

# *Southeast Polk*

COMMUNITY SCHOOL DISTRICT  
PLEASANT HILL, IOWA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017





Comprehensive Annual Financial Report  
of the

Southeast Polk Community School District

Pleasant Hill, Iowa

For the Fiscal Year Ended June 30, 2017

Official Issuing Report

Kevin Baccam, Executive Director of Business Services

Office Issuing Report  
Business Services Office



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December 11, 2017

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, 2017.

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, 2017. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the single audit, including a schedule of findings and questioned costs and corrective action plans (if any) are included in the single audit compliance section of this report.

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

Dr. Dirk Halupnik, Superintendent • 8379 NE University Ave. • Pleasant Hill, IA 50327 • Phone: 515-967-4294 • Fax: 515-967-4257  
[www.southeastpolk.org](http://www.southeastpolk.org)

## **Profile of the Government**

The Southeast Polk Community School District was organized in May 1961. The District covers roughly 112 square miles and is made up of three major communities including Altoona, Mitchellville, and Runnells in Iowa. District boundaries also reach into much of Pleasant Hill and the east side of Des Moines. Although the District is primarily in Polk County, it also extends into parts of Marion and Jasper Counties. The District serves nearly 30,000 people residing in those communities. The District's budgeted enrollment (October 2015 count) for the 2016-2017 school year was 6,801, making it the 13<sup>th</sup> largest public school district in Iowa. Enrollment for October 2016 indicated a slight decline of nearly four student FTEs for a total budgeted enrollment of 6,797 for the 2017-2018 school year.

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 heating, ventilation, and air condition system was completely remodeled in the summer 2016 and 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 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).

Over the past several years we've seen the gap between the number of open enrolled-in students versus open enrolled-out students has narrowed. This was due to more stringent guidelines set forth by neighboring school districts. For the current 2017-2018 school year, we actually saw more open enrolled-out students than open enrolled-in students – something that hasn't happened in the District's history. This, however, seems to be temporary as we have now become net positive again per the October 2017 certified enrollment. Future kindergarten classes are expected to be around 500 students, and the average classroom size across all grade levels is about 23 students per class. The District will be working with a demographer this year to obtain updated enrollment projections for the next five years.

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 8<sup>th</sup> 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 hotel is being constructed with some 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. Cinemark Altoona and XD, a 12-plex movie theater, also joined the casino and amusement park in this area of the city when it opened in February 2016. This entertainment has perpetuated the recent opening of three additional hotels in the area. Finally, Facebook has completed two data centers, are in the process of completing their third and fourth data centers.

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 80<sup>th</sup> 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 high end apartments are being built north of Clay.

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 also recently approved to expand the Peter's Ridge development directly to the east of Four Mile Elementary with homes filling a niche in the \$190,000 to \$210,000 single-family home price range.

Other development areas in Southeast Polk include Mitchellville and Des Moines. In Mitchellville, Deer Run and Clark's Lake View developments on the city's northeast side are built out. In the District boundary located in Des Moines, a large six-building apartment complex was completed just east of Delaware Elementary School. Additionally, land on 34<sup>th</sup> Avenue SW south of Target leading into the Des Moines/Pleasant Hill city limits is currently being developed for single family homes. A new development is also currently being developed north of Copper Creek and NE 23<sup>rd</sup> 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 70<sup>th</sup> Street.

### **Major Initiatives**

The District completed Phase III of a capital improvements plans as the current school year began. These projects were approved by the Board in the November 2016 and included extending the parent drop-off lane at Runnells Elementary, upgrading to LED lighting at Spring Creek, junior high, and high school, enhancing the softball field lights, and remodeling the restrooms in Delaware, Four Mile, Altoona, and Centennial Elementary Schools and Spring Creek. When the Board approved Phase III projects in 2016, they also approved projects for Phase IV. At the time, Phase IV projects included LED lighting at the eight

elementary buildings and other auxiliary buildings and the expansion of the high school parking lot. These two projects as well as additional building security and building envelope repairs are anticipated to begin as soon as early Spring 2018.

The District plans to implement a one-to-one or 1:1 technology learning environment beginning with starting at the high school beginning the 2018-2019 school year. Each student will be 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 beginning August 2018.

Finally, the District's voter approved portion of the Physical Plant and Equipment Levy (PPEL) expires at the end of fiscal year 2020. In anticipation of this expiring levy and while analyzing the needs of the District, we will look to not only extend this levy for an additional ten years, but also we'll ask the voters to maximize the levy rate authorized under Iowa Code moving the total PPEL levy rate from \$1.00 to \$1.67 per thousand. The District's overall tax rate is not expected to increase even with this increase to the PPEL levy rate.

### **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, 2017 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 Uniform Guidance. 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 sixteenth 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, 2016. In addition, the Association of School Business Officials (ASBO) International also awarded a Certificate of Excellence in Financial Reporting to the District for the fifteenth year in a row for the CAFR for the fiscal year ended June 30, 2016. 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 2016 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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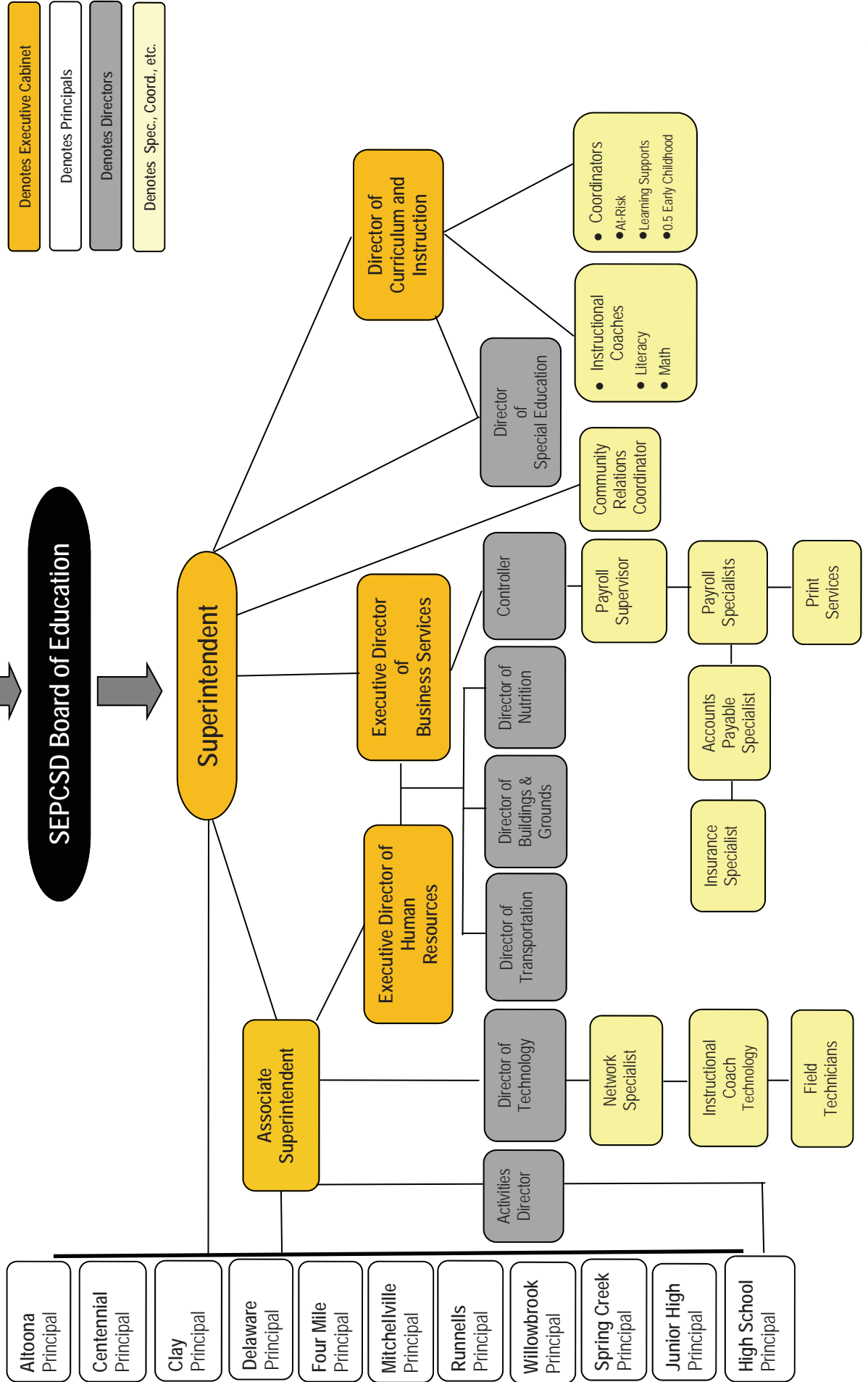
**Southeast Polk Community School District**

**Board of Education and School District Officials  
Year Ended June 30, 2017**

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	<u>Title</u>	<u>Term/Contract Expires</u>
<b>Board of Education:</b>		
Brett Handy	President	November, 2019
Gary Fischer	Vice-President	September, 2021
Adam Krell	Member	September, 2021
Tom Naeve	Member	November, 2019
Ric Powell	Member	September, 2021
Bill Puffett	Member	November, 2019
Lori Slings	Member	November, 2019
<b>District Administration:</b>		
Dirk Halupnik	Superintendent	June 30, 2018
Joe Horton	Associate Superintendent	June 30, 2018
Kevin Baccam	Executive Director of Business Services	June 30, 2018
Jo Ellen Latham	Director of Curriculum/Instruction	June 30, 2018
Margi Belger	Executive Director of Human Resources	June 30, 2018
Jacob Bartels	Associate Principal	June 30, 2018
Scott Bauer	Principal	June 30, 2018
Scott Belger	Assistant Principal	June 30, 2018
Jayson Campbell	Activities Director	June 30, 2018
Mike Dailey	Principal	June 30, 2018
Glenn Dietzenbach	Assistant Principal	June 30, 2018
Blake Kielman	Principal	June 30, 2018
Randy Mohning	Principal	June 30, 2018
Lea Morris	Principal	June 30, 2018
Mike Nicodemus	Principal	June 30, 2018
Robin Norris	Principal	June 30, 2018
Stephen Pettit	Principal	June 30, 2018
John Steffen	Assistant Principal	June 30, 2018
Steve Stotts	Principal	June 30, 2018
Lori Waddell	Principal	June 30, 2018
Kevin Walker	Principal	June 30, 2018

Administrative Structure



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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Southeast Polk Community  
School District, Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

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, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

**Anthony N. Dragona, Ed.D., RSBA**  
President

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

**John D. Musso, CAE, RSBA**  
Executive Director





## **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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, budgetary comparison information, schedule of the proportionate share of the net pension liability, and schedule of district contributions on pages 4-13 and 55-62 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 11, 2017 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 11, 2017

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## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2017**

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It is an honor to present to you the financial picture of Southeast Polk Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Southeast Polk Community School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

#### **FINANCIAL HIGHLIGHTS**

The District showed an increase in net position of \$11,301,630 and \$9,998,819 during the years ended June 30, 2017 and 2016, respectively.

Total revenues for the fiscal year ended June 30, 2017 and 2016 of \$101,759,275 and \$96,940,673 were comprised of general revenues in the amount of \$77,780,396 and \$73,504,153 and program revenues totaling \$23,978,879 and \$23,436,520, respectively.

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. As of June 30, 2016, the District's governmental funds reported combined fund balances of \$45,929,362, an increase of \$10,428,620 in comparison to 2015.

The Southeast Polk Community School District's total long-term debt decreased by \$175,685 during fiscal year ended June 30, 2017.

#### **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). 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.

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2017**

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**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.

**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.

## Southeast Polk Community School District

### Management's Discussion and Analysis Year Ended June 30, 2017

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, funding progress for the retiree health plan, and schedule of proportionate share of the net pension liability and schedule of contributions of the retirement system.

Required supplementary information can be found on pages 55 through 62 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 \$52,699,448 to \$64,001,078.

**Table 1 - Net Position**

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current and other assets	\$ 100,303,763	\$ 94,635,119	\$ 2,573,573	\$ 2,046,343	\$ 102,877,336	\$ 96,681,462
Capital assets	133,328,736	134,601,413	531,215	680,706	133,859,951	135,282,119
<b>Total assets</b>	<b>233,632,499</b>	<b>229,236,532</b>	<b>3,104,788</b>	<b>2,727,049</b>	<b>236,737,287</b>	<b>231,963,581</b>
Deferred outflows of resources	12,369,301	11,560,226	299,728	292,938	12,669,029	11,853,164
Noncurrent liabilities	131,522,346	131,769,271	1,340,990	1,105,400	132,863,336	132,874,671
Other liabilities	19,923,689	18,895,262	89,261	137,631	20,012,950	19,032,893
<b>Total liabilities</b>	<b>151,446,035</b>	<b>150,664,533</b>	<b>1,430,251</b>	<b>1,243,031</b>	<b>152,876,286</b>	<b>151,907,564</b>
Deferred inflows of resources	32,516,569	39,021,385	12,383	188,348	32,528,952	39,209,733
Net position:						
Net investment in capital assets	66,780,379	59,014,853	531,215	680,706	67,311,594	59,695,559
Restricted	10,051,620	9,101,745	-	-	10,051,620	9,101,745
Unrestricted	(14,792,803)	(17,005,758)	1,430,667	907,902	(13,362,136)	(16,097,856)
<b>Total net position</b>	<b>\$ 62,039,196</b>	<b>\$ 51,110,840</b>	<b>\$ 1,961,882</b>	<b>\$ 1,588,608</b>	<b>\$ 64,001,078</b>	<b>\$ 52,699,448</b>

A significant portion of the District's total assets reflects its investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's net position - net investment in capital assets, were \$67,311,594 for 2017 and \$59,695,559 for 2016. 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.

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2017**

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The restricted portion of the District's net position (15.7 percent for 2017 and 17.3 percent for 2016) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2017 include \$902,668 for physical plant and equipment levy, \$3,579,782 for school infrastructure, \$2,017,433 for management levy, \$1,633,476 for debt service, \$1,292,406 for categorical funding, and \$625,855 for student activities. The remaining balance of unrestricted net position is (\$13,362,136) for 2017.

The District's total net position increased by \$11,301,630 during the current fiscal year as compared to \$9,998,819 in 2016. The governmental activities net position increased by \$10,928,356 in 2017 and \$9,890,213 in 2016. The business-type activities, which include school nutrition and school store increased by \$373,274 in 2017 and increased by \$108,606 in 2016.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2017 and 2016. 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, 2017**

**Table 2 - Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenues:						
Program revenues:						
Charges for service and sales	\$ 6,294,504	\$ 6,174,664	\$ 2,698,790	\$ 2,693,789	\$ 8,993,294	\$ 8,868,453
Operating grants and contributions	13,195,579	12,867,803	1,790,006	1,700,264	14,985,585	14,568,067
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes and other taxes	40,416,076	38,497,070	-	-	40,416,076	38,497,070
State sources	36,905,872	34,887,030	-	-	36,905,872	34,887,030
Investment earnings	330,903	113,904	10,871	6,149	341,774	120,053
Other	116,674	-	-	-	116,674	-
<b>Total revenues</b>	<b>97,259,608</b>	<b>92,540,471</b>	<b>4,499,667</b>	<b>4,400,202</b>	<b>101,759,275</b>	<b>96,940,673</b>
Program expenses:						
Instruction	50,763,104	48,158,191	-	-	50,763,104	48,158,191
Support services	26,173,501	25,326,960	-	-	26,173,501	25,326,960
Noninstructional programs	11,238	-	-	-	11,238	-
Other	2,863,461	2,749,350	-	-	2,863,461	2,749,350
Depreciation unallocated	3,817,740	3,661,535	-	-	3,817,740	3,661,535
Interest on long-term debt	2,717,208	2,953,836	-	-	2,717,208	2,953,836
School nutrition	-	-	3,841,949	3,810,411	3,841,949	3,810,411
Community service	-	-	-	110	-	110
School store	-	-	269,444	281,461	269,444	281,461
<b>Total expenses</b>	<b>86,346,252</b>	<b>82,849,872</b>	<b>4,111,393</b>	<b>4,091,982</b>	<b>90,457,645</b>	<b>86,941,854</b>
<b>Excess of revenues over expenses before transfers</b>	<b>10,913,356</b>	<b>9,690,599</b>	<b>388,274</b>	<b>308,220</b>	<b>11,301,630</b>	<b>9,998,819</b>
Transfers	15,000	199,614	(15,000)	(199,614)	-	-
<b>Increase in net position</b>	<b>10,928,356</b>	<b>9,890,213</b>	<b>373,274</b>	<b>108,606</b>	<b>11,301,630</b>	<b>9,998,819</b>
Net position, beginning	51,110,840	41,220,627	1,588,608	1,480,002	52,699,448	42,700,629
Net position, ending	<b>\$ 62,039,196</b>	<b>\$ 51,110,840</b>	<b>\$ 1,961,882</b>	<b>\$ 1,588,608</b>	<b>\$ 64,001,078</b>	<b>\$ 52,699,448</b>

**GOVERNMENTAL ACTIVITIES**

Revenues for governmental activities were \$97,259,608 and expenses were \$86,346,252. 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 79.5 percent and 79.3 percent, respectively, of total revenues. Instruction constitutes the largest portion of expenditures at \$50,763,104 or 58.8 percent of total expenditures.

**Southeast Polk Community School District**

**Management’s Discussion and Analysis  
Year Ended June 30, 2017**

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, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Instruction	\$ 50,763,104	\$ 48,158,191	\$ 35,719,455	\$ 32,824,969
Support services	26,173,501	25,326,960	24,590,528	23,456,181
Noninstructional programs	11,238	-	11,238	-
Other	2,863,461	2,749,350	-	-
Depreciation unallocated	3,817,740	3,661,535	3,817,740	3,661,535
Interest on long-term debt	2,717,208	2,953,836	2,717,208	2,953,836
School nutrition	3,841,949	3,810,411	(377,762)	(286,607)
Community service	-	110	-	110
School store	269,444	281,461	359	(15,574)
<b>Total expenses</b>	<b>\$ 90,457,645</b>	<b>\$ 86,941,854</b>	<b>\$ 66,478,766</b>	<b>\$ 62,594,450</b>

Net cost of services is 73.5 percent of total cost of services in 2017 and 72.0 percent in 2016. The cost of governmental activities financed by users of the District’s programs was \$6,294,504 for 2017 and \$6,174,664 for 2016. Federal and state governments subsidized certain programs with grants and contributions totaling \$13,195,579 for 2017 and \$12,867,803 for 2016. The remaining net cost of the governmental activities was financed with property tax, state foundation aid and investment earnings.

Approximately 83.5 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 2013, 2014, 2015, 2016, and 2017 were established by the State as 2%, 2%, 4%, 1.25%, and 2.25%, 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 \$348,837 for fiscal year 2017.
- The primary source of revenue for the School Store fund is charges for the resale of service operations. The School Store fund had an increase in net position of \$1,596.

## Southeast Polk Community School District

### Management's Discussion and Analysis Year Ended June 30, 2017

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#### 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 \$50,025,765, an increase of \$4,096,403 in comparison with the prior year fund balance of \$45,929,362. The unassigned fund balance is \$13,724,658 for 2017 and \$9,658,140 for 2016. The majority of the remaining fund balance for 2017 is restricted to indicate that it is not available for new spending because it has already been restricted for other purposes, \$35,656,095.

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 \$13,724,658 for 2017 and \$9,658,140 for 2016, while total fund balance reached \$15,583,455 for 2017 and \$11,306,660 for 2016. 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 18.6 percent of total fund expenditures and total fund balance is 21.1 percent of total fund expenditures.

The fund balance of the District's General Fund increased by \$4,276,795 during June 30, 2017. Key factors in this increase are as follows:

- Use of the cash reserve levy in 2017.
- Cost avoidance measures including the installation of a district wide fiber optic network and the delay in the adoption and subsequent purchase of instructional materials.
- 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 decreased to \$4,933,399 in 2017 from \$5,685,228 in 2016. This decrease is due to the District expending the issuance of \$6,515,000 revenue bonds issued in the 2015 for capital projects.

The Debt Service Fund fund balance increased to \$26,865,502 in 2017 from \$26,680,808. This increase is due to interest earnings on the 2016 issuance of \$19,965,000 in refunding bonds to crossover refund the Series 2009 revenue bonds in 2018.

**Southeast Polk Community School District**

**Management’s Discussion and Analysis  
Year Ended June 30, 2017**

**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	Variance
	Original	Final	Expenditures/ Expenses	
Instruction	\$ 50,154,000	\$ 50,154,000	\$ 49,696,229	\$ 457,771
Support services	26,695,000	26,695,000	25,348,970	1,346,030
Noninstructional programs	3,842,000	3,900,000	3,854,420	45,580
Other	17,526,199	22,500,000	18,419,147	4,080,853
<b>Total</b>	<b>\$ 98,217,199</b>	<b>\$ 103,249,000</b>	<b>\$ 97,318,766</b>	<b>\$ 5,930,234</b>

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 \$1,422,168 for 2017. The decrease is due to depreciation expense exceeding capital asset additions.

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

	2017	2016
Land	\$ 3,441,947	\$ 3,503,506
Construction-in-progress	1,068,324	3,337,681
Buildings	116,330,224	118,164,172
Land improvements	8,262,763	5,059,458
Machinery and equipment	4,756,693	5,217,302
<b>Total</b>	<b>\$ 133,859,951</b>	<b>\$ 135,282,119</b>

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, 2017

#### Debt

As of June 30, 2017, the Southeast Polk Community School District had bonds and capital loan notes and notes payable outstanding totaling \$92,490,621 compared to \$102,151,199 as of June 30, 2016. In the current year, the District paid \$8,362,733 in principal and \$4,038,590 in interest on outstanding debt. During fiscal year 2016, the District issued \$19,965,000 revenue refunding bonds which will crossover refund \$20,660,000 of previously issued bonds on June 1, 2018. As of June 30, 2017, the District's available legal debt margin was \$67,211,799 compared to \$46,798,100 as of June 30, 2016.

**Table 5- Outstanding Long-Term Obligations**

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
General obligation bonds	\$ 25,080,000	\$ 30,465,000	\$ -	\$ -	\$ 25,080,000	\$ 30,465,000
Revenue bonds	67,253,621	71,256,466	-	-	67,253,621	71,256,466
Capital loan notes	157,000	404,612	-	-	157,000	404,612
Note payable	-	25,121	-	-	-	25,121
Net OPEB liability	7,920,005	6,844,049	326,932	300,723	8,246,937	7,144,772
Net pension liability	39,640,220	31,136,756	1,014,058	804,677	40,654,278	31,941,433
Compensated absences	157,787	136,635	3,496	3,395	161,283	140,030
<b>Total</b>	<b>\$ 140,208,633</b>	<b>\$ 140,268,639</b>	<b>\$ 1,344,486</b>	<b>\$ 1,108,795</b>	<b>\$ 141,553,119</b>	<b>\$ 141,377,434</b>

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

#### FACTORS BEARING ON THE DISTRICT'S FUTURE

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the state. The economic condition and outlook of the District has remained strong during the past ten years, following several years of very high economic growth and steady enrollment growth. The growth has had a positive effect on employment in the area and the District's tax base. The District's overall tax base increased at an average annual rate of over three percent over the past five years. The tax base increase from fiscal year 2017 to fiscal year 2018 is 3.9 percent. This is 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 will be moving to the regular valuation base.

The District's certified enrollment count as of October 2017 is 6,843 student FTEs. This is an increase of 46 student FTEs compared to the prior year. The District has engaged a demographer and will be able to better project student enrollment when the work is completed. There continues to be an increase in the number of multi and single family housing developments throughout Altoona, Pleasant Hill, Mitchellville, 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, 2017**

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State revenues continue to be relatively flat, net refunds, through November. Revenue projections recently established by the Revenue Estimating Conference in December 2017 estimates an increase of 4.0% for fiscal year 2019. Although slightly lower than projected, the State of Iowa's net receipts are showing growth of 5.91% YTD through December 13. Legislators approved a 1.11 percent increase in supplemental state aid for fiscal year 2018. 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 2019. It is believed that supplemental state aid will be set at a conservative rate for fiscal year 2019.

The District ended fiscal year 2017 with a positive solvency ratio of 19.1%. This is an increase from the previous year solvency ratio of 13.9%. Unspent spending authority rose to 7.8% from 4.9% from fiscal year 2016 to 2017. 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, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 37,228,387	\$ 2,399,055	\$ 39,627,442
Restricted cash, cash equivalents and investments	26,745,572	-	26,745,572
Receivables:			
Property taxes	32,133,939	-	32,133,939
Other	4,260,553	4,345	4,264,898
Prepaid expenses	79,530	318	79,848
Inventories	-	25,637	25,637
Internal balances	(144,218)	144,218	-
<b>Total current assets</b>	<b>100,303,763</b>	<b>2,573,573</b>	<b>102,877,336</b>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	3,441,947	-	3,441,947
Construction-in-progress	1,068,324	-	1,068,324
Depreciable:			
Buildings	156,572,302	-	156,572,302
Land improvements	13,402,414	-	13,402,414
Machinery and equipment	21,216,039	2,908,825	24,124,864
Accumulated depreciation	(62,372,290)	(2,377,610)	(64,749,900)
<b>Total noncurrent assets</b>	<b>133,328,736</b>	<b>531,215</b>	<b>133,859,951</b>
<b>Total assets</b>	<b>\$ 233,632,499</b>	<b>\$ 3,104,788</b>	<b>\$ 236,737,287</b>
<b>Deferred outflows of resources:</b>			
Deferral on refunding	\$ 202,252	\$ -	\$ 202,252
Pension related deferred outflows	12,167,049	299,728	12,466,777
<b>Total deferred outflows of resources</b>	<b>\$ 12,369,301</b>	<b>\$ 299,728</b>	<b>\$ 12,669,029</b>

See Notes to Basic Financial Statements.



	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 2,883,069	\$ 5,591	\$ 2,888,660
Salaries and benefits payable	7,094,772	3,018	7,097,790
Claims payable	684,412	-	684,412
Unearned revenue	162,146	77,156	239,302
Compensated absences	157,787	3,496	161,283
General obligation bonds	5,655,000	-	5,655,000
Revenue bonds	2,795,000	-	2,795,000
Capital loan notes	78,500	-	78,500
Accrued interest payable	413,003	-	413,003
<b>Total current liabilities</b>	<b>19,923,689</b>	<b>89,261</b>	<b>20,012,950</b>
Noncurrent liabilities:			
General obligation bonds	19,425,000	-	19,425,000
Revenue bonds	64,458,621	-	64,458,621
Capital loan notes	78,500	-	78,500
Net OPEB liability	7,920,005	326,932	8,246,937
Net pension liability	39,640,220	1,014,058	40,654,278
<b>Total noncurrent liabilities</b>	<b>131,522,346</b>	<b>1,340,990</b>	<b>132,863,336</b>
<b>Total liabilities</b>	<b>151,446,035</b>	<b>1,430,251</b>	<b>152,876,286</b>
Deferred inflows of resources:			
Succeeding year property taxes	32,015,637	-	32,015,637
Pension related deferred inflows	500,932	12,383	513,315
<b>Total deferred inflows of resources</b>	<b>32,516,569</b>	<b>12,383</b>	<b>32,528,952</b>
<b>Net Position</b>			
Net investment in capital assets	66,780,379	531,215	67,311,594
Restricted for:			
Categorical funding	1,292,406	-	1,292,406
Physical plant and equipment levy	902,668	-	902,668
School infrastructure	3,579,782	-	3,579,782
Debt service	1,633,476	-	1,633,476
Management levy	2,017,433	-	2,017,433
Student activities	625,855	-	625,855
Unrestricted	(14,792,803)	1,430,667	(13,362,136)
<b>Total net position</b>	<b>\$ 62,039,196</b>	<b>\$ 1,961,882</b>	<b>\$ 64,001,078</b>

**Southeast Polk Community School District**

**Statement of Activities  
Year Ended June 30, 2017**

Functions/Programs	Expenses	Charges for Services and Sales
Primary Government:		
Governmental activities:		
Instruction	\$ 50,763,104	\$ 6,239,183
Support services	26,173,501	55,321
Noninstructional programs	11,238	-
AEA flowthrough	2,863,461	-
Depreciation (unallocated)	3,817,740	-
Interest on long-term debt	2,717,208	-
<b>Total governmental activities</b>	<b>86,346,252</b>	<b>6,294,504</b>
Business-type activities:		
School nutrition	3,841,949	2,429,705
School store	269,444	269,085
<b>Total business-type activities</b>	<b>4,111,393</b>	<b>2,698,790</b>
<b>Total primary government</b>	<b>\$ 90,457,645</b>	<b>\$ 8,993,294</b>

General revenues and transfers:

General revenues:

- Property taxes for general purposes
- Property taxes for specific purposes
- Income surtax
- Statewide sales and services tax
- State foundation aid, unrestricted
- Revenue in lieu of taxes
- Investment earnings
- Gain on sale of capital assets

Transfers

**Total general revenues and transfers**

**Change in net position**

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ 8,804,466	\$ -	\$ (35,719,455)	\$ -	\$ (35,719,455)	
1,527,652	-	(24,590,528)	-	(24,590,528)	
-	-	(11,238)	-	(11,238)	
2,863,461	-	-	-	-	
-	-	(3,817,740)	-	(3,817,740)	
-	-	(2,717,208)	-	(2,717,208)	
13,195,579	-	(66,856,169)	-	(66,856,169)	
1,790,006	-	-	377,762	377,762	
-	-	-	(359)	(359)	
1,790,006	-	-	377,403	377,403	
\$ 14,985,585	\$ -	(66,856,169)	377,403	(66,478,766)	

20,899,173	-	20,899,173
10,845,982	-	10,845,982
2,279,360	-	2,279,360
6,391,561	-	6,391,561
35,940,865	-	35,940,865
965,007	-	965,007
330,903	10,871	341,774
116,674	-	116,674
15,000	(15,000)	-
77,784,525	(4,129)	77,780,396
10,928,356	373,274	11,301,630
51,110,840	1,588,608	52,699,448
\$ 62,039,196	\$ 1,961,882	\$ 64,001,078

## Southeast Polk Community School District

### Balance Sheet Governmental Funds June 30, 2017

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash, cash equivalents and investments	\$ 22,926,730	\$ 4,259,107	\$ 602,608	\$ 2,693,210	\$ 30,481,655
Restricted cash, cash equivalents and investments	-	586,486	26,159,086	-	26,745,572
Receivables:					
Property taxes	20,878,683	1,930,577	7,818,843	1,505,836	32,133,939
Income surtax	1,950,557	-	-	-	1,950,557
Due from other governments	1,603,425	677,013	-	-	2,280,438
Other	29,558	-	-	-	29,558
Prepaid items	909	-	78,500	121	79,530
<b>Total assets</b>	<b>\$ 47,389,862</b>	<b>\$ 7,453,183</b>	<b>\$ 34,659,037</b>	<b>\$ 4,199,167</b>	<b>\$ 93,701,249</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 1,810,570	\$ 459,920	\$ -	\$ 46,345	\$ 2,316,835
Salaries and benefits payable	7,089,496	-	-	5,276	7,094,772
Unearned revenue	158,001	-	-	4,145	162,146
<b>Total liabilities</b>	<b>9,058,067</b>	<b>459,920</b>	<b>-</b>	<b>55,766</b>	<b>9,573,753</b>
Deferred Inflows of Resources, unavailable revenue:					
Succeeding year property tax	20,797,783	1,924,327	7,793,535	1,499,992	32,015,637
Income surtax	1,950,557	-	-	-	1,950,557
Sales and services tax	-	135,537	-	-	135,537
<b>Total deferred inflows of resources</b>	<b>22,748,340</b>	<b>2,059,864</b>	<b>7,793,535</b>	<b>1,499,992</b>	<b>34,101,731</b>
Fund balances:					
Nonspendable, prepaid items	909	-	78,500	121	79,530
Restricted for:					
Categorical funding	1,292,406	-	-	-	1,292,406
Physical plant and equipment	-	902,668	-	-	902,668
School infrastructure	-	3,444,245	-	-	3,444,245
Debt service	-	586,486	26,787,002	-	27,373,488
Management levy	-	-	-	2,017,433	2,017,433
Student activities	-	-	-	625,855	625,855
Assigned for community programs	565,482	-	-	-	565,482
Unassigned	13,724,658	-	-	-	13,724,658
<b>Total fund balances</b>	<b>15,583,455</b>	<b>4,933,399</b>	<b>26,865,502</b>	<b>2,643,409</b>	<b>50,025,765</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 47,389,862</b>	<b>\$ 7,453,183</b>	<b>\$ 34,659,037</b>	<b>\$ 4,199,167</b>	<b>\$ 93,701,249</b>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2017**

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Total fund balances		\$ 50,025,765
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds		133,328,736
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		2,086,094
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	6,746,732	
Other current liabilities	<u>(1,250,646)</u>	5,496,086
Internal Service funds allocated to business-type activities		(144,218)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	12,167,049	
Deferred inflows of resources	<u>(500,932)</u>	11,666,117
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferral on refunding	202,252	
Accrued interest payable	(413,003)	
Compensated absences	(157,787)	
General obligation bonds, current	(5,655,000)	
General obligation bonds, noncurrent	(19,425,000)	
Premium on revenue bond issuance	(5,523,621)	
Revenue bonds, current	(2,795,000)	
Revenue bonds, noncurrent	(58,935,000)	
Capital loan notes, current	(78,500)	
Capital loan notes, noncurrent	(78,500)	
Net OPEB liability	(7,920,005)	
Net pension liability	<u>(39,640,220)</u>	(140,419,384)
<b>Net position of governmental activities</b>		<u><u>\$ 62,039,196</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, 2017

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes and local sources:					
Property taxes	\$ 20,899,173	\$ 1,851,120	\$ 7,495,365	\$ 1,499,497	\$ 31,745,155
Income surtax	2,082,723	-	-	-	2,082,723
Other local sources	1,318,817	26,660	-	236,984	1,582,461
Student activities	41,542	-	-	927,908	969,450
Investment earnings	84,299	20,145	186,202	11,064	301,710
Tuition/transportation	3,636,975	-	-	-	3,636,975
State sources:					
State foundation aid	35,940,865	-	-	-	35,940,865
Statewide sales services tax	-	6,505,503	-	-	6,505,503
Other state sources	11,414,891	55,068	222,837	48,545	11,741,341
Federal sources	2,546,771	-	-	-	2,546,771
<b>Total revenues</b>	<b>77,966,056</b>	<b>8,458,496</b>	<b>7,904,404</b>	<b>2,723,998</b>	<b>97,052,954</b>
Expenditures:					
Current:					
Instruction	47,869,446	41,655	-	1,547,640	49,458,741
Support services:					
Student services	2,896,931	-	-	74,434	2,971,365
Instructional support	3,520,393	-	-	48,543	3,568,936
General administration	1,128,211	-	-	58,777	1,186,988
School administration	3,945,430	-	-	74,269	4,019,699
Business and central admin	2,751,780	892,478	-	141,629	3,785,887
Plant operation and maintenance	5,518,579	41,475	-	326,641	5,886,695
Student transportation	3,224,390	622,611	-	54,084	3,901,085
Noninstructional programs	-	-	-	11,238	11,238
Other, AEA support	2,863,461	-	-	-	2,863,461
Capital outlay	-	3,129,114	-	-	3,129,114
Debt service:					
Principal	-	-	8,362,733	-	8,362,733
Interest and other charges	-	-	4,038,590	-	4,038,590
<b>Total expenditures</b>	<b>73,718,621</b>	<b>4,727,333</b>	<b>12,401,323</b>	<b>2,337,255</b>	<b>93,184,532</b>
<b>Excess (deficiency) of revenues (under) over expenditures</b>	<b>4,247,435</b>	<b>3,731,163</b>	<b>(4,496,919)</b>	<b>386,743</b>	<b>3,868,422</b>
Other financing sources (uses):					
Transfers in	15,000	-	4,681,613	-	4,696,613
Transfers (out)	-	(4,681,613)	-	-	(4,681,613)
Proceeds from capital assets	14,360	198,621	-	-	212,981
<b>Total other financing sources (uses)</b>	<b>29,360</b>	<b>(4,482,992)</b>	<b>4,681,613</b>	<b>-</b>	<b>227,981</b>
<b>Net change in fund balance</b>	<b>4,276,795</b>	<b>(751,829)</b>	<b>184,694</b>	<b>386,743</b>	<b>4,096,403</b>
Fund balances, beginning of year	11,306,660	5,685,228	26,680,808	2,256,666	45,929,362
Fund balances, end of year	\$ 15,583,455	\$ 4,933,399	\$ 26,865,502	\$ 2,643,409	\$ 50,025,765

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, 2017

Net change in fund balances - total governmental funds	\$	4,096,403
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	3,694,637	
Depreciation expense by function:		
Instruction	(87,389)	
Support services	(965,878)	
Unallocated	(3,817,740)	
Proceeds from sale of capital assets	(212,981)	
Gain on sale of capital assets	116,674	(1,272,677)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Sales tax	(113,942)	
Grants	(127,526)	
Income surtax	196,637	(44,831)
<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	8,362,733	
Amortization of premium	1,297,845	
Amortization of deferral on refunding	(25,820)	
Interest	49,357	9,684,115
<p>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.</p>		
		465,251
<p>Change in internal service funds allocation to business-type activities</p>		
		(22,841)
<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	(21,152)	
Change in liability for net OPEB liability:		
Instruction	(699,371)	
Support services	(376,585)	
Change in liability for net pension liability:		
Instruction	(619,089)	
Support services	(260,867)	(1,977,064)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>10,928,356</b>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Net Position  
Proprietary Funds  
June 30, 2017**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and investments	\$ 2,399,055	\$ 6,746,732
Prepaid expenses	318	-
Other receivables	4,345	-
Inventories	25,637	-
<b>Total current assets</b>	<b>2,429,355</b>	<b>6,746,732</b>
Noncurrent assets:		
Capital assets:		
Machinery and equipment	2,908,825	-
Less accumulated depreciation	(2,377,610)	-
<b>Total noncurrent assets</b>	<b>531,215</b>	<b>-</b>
<b>Total assets</b>	<b>2,960,570</b>	<b>6,746,732</b>
<b>Deferred outflows of resources,</b>		
Pension related deferred outflows	299,728	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	5,591	566,234
Salaries and benefits payable	3,018	-
Compensated absences	3,496	-
Claims payable	-	684,412
Unearned revenues	77,156	-
<b>Total current liabilities</b>	<b>89,261</b>	<b>1,250,646</b>
Noncurrent liabilities:		
Net OPEB liability	326,932	-
Net pension liability	1,014,058	-
<b>Total noncurrent liabilities</b>	<b>1,340,990</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,430,251</b>	<b>1,250,646</b>
<b>Deferred inflows of resources,</b>		
Pension related deferred inflows	12,383	-
<b>Net Position</b>		
Net investment in capital assets	531,215	-
Unrestricted	1,286,449	5,496,086
<b>Total net position</b>	<b>\$ 1,817,664</b>	<b>\$ 5,496,086</b>

See Notes to Basic Financial Statements.



**Southeast Polk Community School District**

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

**June 30, 2017**

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Total enterprise funds net position \$ 1,817,664

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.

144,218

**Net position of business-type activities**

\$ 1,961,882

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, 2017**

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Operating revenues:		
Food sales	\$ 2,427,812	\$ -
Charges for services	270,978	9,159,321
<b>Total operating revenues</b>	<b>2,698,790</b>	<b>9,159,321</b>
Operating expenses:		
Salaries	1,160,236	-
Employee benefits	477,209	-
Purchased services	134,993	613,221
Food consumed	1,815,361	-
Supplies	364,453	-
Depreciation	158,501	-
Claims and administration	-	8,110,042
Other	23,481	-
<b>Total operating expenses</b>	<b>4,134,234</b>	<b>8,723,263</b>
<b>Operating income (loss)</b>	<b>(1,435,444)</b>	<b>436,058</b>
Nonoperating revenues (expenses):		
Federal food commodities	294,191	-
Federal appropriations	1,464,033	-
State appropriations	31,782	-
Interest	10,871	29,193
<b>Total nonoperating revenues (expenses)</b>	<b>1,800,877</b>	<b>29,193</b>
<b>Income before transfers</b>	<b>365,433</b>	<b>465,251</b>
Transfers out	(15,000)	-
<b>Change in net position</b>	<b>350,433</b>	<b>465,251</b>
Net position, beginning of year	1,467,231	5,030,835
Net position, end of year	<b>\$ 1,817,664</b>	<b>\$ 5,496,086</b>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Reconciliation of the Change in Net Position of Enterprise Funds to the  
Statement of Activities  
Year Ended June 30, 2017**

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Net changes in net position in enterprise funds \$ 350,433

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.

22,841

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

\$ 373,274

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2017**

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	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,740,487	9,232,535
Payments to suppliers	(2,102,758)	(8,416,135)
Payments to employees	(1,591,339)	-
<b>Net cash provided by (used in) operating activities</b>	<u>(953,610)</u>	<u>816,400</u>
Cash flows from noncapital financial activities:		
Federal and state appropriations received	1,499,004	-
Payments to other funds	(15,000)	-
<b>Net cash provided by noncapital financing activities</b>	<u>1,484,004</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(9,821)	-
Proceeds from sale of capital assets	811	-
<b>Net cash (used in) capital and related financing activities</b>	<u>(9,010)</u>	<u>-</u>
Cash flows from investing activities, interest received	<u>10,871</u>	<u>29,193</u>
<b>Net increase in cash and cash equivalents</b>	532,255	845,593
Cash and cash equivalents, beginning of year	1,866,800	5,901,139
Cash and cash equivalents, end of year	<u>\$ 2,399,055</u>	<u>\$ 6,746,732</u>

(Continued)

**Southeast Polk Community School District**

**Statement of Cash Flows (Continued)**

**Proprietary Funds**

**Year Ended June 30, 2017**

	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)	(1,435,444)	436,058
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	158,501	-
Federal food commodities used	294,191	-
Change in assets and liabilities:		
Receivables	34,151	73,214
Prepaid expenses	17	-
Inventories	(9,491)	-
Accounts payable	(49,187)	320,151
Salaries and benefits payable	(6,830)	-
Compensated absences	101	-
Claims payable	-	(13,023)
Unearned revenue	7,546	-
Net pension liability	209,381	-
Deferred outflows of resources	(6,790)	-
Deferred inflows of resources	(175,965)	-
Net OPEB liability	26,209	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (953,610)</b>	<b>\$ 816,400</b>
Schedule of noncash items:		
Noncapital financing activities, federal commodities	\$ 294,191	\$ -

See Notes to Financial Statements.

**Southeast Polk Community School District**

**Statement of Assets and Liabilities  
Fiduciary Funds  
June 30, 2017**

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	<u>Agency</u>
<b>Assets</b>	
Cash, cash equivalents and investments	\$ 169,378
Accounts receivable	14
Total assets	<u>\$ 169,392</u>
<b>Liabilities</b>	
Accounts payable	\$ 926
Due to groups	168,452
Total liabilities	<u>\$ 169,378</u>

See Notes to Basic Financial Statements.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2017

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

##### Nature of operations:

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

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

##### Reporting entity:

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

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

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

**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, 2017

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#### 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, 2017

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#### 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, 2017

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#### 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 2016 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, 2017

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#### 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 \$677,013 from the state for the statewide sales and services tax, \$349,966 from the state for grant programs and \$1,253,459 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, 2017**

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**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, 2017

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

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

**Long-term obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

**Self-insurance:** The District is self-insured for health and dental benefits. The District's premiums and claims are accounted for in internal service funds. Premiums are charged by the internal service funds to operating funds based upon number of employees and selected coverage in each fund. There have been no significant reductions in insurance coverage for the District from the prior year.

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

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

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

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

**Committed:** Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

**Assigned:** Amounts the Board of Education intend to use for specific purposes. It is the District's policy that the authority to assign fund balances has been delegated to the Executive Director of Business Services by the Board of Education through the adoption of the budget.

**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, 2017

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

**Deferred outflows/inflows of resources:** In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources in the proprietary funds and government-wide statement of net position consist of unrecognized items not yet charged to pension expense, 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, grants and property tax. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the succeeding year property tax revenues remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which levied. Deferred inflows of resources in the proprietary funds and government-wide statements also include the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

**Net position:** In proprietary funds, fiduciary funds, and government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds of \$25,740,012.

Net position restricted through enabling legislation consists of \$902,668 for physical plant and equipment levy, \$3,579,782 for school infrastructure, and \$2,017,433 for management levy. All other restricted net position consists of \$1,292,406 for categorical funding, \$1,633,476 for required bond reserves and \$625,855 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, 2017

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

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

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

#### **Note 2. Budgetary and Budgetary Control**

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

#### **Note 3. Cash and Cash Equivalents and Investments**

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

**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, 2017.

**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, 2017 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, 2017.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

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**Note 4. Interfund Transfers**

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

	Transfers In	Transfers Out
Governmental activities:		
Major funds:		
General Fund	\$ 15,000	\$ -
Capital Projects Fund	-	4,681,613
Debt Service Fund	4,681,613	-
Business-type activities:		
Nonmajor funds:		
School Nutrition Fund	-	15,000
	<u>\$ 4,696,613</u>	<u>\$ 4,696,613</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District transferred \$15,000 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, 2017 was as follows:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Business-type activities:				
Capital assets, being depreciated, machinery and equipment	\$ 2,899,977	\$ 9,821	\$ 973	\$ 2,908,825
Accumulated depreciation, machinery and equipment	2,219,271	158,501	162	2,377,610
<b>Total capital assets, being     depreciation, net</b>	<u>\$ 680,706</u>	<u>\$ (148,680)</u>	<u>\$ 811</u>	<u>\$ 531,215</u>



**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

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

Capital asset activity of the governmental activities for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,503,506	\$ -	\$ 61,559	\$ 3,441,947
Construction-in-progress	3,337,681	2,615,107	4,884,464	1,068,324
<b>Total capital assets, not being depreciated</b>	<b>6,841,187</b>	<b>2,615,107</b>	<b>4,946,023</b>	<b>4,510,271</b>
Capital assets, being depreciated:				
Buildings	155,023,619	1,548,683	-	156,572,302
Land improvements	9,774,428	3,627,986	-	13,402,414
Machinery and equipment	20,776,141	787,325	347,427	21,216,039
<b>Total capital assets, being depreciated</b>	<b>185,574,188</b>	<b>5,963,994</b>	<b>347,427</b>	<b>191,190,755</b>
Accumulated depreciation:				
Buildings	36,859,447	3,382,631	-	40,242,078
Land improvements	4,714,970	424,681	-	5,139,651
Machinery and equipment	16,239,545	1,063,695	312,679	16,990,561
<b>Total accumulated depreciation</b>	<b>57,813,962</b>	<b>4,871,007</b>	<b>312,679</b>	<b>62,372,290</b>
<b>Total capital assets, being depreciated, net</b>	<b>127,760,226</b>	<b>1,092,987</b>	<b>34,748</b>	<b>128,818,465</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 134,601,413</b>	<b>\$ 3,708,094</b>	<b>\$ 4,980,771</b>	<b>\$ 133,328,736</b>

Depreciation was charged to the functions as follows:

Governmental activities:	
Instruction	\$ 87,389
Support services	965,878
Unallocated	3,817,740
<b>Total depreciation expense, governmental activities</b>	<b>\$ 4,871,007</b>
Business-type activities, school nutrition	\$ 158,501

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

**Note 6. Long-term Debt**

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

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Balances Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 30,465,000	\$ -	\$ 5,385,000	\$ 25,080,000	\$ 5,655,000
Revenue bonds	64,435,000	-	2,705,000	61,730,000	2,795,000
Premium on revenue bonds	6,821,466	-	1,297,845	5,523,621	-
Capital loan notes	404,612	-	247,612	157,000	78,500
Note payable	25,121	-	25,121	-	-
Net OPEB liability	6,844,049	1,075,956	-	7,920,005	-
Net pension liability	31,136,756	8,503,464	-	39,640,220	-
Compensated absences	136,635	157,787	136,635	157,787	157,787
<b>Total</b>	<b>\$ 140,268,639</b>	<b>\$ 9,737,207</b>	<b>\$ 9,797,213</b>	<b>\$ 140,208,633</b>	<b>\$ 8,686,287</b>
<b>Business-type activities:</b>					
Compensated absences	\$ 3,395	\$ 3,496	\$ 3,395	\$ 3,496	\$ 3,496
Net OPEB liability	300,723	26,209	-	326,932	-
Net pension liability	804,677	209,381	-	1,014,058	-
	<b>\$ 1,108,795</b>	<b>\$ 239,086</b>	<b>\$ 3,395</b>	<b>\$ 1,344,486</b>	<b>\$ 3,496</b>

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

In March 2015, the District issued \$9,295,000 General Obligation School Refunding Bonds, Series 2015B, with interest rates of 5.00 percent, to crossover advance refund on May 1, 2016, the District's outstanding \$4,405,000 of General Obligation School Bonds, Series 2007 and \$5,930,000 of General Obligation School Bonds, Series 2008 and to pay the costs of issuing the bonds.

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 on June 1, 2018. The proceeds after refunding expenses of \$21,880,055 were placed into an escrow for future payment of the bonds on the crossover date. The balance of the escrow as of June 30, 2017 is \$21,873,500 which is classified as restricted in the Debt Service Fund.

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. The Series 2009 bonds have an outstanding balance of \$22,075,000 which matures in remaining annual amounts ranging from \$1,360,000 to \$2,365,000 through June 1, 2029.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

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

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

Year ending June 30:	Interest Rates	\$25,910,000 Issued March 19, 2015		
		Principal	Interest	Total
2018	5.00	\$ 4,560,000	\$ 847,000	\$ 5,407,000
2019	5.00	2,835,000	619,000	3,454,000
2020	5.00	1,400,000	477,250	1,877,250
2021	5.00	1,475,000	407,250	1,882,250
2022	5.00	1,550,000	333,500	1,883,500
2023-2025	5.00	5,120,000	520,250	5,640,250
<b>Totals</b>		<b>\$ 16,940,000</b>	<b>\$ 3,204,250</b>	<b>\$ 20,144,250</b>

Year ending June 30:	Interest Rates	\$9,295,000 Issued March 19, 2015		
		Principal	Interest	Total
2018	5.00	\$ 1,095,000	\$ 407,000	\$ 1,502,000
2019	5.00	1,045,000	352,250	1,397,250
2020	5.00	1,000,000	300,000	1,300,000
2021	5.00	1,000,000	250,000	1,250,000
2022	5.00	1,000,000	200,000	1,200,000
2023-2025	5.00	3,000,000	300,000	3,300,000
<b>Totals</b>		<b>\$ 8,140,000</b>	<b>\$ 1,809,250</b>	<b>\$ 9,949,250</b>

Revenue bonds:

- On April 1, 2009, the District issued \$30,000,000 in revenue bonds for capital facility construction. The bonds bear interest at rates ranging from 4.00 percent to 5.25 percent and mature on June 1, 2029.
- On October 1, 2010, the District issued \$7,055,000 in revenue bonds for capital facility construction at Willowbrook Elementary, new baseball stadium, and Meacham Drive. The bonds bear interest at rates ranging from 2.00 percent to 4.00 percent and mature on December 1, 2029.
- On April 26, 2012, the District issued \$1,220,000 in revenue bonds for capital facility construction. The bonds bear interest at rates ranging from 2.00 percent to 4.00 percent and mature on June 1, 2022.
- On February 28, 2013, the District issued \$10,000,000 in revenue bonds for capital facility construction. The bonds bear interest at rates ranging from 2.00 to 2.80 percent and mature on June 1, 2029.
- On May 8, 2015, the District issued \$6,515,000 in revenue bonds for capital facility construction. The bonds bear interest rates ranging from 3.00 to 4.00 percent and mature on June 1, 2029.
- 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 2.250 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, 2017**

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**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 \$79,195,757. During the year ended June 30, 2017, principal and interest of \$5,211,350 was paid on the bonds and statewide sales, services and use tax revenues were \$6,505,503.

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, 2017, the reserve account balance was \$4,488,636.
- All proceeds from the statewide sales, services and use tax shall be placed in a revenue account. Monies in the revenue account shall first be disbursed to make deposits into the sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year. Monthly, 1/6<sup>th</sup> of the next interest payment and 1/12<sup>th</sup> of the next principal payment are to be deposited in to the sinking account. As of June 30, 2017, the sinking fund account balance was \$383,436.
- Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

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

Year ending June 30:	Issued April 1, 2009			Issued October 1, 2010		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,415,000	\$ 1,059,056	\$ 2,474,056	\$ 290,000	\$ 193,675	\$ 483,675
2019	1,475,000	988,306	2,463,306	295,000	184,975	479,975
2020	1,540,000	929,306	2,469,306	305,000	176,125	481,125
2021	1,610,000	863,856	2,473,856	315,000	166,213	481,213
2022	1,685,000	795,431	2,480,431	325,000	155,188	480,188
2023-2027	9,735,000	2,698,006	12,433,006	1,815,000	595,800	2,410,800
2028-2030	4,615,000	363,638	4,978,638	1,985,000	164,375	2,149,375
<b>Totals</b>	<b>\$22,075,000</b>	<b>\$ 7,697,599</b>	<b>\$ 29,772,599</b>	<b>\$ 5,330,000</b>	<b>\$ 1,636,351</b>	<b>\$ 6,966,351</b>

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

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

Year ending June 30:	Issued April 26, 2012			Issued February 28, 2013		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 135,000	\$ 20,228	\$ 155,228	\$ 565,000	\$ 181,768	\$ 746,768
2019	145,000	16,178	161,178	580,000	170,468	750,468
2020	135,000	12,553	147,553	590,000	158,868	748,868
2021	140,000	8,840	148,840	605,000	147,068	752,068
2022	145,000	4,640	149,640	620,000	134,968	754,968
2023-2027	-	-	-	3,400,000	464,475	3,864,475
2028-2029	-	-	-	1,530,000	63,930	1,593,930
<b>Totals</b>	<b>\$ 700,000</b>	<b>\$ 62,439</b>	<b>\$ 762,439</b>	<b>\$ 7,890,000</b>	<b>\$ 1,321,545</b>	<b>\$ 9,211,545</b>

Year ending June 30:	Issued May 28, 2015			Issued June 15, 2016		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 390,000	\$ 215,750	\$ 605,750	\$ -	\$ 777,562	\$ 777,562
2019	400,000	204,050	604,050	1,420,000	777,562	2,197,562
2020	415,000	188,050	603,050	1,495,000	706,562	2,201,562
2021	435,000	171,450	606,450	1,575,000	631,812	2,206,812
2022	450,000	171,450	621,450	1,660,000	631,812	2,291,812
2023-2027	2,535,000	485,450	3,020,450	9,565,000	1,530,813	11,095,813
2028-2029	1,145,000	63,350	1,208,350	4,250,000	192,150	4,442,150
<b>Totals</b>	<b>\$ 5,770,000</b>	<b>\$ 1,499,550</b>	<b>\$ 7,269,550</b>	<b>\$ 19,965,000</b>	<b>\$ 5,248,273</b>	<b>\$ 25,213,273</b>

**Capital Loan Notes:** Capital loan notes were issued in anticipation of future revenues and were used for capital building and equipment purchases and the cost of the Meacham Drive project including tunnel costs. 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
2018	\$ 78,500	\$ -	\$ 78,500
2019	78,500	-	78,500
<b>Totals</b>	<b>\$ 157,000</b>	<b>\$ -</b>	<b>\$ 157,000</b>

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

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

As of June 30, 2017, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 3,194,048,407</u>
Debt limit, 5% of total assessed valuation	\$ 159,702,420
Amount of debt applicable to debt limit, total indebtedness	<u>92,490,621</u>
<b>Excess of debt limit over debt outstanding, legal debt margin</b>	<u><b>\$ 67,211,799</b></u>

**Note 7. Other Postemployment Benefits**

Plan Description: The District operates a single-employer retiree benefit plan which provides health benefits, including prescription drugs, and dental benefits for retirees and their spouses and dependents. There are 751 active and 56 retired members in the plan. Participants must be age 55 or older at retirement. The District does not have a separate, audited GAAP-basis postemployment benefit plan report.

The health/prescription drug coverage is provided through a self-funded plan with stop-loss limits from Wellmark Blue Cross and Blue Shield. The dental benefit is administered by Delta Dental of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug, vision and dental benefits as active employees, which results in an implicit subsidy and an OPEB liability.

The District also has early retirement policies in place for employees. Certified employees with at least 15 years of service and classified employees with at least 15 years of service are eligible for the plan. When employees retire under the early retirement policies, the retirees are able to stay on the self-funded insurance plan. The District will contribute the single rate of coverage the last year of employment. This results in an explicit subsidy and an OPEB liability.

The District provides a subsidy to offset the cost of health premiums (medical, dental and vision) to eligible licensed and classified employees at retirement. Licensed employees receive the single premium in effect at retirement until the earliest of five years or age 65. Classified employees receive the single premium in effect at retirement until the earliest of five years or age 65.

Funding Policy: The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost is calculated based on the annual required contributions (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

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

The following table shows the components of the District's annual OPEB cost for June 30, 2017, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution, ARC	\$ 1,733,546
Interest on net OPEB obligation	321,515
Adjustment to annual required contribution	(285,123)
Annual OPEB cost	<u>1,769,938</u>
Contributions made	<u>667,773</u>
Increase in net OPEB obligation	1,102,165
Net OPEB obligation beginning of year	<u>7,144,772</u>
Net OPEB obligation end of year	<u><u>\$ 8,246,937</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as of July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017. For the year ended June 30, 2017, the District contributed \$667,773 to the plan. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 1,793,145	45.1%	\$ 6,204,350
June 30, 2016	1,895,592	50.4%	7,144,772
June 30, 2017	1,769,938	37.7%	8,246,937

As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$15,469,436 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$15,469,436. The covered payroll (annual payroll of active employees covered by the plan) was \$40,657,282, and the ratio of the UAAL to the covered payroll was 38.1 percent. As of June 30, 2017, there were no trust fund assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2017

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2016 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 8.5 percent. The ultimate medical trend rate is 4.5 percent. The medical trend rate is reduced .5 percent each year until reaching the 4.5 percent ultimate trend rate. Both rates include a 0% inflation rate assumption.

Mortality rates are from the RP-2014 Headcount-Weighted Combined Healthy Mortality Table projected generationally with scale MP-2016. The salary increase rate was assumed to be 3.5 percent per year. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

#### Note 8. Retirement System

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](http://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, 2017**

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**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 2017, 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, 2017 were \$4,302,660.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a liability of \$40,654,278 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District’s proportion was 0.6459914 percent, which was a decrease of .0005326 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$5,209,244. At June 30, 2017, 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	\$ 359,304	\$ 485,192
Changes of assumptions	620,259	-
Net difference between projected and actual earnings on pension plan investments	5,791,949	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,392,605	28,123
District contributions subsequent to the measurement date	4,302,660	-
<b>Total</b>	<b>\$ 12,466,777</b>	<b>\$ 513,315</b>

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

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**Note 8. Retirement System (Continued)**

\$4,302,660 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, 2018. 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,	
2018	\$ 1,170,867
2019	1,170,867
2020	3,451,077
2021	1,866,965
2022	(8,974)
Total	<u>\$ 7,650,802</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2010)	4.00 percent to 17.00 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan, investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00 percent per annum, based on 3.00 percent inflation and 1.00 percent real wage inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

**Southeast Polk Community School District**

**Notes to Basic Financial Statements**  
**Year Ended June 30, 2017**

**Note 8. Retirement System (Continued)**

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	28%	1.90%
Domestic equity	24%	5.85%
International equity	16%	6.32%
Private equity/debt	11%	10.31%
Real estate	8%	3.87%
Credit opportunities	5%	4.48%
U.S. TIPS	5%	1.36%
Other real assets	2%	6.42%
Cash	1%	-0.26%
<b>Total</b>	<b>100%</b>	

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 65,773,120	\$ 40,654,278	\$ 19,453,646

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2017

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#### 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](http://www.ipers.org).

Payables to the Pension Plan – At June 30, 2017, the District reported payables to the defined benefit pension plan of \$388,666 for legally required employer contributions and \$258,966 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

#### Note 9. Risk Management

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

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

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

Changes in the balances of claims payable during the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Claims payable, beginning of year	\$ 708,333	\$ 648,073
Incurred claims (including IBNR and changes in estimates)	6,820,195	5,572,979
Claim payments	6,844,116	5,512,719
Claims payable, end of year	<u>\$ 684,412</u>	<u>\$ 708,333</u>

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

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2017

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#### 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 \$2,863,461 for the year ended June 30, 2017 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

#### Note 11. Contingencies

As of June 30, 2017, 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, 2017 relating to restroom remodels, drop off lanes, and lighting. The construction commitments for these projects total \$1,691,629, of which \$1,038,724 has been paid leaving \$652,905 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, 2017 is comprised of the following programs:

Program:	Amount
Home School Assistance	\$ 142,673
At-risk	483
Talented and Gifted	109,507
Teacher Mentoring	153,904
Teacher Salary Supplement	272,863
REAP	40
School Ready Children	9,095
Empowerment	7,200
Early Reader	249,799
Professional development	346,842
	<u>\$ 1,292,406</u>

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2017

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#### 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, 2017 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	\$ 457,431
City of Mitchellville, Iowa	Urban renewal and economic development projects	14,711
City of Pleasant Hill, Iowa	Urban renewal and economic development projects	5,613

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, 2017, this reimbursement amounted to \$174,313.

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

The District adopted the following statements during the year ended June 30, 2017:

*GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:* This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

*GASB Statement No. 77, Tax Abatement Disclosures:* This Statement is intended to provide additional information about tax abatements to the public to further the ability to assess how tax abatements affect the District's financial position and results of operations, including the District's ability to raise revenue sources in the futures. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

*GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans:* The objective of this Statement is to address the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions* to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provided defined benefit pensions to both employees of state and local governments and to employees who are not state or local governmental employees, and (3) has no predominate stator or local government employer.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2017

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

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*: This Statement amends the blending requirements for the for the financial statement presentation of component units of state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

The implementation of the above statements did not have a material impact to the District's financial statements.

As of June 30, 2017, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2018. This Statement replaces the requirements of *Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and *No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the District beginning with its year ending June 30, 2018. 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.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, issued March 2016, will be effective for the District beginning with its year ending June 30, 2018. 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. 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.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2017

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

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.

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. 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*, issued May 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for in substance defeasance by providing guidance in transactions in which cash and other monetary assets acquired with only existing resources, resources other than those from proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also provides guidance on prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021. This Statement requires 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 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.

The District's management has determined the implementation of GASB Statement No. 75 will have a significant impact on the District's financial statements. The effect the other GASB Statements will have on the District's financial statements has not yet been determined.



## **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, 2017**

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	\$ 40,318,474	\$ 2,709,661
State sources	54,187,709	31,782
Federal sources	2,546,771	1,758,224
<b>Total revenues</b>	<u>97,052,954</u>	<u>4,499,667</u>
Expenditures/expenses:		
Instruction	49,458,741	237,488
Support services	25,320,655	28,315
Noninstructional programs	11,238	3,843,182
Other expenditures	18,393,898	25,249
<b>Total expenditures/expenses</b>	<u>93,184,532</u>	<u>4,134,234</u>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<u>3,868,422</u>	<u>365,433</u>
Other financing sources (uses):		
Transfers in	4,696,613	-
Transfers (out)	(4,681,613)	(15,000)
Sale of capital assets	212,981	-
<b>Total other financing sources (uses)</b>	<u>227,981</u>	<u>(15,000)</u>
<b>Net change in fund balance</b>	4,096,403	350,433
Balance, beginning of year	45,929,362	1,467,231
Balance, end of year	<u>\$ 50,025,765</u>	<u>\$ 1,817,664</u>

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 43,028,135	\$ 42,036,782	\$ 42,036,782	\$ 991,353
54,219,491	54,411,988	54,411,988	(192,497)
4,304,995	4,238,000	4,238,000	66,995
<u>101,552,621</u>	<u>100,686,770</u>	<u>100,686,770</u>	<u>865,851</u>
49,696,229	50,154,000	50,154,000	457,771
25,348,970	26,695,000	26,695,000	1,346,030
3,854,420	3,842,000	3,900,000	45,580
18,419,147	17,526,199	22,500,000	4,080,853
<u>97,318,766</u>	<u>98,217,199</u>	<u>103,249,000</u>	<u>5,930,234</u>
<u>4,233,855</u>	<u>2,469,571</u>	<u>(2,562,230)</u>	<u>6,796,085</u>
4,696,613	4,718,333	4,718,333	(21,720)
(4,696,613)	(4,718,333)	(4,718,333)	21,720
212,981	-	-	212,981
<u>212,981</u>	<u>-</u>	<u>-</u>	<u>212,981</u>
4,446,836	2,469,571	(2,562,230)	7,009,066
47,396,593	47,396,593	47,396,593	-
<u>\$ 51,843,429</u>	<u>\$ 49,866,164</u>	<u>\$ 44,834,363</u>	<u>\$ 7,009,066</u>

**Southeast Polk Community School District**

**Required Supplementary Information**

**Schedule of Funding Progress for the Retiree Health Plan (In Thousands)**

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Year Ended June 30:	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2013	7/1/2012	\$ -	\$ 13,782	\$ 13,782	0.00%	\$ 39,900	34.54%
2014	7/1/2012	-	13,782	13,782	0.00%	40,998	33.62%
2015	7/1/2014	-	16,266	16,266	0.00%	35,164	46.26%
2016	7/1/2014	-	16,266	16,266	0.00%	46,392	35.06%
2017	7/1/2016	-	15,469	15,469	0.00%	40,657	38.05%

See Note 7 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

**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 Three Fiscal Years**

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	2017*	2016*	2015*
District's proportion of the net pension liability	0.6459914%	0.646524%	0.624299%
District's proportionate share of the net pension liability	\$ 40,654,278	\$ 31,941,433	\$ 24,759,097
District's covered-employee payroll	\$ 46,392,195	\$ 44,298,855	\$ 40,874,017
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.63%	72.10%	60.57%
Plan fiduciary net pension as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

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**

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	2017	2016	2015	2014
Statutorily required contribution	\$ 4,303	\$ 4,140	\$ 3,956	\$ 3,650
Contributions in relation to the statutorily required contribution	\$ (4,303)	\$ (4,140)	\$ (3,956)	\$ (3,650)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 48,182	\$ 46,392	\$ 44,299	\$ 40,874
Contributions as a percentage of covered-employee payroll	8.93%	8.92%	8.93%	8.93%

See Notes to Required Supplementary Information.

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	2013		2012		2011		2010		2009		2008
\$	3,437	\$	3,164	\$	2,729	\$	2,577	\$	2,343	\$	2,015
\$	(3,437)	\$	(3,164)	\$	(2,729)	\$	(2,577)	\$	(2,343)	\$	(2,015)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	39,642	\$	39,222	\$	39,267	\$	38,731	\$	36,898	\$	33,302
	8.67%		8.07%		6.95%		6.65%		6.35%		6.05%

## **Southeast Polk Community School District**

### **Notes to Required Supplementary Information Year Ended June 30, 2017**

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#### **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. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$5,031,801.

#### **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.

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

##### Changes of assumptions:

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

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



**Southeast Polk Community School District**

**Notes to Required Supplementary Information  
Year Ended June 30, 2017**

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**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**

**Southeast Polk Community School District**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	Special Revenue		
	Management	Student Activity	Total
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 2,029,025	\$ 664,185	\$ 2,693,210
Receivables:			
Property taxes	1,505,836	-	1,505,836
Prepaid items	-	121	121
<b>Total assets</b>	<b>\$ 3,534,861</b>	<b>\$ 664,306</b>	<b>\$ 4,199,167</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 17,401	\$ 28,944	\$ 46,345
Salaries and benefits payable	35	5,241	5,276
Unearned revenue	-	4,145	4,145
<b>Total liabilities</b>	<b>17,436</b>	<b>38,330</b>	<b>55,766</b>
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,499,992	-	1,499,992
Fund balances:			
Nonspendable, prepaid items	-	121	121
Restricted	2,017,433	625,855	2,643,288
<b>Total fund balances</b>	<b>2,017,433</b>	<b>625,976</b>	<b>2,643,409</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,534,861</b>	<b>\$ 664,306</b>	<b>\$ 4,199,167</b>

**Southeast Polk Community School District**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2017**

	Special Revenue		Total
	Management	Student Activity	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,499,497	\$ -	\$ 1,499,497
Other local sources	3,975	233,009	236,984
Student activities	-	927,908	927,908
Investment earnings	7,890	3,174	11,064
State sources, other state sources	48,545	-	48,545
<b>Total revenues</b>	<b>1,559,907</b>	<b>1,164,091</b>	<b>2,723,998</b>
Expenditures:			
Current:			
Instruction	538,014	1,009,626	1,547,640
Support services:			
Student services	74,434	-	74,434
Instructional support	48,432	111	48,543
General administration	58,663	114	58,777
School administration	74,269	-	74,269
Business and central administration	133,547	8,082	141,629
Plant operation and maintenance	325,731	910	326,641
Student transportation	33,565	20,519	54,084
Noninstructional programs	9,395	1,843	11,238
<b>Total expenditures</b>	<b>1,296,050</b>	<b>1,041,205</b>	<b>2,337,255</b>
<b>Change in fund balances</b>	<b>263,857</b>	<b>122,886</b>	<b>386,743</b>
Fund balances, beginning of year	1,753,576	503,090	2,256,666
Fund balances, end of year	\$ 2,017,433	\$ 625,976	\$ 2,643,409

**Southeast Polk Community School District**

**Schedule of Combining Balance Sheet-  
Capital Projects Fund, By Account  
June 30, 2017**

	<u>Capital Projects Fund Accounts</u>		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 920,994	\$ 3,338,113	\$ 4,259,107
Restricted cash and investments	-	586,486	586,486
Receivables:			
Property taxes	1,930,577	-	1,930,577
Due from other governments	-	677,013	677,013
<b>Total assets</b>	<b>\$ 2,851,571</b>	<b>\$ 4,601,612</b>	<b>\$ 7,453,183</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 24,576	\$ 435,344	\$ 459,920
<b>Total liabilities</b>	<b>24,576</b>	<b>435,344</b>	<b>459,920</b>
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,924,327	-	1,924,327
Sales and services tax	-	135,537	135,537
<b>Total deferred inflows of resources</b>	<b>1,924,327</b>	<b>135,537</b>	<b>2,059,864</b>
Fund balances:			
Restricted for:			
Physical plant and equipment	902,668	-	902,668
Debt service	-	586,486	586,486
School infrastructure	-	3,444,245	3,444,245
<b>Total fund balances</b>	<b>902,668</b>	<b>4,030,731</b>	<b>4,933,399</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,851,571</b>	<b>\$ 4,601,612</b>	<b>\$ 7,453,183</b>

**Southeast Polk Community School District**

**Schedule of Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance-Capital Projects Fund, By Account  
Year Ended June 30, 2017**

	Capital Projects Fund Accounts		
	Physical Plant and Equipment	Statewide Sales and Services Tax	Total
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,851,120	\$ -	\$ 1,851,120
Investment earnings	4,419	15,726	20,145
Other local sources	25,917	743	26,660
State sources:			
Statewide sales and services tax	-	6,505,503	6,505,503
Other state sources	55,068	-	55,068
<b>Total revenues</b>	<b>1,936,524</b>	<b>6,521,972</b>	<b>8,458,496</b>
Expenditures:			
Current:			
Instruction	41,655	-	41,655
Support services:			
Business and central administration	889,978	2,500	892,478
Plant operation and maintenance	41,475	-	41,475
Student transportation	622,611	-	622,611
Capital outlay	543,607	2,585,507	3,129,114
<b>Total expenditures</b>	<b>2,139,326</b>	<b>2,588,007</b>	<b>4,727,333</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(202,802)</b>	<b>3,933,965</b>	<b>3,731,163</b>
Other financing sources (uses):			
Transfers (out)	(277,223)	(4,404,390)	(4,681,613)
Proceeds from capital assets	198,621	-	198,621
<b>Total other financing sources (uses)</b>	<b>(78,602)</b>	<b>(4,404,390)</b>	<b>(4,482,992)</b>
<b>Net change in fund balance</b>	<b>(281,404)</b>	<b>(470,425)</b>	<b>(751,829)</b>
Fund balance, beginning of year	1,184,072	4,501,156	5,685,228
Fund balance, end of year	\$ 902,668	\$ 4,030,731	\$ 4,933,399

Southeast Polk Community School District

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2017

	School Nutrition	School Store	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 2,014,468	\$ 384,587	\$ 2,399,055
Prepaid expenses	-	318	318
Other receivables	4,345	-	4,345
Inventories	25,637	-	25,637
<b>Total current assets</b>	<u>2,044,450</u>	<u>384,905</u>	<u>2,429,355</u>
Noncurrent assets, capital assets:			
Machinery and equipment	2,908,825	-	2,908,825
Less accumulated depreciation	(2,377,610)	-	(2,377,610)
<b>Total noncurrent assets</b>	<u>531,215</u>	<u>-</u>	<u>531,215</u>
<b>Total assets</b>	<u>\$ 2,575,665</u>	<u>\$ 384,905</u>	<u>\$ 2,960,570</u>
<b>Deferred outflows of resources,</b>			
Pension related deferred outflows	299,728	-	299,728
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4,103	1,488	5,591
Salaries and benefits payable	1,681	1,337	3,018
Compensated absences	3,496	-	3,496
Unearned revenue	66,556	10,600	77,156
Long-term liabilities:			
Net OPEB liability	326,932	-	326,932
Net pension liability	1,014,058	-	1,014,058
<b>Total liabilities</b>	<u>1,416,826</u>	<u>13,425</u>	<u>1,430,251</u>
<b>Deferred inflows of resources,</b>			
Pension related deferred inflows	12,383	-	12,383
<b>Net Position</b>			
Net investment in capital assets	531,215	-	531,215
Unrestricted	914,969	371,480	1,286,449
<b>Total net position</b>	<u>\$ 1,446,184</u>	<u>\$ 371,480</u>	<u>\$ 1,817,664</u>



**Southeast Polk Community School District**

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

**Nonmajor Enterprise Funds**

**Year Ended June 30, 2017**

	School Nutrition	School Store	Total
Operating revenues:			
Food sales	\$ 2,427,812	\$ -	\$ 2,427,812
Other charges for services	1,893	269,085	270,978
<b>Total operating revenues</b>	<u>2,429,705</u>	<u>269,085</u>	<u>2,698,790</u>
Operating expenses:			
Salaries	1,143,118	17,118	1,160,236
Employee benefits	474,409	2,800	477,209
Purchased services	114,872	20,121	134,993
Food consumed	1,815,361	-	1,815,361
Supplies	158,529	205,924	364,453
Depreciation	158,501	-	158,501
Other	-	23,481	23,481
<b>Total operating expenses</b>	<u>3,864,790</u>	<u>269,444</u>	<u>4,134,234</u>
<b>Operating (loss)</b>	<u>(1,435,085)</u>	<u>(359)</u>	<u>(1,435,444)</u>
Nonoperating revenues (expenses):			
Federal food commodities	294,191	-	294,191
Federal appropriations	1,464,033	-	1,464,033
State appropriations	31,782	-	31,782
Interest	8,916	1,955	10,871
<b>Total nonoperating revenues (expenses)</b>	<u>1,798,922</u>	<u>1,955</u>	<u>1,800,877</u>
<b>Income before transfers</b>	363,837	1,596	365,433
Transfers out	(15,000)	-	(15,000)
<b>Change in net position</b>	<u>348,837</u>	<u>1,596</u>	<u>350,433</u>
Net position, beginning	1,097,347	369,884	1,467,231
Net position, end of year	<u>\$ 1,446,184</u>	<u>\$ 371,480</u>	<u>\$ 1,817,664</u>

**Southeast Polk Community School District**

**Combining Statement of Cash Flows**

**Nonmajor Enterprise Funds**

**Year Ended June 30, 2017**

	School Nutrition	School Store	Total
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 2,472,002	\$ 268,485	\$ 2,740,487
Payments to suppliers	(1,831,751)	(271,007)	(2,102,758)
Payments to employees	(1,569,773)	(21,566)	(1,591,339)
<b>Net cash (used in) operating activities</b>	<b>(929,522)</b>	<b>(24,088)</b>	<b>(953,610)</b>
Cash Flows From Noncapital Financing Activities:			
Payments to other funds	(15,000)	-	(15,000)
Federal and state appropriations received	1,499,004	-	1,499,004
<b>Net cash provided by noncapital financing activities</b>	<b>1,484,004</b>	<b>-</b>	<b>1,484,004</b>
Cash Flows From Capital and Related Financing Activities:			
Purchases of capital assets	(9,821)	-	(9,821)
Proceeds from sale of capital assets	811	-	811
<b>Net cash (used in) capital and related financing activities</b>	<b>(9,010)</b>	<b>-</b>	<b>(9,010)</b>
Cash Flows From Investing Activities, interest received	8,916	1,955	10,871
<b>Net change in cash and cash equivalents</b>	<b>554,388</b>	<b>(22,133)</b>	<b>532,255</b>
Cash and Cash Equivalents:			
Beginning of year	1,460,080	406,720	1,866,800
End of year	<b>\$ 2,014,468</b>	<b>\$ 384,587</b>	<b>\$ 2,399,055</b>

(Continued)

**Southeast Polk Community School District**

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

**Nonmajor Enterprise Funds**

**Year Ended June 30, 2017**

	School Nutrition	School Store	Total
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	\$ (1,435,085)	\$ (359)	\$ (1,435,444)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	158,501	-	158,501
Federal food commodities used	294,191	-	294,191
Change in assets and liabilities:			
Other receivables	34,151	-	34,151
Prepaid expenses	-	17	17
Inventories	(9,491)	-	(9,491)
Accounts payable	(27,689)	(21,498)	(49,187)
Salaries and benefits payable	(5,182)	(1,648)	(6,830)
Compensated absences	101	-	101
Unearned revenue	8,146	(600)	7,546
Net pension liability	209,381	-	209,381
Deferred outflows of resources	(6,790)	-	(6,790)
Deferred inflows of resources	(175,965)	-	(175,965)
Net OPEB liability	26,209	-	26,209
<b>Net cash (used in) operating activities</b>	<b>\$ (929,522)</b>	<b>\$ (24,088)</b>	<b>\$ (953,610)</b>
Schedule of Noncash Items:			
Noncapital financing activities, Federal commodities	\$ 294,191	\$ -	\$ 294,191

**Southeast Polk Community School District**

**Combining Statement of Net Position**

**Internal Service Funds**

**June 30, 2017**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments	\$ 6,546,781	\$ 77,824	\$ 122,127	\$ 6,746,732
<b>Total assets</b>	<b>6,546,781</b>	<b>77,824</b>	<b>122,127</b>	<b>6,746,732</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	513,536	-	52,698	566,234
Claims payable	684,412	-	-	684,412
<b>Total liabilities</b>	<b>1,197,948</b>	<b>-</b>	<b>52,698</b>	<b>1,250,646</b>
<b>Net Position</b>				
Unrestricted	\$ 5,348,833	\$ 77,824	\$ 69,429	\$ 5,496,086

**Southeast Polk Community School District**

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

**Internal Service Funds**

**Year Ended June 30, 2017**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Operating revenues:				
Charges for services	\$ 8,111,338	\$ 601,203	\$ 446,780	\$ 9,159,321
Operating expenses:				
Claims and administration	7,638,976	-	471,066	8,110,042
Purchased services	-	613,221	-	613,221
<b>Total operating expenses</b>	<b>7,638,976</b>	<b>613,221</b>	<b>471,066</b>	<b>8,723,263</b>
<b>Operating income (loss)</b>	<b>472,362</b>	<b>(12,018)</b>	<b>(24,286)</b>	<b>436,058</b>
Nonoperating revenues:				
Interest	28,349	378	466	29,193
<b>Changes in net position</b>	<b>500,711</b>	<b>(11,640)</b>	<b>(23,820)</b>	<b>465,251</b>
Net position, beginning	4,848,122	89,464	93,249	5,030,835
Net position, end of year	\$ 5,348,833	\$ 77,824	\$ 69,429	\$ 5,496,086

**Southeast Polk Community School District**

**Combining Statement of Cash Flows**

**Internal Service Funds**

**Year Ended June 30, 2017**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 8,184,552	\$ 601,203	\$ 446,780	\$ 9,232,535
Payments to suppliers	(7,359,632)	(613,221)	(443,282)	(8,416,135)
<b>Net cash provided by (used in) operating activities</b>	<b>824,920</b>	<b>(12,018)</b>	<b>3,498</b>	<b>816,400</b>
Cash Flows From Investing Activities, interest received	28,349	378	466	29,193
<b>Net change in cash and cash equivalents</b>	<b>853,269</b>	<b>(11,640)</b>	<b>3,964</b>	<b>845,593</b>
Cash and Cash Equivalents:				
Beginning of year	5,693,512	89,464	118,163	5,901,139
End of year	\$ 6,546,781	\$ 77,824	\$ 122,127	\$ 6,746,732
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 472,362	\$ (12,018)	\$ (24,286)	\$ 436,058
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Accounts receivable	73,214	-	-	73,214
Accounts payable	293,351	-	26,800	320,151
Claims payable	(14,007)	-	984	(13,023)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 824,920</b>	<b>\$ (12,018)</b>	<b>\$ 3,498</b>	<b>\$ 816,400</b>

**Southeast Polk Community School District**

**Statement of Changes in Assets and Liabilities**

**Agency Fund**

**Year Ended June 30, 2017**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Agency Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 171,036	\$ 182,215	\$ 183,873	\$ 169,378
Accounts receivable	-	14	-	14
<b>Total assets</b>	<b>\$ 171,036</b>	<b>\$ 182,215</b>	<b>\$ 183,873</b>	<b>\$ 169,378</b>
<b>Liabilities</b>				
Accounts payable	\$ 159	\$ 926	\$ 159	\$ 926
Due to other groups	170,877	181,289	183,714	168,452
<b>Total liabilities</b>	<b>\$ 171,036</b>	<b>\$ 182,215</b>	<b>\$ 183,873</b>	<b>\$ 169,378</b>

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## **Statistical Section**

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# Southeast Polk Community School District

## Statistical Section

### (Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	76
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	93
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.	98
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.	194
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.	106

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

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

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

Source: School District financial records.

2013	2014	2015	2016	2017
\$ 47,266,705	\$ 48,242,679	\$ 53,819,946	\$ 53,819,946	\$ 66,780,379
3,760,304	5,963,176	7,537,285	7,537,285	10,051,620
242,524	5,809,401	(20,136,604)	(20,136,604)	(14,792,803)
<u>\$ 51,269,533</u>	<u>\$ 60,015,256</u>	<u>\$ 41,220,627</u>	<u>\$ 41,220,627</u>	<u>\$ 62,039,196</u>
\$ 1,211,456	\$ 1,067,584	\$ 854,710	\$ 854,710	\$ 531,215
-	-	-	-	-
655,140	955,321	625,292	625,292	1,430,667
<u>\$ 1,866,596</u>	<u>\$ 2,022,905</u>	<u>\$ 1,480,002</u>	<u>\$ 1,480,002</u>	<u>\$ 1,961,882</u>
\$ 48,478,161	\$ 49,310,263	\$ 54,674,656	\$ 54,674,656	\$ 67,311,594
3,760,304	5,963,176	7,537,285	7,537,285	10,051,620
897,664	6,764,722	(19,511,312)	(19,511,312)	(13,362,136)
<u>\$ 53,136,129</u>	<u>\$ 62,038,161</u>	<u>\$ 42,700,629</u>	<u>\$ 42,700,629</u>	<u>\$ 64,001,078</u>

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

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses:					
Governmental activities:					
Instruction	\$ 34,094,092	\$ 38,998,826	\$ 39,362,825	\$ 39,229,187	\$ 40,754,640
Support services	22,602,803	21,316,457	22,696,458	22,570,818	23,632,792
Non-instructional programs	28,615	30,269	2,729	105,134	2,556
Interest on long-term debt	2,612,493	3,331,765	4,158,136	3,691,427	3,904,147
AEA flowthrough	1,825,721	2,011,213	2,296,973	2,367,103	2,249,929
Depreciation (unallocated)	1,451,589	1,579,234	2,600,819	3,060,086	3,090,226
<b>Total governmental activities expenses</b>	<b>62,615,313</b>	<b>67,267,764</b>	<b>71,117,940</b>	<b>71,023,755</b>	<b>73,634,290</b>
Business type activities:					
Nutrition services	2,746,685	3,000,061	3,264,674	3,498,875	3,485,072
Community service services	19,206	10,246	25,562	54,940	47,085
School store services	283,142	300,368	300,571	237,632	468,622
<b>Total business type activities expenses</b>	<b>3,049,033</b>	<b>3,310,675</b>	<b>3,590,807</b>	<b>3,791,447</b>	<b>4,000,779</b>
<b>Total primary government expenses</b>	<b>\$ 65,664,346</b>	<b>\$ 70,578,439</b>	<b>\$ 74,708,747</b>	<b>\$ 74,815,202</b>	<b>\$ 77,635,069</b>
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 2,527,236	\$ 2,948,888	\$ 3,315,495	\$ 4,062,777	\$ 4,965,205
Support services	29,591	36,966	54,549	56,977	103,616
Operating grants and contributions	6,361,705	8,439,040	11,821,803	9,736,393	9,004,757
Capital grants and contributions	1,050,307	63,977	95,000	9,800	500,000
<b>Total governmental activities program revenues</b>	<b>9,968,839</b>	<b>11,488,871</b>	<b>15,286,847</b>	<b>13,865,947</b>	<b>14,573,578</b>

(Continued on the following page.)

	2013	2014	2015	2016	2017
\$	41,984,675	\$ 43,065,043	\$ 45,484,994	\$ 45,484,994	\$ 50,763,104
	23,267,847	22,928,558	24,622,587	24,622,587	26,173,501
	595	16,232	35,339	35,339	11,238
	4,023,682	3,848,341	2,713,171	2,713,171	2,717,208
	2,350,017	2,508,266	3,138,172	3,138,172	2,863,461
	3,213,866	3,213,938	4,121,705	4,121,705	3,817,740
	<u>74,840,682</u>	<u>75,580,378</u>	<u>80,115,968</u>	<u>80,115,968</u>	<u>86,346,252</u>
	3,661,721	3,634,175	3,718,102	3,718,102	3,841,949
	54,131	50,750	58,807	58,807	-
	402,962	248,540	329,088	329,088	269,444
	<u>4,118,814</u>	<u>3,933,465</u>	<u>4,105,997</u>	<u>4,105,997</u>	<u>4,111,393</u>
\$	<u>78,959,496</u>	<u>79,513,843</u>	<u>84,221,965</u>	<u>84,221,965</u>	<u>90,457,645</u>
\$	6,083,497	\$ 5,095,985	\$ 5,106,252	\$ 5,106,252	\$ 6,239,183
	268,596	268,307	237,925	237,925	55,321
	9,117,676	10,779,733	13,209,625	13,209,625	13,195,579
	150,000	-	-	-	-
	<u>15,619,769</u>	<u>16,144,025</u>	<u>18,553,802</u>	<u>18,553,802</u>	<u>19,490,083</u>

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

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Business type activities:					
Charges for services:					
Nutrition	1,920,114	1,983,022	2,045,530	2,111,679	2,117,647
Community service services	18,663	11,679	39,428	49,949	61,197
School store	295,103	327,403	331,276	334,343	357,928
Operating grants and contributions	768,833	931,979	1,093,392	1,205,211	1,288,390
Capital grants and contributions	-	-	-	-	8,433
<b>Total business type program revenues</b>	<b>3,002,713</b>	<b>3,254,083</b>	<b>3,509,626</b>	<b>3,701,182</b>	<b>3,833,595</b>
<b>Total primary government program revenues</b>	<b>\$ 12,971,552</b>	<b>\$ 14,742,954</b>	<b>\$ 18,796,473</b>	<b>\$ 17,567,129</b>	<b>\$ 18,407,173</b>
Net (expense) revenue:					
Governmental activities	\$ (52,646,474)	\$ (55,778,893)	\$ (55,831,093)	\$ (57,157,808)	\$ (59,060,712)
Business type activities	(46,320)	(56,592)	(81,181)	(90,265)	(167,184)
<b>Total primary government net expense</b>	<b>\$ (52,692,794)</b>	<b>\$ (55,835,485)</b>	<b>\$ (55,912,274)</b>	<b>\$ (57,248,073)</b>	<b>\$ (59,227,896)</b>

Source: School District financial records.



2013	2014	2015	2016	2017
2,132,088	2,235,181	2,314,942	2,314,942	2,429,705
72,292	108,055	157,534	157,534	-
321,622	258,775	324,268	324,268	269,085
1,435,208	1,535,831	1,543,997	1,543,997	1,790,006
-	-	-	-	-
3,961,210	4,137,842	4,340,741	4,340,741	4,488,796
<u>\$ 19,580,979</u>	<u>\$ 20,281,867</u>	<u>\$ 22,894,543</u>	<u>\$ 22,894,543</u>	<u>\$ 23,978,879</u>
\$ (59,220,913)	\$ (59,436,353)	\$ (61,562,166)	\$ (61,562,166)	\$ (66,856,169)
(157,604)	204,377	234,744	234,744	377,403
<u>\$ (59,378,517)</u>	<u>\$ (59,231,976)</u>	<u>\$ (61,327,422)</u>	<u>\$ (61,327,422)</u>	<u>\$ (66,478,766)</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				
	2008	2009	2010	2011	2012
Net (expense) revenue:					
Governmental activities	\$ (52,646,474)	\$ (55,778,893)	\$ (55,831,093)	\$ (57,157,808)	\$ (59,060,712)
Business type activities	(46,320)	(56,592)	(81,181)	(90,265)	(167,184)
<b>Total primary government net expense</b>	<b>(52,692,794)</b>	<b>(55,835,485)</b>	<b>(55,912,274)</b>	<b>(57,248,073)</b>	<b>(59,227,896)</b>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	15,834,082	17,023,403	18,992,963	21,538,542	19,712,217
Property taxes levied for specific purposes	5,612,367	5,661,798	4,435,471	2,813,931	6,953,534
Income surtax	1,326,524	1,479,994	1,508,147	1,466,561	1,547,155
Sales tax	5,382,517	6,075,699	4,813,593	5,456,559	5,370,578
Unrestricted grants and contributions	24,315,885	25,596,081	22,969,544	27,333,723	30,138,647
Revenue in lieu of taxes	-	-	-	-	-
Miscellaneous	891,676	1,137,363	1,181,815	989,354	-
Investment earnings	722,131	193,637	46,977	14,075	7,694
Transfers	(179,357)	(578,365)	(480,718)	(73,340)	25,618
<b>Total governmental activities</b>	<b>53,905,825</b>	<b>56,589,610</b>	<b>53,467,792</b>	<b>59,539,405</b>	<b>63,755,443</b>
Business type activities:					
Investment earnings	14,225	3,207	1,547	1,429	1,282
Transfers	179,357	578,365	480,718	73,340	(25,618)
<b>Total business type activities</b>	<b>193,582</b>	<b>581,572</b>	<b>482,265</b>	<b>74,769</b>	<b>(24,336)</b>
<b>Total primary government</b>	<b>54,099,407</b>	<b>57,171,182</b>	<b>53,950,057</b>	<b>59,614,174</b>	<b>63,731,107</b>
Change in net position:					
Governmental activities	1,259,351	810,717	(2,363,301)	2,381,597	4,694,731
Business type activities	147,262	524,980	401,084	(15,496)	(191,520)
<b>Total primary government</b>	<b>\$ 1,406,613</b>	<b>\$ 1,335,697</b>	<b>\$ (1,962,217)</b>	<b>\$ 2,366,101</b>	<b>\$ 4,503,211</b>

Source: School District financial records.

	2013	2014	2015	2016	2017
	\$ (59,220,913)	\$ (59,436,353)	\$ (61,562,166)	\$ (61,562,166)	\$ (66,856,169)
	(157,604)	204,377	234,744	234,744	377,403
	(59,378,517)	(59,231,976)	(61,327,422)	(61,327,422)	(66,478,766)
	20,157,531	21,640,656	20,432,766	20,432,766	20,899,173
	7,612,752	7,858,967	10,035,219	10,035,219	10,845,982
	1,618,296	1,814,740	1,958,621	1,958,621	2,279,360
	5,404,834	5,566,107	6,314,056	6,314,056	6,391,561
	30,131,357	31,210,071	34,212,768	34,212,768	35,940,865
	-	-	-	-	965,007
	31,853	-	-	-	116,674
	10,085	41,535	83,632	83,632	330,903
	-	50,000	-	-	15,000
	64,966,708	68,182,076	73,037,062	73,037,062	77,784,525
	937	1,932	4,546	4,546	10,871
	-	(50,000)	-	-	(15,000)
	937	(48,068)	4,546	4,546	(4,129)
	64,967,645	68,134,008	73,041,608	73,041,608	77,780,396
	5,745,795	8,745,723	11,474,896	11,474,896	10,928,356
	(156,667)	156,309	239,290	239,290	373,274
\$	\$ 5,589,128	\$ 8,902,032	\$ 11,714,186	\$ 11,714,186	\$ 11,301,630

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

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

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ 11,295	\$ 958
Restricted	380,356	563,838	926,860	1,804,570	1,718,564
Assigned	-	-	-	-	-
Unassigned	(5,219,060)	(7,710,747)	(10,338,669)	(9,171,352)	(3,827,114)
<b>Total General Fund</b>	<b>\$ (4,838,704)</b>	<b>\$ (7,146,909)</b>	<b>\$ (9,411,809)</b>	<b>\$ (7,355,487)</b>	<b>\$ (2,107,592)</b>
All other governmental funds:					
Nonspendable					
Special revenue funds	\$ -	\$ -	\$ -	\$ 16	\$ -
Capital projects funds	-	-	-	-	-
Debt service fund	-	-	-	-	-
Restricted					
Debt service funds	-	1,506,862	2,546,215	3,659,545	3,922,021
Capital projects funds	13,616,098	22,947,999	2,509,347	1,178,584	894,891
Special revenue funds	1,125,371	1,313,713	1,307,275	769,064	1,010,259
<b>Total all other governmental funds</b>	<b>\$ 14,741,469</b>	<b>\$ 25,768,574</b>	<b>\$ 6,362,837</b>	<b>\$ 5,607,209</b>	<b>\$ 5,827,171</b>

Source: School District financial records.

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	2013	2014	2015	2016	2017
\$	1,851	\$ 1,843	\$ 1,913	\$ 1,913	\$ 909
	1,401,800	1,422,660	1,828,433	1,828,433	1,292,406
	-	-	171,588	171,588	565,482
	(244,848)	4,264,585	7,226,923	7,226,923	13,724,658
<u>\$</u>	<u>1,158,803</u>	<u>\$ 5,689,088</u>	<u>\$ 9,228,857</u>	<u>\$ 9,228,857</u>	<u>\$ 15,583,455</u>
\$	350	\$ 825,225	\$ 798,262	\$ 798,262	\$ 121
	-	50,977	-	-	-
	-	-	-	-	78,500
	4,364,262	4,360,130	15,378,305	15,378,305	26,787,002
	9,260,416	2,985,412	8,953,292	8,953,292	4,933,399
	1,268,349	786,649	1,142,026	1,142,026	2,643,288
<u>\$</u>	<u>14,893,377</u>	<u>\$ 9,008,393</u>	<u>\$ 26,271,885</u>	<u>\$ 26,271,885</u>	<u>\$ 34,442,310</u>

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

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

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

Source: School District financial records.

Fiscal Year				
2013	2014	2015	2016	2017
\$ 2,196,977	\$ 2,475,516	\$ 2,622,484	\$ 2,622,484	\$ 2,546,771
2,196,977	2,475,516	2,622,484	2,622,484	2,546,771
\$ 37,250,491	\$ 45,073,192	\$ 51,065,918	\$ 51,065,918	\$ 54,187,709
37,250,491	45,073,192	51,065,918	51,065,918	54,187,709
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
\$ 34,716,413	\$ 31,261,192	\$ 32,220,900	\$ 32,220,900	\$ 33,827,878
3,117,484	3,252,579	3,280,065	3,280,065	3,636,975
1,902,054	2,049,941	2,120,198	2,120,198	2,853,621
39,735,951	36,563,712	37,621,163	37,621,163	40,318,474
\$ 79,183,419	\$ 84,112,420	\$ 91,309,565	\$ 91,309,565	\$ 97,052,954

**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					
	2008	2009	2010	2011	2012	2013
Instruction	\$ 33,610,919	\$ 38,572,208	\$ 39,198,436	\$ 39,459,638	\$ 39,283,989	\$ 41,071,632
Student services	2,486,812	2,816,848	3,025,235	2,621,251	2,689,447	2,737,489
Instructional staff services	1,904,879	1,875,936	2,267,956	2,273,565	1,532,183	1,309,987
Administration services	7,525,298	8,059,093	8,280,473	8,732,892	9,001,087	9,534,684
Operation and maintenance of plant services	4,849,573	5,225,041	5,264,105	5,285,469	5,249,364	5,634,313
Pupil transportation services	2,452,223	2,631,804	2,887,338	2,768,595	3,185,624	2,741,957
Non-instructional programs	21,537	30,057	2,626	105,134	2,556	595
AEA Flowthrough	1,825,721	2,011,213	2,296,973	2,367,103	2,249,929	2,350,017
Capital outlay:						
Facilities acquisition/construction	29,176,901	20,104,947	21,349,750	10,453,313	2,890,364	3,184,608
Debt service:						
Principal	4,942,648	5,784,426	2,420,367	3,509,289	4,294,651	4,432,429
Interest	2,722,874	3,242,194	4,053,299	3,905,919	3,921,954	4,026,354
<b>Total expenditures</b>	<b>\$ 91,519,385</b>	<b>\$ 90,353,767</b>	<b>\$ 91,046,558</b>	<b>\$ 81,482,168</b>	<b>\$ 74,301,148</b>	<b>\$ 77,024,065</b>
Debt service as a percentage of noncapital expenditures	14.02%	14.74%	10.24%	11.66%	13.00%	11.40%

Source: School District financial records.



2014	2015	2016	2017
\$ 43,065,141	\$ 45,982,846	\$ 45,982,846	\$ 49,458,741
2,871,067	2,850,063	2,850,063	2,971,365
1,362,626	3,283,435	3,283,435	3,568,936
8,552,424	8,635,595	8,635,595	8,992,574
6,885,273	6,391,691	6,391,691	5,886,695
3,050,661	3,423,676	3,423,676	3,901,085
16,232	35,339	35,339	11,238
2,508,266	2,713,171	2,713,171	2,863,461
8,066,239	3,963,473	3,963,473	3,129,114
5,248,796	7,650,416	7,650,416	8,362,733
3,900,430	4,036,730	4,036,730	4,038,590
<u>\$ 85,527,155</u>	<u>\$ 88,966,435</u>	<u>\$ 88,966,435</u>	<u>\$ 93,184,532</u>
<u>11.91%</u>	<u>13.80%</u>	<u>13.80%</u>	<u>13.86%</u>

**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				
	2008	2009	2010	2011	2012
Excess of revenues over (under) expenditures	\$ (27,530,515)	\$ (21,819,897)	\$ (21,943,815)	\$ (8,071,508)	\$ 3,505,422
Other financing sources (uses):					
Issuance of general obligation bonds	7,000,000	-	-	-	-
Issuance of revenue bonds	-	30,000,000	-	7,055,000	1,220,000
Issuance of bond anticipation notes	-	-	-	-	-
Refunding debt issued	-	-	-	-	-
Payment to refunding escrow agent	-	(752,422)	-	-	-
Premium on bonds/notes	125,532	87,506	-	7,228	31,817
Discount on bonds	-	-	-	(10,951)	-
Proceeds from sale of capital assets	-	16,125	22,415	41,295	-
Issuance of loans	703,998	1,185,000	250,128	2,330,000	685,000
Transfers in	3,083,424	10,993,594	4,495,832	7,208,008	4,741,656
Transfers out	(3,083,424)	(10,991,006)	(4,495,197)	(7,258,378)	(4,716,038)
<b>Total other financing sources</b>					
<b>(uses)</b>	<b>7,829,530</b>	<b>30,538,797</b>	<b>273,178</b>	<b>9,372,202</b>	<b>1,962,435</b>
<b>Net change in fund balances</b>	<b>\$ (19,700,985)</b>	<b>\$ 8,718,900</b>	<b>\$ (21,670,637)</b>	<b>\$ 1,300,694</b>	<b>\$ 5,467,857</b>

Source: School District financial records.

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2013	2014	2015	2016	2017
\$ 2,159,354	\$ (1,414,735)	\$ 2,343,130	\$ 2,343,130	\$ 3,868,422
-	-	-	-	-
10,000,000	-	6,515,000	6,515,000	-
-	-	-	-	-
-	-	35,205,000	35,205,000	-
-	-	(29,255,000)	(29,255,000)	-
126,932	-	5,648,200	5,648,200	-
-	-	-	-	-
46,315	11,036	275,558	275,558	212,981
-	-	70,373	70,373	-
4,264,948	4,780,663	4,653,042	4,653,042	4,696,613
(4,264,948)	(4,730,663)	(4,653,042)	(4,653,042)	(4,681,613)
10,173,247	61,036	18,459,131	18,459,131	227,981
\$ 12,332,601	\$ (1,353,699)	\$ 20,802,261	\$ 20,802,261	\$ 4,096,403

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

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

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School Year	Unassigned General Fund Balance	Actual Revenues	Financial Solvency Ratio
2007-2008	(5,219,060)	49,095,777	-10.63%
2008-2009	(7,710,747)	56,171,967	-13.73%
2009-2010	(10,338,669)	56,827,892	-18.19%
2010-2011	(9,171,352)	61,710,472	-14.86%
2011-2012	(3,827,114)	63,876,474	-5.99%
2012-2013	(244,848)	64,749,454	-0.38%
2013-2014	4,264,585	69,336,924	6.15%
2014-2015	7,226,923	73,529,479	9.83%
2015-2016	7,226,923	73,529,479	9.83%
2016-2017	13,724,658	77,966,056	17.60%

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			
2008	596,970,075	392,155,080	92,953,897	2,755,190	1,079,323,862	22.00000
2009	646,741,868	453,538,190	92,911,985	2,791,568	1,190,400,475	21.84708
2010	712,495,276	463,332,090	92,427,176	2,858,562	1,265,395,980	21.83221
2011	768,505,862	476,361,190	91,778,190	2,864,118	1,333,781,124	21.80667
2012	838,126,339	477,463,180	103,292,028	2,852,145	1,416,029,402	21.65866
2013	881,559,421	467,247,250	109,000,247	2,870,600	1,454,936,318	21.65866
2014	940,360,056	497,039,630	120,342,309	2,894,676	1,554,847,319	21.65866
2015	995,932,036	466,055,796	123,525,121	2,902,280	1,582,610,673	21.65866
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

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		
2008	16.29737	1.00000	3.77152	0.93111	22.00000	10.16568	9.70787
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

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

Notes: Assessed value equals estimated actual value.

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Overlapping Rates

Marion County	Community College	City of Altoona	City of Mitchellville	City of Pleasant Hill	City of Runnels
11.15458	0.60276	8.64369	12.81766	11.48209	9.05656
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

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**Schedule 11**  
**Southeast Polk Community School District**

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

Taxpayer	2017			2008		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Prairie Meadows	\$ 113,829,225	1	6.96%	\$ 107,717,400	1	10.59%
MidAmerican Energy	90,580,100	2	5.54%	-	-	0.00%
Adventurelands/Amer Inc.	25,709,699	3	1.57%	21,915,310	2	2.15%
Menard Inc	20,403,990	4	1.25%	11,907,600	5	1.17%
Ziegler Realty LLC	11,835,618	5	0.72%	14,161,360	3	1.39%
WalMart Real Estate Business Trust	11,735,370	6	0.72%	12,973,300	4	1.27%
Iowa Cold Storage	11,601,000	7	0.71%	9,998,000	6	0.98%
Lowe's Home Centers Inc	8,127,000	8	0.50%	8,900,000	7	0.87%
HyVee Inc	7,504,200	9	0.46%	-	-	0.00%
Target Corp	7,398,450	10	0.45%	8,577,500	8	0.84%
Forget Properties	-	-	0.00%	8,056,000	9	0.79%
Target Corp	-	-	0.00%	-	-	0.00%
Bosselman Inc	-	-	0.00%	6,809,700	10	0.67%
<b>Total</b>	<b>\$ 308,724,652</b>		<b>18.89%</b>	<b>\$ 211,016,170</b>		<b>20.74%</b>

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
2008	21,430,423	21,424,538	99.97%	5,885	21,430,423	100.00%
2009	22,704,876	22,688,599	99.93%	7,740	22,696,339	99.96%
2010	23,388,205	23,241,726	99.37%	12,821	23,254,547	99.43%
2011	24,419,373	24,305,783	99.53%	58,059	24,363,842	99.77%
2012	26,661,412	26,605,174	99.79%	1,014	26,606,188	99.79%
2013	27,740,466	27,701,774	99.86%	4,903	27,706,677	99.88%
2014	29,542,169	29,476,586	99.78%	7,540	29,484,126	99.80%
2015	30,430,299	30,459,582	100.10%	8,405	30,467,987	100.12%
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%

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) Revenue Bans/Bonds	(2) Capital Loan Note	(3) Less: Amounts Available in Debt Service Fund	Total	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
2008	57,405,000	4,375,000	791,350	-	62,571,350	5.80%	2,259
2009	55,520,000	30,000,000	1,701,924	1,506,862	85,715,062	7.20%	3,094
2010	53,520,000	30,000,000	1,453,185	2,546,215	82,426,970	6.51%	2,577
2011	51,460,000	36,395,000	3,072,396	3,659,545	87,267,851	6.54%	2,719
2012	49,325,000	36,245,000	2,967,745	3,922,021	84,615,724	5.98%	2,568
2013	47,105,000	44,983,105	2,170,316	4,364,262	89,894,159	6.18%	2,674
2014	44,725,000	42,765,000	1,366,520	4,360,130	84,496,390	5.43%	2,468
2015	45,930,000	52,853,749	721,477	15,378,305	84,126,921	5.32%	2,417
2016	30,465,000	71,256,466	429,733	4,800,753	97,350,446	5.96%	N/A
2017	25,080,000	46,593,621	157,000	1,125,490	25,237,000	1.43%	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) Revenue bonds since 2011 are not paid from property taxes and removed from the calculation.

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

(3) The amount available in the debt service fund 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			
2008	57,405,000	4,375,000	791,350	62,571,350	8.60%	2,259
2009	55,520,000	30,000,000	1,701,924	87,221,924	11.92%	3,149
2010	53,520,000	30,000,000	1,453,185	84,973,185	11.08%	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	N/A	N/A
2017	25,080,000	46,593,621	157,000	71,830,621	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.

(b) Excludes cross-over refunding debt

**Schedule 15**

Southeast Polk Community School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	\$ 263,029,000	8.13%	\$ 21,384,258
Jasper County	8,965,000	0.30%	26,895
Marion County	2,535,000	0.27%	6,845
Des Moines Area Community College	76,105,000	4.38%	3,333,399
City of Bondurant	7,530,000	0.01%	753
City of Des Moines	416,021,618	1.49%	6,198,722
City of Mitchellville	680,000	97.45%	662,660
City of Altoona	28,365,000	95.21%	27,006,317
City of Pleasant Hill	11,289,753	78.64%	8,878,262
City of Runnells	-	100.00%	-
<b>Subtotal, overlapping debt</b>			67,498,110
District direct debt			71,830,621
<b>Total direct and overlapping debt</b>			<b>\$ 139,328,731</b>

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)**

	2008	2009	2010	2011
Debt limit	\$ 110,077,048	\$ 118,907,095	\$ 125,807,197	\$ 131,489,280
Total Debt applicable to limit	62,571,350	87,221,924	84,973,185	90,927,396
Legal debt margin	\$ 67,610,847	\$ 74,267,356	\$ 82,040,548	\$ 83,169,705
<b>Total debt applicable to the limit as a percentage of debt limit</b>	56.84%	73.35%	67.54%	69.15%

**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>\$ 3,194,048,407</u>
Debt limit (5% of assessed value) (b)	\$ 159,702,420
Debt applicable to limit *	<u>92,490,621</u>
Legal debt margin	<u>\$ 67,211,799</u>

	2012	2013	2014	2015	2016	2017
\$	137,013,733	\$ 137,702,101	\$ 142,874,199	\$ 141,843,249	\$ 148,949,299	\$ 159,702,420
	88,537,745	94,258,421	88,989,042	99,505,226	102,151,199	92,490,621
\$	90,581,454	\$ 93,598,883	\$ 93,598,883	\$ 42,338,023	\$ 46,798,100	\$ 67,211,799
	64.62%	68.45%	62.28%	70.15%	68.58%	57.91%

**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	
2008	5,382,517	2,575,000	237,281	1.91
2009	6,075,699	4,375,000	132,162	1.35
2010	4,813,593	-	1,605,399	3.00
2011	5,456,559	660,000	1,536,140	2.48
2012	5,114,195	1,370,000	1,592,981	1.73
2013	5,390,070	1,415,000	1,581,624	1.80
2014	5,558,904	2,065,000	1,792,876	1.44
2015	6,266,009	2,190,000	1,680,026	1.62
2016	6,266,009	2,190,000	1,680,026	1.62
2017	6,505,503	2,705,000	4,033,603	0.97

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)
2008	27,700	\$727,611,072	\$40,921	\$26,268	4.1%
2009	27,700	\$731,952,756	\$40,332	\$26,424	6.7%
2010	31,980	\$767,148,361	\$41,476	\$23,988	6.1%
2011	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	N/A	N/A	N/A	N/A	3.9%
2017	NA	N/A	N/A	N/A	3.1%

**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	2017			2008		
	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	7,797	2	*	*	*	*
State of Iowa (b)	7,700	3	*	*	*	*
Mercy Medical Center - Des Moines	7,055	4	*	*	*	*
HyVee Food Stores, Inc	6,400	5	*	*	*	*
Principal Financial Group	6,182	6	*	*	*	*
Des Moines Public Schools (c)	4,952	7	*	*	*	*
Nationwide/Allied Insurance	4,442	8	*	*	*	*
John Deere, Inc	3,089	9	*	*	*	*
Vermeer Manufacturing	2,500	10	*	*	*	*
<b>Total</b>	<b>64,617</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

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)**

	2008**	2009	2010	2011	2012
<b>Supervisory:</b>					
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	11.0	12.0	11.0	11.0
Assistant principals	5.0	6.0	5.0	4.0	4.0
All other administrators	12.0	11.0	8.0	8.0	8.0
<b>Total supervisory</b>	<b>30.0</b>	<b>30.0</b>	<b>27.0</b>	<b>25.0</b>	<b>25.0</b>
<b>Instruction:</b>					
Regular program teachers	373.5	342.5	373.9	343.0	366.0
Special Education teachers	197.0	194.2	65.0	64.0	51.0
Instructional Coaches/PD Leads	0.0	0.0	0.0	0.0	0.0
<b>Total instruction</b>	<b>570.5</b>	<b>536.7</b>	<b>438.9</b>	<b>407.0</b>	<b>417.0</b>
<b>Student services:</b>					
Guidance counselors	26.7	19.0	19.0	19.0	18.0
Nurses/Nurse aides	10.1	13.7	13.5	13.5	12.0
Media Specialists/Media Clerks	16.3	16.3	12.5	12.5	12.0
<b>Total student services</b>	<b>53.1</b>	<b>49.0</b>	<b>45.0</b>	<b>45.0</b>	<b>42.0</b>
<b>Support and administration:</b>					
Clerical/secretarial/teacher aide/other support staff	47.3	45.9	52.5	55.6	164.5
Custodial and Maintenance	67.7	38.0	49.0	45.6	53.3
Food Service	62.6	35.4	36.5	39.6	35.8
Bus Drivers/Bus Aides/Crossing Guard	68.0	36.9	40.0	37.9	39.5
<b>Total support and administration</b>	<b>245.6</b>	<b>156.2</b>	<b>178.0</b>	<b>178.7</b>	<b>293.0</b>
<b>Total</b>	<b>899.2</b>	<b>771.9</b>	<b>688.9</b>	<b>655.7</b>	<b>777.0</b>

Source: District records.

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

2013	2014	2015	2016	2017	Percentage Change 2008-17
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	-20.0%
9.0	8.0	8.0	7.0	7.0	-41.7%
26.0	25.0	25.0	24.0	24.0	-20.0%
354.0	370.9	369.1	372.6	373.1	-0.1%
61.0	58.0	67.0	64.0	65.0	-67.0%
0.0	0.0	27.0	29.0	29.0	N/A
415.0	428.9	463.1	465.6	467.1	-18.1%
17.0	17.0	17.0	16.0	16.0	-40.1%
13.5	13.5	13.5	13.5	14.5	43.6%
5.0	3.0	3.0	7.7	7.7	-52.8%
35.5	33.5	33.5	37.2	38.2	-28.1%
165.5	157.3	148.4	184.5	189.0	299.6%
41.6	40.6	51.1	53.4	50.7	-25.1%
37.2	35.0	36.5	39.4	37.6	-39.9%
36.7	35.4	41.0	50.7	49.9	-26.6%
281.0	268.3	276.9	328.0	327.2	33.2%
757.4	755.7	798.4	854.6	856.4	-4.8%

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

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

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Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
2008	5,775	54,676,962	9,468	13.99%
2009	5,966	61,222,200	10,262	8.39%
2010	5,988	63,223,142	10,558	2.89%
2011	6,085	63,613,647	10,454	(0.99)%
2012	6,214	63,194,179	10,170	(2.72)%
2013	6,400	65,380,674	10,216	(2.28)%
2014	6,617	68,311,690	10,324	1.51%
2015	6,636	73,315,816	11,048	8.15%
2016	6,801	76,116,377	11,192	8.41%
2017	6,797	77,654,095	11,425	3.41%

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

**Notes:** N/A = not available.

(1) Certified enrollment.

(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

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Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
65,664,346	11,370	2.60%	450.95	12.81	20.80%
70,578,439	11,830	4.04%	452.83	13.17	23.50%
74,708,747	12,476	5.46%	438.90	13.64	28.30%
74,815,202	12,295	(1.45)%	407.00	14.95	28.52%
77,635,069	12,494	1.61%	417.00	14.90	30.10%
78,959,496	12,337	(1.25)%	415.00	15.42	28.87%
79,513,843	12,017	(2.60)%	428.92	15.43	28.20%
84,221,965	12,692	5.62%	463.10	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%

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

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

School	2008	2009	2010	2011	2012	2013
<b>Elementary:</b>						
Altoona (1939)						
Square feet	64,104	64,104	64,104	64,104	64,104	64,104
Capacity*	630	630	630	630	630	630
Enrollment	384	399	409	400	341	333
Centennial (1968)						
Square feet	61,017	61,017	61,017	61,017	61,017	61,017
Capacity	630	630	630	630	630	630
Enrollment	481	509	516	486	419	430
Clay (2006)						
Square feet	79,738	79,738	79,738	79,738	79,738	79,738
Capacity	840	840	840	840	840	840
Enrollment	322	390	391	421	412	430
Delaware (1951)						
Square feet	65,641	65,641	65,641	65,641	65,641	65,641
Capacity	630	630	630	630	630	630
Enrollment	503	517	533	509	476	512
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	588	628	595	473	478	483
Mitchellville (1925)						
Square feet	45,293	45,293	45,293	45,293	45,293	45,293
Capacity	420	420	420	420	420	420
Enrollment	170	193	195	188	152	154
Runnells (2002)						
Square feet**	43,007	43,007	43,007	43,007	43,007	43,007
Capacity	400	400	400	400	400	400
Enrollment	214	217	243	221	230	225
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	477	466	413	438	459
Harbor (1997)						
Square feet	4,537	4,537	4,537	4,537	4,537	4,537
Capacity	454	454	454	454	454	454
Enrollment	39	51	49	49	-	-
<b>Spring Creek 6th Grade Center:</b>						
Southeast Polk Spring Creek (1992)						
Square feet	N/A	N/A	N/A	89,670	89,670	89,670
Capacity	N/A	N/A	N/A	950	950	950
Enrollment	N/A	N/A	N/A	480	518	487



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2014	2015	2016	2017
64,104	64,104	64,104	64,104
630	630	630	630
353	371	381	396
61,017	61,017	61,017	61,017
630	630	630	630
402	405	422	398
79,738	79,738	79,738	79,738
840	840	840	840
529	576	585	562
65,641	65,641	65,641	65,641
630	630	630	630
380	369	418	395
63,204	63,204	63,204	63,204
630	630	630	630
432	426	451	441
45,293	50,799	50,799	50,799
420	540	540	540
162	184	195	217
43,007	43,007	43,007	43,007
400	400	400	400
255	271	286	288
56,546	56,546	56,546	56,546
630	630	630	630
465	492	510	511
4,537	-	-	-
454	-	-	-
-	-	-	-
89,670	89,670	89,670	89,670
950	950	950	950
512	456	483	577

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

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

School	2008	2009	2010	2011	2012	2013
<b>Junior High:</b>						
Southeast Polk Junior High (1992)						
Square feet	89,670	89,670	89,670	N/A	N/A	N/A
Capacity	950	950	950	N/A	N/A	N/A
Enrollment	840	859	938	N/A	N/A	N/A
Southeast Polk Junior High (1963)						
Square feet	N/A	N/A	N/A	206,674	206,674	206,674
Capacity	N/A	N/A	N/A	1,800	1,800	1,800
Enrollment	N/A	N/A	N/A	1,011	939	977
<b>Senior High:</b>						
Southeast Polk Senior High (1963)						
Square feet	206,674	206,674	N/A	N/A	N/A	N/A
Capacity	1,800	1,800	N/A	N/A	N/A	N/A
Enrollment	1,660	1,700	N/A	N/A	N/A	N/A
Southeast Polk Senior High (2010)						
Square feet	N/A	N/A	430,227	430,227	430,227	430,227
Capacity	N/A	N/A	2,000	2,000	2,000	2,000
Enrollment	N/A	N/A	1,667	1,689	1,830	1,920
<b>Other District Facilities:</b>						
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
<b>Grand Total:</b>						
Square Feet	803,848	803,848	1,027,401	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

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2014	2015	2016	2017
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
974	1,002	1,055	1,033
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
1,895	1,967	2,089	2,041
16,384	16,384	16,384	16,384
8,033	8,033	8,033	8,033
1,234,075	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
2006-2007	\$33,892	\$56,487	\$45,546
2007-2008	\$35,180	\$58,634	\$46,964
2008-2009	\$36,343	\$60,572	\$48,975
2009-2010	\$36,640	\$61,006	\$50,165
2010-2011	\$36,982	\$63,286	\$50,563
2011-2012	\$41,251	\$68,752	\$54,937
2012-2013	\$41,804	\$71,873	\$57,529
2013-2014	\$42,736	\$73,427	\$59,550
2014-2015	\$43,774	\$75,156	\$60,333
2015-2016	\$44,567	\$77,579	\$61,355
2016-2017	\$45,436	\$79,027	\$63,277

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, 2017**

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	FY17 4552	\$ -	\$ 272,257
National School Lunch Program	10.555	FY17 4553	-	1,184,839
Commodities -DOD (Noncash)	10.555	FY17	-	104,922
Commodities (Noncash)	10.555	FY17	-	189,269
Special Milk Program	10.556	FY17	-	6,636
Summer Food Service Program for Children	10.559	FY17	-	333
Child Nutrition Cluster Program Total			-	1,758,256
<b>Total U.S. Department of Agriculture</b>			-	1,758,256
U.S. Department of Education:				
Iowa Department of Education:				
Title I Grants to Local Educational Agencies	84.010	FY17 4501	-	522,074
Special Education - Grants to States IDEA, Part B	84.027	FY17 4525	-	29,970 (1)
Career and Technical Education - Basic Grants to States	84.048	FY17 4531	-	50,728
Title IIA Federal Teacher Quality Program	84.367	FY17 4643	-	89,236
Grants for State Assessments and Related Activities Title VI	84.369	FY17 4648	-	13,482
Heartland Area Education Agency:				
Special Education - Grants to States IDEA, Part B	84.027	FY17 4521	-	311,627 (1)
Title III English Language Acquisition State Grants	84.365	FY17 4644	-	2,002
<b>Total U.S. Department of Education</b>			-	1,019,119
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 2,777,375</b>

(1) Total Special Education, IDEA Cluster \$341,597

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, 2017**

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#### **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, 2017. 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, 2017**

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Findings	Status	Corrective Action	
		Plan or Other Explanation	Reason For Recurrence
<b>Material Weakness and Significant Deficiency Over Basic Financial Statements:</b>			
<b>2015-001</b> The District has insufficient reconciliation	Corrected.		
<b>2014-002</b> and monitoring activities over cash and receipt transactions.			
<b>2016-002</b> The District has inadequate segregation	Not Corrected	See 2017-001	The edit reports the District plans to use were not implemented in current year.
<b>2015-002</b> of duties over the payroll process.			
<b>2014-003</b>			
<b>Other Findings Related to Required Statutory Reporting:</b>			
<b>IV-A-16</b> Expenditures exceeded the amended budget.	Corrected.		
<b>IV-B-16</b> The Districted expended \$72 for a gift for an employee which is unallowable expenditure under public purpose and Board policy.	Corrected		
<b>IV-F-16</b> Board minutes are not published timely.	Not Corrected	See IV-F-17	The District does not have a formal process to ensure compliance.
<b>IV-F-15</b>			



**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, 2017, 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 11, 2017.

**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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2017-001 and 2017-002, that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2017 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 11, 2017



**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, 2017. 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, 2017.

## 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 11, 2017

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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**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?  Yes  No
- Significant deficiency identified?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency identified?  Yes  None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

**Identification of major programs:**

CFDA Number	Name of Federal Program or Cluster
Child Nutrition Program Cluster:	
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program
10.559	Summer Food Service Program for Children

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, 2017**

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

**Instances of noncompliance:**

No instances to report.

**Significant Deficiencies:**

**2017-001**

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

Condition: Employees that process payroll also have access to change the employee master file, including entering new employees, modifying pay rates and adding deductions as well as access to enter time to the payroll system, process the bi-monthly payroll and generate payroll checks and direct deposits. This position also posts the payroll to the general ledger.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

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

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

Recommendation: Any position responsible for processing the payroll should be segregated from the ability to make employee master file changes. We recommend the District remove all access to the employee master file from the payroll office employees and require the Human Resources Department to make all payroll master file employee changes. Alternatively, we recommend an edit report of all changes to the employee master file be reviewed by an employee knowledgeable of payroll information but segregated from payroll processing. The edit report should be signed by the employee performing the review and maintained.

Response and Corrective Action Plan: The District identified an edit report available to provide a review of any employee master file changes. Monthly, the Executive Director of Business Services will review and sign the edit report to indicate the review has been performed and the edits made were properly approved.



**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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**2017-002**

Finding: The District has insufficient segregation of duties over cash receipts at the high school and administrative office.

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. At the administrative office, the Controller has access to post and reconcile transactions and has access to cash and checks and scans checks to the bank in addition to being assigned to bank reconciliations.

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 and from the Controller at the administrative office. 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-17 - Certified Budget:** Expenditures for the year ended June 30, 2017 did not exceed the certified amended budget amounts.

**IV-B-17 - 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-17 - Travel Expense:** No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**IV-D-17 - Business Transactions:** No business transactions between the District and District officials or management were noted.

(Continued)

## Southeast Polk Community School District

### Schedule of Findings and Questioned Costs Year Ended June 30, 2017

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**IV-E-17- 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-17 – Board Minutes:** No transactions requiring Board approval which had not been approved by the Board were noted.

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

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

**Recommendation:** The District should publish the minutes within two weeks of the Board meeting and the schedule of bills within one month as required by Chapter 279.35 of the Code of Iowa. The District should maintain the notice of meetings for all Board of Education meetings.

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

#### **IV-G-17- Certified Enrollment:**

**Finding:** There were variances to the October 2016 certified enrollment.

**Recommendation:** We recommend the District review and verify enrollment data before the October 1<sup>st</sup> 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-17 - Supplementary Weighting:**

**Finding:** There were variances to the October 2016 supplementary weighting certified to the state.

**Recommendation:** We recommend the District review and verify course information before the October 1<sup>st</sup> process.

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

**Conclusion:** Response accepted.

**IV-I-17- Deposits and Investments:** No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

**IV-J-17 - Certified Annual Report:** The certified annual report was certified timely to the Iowa Department of Education.  
(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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**IV-K-17 - Categorical Funding:** No instances of categorical funding being used to supplant rather than supplement other funds were noted.

**IV-L-17- 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, 2017, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$	4,501,156
Revenues/transfers in:			
Statewide sales and services tax revenue	6,505,503		
Other local revenues	743		
Investment earnings	15,726		6,521,972
			<hr/>
Expenditures/transfers out:			
Transfers out	4,404,390		
School infrastructure	2,588,007		6,992,397
			<hr/>
Ending balance		\$	<u>4,030,731</u>

For the year ended June 30, 2017, 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-17 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, 2017

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	Findings	Corrective Action Plan	Anticipated Date of Completion
<b>Significant Deficiencies Over Basic Financial Statements:</b>			
<b>2017-001</b>	The District has inadequate segregation of duties over the payroll process.	See response and corrective action plan at 2017-001	2018 Kevin Baccam
<b>2017-002</b>	The District has inadequate segregation of duties over the activities receipts.	See response and corrective action plan at 2017-002	2018 Kevin Baccam
<b>Other Findings Related to Required Statutory Reporting:</b>			
<b>IV-F-17</b>	Board minutes and schedule of bills are not published timely.	See response at IV-F-17	2018 Kevin Baccam
<b>IV-G-17</b>	Errors in certified enrollment	See response at IV-G-17	2018 Kevin Baccam
<b>IV-H-17</b>	Errors in supplementary weighting	See response at IV-H-17	2018 Kevin Baccam