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	83-99
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	100-103
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	104-108
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	109-110
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	111-118

Schedule 1
Southeast Polk Community School District

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental activities:					
Net investment in capital assets	\$ 30,566,073	\$ 40,518,654	\$ 43,708,137	\$ 49,335,755	\$ 41,320,771
Restricted	772,049	610,623	1,102,209	2,929,346	4,602,136
Unrestricted	909,685	(2,388,634)	(4,810,352)	(11,454,390)	(7,475,497)
Total governmental activities net position	\$ 32,247,807	\$ 38,740,643	\$ 39,999,994	\$ 40,810,711	\$ 38,447,410
Business type activities:					
Net investment in capital assets	\$ 672,679	\$ 803,685	\$ 922,423	\$ 1,380,673	\$ 1,673,355
Restricted	-	-	-	-	-
Unrestricted	531,688	353,268	381,792	448,522	556,924
Total business type activities net position	\$ 1,204,367	\$ 1,156,953	\$ 1,304,215	\$ 1,829,195	\$ 2,230,279
Primary government:					
Net investment in capital assets	\$ 31,238,752	\$ 41,322,339	\$ 44,630,560	\$ 50,716,428	\$ 42,994,126
Restricted	772,049	610,623	1,102,209	2,929,346	4,602,136
Unrestricted	1,441,373	(2,035,366)	(4,428,560)	(11,005,868)	(6,918,573)
Total primary government net position	\$ 33,452,174	\$ 39,897,596	\$ 41,304,209	\$ 42,639,906	\$ 40,677,689

Source: School District financial records.

Fiscal Year				
2011	2012	2013	2014	2015
\$ 41,811,056	\$ 45,416,697	\$ 47,266,705	\$ 48,242,679	\$ 53,819,946
7,411,779	4,434,150	3,760,304	5,963,176	7,537,285
(8,393,828)	(4,327,109)	242,524	5,809,401	(20,136,604)
<u>\$ 40,829,007</u>	<u>\$ 45,523,738</u>	<u>\$ 51,269,533</u>	<u>\$ 60,015,256</u>	<u>\$ 41,220,627</u>
\$ 1,497,346	\$ 1,349,015	\$ 1,211,456	\$ 1,067,584	\$ 854,710
-	-	-	-	-
717,437	674,248	655,140	955,321	625,292
<u>\$ 2,214,783</u>	<u>\$ 2,023,263</u>	<u>\$ 1,866,596</u>	<u>\$ 2,022,905</u>	<u>\$ 1,480,002</u>
\$ 43,308,402	\$ 46,765,712	\$ 48,478,161	\$ 49,310,263	\$ 54,674,656
7,411,779	4,434,150	3,760,304	5,963,176	7,537,285
(7,676,391)	(3,652,861)	897,664	6,764,722	(19,511,312)
<u>\$ 43,043,790</u>	<u>\$ 47,547,001</u>	<u>\$ 53,136,129</u>	<u>\$ 62,038,161</u>	<u>\$ 42,700,629</u>

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				
	2006	2007	2008	2009	2010
Expenses:					
Governmental activities:					
Instruction	\$ 26,044,931	\$ 28,821,083	\$ 34,094,092	\$ 38,998,826	\$ 39,362,825
Support services	16,141,741	16,071,731	22,602,803	21,316,457	22,696,458
Non-instructional programs	-	3,483	28,615	30,269	2,729
Interest on long-term debt	803,749	2,622,942	2,612,493	3,331,765	4,158,136
AEA flowthrough	1,471,264	1,645,674	1,825,721	2,011,213	2,296,973
Depreciation (unallocated)	978,327	1,226,350	1,451,589	1,579,234	2,600,819
Total governmental activities expenses	45,440,012	50,391,263	62,615,313	67,267,764	71,117,940
Business type activities:					
Nutrition services	2,364,017	2,623,424	2,746,685	3,000,061	3,264,674
Community service services	-	15,571	19,206	10,246	25,562
School store services	316,014	260,339	283,142	300,368	300,571
Total business type activities expenses	2,680,031	2,899,334	3,049,033	3,310,675	3,590,807
Total primary government expenses	\$ 48,120,043	\$ 53,290,597	\$ 65,664,346	\$ 70,578,439	\$ 74,708,747
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 3,361,758	\$ 1,955,107	\$ 2,527,236	\$ 2,948,888	\$ 3,315,495
Support services	19,010	6,026	29,591	36,966	54,549
Operating grants and contributions	4,063,657	5,082,354	6,361,705	8,439,040	11,821,803
Capital grants and contributions	90,197	1,992	1,050,307	63,977	95,000
Total governmental activities program revenues	7,534,622	7,045,479	9,968,839	11,488,871	15,286,847

(Continued on the following page.)

Fiscal Year				
2011	2012	2013	2014	2015
\$ 39,229,187	\$ 40,754,640	\$ 41,984,675	\$ 43,065,043	\$ 45,484,994
22,570,818	23,632,792	23,267,847	22,928,558	24,622,587
105,134	2,556	595	16,232	35,339
3,691,427	3,904,147	4,023,682	3,848,341	2,713,171
2,367,103	2,249,929	2,350,017	2,508,266	3,138,172
3,060,086	3,090,226	3,213,866	3,213,938	4,121,705
71,023,755	73,634,290	74,840,682	75,580,378	80,115,968
3,498,875	3,485,072	3,661,721	3,634,175	3,718,102
54,940	47,085	54,131	50,750	58,807
237,632	468,622	402,962	248,540	329,088
3,791,447	4,000,779	4,118,814	3,933,465	4,105,997
\$ 74,815,202	\$ 77,635,069	\$ 78,959,496	\$ 79,513,843	\$ 84,221,965
\$ 4,062,777	\$ 4,965,205	\$ 6,083,497	\$ 5,095,985	\$ 5,106,252
56,977	103,616	268,596	268,307	237,925
9,736,393	9,004,757	9,117,676	10,779,733	13,209,625
9,800	500,000	150,000	-	-
13,865,947	14,573,578	15,619,769	16,144,025	18,553,802

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				
	2006	2007	2008	2009	2010
Business type activities:					
Charges for services:					
Nutrition	1,507,534	1,642,738	1,920,114	1,983,022	2,045,530
Community service services	-	15,176	18,663	11,679	39,428
School store	356,842	296,813	295,103	327,403	331,276
Operating grants and contributions	617,393	690,549	768,833	931,979	1,093,392
Capital grants and contributions	-	-	-	-	-
Total business type program revenues	2,481,769	2,645,276	3,002,713	3,254,083	3,509,626
Total primary government program revenues	\$ 10,016,391	\$ 9,690,755	\$ 12,971,552	\$ 14,742,954	\$ 18,796,473
Net (expense) revenue:					
Governmental activities	\$ (37,905,390)	\$ (43,345,784)	\$ (52,646,474)	\$ (55,778,893)	\$ (55,831,093)
Business type activities	(198,262)	(254,058)	(46,320)	(56,592)	(81,181)
Total primary government net expense	\$ (38,103,652)	\$ (43,599,842)	\$ (52,692,794)	\$ (55,835,485)	\$ (55,912,274)

Source: School District financial records.

Fiscal Year				
2011	2012	2013	2014	2015
2,111,679	2,117,647	2,132,088	2,235,181	2,314,942
49,949	61,197	72,292	108,055	157,534
334,343	357,928	321,622	258,775	324,268
1,205,211	1,288,390	1,435,208	1,535,831	1,543,997
-	8,433	-	-	-
3,701,182	3,833,595	3,961,210	4,137,842	4,340,741
\$ 17,567,129	\$ 18,407,173	\$ 19,580,979	\$ 20,281,867	\$ 22,894,543
\$ (57,157,808)	\$ (59,060,712)	\$ (59,220,913)	\$ (59,436,353)	\$ (61,562,166)
(90,265)	(167,184)	(157,604)	204,377	234,744
\$ (57,248,073)	\$ (59,227,896)	\$ (59,378,517)	\$ (59,231,976)	\$ (61,327,422)

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				
	2006	2007	2008	2009	2010
Net (expense) revenue:					
Governmental activities	\$ (37,905,390)	\$ (43,345,784)	\$ (52,646,474)	\$ (55,778,893)	\$ (55,831,093)
Business type activities	(198,262)	(254,058)	(46,320)	(56,592)	(81,181)
Total primary government net expense	(38,103,652)	(43,599,842)	(52,692,794)	(55,835,485)	(55,912,274)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	13,828,654	13,962,967	15,834,082	17,023,403	18,992,963
Property taxes levied for specific purposes	1,993,686	5,608,292	5,612,367	5,661,798	4,435,471
Income surtax	-	1,409,760	1,326,524	1,479,994	1,508,147
Sales tax	4,778,685	4,903,664	5,382,517	6,075,699	4,813,593
Unrestricted grants and contributions	20,181,425	21,898,887	24,315,885	25,596,081	22,969,544
Miscellaneous	-	368,740	891,676	1,137,363	1,181,815
Investment earnings	266,950	2,252,815	722,131	193,637	46,977
Transfers	-	(566,505)	(179,357)	(578,365)	(480,718)
Total governmental activities	41,049,400	49,838,620	53,905,825	56,589,610	53,467,792
Business type activities:					
Miscellaneous	158,498	187,360	-	-	-
Investment earnings	11,048	19,284	14,225	3,207	1,547
Transfers	-	-	179,357	578,365	480,718
Total business type activities	169,546	206,644	193,582	581,572	482,265
Total primary government	41,218,946	50,045,264	54,099,407	57,171,182	53,950,057
Change in net position:					
Governmental activities	3,144,010	6,492,836	1,259,351	810,717	(2,363,301)
Business type activities	(28,716)	(47,414)	147,262	524,980	401,084
Total primary government	\$ 3,115,294	\$ 6,445,422	\$ 1,406,613	\$ 1,335,697	\$ (1,962,217)

Source: School District financial records.

Fiscal Year				
2011	2012	2013	2014	2015
\$ (57,157,808)	\$ (59,060,712)	\$ (59,220,913)	\$ (59,436,353)	\$ (61,562,166)
(90,265)	(167,184)	(157,604)	204,377	234,744
(57,248,073)	(59,227,896)	(59,378,517)	(59,231,976)	(61,327,422)
21,538,542	19,712,217	20,157,531	21,640,656	20,432,766
2,813,931	6,953,534	7,612,752	7,858,967	10,035,219
1,466,561	1,547,155	1,618,296	1,814,740	1,958,621
5,456,559	5,370,578	5,404,834	5,566,107	6,314,056
27,333,723	30,138,647	30,131,357	31,210,071	34,212,768
989,354	-	31,853	-	-
14,075	7,694	10,085	41,535	83,632
(73,340)	25,618	-	50,000	-
59,539,405	63,755,443	64,966,708	68,182,076	73,037,062
-	-	-	-	-
1,429	1,282	937	1,932	4,546
73,340	(25,618)	-	(50,000)	-
74,769	(24,336)	937	(48,068)	4,546
59,614,174	63,731,107	64,967,645	68,134,008	73,041,608
2,381,597	4,694,731	5,745,795	8,745,723	11,474,896
(15,496)	(191,520)	(156,667)	156,309	239,290
\$ 2,366,101	\$ 4,503,211	\$ 5,589,128	\$ 8,902,032	\$ 11,714,186

Schedule 4
Southeast Polk Community School District

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

	2006	2007	2008	2009
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	170,908	70,065	380,356	563,838
Assigned	-	-	-	-
Unassigned	(120,515)	(1,992,925)	(5,219,060)	(7,710,747)
Total General Fund	\$ 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	19,644	305,510	-	1,506,862
Capital projects funds	52,455,727	30,503,275	13,616,098	22,947,999
Special revenue funds	1,401,536	717,825	1,125,371	1,313,713
Total all other governmental funds	\$ 53,876,907	\$ 31,526,610	\$ 14,741,469	\$ 25,768,574

Source: School District financial records.

						Fiscal Year					
2010		2011		2012		2013		2014		2015	
\$	-	\$	11,295	\$	958	\$	1,851	\$	1,843	\$	1,913
	926,860		1,804,570		1,718,564		1,401,800		1,422,660		1,828,433
	-		-		-		-		-		171,588
	(10,338,669)		(9,171,352)		(3,827,114)		(244,848)		4,264,585		7,226,923
\$	(9,411,809)	\$	(7,355,487)	\$	(2,107,592)	\$	1,158,803	\$	5,689,088	\$	9,228,857
<hr/>											
\$	-	\$	16	\$	-	\$	350	\$	825,225	\$	798,262
	-		-		-		-		50,977		-
	2,546,215		3,659,545		3,922,021		4,364,262		4,360,130		15,378,305
	2,509,347		1,178,584		894,891		9,260,416		2,985,412		8,953,292
	1,307,275		769,064		1,010,259		1,268,349		786,649		1,142,026
\$	6,362,837	\$	5,607,209	\$	5,827,171	\$	14,893,377	\$	9,008,393	\$	26,271,885

Schedule 5
Southeast Polk Community School District

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Federal sources:					
Federal sources	\$ 1,106,270	\$ 997,327	\$ 1,271,465	\$ 2,029,111	\$ 5,301,460
Total federal sources	1,106,270	997,327	1,271,465	2,029,111	5,301,460
State sources:					
State sources	\$ 23,229,009	\$ 25,661,826	\$ 29,659,603	\$ 31,500,871	\$ 28,954,100
Total state sources	23,229,009	25,661,826	29,659,603	31,500,871	28,954,100
Intermediate sources:					
Intermediate sources	\$ 50,000	\$ 157,410	\$ 588,103	\$ 46,007	\$ 46,913
Total intermediate sources	50,000	157,410	588,103	46,007	46,913
Local sources:					
Local taxes	\$ 20,601,025	\$ 25,628,503	\$ 28,090,339	\$ 30,134,043	\$ 29,638,188
Tuition	1,505,013	1,179,299	1,599,072	1,968,696	2,255,682
Other revenues	2,092,705	3,570,059	2,780,288	2,855,142	2,906,400
Total local sources	24,198,743	30,377,861	32,469,699	34,957,881	34,800,270
Total revenues	\$ 48,584,022	\$ 57,194,424	\$ 63,988,870	\$ 68,533,870	\$ 69,102,743

Source: School District financial records.

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	2,489,844	\$	3,409,837	\$	2,196,977	\$	2,475,516	\$	2,622,484
	2,489,844		3,409,837		2,196,977		2,475,516		2,622,484
\$	34,145,608	\$	36,185,131	\$	37,250,491	\$	45,073,192	\$	51,065,918
	34,145,608		36,185,131		37,250,491		45,073,192		51,065,918
\$	19,660	\$	-	\$	-	\$	-	\$	-
	19,660		-		-		-		-
\$	31,248,856	\$	34,316,532	\$	34,716,413	\$	31,261,192	\$	32,220,900
	2,832,690		2,810,824		3,117,484		3,252,579		3,280,065
	2,674,002		1,084,246		1,902,054		2,049,941		2,120,198
	36,755,548		38,211,602		39,735,951		36,563,712		37,621,163
\$	73,410,660	\$	77,806,570	\$	79,183,419	\$	84,112,420	\$	91,309,565

Schedule 6
Southeast Polk Community School District

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

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

Source: School District financial records.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 39,198,436	\$ 39,459,638	\$ 39,283,989	\$ 41,071,632	\$ 43,065,141	\$ 45,982,846
3,025,235	2,621,251	2,689,447	2,737,489	2,871,067	2,850,063
2,267,956	2,273,565	1,532,183	1,309,987	1,362,626	3,283,435
8,280,473	8,732,892	9,001,087	9,534,684	8,552,424	8,635,595
5,264,105	5,285,469	5,249,364	5,634,313	6,885,273	6,391,691
2,887,338	2,768,595	3,185,624	2,741,957	3,050,661	3,423,676
2,626	105,134	2,556	595	16,232	35,339
2,296,973	2,367,103	2,249,929	2,350,017	2,508,266	2,713,171
21,349,750	10,453,313	2,890,364	3,184,608	8,066,239	3,963,473
2,420,367	3,509,289	4,294,651	4,432,429	5,248,796	7,650,416
4,053,299	3,905,919	3,921,954	4,026,354	3,900,430	4,036,730
<u>\$ 91,046,558</u>	<u>\$ 81,482,168</u>	<u>\$ 74,301,148</u>	<u>\$ 77,024,065</u>	<u>\$ 85,527,155</u>	<u>\$ 88,966,435</u>
10.24%	11.66%	13.00%	11.40%	11.91%	13.80%

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				
	2006	2007	2008	2009	2010
Excess of revenues over (under) expenditures	\$ (7,881,727)	\$ (29,156,259)	\$ (27,530,515)	\$ (21,819,897)	\$ (21,943,815)
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	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	(752,422)	-
Premium on bonds/notes	-	-	125,532	87,506	-
Discount on bonds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	16,125	22,415
Issuance of loans	-	-	703,998	1,185,000	250,128
Transfers in	3,971,586	7,940,360	3,083,424	10,993,594	4,495,832
Transfers out	(3,971,586)	(8,506,865)	(3,083,424)	(10,991,006)	(4,495,197)
Total other financing sources (uses)	56,500,000	4,933,495	7,829,530	30,538,797	273,178
Net change in fund balances	\$ 48,618,273	\$ (24,222,764)	\$ (19,700,985)	\$ 8,718,900	\$ (21,670,637)

Source: School District financial records.

Fiscal Year				
2011	2012	2013	2014	2015
\$ (8,071,508)	\$ 3,505,422	\$ 2,159,354	\$ (1,414,735)	\$ 2,343,130
-	-	-	-	-
7,055,000	1,220,000	10,000,000	-	6,515,000
-	-	-	-	-
-	-	-	-	35,205,000
-	-	-	-	(29,255,000)
7,228	31,817	126,932	-	5,648,200
(10,951)	-	-	-	-
41,295	-	46,315	11,036	275,558
2,330,000	685,000	-	-	70,373
7,208,008	4,741,656	4,264,948	4,780,663	4,653,042
(7,258,378)	(4,716,038)	(4,264,948)	(4,730,663)	(4,653,042)
9,372,202	1,962,435	10,173,247	61,036	18,459,131
\$ 1,300,694	\$ 5,467,857	\$ 12,332,601	\$ (1,353,699)	\$ 20,802,261

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
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%
2014-2015	7,226,923	73,529,479	9.83%

Source: School District financial records.

Schedule 9
Southeast Polk Community School District

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

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
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
2015	995,932,036	466,055,796	123,525,121	2,902,280	1,582,610,673	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
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
2015	15.40696	1.00000	4.00264	1.24906	21.65866	11.72040	11.34590	10.58730	0.65724	9.94369	13.99506	11.65000	11.16354

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)

Taxpayer	2015			2006		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	NA	NA	NA	\$ 72,799,560	1	8.92%
Adventureland/America	NA	NA	NA	18,713,320	3	2.29%
Ziegler Realty LLC	NA	NA	NA	13,399,070	4	1.64%
Wal-Mart	NA	NA	NA	12,143,420	5	1.49%
Menards, Inc.	NA	NA	NA	10,586,510	6	1.30%
Iowa Cold Storage LLC	NA	NA	NA	6,048,200	10	0.74%
Lowe's Home Centers Inc.	NA	NA	NA	9,592,850	7	1.18%
Care Initiatives	NA	NA	NA	-	-	-
Hy-Vee	NA	NA	NA	-	-	-
Deery Investments, Inc.	NA	NA	NA	-	-	-
Forget Properties	NA	NA	NA	19,998,710	2	2.45%
Target Corp.	NA	NA	NA	8,004,900	8	0.98%
Bosselman Inc	NA	NA	NA	6,140,910	9	0.75%
Total	<u>\$ -</u>		<u>0.00%</u>	<u>\$ 177,427,450</u>		<u>21.74%</u>

Source: Polk County Auditor/Assessor
 NA - The information was not available.

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
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%
2015	30,430,299	30,459,582	100.10%	8,405	30,467,987	100.12%

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	(1) Revenue Bans/Bonds	(2) Capital Loan Note	(3) Less: Amounts Available in Debt Service Fund	Total	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
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	-	3,072,396	3,659,545	50,872,851	3.81%	1,591
2012	49,325,000	-	2,967,745	3,922,021	48,370,724	3.42%	1,513
2013	47,105,000	-	2,170,316	4,364,262	44,911,054	3.09%	1,404
2014	44,725,000	-	1,366,520	4,360,130	41,731,390	2.68%	1,305
2015	45,930,000	-	721,477	15,378,305	31,273,172	1.98%	978

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.

(1) Revenue bonds since 2011 are not paid from property taxes and removed from the calculation.

(2) Capital loan notes are paid from property taxes.

(3) The amount available in the debt service fund includes unspent bond proceeds placed in debt service reserve accounts specifically restricted for future debt service payments.

Schedule 14
Southeast Polk Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bans/Bonds	Capital Loan Note			
2006	49,430,000	14,325,000	405,000	64,160,000	9.89%	2,443
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	10.59%	2,947
2014	44,725,000	42,897,522	1,366,520	88,989,042	N/A	2,783
2015	45,930,000	52,853,749	721,477	99,505,226	N/A	3,111

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, 2015

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	\$ 316,593,053	7.98%	\$ 25,264,126
Jasper County	NA	0.30%	NA
Marion County	3,325,000	0.25%	8,313
Des Moines Area Community College	62,785,000	4.29%	2,693,477
City of Bondurant	9,722,865	0.01%	972
City of Des Moines	455,740,321	1.39%	6,334,790
City of Mitchellville	3,936,417	97.50%	3,838,007
City of Altoona	84,756,819	96.16%	81,502,157
City of Pleasant Hill	2,320,000	76.69%	1,779,208
City of Runnells	95,927	100.00%	95,927
Subtotal, overlapping debt			121,516,976
District direct debt			99,505,226
Total direct and overlapping debt			\$ 221,022,202

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.

NA - Information was not available.

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)	<u>\$ 2,836,864,988</u>
											Debt limit (5% of assessed value) (b)	\$ 141,843,249
											Debt applicable to limit *	<u>93,741,477</u>
											Legal debt margin	<u>\$ 48,101,772</u>
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Debt limit	\$ 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	\$ 141,843,249		
Total net debt applicable to limit +	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	93,741,477		
Legal debt margin	\$ 60,242,048	\$ 66,047,095	\$ 67,610,847	\$ 74,267,356	\$ 82,040,548	\$ 83,169,705	\$ 90,581,454	\$ 93,598,883	\$ 93,598,883	\$ 48,101,772		
107 Total net debt applicable to the limit as a percentage of debt limit	45.27%	44.45%	46.26%	43.52%	40.12%	39.60%	36.60%	35.78%	32.26%	66.09%		

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			Coverage
	Revenue	Debt Service		
		Principal	Interest	
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
2015	6,266,009	2,190,000	1,680,026	1.62

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)
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	\$889,728,088	\$45,075	\$27,821	4.6%
2014	31,980	N/A	N/A	N/A	4.3%

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)

Employer	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo & Co (a)	14,500	1	*	14,210	1, 5	*
State of Iowa (b)	7,800	2	*	*	*	*
Hy-Vee Food Stores Inc.	7,500	3	*	*	*	*
Mercy Medical Center - Des Moines	7,055	4	*	4,467	3	*
Unity Point/Iowa Health - Des Moines	6,435	5	*	4,018	4	*
Principal Financial Group	6,184	6	*	7,600	2	*
Des Moines Public Schools (c)	4,927	7	*	*	*	*
Nationwide/Allied Insurance	4,282	8	*	*	*	*
John Deer/Des Moines Works	3,089	9	*	*	*	*
Pioneer Hi-Bred International Inc.	3,000	10	*	2,000	7	*
Mid American Energy	*	*	*	3,500	6	*
United Postal Service	*	*	*	1,600	9	*
FBL Financial Group	*	*	*	1,551	10	*
Bridgestone/Firestone Inc.	*	*	*	1,800	8	*
Total	64,772	*	*	40,746	*	*

Total Employment ** *

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)**

	2006	2007	2008**	2009	2010	2011	2012	2013	2014	2015	Percentage Change 2006-15
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	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-9.1%
Principals	13.0	16.3	11.0	11.0	12.0	11.0	11.0	11.0	11.0	11.0	-15.4%
Assistant principals	2.0	2.0	5.0	6.0	5.0	4.0	4.0	4.0	4.0	4.0	100.0%
All other administrators	6.5	6.0	12.0	11.0	8.0	8.0	8.0	9.0	8.0	8.0	23.1%
Total supervisory	23.6	26.3	30.0	30.0	27.0	25.0	25.0	26.0	25.0	25.0	5.9%
Instruction:											
Regular program teachers	305.2	319.0	373.5	342.5	373.9	343.0	366.0	354.0	370.9	396.1	29.8%
Special Education teachers	130.5	168.0	197.0	194.2	65.0	64.0	51.0	61.0	58.0	67.0	-48.7%
Total instruction	435.7	487.0	570.5	536.7	438.9	407.0	417.0	415.0	428.9	463.1	6.3%
Student services:											
Guidance counselors	23.0	23.0	26.7	19.0	19.0	19.0	18.0	17.0	17.0	17.0	-26.1%
Nurses/Nurse aides	8.0	9.5	10.1	13.7	13.5	13.5	12.0	13.5	13.5	13.5	68.2%
Media Specialists/Media Clerks	4.0	13.0	16.3	16.3	12.5	12.5	12.0	5.0	3.0	3.0	-25.0%
Total student services	35.0	45.5	53.1	49.0	45.0	45.0	42.0	35.5	33.5	33.5	-4.3%
Support and administration:											
Clerical/secretarial/teacher aide/other support staff	39.6	40.0	47.3	45.9	52.5	55.6	164.5	165.5	157.3	148.4	274.8%
Custodial and Maintenance	50.7	67.0	67.7	38.0	49.0	45.6	53.3	41.6	40.6	51.1	0.7%
Food Service	26.4	42.0	62.6	35.4	36.5	39.6	35.8	37.2	35.0	36.5	38.4%
Bus Drivers/Bus Aides/Crossing Guard	29.0	44.0	68.0	36.9	40.0	37.9	39.5	36.7	35.4	41.0	41.3%
Total support and administration	145.6	193.0	245.6	156.2	178.0	178.7	293.0	281.0	268.3	276.9	90.1%
Total	639.9	751.8	899.2	771.9	688.9	655.7	777.0	757.4	755.7	798.5	24.8%

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
2006	4,990	43,568,731	8,731	10.26%
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%
2015	6,636	73,315,816	11,048	8.15%

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
48,120,043	8,454	N/A	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	(1.25)%	415.00	15.42	28.87%
79,513,843	12,017	(2.60)%	428.92	15.43	28.20%
84,221,965	12,692	5.62%	463.13	14.33	29.10%

Schedule 22
Southeast Polk Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Elementary:						
Altoona (1939)						
Square feet	64,104	64,104	64,104	64,104	64,104	64,104
Capacity*	630	630	630	630	630	630
Enrollment	377	435	384	399	409	400
Centennial (1968)						
Square feet	61,017	61,017	61,017	61,017	61,017	61,017
Capacity	630	630	630	630	630	630
Enrollment	542	547	481	509	516	486
Clay (2006)						
Square feet	79,738	79,738	79,738	79,738	79,738	79,738
Capacity	840	840	840	840	840	840
Enrollment	N/A	N/A	322	390	391	421
Delaware (1951)						
Square feet	65,641	65,641	65,641	65,641	65,641	65,641
Capacity	630	630	630	630	630	630
Enrollment	462	472	503	517	533	509
Four Mile (1966)						
Square feet	63,204	63,204	63,204	63,204	63,204	63,204
Capacity	630	630	630	630	630	630
Enrollment	558	577	588	628	595	473
Mitchellville (1925)						
Square feet	45,293	45,293	45,293	45,293	45,293	45,293
Capacity	420	420	420	420	420	420
Enrollment	208	211	170	193	195	188
Runnells (2002)						
Square feet**	43,007	43,007	43,007	43,007	43,007	43,007
Capacity	400	400	400	400	400	400
Enrollment	196	195	214	217	243	221
Willowbrook (1991)						
Square feet	56,546	56,546	56,546	56,546	56,546	56,546
Capacity	630	630	630	630	630	630
Enrollment	493	527	477	477	466	413
Harbor (1997)						
Square feet	4,537	4,537	4,537	4,537	4,537	4,537
Capacity	454	454	454	454	454	454
Enrollment	42	39	39	51	49	49
Spring Creek 6th Grade Center:						
Southeast Polk Spring Creek (1992)						
Square feet	N/A	N/A	N/A	N/A	N/A	89,670
Capacity	N/A	N/A	N/A	N/A	N/A	950
Enrollment	N/A	N/A	N/A	N/A	N/A	480

2012	2013	2014	2015
64,104	64,104	64,104	64,104
630	630	630	630
341	333	353	371
61,017	61,017	61,017	61,017
630	630	630	630
419	430	402	405
79,738	79,738	79,738	79,738
840	840	840	840
412	430	529	576
65,641	65,641	65,641	65,641
630	630	630	630
476	512	380	369
63,204	63,204	63,204	63,204
630	630	630	630
478	483	432	426
45,293	45,293	45,293	50,799
420	420	420	540
152	154	162	184
43,007	43,007	43,007	43,007
400	400	400	400
230	225	255	271
56,546	56,546	56,546	56,546
630	630	630	630
438	459	465	492
4,537	4,537	4,537	-
454	454	454	-
-	-	-	-
89,670	89,670	89,670	89,670
950	950	950	950
518	487	512	456

Schedule 22
Southeast Polk Community School District

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

School	2006	2007	2008	2009	2010	2011
Junior High:						
Southeast Polk Junior High (1992)						
Square feet	89,670	89,670	89,670	89,670	89,670	N/A
Capacity	950	950	950	950	950	N/A
Enrollment	823	862	840	859	938	N/A
Southeast Polk Junior High (1963)						
Square feet	N/A	N/A	N/A	N/A	N/A	206,674
Capacity	N/A	N/A	N/A	N/A	N/A	1,800
Enrollment	N/A	N/A	N/A	N/A	N/A	1,011
Senior High:						
Southeast Polk Senior High (1963)						
Square feet	206,674	206,674	206,674	206,674	N/A	N/A
Capacity	1,800	1,800	1,800	1,800	N/A	N/A
Enrollment	1,495	1,572	1,660	1,700	N/A	N/A
Southeast Polk Senior High (2010)						
Square feet	N/A	N/A	N/A	N/A	430,227	430,227
Capacity	N/A	N/A	N/A	N/A	2,000	2,000
Enrollment	N/A	N/A	N/A	N/A	1,667	1,689
Other District Facilities:						
Bus Garage (2002)						
Square feet	16,384	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	8,033
Grand Total:						
Square Feet	803,848	803,848	803,848	803,848	1,027,401	1,234,075

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 sector

2012	2013	2014	2015
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
206,674	206,674	206,674	206,674
1,800	1,800	1,800	1,800
939	977	974	1,002
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
2,000	2,000	2,000	2,000
1,830	1,920	1,895	1,967
16,384	16,384	16,384	16,384
8,033	8,033	8,033	8,033
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
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
2014-2015	\$43,774	\$75,156	\$60,333

Source: School District financial records.

Southeast Polk Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Indirect:			
U.S. Department of Agriculture			
<i>Pass-Through State Department of Agriculture and State of Iowa Department of Education:</i>			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	FY15-4552	\$ 208,217
National School Lunch Program	10.555	FY15-4553	1,061,189
Commodities-Noncash, Department of Defense	10.555	FY15	59,908
Commodities-Noncash	10.555	FY15	171,637
Special Milk Program for Children	10.556	FY15-4555	7,113
Summer Food Service Program for Children	10.559	FY15-4556	8,101
Total Child Nutrition Cluster			<u>1,516,165</u>
Total U.S. Department of Agriculture			<u>1,516,165</u>
U.S. Department of Education			
<i>Pass-Through State of Iowa Department of Education:</i>			
Title I - Grants to Local Educational Agencies	84.010	6101-G	582,824
Special Education-Grants to States, IDEA Part B	84.027	FY15-4525	48,586
Vocational Education Basic Grants to States - Carl Perkins Basic Grant	84.048	FY15-4531	48,479
Education for Homeless Children and Youth	84.196	FY15-4565	34,571
Advanced Placement Program	84.330	FY15-4654	2,248
Title IIA - Improving Teacher Quality State Grant	84.367	FY15-4643	88,935
Grants for State Assessments and Related Activities	84.369	FY15-4648	33,075
<i>Pass-Through Heartland Area Education Agency:</i>			
Special Education-Grants to States, IDEA Part B	84.027	N/A	307,830
Total U.S. Department of Education			<u>1,146,548</u>
Total Expenditures of Federal Awards			<u>\$ 2,662,713</u>

See Notes to the Schedule of Expenditures of Federal Awards.

Southeast Polk Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

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, 2015. 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, 2015**

Findings	Status	Corrective Action Plan or Other Explanation
Noncompliance Over Basic Financial Statements:		
2014-001 The District is not complying with bond covenant requirements for monthly transfers to debt sinking accounts.	Corrected	
Material Weakness and Significant Deficiency Over Basic Financial Statements:		
2014-002 The District has insufficient reconciliation and monitoring activities over cash and receipt transactions.	Not Corrected	See 2015-001
2014-003 The District has inadequate segregation of duties over the payroll process.	Not Corrected	See 2015-002
Significant Deficiency Over Federal Awards:		
2014-004 The District does not have adequate documentation to support payroll costs of the program.	Not Corrected	See 2015-003
Other Findings Related to Required Statutory Reporting:		
IV-A-14 Expenditures exceeded the certified budget for instruction function.	Not Corrected	See IV-A-15
IV-F-14 Board minutes are not published timely.	Not Corrected	See IV-F-15
IV-G-14 Variances were identified in the certified enrollment submitted to the Department of Education.	Corrected	
IV-J-14 The certified annual report was not submitted timely.	Corrected	

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Southeast Polk Community School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2015. Our report included an emphasis of matter paragraph for the implementation of Governmental Accounting Standard Board Statement No. 68.

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 2015-001 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 2015-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 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

Taylor Ridge, Illinois
December 18, 2015

**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, 2015. 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004. Our opinion on each major federal program is not modified with respect to these matters. The District's response to the noncompliance finding identified in our audit is 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.

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 types of 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 2015-003 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

Taylor Ridge, Illinois
December 18, 2015

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No instances to report.

Material Weakness and Significant Deficiencies:

Material Weakness

2015-001

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.
- The District did not identify that the beginning cash balance of the fiscal year had an error of approximately \$53,000 due to closing procedures performed from the prior year.
- The audit identified a significant journal entry to cash, accounts receivable and deferred revenue as a result of these balance sheet accounts not being properly reconciled.
- 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 \$89,000 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: Accounts receivable, and deferred revenue were misstated by approximately \$212,000, and \$265,000, respectively. The June 30, 2015 bank reconciliations were not completed until November 2015 and approximately \$89,000 was unresolved. The student account balances and the general ledger do not agree by approximately \$10,000 as of June 30, 2015.

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

Cause: The fiscal year 2014 period was not properly closed and brought forward to fiscal year 2015 causing opening balances for cash, accounts receivable, and deferred revenue to be incorrect during the year. The District does not prepare balance sheet reconciliation reports to determine if balances

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

at year-end are proper. The District has not properly segregated cash receipt and reconciliation processes.

Recommendation: The Executive Director of Business Services should be preparing the monthly cash reconciliations. This would provide adequate supervisory review over monthly transactions and segregate reconciliation processes from the duties performed by the Controller. We recommend the District implement processes to ensure opening and year-end balance sheet accounts are proper. A subsidiary listing of accounts receivable should be prepared on a monthly basis. 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.

Response and Corrective Action Plan: The District will systematically evaluate the bank reconciliation process to ensure the completeness and accuracy of the records and will perform the reconciliations in a timely manner. Additionally, procedures will be implemented to ensure that balances between external systems are accurately reflected in the general ledger.

Significant Deficiency:

2015-002

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: There is a need for payroll to have access to employee master files. The District will continue to devise alternate controls to ensure that if changes are made by payroll to employee records that those changes are reviewed by another individual.

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Part III: Findings and Questioned Costs for Federal Awards

**Significant Deficiency over Federal Awards:
2015-003**

**U.S. Department of Agriculture
Pass-through State of Iowa Department of Education
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: 2015**

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 charges for their salaries and wages of an employee that works solely for the federal award program to be supported by periodic certifications. 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 program.

Context: Of the 77 Child Nutrition program employees, five did not have signed semi-annual certifications.

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.

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

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

**Instances of noncompliance:
2015-004**

**U.S. Department of Education
Pass-through State of Iowa Department of Education
Title 1 Grants to Local Educational Agencies (CFDA 84.010)
Federal Award Year: 2015**

Finding: The District was unable to provide assessment documentation of five students being provided Title 1 services.

Criteria: The Office of Management and Budget (OMB) Circular A-87 states, in general, eligible children are identified on the basis of multiple, educationally related, objective criteria established by the local education agency and supplemented by the school.

Condition: While the District has a process for identifying students eligible for Title 1 students and has documented criteria for various assessments, the District was unable to provide assessment documentation of five students selected for testing at one of the elementary schools tested.

Questioned Costs: None

Prevalence: Of the 29 students selected for eligibility testing, the District did not provide documentation for five.

Effect: The District was unable to provide auditable documentation of student eligibility in the program.

Cause: The District does not maintain a central database or consistent documentation location of assessment criteria used for the program.

Recommendation: We recommend the District review processes for maintaining assessments and conclusions for eligibility in the program.

Response and Corrective Action Plan: The District documentation is maintained by school location currently. The District will review current processes for maintaining documentation of eligibility.

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Part IV: Other Findings Related to Statutory Reporting

IV-A-15 - Certified Budget:

Finding: Expenditures exceeded the certified budget in the total other expenditures function prior to the amendment. Expenditures for the year ended June 30, 2015 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-15 - 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. Subsequent to fiscal year 2015, the following occurred:

Finding: On October 1, 2015, the Board of Education approved a resignation and release agreement with an employee that requires the District to pay the employee through June 30, 2016.

Recommendation: The District should document public purpose of the agreement.

Response: The District obtained documentation from legal counsel of the public purpose of the agreement and compliance with state statute. The agreement was approved in an open public meeting.

Conclusion: Response accepted.

IV-C-15 - 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-15 - Business Transactions: No business transactions between the District and District officials or management were noted.

IV-E-15- 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.

(Continued)

Southeast Polk Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

IV-F-15 – Board Minutes: No transactions requiring Board approval which had not been approved by the Board were noted.

Finding: We selected a sample of meetings 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.

IV-G-15- Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education in October 2014 were noted.

IV-H-15 - Supplementary Weighting: No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-15- 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-15 - Certified Annual Report: The certified annual report was certified timely to the Iowa Department of Education.

IV-K-15 - Categorical Funding: No instances of categorical funding being used to supplant rather than supplement other funds were noted.

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

IV-L-15- 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		\$	2,472,552
Revenues/transfers in:			
Statewide sales and services tax revenue	6,266,009		
Other local revenues	40,060		
Issuance of bonds	6,515,000		
Premium on issuance of bonds	481,779		
Investment earnings	11,461		13,314,309
			<hr/>
Expenditures/transfers out:			
Debt service, interest	107,003		
Transfers out	4,275,652		
School infrastructure	3,506,623		7,889,278
			<hr/>
Ending balance		\$	<u>7,897,583</u>

For the year ended June 30, 2015, the District reduced the debt service tax levy by not having a debt service tax levy of \$3.73 per \$1000 of taxable valuation as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-15 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, 2015**

	Findings	Corrective Action Plan	Anticipated Date of Completion
Material Weakness and Significant Deficiency Over Basic Financial Statements:			
2015-001	The District has insufficient reconciliation and monitoring activities over cash and receipt transactions.	See response and corrective action plan at 2015-001	Fiscal Year 2016-Kevin Baccam
2015-002	The District has inadequate segregation of duties over the payroll process.	See response and corrective action plan at 2015-002	Fiscal Year 2016-Kevin Baccam
Significant Deficiency Over Federal Awards:			
2015-003	The District does not have adequate documentation to support payroll costs of the program.	See response and corrective action plan at 2015-003	Fiscal Year 2016-Kevin Baccam
Noncompliance Over Federal Awards:			
2015-004	The District was unable to provide eligibility documentation for five students in the program.	See response and corrective action plan at 2015-004	Fiscal Year 2016-Kevin Baccam
Other Findings Related to Required Statutory Reporting:			
IV-A-15	Expenditures exceeded the certified budget prior to amendment and after amendment.	See response at IV-A-15.	Fiscal Year 2016-Kevin Baccam
IV-B-15	The District should document public purpose of an approved agreement.	See response at IV-B-15.	Fiscal Year 2016-Kevin Baccam
IV-F-15	Board minutes are not published timely.	See response at IV-F-15.	Fiscal Year 2016-Kevin Baccam