

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018
PLEASANT HILL, IOWA



Comprehensive Annual Financial Report
of the

Southeast Polk Community School District

Pleasant Hill, Iowa

For the Fiscal Year Ended June 30, 2018

Official Issuing Report

Kevin Baccam, Executive Director of Business Services

Office Issuing Report
Business Services Office

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December 17, 2018

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, 2018.

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, 2018. 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 (October 2016 count) for the 2017-2018 school year was 6,797, making it the 14th largest public school district in Iowa. Enrollment for October 2017 indicated an increase of forty-six student FTEs for a total budgeted enrollment of 6,843 for the 2018-2019 school year. Based on the latest enrollment projections, the District will continue to see manageable growth over the next five years.

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. The roof was replaced in the summer of 2015, and the heating, ventilation, and air condition system was completely remodeled in the summer of 2016. There have been some other 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. The District continues to assess its capital improvement needs. In fiscal year 2018, the District completed numerous projects including the remodeling of several bathrooms in four elementary buildings and the sixth grade center and replacing light fixtures in our secondary buildings with LED bulbs and fixtures. We began replacing existing lighting elements in our elementary buildings with LED bulbs and fixtures in the summer of 2018 with work completed fall of 2018.

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 has also challenged students with curriculum enhancements specific to science, technology, engineering, and math (STEM).

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 fees and private donations and contributions.

Economic Condition and Outlook

The communities encompassing Southeast Polk continues to see substantial residential and retail growth. Several retail outlets and restaurants have spawned along the 8th Street corridor further bridging the connection between Altoona and Des Moines. Outlets of Des Moines, an open air mall located in northwest Altoona, opened in October 2017, bringing jobs and retailers to the area. In addition to the shopping center, a several new hotels have been constructed with additional restaurants

planned and some already under construction. Along Adventureland Drive, Prairie Meadows Racetrack and Casino and Adventureland Amusement Park continue to be the entertainment hub drawing families to the area. This entertainment has perpetuated the opening of three additional hotels in the area. Facebook has completed three data centers, are in the process of completing fourth. The Copper Creek shopping plaza in Pleasant Hill has seen a couple new business this year including the opening of a new restaurant. A new gas station recently opened in fall 2018 just west of the high school. The success of this business should spur additional commercial growth to the north of Highway 163 off 75th Street. A business park being developed on the south side of Highway 163 off 70th Street should bring additional commercial business to the area.

There are a number of new residential housing developments in the communities that comprise the District. Meadow Vista South, Tuscany, Tuscany Estates, Rutherford Development, Clay Estates, Bennett Bay and Fieldstone Estates are all single family housing developments in Altoona and continue to build out and expand into additional plats. Stub Homes has opened a large development site for homes off 80th Street on the Altoona's east side and just to the west of Clay Elementary a new development, Brook Haven is active with several homes under construction. Smaller developments include an area just to the north and west of Willowbrook Elementary School. 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 Willowbrook Elementary School. Additional apartments are being constructed north of Clay Elementary School.

In Pleasant Hill, the Sunrise Pointe development continues to build out. A development just to the east of Highway 65 off Oakwood Drive that includes single and multi-family homes continues to grow. The Arbor Lake, Spring Creek, Pleasant Ridge and the Copper Creek developments continue to expand and develop. The City of Pleasant Hill has expanded the Peter's Ridge development directly to the east of Four Mile Elementary with single family homes filling a niche price of around \$200,000. Foundations for some of these homes will be begin in 2018.

In the District boundary located in Des Moines, a large six-building apartment complex was completed just east of Delaware Elementary School. Additionally, the Brook Landing development on 34th Avenue SW south of Target leading into the Des Moines/Pleasant Hill city limits is development with a number of completed homes. A new development is also currently being developed north of Copper Creek and NE 23rd Avenue (Easton Blvd) that seemingly will eventually adjoin the developed Brook Run neighborhood.

With continued expected 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. In preparation for this, the District recently purchased land in the Rising Sun area just north of Highway 163 and west of 70th Street. Long-term, the District will continue to look for land suitable for its future needs.

Major Initiatives

The District was successful in the increase and extension of the Property Plant and Equipment Levy (PPEL) in September 2018. Beginning fiscal year 2021, the total PPEL rate will increase from \$1.00 to \$1.67. Additional revenues will help support the replacement of 1:1 technology, accelerate the replacement of school buses, supplement playground equipment repairs/additions, support music instrument purchases, and continue to support infrastructure improvements.

The District began Phase IV of a capital improvements plans during the summer of 2018. These projects included an additional expansion of the high school parking lot and the LED lighting project in the eight elementary buildings. The District plans to improve the security of entrance into all eleven of our school buildings over the next twelve months. The Board is also considering additional capital improvement projects in Phase V of the plan, but many of the projects will depend on the availability of funds, mainly the extension of the Secured an Advanced Vision for Education (SAVE) funding.

The District implemented a one-to-one or 1:1 technology learning environment at the beginning of the 2018-2019 school year at the junior high and high school. Additionally, two elementary schools are piloting the 1:1 initiative at specific grade levels. Each student is provided an age appropriate technology device, e.g. ChromeBook, iPad, other device, to enhance their education. The idea is for the instructor to use the technology devices as an alternate teaching method or to enhance classroom learning in order to allow the students learn differently and with improved results over traditional teaching methods. The plan includes the recycling of older technology devices used by high school students and providing those to the lower grade levels students. The plan calls for a refresh of technology devices every four years.

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, 2018 provided no instances of material weaknesses in the internal control or material violations of applicable laws.

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

Basis of Presentation: The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records

materially conform to the Uniform Financial Accounting for Iowa Schools and Area Education Agencies issued by the State Department of Education and Chapter 11 of the Code of Iowa. The chart of accounts manual is updated annually and the District is materially in compliance with these requirements.

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

Awards and Acknowledgements

We are pleased to say that for the seventeenth 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, 2017. In addition, the Association of School Business Officials (ASBO) International also awarded a Certificate of Excellence in Financial Reporting to the District for the sixteenth year in a row for the CAFR for the fiscal year ended June 30, 2017. 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 ending June 30, 2017 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.

Respectfully submitted,



Dr. Dirk Halupnik
Superintendent of Schools



Kevin S. Baccam
Executive Director of Business Services

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Southeast Polk Community School District

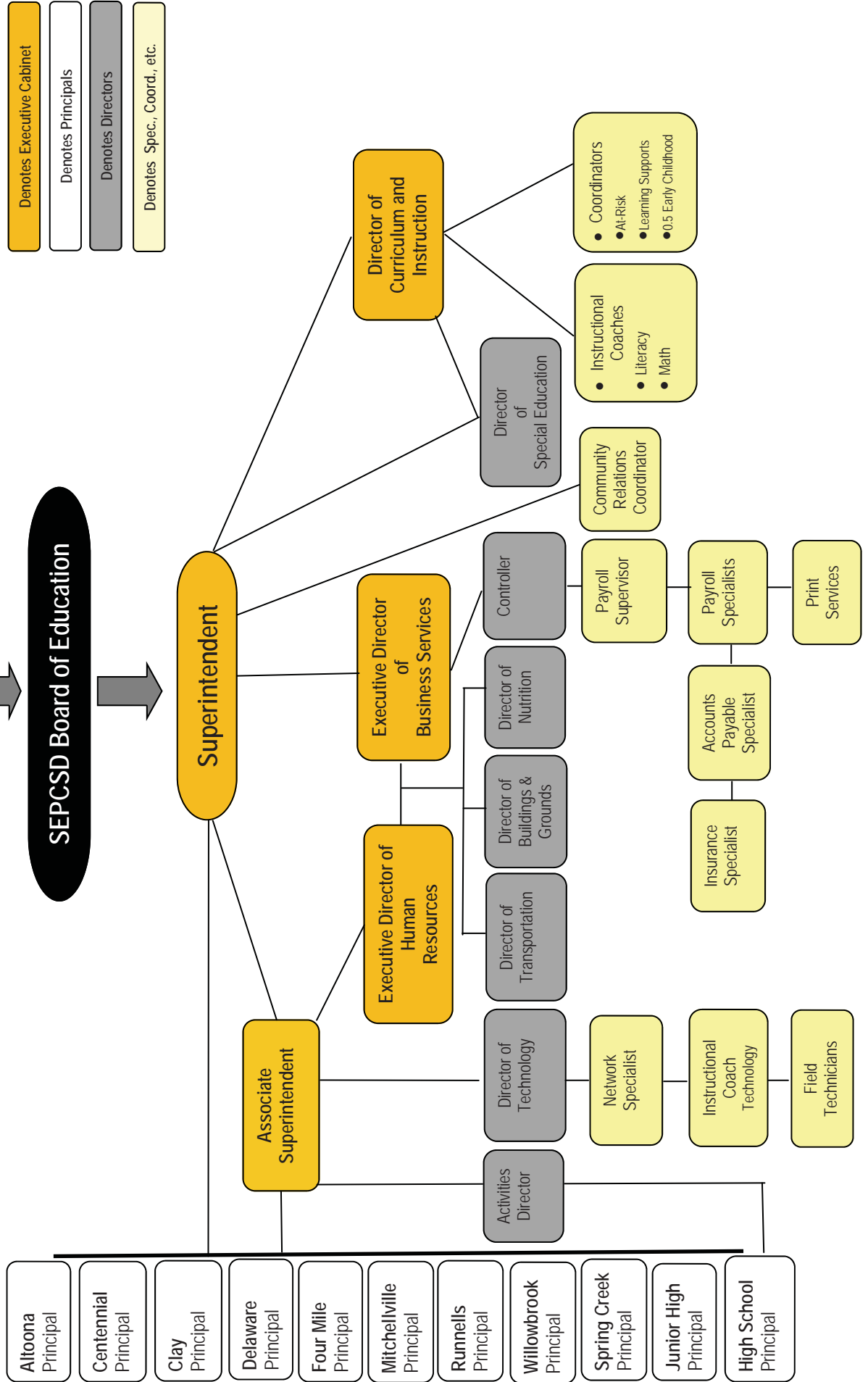
Board of Education and School District Officials Year Ended June 30, 2018

	<u>Title</u>	<u>Term/Contract Expires</u>
Board of Education:		
Lori Slings	President	November, 2019
Tom Naeve	Vice-President	September, 2021
Gary Fischer	Member	September, 2021
Brett Handy	Member	November, 2019
Adam Krell	Member	September, 2021
Ric Powell	Member	November, 2019
Bill Puffett	Member	November, 2019
 District Administration:		
Dirk Halupnik	Superintendent	June 30, 2019
Joe Horton	Associate Superintendent	June 30, 2019
Kevin Baccam	Executive Director of Business Services	June 30, 2019
Jo Ellen Latham	Director of Curriculum/Instruction	June 30, 2019
Margi Belger	Executive Director of Human Resources	June 30, 2019
Jacob Bartels	Associate Principal	June 30, 2019
Scott Bauer	Principal	June 30, 2019
Scott Belger	Assistant Principal	June 30, 2019
Jayson Campbell	Activities Director	June 30, 2019
Mike Dailey	Principal	June 30, 2019
Glenn Dietzenbach	Assistant Principal	June 30, 2019
Blake Kielman	Principal	June 30, 2019
Randy Mohning	Principal	June 30, 2019
Lea Morris	Principal	June 30, 2019
Mike Nicodemus	Principal	June 30, 2019
Robin Norris	Principal	June 30, 2019
Stephen Pettit	Principal	June 30, 2019
John Steffen	Assistant Principal	June 30, 2019
Steve Stotts	Principal	June 30, 2019
Lori Waddell	Principal	June 30, 2019
Kevin Walker	Principal	June 30, 2019

Organizational Chart



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, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Southeast Polk Community School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director



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, 2018, 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, 2018, 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 17 to the basic financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the District's net positions for governmental activities and business-type activities has been restated. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, and schedules of proportionate share of the net pension liability and schedules of contributions on pages 4–13 and 57-64 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 17, 2018 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

Moline, Illinois
December 17, 2018

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Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

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, 2018. 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 \$9,681,965 and \$11,301,630 during the years ended June 30, 2018 and 2017, respectively.

Total revenues for the fiscal year ended June 30, 2018 and 2017 of \$102,623,528 and \$101,759,275 were comprised of general revenues in the amount of \$78,109,442 and \$77,780,396 and program revenues totaling \$24,514,086 and \$23,978,879, respectively.

As of June 30, 2018, the District's governmental funds reported combined fund balances of \$32,519,035, a decrease of \$17,506,730 in comparison to 2017. As of June 30, 2017, the District's governmental funds reported combined fund balances of \$50,025,765, an increase of \$4,096,403 in comparison to 2016.

The Southeast Polk Community School District's total long-term debt decreased by \$18,994,009 during fiscal year ended June 30, 2018.

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 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).

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

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

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

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

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

The Southeast Polk Community School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects Fund and Debt Service Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds. The District maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District maintains two enterprise funds. Internal service funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The District maintains three internal service funds to account for the premium and claim payments for the self-insured health and dental insurance plans for District employees and to account for employee contributions to their individual flex accounts under Section 125 of the Internal Revenue Code. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. Because the service provided by the District predominately benefits governmental, rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22 through 27 of this report.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

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 fund of the District is 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 page 28 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, schedule of changes in the total OPEB liability and related ratios, 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 57 through 64 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's total net position has increased from a year ago from \$55,392,404 to \$65,074,369.

Table 1 - Net Position

	Restated		Restated		Restated	
	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Current and other assets	\$ 83,132,559	\$ 100,303,763	\$ 3,183,043	\$ 2,573,573	\$ 86,315,602	\$ 102,877,336
Capital assets	131,459,085	133,328,736	410,080	531,215	131,869,165	133,859,951
Total assets	214,591,644	233,632,499	3,593,123	3,104,788	218,184,767	236,737,287
Deferred outflows of resources	13,716,124	12,369,301	345,529	299,728	14,061,653	12,669,029
Other liabilities	18,721,953	19,923,689	101,173	89,261	18,823,126	20,012,950
Noncurrent liabilities	113,835,228	139,790,470	1,752,413	1,681,540	115,587,641	141,472,010
Total liabilities	132,557,181	159,714,159	1,853,586	1,770,801	134,410,767	161,484,960
Deferred inflows of resources	32,704,591	32,516,569	56,693	12,383	32,761,284	32,528,952
Net position:						
Net investment in capital assets	73,928,586	66,780,379	410,080	531,215	74,338,666	67,311,594
Restricted	11,738,778	10,051,620	-	-	11,738,778	10,051,620
Unrestricted	(22,621,368)	(23,060,927)	1,618,293	1,090,117	(21,003,075)	(21,970,810)
Total net position	\$ 63,045,996	\$ 53,771,072	\$ 2,028,373	\$ 1,621,332	\$ 65,074,369	\$ 55,392,404

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

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 \$74,338,666 for 2018 and \$67,311,594 for 2017. 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 (18.0 percent for 2018 and 15.7 percent for 2017) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2018 include \$671,152 for physical plant and equipment levy, \$4,122,653 for school infrastructure, \$2,335,162 for management levy, \$2,835,651 for debt service, \$1,150,367 for categorical funding, and \$623,793 for student activities. The remaining balance of unrestricted net position is (\$21,003,075) for 2018.

The District's total net position increased by \$9,681,965 during the current fiscal year as compared to \$11,301,630 in 2017. The governmental activities net position increased by \$9,274,924 in 2018 and \$10,928,356 in 2017. The business-type activities, which include school nutrition and school store increased by \$407,041 in 2018 and increased by \$373,274 in 2017.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2018 and 2017. 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.

Southeast Polk Community School District

**Management's Discussion and Analysis
Year Ended June 30, 2018**

Table 2 - Changes in Net Position

	Not restated		Not restated		Not restated	
	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenues:						
Program revenues:						
Charges for service and sales	\$ 6,376,283	\$ 6,294,504	\$ 2,743,896	\$ 2,698,790	\$ 9,120,179	\$ 8,993,294
Operating grants and contributions	13,589,134	13,195,579	1,804,773	1,790,006	15,393,907	14,985,585
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes and other taxes	40,998,841	40,416,076	-	-	40,998,841	40,416,076
State sources	36,592,919	36,905,872	-	-	36,592,919	36,905,872
Investment earnings	494,852	330,903	22,830	10,871	517,682	341,774
Other	-	116,674	-	-	-	116,674
Total revenues	98,052,029	97,259,608	4,571,499	4,499,667	102,623,528	101,759,275
Program expenses:						
Instruction	52,602,425	50,763,104	-	-	52,602,425	50,763,104
Support services	25,785,228	26,173,501	-	-	25,785,228	26,173,501
Noninstructional programs	20,462	11,238	-	-	20,462	11,238
Other	2,930,059	2,863,461	-	-	2,930,059	2,863,461
Depreciation unallocated	5,113,155	3,817,740	-	-	5,113,155	3,817,740
Interest on long-term debt	2,464,589	2,717,208	-	-	2,464,589	2,717,208
School nutrition	-	-	3,746,338	3,841,949	3,746,338	3,841,949
Community service	-	-	-	-	-	-
School store	-	-	279,307	269,444	279,307	269,444
Total expenses	88,915,918	86,346,252	4,025,645	4,111,393	92,941,563	90,457,645
Excess of revenues over expenses before transfers	9,136,111	10,913,356	545,854	388,274	9,681,965	11,301,630
Transfers	138,813	15,000	(138,813)	(15,000)	-	-
Increase in net position	9,274,924	10,928,356	407,041	373,274	9,681,965	11,301,630
Net position, beginning, as restated	53,771,072	51,110,840	1,621,332	1,588,608	55,392,404	52,699,448
Net position, ending	\$ 63,045,996	\$ 62,039,196	\$ 2,028,373	\$ 1,961,882	\$ 65,074,369	\$ 64,001,078

GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$98,052,029 and expenses were \$88,915,918. 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 79.1 percent and 79.5 percent, respectively, of total revenues. Instruction constitutes the largest portion of expenditures at \$52,602,425 or 59.2 percent of total expenditures.

Southeast Polk Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2018**

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Instruction	\$ 52,602,425	\$ 50,763,104	\$ 37,283,239	\$ 35,719,455
Support services	25,785,228	26,173,501	24,069,056	24,590,528
Noninstructional programs	20,462	11,238	20,462	11,238
Other	2,930,059	2,863,461	-	-
Depreciation unallocated	5,113,155	3,817,740	5,113,155	3,817,740
Interest on long-term debt	2,464,589	2,717,208	2,464,589	2,717,208
School nutrition	3,746,338	3,841,949	(539,725)	(377,762)
Community service	-	-	-	-
School store	279,307	269,444	16,701	359
Total expenses	\$ 92,941,563	\$ 90,457,645	\$ 68,427,477	\$ 66,478,766

Net cost of services is 73.6 percent of total cost of services in 2018 and 73.5 percent in 2017. The cost of governmental activities financed by users of the District’s programs was \$6,376,283 for 2018 and \$6,294,504 for 2017. Federal and state governments subsidized certain programs with grants and contributions totaling \$13,589,134 for 2018 and \$13,195,579 for 2017. The remaining net cost of the governmental activities was financed with property tax, state foundation aid and investment earnings.

Approximately 82.7 percent of the District’s General Fund expenditures are comprised of salary and benefit costs. Collective bargaining contracts have increased two percent or more for the past few years regardless of the supplemental state aid increase. Supplemental state aid for fiscal years 2014, 2015, 2016, 2017, and 2018 were established by the State as 2%, 4%, 1.25%, 2.25%, and 1.11%, respectively.

BUSINESS-TYPE ACTIVITIES

- The School Nutrition and School Store programs constitute 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 \$398,384 for fiscal year 2018.
- 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 \$13,456.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

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 \$32,519,035, a decrease of \$17,506,730 in comparison with the prior year fund balance of \$50,025,765. The unassigned fund balance is \$15,534,247 for 2018 and \$13,724,658 for 2017. The majority of the remaining fund balance for 2018 is restricted to indicate that it is not available for new spending because it has already been restricted for other purposes, \$15,865,725.

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 \$15,534,247 for 2018 and \$13,724,658 for 2017, while total fund balance reached \$17,799,740 for 2018 and \$15,583,455 for 2017. 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 21.1 percent of total fund expenditures and total fund balance is 23.4 percent of total fund expenditures.

The fund balance of the District's General Fund increased by \$2,216,285 during June 30, 2018. Key factors in this increase are as follows:

- Use of the cash reserve levy in 2018.
- Cost avoidance measures including the installation of LED lighting in the secondary buildings.
- Continued analysis of positions that become vacant.
- Savings achieved through an early retirement incentive plan.
- Leveraging other funds as allowed by Iowa code.

The Capital Projects Fund fund balance increased to \$5,054,226 in 2018 from \$4,933,399 in 2017. This increase is due to a decrease in expenditures.

The Debt Service Fund fund balance decreased to \$6,705,677 in 2018 from \$26,865,502. This decrease is due to crossover refunding the Series 2009 revenue bonds in 2018, and the payment of \$20,660,000 to refunded bond escrow agent.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

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	\$ 51,142,500	\$ 51,142,500	\$ 51,141,173	\$ 1,327
Support services	26,166,500	26,166,500	25,868,285	298,215
Noninstructional programs	4,305,000	4,305,000	3,779,801	525,199
Other	37,989,648	37,989,648	17,871,036	20,118,612
Total	\$ 119,603,648	\$ 119,603,648	\$ 98,660,295	\$ 20,943,353

Expenditure projections are conservative (projected higher) for the purpose of budget amendments.

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 \$1,990,786 for 2018. The decrease is due to depreciation expense exceeding capital asset additions.

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

	2018	2017
Land	\$ 3,925,619	\$ 3,441,947
Construction-in-progress	1,713,544	1,068,324
Buildings	114,004,177	116,330,224
Land improvements	7,873,094	8,262,763
Machinery and equipment	4,352,731	4,756,693
Total	\$ 131,869,165	\$ 133,859,951

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

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

Debt

As of June 30, 2018, the Southeast Polk Community School District had bonds and capital loan notes outstanding totaling \$62,163,444 compared to \$92,490,621 as of June 30, 2017. In the current year, the District paid \$8,528,500 in principal and \$3,705,539 in interest on outstanding debt. During fiscal year 2017, the District issued \$19,965,000 revenue refunding bonds which crossover refunded \$20,660,000 of previously issued bonds on June 1, 2018. As of June 30, 2018, the District's available legal debt margin was \$106,580,753 compared to \$67,211,799 as of June 30, 2017.

Table 5- Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
General obligation bonds	\$ 19,425,000	\$ 25,080,000	\$ -	\$ -	\$ 19,425,000	\$ 25,080,000
Revenue bonds	42,659,944	67,253,621	-	-	42,659,944	67,253,621
Capital loan notes	78,500	157,000	-	-	78,500	157,000
Net OPEB liability	16,553,151	16,188,129	682,533	667,482	17,235,684	16,855,611
Net pension liability	41,917,133	39,640,220	1,069,880	1,014,058	42,987,013	40,654,278
Compensated absences	169,402	157,787	3,567	3,496	172,969	161,283
Total	\$ 120,803,130	\$ 148,476,757	\$ 1,755,980	\$ 1,685,036	\$ 122,559,110	\$ 150,161,793

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 relatively 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 overall tax base increased at an average annual rate of over five percent over the past five years. The tax base increase from fiscal year 2018 to fiscal year 2019 is 10.3 percent. This is in line with the history of actual valuation changes for the area. Over the next few years there will be a significant shift from the valuation base identified for tax increment financing (TIF) into the regular valuation base as several large TIF areas will drop off. The City of Altoona TIF area No. 74 with a value of over \$96.3 million moved to the regular valuation base. Over the next five years, an additional \$23 million will move from a TIF area to the regular valuation based.

The District's certified enrollment count as of October 2018 is 6,894 student FTEs. This is an increase of 51 student FTEs compared to the prior year. Based on a recent enrollment analysis by an independent demographer, the District will see steady, managed growth in our student enrollment over the next five years. There continues to be an increase in the number of multi and single family housing developments mainly in Altoona, Pleasant Hill, and Des Moines within the boundaries of the school district. There also continues to be an increase in retail developments including Outlets of Des Moines which will continue to spurn additional retail and restaurant developments in the northwest side of Altoona. Given these factors, we believe Southeast Polk will continue to be growing school district.

Southeast Polk Community School District

Management's Discussion and Analysis Year Ended June 30, 2018

State revenues are estimated to increase slightly, net refunds, through November. Revenue projections recently established by the Revenue Estimating Conference in December 2018 estimates an increase of 1.9% for fiscal year 2020. Although slightly higher than the original projection, the State of Iowa's net receipts are showing growth of 6.46% YTD through December 5. Legislators approved a 1.111.0 percent increase in supplemental state aid for fiscal year 2019. 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 2020. It is believed that supplemental state aid will be set at a conservative rate for fiscal year 2020.

The District ended fiscal year 2018 with a positive solvency ratio of 22.1%. This is an increase from the previous year solvency ratio of 19.1%. Unspent spending authority rose to 9.4% from 7.8% from fiscal year 2017 to 2018. 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.

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Southeast Polk Community School District

**Statement of Net Position
June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 42,028,535	\$ 3,005,510	\$ 45,034,045
Restricted cash, cash equivalents and investments	4,868,359	-	4,868,359
Receivables:			
Property taxes	31,167,120	-	31,167,120
Other	5,229,734	1,000	5,230,734
Prepaid expenses	5,142	362	5,504
Inventories	-	9,840	9,840
Internal balances	(166,331)	166,331	-
Total current assets	83,132,559	3,183,043	86,315,602
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	3,925,619	-	3,925,619
Construction-in-progress	1,713,544	-	1,713,544
Depreciable:			
Buildings	157,706,652	-	157,706,652
Land improvements	13,589,009	-	13,589,009
Machinery and equipment	21,916,234	2,928,805	24,845,039
Accumulated depreciation	(67,391,973)	(2,518,725)	(69,910,698)
Total noncurrent assets	131,459,085	410,080	131,869,165
Total assets	214,591,644	3,593,123	218,184,767
Deferred outflows of resources:			
Deferral on refunding	176,433	-	176,433
OPEB related deferred outflows	612,889	25,271	638,160
Pension related deferred outflows	12,926,802	320,258	13,247,060
Total deferred outflows of resources	13,716,124	345,529	14,061,653

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	3,830,431	11,652	3,842,083
Salaries and benefits payable	7,157,285	5,763	7,163,048
Claims payable	453,029	-	453,029
Unearned revenue	28,395	80,191	108,586
Compensated absences	169,402	3,567	172,969
General obligation bonds	3,880,000	-	3,880,000
Revenue bonds	2,840,000	-	2,840,000
Capital loan notes	78,500	-	78,500
Accrued interest payable	284,911	-	284,911
Total current liabilities	18,721,953	101,173	18,823,126
Noncurrent liabilities:			
General obligation bonds	15,545,000	-	15,545,000
Revenue bonds	39,819,944	-	39,819,944
Net OPEB liability	16,553,151	682,533	17,235,684
Net pension liability	41,917,133	1,069,880	42,987,013
Total noncurrent liabilities	113,835,228	1,752,413	115,587,641
Total liabilities	132,557,181	1,853,586	134,410,767
Deferred inflows of resources:			
Succeeding year property taxes	31,050,942	-	31,050,942
OPEB related deferred inflows	811,516	33,461	844,977
Pension related deferred inflows	842,133	23,232	865,365
Total deferred inflows of resources	32,704,591	56,693	32,761,284
Net Position			
Net investment in capital assets	73,928,586	410,080	74,338,666
Restricted for:			
Categorical funding	1,150,367	-	1,150,367
Physical plant and equipment levy	671,152	-	671,152
School infrastructure	4,122,653	-	4,122,653
Debt service	2,835,651	-	2,835,651
Management levy	2,335,162	-	2,335,162
Student activities	623,793	-	623,793
Unrestricted	(22,621,368)	1,618,293	(21,003,075)
Total net position	\$ 63,045,996	\$ 2,028,373	\$ 65,074,369

Southeast Polk Community School District

**Statement of Activities
Year Ended June 30, 2018**

Functions/Programs	Expenses	Charges for Services and Sales
Primary Government:		
Governmental activities:		
Instruction	\$ 52,602,425	\$ 6,322,008
Support services	25,785,228	54,275
Noninstructional programs	20,462	-
AEA flowthrough	2,930,059	-
Depreciation (unallocated)	5,113,155	-
Interest on long-term debt	2,464,589	-
Total governmental activities	88,915,918	6,376,283
Business-type activities:		
School nutrition	3,746,338	2,481,290
School store	279,307	262,606
Total business-type activities	4,025,645	2,743,896
Total primary government	\$ 92,941,563	\$ 9,120,179

General revenues and transfers:

General revenues:

- Property taxes for general purposes
- Property taxes for specific purposes
- Income surtax
- Unrestricted intergovernmental revenue
- State foundation aid, unrestricted
- Revenue in lieu of taxes
- Investment earnings

Transfers

Total general revenues and transfers

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			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ 8,997,178	\$ -	\$ (37,283,239)	\$ -	\$ (37,283,239)	
1,661,897	-	(24,069,056)	-	(24,069,056)	
-	-	(20,462)	-	(20,462)	
2,930,059	-	-	-	-	
-	-	(5,113,155)	-	(5,113,155)	
-	-	(2,464,589)	-	(2,464,589)	
13,589,134	-	(68,950,501)	-	(68,950,501)	
1,804,773	-	-	539,725	539,725	
-	-	-	(16,701)	(16,701)	
1,804,773	-	-	523,024	523,024	
\$ 15,393,907	\$ -	(68,950,501)	523,024	(68,427,477)	
		20,845,556	-	20,845,556	
		11,229,021	-	11,229,021	
		2,402,966	-	2,402,966	
		6,521,298	-	6,521,298	
		35,627,912	-	35,627,912	
		965,007	-	965,007	
		494,852	22,830	517,682	
		138,813	(138,813)	-	
		78,225,425	(115,983)	78,109,442	
		9,274,924	407,041	9,681,965	
		53,771,072	1,621,332	55,392,404	
		\$ 63,045,996	\$ 2,028,373	\$ 65,074,369	

Southeast Polk Community School District

**Balance Sheet
Governmental Funds
June 30, 2018**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash, cash equivalents and investments	\$ 24,889,236	\$ 4,855,554	\$ 2,398,012	\$ 3,024,838	\$ 35,167,640
Restricted cash, cash equivalents and investments	-	586,486	4,281,873	-	4,868,359
Receivables:					
Property taxes	18,905,217	2,128,884	8,398,242	1,734,777	31,167,120
Income surtax	2,084,975	-	-	-	2,084,975
Due from other governments	2,232,120	862,430	-	520	3,095,070
Other	20,308	-	-	2,000	22,308
Prepaid items	1,205	3,500	-	437	5,142
Total assets	\$ 48,133,061	\$ 8,436,854	\$ 15,078,127	\$ 4,762,572	\$ 76,410,614
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,251,333	\$ 934,048	\$ -	\$ 58,536	\$ 3,243,917
Salaries and benefits payable	7,144,622	-	-	12,663	7,157,285
Unearned revenue	25,510	-	-	2,885	28,395
Total liabilities	9,421,465	934,048	-	74,084	10,429,597
Deferred Inflows of Resources, unavailable revenue:					
Succeeding year property tax	18,826,881	2,122,515	8,372,450	1,729,096	31,050,942
Income surtax	2,084,975	-	-	-	2,084,975
Sales and services tax	-	326,065	-	-	326,065
Total deferred inflows of resources	20,911,856	2,448,580	8,372,450	1,729,096	33,461,982
Fund balances:					
Nonspendable, prepaid items	1,205	3,500	-	437	5,142
Restricted for:					
Categorical funding	1,150,367	-	-	-	1,150,367
Physical plant and equipment	-	671,152	-	-	671,152
School infrastructure	-	3,793,088	-	-	3,793,088
Debt service	-	586,486	6,705,677	-	7,292,163
Management levy	-	-	-	2,335,162	2,335,162
Student activities	-	-	-	623,793	623,793
Assigned for community programs	1,113,921	-	-	-	1,113,921
Unassigned	15,534,247	-	-	-	15,534,247
Total fund balances	17,799,740	5,054,226	6,705,677	2,959,392	32,519,035
Total liabilities, deferred inflows of resources and fund balances	\$ 48,133,061	\$ 8,436,854	\$ 15,078,127	\$ 4,762,572	\$ 76,410,614

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, 2018**

Total fund balances		\$ 32,519,035
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		131,459,085
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		2,411,040
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	6,888,276	
Other current liabilities	<u>(1,039,543)</u>	5,848,733
Internal Service funds allocated to business-type activities		(166,331)
Pension and OPEB 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:		
OPEB related deferred outflows of resources	612,889	
OPEB related deferred inflows of resources	(811,516)	
Pension related deferred outflows of resources	12,926,802	
Pension related deferred inflows of resources	<u>(842,133)</u>	11,886,042
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferral on refunding	176,433	
Accrued interest payable	(284,911)	
Compensated absences	(169,402)	
General obligation bonds, current	(3,880,000)	
General obligation bonds, noncurrent	(15,545,000)	
Premium on revenue bond issuance	(4,384,944)	
Revenue bonds, current	(2,840,000)	
Revenue bonds, noncurrent	(35,435,000)	
Capital loan notes, current	(78,500)	
Net OPEB liability	(16,553,151)	
Net pension liability	<u>(41,917,133)</u>	(120,911,608)
Net position of governmental activities		<u><u>\$ 63,045,996</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, 2018

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes and local sources:					
Property taxes	\$ 20,845,556	\$ 1,926,157	\$ 7,800,936	\$ 1,501,928	\$ 32,074,577
Income surtax	2,268,548	-	-	-	2,268,548
Other local sources	1,410,529	205,181	-	205,737	1,821,447
Student activities	40,477	-	-	885,923	926,400
Investment earnings	160,962	24,040	238,143	20,960	444,105
Tuition/transportation	3,563,257	-	-	-	3,563,257
State sources:					
State foundation aid	35,627,912	-	-	-	35,627,912
Statewide sales services tax	-	6,330,770	-	-	6,330,770
Other state sources	11,532,851	51,840	209,954	42,511	11,837,156
Federal sources	2,716,985	-	-	-	2,716,985
Total revenues	78,167,077	8,537,988	8,249,033	2,657,059	97,611,157
Expenditures:					
Current:					
Instruction	49,282,852	21,800	-	1,606,185	50,910,837
Support services:					
Student services	2,963,005	16,178	-	64,196	3,043,379
Instructional support	3,501,511	-	-	31,983	3,533,494
General administration	1,164,143	-	-	30,494	1,194,637
School administration	4,292,184	-	-	78,399	4,370,583
Business and central admin	2,626,949	647,544	-	159,364	3,433,857
Plant operation and maintenance	6,052,161	145,416	-	299,962	6,497,539
Student transportation	3,292,578	416,226	-	50,031	3,758,835
Noninstructional programs	-	-	-	20,462	20,462
Other, AEA support	2,930,059	-	-	-	2,930,059
Capital outlay	-	2,684,816	-	-	2,684,816
Debt service:					
Principal	-	-	8,528,500	-	8,528,500
Interest and other charges	-	-	3,705,539	-	3,705,539
Total expenditures	76,105,442	3,931,980	12,234,039	2,341,076	94,612,537
Excess (deficiency) of revenues (under) over expenditures	2,061,635	4,606,008	(3,985,006)	315,983	2,998,620
Other financing sources (uses):					
Payment to refunded bond escrow agent	-	-	(20,660,000)	-	(20,660,000)
Transfers in	138,813	-	4,485,181	-	4,623,994
Transfers (out)	-	(4,485,181)	-	-	(4,485,181)
Proceeds from capital assets	15,837	-	-	-	15,837
Total other financing sources (uses)	154,650	(4,485,181)	(16,174,819)	-	(20,505,350)
Net change in fund balance	2,216,285	120,827	(20,159,825)	315,983	(17,506,730)
Fund balances, beginning of year	15,583,455	4,933,399	26,865,502	2,643,409	50,025,765
Fund balances, end of year	\$ 17,799,740	\$ 5,054,226	\$ 6,705,677	\$ 2,959,392	\$ 32,519,035

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, 2018

Net change in fund balances - total governmental funds		\$ (17,506,730)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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:</p>		
Capital outlay	3,262,836	
Depreciation expense by function:		
Instruction	(82,937)	
Support services	(1,044,152)	
Unallocated	(3,986,066)	
Proceeds from sale of capital assets	(15,837)	
Loss of disposal of capital assets	(3,495)	(1,869,651)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Sales tax	190,528	
Income surtax	134,418	324,946
<p>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:</p>		
Repayment and refunding of bonds and loans principal	29,188,500	
Amortization of premium	1,138,677	
Amortization of deferral on refunding	(25,819)	
Interest	128,092	30,429,450
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.		352,647
Change in internal service funds allocation to business-type activities		(22,113)
<p>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:</p>		
Change in compensated absences, support services	(11,615)	
Change in liability for net OPEB liability:		
Instruction	(397,171)	
Support services	(166,478)	
Change in liability for net pension liability:		
Instruction	(1,309,481)	
Support services	(548,880)	(2,433,625)
Change in net position of governmental activities		<u><u>\$ 9,274,924</u></u>

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Statement of Net Position
 Proprietary Funds
 June 30, 2018

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash, cash equivalents and investments	\$ 3,005,510	\$ 6,860,895
Prepaid expenses	362	-
Other receivables	1,000	27,381
Inventories	9,840	-
Total current assets	3,016,712	6,888,276
Noncurrent assets:		
Capital assets:		
Machinery and equipment	2,928,805	-
Less accumulated depreciation	(2,518,725)	-
Total noncurrent assets	410,080	-
Total assets	3,426,792	6,888,276
Deferred outflows of resources:		
OPEB related deferred outflows	25,271	-
Pension related deferred outflows	320,258	-
Total deferred outflows of resources	345,529	-
Liabilities		
Current liabilities:		
Accounts payable	11,652	586,514
Salaries and benefits payable	5,763	-
Compensated absences	3,567	-
Claims payable	-	453,029
Unearned revenues	80,191	-
Total current liabilities	101,173	1,039,543
Noncurrent liabilities:		
Net OPEB liability	682,533	-
Net pension liability	1,069,880	-
Total noncurrent liabilities	1,752,413	-
Total liabilities	1,853,586	1,039,543
Deferred inflows of resources:		
OPEB related deferred inflows	33,461	-
Pension related deferred inflows	23,232	-
Total deferred inflows of resources	56,693	-
Net Position		
Net investment in capital assets	410,080	-
Unrestricted	1,451,962	5,848,733
Total net position	\$ 1,862,042	\$ 5,848,733

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, 2018

Total enterprise funds net position \$ 1,862,042

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.

166,331

Net position of business-type activities

\$ 2,028,373

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, 2018**

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Operating revenues:		
Food sales	\$ 2,475,608	\$ -
Charges for services	268,288	9,140,812
Total operating revenues	2,743,896	9,140,812
Operating expenses:		
Salaries	1,177,520	-
Employee benefits	498,291	-
Purchased services	38,214	571,245
Food consumed	1,791,558	-
Supplies	355,868	-
Depreciation	142,641	-
Claims and administration	-	8,267,667
Other	42,665	-
Total operating expenses	4,046,757	8,838,912
Operating income (loss)	(1,302,861)	301,900
Nonoperating revenues (expenses):		
Federal food commodities	296,078	-
Federal appropriations	1,477,171	-
State appropriations	31,524	-
Interest	22,830	50,747
Loss on disposal of capital asset	(1,001)	-
Total nonoperating revenues (expenses)	1,826,602	50,747
Income before transfers	523,741	352,647
Transfers (out)	(138,813)	-
Change in net position	384,928	352,647
Net position, beginning of year, as restated	1,477,114	5,496,086
Net position, end of year	\$ 1,862,042	\$ 5,848,733

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, 2018**

Net changes in net position in enterprise funds \$ 384,928

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.

22,113

Change in net position of business-type activities

\$ 407,041

See Notes to Basic Financial Statements.

Southeast Polk Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,750,276	8,864,624
Payments to suppliers	(1,901,422)	(8,801,208)
Payments to employees	(1,612,604)	-
Net cash provided by (used in) operating activities	<u>(763,750)</u>	<u>63,416</u>
Cash flows from noncapital financial activities:		
Federal and state appropriations received	1,508,695	-
Payments to other funds	(138,813)	-
Net cash provided by noncapital financing activities	<u>1,369,882</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(22,507)	-
Net cash (used in) capital and related financing activities	<u>(22,507)</u>	<u>-</u>
Cash flows from investing activities, interest received	<u>22,830</u>	<u>50,747</u>
Net increase in cash and cash equivalents	606,455	114,163
Cash and cash equivalents, beginning of year	2,399,055	6,746,732
Cash and cash equivalents, end of year	<u>\$ 3,005,510</u>	<u>\$ 6,860,895</u>

(Continued)

Southeast Polk Community School District

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2018

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	(1,302,861)	301,900
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	142,641	-
Federal food commodities used	296,078	-
Change in assets and liabilities:		
Receivables	3,345	(27,381)
Prepaid expenses	(44)	-
Inventories	15,797	-
Accounts payable	6,061	20,280
Salaries and benefits payable	2,745	-
Compensated absences	71	-
Claims payable	-	(231,383)
Unearned revenue	3,035	-
Net pension liability and related deferrals	46,141	-
Net OPEB liability and related deferrals	23,241	-
Net cash provided by (used in) operating activities	\$ (763,750)	\$ 63,416
Schedule of noncash items:		
Noncapital financing activities, federal commodities	\$ 296,078	\$ -

See Notes to Basic Financial Statements.

Southeast Polk Community School District

**Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2018**

	<u>Agency</u>
Assets	
Cash, cash equivalents and investments	\$ 259,110
Accounts receivable	39
Total assets	<u>\$ 259,149</u>
Liabilities	
Accounts payable	\$ 12,043
Due to groups	247,106
Total liabilities	<u>\$ 259,149</u>

See Notes to Basic Financial Statements.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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.

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

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:

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

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. The following enterprise funds of the District are considered nonmajor:

School Nutrition Fund: Accounts for the food 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:

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

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 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 2017 based on 2015 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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

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.

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 \$862,430 from the state for the statewide sales and services tax, \$395,097 from the state for grant programs and \$1,837,543 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.

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2018

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

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 acquisition values as of the date received. The District maintains the following capitalization thresholds:

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

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 when 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, 2018

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 position 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.

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources in the proprietary funds and government-wide statement of net position consist of unrecognized items not yet charged to pension and other postemployment benefit expense, contributions from the employer after the measurement date but before the end of the employer's reporting period, and deferrals on advance refundings.

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 items not yet charged to pension expense and other postemployment benefit expense.

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 \$4,456,512.

Net position restricted through enabling legislation consists of \$671,152 for physical plant and equipment levy, \$4,122,653 for school infrastructure, and \$2,335,162 for management levy. All other restricted net position consists of \$1,150,367 for categorical funding, \$2,835,651 for required bond reserves and \$623,793 for student activities and are restricted by grantors, bond covenants and donors.

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

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

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

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

Note 2. Budgetary and Budgetary Control

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

Note 3. Cash and Cash Equivalents and Investments

Authorized Investments: The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts and warrants or improvements certificates of a drainage district.

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 District did not have investments subject to credit risk as of June 30, 2018.

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, 2018 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. The District did not have investments as of June 30, 2018.

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2018

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:		
General Fund	\$ 138,813	\$ -
Capital Projects Fund	-	4,485,181
Debt Service Fund	4,485,181	-
Business-type activities:		
Nonmajor funds:		
School Nutrition Fund	-	138,813
	<u>\$ 4,623,994</u>	<u>\$ 4,623,994</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 statutorily required to be collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District transferred \$138,813 from the School Nutrition Fund to the General Fund for indirect costs of the School Nutrition program.

Note 5. Capital Assets

Capital asset activity of the business-type activities for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2017
Business-type activities:				
Capital assets, being depreciated, machinery and equipment	\$ 2,908,825	\$ 22,507	\$ 2,527	\$ 2,928,805
Accumulated depreciation, machinery and equipment	2,377,610	142,641	1,526	2,518,725
Total capital assets, being depreciation, net	<u>\$ 531,215</u>	<u>\$ (120,134)</u>	<u>\$ 1,001</u>	<u>\$ 410,080</u>

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 5. Capital Assets (Continued)

Capital asset activity of the governmental activities for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,441,947	\$ 483,672	\$ -	\$ 3,925,619
Construction-in-progress	1,068,324	1,713,544	1,068,324	1,713,544
Total capital assets, not being depreciated	4,510,271	2,197,216	1,068,324	5,639,163
Capital assets, being depreciated:				
Buildings	156,572,302	1,134,350	-	157,706,652
Land improvements	13,402,414	186,595	-	13,589,009
Machinery and equipment	21,216,039	812,999	112,804	21,916,234
Total capital assets, being depreciated	191,190,755	2,133,944	112,804	193,211,895
Accumulated depreciation:				
Buildings	40,242,078	3,460,397	-	43,702,475
Land improvements	5,139,651	576,264	-	5,715,915
Machinery and equipment	16,990,561	1,076,494	93,472	17,973,583
Total accumulated depreciation	62,372,290	5,113,155	93,472	67,391,973
Total capital assets, being depreciated, net	128,818,465	(2,979,211)	19,332	125,819,922
Governmental activities capital assets, net	\$ 133,328,736	\$ (781,995)	\$ 1,087,656	\$ 131,459,085

Depreciation was charged to the functions as follows:

Governmental activities:	
Instruction	\$ 82,937
Support services	1,044,152
Unallocated	3,986,066
Total depreciation expense, governmental activities	\$ 5,113,155
Business-type activities, school nutrition	\$ 142,641

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 6. Long-term Debt

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

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Balances Due Within One Year
Governmental activities:					
General obligation bonds	\$ 25,080,000	\$ -	\$ 5,655,000	\$ 19,425,000	\$ 3,880,000
Revenue bonds	61,730,000	-	23,455,000	38,275,000	2,840,000
Premium on revenue bonds	5,523,621	-	1,138,677	4,384,944	-
Capital loan notes	157,000	-	78,500	78,500	78,500
Compensated absences	157,787	169,402	157,787	169,402	169,402
Total	\$ 92,648,408	\$ 169,402	\$ 30,484,964	\$ 62,332,846	\$ 6,967,902
Business-type activities:					
Compensated absences	\$ 3,496	\$ 3,567	\$ 3,496	\$ 3,567	\$ 3,567
	\$ 3,496	\$ 3,567	\$ 3,496	\$ 3,567	\$ 3,567

Compensated absences are generally liquidated by the General Fund.

Cross-over refunding: In June 2016, the District issued \$19,965,000 School Infrastructure Sales, Services, and Use Tax Revenue Refunding Bonds Series 2016 with interest rates ranging from 2.0 percent to 5.0 percent, to crossover refund \$20,660,000 of the District's outstanding School Infrastructure Sales, Services, and Use Tax Revenue Bonds Series 2009. The net proceeds related to the crossover refunding were placed in an irrevocable trust with an escrow agent. The proceeds were for the future debt service payments of the Series 2016 bonds until the crossover date on June 1, 2018. When the crossover date occurred, the transactions, balances and liabilities of the escrow account were no longer recorded by the District since the refunded Series 2016 is considered extinguished. The District completed the crossover refunding to reduce its total debt service payments by \$2,941,581 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$2,531,348.

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2018

Note 6. Long-term Debt (Continued)

General obligation bonds: The District has issued the following general obligation bonds for capital facility purposes as follows:

Year ending June 30:	Interest Rates	\$25,910,000 Issued March 19, 2015		
		Principal	Interest	Total
2019	5.00%	\$ 2,835,000	\$ 619,000	\$ 3,454,000
2020	5.00	1,400,000	477,250	1,877,250
2021	5.00	1,475,000	407,250	1,882,250
2022	5.00	1,550,000	333,500	1,883,500
2023	5.00	1,625,000	256,000	1,881,000
2024	5.00	1,705,000	174,750	1,879,750
2025	5.00	1,790,000	89,500	1,879,500
Totals		\$ 12,380,000	\$ 2,357,250	\$ 14,737,250

Year ending June 30:	Interest Rates	\$9,295,000 Issued March 19, 2015		
		Principal	Interest	Total
2019	5.00%	\$ 1,045,000	\$ 352,250	\$ 1,397,250
2020	5.00	1,000,000	300,000	1,300,000
2021	5.00	1,000,000	250,000	1,250,000
2022	5.00	1,000,000	200,000	1,200,000
2023	5.00	1,000,000	1,500,000	2,500,000
2024	5.00	1,000,000	100,000	1,100,000
2025	5.00	1,000,000	50,000	1,050,000
Totals		\$ 7,045,000	\$ 2,752,250	\$ 9,797,250

Revenue bonds:

- 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.
- On June 15, 2016, the District issued \$19,965,000 in revenue bonds to crossover refund \$20,660,000 of the Series 2009 revenue bonds. The bonds bear interest at rates ranging from 2.25 percent to 5.00 percent and mature on June 1, 2029.

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 6. Long-Term Debt (Continued)

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 62-71% of the pledged revenue over the life of the bonds. The total principal and interest remaining to be paid on the bonds is \$46,654,175. During the year ended June 30, 2018, principal and interest of \$5,243,039 was paid on the bonds and statewide sales, services and use tax revenues were \$6,330,770.

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

- \$4,465,476 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, 2018, the reserve account balance was \$4,523,256.
- 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, 2018, the sinking fund account balance was \$345,103.
- 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 October 1, 2010			Issued April 26, 2012		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 295,000	\$ 184,975	\$ 479,975	\$ 145,000	\$ 16,178	\$ 161,178
2020	305,000	176,125	481,125	135,000	12,553	147,553
2021	315,000	166,213	481,213	140,000	8,840	148,840
2022	325,000	155,188	480,188	145,000	4,640	149,640
2023	335,000	143,813	478,813	-	-	-
2024-2028	1,890,000	530,362	2,420,362	-	-	-
2029-2030	1,575,000	86,000	1,661,000	-	-	-
Totals	\$ 5,040,000	\$ 1,442,676	\$ 6,482,676	\$ 565,000	\$ 42,211	\$ 607,211

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2018

Note 6. Long-Term Debt (Continued)

Year ending June 30:	Issued February 28, 2013			Issued May 28, 2015		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 580,000	\$ 170,468	\$ 750,468	\$ 400,000	\$ 204,050	\$ 604,050
2020	590,000	158,868	748,868	415,000	188,050	603,050
2021	605,000	147,068	752,068	435,000	171,450	606,450
2022	620,000	134,968	754,968	450,000	171,450	621,450
2023	640,000	122,568	762,568	470,000	136,050	606,050
2024-2028	3,510,000	383,997	3,893,997	2,630,000	389,550	3,019,550
2029	780,000	21,840	801,840	580,000	23,200	603,200
Totals	\$ 7,325,000	\$ 1,139,777	\$ 8,464,777	\$ 5,380,000	\$ 1,283,800	\$ 6,663,800

Year ending June 30:	Issued June 15, 2016		
	Principal	Interest	Total
2019	\$ 1,420,000	\$ 777,562	\$ 2,197,562
2020	1,495,000	706,562	2,201,562
2021	1,575,000	631,812	2,206,812
2022	1,660,000	631,812	2,291,812
2023	1,745,000	470,063	2,215,063
2024-2028	9,915,000	1,188,250	11,103,250
2029	2,155,000	64,650	2,219,650
Totals	\$19,965,000	\$ 4,470,711	\$ 24,435,711

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. On December 2, 2008, the District issued \$785,000 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. The annual debt service requirements on the capital loans notes are as follows:

Year Ending June 30:	Principal	Interest	Total
2019	\$ 78,500	\$ -	\$ 78,500
Totals	\$ 78,500	\$ -	\$ 78,500

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 6. Long-Term Debt (Continued)

As of June 30, 2018, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 3,287,185,053</u>
Debt limit, 5% of total assessed valuation	\$ 164,359,253
Amount of debt applicable to debt limit, total indebtedness	<u>57,778,500</u>
Excess of debt limit over debt outstanding, legal debt margin	<u>\$ 106,580,753</u>

Note 7. Other Postemployment Benefits

Plan Description: The District’s defined benefit OPEB plan, Southeast Polk Community School District Postemployment Plan Other Than Pensions (The Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single employer defined benefit OPEB plan administered by the District. Under Chapter 509A.13 of the Code of Iowa, “Group Insurance for Public Employees,” if a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee’s own expense until the employee attains sixty-five years of age. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical, prescription drug and dental benefits for retirees and their dependents. Retirees must be age 55 or older at retirement. 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.

The full monthly premium rates as of January 1, 2017 for each plan are as shown below:

Rate Tier	Medical	Dental	Vision
Single	\$ 627	\$ 31	4
Family	1,796	109	8

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 7. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	52
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	749
	801

Total OPEB Liability

The District's total OPEB liability of \$17,235,684 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.75% per annum
Salary increases	3.25% per annum
Discount rate	3.56% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.80%
	The trend rate is reduced by 0.50% each year until reaching the ultimate trend rate of 4.40%

The discount rate was based on the Bond Buyer 20-Bond GO index. Mortality rates were based on the RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 2010– 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 16,855,611
Changes for the year:	
Service cost	1,444,144
Interest	524,813
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(935,446)
Benefit payments	(653,438)
Net changes	380,073
Balance at June 30, 2018	\$ 17,235,684

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2018

Note 7. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

There were no changes as a result of changes in benefit terms or differences between expected and actual experience. Changes of assumptions or other inputs reflect a change in the discount rate from 2.92% per annum in 2017 to 3.56% per annum in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 18,713,988	\$ 17,235,684	\$ 15,853,937

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	1% Decrease (5.80% decreasing to 3.4%)	Healthcare Cost Trend Rates (6.80% decreasing to 4.4%)	1% Increase (7.80% decreasing to 5.4%)
Total OPEB liability	\$ 15,220,683	\$ 17,235,684	\$ 19,639,030

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,878,488. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	844,977
Net difference between projected and actual investments	-	-
Contributions subsequent to measurement date	638,160	-
Total	\$ 638,160	\$ 844,977

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

Note 7. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Deferred outflows of resources of \$638,160 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (90,469)
2020	(90,469)
2021	(90,469)
2022	(90,469)
2023	(90,469)
Thereafter	(392,632)
	<u>\$ (844,977)</u>

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, any time 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, except members with service before June 30, 2012 will use 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. To combat the effects of inflation; however, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 8. Retirement System (Continued)

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.

Contributions – 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 2018, 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, 2018 were \$4,390,416.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$42,987,013 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District’s proportion was 0.6453280 percent, which was a decrease of .0006634 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$6,293,893. At June 30, 2018, 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	\$ 394,662	\$ 372,450
Changes of assumptions	7,469,161	-
Net difference between projected and actual earnings on pension plan investments	-	448,984
Changes in proportion and differences between District contributions and proportionate share of contributions	992,821	43,931
District contributions subsequent to the measurement date	4,390,416	-
Total	\$ 13,247,060	\$ 865,365

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 8. Retirement System (Continued)

\$4,390,416 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ 1,422,772
2020	3,700,363
2021	2,117,812
2022	243,872
2023	506,460
Total	\$ 7,991,279

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan, investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.6 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017. 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.

Southeast Polk Community School District

**Notes to Basic Financial Statements
Year Ended June 30, 2018**

Note 8. Retirement System (Continued)

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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	27.0%	2.25%
Domestic equity	24.0%	6.25%
International equity	16.0%	6.71%
Private equity/debt	11.0%	11.15%
Real estate	7.5%	4.18%
Credit opportunities	7.0%	3.27%
U.S. TIPS	3.5%	3.46%
Other real assets	3.0%	4.25%
Cash	1.0%	-0.31%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the net pension liability	\$ 70,825,354	\$ 42,987,013	\$ 19,597,460

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2018

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 – All legally required District contributions and legally required employee contributions which had been withheld from employee wages were remitted by the District to IPERS by June 30, 2018.

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.

Changes in the balances of claims payable during the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Claims payable, beginning of year	\$ 684,412	\$ 708,333
Incurred claims (including IBNR and changes in estimates)	6,921,979	6,820,195
Claim payments	7,153,362	6,844,116
Claims payable, end of year	<u>\$ 453,029</u>	<u>\$ 684,412</u>

Claims payable as of June 30, 2018 of \$453,029, consisted of claims payable of \$701,836 net of a stop-loss reinsurance amount of \$248,807.

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.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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 \$2,930,059 for the year ended June 30, 2018 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

Note 11. Contingencies

As of June 30, 2018, 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, 2018 relating to the high school parking lot, lighting and the football stadium planning. The construction commitments for these projects total \$2,033,590, of which \$1,507,057 has been paid leaving \$526,533 to be completed and paid in the next fiscal year.

Note 13. Restricted Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2018 is comprised of the following programs:

Program:	Amount
Home school assistance	\$ 121,621
At-risk	7,199
Talented and gifted	85,239
Teacher leadership	55,322
Teacher mentoring	151,350
Teacher salary supplement	229,109
REAP	40
School ready children	9,095
Empowerment	3,427
Early reader	310,554
Professional development	177,063
Project learning tree	300
STEM scale up	48
	<u>\$ 1,150,367</u>

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

Note 14. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2018 under tax abatement agreements of other entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Altoona, Iowa	Urban renewal and economic development projects	\$ 369,669
City of Mitchellville, Iowa	Urban renewal and economic development projects	22,956
City of Pleasant Hill, Iowa	Urban renewal and economic development projects	1,734

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2018, this reimbursement amounted to \$151,872.

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

The District adopted the following statements during the year ended June 30, 2018:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions: 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. 81, Irrevocable Split-Interest Agreements: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*: This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 85, *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The implementation of the above statements did not have a material impact to the District's financial statements except for GASB Statement No. 75 which required the District to change the accounting and reporting of OPEB benefit expense, total OPEB 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 17. In addition, the new standards required new note disclosures and new required supplementary information schedules.

As of June 30, 2018, 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. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the District beginning with its fiscal year ending June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Southeast Polk Community School District

Notes to Basic Financial Statements Year Ended June 30, 2018

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

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, will be effective for the District beginning with its fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the District beginning with its fiscal year ending June 30, 2021. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the District beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Southeast Polk Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2018

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

It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

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

Note 16. Subsequent Event

On July 2, 2018, the District issued \$5,045,000 School Infrastructure Sales Services and Use Tax Revenue Refunding Bonds, Series 2018. The bonds bear an interest rate of 2.95 percent. Interest is due semi-annually on December 1 and June 1. Principal maturities range from \$485,000 to \$525,000 due annually each June 1 beginning June 1, 2019 until maturity on June 1, 2029. The bonds were issued to current refund \$5,040,000 of Series 2010A School Infrastructure Sales, Services and Use Tax Revenue Bonds and \$565,000 of Series 2012 School Infrastructure Sales, Services and Use Tax Revenue Bonds outstanding as of June 30, 2018.

Note 17. Restatement

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented as of the beginning of the year ended June 30, 2018. The revised requirements establish new financial reporting requirements for state and local government employers that provide postemployment benefits other than pensions, including additional note disclosures and required supplementary information. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Beginning net position for governmental, business-type activities and proprietary funds were restated to retroactively report the beginning net OPEB liability and, if applicable, deferred outflows of resources related to contributions made after the measurement date of the beginning total OPEB liability but before the beginning of the District’s fiscal year.

	Governmental Activities	Business-type Activities	Nonmajor Enterprise Fund School Nutrition
Net position June 30, 2017, as previously reported	\$ 62,039,196	\$ 1,961,882	\$ 1,446,184
Net OPEB obligation	7,920,005	326,932	326,932
Total OPEB liability	(16,188,129)	(667,482)	(667,482)
Net position June 30, 2017, as restated	<u>\$ 53,771,072</u>	<u>\$ 1,621,332</u>	<u>\$ 1,105,634</u>

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, 2018**

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	\$ 41,098,334	\$ 2,766,726
State sources	53,795,838	31,524
Federal sources	2,716,985	1,773,249
Total revenues	<u>97,611,157</u>	<u>4,571,499</u>
Expenditures/expenses:		
Instruction	50,910,837	230,336
Support services	25,832,324	35,961
Noninstructional programs	20,462	3,759,339
Other expenditures	17,848,914	22,122
Total expenditures/expenses	<u>94,612,537</u>	<u>4,047,758</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>2,998,620</u>	<u>523,741</u>
Other financing sources (uses):		
Payment to refunded bond escrow agent	(20,660,000)	-
Transfers in	4,623,994	-
Transfers (out)	(4,485,181)	(138,813)
Sale of capital assets	15,837	-
Total other financing sources (uses)	<u>(20,505,350)</u>	<u>(138,813)</u>
Net change in fund balance	(17,506,730)	384,928
Balance, beginning of year, as restated	50,025,765	1,477,114
Balance, end of year	<u>\$ 32,519,035</u>	<u>\$ 1,862,042</u>

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 43,865,060	\$ 43,919,800	\$ 43,919,800	\$ (54,740)
53,827,362	54,599,543	54,599,543	(772,181)
4,490,234	4,336,000	4,336,000	154,234
102,182,656	102,855,343	102,855,343	(672,687)
51,141,173	51,142,500	51,142,500	1,327
25,868,285	26,166,500	26,166,500	298,215
3,779,801	4,305,000	4,305,000	525,199
17,871,036	37,989,648	37,989,648	20,118,612
98,660,295	119,603,648	119,603,648	20,943,353
3,522,361	(16,748,305)	(16,748,305)	20,270,666
(20,660,000)	-	-	(20,660,000)
4,623,994	47,950,912	47,950,912	(43,326,918)
(4,623,994)	(26,370,320)	(26,370,320)	21,746,326
15,837	5,000	5,000	10,837
15,837	21,585,592	21,585,592	(21,569,755)
3,538,198	4,837,287	4,837,287	(1,299,089)
51,502,879	51,502,879	51,502,879	-
\$ 55,041,077	\$ 56,340,166	\$ 56,340,166	\$ (1,299,089)

Southeast Polk Community School District

**Required Supplementary Information
Schedule of Changes in the District's Total OPEB
Liability and Related Ratios
Year ending June 30, 2018**

	<u>2018</u>
Total OPEB liability	
Changes for the year:	
Service cost	\$ 1,444,144
Interest	524,813
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(935,446)
Benefit payments	<u>(653,438)</u>
Net changes in total OPEB liability	380,073
Total OPEB liability - beginning	<u>16,855,611</u>
Total OPEB liability - ending	<u><u>\$ 17,235,684</u></u>
Covered payroll	\$ 41,719,096
Total OPEB liability as a percentage of covered payroll	41%

Notes to Schedule:

Changes of benefit terms:

There were no changes as a result of changes in benefit terms or differences between expected and actual experience.

Changes of assumption:

Changes of assumptions or other inputs reflect a change in the discount rate from 2.92% per annum in 2017 to 3.56% per annum in 2018. The following are the discount rates used in each period:

2018	3.56%
2017	2.92%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75

Note: The schedule is intended to present information for ten years.
Information prior to 2018 is not available.

See Notes to Required Supplementary Information.

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 Four Fiscal Years

	2018*	2017*	2016*
District's proportion of the net pension liability	0.6453280%	0.6459914%	0.646524%
District's proportionate share of the net pension liability	\$ 42,987,013	\$ 40,654,278	\$ 31,941,433
District's covered payroll	\$ 48,182,091	\$ 46,392,195	\$ 44,298,855
District's proportionate share of the net pension liability as a percentage of its covered payroll	89.22%	87.63%	72.10%
Plan fiduciary net pension as a percentage of the total pension liability	82.21%	81.82%	85.19%

*The amounts presented for each fiscal year were determined as of the prior fiscal-year end.

Note: The schedule is intended to present information for ten years. Information prior to 2015 is not available.

See Notes to Required Supplementary Information.

Southeast Polk Community School District

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

	2018	2017	2016	2015
Statutorily required contribution	\$ 4,390	\$ 4,303	\$ 4,140	\$ 3,956
Contributions in relation to the statutorily required contribution	\$ (4,390)	\$ (4,303)	\$ (4,140)	\$ (3,956)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 49,165	\$ 48,182	\$ 46,392	\$ 44,299
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.92%	8.93%

See Notes to Required Supplementary Information.

	2014		2013		2012		2011		2010		2009
\$	3,650	\$	3,437	\$	3,164	\$	2,729	\$	2,577	\$	2,343
\$	(3,650)	\$	(3,437)	\$	(3,164)	\$	(2,729)	\$	(2,577)	\$	(2,343)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	40,874	\$	39,642	\$	39,222	\$	39,267	\$	38,731	\$	36,898
	8.93%		8.67%		8.07%		6.95%		6.65%		6.35%

Southeast Polk Community School District

Notes to Required Supplementary Information Year Ended June 30, 2018

Note 1. Budgets and Budgetary Information

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes or expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

Note 2. Iowa Public Employees' Retirement System Pension Liability

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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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.

Southeast Polk Community School District

**Notes to Required Supplementary Information
Year Ended June 30, 2018**

Note 2. Iowa Public Employees' Retirement System Pension Liability (Continued)

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

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**OTHER COMBINING AND
INDIVIDUAL FUND FINANCIAL STATEMENTS**

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NONMAJOR GOVERNMENTAL FUNDS

Southeast Polk Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue		
	Management	Student Activity	Total
Assets			
Cash, cash equivalents and investments	\$ 2,357,345	\$ 667,493	\$ 3,024,838
Receivables:			
Property taxes	1,734,777	-	1,734,777
Intergovernmental	-	520	520
Other	-	2,000	2,000
Prepaid items	-	437	437
Total assets	\$ 4,092,122	\$ 670,450	\$ 4,762,572
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 27,829	\$ 30,707	\$ 58,536
Salaries and benefits payable	35	12,628	12,663
Unearned revenue	-	2,885	2,885
Total liabilities	27,864	46,220	74,084
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,729,096	-	1,729,096
Fund balances:			
Nonspendable, prepaid items	-	437	437
Restricted	2,335,162	623,793	2,958,955
Total fund balances	2,335,162	624,230	2,959,392
Total liabilities, deferred inflows of resources and fund balances	\$ 4,092,122	\$ 670,450	\$ 4,762,572

Southeast Polk Community School District

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018**

	Special Revenue		Total
	Management	Student Activity	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,501,928	\$ -	\$ 1,501,928
Other local sources	9,177	196,560	205,737
Student activities	-	885,923	885,923
Investment earnings	15,139	5,821	20,960
State sources, other state sources	42,511	-	42,511
Total revenues	1,568,755	1,088,304	2,657,059
Expenditures:			
Current:			
Instruction	543,616	1,062,569	1,606,185
Support services:			
Student services	64,196	-	64,196
Instructional support	31,866	117	31,983
General administration	30,492	2	30,494
School administration	75,703	2,696	78,399
Business and central administration	156,364	3,000	159,364
Plant operation and maintenance	296,455	3,507	299,962
Student transportation	34,414	15,617	50,031
Noninstructional programs	17,920	2,542	20,462
Total expenditures	1,251,026	1,090,050	2,341,076
Change in fund balances	317,729	(1,746)	315,983
Fund balances, beginning of year	2,017,433	625,976	2,643,409
Fund balances, end of year	\$ 2,335,162	\$ 624,230	\$ 2,959,392

Southeast Polk Community School District

**Schedule of Combining Balance Sheet-
Capital Projects Fund, By Account
June 30, 2018**

	<u>Capital Projects Fund Accounts</u>		
	Physical	Statewide	Total
	Plant and Equipment	Sales and Services Tax	
Assets			
Cash, cash equivalents and investments	\$ 669,954	\$ 4,185,600	\$ 4,855,554
Restricted cash and investments	-	586,486	586,486
Receivables:			
Property taxes	2,128,884	-	2,128,884
Due from other governments	-	862,430	862,430
Prepaid expenses	-	3,500	3,500
Total assets	\$ 2,798,838	\$ 5,638,016	\$ 8,436,854
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 5,171	\$ 928,877	\$ 934,048
Total liabilities	5,171	928,877	934,048
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	2,122,515	-	2,122,515
Sales and services tax	-	326,065	326,065
Total deferred inflows of resources	2,122,515	326,065	2,448,580
Fund balances:			
Nonspendable, prepaid items	-	3,500	3,500
Restricted for:			
Physical plant and equipment	671,152	-	671,152
Debt service	-	586,486	586,486
School infrastructure	-	3,793,088	3,793,088
Total fund balances	671,152	4,383,074	5,054,226
Total liabilities, deferred inflows of resources and fund balances	\$ 2,798,838	\$ 5,638,016	\$ 8,436,854

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, 2018**

	Capital Projects Fund Accounts		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,926,157	\$ -	\$ 1,926,157
Investment earnings	1,742	22,298	24,040
Other local sources	-	205,181	205,181
State sources:			
Statewide sales and services tax	-	6,330,770	6,330,770
Other state sources	51,840	-	51,840
Total revenues	1,979,739	6,558,249	8,537,988
Expenditures:			
Current:			
Instruction	21,800	-	21,800
Support services:			
Student	16,178	-	16,178
Business and central administration	647,544	-	647,544
Plant operation and maintenance	145,416	-	145,416
Student transportation	416,226	-	416,226
Capital outlay	885,591	1,799,225	2,684,816
Total expenditures	2,132,755	1,799,225	3,931,980
Excess (deficiency) of revenues over (under) expenditures	(153,016)	4,759,024	4,606,008
Other financing sources (uses):			
Transfers (out)	(78,500)	(4,406,681)	(4,485,181)
Total other financing sources (uses)	(78,500)	(4,406,681)	(4,485,181)
Net change in fund balance	(231,516)	352,343	120,827
Fund balance, beginning of year	902,668	4,030,731	4,933,399
Fund balance, end of year	\$ 671,152	\$ 4,383,074	\$ 5,054,226

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NONMAJOR ENTERPRISE FUNDS

Southeast Polk Community School District

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2018

	School Nutrition	School Store	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 2,625,168	\$ 380,342	\$ 3,005,510
Prepaid expenses	-	362	362
Other receivables	1,000	-	1,000
Inventories	9,840	-	9,840
Total current assets	2,636,008	380,704	3,016,712
Noncurrent assets, capital assets:			
Machinery and equipment	2,928,805	-	2,928,805
Less accumulated depreciation	(2,518,725)	-	(2,518,725)
Total noncurrent assets	410,080	-	410,080
Total assets	3,046,088	380,704	3,426,792
Deferred outflows of resources:			
OPEB related deferred outflows	25,271	-	25,271
Pension related deferred outflows	320,258	-	320,258
Total deferred outflows of resources	345,529	-	345,529
Liabilities			
Current liabilities:			
Accounts payable	4,145	7,507	11,652
Salaries and benefits payable	2,640	3,123	5,763
Compensated absences	3,567	-	3,567
Unearned revenue	68,141	12,050	80,191
Long-term liabilities:			
Net OPEB liability	682,533	-	682,533
Net pension liability	1,069,880	-	1,069,880
Total liabilities	1,830,906	22,680	1,853,586
Deferred inflows of resources:			
OPEB related deferred inflows	33,461	-	33,461
Pension related deferred inflows	23,232	-	23,232
Total deferred inflows of resources	56,693	-	56,693
Net Position			
Net investment in capital assets	410,080	-	410,080
Unrestricted	1,093,938	358,024	1,451,962
Total net position	\$ 1,504,018	\$ 358,024	\$ 1,862,042

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

Year Ended June 30, 2018

	School Nutrition	School Store	Total
Operating revenues:			
Food sales	\$ 2,475,608	\$ -	\$ 2,475,608
Other charges for services	5,682	262,606	268,288
Total operating revenues	2,481,290	262,606	2,743,896
Operating expenses:			
Salaries	1,151,248	26,272	1,177,520
Employee benefits	493,924	4,367	498,291
Purchased services	19,680	18,534	38,214
Food consumed	1,791,558	-	1,791,558
Supplies	159,408	196,460	355,868
Depreciation	142,641	-	142,641
Other	8,991	33,674	42,665
Total operating expenses	3,767,450	279,307	4,046,757
Operating (loss)	(1,286,160)	(16,701)	(1,302,861)
Nonoperating revenues (expenses):			
Federal food commodities	296,078	-	296,078
Federal appropriations	1,477,171	-	1,477,171
State appropriations	31,524	-	31,524
Interest	19,585	3,245	22,830
Loss on disposal of capital asset	(1,001)	-	(1,001)
Total nonoperating revenues (expenses)	1,823,357	3,245	1,826,602
Income (loss) before transfers	537,197	(13,456)	523,741
Transfers (out)	(138,813)	-	(138,813)
Change in net position	398,384	(13,456)	384,928
Net position, beginning of year, as restated	1,105,634	371,480	1,477,114
Net position, end of year	\$ 1,504,018	\$ 358,024	\$ 1,862,042

Southeast Polk Community School District

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended June 30, 2018

	School Nutrition	School Store	Total
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 2,486,220	\$ 264,056	\$ 2,750,276
Payments to suppliers	(1,658,729)	(242,693)	(1,901,422)
Payments to employees	(1,583,751)	(28,853)	(1,612,604)
Net cash (used in) operating activities	<u>(756,260)</u>	<u>(7,490)</u>	<u>(763,750)</u>
Cash Flows From Noncapital Financing Activities:			
Payments to other funds	(138,813)	-	(138,813)
Federal and state appropriations received	1,508,695	-	1,508,695
Net cash provided by noncapital financing activities	<u>1,369,882</u>	<u>-</u>	<u>1,369,882</u>
Cash Flows From Capital and Related Financing Activities:			
Purchases of capital assets	(22,507)	-	(22,507)
Net cash (used in) capital and related financing activities	<u>(22,507)</u>	<u>-</u>	<u>(22,507)</u>
Cash Flows From Investing Activities, interest received	19,585	3,245	22,830
Net change in cash and cash equivalents	610,700	(4,245)	606,455
Cash and Cash Equivalents:			
Beginning of year	2,014,468	384,587	2,399,055
End of year	<u>\$ 2,625,168</u>	<u>\$ 380,342</u>	<u>\$ 3,005,510</u>

(Continued)

Southeast Polk Community School District

Combining Statement of Cash Flows (Continued)

Nonmajor Enterprise Funds

Year Ended June 30, 2018

	School Nutrition	School Store	Total
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	\$ (1,286,160)	\$ (16,701)	\$ (1,302,861)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	142,641	-	142,641
Federal food commodities used	296,078	-	296,078
Change in assets and liabilities:			
Other receivables	3,345	-	3,345
Prepaid expenses	-	(44)	(44)
Inventories	15,797	-	15,797
Accounts payable	42	6,019	6,061
Salaries and benefits payable	959	1,786	2,745
Compensated absences	71	-	71
Unearned revenue	1,585	1,450	3,035
Net pension liability and related deferrals	46,141	-	46,141
Net OPEB liability and related deferrals	23,241	-	23,241
Net cash (used in) operating activities	\$ (756,260)	\$ (7,490)	\$ (763,750)
Schedule of Noncash Items:			
Noncapital financing activities,			
Federal commodities	\$ 296,078	\$ -	\$ 296,078

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INTERNAL SERVICE FUNDS

Southeast Polk Community School District

Combining Statement of Net Position

Internal Service Funds

June 30, 2018

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 6,667,970	\$ 63,532	\$ 129,393	\$ 6,860,895
Accounts receivable	27,381	-	-	27,381
Total assets	6,695,351	63,532	129,393	6,888,276
Liabilities				
Current liabilities:				
Accounts payable	550,512	-	36,002	586,514
Claims payable	453,029	-	-	453,029
Total liabilities	1,003,541	-	36,002	1,039,543
Net Position				
Unrestricted	\$ 5,691,810	\$ 63,532	\$ 93,391	\$ 5,848,733

Southeast Polk Community School District

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

Year Ended June 30, 2018

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Operating revenues:				
Charges for services	\$ 8,129,986	\$ 556,402	\$ 454,424	\$ 9,140,812
Operating expenses:				
Claims and administration	7,836,301	-	431,366	8,267,667
Purchased services	-	571,245	-	571,245
Total operating expenses	7,836,301	571,245	431,366	8,838,912
Operating income (loss)	293,685	(14,843)	23,058	301,900
Nonoperating revenues:				
Interest	49,292	551	904	50,747
Changes in net position	342,977	(14,292)	23,962	352,647
Net position, beginning	5,348,833	77,824	69,429	5,496,086
Net position, end of year	\$ 5,691,810	\$ 63,532	\$ 93,391	\$ 5,848,733

Southeast Polk Community School District

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2018

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 8,102,605	\$ 556,402	\$ 454,424	\$ 9,113,431
Payments to suppliers	(8,030,708)	(571,245)	(448,062)	(9,050,015)
Net cash provided by (used in) operating activities	71,897	(14,843)	6,362	63,416
Cash Flows From Investing Activities, interest received	49,292	551	904	50,747
Net change in cash and cash equivalents	121,189	(14,292)	7,266	114,163
Cash and Cash Equivalents:				
Beginning of year	6,546,781	77,824	122,127	6,746,732
End of year	<u>\$ 6,667,970</u>	<u>\$ 63,532</u>	<u>\$ 129,393</u>	<u>\$ 6,860,895</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 293,685	\$ (14,843)	\$ 23,058	\$ 301,900
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Accounts receivable	(27,381)	-	-	(27,381)
Accounts payable	36,976	-	(16,696)	20,280
Claims payable	(231,383)	-	-	(231,383)
Net cash provided by (used in) operating activities	\$ 71,897	\$ (14,843)	\$ 6,362	\$ 63,416

AGENCY FUND

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Southeast Polk Community School District

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Agency Fund				
Assets				
Cash and cash equivalents	\$ 169,378	\$ 309,013	\$ 219,281	\$ 259,110
Accounts receivable	-	39	-	39
Total assets	<u>\$ 169,378</u>	<u>\$ 309,052</u>	<u>\$ 219,281</u>	<u>\$ 259,149</u>
Liabilities				
Accounts payable	\$ 926	\$ 12,043	\$ 926	\$ 12,043
Due to other groups	168,452	297,009	218,355	247,106
Total liabilities	<u>\$ 169,378</u>	<u>\$ 309,052</u>	<u>\$ 219,281</u>	<u>\$ 259,149</u>

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Statistical Section

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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.	78
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	95
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.	100
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.	106
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.	108

Schedule 1
Southeast Polk Community School District

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

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

Source: School District financial records.

2014	2015	2016	2017	2018
\$ 48,242,679	\$ 53,819,946	\$ 53,819,946	\$ 66,780,379	\$ 73,928,586
5,963,176	7,537,285	7,537,285	10,051,620	11,738,778
5,809,401	(20,136,604)	(20,136,604)	(14,792,803)	(22,621,368)
\$ 60,015,256	\$ 41,220,627	\$ 41,220,627	\$ 62,039,196	\$ 63,045,996
\$ 1,067,584	\$ 854,710	\$ 854,710	\$ 531,215	\$ 410,080
-	-	-	-	-
955,321	625,292	625,292	1,430,667	1,618,293
\$ 2,022,905	\$ 1,480,002	\$ 1,480,002	\$ 1,961,882	\$ 2,028,373
\$ 49,310,263	\$ 54,674,656	\$ 54,674,656	\$ 67,311,594	\$ 74,338,666
5,963,176	7,537,285	7,537,285	10,051,620	11,738,778
6,764,722	(19,511,312)	(19,511,312)	(13,362,136)	(21,003,075)
\$ 62,038,161	\$ 42,700,629	\$ 42,700,629	\$ 64,001,078	\$ 65,074,369

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				
	2009	2010	2011	2012	2013
Expenses:					
Governmental activities:					
Instruction	\$ 38,998,826	\$ 39,362,825	\$ 39,229,187	\$ 40,754,640	\$ 41,984,675
Support services	21,316,457	22,696,458	22,570,818	23,632,792	23,267,847
Non-instructional programs	30,269	2,729	105,134	2,556	595
Interest on long-term debt	3,331,765	4,158,136	3,691,427	3,904,147	4,023,682
AEA flowthrough	2,011,213	2,296,973	2,367,103	2,249,929	2,350,017
Depreciation (unallocated)	1,579,234	2,600,819	3,060,086	3,090,226	3,213,866
Total governmental activities expenses	67,267,764	71,117,940	71,023,755	73,634,290	74,840,682
Business type activities:					
Nutrition services	3,000,061	3,264,674	3,498,875	3,485,072	3,661,721
Community service services	10,246	25,562	54,940	47,085	54,131
School store services	300,368	300,571	237,632	468,622	402,962
Total business type activities expenses	3,310,675	3,590,807	3,791,447	4,000,779	4,118,814
Total primary government expenses	\$ 70,578,439	\$ 74,708,747	\$ 74,815,202	\$ 77,635,069	\$ 78,959,496
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 2,948,888	\$ 3,315,495	\$ 4,062,777	\$ 4,965,205	\$ 6,083,497
Support services	36,966	54,549	56,977	103,616	268,596
Operating grants and contributions	8,439,040	11,821,803	9,736,393	9,004,757	9,117,676
Capital grants and contributions	63,977	95,000	9,800	500,000	150,000
Total governmental activities program revenues	11,488,871	15,286,847	13,865,947	14,573,578	15,619,769

(Continued on the following page.)

	2014	2015	2016	2017	2018
\$	43,065,043	\$ 45,484,994	\$ 45,484,994	\$ 50,763,104	\$ 52,602,425
	22,928,558	24,622,587	24,622,587	26,173,501	25,785,228
	16,232	35,339	35,339	11,238	20,462
	3,848,341	2,713,171	2,713,171	2,717,208	2,930,059
	2,508,266	3,138,172	3,138,172	2,863,461	5,113,155
	3,213,938	4,121,705	4,121,705	3,817,740	2,464,589
	75,580,378	80,115,968	80,115,968	86,346,252	88,915,918
	3,634,175	3,718,102	3,718,102	3,841,949	3,746,338
	50,750	58,807	58,807	-	-
	248,540	329,088	329,088	269,444	279,307
	3,933,465	4,105,997	4,105,997	4,111,393	4,025,645
\$	79,513,843	\$ 84,221,965	\$ 84,221,965	\$ 90,457,645	\$ 92,941,563
\$	5,095,985	\$ 5,106,252	\$ 5,106,252	\$ 6,239,183	\$ 6,322,008
	268,307	237,925	237,925	55,321	54,275
	10,779,733	13,209,625	13,209,625	13,195,579	13,589,134
	-	-	-	-	-
	16,144,025	18,553,802	18,553,802	19,490,083	19,965,417

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				
	2009	2010	2011	2012	2013
Business type activities:					
Charges for services:					
Nutrition	1,983,022	2,045,530	2,111,679	2,117,647	2,132,088
Community service services	11,679	39,428	49,949	61,197	72,292
School store	327,403	331,276	334,343	357,928	321,622
Operating grants and contributions	931,979	1,093,392	1,205,211	1,288,390	1,435,208
Capital grants and contributions	-	-	-	8,433	-
Total business type program revenues	3,254,083	3,509,626	3,701,182	3,833,595	3,961,210
Total primary government program revenues	\$ 14,742,954	\$ 18,796,473	\$ 17,567,129	\$ 18,407,173	\$ 19,580,979
Net (expense) revenue:					
Governmental activities	\$ (55,778,893)	\$ (55,831,093)	\$ (57,157,808)	\$ (59,060,712)	\$ (59,220,913)
Business type activities	(56,592)	(81,181)	(90,265)	(167,184)	(157,604)
Total primary government net expense	\$ (55,835,485)	\$ (55,912,274)	\$ (57,248,073)	\$ (59,227,896)	\$ (59,378,517)

Source: School District financial records.

2014	2015	2016	2017	2018
2,235,181	2,314,942	2,314,942	2,429,705	2,481,290
108,055	157,534	157,534	-	-
258,775	324,268	324,268	269,085	262,606
1,535,831	1,543,997	1,543,997	1,790,006	1,804,773
-	-	-	-	-
4,137,842	4,340,741	4,340,741	4,488,796	4,548,669
<u>\$ 20,281,867</u>	<u>\$ 22,894,543</u>	<u>\$ 22,894,543</u>	<u>\$ 23,978,879</u>	<u>\$ 24,514,086</u>
\$ (59,436,353)	\$ (61,562,166)	\$ (61,562,166)	\$ (66,856,169)	\$ (68,950,501)
204,377	234,744	234,744	377,403	523,024
<u>\$ (59,231,976)</u>	<u>\$ (61,327,422)</u>	<u>\$ (61,327,422)</u>	<u>\$ (66,478,766)</u>	<u>\$ (68,427,477)</u>

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

Source: School District financial records.

	2014	2015	2016	2017	2018
	\$ (59,436,353)	\$ (61,562,166)	\$ (61,562,166)	\$ (66,856,169)	\$ (68,950,501)
	204,377	234,744	234,744	377,403	523,024
	(59,231,976)	(61,327,422)	(61,327,422)	(66,478,766)	(68,427,477)
	21,640,656	20,432,766	20,432,766	20,899,173	20,845,556
	7,858,967	10,035,219	10,035,219	10,845,982	11,229,021
	1,814,740	1,958,621	1,958,621	2,279,360	2,402,966
	5,566,107	6,314,056	6,314,056	6,391,561	6,521,298
	31,210,071	34,212,768	34,212,768	35,940,865	35,627,912
	-	-	-	965,007	965,007
	-	-	-	116,674	-
	41,535	83,632	83,632	330,903	494,852
	50,000	-	-	15,000	138,813
	68,182,076	73,037,062	73,037,062	77,784,525	78,225,425
	1,932	4,546	4,546	10,871	22,830
	(50,000)	-	-	(15,000)	(138,813)
	(48,068)	4,546	4,546	(4,129)	(115,983)
	68,134,008	73,041,608	73,041,608	77,780,396	78,109,442
	8,745,723	11,474,896	11,474,896	10,928,356	9,274,924
	156,309	239,290	239,290	373,274	407,041
\$	8,902,032	\$ 11,714,186	\$ 11,714,186	\$ 11,301,630	\$ 9,681,965

Schedule 4
Southeast Polk Community School District

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

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund:					
Nonspendable	\$ -	\$ -	\$ 11,295	\$ 958	\$ 1,851
Restricted	563,838	926,860	1,804,570	1,718,564	1,401,800
Assigned	-	-	-	-	-
Unassigned	(7,710,747)	(10,338,669)	(9,171,352)	(3,827,114)	(244,848)
Total General Fund	\$ (7,146,909)	\$ (9,411,809)	\$ (7,355,487)	\$ (2,107,592)	\$ 1,158,803
All other governmental funds:					
Nonspendable					
Special revenue funds	\$ -	\$ -	\$ 16	\$ -	\$ 350
Capital projects funds	-	-	-	-	-
Debt service fund	-	-	-	-	-
Restricted					
Debt service funds	1,506,862	2,546,215	3,659,545	3,922,021	4,364,262
Capital projects funds	22,947,999	2,509,347	1,178,584	894,891	9,260,416
Special revenue funds	1,313,713	1,307,275	769,064	1,010,259	1,268,349
Total all other governmental funds	\$ 25,768,574	\$ 6,362,837	\$ 5,607,209	\$ 5,827,171	\$ 14,893,377

Source: School District financial records.

	2014	2015	2016	2017	2018
\$	1,843	\$ 1,913	\$ 1,913	\$ 909	\$ 1,205
	1,422,660	1,828,433	1,828,433	1,292,406	1,150,367
	-	171,588	171,588	565,482	1,113,921
	4,264,585	7,226,923	7,226,923	13,724,658	15,534,247
\$	5,689,088	\$ 9,228,857	\$ 9,228,857	\$ 15,583,455	\$ 17,799,740
\$	825,225	\$ 798,262	\$ 798,262	\$ 121	\$ 3,937
	50,977	-	-	-	-
	-	-	-	78,500	-
	4,360,130	15,378,305	15,378,305	26,787,002	6,705,677
	2,985,412	8,953,292	8,953,292	4,933,399	5,050,726
	786,649	1,142,026	1,142,026	2,643,288	2,958,955
\$	9,008,393	\$ 26,271,885	\$ 26,271,885	\$ 34,442,310	\$ 14,719,295

Schedule 5
Southeast Polk Community School District

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

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

Source: School District financial records.

	2014	2015	2016	2017	2018
\$	2,475,516	\$ 2,622,484	\$ 2,622,484	\$ 2,546,771	\$ 2,716,985
	2,475,516	2,622,484	2,622,484	2,546,771	2,716,985
\$	45,073,192	\$ 51,065,918	\$ 51,065,918	\$ 54,187,709	\$ 53,795,838
	45,073,192	51,065,918	51,065,918	54,187,709	53,795,838
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
\$	31,261,192	\$ 32,220,900	\$ 32,220,900	\$ 33,827,878	\$ 34,343,125
	3,252,579	3,280,065	3,280,065	3,636,975	3,563,257
	2,049,941	2,120,198	2,120,198	2,853,621	3,191,952
	36,563,712	37,621,163	37,621,163	40,318,474	41,098,334
\$	84,112,420	\$ 91,309,565	\$ 91,309,565	\$ 97,052,954	\$ 97,611,157

Schedule 6
Southeast Polk Community School District

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

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Instruction	\$ 38,572,208	\$ 39,198,436	\$ 39,459,638	\$ 39,283,989	\$ 41,071,632	\$ 43,065,141
Student services	2,816,848	3,025,235	2,621,251	2,689,447	2,737,489	2,871,067
Instructional staff services	1,875,936	2,267,956	2,273,565	1,532,183	1,309,987	1,362,626
Administration services	8,059,093	8,280,473	8,732,892	9,001,087	9,534,684	8,552,424
Operation and maintenance of plant services	5,225,041	5,264,105	5,285,469	5,249,364	5,634,313	6,885,273
Pupil transportation services	2,631,804	2,887,338	2,768,595	3,185,624	2,741,957	3,050,661
Non-instructional programs	30,057	2,626	105,134	2,556	595	16,232
AEA Flowthrough	2,011,213	2,296,973	2,367,103	2,249,929	2,350,017	2,508,266
Capital outlay:						
Facilities acquisition/construction	20,104,947	21,349,750	10,453,313	2,890,364	3,184,608	8,066,239
Debt service:						
Principal	5,784,426	2,420,367	3,509,289	4,294,651	4,432,429	5,248,796
Interest	3,242,194	4,053,299	3,905,919	3,921,954	4,026,354	3,900,430
Total expenditures	\$ 90,353,767	\$ 91,046,558	\$ 81,482,168	\$ 74,301,148	\$ 77,024,065	\$ 85,527,155
Debt service as a percentage of noncapital expenditures	14.74%	10.24%	11.66%	13.00%	11.40%	11.91%

Source: School District financial records.

2015	2016	2017	2018
\$ 45,982,846	\$ 48,104,936	\$ 49,458,741	\$ 50,910,837
2,850,063	2,835,083	2,971,365	3,043,379
3,283,435	3,450,150	3,568,936	3,533,494
8,635,595	8,971,511	8,992,574	8,999,077
6,391,691	6,341,985	5,886,695	6,497,539
3,423,676	3,643,517	3,901,085	3,758,835
35,339	19,845	11,238	20,462
2,713,171	2,749,350	2,863,461	2,930,059
3,963,473	5,395,881	3,129,114	2,684,816
7,650,416	8,041,744	8,362,733	8,528,500
4,036,730	4,284,510	4,038,590	3,705,539
\$ 88,966,435	\$ 93,838,512	\$ 93,184,532	\$ 94,612,537
13.80%	14.03%	13.86%	13.31%

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				
	2009	2010	2011	2012	2013
Excess of revenues over (under) expenditures	\$ (21,819,897)	\$ (21,943,815)	\$ (8,071,508)	\$ 3,505,422	\$ 2,159,354
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	-	-
Issuance of revenue bonds	30,000,000	-	7,055,000	1,220,000	10,000,000
Issuance of bond anticipation notes	-	-	-	-	-
Refunding debt issued	-	-	-	-	-
Payment to refunding escrow agent	(752,422)	-	-	-	-
Premium on bonds/notes	87,506	-	7,228	31,817	126,932
Discount on bonds	-	-	(10,951)	-	-
Proceeds from sale of capital assets	16,125	22,415	41,295	-	46,315
Issuance of loans	1,185,000	250,128	2,330,000	685,000	-
Transfers in	10,993,594	4,495,832	7,208,008	4,741,656	4,264,948
Transfers out	(10,991,006)	(4,495,197)	(7,258,378)	(4,716,038)	(4,264,948)
Total other financing sources					
(uses)	30,538,797	273,178	9,372,202	1,962,435	10,173,247
Net change in fund balances	\$ 8,718,900	\$ (21,670,637)	\$ 1,300,694	\$ 5,467,857	\$ 12,332,601

Source: School District financial records.

2014	2015	2016	2017	2018
\$ (1,414,735)	\$ 2,343,130	\$ 2,343,130	\$ 3,868,422	\$ 2,998,620
-	-	-	-	-
-	6,515,000	6,515,000	-	-
-	-	-	-	-
-	35,205,000	35,205,000	-	-
-	(29,255,000)	(29,255,000)	-	(20,660,000)
-	5,648,200	5,648,200	-	-
-	-	-	-	-
11,036	275,558	275,558	212,981	15,837
-	70,373	70,373	-	-
4,780,663	4,653,042	4,653,042	4,696,613	4,623,994
(4,730,663)	(4,653,042)	(4,653,042)	(4,681,613)	(4,485,181)
61,036	18,459,131	18,459,131	227,981	(20,505,350)
\$ (1,353,699)	\$ 20,802,261	\$ 20,802,261	\$ 4,096,403	\$ (17,506,730)

Schedule 8
Southeast Polk Community School District

Financial Solvency Ratio
Last Ten Fiscal Years
(Unaudited)

School Year	Unassigned/Assigned General Fund Balance	Actual Revenues	Financial Solvency Ratio
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%
2015-2016	9,658,140	74,241,937	13.01%
2016-2017	13,724,658	77,966,056	17.60%
2017-2018	16,648,168	78,167,077	21.30%

Source: School District financial records.

Schedule 9
Southeast Polk Community School District

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

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
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
2016	1,048,456,935	447,157,719	141,937,221	2,887,268	1,634,664,607	20.65563
2017	1,119,463,863	453,108,105	189,659,744	2,890,972	1,759,340,740	20.31754
2018	1,184,526,767	464,230,719	188,535,024	2,915,048	1,834,377,462	19.48372

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					Polk County	Jasper County
	General Purposes	Capital Purposes	Debt Service	Management	Total		
2009	16.54210	1.00000	3.37366	0.93132	21.84708	10.12882	9.87429
2010	17.55346	1.00000	2.23909	1.03966	21.83221	11.38014	12.32563
2011	18.31204	1.00000	0.97475	1.51988	21.80667	11.36992	11.53823
2012	16.75529	1.00000	2.49606	1.40731	21.65866	11.36151	11.77629
2013	16.46265	1.00000	2.82991	1.36610	21.65866	11.36151	11.11455
2014	16.60243	1.00000	2.69013	1.36610	21.65866	11.49540	10.93621
2015	15.40696	1.00000	4.00264	1.24906	21.65866	11.72040	11.34590
2016	14.46045	1.00000	3.99974	1.19544	20.65563	11.86039	11.34586
2017	14.23641	1.00000	4.04921	1.03192	20.31754	11.86039	11.63697
2018	13.45569	1.00000	4.05000	0.97803	19.48372	11.86039	11.63697

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

Notes: Assessed value equals estimated actual value.

Overlapping Rates

Marion County	Community College	City of Altoona	City of Mitchellville	City of Pleasant Hill	City of Runnels
10.89144	0.56386	8.64369	13.58825	11.48208	8.97274
10.86049	0.56778	8.64369	14.36664	11.65000	11.01188
10.92291	0.56008	9.14369	14.73119	11.65006	11.00432
10.98648	0.58466	9.14369	14.72889	11.65000	10.89865
10.90229	0.58466	9.14369	14.79884	11.65600	10.92281
10.87081	0.69120	9.14369	14.39610	11.64997	10.84209
10.58730	0.65724	9.94369	13.99506	11.65000	11.16354
10.56813	0.67574	9.94369	13.99510	11.65000	11.25567
10.59298	0.72334	9.94369	13.88531	11.65000	11.77930
10.55713	0.67458	9.94369	13.85559	11.65000	11.78548

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Schedule 11
Southeast Polk Community School District

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

Taxpayer	2018			2009		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	\$ 113,853,108	1	6.21%	\$ 107,717,400	1	9.05%
MidAmerican Energy	87,834,720	2	4.79%	-	-	0.00%
Magellan Pipeline Co	62,799,396	3	3.42%	-	-	0.00%
Adventurelands/Amer Inc	25,563,171	4	1.39%	22,117,240	2	1.86%
Oneok North System LLC	21,175,701	5	1.15%	-	-	0.00%
Ziegler Realty LLC	11,835,636	6	0.65%	14,162,160	3	1.19%
Walmart Real Estate Business Trust	11,735,370	7	0.64%	12,973,300	4	1.09%
Iowa Cold Storage LLC	11,601,000	8	0.63%	9,770,900	6	0.82%
Menard Inc	10,346,310	9	0.56%	11,907,600	5	1.00%
Ironwood Apartments LC	8,555,003	10	0.47%	-	-	0.00%
Lowes Home Storage	-	-	0.00%	8,900,000	7	0.75%
Target Corp	-	-	0.00%	8,577,500	8	0.72%
Forget Properties	-	-	0.00%	7,522,500	9	0.63%
Bosselman Inc	-	-	0.00%	7,366,000	10	0.62%
Total	\$ 365,299,415		19.91%	\$ 211,014,600		17.73%

Source: Polk County Auditor/Assessor, State Auditor

Schedule 12
Southeast Polk Community School District

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2016	30,287,811	30,289,020	100.00%	-	30,289,020	100.00%
2017	31,731,860	31,739,342	100.02%	5,814	31,745,156	100.04%
2018	32,015,653	32,069,205	100.17%	5,373	32,074,578	100.18%

Source: School District financial records, Iowa Department of Management

Schedule 13
Southeast Polk Community School District

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Obligation Bonds	(1) Capital Loan Note	(2) Less: Amounts Available in Debt Service Fund	Total	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
2009	\$ 55,520,000	\$ 1,701,924	\$ 1,506,862	\$ 55,715,062	4.68%	2,011
2010	53,520,000	1,453,185	2,546,215	52,426,970	4.14%	1,639
2011	51,460,000	3,072,396	3,659,545	50,872,851	3.81%	1,585
2012	49,325,000	2,967,745	3,922,021	48,370,724	3.42%	1,468
2013	47,105,000	2,170,316	4,364,262	44,911,054	3.09%	1,336
2014	44,725,000	1,366,520	4,360,130	41,731,390	2.68%	1,219
2015	45,930,000	721,477	15,378,305	31,273,172	1.98%	898
2016	30,465,000	429,733	4,800,753	26,093,980	1.60%	740
2017	28,158,831	157,000	5,458,558	22,857,273	1.30%	N/A
2018	21,731,690	78,500	6,705,677	15,104,513	0.82%	N/A

Source: School District financial records, Iowa Department of Management, Census

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) Capital loan notes are paid from property taxes.

(2) The amount available in the debt service fund excludes unspent bond proceeds placed in debt service reserve accounts to crossover refund revenue bonds 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			
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%	2,657
2011	51,460,000	36,395,000	3,072,396	90,927,396	11.31%	2,833
2012	49,325,000	36,245,000	2,967,745	88,537,745	10.12%	2,687
2013	47,105,000	44,983,105	2,170,316	94,258,421	10.59%	2,803
2014	44,725,000	42,897,522	1,366,520	88,989,042	9.38%	2,600
2015	45,930,000	52,853,749	721,477	99,505,226	9.67%	2,858
2016	30,465,000	71,256,466	429,733	102,151,199	9.37%	2,895
2017	28,158,831	64,174,790	157,000	92,490,621	N/A	N/A
2018	21,731,690	40,353,254	78,500	62,163,444	N/A	N/A

Source: School District financial records, Iowa Tax Records, Census

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 6 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, 2018

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	\$ 246,308,000	8.14%	\$ 20,049,471
Jasper County	7,765,000	0.30%	23,295
Marion County	2,125,000	0.28%	5,950
Des Moines Area Community College	70,090,000	4.36%	3,055,924
City of Bondurant	8,175,000	0.01%	818
City of Des Moines	393,570,000	1.54%	6,060,978
City of Mitchellville	534,000	97.41%	520,169
City of Altoona	35,930,000	95.54%	34,327,522
City of Pleasant Hill	8,287,376	78.55%	6,509,734
City of Runnells	-	100.00%	-
Subtotal, overlapping debt			70,553,861
District direct debt			62,163,444
Total direct and overlapping debt			\$ 132,717,305

Source: Taxable value data used to estimate applicable percentages provided by PFM. 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)

	2009	2010	2011	2012
Debt limit	\$ 118,907,095	\$ 125,807,197	\$ 131,489,280	\$ 137,013,733
Total Debt applicable to limit	87,221,924	84,973,185	90,927,396	88,537,745
Legal debt margin	\$ 74,267,356	\$ 82,040,548	\$ 83,169,705	\$ 90,581,454
Total debt applicable to the limit as a percentage of debt limit	73.35%	67.54%	69.15%	64.62%

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)

Legal Debt Margin Calculation for Fiscal Year 2017

Actual assessed value (a)	<u>\$ 3,287,185,053</u>
Debt limit (5% of assessed value) (b)	<u>\$ 164,359,253</u>
Debt applicable to limit *	<u>57,778,500</u>
Legal debt margin	<u>\$ 106,580,753</u>

	2013	2014	2015	2016	2017	2018
\$	137,702,101	\$ 142,874,199	\$ 141,843,249	\$ 148,949,299	\$ 159,702,420	\$ 164,359,253
	94,258,421	88,989,042	99,505,226	102,151,199	92,490,621	57,778,500
\$	93,598,883	\$ 93,598,883	\$ 42,338,023	\$ 46,798,100	\$ 67,211,799	\$ 106,580,753
	68.45%	62.28%	70.15%	68.58%	57.91%	35.15%

Schedule 17
Southeast Polk Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bans/Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
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
2016	6,266,009	2,190,000	1,680,026	1.62
2017	6,505,503	2,705,000	4,033,603	0.97
2018	6,330,770	2,795,000	2,448,039	1.21

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)
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	32,099	804,207,699	42,477	25,054	6.3%
2012	32,945	874,963,955	45,222	26,558	5.2%
2013	33,623	889,728,088	45,075	26,462	4.6%
2014	34,230	948,564,688	46,861	27,712	4.3%
2015	34,811	1,029,145,784	47,863	29,564	3.6%
2016	35,281	1,090,554,642	49,729	30,911	3.9%
2017	N/A	N/A	N/A	N/A	3.1%
2018	N/A	N/A	N/A	N/A	2.5%

Notes:

N/A = not available.

(a) U.S. Bureau of Census

(b) Iowa Department of Revenue

(c) Iowa Workforce Development, Polk Co. based on June date in that fiscal year

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Schedule 19
Southeast Polk Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo & Co (a)	14,500	1	*	*	*	*
Unity Point/Iowa Health - Des Moines	8,026	2	*	*	*	*
State of Iowa (b)	7,600	3	*	*	*	*
Principal Financial Group	6,500	4	*	*	*	*
HyVee Food Stores, Inc	6,400	5	*	*	*	*
Nationwide/Allied Insurance	4,525	6	*	*	*	*
Des Moines Public Schools (c)	4,960	7	*	*	*	*
Mercy Medical Center - Des Moines	4,228	8	*	*	*	*
John Deere, Inc	3,089	9	*	*	*	*
Vermeer Manufacturing	2,500	10	*	*	*	*
Total	62,328	*	*	*	*	*

Total Employment ** *

Source: www.desmoinesmetro.com, School District Records

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. Direct count from Des Moines Schools.

* 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)**

	2009	2010	2011	2012	2013
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Assistant superintendent	1.0	1.0	1.0	1.0	1.0
Principals	11.0	12.0	11.0	11.0	11.0
Assistant principals	6.0	5.0	4.0	4.0	4.0
All other administrators	11.0	8.0	8.0	8.0	9.0
Total supervisory	30.0	27.0	25.0	25.0	26.0
Instruction:					
Regular program teachers	342.5	373.9	343.0	366.0	354.0
Special Education teachers	194.2	65.0	64.0	51.0	61.0
Instructional Coaches/PD Leads	0.0	0.0	0.0	0.0	0.0
Total instruction	536.7	438.9	407.0	417.0	415.0
Student services:					
Guidance counselors	19.0	19.0	19.0	18.0	17.0
Nurses/Nurse aides	13.7	13.5	13.5	12.0	13.5
Media Specialists/Media Clerks	16.3	12.5	12.5	12.0	5.0
Total student services	49.0	45.0	45.0	42.0	35.5
Support and administration:					
Clerical/secretarial/teacher aide/other support staff	45.9	52.5	55.6	164.5	165.5
Custodial and Maintenance	38.0	49.0	45.6	53.3	41.6
Food Service	35.4	36.5	39.6	35.8	37.2
Bus Drivers/Bus Aides/Crossing Guard	36.9	40.0	37.9	39.5	36.7
Total support and administration	156.2	178.0	178.7	293.0	281.0
Total	771.9	688.9	655.7	777.0	757.4

Source: District records.

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

2014	2015	2016	2017	2018	Percentage Change 2009-18
1.0	1.0	1.0	1.0	1.0	0.0%
1.0	1.0	1.0	1.0	1.0	0.0%
11.0	11.0	11.0	11.0	11.0	0.0%
4.0	4.0	4.0	4.0	4.0	-33.3%
8.0	8.0	7.0	7.0	7.0	-36.4%
25.0	25.0	24.0	24.0	24.0	-20.0%
370.9	369.1	372.6	373.1	368.9	7.7%
58.0	67.0	64.0	65.0	64.5	-66.8%
0.0	27.0	29.0	29.0	27.0	N/A
428.9	463.1	465.6	467.1	460.4	-14.2%
17.0	17.0	16.0	16.0	16.0	-15.8%
13.5	13.5	13.5	14.5	16.9	23.4%
3.0	3.0	7.7	7.7	7.7	-52.8%
33.5	33.5	37.2	38.2	40.6	-17.1%
157.3	148.4	184.5	189.0	198.8	333.1%
40.6	51.1	53.4	50.7	52.5	38.2%
35.0	36.5	39.4	37.6	38.6	9.0%
35.4	41.0	50.7	49.9	48.7	32.0%
268.3	276.9	328.0	327.2	338.6	116.8%
755.7	798.4	854.6	856.4	863.5	11.9%

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
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%
2016	6,801	76,116,377	11,192	8.41%
2017	6,797	77,654,095	11,425	3.41%
2018	6,843	79,115,662	11,562	1.20%

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
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%	463.10	14.33	29.10%
93,838,512	13,798	8.71%	465.60	14.61	27.80%
93,184,532	13,710	(0.64)%	467.10	14.55	28.98%
94,612,537	13,826	0.85%	460.40	14.86	28.48%

Schedule 22
Southeast Polk Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	2009	2010	2011	2012	2013	2014
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	399	409	400	341	333	353
Centennial (1968)						
Square feet	61,017	61,017	61,017	61,017	61,017	61,017
Capacity	630	630	630	630	630	630
Enrollment	509	516	486	419	430	402
Clay (2006)						
Square feet	79,738	79,738	79,738	79,738	79,738	79,738
Capacity	840	840	840	840	840	840
Enrollment	390	391	421	412	430	529
Delaware (1951)						
Square feet	65,641	65,641	65,641	65,641	65,641	65,641
Capacity	630	630	630	630	630	630
Enrollment	517	533	509	476	512	380
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	628	595	473	478	483	432
Mitchellville (1925)						
Square feet	45,293	45,293	45,293	45,293	45,293	45,293
Capacity	420	420	420	420	420	420
Enrollment	193	195	188	152	154	162
Runnells (2002)						
Square feet**	43,007	43,007	43,007	43,007	43,007	43,007
Capacity	400	400	400	400	400	400
Enrollment	217	243	221	230	225	255
Willowbrook (1991)						
Square feet	56,546	56,546	56,546	56,546	56,546	56,546
Capacity	630	630	630	630	630	630
Enrollment	477	466	413	438	459	465
Harbor (1997)						
Square feet	4,537	4,537	4,537	4,537	4,537	4,537
Capacity	454	454	454	454	454	454
Enrollment	51	49	49	-	-	-
Spring Creek 6th Grade Center:						
Southeast Polk Spring Creek (1992)						
Square feet	N/A	N/A	89,670	89,670	89,670	89,670
Capacity	N/A	N/A	950	950	950	950
Enrollment	N/A	N/A	480	518	487	512

2015	2016	2017	2018
64,104	64,104	64,104	64,104
630	630	630	630
371	381	396	372
61,017	61,017	61,017	61,017
630	630	630	630
405	422	398	392
79,738	79,738	79,738	79,738
840	840	840	840
576	585	562	579
65,641	65,641	65,641	65,641
630	630	630	630
369	418	395	373
63,204	63,204	63,204	63,204
630	630	630	630
426	451	441	441
50,799	50,799	50,799	50,799
540	540	540	540
184	195	217	217
43,007	43,007	43,007	43,007
400	400	400	400
271	286	288	288
56,546	56,546	56,546	56,546
630	630	630	630
492	510	511	510
-	-	-	-
-	-	-	-
-	-	-	-
89,670	89,670	89,670	89,670
950	950	950	950
456	483	577	588

Schedule 22
Southeast Polk Community School District

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

School	2009	2010	2011	2012	2013	2014
Junior High:						
Southeast Polk Junior High (1992)						
Square feet	89,670	89,670	N/A	N/A	N/A	N/A
Capacity	950	950	N/A	N/A	N/A	N/A
Enrollment	859	938	N/A	N/A	N/A	N/A
Southeast Polk Junior High (1963)						
Square feet	N/A	N/A	206,674	206,674	206,674	206,674
Capacity	N/A	N/A	1,800	1,800	1,800	1,800
Enrollment	N/A	N/A	1,011	939	977	974
Senior High:						
Southeast Polk Senior High (1963)						
Square feet	206,674	N/A	N/A	N/A	N/A	N/A
Capacity	1,800	N/A	N/A	N/A	N/A	N/A
Enrollment	1,700	N/A	N/A	N/A	N/A	N/A
Southeast Polk Senior High (2010)						
Square feet	N/A	430,227	430,227	430,227	430,227	430,227
Capacity	N/A	2,000	2,000	2,000	2,000	2,000
Enrollment	N/A	1,667	1,689	1,830	1,920	1,895
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	1,027,401	1,234,075	1,234,075	1,234,075	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

***District records, students in seats, bldg budgets for that fiscal year

2015	2016	2017	2018
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
1,002	1,055	1,033	1,072
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
1,967	2,089	2,041	2,114
16,384	16,384	16,384	16,384
8,033	8,033	8,033	8,033
1,235,044	1,235,044	1,235,044	1,235,044

Schedule 23
Southeast Polk Community School District

Certified Staff Salaries
Last Ten Fiscal Years
(Unaudited)

School Year	Minimum	Maximum	Average
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
2015-2016	\$44,567	\$77,579	\$61,355
2016-2017	\$45,436	\$79,027	\$63,277
2017-2018	\$45,743	\$79,538	\$64,702

Source: School District financial records.

Compliance

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Southeast Polk Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Indirect:				
U.S. Department of Agriculture:				
Iowa Department of Education:				
Child Nutrition Cluster Programs:				
School Breakfast Program	10.553	FY18 4552	\$ -	\$ 267,473
National School Lunch Program	10.555	FY18 4553	-	1,203,903
Commodities -DOD (Noncash)	10.555	FY18	-	105,999
Commodities (Noncash)	10.555	FY18	-	190,079
Special Milk Program	10.556	FY18	-	5,795
Child Nutrition Cluster Program Total			-	1,773,249
Total U.S. Department of Agriculture			-	1,773,249
U.S. Department of Education:				
Iowa Department of Education:				
Title I Grants to Local Educational Agencies	84.010	FY18 4501	-	569,211
Special Education - Grants to States IDEA, Part B	84.027	FY18 4525	-	773 (1)
Career and Technical Education - Basic Grants to States	84.048	FY18 4531	-	46,127
Title IIA Federal Teacher Quality Program	84.367	FY18 4643	-	124,243
Heartland Area Education Agency:				
Special Education - Grants to States IDEA, Part B	84.027	FY18 4521	-	312,431 (1)
Title III English Language Acquisition State Grants	84.365	FY18 4644	-	1,836
Total U.S. Department of Education			-	1,054,621
U.S. Department of Health and Human Services				
Iowa Department of Education:				
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY18 4577	-	466
Total Expenditures of Federal Awards			\$ -	\$ 2,828,336

(1) Total Special Education, IDEA Part B Cluster \$313,204

See notes to schedule of expenditures of federal awards.

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Southeast Polk Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of Southeast Polk Community School District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 3. Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Southeast Polk Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018**

Findings	Status	Corrective Action	
		Plan or Other Explanation	Reason For Recurrence
Material Weakness and Significant Deficiency Over Basic Financial Statements:			
2017-001 The District has inadequate segregation	Corrected		
2016-002 of duties over the payroll process.			
2015-002			
2014-003			
2017-002 The District has inadequate segregation	Not Corrected	See 2018-001	The District is in process of
of duties over the activities receipts.			evaluating changes to the current
			receipts process.
Other Findings Related to Required Statutory Reporting:			
IV-F-17 Board minutes and schedule of bills	Not Corrected	See IV-F-18	The District does not have a
IV-F-16 are not published timely.			formal process to ensure
IV-F-15			compliance.
IV-G-17 Errors in certified enrollment	Not Corrected	See IV-G-18	The District was not updated on
			a student's resident status.
IV-H-17 Errors in supplementary weighting	Corrected		



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

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

We have audited, 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, 2018, 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 17, 2018.

Our report included an emphasis of matter paragraph for the implementation of Governmental Accounting Standards Board Statement No. 75.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider 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, 2018 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

Moline, Illinois
December 17, 2018



Independent Auditor’s Report on Compliance For Each Major Federal Program and On Internal Control Over Compliance Required by the Uniform Guidance

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 *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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Bohnsack & Frommelt LLP

Moline, Illinois
December 17, 2018

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency identified?
- Noncompliance material to financial statements noted?

- Yes No
 Yes None Reported
 Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency identified?

- Yes No
 Yes None Reported

Type of auditor's report issued on compliance for major programs:

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Unmodified

- Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Child Nutrition Program Cluster:	
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

- Yes No

(Continued)

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No instances to report.

Significant Deficiencies:

2018-001

Finding: The District has insufficient segregation of duties over cash receipts at the high school for student activities.

Condition: Cash and checks are routed to an employee at the high school who reconciles receipts to supporting documentation, prepares the deposit, enters receipts into the general ledger and prepares reports to provide to club sponsors for review.

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 cash receipts function.

Recommendation: We recommend removing all access to cash and checks from the employee at the high school. Cash and checks should be scanned or deposited by those that initially collect the receipt. Only the supporting documentation should be routed to the employees that enter into the general ledger and reconcile. We suggest the District consider tamper proof bank bags for sponsors to use at the high school for preparing receipts for deposit.

Response and Corrective Action Plan: The District will evaluate current processes and realign duties where possible.

Part III: Findings and Questioned Costs for Federal Awards

Instances of noncompliance:

No instances to report.

Internal control deficiencies:

No instances to report.

Part IV: Other Findings Related to Statutory Reporting

IV-A-18 - Certified Budget: Expenditures for the year ended June 30, 2018 did not exceed the certified amended budget amounts.

IV-B-18 - Questionable Expenditures: No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-18 - 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.

(Continued)

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

IV-D-18 - Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Adam Krell, Board Member	Coaching	\$ 1,144
Jennifer Fischer, spouse of Board Member	Teaching	\$ 22,075

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

IV-E-18- Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-18 – 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.

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

Response: The District will attempt to provide the minutes and schedule of bills to be published in a timelier manner to comply with Chapter 279.35 of the Code of Iowa and maintain notice of meetings.

Conclusion: Response accepted.

IV-G-18- Certified Enrollment:

Finding: There were variances to the October 2017 certified enrollment.

Recommendation: We recommend the District review and verify enrollment data before the October 1st process.

Response and Corrective Action Plan: The District will review enrollment data prior to submission to ensure accuracy of the information certified to the Iowa Department of Education.

Conclusion: Response accepted.

IV-H-18 - Supplementary Weighting: No variances in the supplementary weighting data certified to the Iowa Department of Education were noted.

IV-I-18- 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.

(Continued)

Southeast Polk Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

IV-J-18 - Certified Annual Report: The certified annual report was certified timely to the Iowa Department of Education.

IV-K-18 - Categorical Funding: No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-L-18- 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, 2018, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$	4,030,731
Revenues/transfers in:			
Statewide sales and services tax revenue	6,330,770		
Other local revenues	205,181		
Investment earnings	22,298		6,558,249
			<hr/>
Expenditures/transfers out:			
Transfers out	4,406,681		
School infrastructure	1,799,225		6,205,906
			<hr/>
Ending balance		\$	<u>4,383,074</u>

For the year ended June 30, 2018, the District did not reduce tax levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-18 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, 2018**

Findings	Corrective Action Plan	Anticipated Date of Completion
Significant Deficiencies Over Basic Financial Statements:		
2018-001 The District has inadequate segregation of duties over the activities receipts.	See response and corrective action plan at 2018-001	2019 Kevin Baccam
Other Findings Related to Required Statutory Reporting:		
IV-F-18 Board minutes and schedule of bills are not published timely.	See response at IV-F-18	2019 Kevin Baccam
IV-G-18 Errors in certified enrollment	See response at IV-G-18	2019 Kevin Baccam

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