



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020  
ALTOONA, IOWA



Comprehensive Annual Financial Report  
of the

Southeast Polk Community School District

Pleasant Hill, Iowa

For the Fiscal Year Ended June 30, 2020

Official Issuing Report

Kevin Baccam, Executive Director of Business Services

Office Issuing Report  
Business Services Office



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December 14, 2020

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, 2020.

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, 2020. 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 • 407 8<sup>th</sup> Street SE • Altoona, IA 50009 • 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 2018 count) for the 2019-2020 school year was 6,894, making it the 14<sup>th</sup> largest public school district in Iowa. Enrollment for October 2019 indicated an increase of ninety-eight student FTEs for a total budgeted enrollment of 6,992 for the 2020-2021 school year. Enrollment projections showed that the District will continue to see manageable growth over the next five years; however, the COVID-19 pandemic had an adverse effect enrollment for October 2020 for the 2021-2022 school year budget. Instead of an increase in enrollment, there was a decrease of eighty-two student FTEs from October 2019. We believe the decrease in certified enrollment is temporary in nature and expect to see an increase in certified student enrollment in October 2021.

There are eleven schools in the District including eight elementary schools, a sixth grade center, a junior high for seventh and eighth graders and a high school. The oldest of these buildings is Altoona Elementary School which was built in 1939. The roof was replaced in the summer of 2015, and the heating, ventilation, and air condition system was completely remodeled in the summer of 2016. There have been some other small-scale renovations and a gym addition; however, the building shell has not significantly changed since construction. The newest building is Mitchellville Elementary School. A complete remodel of the building was completed in August 2014. The District continues to assess its capital improvement needs. During fiscal year 2020, the District completed a couple of capital infrastructure projects including the junior high and Delaware Elementary School projects. Additional roof replacements and repairs were also started at Altoona Elementary School, the junior high, and the high school. Also, a section of the driveway leading up to Spring Creek 6<sup>th</sup> grade center off of 80<sup>th</sup> Street was resurfaced.

The District provides a full range of educational programs and services for its students from early childhood, pre-kindergarten levels through the twelfth grade. Services include regular and enriched academic education, special education, vocational education, and numerous individualized programs such as instruction for students at-risk, talented and gifted, and English Language Learners (ELL). The District has also challenged students with curriculum enhancements specific to science, technology, engineering, and math (STEM).

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

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

## **Economic Condition and Outlook**

The communities encompassing and surrounding the District continue to show economic growth. Dollar Tree recently opened immediately east of Wal-Mart which is the same area as a newly constructed



Aldi's supermarket scheduled to open this winter. Brick & Ivy and Gilberto's #9 restaurants opened just to the west of Adventureland. Outlets of Des Moines brought on additional retail shops and Hyatt Place Hotel recently opened as well near the outlet. Although not directly within the school district boundary, the recent expansion of Facebook #5 and the addition of an Amazon distribution warehouse in a neighboring school district should continue to spur economic growth in and around the southeast Polk county area.

New residential housing developments continue to expand. Tuscany Estates continues to fill in with a new plat opening on the northeast side of the development as well as the expansion of Clay Estates, Fieldstone Estates, and Brookhaven Estates around Clay Elementary School continue to fill in as well. Spring Creek Ridge off 80<sup>th</sup> Street on the Altoona's east side continues to expand north and towards the Spring Creek Sports Complex. Just to the north and west of Spring Creek Ridge and near the Spring Creek Sports Complex, new single family homes continue to be constructed. Eagle Knolls Estates located in central Altoona continues to fill in with active construction for single family homes. The Barclay Apartments north of Clay Elementary and the Ironwood Apartments recently opened. At the center of the Barclay Apartments is a newly constructed daycare center serving the Altoona area.

In Pleasant Hill, The Arbor Lake and Pleasant Ridge developments continue to fill in. Peter's Ridge development directly to the east of Four Mile Elementary continues to slowly fill in as well. The City of Pleasant Hill are transitioning their public works buildings including the police and fire stations to the east side of the city just south of University Avenue/Highway 163 off of 70<sup>th</sup> Street. There is planned commercial property directly to the north of these buildings and multi-family and single family home construction already beginning directly to the east.

The Brook Landing development on 34<sup>th</sup> Avenue SW south of Target leading into the Des Moines/Pleasant Hill city limits is development with a number of completed homes and a new plat recently opening. Immediately to the east of Brook Landing, another residential development is being platted for single family homes. Less than a mile north of Brook Landing going into Altoona, a new apartment complex is near completion. The Woods of Copper Creek immediately north of Copper Creek Golf Course off of NE 23<sup>rd</sup> Avenue has exploded with the addition of numerous single family homes. Eventually, this neighborhood will conjoin with the Brook Run neighborhood to the north.

With continued expected gradual enrollment growth combined with an increase in commercial and residential developments in and around the encompassing municipalities, the District's financial position continues to be strong. Although there is a decrease in enrollment this year, we believe this is temporary due to family choices related to the COVID-19 pandemic.

### **Major Initiatives**

The District was successful in the increase of the Property Plant and Equipment Levy (PPEL) in September 2018, increasing the rate from \$1.00 to \$1.67 and extending the levy for an additional ten years. In September 2020, the District was successful in passing a \$92 million general obligation bond referendum at an astounding 70% approval rating. The bonds will fund several different major capital improvement projects including the construction of a new 6-7 middle-level building, a multipurpose stadium, administration building, warehouse and improvements to the bus parking lot, standardizing classrooms technology for more effective delivery of instruction in the classroom, improvements to the softball field, and the eventual construction of a new elementary building.

The new 6-7 middle-level building is expected to be completed prior to the 2023-2024 school year. Consequently, the grade-level changes will have a domino effect in the secondary buildings. The junior high will move from a 7-8 grade level building to a 8-9 grade level building. Subsequently, the capacity constraints at the high school will be temporarily alleviated with one entire grade level being removed. In addition, the construction of a 6-7 middle-level building will effectively push the need for a second high school further into the future. Over the next couple of years, planning for grade-level configuration changes and the effects on curriculum, will need to be a thoughtfully devised to best serve the instructional needs of the students affected.

The COVID-19 pandemic also accelerated the demand for student learning through technology. Prior to the pandemic, the District provided most of the student population with technology for 1:1 learning, except for students in kindergarten, first, and second grade levels. With significant assistance from Facebook, the District was able to provide a chromebook to each student in kindergarten, first, and second grade prior to the start of the 2020-2021 school year. This has proven to be essential as the pandemic forced systematic changes in the delivery of instruction for all students at every level. The challenge for the District moving forward will be to continue to enhance instruction through technology whether in the classroom or outside of the classroom.

### **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, 2020 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 nineteenth 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, 2019. In addition, the Association of School Business Officials (ASBO) International also awarded a Certificate of Excellence in Financial Reporting to the District for the eighteenth year in a row for the CAFR for the fiscal year ended June 30, 2019. For both organizations, these prestigious awards represent the highest level of recognition that can be bestowed upon a school district in financial reporting. In order to be awarded these certificates, the District must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Each certificate is valid for a period of one year only and the certificates for fiscal year ending June 30, 2019 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, 2020**

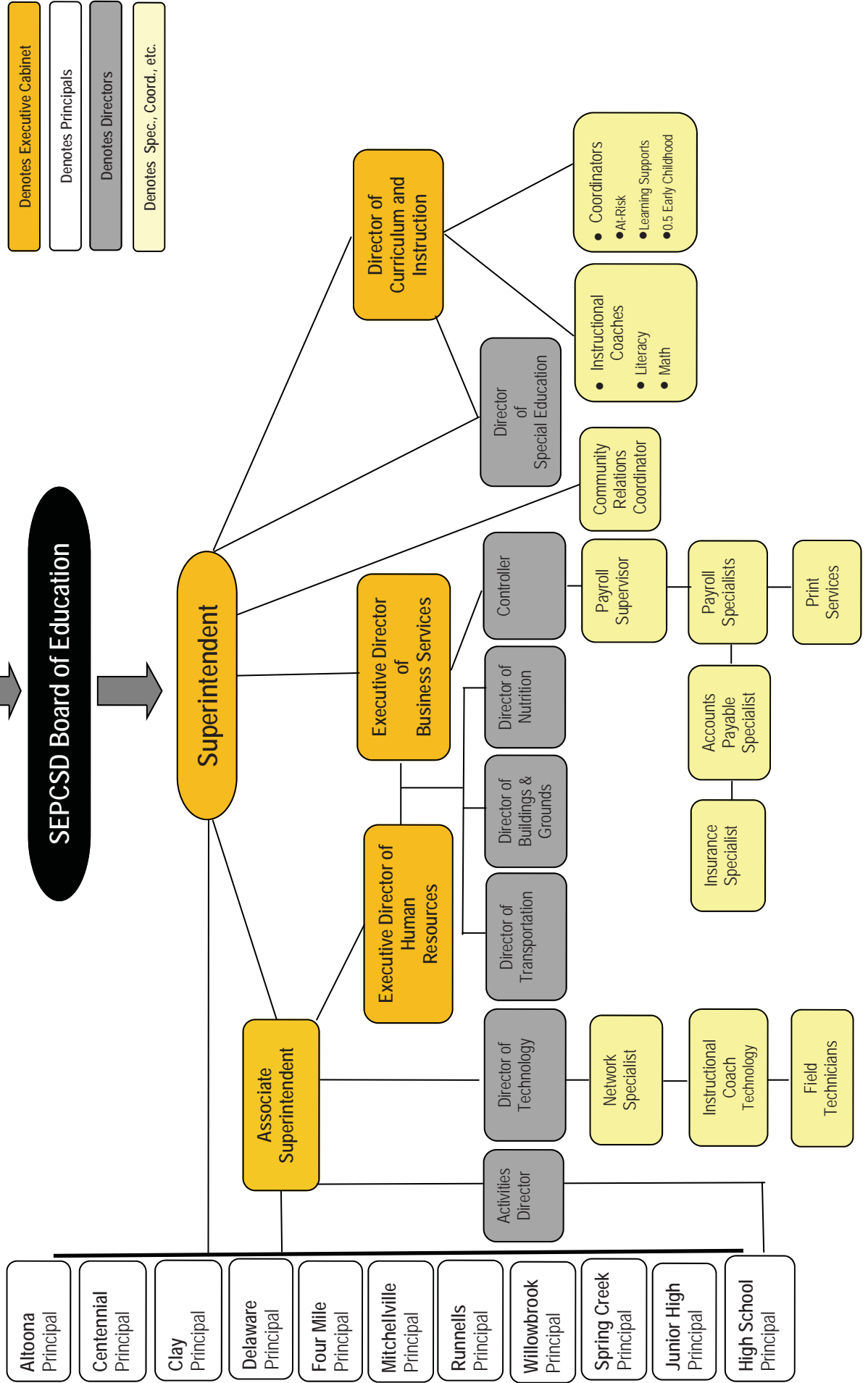
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	<u>Title</u>	<u>Term/Contract Expires</u>
<b>Board of Education:</b>		
Gary Fischer	President	November, 2021
Tom Naeve	Vice-President	November, 2023
Lori Slings	Member	November, 2023
Brett Handy	Member	November, 2023
Adam Krell	Member	November, 2021
Ric Powell	Member	November, 2021
Chad Crabb	Member	November, 2023
<b>District Administration:</b>		
Dr. Dirk Halupnik	Superintendent	June 30, 2020
Joe Horton	Associate Superintendent	June 30, 2020
Kevin Baccam	Executive Director of Business Services	June 30, 2020
Jo Ellen Latham	Director of Curriculum/Instruction	June 30, 2020
Margi Belger	Executive Director of Human Resources	June 30, 2020
Jacob Bartels	Associate Principal	June 30, 2020
Scott Bauer	Principal	June 30, 2020
Scott Belger	Assistant Principal	June 30, 2020
Jayson Campbell	Activities Director	June 30, 2020
Mike Dailey	Principal	June 30, 2020
Glenn Dietzenbach	Assistant Principal	June 30, 2020
Blake Kielman	Principal	June 30, 2020
Randy Mohning	Principal	June 30, 2020
Lea Morris	Principal	June 30, 2020
Mike Nicodemus	Principal	June 30, 2020
Nathan Ballagh	Principal	June 30, 2020
Stephen Pettit	Principal	June 30, 2020
Cory Goldsmith	Assistant Principal	June 30, 2020
Steve Stotts	Principal	June 30, 2020
Lori Waddell	Principal	June 30, 2020
Kevin Walker	Principal	June 30, 2020

Organizational Chart



Administrative Structure





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Southeast Polk Community School District  
Iowa**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

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, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



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

**Claire Hertz, SFO**  
President

A handwritten signature in black ink, reading 'David J. Lewis'. The signature is written in a cursive style and is positioned above a horizontal line.

**David J. Lewis**  
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, 2020, 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, 2020, 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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, and schedules of proportionate share of the net pension liability and schedules of contributions on pages 4–13 and 56-63 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 14, 2020 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 14, 2020

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## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2020**

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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, 2020. 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 \$3,840,587 and \$6,339,191 during the years ended June 30, 2020 and 2019, respectively.

Total revenues for the fiscal year ended June 30, 2020 and 2019 of \$102,741,240 and \$101,845,068 were comprised of general revenues in the amount of \$78,396,584 and \$77,120,088 and program revenues totaling \$24,344,656 and \$24,724,980, respectively.

As of June 30, 2020, the District's governmental funds reported combined fund balances of \$39,347,620, an increase of \$3,928,474 in comparison to 2019. As of June 30, 2019, the District's governmental funds reported combined fund balances of \$35,419,146, an increase of \$2,900,111 in comparison to 2018.

The Southeast Polk Community School District's total bonded long-term debt decreased by \$6,196,470 during fiscal year ended June 30, 2020, which included principal payments of \$5,390,000 and amortization of premium of \$806,470.

#### **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, 2020

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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, 2020

The basic fiduciary fund financial statement can be found on page 28 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Southeast Polk Community School District's budgetary comparison, schedule of changes in the total OPEB liability and related ratios, and schedule of proportionate share of the net pension liability and schedule of contributions of the retirement system.

Required supplementary information can be found on pages 56 through 63 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 \$71,413,560 to \$75,254,147.

**Table 1 - Net Position**

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Current and other assets	\$ 90,712,793	\$ 84,721,753	\$ 4,596,130	\$ 3,770,494	\$ 95,308,923	\$ 88,492,247
Capital assets	126,294,896	128,729,179	277,144	325,775	126,572,040	129,054,954
<b>Total assets</b>	<b>217,007,689</b>	<b>213,450,932</b>	<b>4,873,274</b>	<b>4,096,269</b>	<b>221,880,963</b>	<b>217,547,201</b>
Deferred outflows of resources	9,787,363	12,124,692	249,794	328,424	10,037,157	12,453,116
Other liabilities	17,681,891	16,668,068	202,206	110,165	17,884,097	16,778,233
Noncurrent liabilities	95,297,780	106,536,270	1,592,358	1,752,537	96,890,138	108,288,807
<b>Total liabilities</b>	<b>112,979,671</b>	<b>123,204,338</b>	<b>1,794,564</b>	<b>1,862,702</b>	<b>114,774,235</b>	<b>125,067,040</b>
Deferred inflows of resources	41,592,473	33,425,108	297,265	94,609	41,889,738	33,519,717
Net position:						
Net investment						
in capital assets	83,271,611	79,535,244	277,144	325,775	83,548,755	79,861,019
Restricted	22,904,144	16,979,543	-	-	22,904,144	16,979,543
Unrestricted	(33,952,847)	(27,568,609)	2,754,095	2,141,607	(31,198,752)	(25,427,002)
<b>Total net position</b>	<b>\$ 72,222,908</b>	<b>\$ 68,946,178</b>	<b>\$ 3,031,239</b>	<b>\$ 2,467,382</b>	<b>\$ 75,254,147</b>	<b>\$ 71,413,560</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 \$83,548,755 for 2020 and \$79,861,019 for 2019. 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, 2020**

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The restricted portion of the District's net position (30.4 percent for 2020 and 23.8 percent for 2019) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2020 include \$229,867 for physical plant and equipment levy, \$6,968,651 for school infrastructure, \$2,679,836 for management levy, \$10,222,444 for debt service, \$2,169,246 for categorical funding, and \$634,100 for student activities. The remaining balance of unrestricted net position is (\$33,952,847) for 2020.

The District's total net position increased by \$3,840,587 during the current fiscal year as compared to \$6,339,191 in 2019. The governmental activities net position increased by \$3,276,730 in 2020 and \$5,900,182 in 2019. The business-type activities, which include school nutrition and school store increased by \$563,857 in 2020 and increased by \$439,009 in 2018.

Although the total net position increased, the unrestricted net position decreased by \$5,771,750. This increase in the deficit was due to \$2,446,402 increase in unfunded net pension liability and related deferred inflows and deferred outflows in conjunction with an increase in net position restricted for debt service and categorical funding.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2020 and 2019. This table utilizes the full accrual method of accounting.

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, 2020

**Table 2 - Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues:						
Program revenues:						
Charges for service and sales	\$ 4,855,834	\$ 5,360,363	\$ 1,933,339	\$ 2,590,061	\$ 6,789,173	\$ 7,950,424
Operating grants and contributions	14,892,125	14,825,906	2,663,358	1,948,650	17,555,483	16,774,556
General revenues:						
Property taxes and other taxes	40,269,818	40,458,982	-	-	40,269,818	40,458,982
State sources	37,315,206	35,783,984	-	-	37,315,206	35,783,984
Investment earnings	760,073	821,520	51,487	55,602	811,560	877,122
<b>Total revenues</b>	<b>98,093,056</b>	<b>97,250,755</b>	<b>4,648,184</b>	<b>4,594,313</b>	<b>102,741,240</b>	<b>101,845,068</b>
Program expenses:						
Instruction	55,972,136	53,969,537	-	-	55,972,136	53,969,537
Support services	30,448,735	29,042,605	-	-	30,448,735	29,042,605
Noninstructional programs	23,934	20,493	-	-	23,934	20,493
Other	3,110,584	2,994,193	-	-	3,110,584	2,994,193
Depreciation unallocated	4,199,806	4,073,778	-	-	4,199,806	4,073,778
Interest on long-term debt	1,168,600	1,369,246	-	-	1,168,600	1,369,246
School nutrition	-	-	3,862,190	3,789,197	3,862,190	3,789,197
School store	-	-	114,668	246,828	114,668	246,828
<b>Total expenses</b>	<b>94,923,795</b>	<b>91,469,852</b>	<b>3,976,858</b>	<b>4,036,025</b>	<b>98,900,653</b>	<b>95,505,877</b>
<b>Excess of revenues over expenses before transfers</b>	<b>3,169,261</b>	<b>5,780,903</b>	<b>671,326</b>	<b>558,288</b>	<b>3,840,587</b>	<b>6,339,191</b>
Transfers	107,469	119,279	(107,469)	(119,279)	-	-
<b>Increase in net position</b>	<b>3,276,730</b>	<b>5,900,182</b>	<b>563,857</b>	<b>439,009</b>	<b>3,840,587</b>	<b>6,339,191</b>
Net position, beginning	68,946,178	63,045,996	2,467,382	2,028,373	71,413,560	65,074,369
Net position, ending	<b>\$ 72,222,908</b>	<b>\$ 68,946,178</b>	<b>\$ 3,031,239</b>	<b>\$ 2,467,382</b>	<b>\$ 75,254,147</b>	<b>\$ 71,413,560</b>

## GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$98,093,056 and expenses were \$94,923,795. 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 in 2020 and 2019. These sources represent 79.1 percent and 78.4 percent, respectively, of total governmental activities revenues. Instruction constitutes the largest portion of expenditures at \$55,972,136 or 59.0 percent of total governmental activities expenditures.

Revenues increased primarily due to an increase in state foundation aid of approximately \$1,575,000.

Total governmental activities expenses increased \$3,453,942. This increase was partly due to the increase in net pension liability coupled with wage increases and benefit costs experienced by the District.

## Southeast Polk Community School District

### Management's Discussion and Analysis Year Ended June 30, 2020

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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Instruction	\$ 55,972,136	\$ 53,969,537	\$ 41,090,556	\$ 39,179,465
Support services	30,448,735	29,042,605	28,692,940	26,640,601
Noninstructional programs	23,934	20,493	23,934	20,493
Other	3,110,584	2,994,193	-	-
Depreciation unallocated	4,199,806	4,073,778	4,199,806	4,073,778
Interest on long-term debt	1,168,600	1,369,246	1,168,600	1,369,246
School nutrition	3,862,190	3,789,197	(591,655)	(521,475)
School store	114,668	246,828	(28,184)	18,789
<b>Total expenses</b>	<b>\$ 98,900,653</b>	<b>\$ 95,505,877</b>	<b>\$ 74,555,997</b>	<b>\$ 70,780,897</b>

Net cost of services is 75.4 percent of total cost of services in 2020 and 74.1 percent in 2019. The cost of governmental activities financed by users of the District's programs was \$4,855,834 for 2020 and \$5,360,363 for 2019. Federal and state governments subsidized certain programs with grants and contributions totaling \$14,892,125 for 2020 and \$14,825,906 for 2019. 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 2015, 2016, 2017, 2018, 2019, and 2020 were established by the State as 4.00%, 1.25%, 2.25%, 1.11%, 1.00% and 2.61% 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 \$484,336 for fiscal year 2020.
- Food sales decreased from \$2,348,472 in 2019 to \$1,779,299 in 2020. This decrease is primarily due to the effects of COVID-19 on the food service program.
- 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 \$33,035.

## Southeast Polk Community School District

### Management's Discussion and Analysis Year Ended June 30, 2020

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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 \$39,347,620, an increase of \$3,928,474 in comparison with the prior year fund balance of \$35,419,146. The unassigned fund balance is \$10,514,980 for 2020 and \$13,096,684 for 2019. The majority of the remaining fund balance for 2020 is restricted to indicate that it is not available for new spending because it has already been restricted for other purposes, \$27,150,825

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 \$10,514,980 for 2020 and \$13,096,684 for 2018, while total fund balance reached \$14,366,041 for 2020 and \$15,670,269 for 2019. 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 13.2 percent of total fund expenditures and total fund balance is 18.0 percent of total fund expenditures.

The fund balance of the District's General Fund decreased by \$1,304,228 during June 30, 2020. Key factors in this decrease are as follows:

- Limited cash reserve levy amount due to constitutional limits.
- Planned year-end spending to use fund balance in a fiscally responsible manner.
- Continued analysis of positions that become vacant.

The Capital Projects Fund fund balance increased to \$7,575,173 in 2020 from \$6,498,694 in 2019. Statewide sales and service tax increased from \$7,014,891 in 2019 to \$7,142,471 in 2020. The District expended \$4,260,999 for planned capital projects and transferred \$4,179,450 to service debt.

The Debt Service Fund fund balance increased \$3,999,514 in 2020 to \$14,092,470 from \$10,092,956. This increase is due to an increase in restricted investments with a fiscal agent from an advance levy for future debt service on General Obligation Bonds Series 2015A and 2015B.

## Southeast Polk Community School District

### Management's Discussion and Analysis Year Ended June 30, 2020

#### 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	\$ 53,345,000	\$ 53,500,000	\$ 52,767,957	\$ 732,043
Support services	28,526,500	28,700,000	29,083,282	(383,282)
Noninstructional programs	3,814,000	3,850,000	3,934,134	(84,134)
Other	12,013,261	16,700,000	12,542,544	4,157,456
<b>Total</b>	<b>\$ 97,698,761</b>	<b>\$ 102,750,000</b>	<b>\$ 98,327,917</b>	<b>\$ 4,422,083</b>

Expenditure projections are conservative (projected higher) for the purpose of budget amendments. The District exceeded the amended budget in the support services and noninstructional programs functions.

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 \$2,482,914 for 2020. The decrease is due to depreciation expense exceeding capital asset additions.

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

	2020	2019
Land	\$ 3,925,619	\$ 3,925,619
Construction-in-progress	466,131	1,067,418
Buildings	110,149,629	112,482,618
Land improvements	7,449,956	7,323,908
Machinery and equipment	4,580,705	4,255,391
<b>Total</b>	<b>\$ 126,572,040</b>	<b>\$ 129,054,954</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, 2020

#### Debt

As of June 30, 2020, the Southeast Polk Community School District had general obligation and revenue bonds outstanding totaling \$47,604,591 compared to \$53,801,061 as of June 30, 2019. In the current year, the District paid \$5,390,000 in principal and \$1,965,250 in interest on outstanding debt. As of June 30, 2020, the District's available legal debt margin was \$140,933,701 compared to \$127,286,541 as of June 30, 2019.

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

	Governmental Activities		Business-Type Activities		Total District	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
General obligation bonds	\$ 13,145,000	\$ 15,545,000	\$ -	\$ -	\$ 13,145,000	\$ 15,545,000
Revenue bonds	34,459,591	38,256,061	-	-	34,459,591	38,256,061
Net OPEB liability	16,177,021	17,761,205	683,349	732,344	16,860,370	18,493,549
Net pension liability	37,116,168	40,364,004	909,009	1,020,193	38,025,177	41,384,197
Compensated absences	168,438	171,192	-	3,638	168,438	174,830
<b>Total</b>	<b>\$ 101,066,218</b>	<b>\$ 112,097,462</b>	<b>\$ 1,592,358</b>	<b>\$ 1,756,175</b>	<b>\$ 102,658,576</b>	<b>\$ 113,853,637</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 six percent over the past five years. The tax base increase from fiscal year 2020 to fiscal year 2021 is nearly eight and one-half percent. This is in line with the history of actual valuation changes for the area. Consequently, this is favorable for property tax payers by effectively reducing the overall tax rate assessed by the District. Although Southeast Polk is the 14<sup>th</sup> largest school district in the State of Iowa, the District's tax rate is the 72<sup>nd</sup> highest in the State. More than 20% of all other Iowa public school districts have higher tax rates than Southeast Polk.

The District's certified enrollment count as of October 2020 is 6,911 student FTEs. This is a decrease of 82 student FTEs compared to the prior year. We believe the COVID-19 pandemic had an adverse effect on some families choosing not to send their school-aged children to school for the 2020-2021 school year. They elected instead to keep their children at home or enroll them into a different school district with an instruction delivery model more suitable to their needs and/or beliefs. We believe the decrease in certified enrollment is temporary in nature and expect to see an increase in certified student enrollment in October 2021. The District will continue to engage 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.

## **Southeast Polk Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2020**

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While it is unknown what the lasting effects of COVID-19 will be on the economy, the decrease in enrollment coupled with a potentially low supplemental state aid increase may cause the district to move into a budget guarantee scenario. The budget guarantee allows for a school district to obtain 101% of the previous year's regular program budget. The budget guarantee is funded completely by property taxes. Supplemental state aid will need to be 2.15% or higher in order to avoid a budget guarantee scenario.

Legislators approved a 2.3 percent increase in supplemental state aid for fiscal year 2021.

Supplemental state aid has not been established for fiscal year 2022.

The District ended fiscal year 2020 with a positive solvency ratio of 16.2%. There was a planned decrease from the previous year solvency ratio of 21.5%; however, the decrease was slightly sharper due to costs related to COVID-19. Unspent spending authority rose to 14.6% from 11.3% from fiscal year 2019 to 2020. 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, 407 8<sup>th</sup> Street SE, Altoona, Iowa 50327.

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**Southeast Polk Community School District**

**Statement of Net Position**

**June 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 39,401,811	\$ 4,089,959	\$ 43,491,770
Restricted cash, cash equivalents and investments	13,231,720	-	13,231,720
Receivables:			
Property taxes	32,853,137	-	32,853,137
Other	5,413,551	296,295	5,709,846
Prepaid expenses	17,037	-	17,037
Inventories	-	5,413	5,413
Internal balances	(204,463)	204,463	-
<b>Total current assets</b>	<b>90,712,793</b>	<b>4,596,130</b>	<b>95,308,923</b>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	3,925,619	-	3,925,619
Construction-in-progress	466,131	-	466,131
Depreciable:			
Buildings	161,051,555	-	161,051,555
Land improvements	14,321,196	-	14,321,196
Machinery and equipment	23,856,462	3,011,522	26,867,984
Accumulated depreciation	(77,326,067)	(2,734,378)	(80,060,445)
<b>Total noncurrent assets</b>	<b>126,294,896</b>	<b>277,144</b>	<b>126,572,040</b>
<b>Total assets</b>	<b>217,007,689</b>	<b>4,873,274</b>	<b>221,880,963</b>
<b>Deferred outflows of resources:</b>			
Deferral on refunding	124,794	-	124,794
OPEB related deferred outflows	549,420	24,214	573,634
Pension related deferred outflows	9,113,149	225,580	9,338,729
<b>Total deferred outflows of resources</b>	<b>9,787,363</b>	<b>249,794</b>	<b>10,037,157</b>

See Notes to Basic Financial Statements.



	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,476,329	56,962	3,533,291
Salaries and benefits payable	7,483,698	48	7,483,746
Claims payable	623,273	-	623,273
Unearned revenue	121,611	145,196	266,807
Accrued interest payable	208,542	-	208,542
Compensated absences	168,438	-	168,438
General obligation bonds	2,475,000	-	2,475,000
Revenue bonds	3,125,000	-	3,125,000
<b>Total current liabilities</b>	<b>17,681,891</b>	<b>202,206</b>	<b>17,884,097</b>
Noncurrent liabilities:			
General obligation bonds	10,670,000	-	10,670,000
Revenue bonds	31,334,591	-	31,334,591
Net OPEB liability	16,177,021	683,349	16,860,370
Net pension liability	37,116,168	909,009	38,025,177
<b>Total noncurrent liabilities</b>	<b>95,297,780</b>	<b>1,592,358</b>	<b>96,890,138</b>
<b>Total liabilities</b>	<b>112,979,671</b>	<b>1,794,564</b>	<b>114,774,235</b>
<b>Deferred inflows of resources:</b>			
Succeeding year property taxes	32,576,838	-	32,576,838
OPEB related deferred inflows	3,445,438	114,852	3,560,290
Pension related deferred inflows	5,570,197	182,413	5,752,610
<b>Total deferred inflows of resources</b>	<b>41,592,473</b>	<b>297,265</b>	<b>41,889,738</b>
<b>Net Position</b>			
Net investment in capital assets	83,271,611	277,144	83,548,755
Restricted for:			
Categorical funding	2,169,246	-	2,169,246
Physical plant and equipment levy	229,867	-	229,867
School infrastructure	6,968,651	-	6,968,651
Debt service	10,222,444	-	10,222,444
Management levy	2,679,836	-	2,679,836
Student activities	634,100	-	634,100
Unrestricted	(33,952,847)	2,754,095	(31,198,752)
<b>Total net position</b>	<b>\$ 72,222,908</b>	<b>\$ 3,031,239</b>	<b>\$ 75,254,147</b>

**Southeast Polk Community School District**

**Statement of Activities  
Year Ended June 30, 2020**

Functions/Programs	Expenses	Charges for Services and Sales
<b>Primary Government:</b>		
Governmental activities:		
Instruction	\$ 55,972,136	\$ 4,419,029
Support services	30,448,735	436,805
Noninstructional programs	23,934	-
Other	3,110,584	-
Depreciation (unallocated)	4,199,806	-
Interest on long-term debt	1,168,600	-
<b>Total governmental activities</b>	<u>94,923,795</u>	<u>4,855,834</u>
Business-type activities:		
School nutrition	3,862,190	1,790,487
School store	114,668	142,852
<b>Total business-type activities</b>	<u>3,976,858</u>	<u>1,933,339</u>
<b>Total primary government</b>	<u>\$ 98,900,653</u>	<u>\$ 6,789,173</u>

General revenues and transfers:

General revenues:

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

**Total general revenues**

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
\$ 10,462,551	\$ -	\$ (41,090,556)	\$ -	\$ (41,090,556)
1,318,990	-	(28,692,940)	-	(28,692,940)
-	-	(23,934)	-	(23,934)
3,110,584	-	-	-	-
-	-	(4,199,806)	-	(4,199,806)
-	-	(1,168,600)	-	(1,168,600)
14,892,125	-	(75,175,836)	-	(75,175,836)
2,663,358	-	-	591,655	591,655
-	-	-	28,184	28,184
2,663,358	-	-	619,839	619,839
\$ 17,555,483	\$ -	(75,175,836)	619,839	(74,555,997)
		17,698,429	-	17,698,429
		10,495,138	-	10,495,138
		2,628,941	-	2,628,941
		2,442,683	-	2,442,683
		7,004,627	-	7,004,627
		36,593,168	-	36,593,168
		722,038	-	722,038
		760,073	51,487	811,560
		78,345,097	51,487	78,396,584
		107,469	(107,469)	-
		78,452,566	(55,982)	78,396,584
		3,276,730	563,857	3,840,587
		68,946,178	2,467,382	71,413,560
\$	\$	72,222,908	\$ 3,031,239	\$ 75,254,147

## Southeast Polk Community School District

### Balance Sheet Governmental Funds June 30, 2020

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash, cash equivalents and investments	\$ 21,845,385	\$ 6,590,680	\$ 1,386,279	\$ 3,504,764	\$ 33,327,108
Restricted cash, cash equivalents and investments	-	586,486	12,645,234	-	13,231,720
Receivables:					
Property taxes	21,796,621	4,103,086	5,368,207	1,585,223	32,853,137
Income surtax	2,305,225	-	-	-	2,305,225
Due from other governments	2,194,166	811,591	-	235	3,005,992
Other	52,231	-	-	1,539	53,770
Prepaid expenses	17,037	-	-	-	17,037
<b>Total assets</b>	<b>\$ 48,210,665</b>	<b>\$ 12,091,843</b>	<b>\$ 19,399,720</b>	<b>\$ 5,091,761</b>	<b>\$ 84,793,989</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 2,307,160	\$ 234,490	\$ -	\$ 207,516	\$ 2,749,166
Salaries and benefits payable	7,483,389	-	-	309	7,483,698
Unearned revenue	121,611	-	-	-	121,611
<b>Total liabilities</b>	<b>9,912,160</b>	<b>234,490</b>	<b>-</b>	<b>207,825</b>	<b>10,354,475</b>
Deferred Inflows of Resources, unavailable revenue:					
Succeeding year property tax	21,627,239	4,072,349	5,307,250	1,570,000	32,576,838
Income surtax	2,305,225	-	-	-	2,305,225
Sales and services tax	-	209,831	-	-	209,831
<b>Total deferred inflows of resources</b>	<b>23,932,464</b>	<b>4,282,180</b>	<b>5,307,250</b>	<b>1,570,000</b>	<b>35,091,894</b>
Fund balances:					
Nonspendable, prepaid items	17,037	-	-	-	17,037
Restricted for:					
Categorical funding	2,169,246	-	-	-	2,169,246
Physical plant and equipment	-	229,867	-	-	229,867
School infrastructure	-	6,758,820	-	-	6,758,820
Debt service	-	586,486	14,092,470	-	14,678,956
Management levy	-	-	-	2,679,836	2,679,836
Student activities	-	-	-	634,100	634,100
Assigned for community programs	1,664,778	-	-	-	1,664,778
Unassigned	10,514,980	-	-	-	10,514,980
<b>Total fund balances</b>	<b>14,366,041</b>	<b>7,575,173</b>	<b>14,092,470</b>	<b>3,313,936</b>	<b>39,347,620</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 48,210,665</b>	<b>\$ 12,091,843</b>	<b>\$ 19,399,720</b>	<b>\$ 5,091,761</b>	<b>\$ 84,793,989</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, 2020**

---

Total fund balances		\$ 39,347,620
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		126,294,896
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		2,515,056
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	6,123,267	
Other current liabilities	<u>(1,350,436)</u>	4,772,831
Internal Service funds allocated to business-type activities		(204,463)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds, as follows:		
OPEB related deferred outflows of resources	549,420	
OPEB related deferred inflows of resources	(3,445,438)	
Pension related deferred outflows of resources	9,113,149	
Pension related deferred inflows of resources	<u>(5,570,197)</u>	646,934
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferral on refunding	124,794	
Accrued interest payable	(208,542)	
Compensated absences	(168,438)	
General obligation bonds, current	(2,475,000)	
General obligation bonds, noncurrent	(10,670,000)	
Premium on revenue bond issuance	(2,619,591)	
Revenue bonds, current	(3,125,000)	
Revenue bonds, noncurrent	(28,715,000)	
Net OPEB liability	(16,177,021)	
Net pension liability	<u>(37,116,168)</u>	(101,149,966)
<b>Net position of governmental activities</b>		<u><u>\$ 72,222,908</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, 2020

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes and local sources:					
Property taxes	\$ 17,698,429	\$ 2,156,457	\$ 6,365,981	\$ 1,972,700	\$ 28,193,567
Income surtax	2,593,048	-	-	-	2,593,048
Other local sources	3,321,639	97,305	423,837	338,523	4,181,304
Student activities	42,560	-	-	724,342	766,902
Investment earnings	364,149	62,229	216,082	48,184	690,644
Tuition/transportation	3,394,384	-	-	-	3,394,384
State sources:					
State foundation aid	36,593,168	-	-	-	36,593,168
Statewide sales services tax	-	7,142,471	-	-	7,142,471
Other state sources	11,784,746	58,466	173,414	49,993	12,066,619
Federal sources	2,503,471	-	-	-	2,503,471
<b>Total revenues</b>	<b>78,295,594</b>	<b>9,516,928</b>	<b>7,179,314</b>	<b>3,133,742</b>	<b>98,125,578</b>
Expenditures:					
Current:					
Instruction	51,154,481	-	-	1,508,775	52,663,256
Support services:					
Student services	3,060,906	4,001	-	30,466	3,095,373
Instructional support	3,655,113	9,988	-	38,427	3,703,528
General administration	1,241,315	-	-	28,657	1,269,972
School administration	4,274,310	-	-	84,460	4,358,770
Business and central administration	3,118,424	1,239,684	-	597,930	4,956,038
Plant operation and maintenance	6,403,446	389,023	-	608,983	7,401,452
Student transportation	3,688,712	545,593	-	55,401	4,289,706
Noninstructional programs	-	-	-	23,934	23,934
Other, AEA support	3,110,584	-	-	-	3,110,584
Capital outlay	-	2,072,710	-	-	2,072,710
Debt service:					
Principal	-	-	5,390,000	-	5,390,000
Interest and other charges	-	-	1,969,250	-	1,969,250
<b>Total expenditures</b>	<b>79,707,291</b>	<b>4,260,999</b>	<b>7,359,250</b>	<b>2,977,033</b>	<b>94,304,573</b>
<b>Excess (deficiency) of revenues (under) over expenditures</b>	<b>(1,411,697)</b>	<b>5,255,929</b>	<b>(179,936)</b>	<b>156,709</b>	<b>3,821,005</b>
Other financing sources (uses):					
Transfers in	107,469	-	4,179,450	-	4,286,919
Transfers (out)	-	(4,179,450)	-	-	(4,179,450)
<b>Total other financing sources (uses)</b>	<b>107,469</b>	<b>(4,179,450)</b>	<b>4,179,450</b>	<b>-</b>	<b>107,469</b>
<b>Net change in fund balance</b>	<b>(1,304,228)</b>	<b>1,076,479</b>	<b>3,999,514</b>	<b>156,709</b>	<b>3,928,474</b>
Fund balances, beginning of year	15,670,269	6,498,694	10,092,956	3,157,227	35,419,146
Fund balances, end of year	\$ 14,366,041	\$ 7,575,173	\$ 14,092,470	\$ 3,313,936	\$ 39,347,620

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, 2020

Net change in fund balances - total governmental funds	\$	3,928,474
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	2,765,393	
Depreciation expense by function:		
Instruction	(61,426)	
Support services	(938,444)	
Unallocated	<u>(4,199,806)</u>	(2,434,283)
<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	(137,844)	
Income surtax	<u>35,893</u>	(101,951)
<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 of bonds and loans principal	5,390,000	
Amortization of premium	806,470	
Amortization of deferral on refunding	(25,820)	
Interest	<u>20,000</u>	6,190,650
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.		(608,081)
Change in internal service funds allocation to business-type activities		(46,486)
<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	2,754	
Change in liability for net OPEB liability:		
Instruction	(851,169)	
Support services	(356,776)	
Change in liability for net pension liability:		
Instruction	(1,718,774)	
Support services	<u>(727,628)</u>	(3,651,593)
<b>Change in net position of governmental activities</b>		<u><u>\$ 3,276,730</u></u>

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2020**

	Business-Type Activities, Enterprise Funds			Governmental
	School Nutrition	Nonmajor School Store	Total	Activities, Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments	\$ 3,705,629	\$ 384,330	\$ 4,089,959	\$ 6,074,703
Other receivables	296,295	-	296,295	48,564
Inventories	5,413	-	5,413	-
<b>Total current assets</b>	<b>4,007,337</b>	<b>384,330</b>	<b>4,391,667</b>	<b>6,123,267</b>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	3,011,522	-	3,011,522	-
Less accumulated depreciation	(2,734,378)	-	(2,734,378)	-
<b>Total noncurrent assets</b>	<b>277,144</b>	<b>-</b>	<b>277,144</b>	<b>-</b>
<b>Total assets</b>	<b>4,284,481</b>	<b>384,330</b>	<b>4,668,811</b>	<b>6,123,267</b>
<b>Deferred outflows of resources:</b>				
OPEB related deferred outflows	24,214	-	24,214	-
Pension related deferred outflows	225,580	-	225,580	-
<b>Total deferred outflows of resources</b>	<b>249,794</b>	<b>-</b>	<b>249,794</b>	<b>-</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	51,269	5,693	56,962	727,163
Salaries and benefits payable	48	-	48	-
Claims payable	-	-	-	623,273
Unearned revenues	145,196	-	145,196	-
<b>Total current liabilities</b>	<b>196,513</b>	<b>5,693</b>	<b>202,206</b>	<b>1,350,436</b>
Noncurrent liabilities:				
Net OPEB liability	683,349	-	683,349	-
Net pension liability	909,009	-	909,009	-
<b>Total noncurrent liabilities</b>	<b>1,592,358</b>	<b>-</b>	<b>1,592,358</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,788,871</b>	<b>5,693</b>	<b>1,794,564</b>	<b>1,350,436</b>
<b>Deferred inflows of resources:</b>				
OPEB related deferred inflows	114,852	-	114,852	-
Pension related deferred inflows	182,413	-	182,413	-
<b>Total deferred inflows of resources</b>	<b>297,265</b>	<b>-</b>	<b>297,265</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	277,144	-	277,144	-
Unrestricted	2,170,995	378,637	2,549,632	4,772,831
<b>Total net position</b>	<b>\$ 2,448,139</b>	<b>\$ 378,637</b>	<b>\$ 2,826,776</b>	<b>\$ 4,772,831</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, 2020**

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Total enterprise funds net position \$ 2,826,776

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.

204,463

**Net position of business-type activities**

\$ 3,031,239

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, 2020**

	Business-Type Activities, Enterprise Funds			Governmental
	School	Nonmajor	Total	Activities,
	Nutrition	School Store		Internal Service Fund
Operating revenues:				
Food sales	\$ 1,779,299	\$ -	\$ 1,779,299	\$ -
Charges for services	11,188	142,852	154,040	9,788,014
<b>Total operating revenues</b>	<b>1,790,487</b>	<b>142,852</b>	<b>1,933,339</b>	<b>9,788,014</b>
Operating expenses:				
Salaries	1,214,875	1,302	1,216,177	-
Employee benefits	588,910	223	589,133	-
Purchased services	18,281	6,944	25,225	537,263
Food consumed	1,832,657	-	1,832,657	-
Supplies	144,619	85,059	229,678	-
Depreciation	107,938	-	107,938	-
Claims and administration	-	-	-	9,928,261
Other	1,396	21,140	22,536	-
<b>Total operating expenses</b>	<b>3,908,676</b>	<b>114,668</b>	<b>4,023,344</b>	<b>10,465,524</b>
<b>Operating income (loss)</b>	<b>(2,118,189)</b>	<b>28,184</b>	<b>(2,090,005)</b>	<b>(677,510)</b>
Nonoperating revenues:				
Federal food commodities	344,525	-	344,525	-
Federal appropriations	2,286,330	-	2,286,330	-
State appropriations	32,503	-	32,503	-
Interest	46,636	4,851	51,487	69,429
<b>Total nonoperating revenues</b>	<b>2,709,994</b>	<b>4,851</b>	<b>2,714,845</b>	<b>69,429</b>
<b>Income (loss) before transfers</b>	<b>591,805</b>	<b>33,035</b>	<b>624,840</b>	<b>(608,081)</b>
Transfers (out)	(107,469)	-	(107,469)	-
<b>Change in net position</b>	<b>484,336</b>	<b>33,035</b>	<b>517,371</b>	<b>(608,081)</b>
Net position, beginning of year	1,963,803	345,602	2,309,405	5,380,912
Net position, end of year	<b>\$ 2,448,139</b>	<b>\$ 378,637</b>	<b>\$ 2,826,776</b>	<b>\$ 4,772,831</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, 2020**

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Net changes in net position in enterprise funds \$ 517,371

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.

46,486

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

\$ 563,857

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2020**

	Business-Type Activities, Enterprise Funds			Governmental
	School Nutrition	Nonmajor School Store	Total	Activities, Internal Service Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,580,880	\$ 130,252	\$ 1,711,132	\$ 9,739,450
Payments to suppliers	(1,605,807)	(107,566)	(1,713,373)	(10,380,843)
Payments to employees	(1,690,220)	(2,291)	(1,692,511)	-
<b>Net cash provided by (used in) operating activities</b>	<b>(1,715,147)</b>	<b>20,395</b>	<b>(1,694,752)</b>	<b>(641,393)</b>
Cash flows from noncapital financial activities:				
Federal and state appropriations received	2,318,833	-	2,318,833	-
Payments to other funds	(107,469)	-	(107,469)	-
<b>Net cash provided by noncapital financing activities</b>	<b>2,211,364</b>	<b>-</b>	<b>2,211,364</b>	<b>-</b>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(59,307)	-	(59,307)	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(59,307)</b>	<b>-</b>	<b>(59,307)</b>	<b>-</b>
Cash flows from investing activities, interest received	46,636	4,851	51,487	69,429
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>483,546</b>	<b>25,246</b>	<b>508,792</b>	<b>(571,964)</b>
Cash and cash equivalents, beginning of year	3,222,083	359,084	3,581,167	6,646,667
Cash and cash equivalents, end of year	<b>\$ 3,705,629</b>	<b>\$ 384,330</b>	<b>\$ 4,089,959</b>	<b>\$ 6,074,703</b>

(Continued)

**Southeast Polk Community School District**

**Statement of Cash Flows (Continued)**

**Proprietary Funds**

**Year Ended June 30, 2020**

	Business-Type Activities, Enterprise Funds			Governmental
	School Nutrition	Nonmajor School Store	Total	Activities, Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(2,118,189)	28,184	(2,090,005)	(677,510)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	107,938	-	107,938	-
Federal food commodities used	344,525	-	344,525	-
Change in assets and liabilities:				
Receivables	(266,517)	-	(266,517)	(48,564)
Prepaid expenses	-	472	472	-
Inventories	(4,313)	-	(4,313)	-
Accounts payable	50,934	5,105	56,039	135,123
Salaries and benefits payable	(3,904)	(766)	(4,670)	-
Compensated absences	(3,638)	-	(3,638)	-
Claims payable	-	-	-	(50,442)
Unearned revenue	56,910	(12,600)	44,310	-
Net pension liability and related deferrals	83,748	-	83,748	-
Net OPEB liability and related deferrals	37,359	-	37,359	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,715,147)</b>	<b>\$ 20,395</b>	<b>\$ (1,694,752)</b>	<b>\$ (641,393)</b>
Schedule of noncash items:				
Noncapital financing activities, federal commodities	\$ 344,525	\$ -	\$ 344,525	\$ -

See Notes to Basic Financial Statements.

**Southeast Polk Community School District**

**Statement of Fiduciary Assets and Liabilities**

**Fiduciary Funds**

**June 30, 2020**

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	<u>Agency</u>
<b>Assets</b>	
Cash, cash equivalents and investments	\$ 317,056
Accounts receivable	552
Total assets	<u>\$ 317,608</u>
<b>Liabilities</b>	
Accounts payable	\$ 4,641
Due to groups	312,967
Total liabilities	<u>\$ 317,608</u>

See Notes to Basic Financial Statements.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2020

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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, GASB Statement No. 61 which amended 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, 2020

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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, 2020

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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 is the District's major enterprise fund:

School Nutrition Fund: Accounts for the food service operations of the District.

The following is the District's nonmajor enterprise fund:

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, 2020

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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 2019 based on 2018 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, 2020

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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 \$811,591 from the state for the statewide sales and services tax, \$235 from the state for grant programs and \$2,194,166 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 position but are not reported in the fund financial statements.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

**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, 2020

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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 position as vacation must be used within one year. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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

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

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

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

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

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

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

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

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

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

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2020

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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 and other postemployment benefit expense, contributions from the employer after the measurement date but before the end of the employer's reporting period, and deferrals on advance refundings.

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

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

**Net position:** In proprietary funds, fiduciary funds, and government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds of \$4,456,512.

Net position restricted through enabling legislation consists of \$229,867 for physical plant and equipment levy, \$6,968,651 for school infrastructure, and \$2,679,836 for management levy. All other restricted net position consists of \$2,169,246 for categorical funding, \$10,222,444 for required bond reserves and \$634,100 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, 2020

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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 budget in the support services function and noninstructional programs function by \$383,282 and \$84,134, respectively.

#### **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. At June 30, 2020, the District had investments in the Iowa School Joint Investment Trust (ISJIT) which are valued at amortized cost of \$18,302,949 pursuant to Rule 2a-7 under the Investment company act of 1940. There were no limitations on restrictions on withdrawals of the ISJIT investments.

**Credit risk:** Generally, credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized rating organization (Standard and Poor's and Moody Investor Services). The District's investment policy does not formally address credit risk. The investment in the Iowa School Joint Investment was rated AAAM by Standard & Poor's Financial Services.

**Concentration of credit risk:** The District's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet its anticipated cash requirements. The District does not have a policy specific to concentration of credit risk. At June 30, 2020, the District had no investments subject to concentration of credit risk.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

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, 2020 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 investments as of June 30, 2020 are held in the name of the District and are not exposed to custodial credit risk.

**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	\$ 107,469	\$ -
Capital Projects Fund	-	4,179,450
Debt Service Fund	4,179,450	-
Business-type activities:		
Major fund, School Nutrition Fund	-	107,469
	<u>\$ 4,286,919</u>	<u>\$ 4,286,919</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues statutorily required to be collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The School Nutrition Fund transfer is to record indirect costs as required by the State of Iowa.

**Note 5. Capital Assets**

Capital asset activity of the business-type activities for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Business-type activities:				
Capital assets, being depreciated, machinery and equipment	\$ 2,952,215	\$ 59,307	\$ -	\$ 3,011,522
Accumulated depreciation, machinery and equipment	2,626,440	107,938	-	2,734,378
<b>Total capital assets, being depreciation, net</b>	<u>\$ 325,775</u>	<u>\$ (48,631)</u>	<u>\$ -</u>	<u>\$ 277,144</u>



**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

Capital asset activity of the governmental activities for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,925,619	\$ -	\$ -	\$ 3,925,619
Construction-in-progress	1,067,418	1,878,050	2,479,337	466,131
<b>Total capital assets, not being depreciated</b>	<b>4,993,037</b>	<b>1,878,050</b>	<b>2,479,337</b>	<b>4,391,750</b>
Capital assets, being depreciated:				
Buildings	159,713,873	1,337,682	-	161,051,555
Land improvements	13,625,417	695,779	-	14,321,196
Machinery and equipment	22,523,243	1,333,219	-	23,856,462
<b>Total capital assets, being depreciated</b>	<b>195,862,533</b>	<b>3,366,680</b>	<b>-</b>	<b>199,229,213</b>
Accumulated depreciation:				
Buildings	47,231,255	3,670,671	-	50,901,926
Land improvements	6,301,509	569,731	-	6,871,240
Machinery and equipment	18,593,627	959,274	-	19,552,901
<b>Total accumulated depreciation</b>	<b>72,126,391</b>	<b>5,199,676</b>	<b>-</b>	<b>77,326,067</b>
<b>Total capital assets, being depreciated, net</b>	<b>123,736,142</b>	<b>(1,832,996)</b>	<b>-</b>	<b>121,903,146</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 128,729,179</b>	<b>\$ 45,054</b>	<b>\$ 2,479,337</b>	<b>\$ 126,294,896</b>

Depreciation was charged to the functions as follows:

Governmental activities:	
Instruction	\$ 61,426
Support services	938,444
Unallocated	4,199,806
<b>Total depreciation expense, governmental activities</b>	<b>\$ 5,199,676</b>
Business-type activities, school nutrition	<b>\$ 107,938</b>

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

**Note 6. Long-term Debt**

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

	June 30, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 15,545,000	\$ -	\$ 2,400,000	\$ 13,145,000	\$ 2,475,000
Revenue bonds	30,270,000	-	2,500,000	27,770,000	2,615,000
Premium on revenue bonds	3,426,061	-	806,470	2,619,591	-
Direct placements, revenue refunding bonds series 2019	4,560,000	-	490,000	4,070,000	510,000
Compensated absences	171,192	168,438	171,192	168,438	168,438
Net OPEB liability	17,761,205	-	1,584,184	16,177,021	-
Net pension liability	40,364,004	-	3,247,836	37,116,168	-
<b>Total</b>	<b>\$ 112,097,462</b>	<b>\$ 168,438</b>	<b>\$ 11,199,682</b>	<b>\$ 101,066,218</b>	<b>\$ 5,768,438</b>
<b>Business-type activities:</b>					
Compensated absences	\$ 3,638	\$ -	\$ 3,638	\$ -	\$ -
Net OPEB liability	732,344	-	48,995	683,349	-
Net pension liability	1,020,193	-	111,184	909,009	-
	<b>\$ 1,756,175</b>	<b>\$ -</b>	<b>\$ 163,817</b>	<b>\$ 1,592,358</b>	<b>\$ -</b>

Compensated absences are generally liquidated by the General Fund.

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

Year ending June 30:	Interest Rates	\$25,910,000 Issued March 19, 2015		
		Principal	Interest	Total
2021	5.00	\$ 1,475,000	\$ 407,250	\$ 1,882,250
2022	5.00	1,550,000	333,500	1,883,500
2023	5.00	1,625,000	256,000	1,881,000
2024	5.00	1,705,000	174,750	1,879,750
2025	5.00	1,790,000	89,500	1,879,500
<b>Totals</b>		<b>\$ 8,145,000</b>	<b>\$ 1,261,000</b>	<b>\$ 9,406,000</b>

Year ending June 30:	Interest Rates	\$9,295,000 Issued March 19, 2015		
		Principal	Interest	Total
2021	5.00	\$ 1,000,000	\$ 250,000	\$ 1,250,000
2022	5.00	1,000,000	200,000	1,200,000
2023	5.00	1,000,000	1,500,000	2,500,000
2024	5.00	1,000,000	100,000	1,100,000
2025	5.00	1,000,000	50,000	1,050,000
<b>Totals</b>		<b>\$ 5,000,000</b>	<b>\$ 2,100,000</b>	<b>\$ 7,100,000</b>

The Debt Service Fund has restricted investments of \$8,811,343 with fiscal agent from an advance levy for future debt service on the General Obligation Bonds Series 2015A and Series 2015B respectively.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2020

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

##### Revenue bonds:

- 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 crossover date occurred on June 1, 2019. The bonds bear interest at rates ranging from 2.25 percent to 5.00 percent and mature on June 1, 2029.
- On July 2, 2018, the District issued \$5,045,000 School Infrastructure Sales Services and Use Tax Revenue Refunding Bonds, Series 2020. The bonds bear an interest rate of 2.95 percent. Interest is due semi-annually on December 1 and June 1. Principal maturities range from \$485,000 to \$525,000 due annually each June 1 beginning June 1, 2020 until maturity on June 1, 2029. The bonds were issued to current refund \$5,040,000 of Series 2010A School Infrastructure Sales, Services and Use Tax Revenue Bonds and \$565,000 of Series 2012 School Infrastructure Sales, Services and Use Tax Revenue Bonds outstanding as of June 30, 2019. The District completed the refunding to reduce its total debt service payments by \$534,872 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$208,973.

The District has pledged future statewide sales, services and use tax collected in the Capital Projects 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 \$37,028,018. During the year ended June 30, 2020, principal and interest of \$4,178,000 was paid on the bonds and statewide sales, services and use tax revenues were \$7,142,471.

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

- Monies 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, 2020, the reserve account balance was \$3,986,549.
- 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, 2020, the sinking fund account balance was \$433,828.
- Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

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

Year ending June 30:	Issued February 28, 2013			Issued May 28, 2015		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 605,000	\$ 147,068	\$ 752,068	\$ 435,000	\$ 171,450	\$ 606,450
2022	620,000	134,968	754,968	450,000	154,050	604,050
2023	640,000	122,568	762,568	470,000	136,050	606,050
2024	655,000	108,807	763,807	485,000	117,250	602,250
2025	680,000	94,070	774,070	505,000	97,850	602,850
2026-2029	2,955,000	202,960	3,157,960	2,220,000	197,650	2,417,650
<b>Totals</b>	<b>\$ 6,155,000</b>	<b>\$ 810,441</b>	<b>\$ 6,965,441</b>	<b>\$ 4,565,000</b>	<b>\$ 874,300</b>	<b>\$ 5,439,300</b>

Year ending June 30:	Issued June 15, 2016			Direct Placements Issued July 2, 2019		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,575,000	\$ 631,812	\$ 2,206,812	\$ 510,000	\$ 120,065	\$ 630,065
2022	1,660,000	553,063	2,213,063	525,000	105,020	630,020
2023	1,745,000	470,063	2,215,063	390,000	89,532	479,532
2024	1,840,000	382,812	2,222,812	405,000	78,028	483,028
2025	1,930,000	290,813	2,220,813	420,000	66,080	486,080
2026-2029	8,300,000	579,256	8,879,256	1,820,000	136,733	1,956,733
<b>Totals</b>	<b>\$ 17,050,000</b>	<b>\$ 2,907,819</b>	<b>\$ 19,957,819</b>	<b>\$ 4,070,000</b>	<b>\$ 595,458</b>	<b>\$ 4,665,458</b>

As of June 30, 2020, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 3,770,765,848</u>
Debt limit, 5% of total assessed valuation	\$ 188,538,292
Amount of debt applicable to debt limit, total indebtedness	<u>47,604,591</u>
<b>Excess of debt limit over debt outstanding, legal debt margin</b>	<u><b>\$ 140,933,701</b></u>

**Note 7. Other Postemployment Benefits**

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

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

Benefits provided: The Plan provides healthcare benefits including medical, prescription drug and dental benefits for retirees and their dependents. Retirees must be age 55 or older at retirement. The health/prescription drug coverage is provided through a self-funded plan with stop-loss limits from Wellmark Blue Cross and Blue Shield. The dental benefit is administered by Delta Dental of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug, vision and dental benefits as active employees, which results in an implicit subsidy and an OPEB liability.

The District also has early retirement policies in place for employees. Certified employees with at least 15 years of service and classified employees with at least 15 years of service are eligible for the plan. When employees retire under the early retirement policies, the retirees are able to stay on the self-funded insurance plan. The District will contribute the single rate of coverage the last year of employment. This results in an explicit subsidy and an OPEB liability. The District provides a subsidy to offset the cost of health premiums (medical, dental and vision) to eligible licensed and classified employees at retirement. Licensed employees receive the single premium in effect at retirement until the earliest of five years or age 65. Classified employees receive the single premium in effect at retirement until the earliest of five years or age 65.

The full monthly premium rates as of July 1, 2019 for each plan are as shown below:

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

Employees covered by benefit terms: At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	41
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	781
	822

Total OPEB Liability: The District's total OPEB liability of \$16,860,370 was measured as of June 30, 2019 and was determined by an actuarial valuation with a reporting date of June 30, 2020.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50% per annum
Salary increases	3.25% per annum
Discount rate	3.13% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.40%
	The trend rate is reduced each year until reaching the ultimate trend rate of 4.00%

The discount rate was based on the Fidelity GO AA 20-year. Mortality rates were based on the RP-2014 generational table scaled using MP-2017 and applied on a gender-specific basis. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period 2010– 2019.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at July 1, 2019	\$ 18,493,549
Changes for the year:	
Service cost	1,430,250
Interest	709,366
Changes of benefit terms	-
Differences between expected and actual experience	(2,557,098)
Changes in assumptions or other inputs	(559,565)
Benefit payments	(656,132)
Net changes	<u>(1,633,179)</u>
Balance at June 30, 2020	<u>\$ 16,860,370</u>

There were no changes as a result of changes in benefit terms. Differences between expected and actual experience of \$2,557,098 resulted from approximately (\$1,300,000) from change in premium and assumed claim costs. The remainder is due to all other experience changes. Changes of assumptions or other inputs reflect a change in the discount rate from 3.62% per annum in 2019 to 3.13% per annum in 2020.

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

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB liability	\$ 18,280,444	\$ 16,860,370	\$ 15,522,256

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

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

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	5.40%	6.40%	7.40%
Total OPEB liability	\$ 14,866,130	\$ 16,860,370	\$ 19,233,747

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,745,362. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,315,178
Changes of assumptions or other inputs	-	1,245,112
Net difference between projected and actual investments	-	-
Contributions subsequent to measurement date	573,634	-
<b>Total</b>	<b>\$ 573,634</b>	<b>\$ 3,560,290</b>

Deferred outflows of resources of \$573,634 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ (394,254)
2022	(394,254)
2023	(394,254)
2024	(394,254)
2025	(394,254)
Thereafter	(1,589,020)
	<u>\$ (3,560,290)</u>

**Note 8. Retirement System**

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

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2020

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

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.

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 2020, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the District contributed 9.44 percent for a total rate of 15.73 percent. The District's contributions to IPERS for the year ended June 30, 2020 were \$4,866,215.



**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$38,025,177 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.6566642 percent, which was an increase of .0027041 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$7,386,458. At June 30, 2020, 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	\$ 105,416	\$ 1,367,187
Changes of assumptions	4,073,039	-
Net difference between projected and actual earnings on pension plan investments	-	4,284,980
Changes in proportion and differences between District contributions and proportionate share of contributions	294,059	100,443
District contributions subsequent to the measurement date	4,866,215	-
Total	<u>\$ 9,338,729</u>	<u>\$ 5,752,610</u>

\$4,866,215 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, 2021. 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,	
2021	\$ 994,538
2022	(882,415)
2023	(619,338)
2024	(685,177)
2025	(87,704)
Total	<u>\$ (1,280,096)</u>

There were no non-employer contributing entities to IPERS.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018. Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0%	6.08%
Global smart beta equity	3.0%	5.82%
Core plus fixed income	27.0%	1.71%
Public credit	3.5%	3.32%
Public real assets	7.0%	2.81%
Cash	1.0%	-0.21%
Private equity	11.0%	10.13%
Private real assets	7.5%	4.76%
Private credit	3.0%	3.01%
<b>Total</b>	<b>100%</b>	

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the net pension liability	\$ 67,520,439	\$ 38,025,177	\$ 13,284,875

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 – All legally required District contributions and legally required employee contributions which had been withheld from employee wages were remitted by the District to IPERS by June 30, 2020.

**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 and dental insurance plans for the District’s employees to meet potential losses from medical and dental claims. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125 percent of estimated medical and pharmacy claims for the plan year and specific stop-loss reinsurance coverage for the excess \$125,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar years.

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

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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

Changes in the balances of claims payable during the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Claims payable, beginning of year	\$ 673,715	\$ 453,029
Incurred claims (including IBNR and changes in estimates)	8,262,257	8,080,835
Claim payments	8,312,699	7,860,149
Claims payable, end of year	<u>\$ 623,273</u>	<u>\$ 673,715</u>

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

**Note 10. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, and media and educational services provided through the local area education agency. The District's actual amount for this purpose totaled \$3,110,584 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**Note 11. Contingencies**

As of June 30, 2020, 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, 2020 relating to the high school parking lot, elementary school secure entry and roofing. The construction commitments for these projects total \$958,166 of which \$904,948 has been paid leaving \$53,218 to be completed and paid in the next fiscal year.

**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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**Note 13. Restricted Categorical Funding**

The District's fund balance restricted for categorical funding as of June 30, 2020 is comprised of the following programs:

Program:	Amount
Teacher salary supplement	\$ 235,544
Professional development	147,902
Empowerment	7,218
Early reader	431,803
Home school assistance	92,703
Project learning tree	64
Early intervention	3
Dropout prevention	718,312
Teacher leadership	344,167
Teacher mentoring	145,875
School ready children	9,096
REAP	40
Gifted and talented	36,519
	\$ 2,169,246

**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, 2020 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	\$ 850,807
City of Mitchellville, Iowa	Urban renewal and economic development projects	20,928
City of Pleasant Hill, Iowa	Urban renewal and economic development projects	891

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, 2020, this reimbursement amounted to \$419,061.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2020

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

The District adopted the following statement during the year ended June 30, 2020:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued May 2020, the provisions of this statement was effective immediately upon issuance. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statements Nos. 83, 84, 88, 89, 90, 91, 92 and 93, and Implementation Guide Nos. 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 and Implementation Guide No. 2019-3.

As of June 30, 2020, 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. 84, *Fiduciary Activities*, issued January 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021. 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. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the District beginning with its fiscal year ending June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2020

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

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the District beginning with its fiscal year ending June 30, 2021. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2020, will be effective for the District beginning with its fiscal year ending June 30, 2023. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the District beginning with its fiscal year ending June 30, 2022 except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2020-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, will be effective for the District beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variably payment, clarifies the hedge accounting termination provisions when a hedge item is amended to replace the reference rate, clarifies the uncertainty related to the continued availability of IBORS, removes LIBOR as an appropriate benchmark interest rate for qualitative evaluation, identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifies the definition of reference rate, as it is used in Statement 53, as amended.

## Southeast Polk Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2020

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

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the District beginning with its fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the District beginning will its fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription assets- an intangible asset- and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020, will be effective for the District beginning with its fiscal year ending June 30, 2022. The primary objectives of this Statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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



**Southeast Polk Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2020**

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**Note 16. Subsequent Event**

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the District, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact on the District's operations and finances.

On November 6, 2020, the District issued \$85,330,000 General Obligation School Bonds, Series 2020A. The bonds are being issued to build, furnish and equip an elementary facility, a grade 6-7 facility, an administrative and support services facility, a buildings and grounds storage and bus parking facility, and a multi-purpose stadium facility, including parking and site improvements, to acquire land, to improve the softball field site, and to equip and improve classroom instruction technology. The bonds have interest rates ranging from 2.00 to 5.00 percent and principal maturities ranging from \$2,150,000 to \$8,615,000. Interest payments are due semi-annually on November 1 and May 1 and principal matures annually each May 1 commencing May 1, 2022.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**Southeast Polk Community School District**

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -  
Budget and Actual - All Governmental and Enterprise Funds  
Required Supplementary Information  
Year Ended June 30, 2020**

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	\$ 39,819,849	\$ 1,984,826
State sources	55,802,258	32,503
Federal sources	2,503,471	2,630,855
<b>Total revenues</b>	<u>98,125,578</u>	<u>4,648,184</u>
Expenditures/expenses:		
Instruction	52,663,256	104,701
Support services	29,074,839	8,443
Noninstructional programs	23,934	3,910,200
Other expenditures	12,542,544	-
<b>Total expenditures/expenses</b>	<u>94,304,573</u>	<u>4,023,344</u>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<u>3,821,005</u>	<u>624,840</u>
Other financing sources (uses):		
Transfers in	4,286,919	-
Transfers (out)	(4,179,450)	(107,469)
Gain on sale of capital assets	-	-
<b>Total other financing sources (uses)</b>	<u>107,469</u>	<u>(107,469)</u>
<b>Net change in fund balance</b>	3,928,474	517,371
Balance, beginning of year	35,419,146	2,309,405
Balance, end of year	<u>\$ 39,347,620</u>	<u>\$ 2,826,776</u>

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 41,804,675	\$ 42,052,412	\$ 42,052,412	\$ (247,737)
55,834,761	55,910,041	55,910,041	(75,280)
5,134,326	4,513,000	4,513,000	621,326
102,773,762	102,475,453	102,475,453	298,309
52,767,957	53,345,000	53,500,000	732,043
29,083,282	28,526,500	28,700,000	(383,282)
3,934,134	3,814,000	3,850,000	(84,134)
12,542,544	12,013,261	16,700,000	4,157,456
98,327,917	97,698,761	102,750,000	4,422,083
4,445,845	4,776,692	(274,547)	4,720,392
4,286,919	4,322,158	4,322,158	(35,239)
(4,286,919)	(4,322,158)	(4,322,158)	35,239
-	-	5,000	(5,000)
-	-	5,000	(5,000)
4,445,845	4,776,692	(269,547)	4,715,392
37,728,551			
\$ 42,174,396			

**Southeast Polk Community School District**

**Required Supplementary Information  
Schedule of Changes in the District's Total OPEB  
Liability and Related Ratios  
Last Three Fiscal Years**

	2020	2019	2018
Total OPEB liability			
Changes for the year:			
Service cost	\$ 1,430,250	\$ 1,368,235	\$ 1,444,144
Interest	709,366	650,401	524,813
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,557,098)	-	-
Changes in assumptions or other inputs	(559,565)	(92,299)	(935,446)
Benefit payments	(656,132)	(668,472)	(653,438)
Net changes in total OPEB liability	(1,633,179)	1,257,865	380,073
Total OPEB liability - beginning	18,493,549	17,235,684	16,855,611
Total OPEB liability - ending	<u>\$ 16,860,370</u>	<u>\$ 18,493,549</u>	<u>\$ 17,235,684</u>
Covered employee payroll	\$ 43,236,794	\$ 45,038,411	\$ 41,739,096
Total OPEB liability as a percentage of covered employee payroll	39%	41%	41%

**Notes to Schedule:**

Changes of benefit terms:

There were no changes as a result of changes in benefit terms.

Differences between expected and actual experience:

Approximately \$1.3 million of the decrease is due to the change in premiums and assumed claim costs, the remainder is due to all other experience changes.

Changes of assumption:

Changes of assumptions or other inputs reflect a change in the discount rate. The following are the discount rates used in each period:

3.13%	3.62%	3.56%
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The retiree premiums were updated to current levels since the last valuation.

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

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

See Notes to Required Supplementary Information

**Southeast Polk Community School District**

**Required Supplementary Information**

**Schedule of the District's Proportionate Share of the Net Pension Liability**

**Iowa Public Employees' Retirement System**

**Last Six Fiscal Years**

	2020*	2019*	2018*	2017*	2016*	2015*
District's proportion of the net pension liability	0.6566642%	0.6539601%	0.6453280%	0.6459914%	0.646524%	0.624299%
District's proportionate share of the net pension liability	\$ 38,025,177	\$ 41,384,197	\$ 42,987,013	\$ 40,654,278	\$ 31,941,433	\$ 24,759,097
District's covered payroll	\$ 49,991,333	\$ 49,164,773	\$ 48,182,091	\$ 46,392,195	\$ 44,298,855	\$ 40,874,017
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.06%	84.17%	89.22%	87.63%	72.10%	60.57%
Plan fiduciary net pension as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

See Notes to Required Supplementary Information.

**Southeast Polk Community School District**

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

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	2020	2019	2018	2017
Statutorily required contribution	\$ 4,866	\$ 4,719	\$ 4,390	\$ 4,303
Contributions in relation to the statutorily required contribution	\$ (4,866)	\$ (4,719)	\$ (4,390)	\$ (4,303)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 51,549	\$ 49,991	\$ 49,165	\$ 48,182
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%

See Notes to Required Supplementary Information.



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2016	2015	2014	2013	2012	2011
\$ 4,140	\$ 3,956	\$ 3,650	\$ 3,437	\$ 3,164	\$ 2,729
\$ (4,140)	\$ (3,956)	\$ (3,650)	\$ (3,437)	\$ (3,164)	\$ (2,729)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 46,392	\$ 44,299	\$ 40,874	\$ 39,642	\$ 39,222	\$ 39,267
8.92%	8.93%	8.93%	8.67%	8.07%	6.95%

## **Southeast Polk Community School District**

### **Notes to Required Supplementary Information Year Ended June 30, 2020**

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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 ended June 30, 2020, expenditures exceeded the amended budget in the support services and noninstructional programs functions.

#### **Note 2. Iowa Public Employees' Retirement System Pension Liability**

##### Changes of benefit terms:

There are no significant changes in benefit terms.

##### Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates
- Lowered disability rates
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

**Southeast Polk Community School District**

**Notes to Required Supplementary Information  
Year Ended June 30, 2020**

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

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.

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**OTHER COMBINING AND  
INDIVIDUAL FUND FINANCIAL STATEMENTS**

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**NONMAJOR GOVERNMENTAL FUNDS**

**Southeast Polk Community School District**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020**

	Special Revenue		
	Management	Student Activity	Total
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 2,825,363	\$ 679,401	\$ 3,504,764
Receivables:			
Property taxes	1,585,223	-	1,585,223
Intergovernmental	-	235	235
Other	-	1,539	1,539
<b>Total assets</b>	<b>\$ 4,410,586</b>	<b>\$ 681,175</b>	<b>\$ 5,091,761</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 160,715	\$ 46,801	\$ 207,516
Salaries and benefits payable	35	274	309
<b>Total liabilities</b>	<b>160,750</b>	<b>47,075</b>	<b>207,825</b>
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,570,000	-	1,570,000
Fund balances:			
Restricted	2,679,836	634,100	3,313,936
<b>Total fund balances</b>	<b>2,679,836</b>	<b>634,100</b>	<b>3,313,936</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,410,586</b>	<b>\$ 681,175</b>	<b>\$ 5,091,761</b>



**Southeast Polk Community School District**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2020**

	Special Revenue		Total
	Management	Student Activity	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 1,972,700	\$ -	\$ 1,972,700
Other local sources	184,636	153,887	338,523
Student activities	-	724,342	724,342
Investment earnings	38,438	9,746	48,184
State sources, other state sources	49,993	-	49,993
<b>Total revenues</b>	<b>2,245,767</b>	<b>887,975</b>	<b>3,133,742</b>
Expenditures:			
Current:			
Instruction	622,076	886,699	1,508,775
Support services:			
Student services	30,466	-	30,466
Instructional support	38,267	160	38,427
General administration	28,657	-	28,657
School administration	84,460	-	84,460
Business and central administration	590,306	7,624	597,930
Plant operation and maintenance	599,094	9,889	608,983
Student transportation	36,024	19,377	55,401
Noninstructional programs	21,986	1,948	23,934
<b>Total expenditures</b>	<b>2,051,336</b>	<b>925,697</b>	<b>2,977,033</b>
<b>Change in fund balances</b>	<b>194,431</b>	<b>(37,722)</b>	<b>156,709</b>
Fund balances, beginning of year	2,485,405	671,822	3,157,227
Fund balances, end of year	<b>\$ 2,679,836</b>	<b>\$ 634,100</b>	<b>\$ 3,313,936</b>

**Southeast Polk Community School District**

**Schedule of Combining Balance Sheet-  
Capital Projects Fund, By Account  
June 30, 2020**

	Capital Projects Fund Accounts		
	Physical	Statewide	Total
	Plant and Equipment	Sales and Services Tax	
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 201,867	\$ 6,388,813	\$ 6,590,680
Restricted cash and investments	-	586,486	586,486
Receivables:			
Property taxes	4,103,086	-	4,103,086
Due from other governments	-	811,591	811,591
<b>Total assets</b>	<b>\$ 4,304,953</b>	<b>\$ 7,786,890</b>	<b>\$ 12,091,843</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 2,737	\$ 231,753	\$ 234,490
<b>Total liabilities</b>	<b>2,737</b>	<b>231,753</b>	<b>234,490</b>
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	4,072,349	-	4,072,349
Sales and services tax	-	209,831	209,831
<b>Total deferred inflows of resources</b>	<b>4,072,349</b>	<b>209,831</b>	<b>4,282,180</b>
Fund balances:			
Restricted for:			
Physical plant and equipment	229,867	-	229,867
Debt service	-	586,486	586,486
School infrastructure	-	6,758,820	6,758,820
<b>Total fund balances</b>	<b>229,867</b>	<b>7,345,306</b>	<b>7,575,173</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,304,953</b>	<b>\$ 7,786,890</b>	<b>\$ 12,091,843</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, 2020**

	Capital Projects Fund Accounts		
	Physical	Statewide	Total
	Plant and Equipment	Sales and Services Tax	
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 2,156,457	\$ -	\$ 2,156,457
Investment earnings	288	61,941	62,229
Other local sources	97,305	-	97,305
State sources:			
Statewide sales and services tax	-	7,142,471	7,142,471
Other state sources	58,466	-	58,466
<b>Total revenues</b>	<b>2,312,516</b>	<b>7,204,412</b>	<b>9,516,928</b>
Expenditures:			
Current:			
Support services:			
Student	4,001	-	4,001
Instruction	9,988	-	9,988
Business and central administration	1,222,838	16,846	1,239,684
Plant operation and maintenance	54,481	334,542	389,023
Student transportation	545,593	-	545,593
Capital outlay	497,341	1,575,369	2,072,710
<b>Total expenditures</b>	<b>2,334,242</b>	<b>1,926,757</b>	<b>4,260,999</b>
<b>Excess (deficiency) of revenues         over (under) expenditures</b>	<b>(21,726)</b>	<b>5,277,655</b>	<b>5,255,929</b>
Other financing (uses):			
Transfers (out)	-	(4,179,450)	(4,179,450)
<b>Total other financing (uses)</b>	<b>-</b>	<b>(4,179,450)</b>	<b>(4,179,450)</b>
<b>Net change in fund balance</b>	<b>(21,726)</b>	<b>1,098,205</b>	<b>1,076,479</b>
Fund balance, beginning of year	251,593	6,247,101	6,498,694
Fund balance, end of year	\$ 229,867	\$ 7,345,306	\$ 7,575,173

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## **INTERNAL SERVICE FUNDS**

**Southeast Polk Community School District**

**Combining Statement of Net Position**

**Internal Service Funds**

**June 30, 2020**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments	5,823,368	25,616	225,719	6,074,703
Accounts receivable	48,564	-	-	48,564
<b>Total assets</b>	<b>5,871,932</b>	<b>25,616</b>	<b>225,719</b>	<b>6,123,267</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	667,845	-	59,318	727,163
Claims payable	608,273	-	15,000	623,273
<b>Total liabilities</b>	<b>1,276,118</b>	<b>-</b>	<b>74,318</b>	<b>1,350,436</b>
<b>Net Position</b>				
Unrestricted	4,595,814	25,616	151,401	4,772,831

**Southeast Polk Community School District**

**Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2020**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Operating revenues:				
Charges for services	\$ 8,797,565	\$ 516,777	\$ 473,672	\$ 9,788,014
Operating expenses:				
Claims and administration	9,514,242	-	414,019	9,928,261
Purchased services	-	537,263	-	537,263
<b>Total operating expenses</b>	<b>9,514,242</b>	<b>537,263</b>	<b>414,019</b>	<b>10,465,524</b>
<b>Operating income (loss)</b>	<b>(716,677)</b>	<b>(20,486)</b>	<b>59,653</b>	<b>(677,510)</b>
Nonoperating revenues:				
Interest	67,328	514	1,587	69,429
<b>Changes in net position</b>	<b>(649,349)</b>	<b>(19,972)</b>	<b>61,240</b>	<b>(608,081)</b>
Net position, beginning	5,245,163	45,588	90,161	5,380,912
Net position, end of year	<b>\$ 4,595,814</b>	<b>\$ 25,616</b>	<b>\$ 151,401</b>	<b>\$ 4,772,831</b>

**Southeast Polk Community School District**

**Combining Statement of Cash Flows**

**Internal Service Funds**

**Year Ended June 30, 2020**

	Self-Funded Health Insurance	Flex Benefit	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 8,749,001	\$ 516,777	\$ 473,672	\$ 9,739,450
Payments to suppliers	(9,466,422)	(537,263)	(377,158)	(10,380,843)
<b>Net cash provided by (used in) operating activities</b>	<b>(717,421)</b>	<b>(20,486)</b>	<b>96,514</b>	<b>(641,393)</b>
Cash Flows From Investing Activities, interest received	67,328	514	1,587	69,429
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(650,093)</b>	<b>(19,972)</b>	<b>98,101</b>	<b>(571,964)</b>
Cash and Cash Equivalents:				
Beginning of year	6,473,461	45,588	127,618	6,646,667
End of year	\$ 5,823,368	\$ 25,616	\$ 225,719	\$ 6,074,703
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (716,677)	\$ (20,486)	\$ 59,653	\$ (677,510)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Accounts receivable	(48,564)	-	-	(48,564)
Accounts payable	113,262	-	21,861	135,123
Claims payable	(65,442)	-	15,000	(50,442)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (717,421)</b>	<b>\$ (20,486)</b>	<b>\$ 96,514</b>	<b>\$ (641,393)</b>



## **AGENCY FUND**

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**Southeast Polk Community School District**

**Statement of Changes in Assets and Liabilities**

**Agency Fund**

**Year Ended June 30, 2020**

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	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Agency Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 250,309	\$ 292,077	\$ 225,330	\$ 317,056
Accounts receivable	70	552	70	552
Total assets	<u>\$ 250,379</u>	<u>\$ 292,629</u>	<u>\$ 225,400</u>	<u>\$ 317,608</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,551	\$ 4,641	\$ 4,551	\$ 4,641
Due to other groups	245,828	258,811	191,672	312,967
Total liabilities	<u>\$ 250,379</u>	<u>\$ 263,452</u>	<u>\$ 196,223</u>	<u>\$ 317,608</u>

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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.	73
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	90
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.	95
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.	101
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.	103

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

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 41,811,056	\$ 45,416,697	\$ 47,266,705	\$ 48,242,679
Restricted	7,411,779	4,434,150	3,760,304	5,963,176
Unrestricted	(8,393,828)	(4,327,109)	242,524	5,809,401
<b>Total governmental activities net position</b>	<b>\$ 40,829,007</b>	<b>\$ 45,523,738</b>	<b>\$ 51,269,533</b>	<b>\$ 60,015,256</b>
Business type activities:				
Net investment in capital assets	\$ 1,497,346	\$ 1,349,015	\$ 1,211,456	\$ 1,067,584
Restricted	-	-	-	-
Unrestricted	717,437	674,248	655,140	955,321
<b>Total business type activities net position</b>	<b>\$ 2,214,783</b>	<b>\$ 2,023,263</b>	<b>\$ 1,866,596</b>	<b>\$ 2,022,905</b>
Primary government:				
Net investment in capital assets	\$ 43,308,402	\$ 46,765,712	\$ 48,478,161	\$ 49,310,263
Restricted	7,411,779	4,434,150	3,760,304	5,963,176
Unrestricted	(7,676,391)	(3,652,861)	897,664	6,764,722
<b>Total primary government net position</b>	<b>\$ 43,043,790</b>	<b>\$ 47,547,001</b>	<b>\$ 53,136,129</b>	<b>\$ 62,038,161</b>

Source: School District financial records.



Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 53,819,946	\$ 59,014,853	\$ 66,780,379	\$ 73,928,586	\$ 79,535,244	\$ 83,271,611	
7,537,285	9,101,745	10,051,620	11,738,778	16,979,543	22,904,144	
(20,136,604)	(17,005,758)	(14,792,803)	(22,621,368)	(27,568,609)	(33,952,847)	
<b>\$ 41,220,627</b>	<b>\$ 51,110,840</b>	<b>\$ 62,039,196</b>	<b>\$ 63,045,996</b>	<b>\$ 68,946,178</b>	<b>\$ 72,222,908</b>	
\$ 854,710	\$ 680,706	\$ 531,215	\$ 410,080	\$ 325,775	\$ 277,144	
-	-	-	-	-	-	
625,292	907,902	1,430,667	1,618,293	2,141,607	2,754,095	
<b>\$ 1,480,002</b>	<b>\$ 1,588,608</b>	<b>\$ 1,961,882</b>	<b>\$ 2,028,373</b>	<b>\$ 2,467,382</b>	<b>\$ 3,031,239</b>	
\$ 54,674,656	\$ 59,695,559	\$ 67,311,594	\$ 74,338,666	\$ 79,861,019	\$ 83,548,755	
7,537,285	9,101,745	10,051,620	11,738,778	16,979,543	22,904,144	
(19,511,312)	(16,097,856)	(13,362,136)	(21,003,075)	(25,427,002)	(31,198,752)	
<b>\$ 42,700,629</b>	<b>\$ 52,699,448</b>	<b>\$ 64,001,078</b>	<b>\$ 65,074,369</b>	<b>\$ 71,413,560</b>	<b>\$ 75,254,147</b>	

**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			
	2011	2012	2013	2014
<b>Expenses:</b>				
Governmental activities:				
Instruction	\$ 39,229,187	\$ 40,754,640	\$ 41,984,675	\$ 43,065,043
Support services	22,570,818	23,632,792	23,267,847	22,928,558
Non-instructional programs	105,134	2,556	595	16,232
Interest on long-term debt	3,691,427	3,904,147	4,023,682	3,848,341
Other	2,367,103	2,249,929	2,350,017	2,508,266
Depreciation (unallocated)	3,060,086	3,090,226	3,213,866	3,213,938
<b>Total governmental activities expenses</b>	<b>71,023,755</b>	<b>73,634,290</b>	<b>74,840,682</b>	<b>75,580,378</b>
Business type activities:				
Nutrition services	3,498,875	3,485,072	3,661,721	3,634,175
Community service services	54,940	47,085	54,131	50,750
School store services	237,632	468,622	402,962	248,540
<b>Total business type activities expenses</b>	<b>3,791,447</b>	<b>4,000,779</b>	<b>4,118,814</b>	<b>3,933,465</b>
<b>Total primary government expenses</b>	<b>\$ 74,815,202</b>	<b>\$ 77,635,069</b>	<b>\$ 78,959,496</b>	<b>\$ 79,513,843</b>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Instruction	\$ 4,062,777	\$ 4,965,205	\$ 6,083,497	\$ 5,095,985
Support services	56,977	103,616	268,596	268,307
Operating grants and contributions	9,736,393	9,004,757	9,117,676	10,779,733
Capital grants and contributions	9,800	500,000	150,000	-
<b>Total governmental activities program revenues</b>	<b>13,865,947</b>	<b>14,573,578</b>	<b>15,619,769</b>	<b>16,144,025</b>

Source: School District Financial Records  
(Continued on the following page.)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 45,484,994	\$ 48,158,191	\$ 50,763,104	\$ 52,602,425	\$ 53,969,537	\$ <b>55,972,136</b>
24,622,587	25,326,960	26,173,501	25,785,228	29,042,605	<b>30,448,735</b>
35,339	-	11,238	20,462	20,493	<b>23,934</b>
2,713,171	2,749,350	2,717,208	2,930,059	1,369,246	<b>1,168,600</b>
3,138,172	3,661,535	2,863,461	5,113,155	2,994,193	<b>3,110,584</b>
4,121,705	2,953,836	3,817,740	2,464,589	4,073,778	<b>4,199,806</b>
<b>80,115,968</b>	<b>82,849,872</b>	<b>86,346,252</b>	<b>88,915,918</b>	<b>91,469,852</b>	<b>94,923,795</b>
3,718,102	3,810,411	3,841,949	3,746,338	3,789,197	<b>3,862,190</b>
58,807	110	-	-	-	-
329,088	281,461	269,444	279,307	246,828	<b>114,668</b>
<b>4,105,997</b>	<b>4,091,982</b>	<b>4,111,393</b>	<b>4,025,645</b>	<b>4,036,025</b>	<b>3,976,858</b>
<b>\$ 84,221,965</b>	<b>\$ 86,941,854</b>	<b>\$ 90,457,645</b>	<b>\$ 92,941,563</b>	<b>\$ 95,505,877</b>	<b>\$ 98,900,653</b>
\$ 5,106,252	\$ 5,903,985	\$ 6,239,183	\$ 6,322,008	\$ 4,828,288	\$ <b>4,419,029</b>
237,925	270,679	55,321	54,275	532,075	<b>436,805</b>
13,209,625	13,778,687	13,195,579	13,589,134	14,825,906	<b>14,892,125</b>
-	-	-	-	-	-
<b>18,553,802</b>	<b>19,953,351</b>	<b>19,490,083</b>	<b>19,965,417</b>	<b>20,186,269</b>	<b>19,747,959</b>

**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			
	2011	2012	2013	2014
Business type activities:				
Charges for services:				
Nutrition	2,111,679	2,117,647	2,132,088	2,235,181
Community service	49,949	61,197	72,292	108,055
School store	334,343	357,928	321,622	258,775
Operating grants and contributions	1,205,211	1,288,390	1,435,208	1,535,831
Capital grants and contributions	-	8,433	-	-
<b>Total business type program revenues</b>	<b>3,701,182</b>	<b>3,833,595</b>	<b>3,961,210</b>	<b>4,137,842</b>
<b>Total primary government program revenues</b>	<b>\$ 18,274,760</b>	<b>\$ 19,453,364</b>	<b>\$ 20,105,235</b>	<b>\$ 22,691,644</b>
Net (expense) revenue:				
Governmental activities	\$ (59,060,712)	\$ (59,220,913)	\$ (59,436,353)	\$ (61,562,166)
Business type activities	(299,597)	(285,219)	27,745	31,845
<b>Total primary government net expense</b>	<b>\$ (59,360,309)</b>	<b>\$ (59,506,132)</b>	<b>\$ (59,408,608)</b>	<b>\$ (61,530,321)</b>

Source: School District financial records.

Fiscal Year					
2015	2016	2017	2018	2019	2020
2,314,942	2,396,754	2,429,705	2,481,290	2,362,022	<b>1,790,487</b>
157,534	-	-	-	-	-
324,268	297,035	269,085	262,606	228,039	<b>142,852</b>
1,543,997	1,700,264	1,790,006	1,804,773	1,948,650	<b>2,663,358</b>
-	-	-	-	-	-
<b>4,340,741</b>	<b>4,394,053</b>	<b>4,488,796</b>	<b>4,548,669</b>	<b>4,538,711</b>	<b>4,596,697</b>
<b>\$ 22,894,543</b>	<b>\$ 24,347,404</b>	<b>\$ 24,454,213</b>	<b>\$ 24,514,086</b>	<b>\$ 4,538,711</b>	<b>\$ 24,344,656</b>
<b>\$ (61,562,166)</b>	<b>\$ (62,896,521)</b>	<b>\$ (68,950,501)</b>	<b>\$ (68,950,501)</b>	<b>\$ -</b>	<b>\$ (75,175,836)</b>
234,744	302,071	463,151	523,024	4,538,711	<b>619,839</b>
<b>\$ (61,327,422)</b>	<b>\$ (62,594,450)</b>	<b>\$ (68,487,350)</b>	<b>\$ (68,427,477)</b>	<b>\$ 4,538,711</b>	<b>\$ (74,555,997)</b>

**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			
	2011	2012	2013	2014
Net (expense) revenue:				
Governmental activities	\$ (57,157,808)	\$ (59,060,712)	\$ (59,220,913)	\$ (59,436,353)
Business type activities	(90,265)	(167,184)	(157,604)	204,377
<b>Total primary government net expense</b>	<b>(57,248,073)</b>	<b>(59,227,896)</b>	<b>(59,378,517)</b>	<b>(59,231,976)</b>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes levied for general purposes	21,538,542	19,712,217	20,157,531	21,640,656
Property taxes levied for specific purposes	2,813,931	6,953,534	7,612,752	7,858,967
Income surtax	1,466,561	1,547,155	1,618,296	1,814,740
Sales tax	5,456,559	5,370,578	5,404,834	5,566,107
Unrestricted grants and contributions	27,333,723	30,138,647	30,131,357	31,210,071
Revenue in lieu of taxes	-	-	-	-
Other taxes	989,354	-	31,853	-
Investment earnings	14,075	7,694	10,085	41,535
Transfers	(73,340)	25,618	-	50,000
<b>Total governmental activities</b>	<b>59,539,405</b>	<b>63,755,443</b>	<b>64,966,708</b>	<b>68,182,076</b>
Business type activities:				
Investment earnings	1,429	1,282	937	1,932
Transfers	73,340	(25,618)	-	(50,000)
<b>Total business type activities</b>	<b>74,769</b>	<b>(24,336)</b>	<b>937</b>	<b>(48,068)</b>
<b>Total primary government</b>	<b>59,614,174</b>	<b>63,731,107</b>	<b>64,967,645</b>	<b>68,134,008</b>
Change in net position:				
Governmental activities	2,381,597	4,694,731	5,745,795	8,745,723
Business type activities	(15,496)	(191,520)	(156,667)	156,309
<b>Total primary government</b>	<b>\$ 2,366,101</b>	<b>\$ 4,503,211</b>	<b>\$ 5,589,128</b>	<b>\$ 8,902,032</b>

Source: School District financial records.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (61,562,166)	\$ (62,896,521)	\$ (66,856,169)	\$ (68,950,501)	\$ -	\$ (75,175,836)
234,744	302,071	377,403	523,024	-	619,839
(61,327,422)	(62,594,450)	(66,478,766)	(68,427,477)	-	(74,555,997)
20,432,766	20,023,898	20,899,173	20,845,556	17,833,712	17,698,429
10,035,219	10,265,123	10,845,982	11,229,021	11,627,761	10,495,138
1,958,621	1,882,917	2,279,360	2,402,966	2,476,238	2,628,941
6,314,056	6,325,132	6,391,561	6,521,298	7,036,501	7,004,627
34,212,768	33,976,146	35,940,865	35,627,912	35,017,999	36,593,168
-	-	965,007	965,007	765,985	722,038
-	-	116,674	-	1,484,770	2,442,683
83,632	113,904	330,903	494,852	821,520	760,073
-	199,614	15,000	138,813	119,279	107,469
73,037,062	72,786,734	77,784,525	78,225,425	77,183,765	78,452,566
4,546	6,149	10,871	22,830	55,602	51,487
-	(199,614)	(15,000)	(138,813)	(119,279)	(107,469)
4,546	(193,465)	(4,129)	(115,983)	(63,677)	(55,982)
73,041,608	72,593,269	77,780,396	78,109,442	77,120,088	78,396,584
11,474,896	9,890,213	10,928,356	9,274,924	77,183,765	3,276,730
239,290	108,606	373,274	407,041	(63,677)	563,857
\$ 11,714,186	\$ 9,998,819	\$ 11,301,630	\$ 9,681,965	\$ 77,120,088	\$ 3,840,587

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

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

	2011	2012	2013	2014
General Fund:				
Nonspendable	\$ 11,295	\$ 958	\$ 1,851	\$ 1,843
Restricted	1,804,570	1,718,564	1,401,800	1,422,660
Assigned	-	-	-	-
Unassigned	(9,171,352)	(3,827,114)	(244,848)	4,264,585
<b>Total General Fund</b>	<b>\$ (7,355,487)</b>	<b>\$ (2,107,592)</b>	<b>\$ 1,158,803</b>	<b>\$ 5,689,088</b>
All other governmental funds:				
Nonspendable				
Special revenue funds	\$ 16	\$ -	\$ 350	\$ 825,225
Capital projects funds	-	-	-	50,977
Debt service fund	-	-	-	-
Restricted				
Debt service funds	3,659,545	3,922,021	4,364,262	4,360,130
Capital projects funds	1,178,584	894,891	9,260,416	2,985,412
Special revenue funds	769,064	1,010,259	1,268,349	786,649
<b>Total all other governmental funds</b>	<b>\$ 5,607,209</b>	<b>\$ 5,827,171</b>	<b>\$ 14,893,377</b>	<b>\$ 9,008,393</b>

Source: School District financial records.



Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 1,913	\$ 37,496	\$ 909	\$ 1,205	\$ 3,115	\$ 17,037	
1,828,433	1,313,669	1,292,406	1,150,367	1,339,627	2,169,246	
171,588	297,355	565,482	1,113,921	1,230,843	1,664,778	
7,226,923	9,658,140	13,724,658	15,534,247	13,096,684	10,514,980	
<b>\$ 9,228,857</b>	<b>\$ 11,306,660</b>	<b>\$ 15,583,455</b>	<b>\$ 17,799,740</b>	<b>\$ 15,670,269</b>	<b>\$ 14,366,041</b>	
\$ 798,262	\$ 747,538	\$ 121	\$ 3,937	\$ 124	\$ -	
-	-	-	-	-	-	
-	-	78,500	-	-	-	
15,378,305	26,680,808	26,787,002	6,705,677	10,092,956	14,678,956	
8,953,292	5,685,228	4,933,399	5,050,726	6,498,694	6,988,687	
1,142,026	1,509,128	2,643,288	2,958,955	3,157,103	3,313,936	
<b>\$ 26,271,885</b>	<b>\$ 34,622,702</b>	<b>\$ 34,442,310</b>	<b>\$ 14,719,295</b>	<b>\$ 19,748,877</b>	<b>\$ 24,981,579</b>	

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

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

	Fiscal Year			
	2011	2012	2013	2014
Federal sources:				
Federal sources	\$ 2,489,844	\$ 3,409,837	\$ 2,196,977	\$ 2,475,516
<b>Total federal sources</b>	<b>2,489,844</b>	<b>3,409,837</b>	<b>2,196,977</b>	<b>2,475,516</b>
State sources:				
State sources	\$ 34,145,608	\$ 36,185,131	\$ 37,250,491	\$ 45,073,192
<b>Total state sources</b>	<b>34,145,608</b>	<b>36,185,131</b>	<b>37,250,491</b>	<b>45,073,192</b>
Intermediate sources:				
Intermediate sources	\$ 19,660	\$ -	\$ -	\$ -
<b>Total intermediate sources</b>	<b>19,660</b>	<b>-</b>	<b>-</b>	<b>-</b>
Local sources:				
Local taxes	\$ 31,248,856	\$ 34,316,532	\$ 34,716,413	\$ 31,261,192
Tuition	2,832,690	2,810,824	3,117,484	3,252,579
Other revenues	2,674,002	1,084,246	1,902,054	2,049,941
<b>Total local sources</b>	<b>36,755,548</b>	<b>38,211,602</b>	<b>39,735,951</b>	<b>36,563,712</b>
<b>Total revenues</b>	<b>\$ 73,410,660</b>	<b>\$ 77,806,570</b>	<b>\$ 79,183,419</b>	<b>\$ 84,112,420</b>

Source: School District financial records.

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 2,622,484	\$ 2,526,681	\$ 2,546,771	\$ 2,716,985	\$ 2,830,239	\$ 2,503,471	
2,622,484	2,526,681	2,546,771	2,716,985	2,830,239	2,503,471	
\$ 51,065,918	\$ 51,561,019	\$ 54,187,709	\$ 53,795,838	\$ 53,842,025	\$ 55,802,258	
51,065,918	51,561,019	54,187,709	53,795,838	53,842,025	55,802,258	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
\$ 32,220,900	\$ 32,248,857	\$ 33,827,878	\$ 34,343,125	\$ 34,841,792	\$ 34,967,919	
3,280,065	3,676,839	3,636,975	3,563,257	3,611,424	3,394,384	
2,120,198	2,368,230	2,853,621	3,191,952	1,697,959	1,457,546	
37,621,163	38,293,926	40,318,474	41,098,334	40,151,175	39,819,849	
\$ 91,309,565	\$ 92,381,626	\$ 97,052,954	\$ 97,611,157	\$ 96,823,439	\$ 98,125,578	

**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			
	2011	2012	2013	2014
Instruction	\$ 39,459,638	\$ 39,283,989	\$ 41,071,632	\$ 43,065,141
Student services	2,621,251	2,689,447	2,737,489	2,871,067
Instructional staff services	2,273,565	1,532,183	1,309,987	1,362,626
Administration services	8,732,892	9,001,087	9,534,684	8,552,424
Operation and maintenance of plant	5,285,469	5,249,364	5,634,313	6,885,273
Pupil transportation services	2,768,595	3,185,624	2,741,957	3,050,661
Non-instructional programs	105,134	2,556	595	16,232
AEA Flowthrough	2,367,103	2,249,929	2,350,017	2,508,266
Capital outlay:				
Facilities acquisition/construction	10,453,313	2,890,364	3,184,608	8,066,239
Debt service:				
Principal	3,509,289	4,294,651	4,432,429	5,248,796
Interest	3,905,919	3,921,954	4,026,354	3,900,430
<b>Total expenditures</b>	<b>\$ 81,482,168</b>	<b>\$ 74,301,148</b>	<b>\$ 77,024,065</b>	<b>\$ 85,527,155</b>
Debt service as a percentage of noncapital expenditures	11.66%	13.00%	11.40%	11.91%

Source: School District financial records.

\* In 2019, the District current refunded \$5,605,000 in revenue bonds.

Fiscal Year					
2015	2016	2017	2018	2019*	2020
\$ 45,982,846	\$ 48,104,936	\$ 49,458,741	\$ 50,910,837	\$ 51,542,654	\$ <b>52,663,256</b>
2,850,063	2,835,083	2,971,365	3,043,379	3,078,802	<b>3,095,373</b>
3,283,435	3,450,150	3,568,936	3,533,494	3,734,436	<b>3,703,528</b>
8,635,595	8,971,511	8,992,574	8,999,077	10,184,829	<b>10,584,780</b>
6,391,691	6,341,985	5,886,695	6,497,539	6,656,093	<b>7,401,452</b>
3,423,676	3,643,517	3,901,085	3,758,835	4,458,074	<b>4,289,706</b>
35,339	19,845	11,238	20,462	20,493	<b>23,934</b>
2,713,171	2,749,350	2,863,461	2,930,059	2,994,193	<b>3,110,584</b>
3,963,473	5,395,881	3,129,114	2,684,816	1,610,854	<b>2,072,710</b>
7,650,416	8,041,744	8,362,733	8,528,500	12,448,500	<b>5,390,000</b>
4,036,730	4,284,510	4,038,590	3,705,539	2,358,679	<b>1,969,250</b>
<b>\$ 88,966,435</b>	<b>\$ 93,838,512</b>	<b>\$ 93,184,532</b>	<b>\$ 94,612,537</b>	<b>\$ 99,087,607</b>	<b>\$ 94,304,573</b>
13.80%	14.03%	13.86%	13.31%	15.32%	<b>8.04%</b>

**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			
	2011	2012	2013	2014
Excess of revenues over (under) expenditures	\$ (8,071,508)	\$ 3,505,422	\$ 2,159,354	\$ (1,414,735)
Other financing sources (uses):				
Issuance of general obligation bonds	-	-	-	-
Issuance of revenue bonds	7,055,000	1,220,000	10,000,000	-
Issuance of bond anticipation notes	-	-	-	-
Refunding debt issued	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Premium on bonds/notes	7,228	31,817	126,932	-
Discount on bonds	(10,951)	-	-	-
Proceeds from sale of capital assets	41,295	-	46,315	11,036
Issuance of loans	2,330,000	685,000	-	-
Transfers in	7,208,008	4,741,656	4,264,948	4,780,663
Transfers out	(7,258,378)	(4,716,038)	(4,264,948)	(4,730,663)
<b>Total other financing sources (uses)</b>	<b>9,372,202</b>	<b>1,962,435</b>	<b>10,173,247</b>	<b>61,036</b>
<b>Net change in fund balances</b>	<b>\$ 1,300,694</b>	<b>\$ 5,467,857</b>	<b>\$ 12,332,601</b>	<b>\$ (1,353,699)</b>

Source: School District financial records.

Fiscal Year						
2015	2016	2017	2018	2019	<b>2020</b>	
\$ 2,343,130	\$ (2,528,947)	\$ 3,868,422	\$ 2,998,620	\$ -	<b>\$ 3,821,005</b>	
-	-	-	-	-	-	
6,515,000	6,515,000	-	-	5,045,000	-	
-	-	-	-	-	-	
35,205,000	35,205,000	-	-	-	-	
(29,255,000)	(29,255,000)	-	(20,660,000)	-	-	
5,648,200	5,648,200	-	-	-	-	
-	-	-	-	-	-	
275,558	275,558	212,981	15,837	-	-	
70,373	70,373	-	-	-	-	
4,653,042	4,653,042	4,696,613	4,623,994	9,475,183	<b>4,286,919</b>	
(4,653,042)	(4,653,042)	(4,681,613)	(4,485,181)	(9,355,904)	<b>(4,179,450)</b>	
18,459,131	18,459,131	227,981	(20,505,350)	5,164,279	<b>107,469</b>	
<b>\$ 20,802,261</b>	<b>\$ 15,930,184</b>	<b>\$ 4,096,403</b>	<b>\$ (17,506,730)</b>	<b>\$ 5,164,279</b>	<b>\$ 3,928,474</b>	

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

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

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School Year	Unassigned/Assigned	Actual Revenues	Financial Solvency Ratio
2010-2011	(9,171,352)	61,710,472	-14.86%
2011-2012	(3,827,114)	63,876,474	-5.99%
2012-2013	(244,848)	64,749,454	-0.38%
2013-2014	4,264,585	69,336,924	6.15%
2014-2015	7,226,923	73,529,479	9.83%
2015-2016	9,658,140	74,241,937	13.01%
2016-2017	13,724,658	77,966,056	17.60%
2017-2018	16,648,168	78,167,077	21.30%
2018-2019	14,327,527	75,752,828	18.91%
<b>2019-2020</b>	<b>12,179,758</b>	<b>78,295,594</b>	<b>15.56%</b>

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			
2011	768,505,862	476,361,190	91,778,190	2,864,118	1,333,781,124	21.80667
2012	838,126,339	477,463,180	103,292,028	2,852,145	1,416,029,402	21.65866
2013	881,559,421	467,247,250	109,000,247	2,870,600	1,454,936,318	21.65866
2014	940,360,056	497,039,630	120,342,309	2,894,676	1,554,847,319	21.65866
2015	995,932,036	466,055,796	123,525,121	2,902,280	1,582,610,673	21.65866
2016	1,048,456,935	447,157,719	141,937,221	2,887,268	1,634,664,607	20.65563
2017	1,119,463,863	453,108,105	189,659,744	2,890,972	1,759,340,740	20.31754
2018	1,184,526,767	464,230,719	188,535,024	2,915,048	1,834,377,462	19.48372
2019	1,283,005,370	539,222,163	207,931,555	2,892,824	2,027,266,264	16.50058
<b>2020</b>	<b>1,375,415,840</b>	<b>584,228,880</b>	<b>197,310,755</b>	<b>2,816,892</b>	<b>2,154,138,583</b>	<b>15.58596</b>

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					Total	Polk County
	General Purposes	Capital Purposes	Debt Service	Management			
2011	18.31204	1.00000	0.97475	1.51988		21.80667	11.36992
2012	16.75529	1.00000	2.49606	1.40731		21.65866	11.36151
2013	16.46265	1.00000	2.82991	1.36610		21.65866	11.36151
2014	16.60243	1.00000	2.69013	1.36610		21.65866	11.49540
2015	15.40696	1.00000	4.00264	1.24906		21.65866	11.72040
2016	14.46045	1.00000	3.99974	1.19544		20.65563	11.86039
2017	14.23641	1.00000	4.04921	1.03192		20.31754	11.86039
2018	13.45569	1.00000	4.05000	0.97803		19.48372	11.86039
2019	10.57757	1.00000	3.94459	0.97842		16.50058	11.25880
<b>2020</b>	<b>10.49079</b>	<b>1.00000</b>	<b>2.96607</b>	<b>1.12910</b>		<b>15.58596</b>	<b>11.86039</b>

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

Notes: Assessed value equals estimated actual value.

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Overlapping Rates						
Jasper County	Marion County	Community College	City of Altoona	City of Mitchellville	City of Pleasant Hill	City of Runnels
11.53823	10.92291	0.56008	9.14369	14.73119	11.65006	11.00432
11.77629	10.98648	0.58466	9.14369	14.72889	11.65000	10.89865
11.11455	10.90229	0.58466	9.14369	14.79884	11.65600	10.92281
10.93621	10.87081	0.69120	9.14369	14.39610	11.64997	10.84209
11.34590	10.58730	0.65724	9.94369	13.99506	11.65000	11.16354
11.34586	10.56813	0.67574	9.94369	13.99510	11.65000	11.25567
11.63697	10.59298	0.72334	9.94369	13.88531	11.65000	11.77930
11.63697	10.55713	0.67458	9.94369	13.85559	11.65000	11.78548
11.62697	10.69309	0.69468	9.94369	13.83465	11.65000	11.77393
<b>11.63697</b>	<b>10.72706</b>	<b>0.65249</b>	<b>9.94369</b>	<b>9.45474</b>	<b>11.50000</b>	<b>11.72672</b>

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

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

Taxpayer	2020			2011		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Polk County (a)	\$ 123,420,620	1	6.09%	\$ 102,909,000	1	8.13%
MidAmerican Energy	94,804,556	2	4.68%	-	-	0.00%
Magellan Pipeline Co	70,877,965	3	3.50%	-	-	0.00%
Ned Altoona LLC	37,620,000	4	1.86%	-	-	0.00%
Adventurelands/Amer Inc	28,220,685	5	1.39%	22,134,690	2	1.75%
Oneok North System LLC	23,428,953	6	1.16%	-	-	0.00%
Ironwood Condos LC	15,777,673	7	0.78%	-	-	0.00%
Lineage ICS LLC	14,775,273	8	0.73%	-	-	0.00%
Ziegler Realty LLC	12,849,281	9	0.63%	14,162,020	3	1.12%
Menard Inc	12,766,320	10	0.63%	11,122,600	5	0.88%
Walmart Real Estate Business Trust	12,741,390	11	0.63%	12,334,300	4	0.97%
Burlington Northern Santa-Fe Railway	8,895,088	12	0.44%	-	-	0.00%
Iowa Cold Storage LLC	-	-	0.00%	9,280,000	6	0.73%
Lowes Home Storage	8,820,000	13	0.44%	8,460,000	7	0.67%
Target Corp	8,028,540	14	0.40%	8,150,500	8	0.64%
Hyvee Inc	7,812,000	15	0.39%	7,878,000	9	0.62%
Medical Development LC	-	-	0.00%	6,650,000	10	0.53%
<b>Total</b>	<b>\$ 480,838,344</b>		<b>23.72%</b>	<b>\$ 203,081,110</b>		<b>16.05%</b>

Source: Polk County Auditor/Assessor, State Auditor  
(a) Includes Prairie Meadows, which lists Polk County as the title holder.

**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
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	30,430,299	100.00%	-	30,467,987	100.00%
2016	30,287,811	30,287,811	100.00%	-	30,289,020	100.00%
2017	31,731,860	31,731,860	100.00%	-	31,745,156	100.00%
2018	32,015,653	32,015,653	100.00%	-	32,074,578	100.00%
2019	31,050,942	30,946,243	99.66%	310	30,946,553	99.66%
<b>2020</b>	<b>30,584,331</b>	<b>30,403,947</b>	<b>99.41%</b>	<b>133,772</b>	<b>30,537,718</b>	<b>99.85%</b>

Source: School District financial records, Iowa Department of Management

**Schedule 13**  
**Southeast Polk Community School District**

**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	General Obligation Bonds	(1) Capital Loan Note	(2) Less: Amounts Available in Debt Service Fund	Total	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
2011	\$ 51,460,000	\$ 3,072,396	\$ 3,922,021	\$ 50,610,375	3.57%	1,577
2012	49,325,000	2,967,745	4,364,262	47,928,483	3.29%	1,455
2013	47,105,000	2,170,316	4,360,130	44,915,186	2.89%	1,336
2014	44,725,000	1,366,520	4,360,130	41,731,390	2.64%	1,219
2015	45,930,000	721,477	15,378,305	31,273,172	1.91%	898
2016	30,465,000	429,733	4,800,753	26,093,980	1.48%	740
2017	28,158,831	157,000	5,458,558	22,857,273	1.25%	758
2018	21,731,690	78,500	6,705,677	15,104,513	0.82%	417
2019	17,255,210	-	10,029,700	7,225,510	0.36%	N/A
<b>2020</b>	<b>14,378,614</b>	<b>-</b>	<b>14,092,470</b>	<b>286,144</b>	<b>0.01%</b>	<b>N/A</b>

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

Notes:

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

(b) See Schedule 18 for population data.

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

(2) The amount available in the debt service fund excludes unspent bond proceeds placed in debt service reserve accounts to crossover refund revenue bonds specifically restricted for future debt service payments.

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

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

**(Unaudited)**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bans/Bonds	Capital Loan Note			
2011	51,460,000	36,395,000	3,072,396	90,927,396	11.31%	2,833
2012	49,325,000	36,245,000	2,967,745	88,537,745	10.12%	2,687
2013	47,105,000	44,983,105	2,170,316	94,258,421	10.59%	2,803
2014	44,725,000	42,897,522	1,366,520	88,989,042	9.38%	2,600
2015	45,930,000	52,853,749	721,477	99,505,226	9.67%	2,858
2016	30,465,000	71,256,466	429,733	102,151,199	9.37%	2,895
2017	28,158,831	64,174,790	157,000	92,490,621	6.45%	2,004
2018	21,731,690	40,353,254	78,500	62,163,444	5.31%	1,715
2019	17,255,210	36,542,036	-	53,797,246	N/A	N/A
<b>2020</b>	<b>14,378,614</b>	<b>32,587,918</b>	<b>-</b>	<b>46,966,532</b>	<b>N/A</b>	<b>N/A</b>

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

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 6 in the notes to the financial statements.

(a) See Schedule 18 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.



**Schedule 15**  
**Southeast Polk Community School District**

**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2020**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Polk County	\$ 175,655,008	8.33%	\$ 14,632,062
Jasper County	5,200,000	0.29%	15,080
Marion County	1,705,000	0.28%	4,774
Des Moines Area Community College	103,700,000	4.50%	4,666,500
City of Bondurant	19,162,882	0.01%	1,916
City of Des Moines	402,520,000	1.59%	6,400,068
City of Mitchellville	3,576,900	97.25%	3,478,535
City of Altoona	71,145,000	93.20%	66,307,140
City of Pleasant Hill	21,120,000	78.92%	16,667,904
City of Runnells	21,829	100.00%	21,829
<b>Subtotal, overlapping debt</b>			112,195,809
District direct debt			46,964,557
<b>Total direct and overlapping debt</b>			<b>\$ 159,160,365</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)**

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	2011	2012	2013	2014
Debt limit	\$ 131,489,280	\$ 137,013,733	\$ 137,702,101	\$ 142,874,199
Total Debt applicable to limit	90,927,396	88,537,745	94,258,421	88,989,042
Legal debt margin	\$ 83,169,705	\$ 90,581,454	\$ 93,598,883	\$ 93,598,883
<b>Total debt applicable to the limit as a percentage of debt limit</b>	69.15%	64.62%	68.45%	62.28%

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 2020**

Actual assessed value (a)	<u><u>\$ 3,770,765,848</u></u>
Debt limit (5% of assessed value) (b)	<u>\$ 188,538,292</u>
Debt applicable to limit *	<u>47,604,591</u>
Legal debt margin	<u><u>\$ 140,933,701</u></u>

	2015	2016	2017	2018	2019	2020
\$	141,843,249	\$ 148,949,299	\$ 159,702,420	\$ 164,359,253	\$ 181,087,602	\$ 188,538,292
	99,505,226	102,151,199	92,490,621	57,778,500	53,801,061	47,604,591
\$	42,338,023	\$ 46,798,100	\$ 67,211,799	\$ 106,580,753	\$ 127,286,541	\$ 140,933,701

	70.15%	68.58%	57.91%	35.15%	29.71%	25.25%
--	--------	--------	--------	--------	--------	--------

**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	
2011	5,456,559	660,000	1,536,140	2.48
2012	5,114,195	1,370,000	1,592,981	1.73
2013	5,390,070	1,415,000	1,581,624	1.80
2014	5,558,904	2,065,000	1,792,876	1.44
2015	6,266,009	2,190,000	1,680,026	1.62
2016	6,266,009	2,190,000	1,680,026	1.62
2017	6,505,503	2,705,000	4,033,603	0.97
2018	6,330,770	2,795,000	2,448,039	1.21
2019	7,014,891	1,420,000	777,562	3.19
<b>2020</b>	<b>7,142,471</b>	<b>2,990,000</b>	<b>1,188,000</b>	<b>1.71</b>

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)**

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Calendar Year	Population (a)	Personal Income (b)	Adjusted Gross Income Per Tax Return (b)	Per Capita Personal Income	Unemployment Rate (c)
2011	32,099	\$ 804,207,699	\$ 42,477	\$ 25,054	6.3%
2012	32,945	874,963,955	45,222	26,558	5.2%
2013	33,623	889,728,088	45,075	26,462	4.6%
2014	34,230	948,564,688	46,861	27,712	4.3%
2015	34,811	1,029,145,784	47,863	29,564	3.6%
2016	35,281	1,090,554,642	49,729	30,911	3.9%
2017	35,852	1,113,407,782	50,095	31,056	3.1%
2018	36,256	1,170,691,938	51,461	32,290	2.7%
2019	N/A	N/A	N/A	N/A	2.4%
<b>2020</b>	N/A	N/A	N/A	N/A	<b>9.2%</b>

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	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo & Co (a)	13,500	1	4.25%	11,700	1	*
State of Iowa (b)	*	*	*	8,800	2	*
Unity Point/Iowa Health - Des Moines	8,026	2	2.52%	*	*	*
Mercy Medical Center - Des Moines (MercyOne)	4,276	7	1.35%	4,950	5	*
Principal Financial Group	6,500	3	2.04%	6,728	4	*
HyVee Food Stores, Inc.	6,400	4	2.01%	2,000	9	*
Des Moines Public Schools (c )	4,879	5	1.53%	4,872	6	*
Iowa Health - Des Moines	*	*	*	7,300	3	*
Nationwide/Allied Insurance	*	*	*	4,370	7	*
Nationwide	4,525	6	1.42%	*	*	*
Des Moines Area Community College (d)	*	*	*	2,381	8	*
Pioneer Hi-Bred International Inc	*	*	*	1,900	10	*
John Deere, Inc	3,500	8	1.35%	*	*	*
Vermeer Manufacturing	2,900	9	0.91%	*	*	*
Corteva Agriscience (Pioneer)	2,500	10	0.79%	*	*	*
<b>Total</b>	<b>57,006</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)**

	2011	2012	2013	2014
<b>Supervisory:</b>				
Superintendent	1.0	1.0	1.0	1.0
Assistant superintendent	1.0	1.0	1.0	1.0
Principals	11.0	11.0	11.0	11.0
Assistant principals	4.0	4.0	4.0	4.0
All other administrators	8.0	8.0	9.0	8.0
<b>Total supervisory</b>	<b>25.0</b>	<b>25.0</b>	<b>26.0</b>	<b>25.0</b>
<b>Instruction:</b>				
Regular program teachers	343.0	366.0	354.0	370.9
Special Education teachers	64.0	51.0	61.0	58.0
Instructional Coaches/PD Leads	0.0	0.0	0.0	0.0
<b>Total instruction</b>	<b>407.0</b>	<b>417.0</b>	<b>415.0</b>	<b>428.9</b>
<b>Student services:</b>				
Guidance counselors	19.0	18.0	17.0	17.0
Nurses/Nurse aides	13.5	12.0	13.5	13.5
Media Specialists/Media Clerks	12.5	12.0	5.0	3.0
<b>Total student services</b>	<b>45.0</b>	<b>42.0</b>	<b>35.5</b>	<b>33.5</b>
<b>Support and administration:</b>				
Clerical/secretarial/teacher aide/ other support staff	55.6	164.5	165.5	157.3
Custodial and Maintenance	45.6	53.3	41.6	40.6
Food Service	39.6	35.8	37.2	35.0
Bus Drivers/Bus Aides/ Crossing Guard	37.9	39.5	36.7	35.4
<b>Total support and administration</b>	<b>178.7</b>	<b>293.0</b>	<b>281.0</b>	<b>268.3</b>
<b>Total</b>	<b>655.7</b>	<b>777.0</b>	<b>757.4</b>	<b>755.7</b>

Source: District records.



2015	2016	2017	2018	2019	2020	Percentage Change 2011-20
1.0	1.0	1.0	1.0	1.0	<b>1.0</b>	0.0%
1.0	1.0	1.0	1.0	1.0	<b>1.0</b>	0.0%
11.0	11.0	11.0	11.0	11.0	<b>11.0</b>	0.0%
4.0	4.0	4.0	4.0	4.0	<b>4.0</b>	0.0%
8.0	7.0	7.0	7.0	7.0	<b>7.0</b>	-12.5%
25.0	24.0	24.0	24.0	24.0	<b>24.0</b>	-4.0%
369.1	372.6	373.1	368.9	379.3	<b>378.9</b>	10.5%
67.0	64.0	65.0	64.5	66.5	<b>69.5</b>	8.6%
27.0	29.0	29.0	27.0	27.0	<b>27.0</b>	N/A
463.1	465.6	467.1	460.4	472.8	<b>475.4</b>	16.8%
17.0	16.0	16.0	16.0	16.0	<b>16.0</b>	-15.8%
13.5	13.5	14.5	16.9	16.0	<b>17.1</b>	26.7%
3.0	7.7	7.7	7.7	7.7	<b>7.7</b>	-38.4%
33.5	37.2	38.2	40.6	39.7	<b>40.8</b>	-9.3%
148.4	184.5	189.0	198.8	209.0	<b>234.4</b>	321.6%
51.1	53.4	50.7	52.5	52.7	<b>52.4</b>	14.9%
36.5	39.4	37.6	38.6	37.8	<b>38.8</b>	-2.0%
41.0	50.7	49.9	48.7	50.0	<b>51.0</b>	34.6%
276.9	328.0	327.2	338.6	349.5	<b>376.6</b>	110.7%
798.4	854.6	856.4	863.5	885.9	<b>916.7</b>	39.8%

**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	Expenses
2011	6,085	63,613,647	10,454	(0.99)%	74,815,202
2012	6,214	63,194,179	10,170	(2.72)%	77,635,069
2013	6,400	65,380,674	10,216	(2.28)%	78,959,496
2014	6,617	68,311,690	10,324	1.51%	79,513,843
2015	6,636	73,315,816	11,048	8.15%	84,221,965
2016	6,801	76,116,377	11,192	8.41%	93,838,512
2017	6,797	77,654,095	11,425	3.41%	93,184,532
2018	6,843	79,115,662	11,562	1.20%	94,612,537
2019	6,894	78,001,578	11,476	(0.74)%	99,087,607
<b>2020</b>	<b>6,992</b>	<b>84,872,613</b>	<b>12,139</b>	<b>5.77%</b>	<b>94,304,573</b>

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.

---

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
12,295	(1.45)%	407.00	14.95	28.52%
12,494	1.61%	417.00	14.90	30.10%
12,337	(1.25)%	415.00	15.42	28.87%
12,017	(2.60)%	428.92	15.43	28.20%
12,692	5.62%	463.10	14.33	29.10%
13,798	8.71%	465.60	14.61	27.80%
13,710	(0.64)%	467.10	14.55	28.98%
13,826	0.85%	460.40	14.86	28.48%
14,373	3.96%	472.80	14.58	31.60%
<b>13,487</b>	<b>(6.16)%</b>	<b>475.40</b>	<b>14.71</b>	<b>34.17%</b>

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

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

School	2011	2012	2013	2014
<b>Elementary:</b>				
Altoona (1939)				
Square feet	64,104	64,104	64,104	64,104
Capacity*	630	630	630	630
Enrollment	400	341	333	353
Centennial (1968)				
Square feet	61,017	61,017	61,017	61,017
Capacity	630	630	630	630
Enrollment	486	419	430	402
Clay (2006)				
Square feet	79,738	79,738	79,738	79,738
Capacity	840	840	840	840
Enrollment	421	412	430	529
Delaware (1951)				
Square feet	65,641	65,641	65,641	65,641
Capacity	630	630	630	630
Enrollment	509	476	512	380
Four Mile (1966)				
Square feet	63,204	63,204	63,204	63,204
Capacity	630	630	630	630
Enrollment	473	478	483	432
Mitchellville (1925)				
Square feet	45,293	45,293	45,293	45,293
Capacity	420	420	420	420
Enrollment	188	152	154	162
Runnells (2002)				
Square feet**	43,007	43,007	43,007	43,007
Capacity	400	400	400	400
Enrollment	221	230	225	255
Willowbrook (1991)				
Square feet	56,546	56,546	56,546	56,546
Capacity	630	630	630	630
Enrollment	413	438	459	465
Harbor (1997)				
Square feet	4,537	4,537	4,537	4,537
Capacity	454	454	454	454
Enrollment	49	N/A	N/A	N/A
<b>Spring Creek 6th Grade Center:</b>				
Southeast Polk Spring Creek (1992)				
Square feet	89,670	89,670	89,670	89,670
Capacity	950	950	950	950
Enrollment	480	518	487	512

2015	2016	2017	2018	2019	2020
64,104	64,104	64,104	64,104	64,104	<b>64,104</b>
630	630	630	630	630	<b>630</b>
371	381	396	372	371	<b>381</b>
61,017	61,017	61,017	61,017	61,017	<b>61,017</b>
630	630	630	630	630	<b>630</b>
405	422	398	392	401	<b>391</b>
79,738	79,738	79,738	79,738	79,738	<b>79,738</b>
840	840	840	840	840	<b>840</b>
576	585	562	579	571	<b>560</b>
65,641	65,641	65,641	65,641	65,641	<b>65,641</b>
630	630	630	630	630	<b>630</b>
369	418	395	373	378	<b>362</b>
63,204	63,204	63,204	63,204	63,204	<b>63,204</b>
630	630	630	630	630	<b>630</b>
426	451	441	441	421	<b>439</b>
50,799	50,799	50,799	50,799	50,799	<b>50,799</b>
540	540	540	540	540	<b>540</b>
184	195	217	217	211	<b>212</b>
43,007	43,007	43,007	43,007	43,007	<b>43,007</b>
400	400	400	400	400	<b>400</b>
271	286	288	288	273	<b>267</b>
56,546	56,546	56,546	56,546	56,546	<b>56,546</b>
630	630	630	630	630	<b>630</b>
492	510	511	510	497	<b>476</b>
N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
89,670	89,670	89,670	89,670	89,670	<b>89,670</b>
950	950	950	950	950	<b>950</b>
456	483	577	588	577	<b>612</b>

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

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

School	2011	2012	2013	2014
<b>Junior High:</b>				
Southeast Polk Junior High (1992)				
Square feet	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A
Southeast Polk Junior High (1963)				
Square feet	206,674	206,674	206,674	206,674
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,011	939	977	974
<b>Senior High:</b>				
Southeast Polk Senior High (2010)				
Square feet	430,227	430,227	430,227	430,227
Capacity	2,000	2,000	2,000	2,000
Enrollment	1,689	1,830	1,920	1,895
<b>Other District Facilities:</b>				
Bus Garage (2002)				
Square feet	16,384	16,384	16,384	16,384
District Office (1977)				
Square Feet	8,033	8,033	8,033	8,033
<b>Grand Total:</b>				
Square Feet	1,234,075	1,234,075	1,234,075	1,234,075

Source: District records

Notes:

\* Capacity figures are based on 30 pupils per classroom

\*\* Runnells Elementary was replaced in 2001; open for 2002 school year

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

2015	2016	2017	2018	2019	2020
N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
206,674	206,674	206,674	206,674	206,674	<b>206,674</b>
1,800	1,800	1,800	1,800	1,800	<b>1,800</b>
1,002	1,055	1,033	1,072	1,193	<b>1,190</b>
430,227	430,227	430,227	430,227	430,227	<b>430,227</b>
2,000	2,000	2,000	2,000	2,000	<b>2,000</b>
1,967	2,089	2,041	2,114	2,092	<b>2,153</b>
16,384	16,384	16,384	16,384	16,384	<b>16,384</b>
8,033	8,033	8,033	8,033	8,033	<b>8,033</b>
1,235,044	1,235,044	1,235,044	1,235,044	661,318	<b>1,235,044</b>

**Schedule 23**  
**Southeast Polk Community School District**

**Certified Staff Salaries**  
**Last Ten Fiscal Years**  
**(Unaudited)**

School Year	Minimum	Maximum	Average
2010-2011	\$36,982	\$63,286	\$50,563
2011-2012	\$41,251	\$68,752	\$54,937
2012-2013	\$41,804	\$71,873	\$57,529
2013-2014	\$42,736	\$73,427	\$59,550
2014-2015	\$43,774	\$75,156	\$60,333
2015-2016	\$44,567	\$77,579	\$61,355
2016-2017	\$45,436	\$79,027	\$63,277
2017-2018	\$45,743	\$79,538	\$64,702
2018-2019	\$45,845	\$79,709	\$64,641
<b>2019-2020</b>	<b>\$46,217</b>	<b>\$80,328</b>	<b>\$66,092</b>

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, 2020**

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:				
<b>U.S. Department of Agriculture:</b>				
Iowa Department of Education:				
Child Nutrition Cluster Programs:				
School Breakfast Program	10.553	FY20 4552	\$ -	\$ 215,611
National School Lunch Program	10.555	FY20 4553	-	952,824
Commodities -DOD (Noncash)	10.555	FY20	-	152,972
Commodities (Noncash)	10.555	FY20	-	191,552
USDA Child Nutrition Program CARES grants to States (COVID-19 SFSP)	10.555	FY20 4056	-	1,113,073
Special Milk Program	10.556	FY20 4555	-	4,822
Child Nutrition Cluster Program Total			-	2,630,854
<b>Total U.S. Department of Agriculture</b>			-	2,630,854
<b>U.S. Department of Education:</b>				
Iowa Department of Education:				
Title I Grants to Local Educational Agencies	84.010	FY20 4501	-	496,906
Career and Technical Education - Basic Grants to States	84.048	FY20 4531	-	50,697
Supporting Effective Instruction State Grants (Title IIA)	84.367	FY20 4643	-	121,155
Student Support and Academic Enrichment Program (Title IV)	84.424	FY20 4669	-	30,646
Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund) (ESSER) COVID-19	84.425	FY20 4052	-	254,040
Heartland Area Education Agency:				
Special Education Cluster Program, Special Education - Grants to States IDEA, Part B	84.027	FY20 4521	-	318,995
Title III English Language Acquisition State Grants	84.365	FY20 4644	-	1,964
<b>Total U.S. Department of Education</b>			-	1,274,403
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 3,905,257

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, 2020**

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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, 2020. 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, 2020**

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Findings	Status	Corrective Action	
		Plan or Other	Reason For Recurrence
Explanation			
<b>Significant Deficiencies Over Basic Financial Statements:</b>			
<b>2019-001</b> The District has inadequate segregation	Corrected.		
<b>2018-001</b> of duties over the activities receipts.			
<b>2017-002</b>			
<b>2019-002</b> The District has an inadequate internal control process to ensure compliance with the eligibility requirements of the program.	Corrected.		
<b>Other Findings Related to Required Statutory Reporting:</b>			
<b>IV-A-19</b> Expenditures in the instruction and support services exceeded the amended budget.	Not corrected.	See IV-A-20	The District is in the process of changing procedures.

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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)



**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, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated ~~October 1, 2020~~.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## 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, 2020 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.

## 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 14, 2020





**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, 2020. 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, 2020.

## 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 14, 2020

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

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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
84.425	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund) (ESSER) COVID-19
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Commodities- DOD- Noncash
10.555	Commodities- Noncash
10.555	USDA Child Nutrition Program CARES grants to States (COVID-19 SFSP)
10.556	Special Milk 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

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

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

**Instances of noncompliance:**

No instances to report.

**Significant Deficiencies:**

No instances to report.

**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-20 - Certified Budget:**

Finding: Expenditures for the year ended June 30, 2020 exceeded the amended certified budget in the support services and noninstructional programs functions.

Recommendation: The certified budget should be amended before expenditures are allowed to exceed the budget.

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

Conclusion: Response accepted.

**IV-B-20 - 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-20 - 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-20 - Business Transactions:** Business transactions between the District and District officials or employees are detailed as follows:

Name and Business Connection	Transaction Description	Amount
Jennifer Fischer, spouse of Board Member	Teaching	\$ 189

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

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

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**IV-E-20 - 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-20 - Board Minutes:** No transactions requiring Board approval which had not been approved by the Board were noted.

**IV-G-20 - Certified Enrollment:**

Finding: The District identified variances in certified enrollment submitted to the state in October 2019.

Recommendation: We recommend the District review certified enrollment data for accuracy prior to submission to the state.

Response and Corrective Action Plan: The District will continue to review data prior to submission.

Conclusion: Response accepted.

**IV-H-20 - Supplementary Weighting:**

Finding: The District identified variances in supplementary weighting data submitted to the state in October 2019.

Recommendation: We recommend the District review supplementary weighting data for accuracy prior to submission to the state.

Response and Corrective Action Plan: The District will continue to review data prior to submission.

Conclusion: Response accepted.

**IV-I-20 - 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-20 - Certified Annual Report:** The certified annual report was certified timely to the Iowa Department of Education.

**IV-K-20 - Categorical Funding:** No instances of categorical funding being used to supplant rather than supplement other funds were noted.

(Continued)

**Southeast Polk Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

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**IV-L-20 - 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, 2020, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$	6,247,101
Revenues/transfers in:			
Statewide sales and services tax revenue	7,142,471		
Investment earnings	61,941		7,204,412
			<hr/>
Expenditures/transfers out:			
Transfers out	4,179,450		
School infrastructure	1,926,757		6,106,207
			<hr/>
Ending balance		\$	<u>7,345,306</u>

For the year ended June 30, 2020, 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-20 - 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, 2020**

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	Findings	Corrective Action Plan	Anticipated Date of Completion
<b>Other Findings Related to Required Statutory Reporting:</b>			
<b>IV-A-20</b>	Expenditures in the support services and noninstructional programs functions exceeded the amended budget.	See response and corrective action plan at at IV-A-20	Fiscal Year 2021 Kevin Baccam
<b>IV-G-20</b>	The District identified variances in certified enrollment certified to the state in October 2019	See response and corrective action plan at at IV-G-20	Fiscal Year 2021 Kevin Baccam
<b>IV-H-20</b>	The District identified variances in supplementary weighting certified to the state in October 2019.	See response and corrective action plan at at IV-G-20	Fiscal Year 2021 Kevin Baccam

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