

**NORTH SCOTT
COMMUNITY
SCHOOL DISTRICT**

Eldridge, Iowa



**Comprehensive Annual
Financial Report
For The Fiscal Year
Ended June 30, 2004**

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

Eldridge, Iowa

For the fiscal year ended June 30, 2004

OFFICIAL ISSUING REPORT

Joseph E. Hintze - Director of Business Affairs

OFFICE ISSUING REPORT

Business Office

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

December 1, 2004

Mrs. Virginia Kelly, President
and Members of the Board of
Education and Citizens of
North Scott Community School District
Eldridge, Iowa

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the North Scott Community School District, (the "District") for the year ending June 30, 2004. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

For fiscal year 2003-2004, the district was required to meet all reporting guidelines as promulgated by the Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments" (GASB –34). This report includes all required revisions to conform to these standards.

The report presents the financial information of the district accurately and concisely. It is comprehensive, yet easily readable. The Comprehensive Annual Financial Report will be submitted to the Association of School Business Officials of the United States and Canada (ASBO) for review for the ASBO Certificate of Excellence and to the Government Finance Officers Association for the GFOA Certificate of Achievement.

This letter of transmittal is designed to compliment the Management's Discussion and Analysis included within the financial section of the CAFR and should be read in conjunction with it.

Management Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes the entire District. The District is not included in any other reporting entity, nor are any other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

CAFR

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and Single Audit. The introductory section includes this transmittal letter, the school board's organizational chart, and a list of the district's consultants. The financial section includes the independent auditor's report, the basic financial statements and notes to the financial statements and additional schedules. The statistical section includes selected financial and demographic data for a ten-year period. The single audit section includes the schedules and various independent auditor's reports required by the Single Audit Amendment of 1996.

Basis of Accounting and Accounting System

The district's accounting records for general operations are maintained on a modified accrual basis, with the revenue being accrued when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities are incurred. Accounting records for the district's nutrition and day care programs and internal service fund are maintained on the accrual basis. All the district's funds are presented in this report and have been audited by the district's independent certified public accountants, Nolte, Cornman & Johnson, P.C., Certified Public Accountants.

The chart of accounts used by the district is in conformance with the revised Uniform Accounting System for Iowa Schools and Area Education Agencies issued April 1991, and revised in August 2000, by the Iowa Department of Education, which became effective as of July 1, 1993. The chart of accounts manual is updated on an annual basis.

In developing and evaluating the accounting system of the school district, much consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls of the school district adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Reporting Entity And Its Services

North Scott Community School District was incorporated November 1956. The district is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue. The district is governed by a seven-member board of education. The elections are held annually in September. Two and three positions are up for election on alternate years. All board members are elected at large.

The combined financial statements include all funds, organizations, account groups, agencies, boards, commissions and other authorities. The district has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the district are such that exclusion would cause the district's financial statements to be misleading or incomplete. The criteria considered in determining financial accountability include appointing a voting 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.

The district provides a full range of educational services for residents of the North Scott Community School District appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, specialized education for handicapped children, vocational education and many individualized programs such as specialized instruction for students at-risk.

Debt Administration

As of June 30, 2004 the North Scott School District had \$6,825,000 in general obligation bond indebtedness and \$1,970,000 in revenue bond indebtedness. This left the district with bonding capacity of \$24,347,432. The district bonds were issued with a AAA bond rating. The purpose of the bonds is for construction of classroom space, air conditioning of all education buildings, parking lot improvement and construction of a sports complex.

Cash Management

The district invests in only those securities allowed by the Code of Iowa, Chapter 12C. Because of the timing of the state aid payments, a portion of the available cash must be kept in very liquid accounts. To maximize investment return, the District invested in a bank Sweep Savings Account with an average rate of 1.51%, and the Iowa Schools Joint Investment Trust with an average rate of 0.63%. Interest revenue of \$80,522 was earned on all investments for the fiscal year ending June 30, 2004. This represents a decrease of \$75,902 or 48.5%. The decrease in interest revenue was attributed to the reduction of State appropriations that caused the district to use its cash reserves, the expenditures of bond proceeds from the Capital Projects Fund, causing a reduction of cash on hand to invest, and the lower interest rates available for investments.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa Law pursuant to Chapter 28E and Section 279.29, Iowa Code (1985), as amended which authorized Iowa schools to jointly invest monies pursuant to a joint investment agreement. The objective of the liquid account is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for Iowa schools under Iowa law. Money may be withdrawn at any time.

Risk Management

The district currently covers property, liability, and workers' compensation losses with traditional insurance coverage through the Iowa Association of School Boards' group plan carried by Employers' Mutual Insurance Company. The group health plan is partially self-funded with stop loss policies purchased for both specific and group aggregate limits. The dental and vision plans are also self-funded with individual limits of the amount the plan will pay annually.

Budgeting

The District's Board of Education annually adopts a budget and approves the related appropriations for the General, Special Revenue, Debt Service, Capital Projects and Enterprise Funds in accordance with provisions outlined in the statutes of the State of Iowa. The budgets are prepared on an accrual basis, which details estimates of GAAP revenues and GAAP expenditures, and use of beginning fund balances, whereas the financial statements of the funds are prepared on either the modified accrual basis or accrual basis of accounting. A statement comparing the budget to actual receipts and disbursements is included in the required supplemental information in aggregate form for fund types for which budgets are required.

For management control, the budget is reviewed on a line item basis for up to a 10% variance. However, since a budget is a plan, overages on a line item basis are allowed if sufficient funds are available on a major function basis.

Major Initiatives and Achievements

Despite pressures from the state's financial challenges, the 2003-2004 school year was a year of growth, achievement and change. Following are some of the major accomplishments or initiatives from the 2003-2004 year.

1. Addition of 4.75 FTE reading specialists to the district's Jr. High and elementary programs was achieved.
2. Implementation of the Medicaid Direct Services reimbursement program was achieved. This program resulted in \$118,191 of reimbursement for services provided as required by the student's IEP (Individualized Education Program).
3. Each of the district's buildings implemented professional learning communities as a result of staff development.

District efforts are focused on supporting and increasing student learning. For the 2003-2004 school year, district students as a group continued to grow and perform well. Following are a few indicators:

- Student proficiency (2003-2004) in reading comprehension increased in grade 8 (to 74.9% of students proficient) and grade 11 (to 82.1% of students proficient).
- Student proficiency (2003-2004) in math increased in grade 8 (to 75.7% of students proficient) and grade 11 (to 84.1% of students proficient).
- More North Scott 4th, 8th and 11th grade students scored at the proficient level in both math and reading than other students in the state and nation.
- The North Scott 2002-2003 grades K-8 average daily attendance rate is 96.1% compared to the state K-8 average daily attendance rate of 95.6%.
- The dropout rate of students in grades 7-12 in 2003-2004 was 0.8% compared to 1.1% in 2002-2003.

Economic Condition and Outlook

The district's General Fund balance decreased by \$1,272,135. Some of this reduction was due to the state's 2.25% across-the-board reduction in all state appropriation. Due to this rapid decline of the district's financial condition, the district is currently reviewing options for the 2004-2005 and 2005-2006 fiscal years to increase revenue or decrease expenditures.

The 2005-2006 state allowable growth has been set at 4%. This increase in state allowable growth and the district's modest enrollment growth indicates that the 2005-2006 controlled budget will increase a minimum of \$700,709 or 5%.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining individual fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for the internal controls and compliance.

Certificates of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials of the United States and Canada (ASBO) awards a Certificate of Excellence in Financial Reporting. The North Scott Community School District received both of these certificates for its comprehensive annual financial report for the fiscal year ended June 30, 2003. Each certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of governmental financial reports.

In order to be eligible to receive the Certificates, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

These certificates are valid for a period of one year only. The North Scott Community School District received these awards for the first time for its fiscal year 1983 ASBO Comprehensive Annual Financial Report and the 1985 GFOA Certificate of Achievement for Excellence in Financial Reporting. We believe that our current CAFR conforms to the requirements for both awards and,

therefore, we are submitting it to the ASBO and GFOA to determine its eligibility for each certificate.

Other Matters

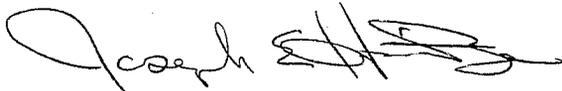
Also included in this report is a statistical section that will give the reader a better understanding of the school system with background and additional financial data. The background information includes the following:

1. Analysis of facilities, classroom and staffing;
2. Staffing levels for a ten (10) year period;
3. Location and economic profile;
4. Major taxpayers of the district;
5. Major employers of the district;
6. Enrollments by grade level;
7. Operating cost per pupil;
8. Schedule of insurance coverage;
9. History of state aid payments;
10. Local regular program budget vs. teacher settlements and
11. Financial solvency ratio

We wish to take this opportunity to thank the administrative office staff who assisted in obtaining and organizing data, the County Auditor and Treasurer offices and the city and town officials who provided much needed information. Without all of the above groups' efforts, the report could not have been completed.

Finally, sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins. It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Directors.

Very truly yours,



Joseph E. Hintze
Director of Business Affairs



Timothy A. Dose, Ed.D.
Superintendent of Schools

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

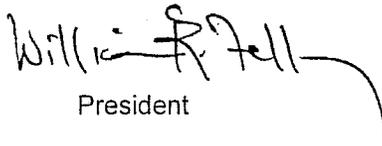


This Certificate of Excellence in Financial Reporting is presented to

North Scott Community School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program


President


Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Scott Community
School District, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zeller

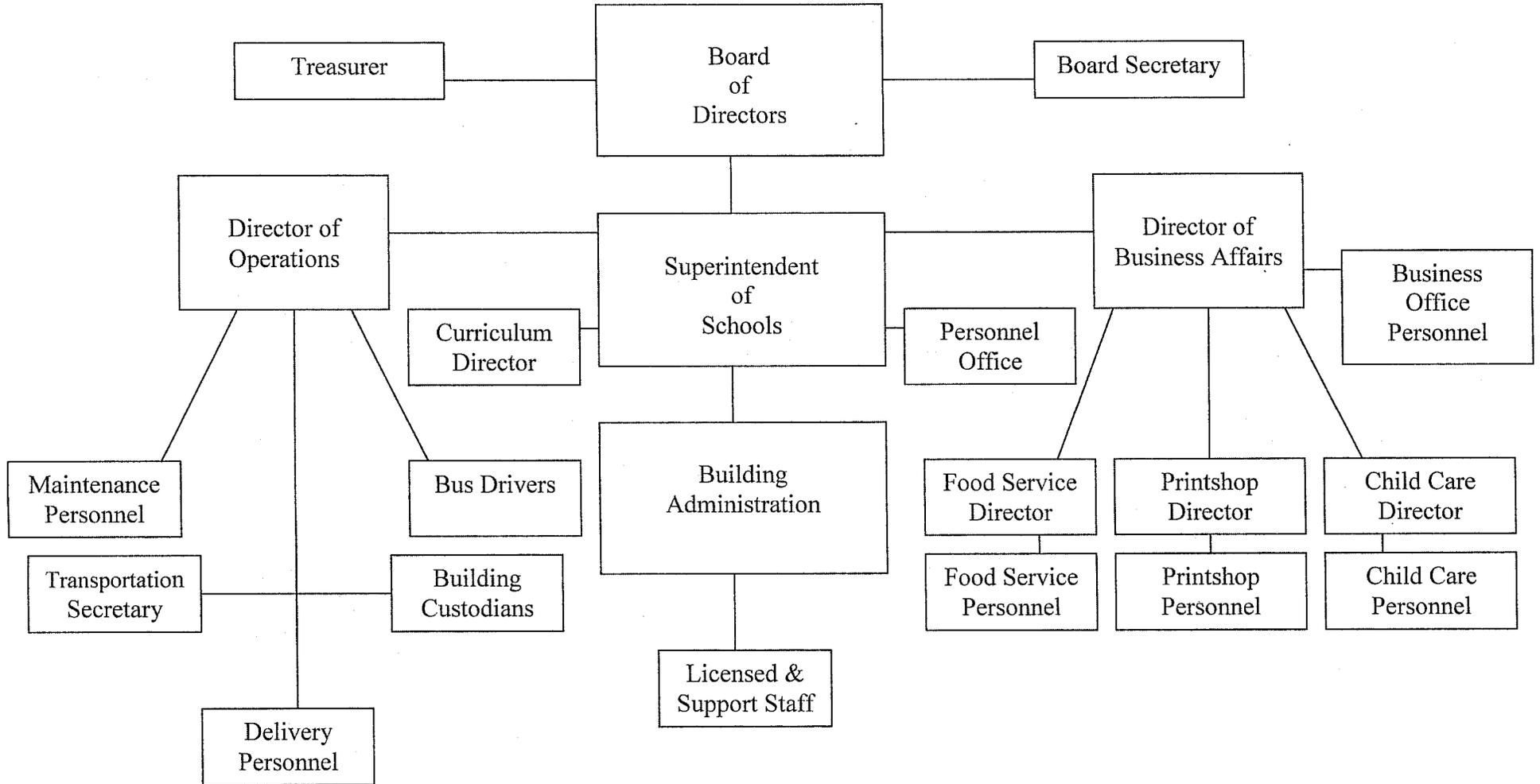
President

Jeffrey R. Emer

Executive Director

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

Organizational Chart



NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION
Year Ended June 30, 2004**

Board of Education

	<u>Title</u>	<u>Term/Contract Expires</u>
Before September, 2003 election		
Jerry Mohr	President	September, 2004
Virginia Kelly	Vice President	September, 2004
Jack Hill	Member	September, 2005
Sue Cannon	Member	September, 2005
Paul Dierickx	Member	September, 2005
Janice Uitenbroek	Member	September, 2003
Rex Masterson	Member	September, 2003
After September, 2003 election		
Jerry Mohr	President	September, 2004
Virginia Kelly	Vice President	September, 2004
Jack Hill	Member	September, 2005
Sue Cannon	Member	September, 2005
Paul Dierickx	Member	September, 2005
Janice Uitenbroek	Member	September, 2006
Rex Masterson	Member	September, 2006

School District Administration

Dr. Timothy A. Dose	Superintendent	July, 2004
Kristy Looney	Secretary	July, 2004
Joseph E. Hintze	Director of Business Affairs	July, 2004
Steven C. Fahrenkrog	Treasurer	July, 2004
John Netwal	Director of Operations	July, 2004
Curtis Rheingans	Principal	July, 2004
Sherri Marceau	Principal	July, 2004
John Langenhan	Principal	July, 2004
James Pfaff	Principal	July, 2004
C.J. Albertson	Principal	July, 2004
David Griffin	Principal	July, 2004
Nick Hobbs	Principal	July, 2004
Dennis Johnson	Athletic/Activities Director	July, 2004
Frank Wood	Associate Principal	July, 2004
Cindy Van DeWalle	Curriculum Director	July, 2004

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

Year Ended June 30, 2004

CERTIFIED PUBLIC ACCOUNTANTS

Nolte, Cornman & Johnson, P.C.
117 W 3rd St. N
Newton, IA 50208

BOND ATTORNEYS

Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309-2231

FINANCIAL CONSULTANTS

Evensen Dodge, Inc.
601 Second Avenue South, Suite 5100
Minneapolis, MN 55402

GENERAL COUNSEL

Lane & Waterman
600 Norwest Bank Building
220 North Main Street
Davenport, IA 52801-1987

PERSONNEL SERVICES

Gruhn Law Firm, P.C.
4089 21st Avenue SW, Suite 114
Cedar Rapids, IA 52404

INSURANCE CONSULTANTS

R.J. Lee & Associates
1700 52nd Avenue, Suite B
Moline, IL 61265-6378

OFFICIAL DEPOSITORIES

US Bank
P.O. Box 940
Davenport, IA 52805-0940

Great River Bank & Trust
P.O. Box 20
Princeton, IA 52768-0020

Valley Bank
P.O. Box 405
Eldridge, IA 52748

First Central State Bank
P.O. Box 119
DeWitt, Iowa 52742

Wells Fargo Bank Iowa
203 West Third Street
Davenport, Iowa 52801-1977

First Trust & Savings Bank
123 South Main Street
Wheatland, Iowa 52777

FINANCIAL SECTION

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
North Scott Community School District
Eldridge, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

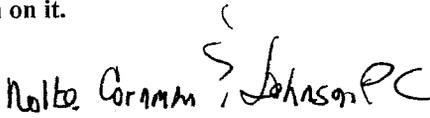
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated October 5, 2004 on our consideration of the North Scott Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 13 through 22 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Scott Community School District's basic financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.


Nolte, Cornman & Johnson, P.C.

Newton, Iowa
October 5, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

North Scott Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2004 FINANCIAL HIGHLIGHTS

- The district's General Fund balance decreased for the second year in a row by \$1,272,135 in fiscal year 2004 compared to a decrease of \$354,658 in fiscal year 2003.
 - In October 2003, due to the state's economy, the State of Iowa announced a 2.5% across-the-board reduction in all state appropriations for fiscal year 2004. Because of a slight improvement to the state's economy in June 2004, the governor rescinded a portion of the 2.5% reduction. As a result of that action, the district had a 2.25% net across-the-board reduction that resulted in the following loss of funds.

State Aid	\$230,371
Instructional Support- State Aid	2,295
Teacher Quality Funding	6,174
Iowa Early Intervention	2,656
Educational Excellence Funding	<u>1,859</u>
	\$243,355

- Reductions of expenditures were made in Teacher Quality, Early Intervention and Educational Excellence Funding. Because of the revenue reduction, limited expenditure reductions were made to offset the State Aid and Instructional Support State Aid reductions. This across-the-board reduction in revenue contributed to the decrease of the General Fund balance. The district was able to levy additional taxes to replace the \$230,371 of lost state aid in the 2004/2005 fiscal year.
- A decline in the interest rates during the past two fiscal years, combined with less cash available for investing, resulted in the interest earnings in the General Fund alone to drop from \$91,673 in fiscal year 2003 to \$57,029 in fiscal year 2004.
- The district settled two-year labor contracts with the teacher association's approximate 239 employees at 3.9% for the 2004-2005 fiscal year and 5.75% for the 2005-2006 fiscal year. The district also settled with the approximate 37 employees of the bus driver's union at 3% for the 2004-2005 fiscal year and 3% for the 2005-2006 fiscal year.
- The district added 4.75 FTE reading specialists to the teaching staff. This was accomplished by increasing the district's at-risk levy and reducing the cash reserve levy.
- The district special education deficit increased to \$468,475 after including the \$118,191 of Medicaid Direct Services reimbursement. This deficit is a result of services that are needed as per a student's IEP (Individualized Education Program). The district will be able to levy additional taxes for the 2005/2006 fiscal year to replace the revenue for the special education deficit.
- The district's Child Care Fund balance increased by \$30,179 in fiscal year 2004 compared to a decrease of \$7,805 in fiscal year 2003. This increase is the result of starting a second latch key program and accepting two and three year olds into the preschool and day care programs.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of North Scott Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report North Scott Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which North Scott Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

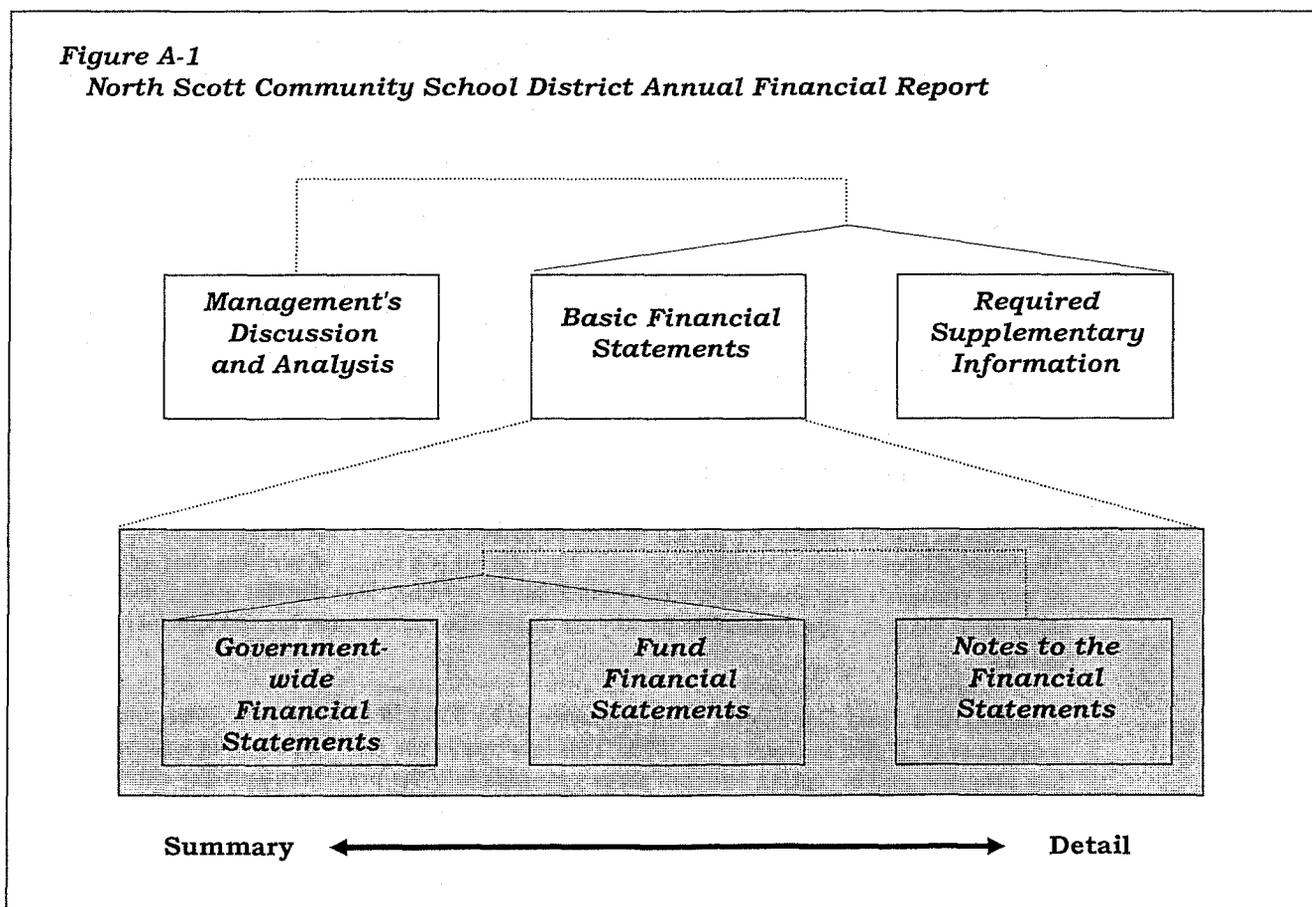


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

*Figure A-2
Major Features of the Government-Wide and Fund Financial Statements*

	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and child care	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and child care programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

The District's governmental funds include the General Fund, Student Activity Fund, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash

flows. The District currently has two enterprise fund, the School Nutrition Fund and Day Care Fund. The District uses *internal service funds*, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund, Self-Funded Insurance Fund.

The required financial statements for proprietary funds include a statement of net assets, statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for the assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
- Agency Fund – These are funds for which the District faculty accounts for certain revenue collected for District employee purchases of pop and related expenditures and for revenues and expenditures of other various club accounts.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purpose and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2004 compared to June 30, 2003.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2003-2004
Current and other assets	\$ 20,528,729	19,717,885	559,101	463,759	21,087,830	20,181,644	4.49%
Capital assets	24,173,575	24,653,701	212,679	220,569	24,386,254	24,874,270	-1.96%
Total assets	44,702,304	44,371,586	771,780	684,328	45,474,084	45,055,914	0.93%
Long-term obligations	9,389,334	10,112,955	0	0	9,389,334	10,112,955	-7.16%
Other liabilities	12,522,526	12,103,978	32,012	18,005	12,554,538	12,121,983	3.57%
Total liabilities	21,911,860	22,216,933	32,012	18,005	21,943,872	22,234,938	-1.31%
Net assets:							
Invested in capital assets, net of related debt	15,378,575	15,203,701	212,679	220,569	15,591,254	15,424,270	1.08%
Restricted	4,673,399	3,382,832	0	0	4,673,399	3,382,832	38.15%
Unrestricted	2,738,470	3,568,120	527,089	445,754	3,265,559	4,013,874	-18.64%
Total net assets	\$ 22,790,444	22,154,653	739,768	666,323	23,530,212	22,820,976	3.11%

The District's combined net assets increased by 3.11%, or \$709,236, over the prior year. The largest portion of the District's net assets is the restricted net assets. Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$1,290,567, or 38.15% over the prior year. The increase was primarily a result of increased revenues in the Capital Projects Fund.

The invested in capital assets(e.g., land, infrastructure, buildings and equipment), less the related debt increased \$166,984, or 1.08%. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$748,315, or 18.64%. This decrease in unrestricted net assets was a result of the District increased expenditures in the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2004 compared to June 30, 2003.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	2004	2003	2004	2003	2004	2003	2003-2004
Revenues:							
Program revenues:							
Charges for services	\$ 1,981,132	1,926,859	994,988	928,978	2,976,120	2,855,837	4.21%
Operating grants and contributions and restricted interest	2,118,635	2,123,900	406,631	359,537	2,525,266	2,483,437	1.68%
General revenues:							
Property tax	11,475,496	11,272,161	0	0	11,475,496	11,272,161	1.80%
Unrestricted state grants	9,693,706	9,318,310	0	0	9,693,706	9,318,310	4.03%
Other	95,125	172,431	(5,827)	(6,048)	89,298	166,383	-46.33%
Total revenues	25,364,094	24,813,661	1,395,792	1,282,467	26,759,886	26,096,128	2.54%
Program expenses:							
Governmental activities:							
Instructional	14,633,587	14,503,813	0	0	14,633,587	14,503,813	0.89%
Support services	7,549,963	7,201,967	0	0	7,549,963	7,201,967	4.83%
Non-instructional programs	6,198	4,296	1,322,347	1,214,800	1,328,545	1,219,096	8.98%
Other expenses	2,538,555	3,335,569	0	0	2,538,555	3,335,569	-23.89%
Total expenses	24,728,303	25,045,645	1,322,347	1,214,800	26,050,650	26,260,445	-0.80%
Changes in net assets	\$ 635,791	(231,984)	73,445	67,667	709,236	(164,317)	-531.63%
Ending Net Assets	\$ 22,790,444	22,154,653	739,768	666,323	23,530,212	22,820,976	

Property tax and unrestricted state grants account for 79% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 85% of the total expenses.

The increase of expenditures for the instructional activities is a result of salary and benefit increases. The increase of expenditures for the support services includes the cost for additional support services staffing, increased utilities costs, increased supply costs, and salary and benefit increases.

The increase of expenditures for non-instructional programs includes the cost for the expansion of the districts daycare program that included a second latch key program, and accepting tow and three-year-olds in the preschool and daycare program.

The reduction of the other expenses is due to the completion of the district-wide air conditioning project in FY 2002-2003 from the proceeds of bond sales.

Governmental Activities

Revenues for governmental activities were \$25,364,094 and expenses were \$24,728,303. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	\$ 14,633,587	11,349,177
Support services	7,549,963	7,541,177
Non-instructional programs	6,198	6,198
Other expenses	2,538,555	1,731,984
Totals	<u>\$ 24,728,303</u>	<u>20,628,536</u>

- The cost financed by users of the District's programs was \$1,981,132.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,118,635.
- The net cost of governmental activities was financed with \$11,475,496 in property tax and local option sales and services tax, \$9,693,706 in state foundation aid, \$76,699 in interest income, \$105 in compensation for loss of fixed assets, \$8,321 in sale of property, and \$10,000 in operating transfer from the Day Care fund.

Business-Type Activities

Revenues of the District's business-type activities were \$1,395,792 and expenses were \$1,322,347. The District's business-type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income. The District also transferred \$10,000 from the Day Care Fund to the General Fund.

During the year ended June 30, 2003, the District increased meal prices. From increasing meals, the fund balance increase in the School Nutrition Fund of the District has been obligated for increased costs for the 2004-05 year.

INDIVIDUAL FUND ANALYSIS

As previously noted, the North Scott Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,556,182, below last year's ending fund balances of \$6,577,607. However, the primary reason for the decrease in combined fund balances in fiscal 2004 is due to reduced interest revenues.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the product of many factors. Growth during the year in tax and grants resulted in an increase in revenues. However, the increase in revenues was more than offset by the District's increase in General Fund expenditures requiring the District to use carryover fund balance to meet its financial obligations during the year.

- The General Fund balance decreased from \$2,712,548 to \$1,440,413, due in part to the negotiated salary and benefits settlement and the prior year reduction in state aid and existing expenditure commitments of the District.
- The Capital Projects Fund balance increased from \$2,386,125 in fiscal 2003 to \$3,373,117 in fiscal 2004. The District collected an increase in local option sales and services tax.

Proprietary Fund Highlights

- The Proprietary Fund net assets increased from \$666,323 at June 30, 2003 to \$739,768 at June 30, 2004, representing an increase of approximately 11%. As previously noted, the District increased meal prices, resulting in the increase in net assets.

BUDGETARY HIGHLIGHTS

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures, known as functional areas, not by fund or fund type. As budgets are not prepared by fund type, budgetary variances for the General Fund are not available.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the District had invested \$24.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.96% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$1,034,147.

The original cost of the District's capital assets was \$41.8 million. Governmental funds account for \$41.3 million with the remainder of \$0.5 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category. The District's improvements totaled \$3,255,629 at June 30, 2004, compared to \$3,487,561 reported at June 30, 2003. This decrease resulted from depreciation expensed.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2003-2004
Land	\$ 590,594	590,594	0	0	590,594	590,594	0.00%
Buildings	18,997,952	19,141,632	0	0	18,997,952	19,141,632	-0.75%
Improvements other than buildings	3,255,629	3,487,561	0	0	3,255,629	3,487,561	-6.65%
Machinery and equipment	1,329,400	1,433,914	212,679	220,569	1,542,079	1,654,483	-6.79%
Total	\$ 24,173,575	24,653,701	212,679	220,569	24,386,254	24,874,270	-1.96%

Long-Term Debt

At June 30, 2004, the District had \$9,389,334 in general obligation and other long-term debt outstanding. This represents a decrease of 7.2% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had outstanding general obligation bonds of \$6,825,000 at June 30, 2004.

The District had outstanding revenue bonds of \$1,970,000 at June 30, 2004.

The District had early retirement payable of \$454,301 at June 30, 2004, which will be paid primarily out of the Special Revenue – Management Fund.

The District also had compensated absences payable of \$140,033 at June 30, 2004, which will be paid primarily out of the General Fund.

Figure A-7
Outstanding Long-Term Obligations

	Total District		Total Change
	June 30,		
	2004	2003	
General obligation bonds	\$ 6,825,000	7,200,000	-5.2%
Revenue bonds	1,970,000	2,250,000	-12.4%
Early retirement	454,301	524,656	-13.4%
Compensated absences	140,033	138,299	1.3%
Totals	\$ 9,389,334	10,112,955	-7.2%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of five existing circumstances that could significantly affect its financial health in the future:

- The national recession that has adversely impacted the State of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid to schools (allowable growth) will be predicated on the condition of the state and national economy. Following the recent elections, the state legislature has no political party in control for the 2005 session; therefore, little legislative action may occur to help educational funding.
- The Davenport Community School District has changed its policy on allowing students to open enroll to other districts. The North Scott district has seen this number drop from 83 in 2003/2004 to 78 for the 2004/2005 school year. Over time, the number of open enrollment students will be reduced, thus reducing the tuition income.
- The district's enrollment is projected to decline due to the lower birth rate in Scott County; however, the number of new housing developments being planned within the district may offset this birth decline. District funding is highly dependent upon enrollments.
- Due to the rapid decline of the district's financial condition, the district is currently reviewing options for the 2004/2005 and 2005/2006 fiscal years to increase revenue or to decrease expenditures. Current projections for the 2005/2006 fiscal year will have expenditures exceeding the district maximum allowable budget.
- The high school will be allowing juniors and seniors open campus for the second quarter of the 2004/2005 school year as a reward for good grades. The expansion of open campus may cause a reduction of revenue for the food service program.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joe Hintze, Director of Business Affairs, North Scott Community School District, 251 E Iowa St., Eldridge, Iowa, 52748.

BASIC FINANCIAL STATEMENTS

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

YEAR ENDED JUNE 30, 2004

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 9,792,428	536,001	10,328,429
Receivables:			
Property tax:			
Delinquent	52,283	0	52,283
Succeeding year	9,676,444	0	9,676,444
Income surtax	88,257	0	88,257
Accounts	39,038	9,552	48,590
Due from other governments	786,033	0	786,033
Inventories	71,745	13,548	85,293
Prepaid expenses	22,501	0	22,501
Capital assets, net of accumulated depreciation(note 5)	24,173,575	212,679	24,386,254
TOTAL ASSETS	44,702,304	771,780	45,474,084
LIABILITIES			
Accounts payable	564,000	9,360	573,360
Salaries and benefits payable	2,185,682	8,117	2,193,799
Accrued interest payable	69,995	0	69,995
Deferred revenue:			
Succeeding year property tax	9,676,444	0	9,676,444
Other	26,405	14,535	40,940
Long-term liabilities(note 7):			
Portion due within one year:			
G.O. Bonds payable	390,000	0	390,000
Revenue bonds payable	295,000	0	295,000
Compensated absences payable	140,033	0	140,033
Early retirement payable	454,301	0	454,301
Portion due after one year:			
G.O. Bonds payable	6,435,000	0	6,435,000
Revenue bonds payable	1,675,000	0	1,675,000
TOTAL LIABILITIES	21,911,860	32,012	21,943,872
NET ASSETS			
Investment in capital assets, net of related debt	15,378,575	212,679	15,591,254
Restricted for:			
Talented and gifted	10,360	0	10,360
Management levy	415,837	0	415,837
Physical plant and equipment levy	606,271	0	606,271
Capital projects	3,373,117	0	3,373,117
Other special revenue purposes	266,243	0	266,243
Unrestricted	2,740,041	527,089	3,267,130
TOTAL NET ASSETS	\$ 22,790,444	739,768	23,530,212

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Governmental activities:						
Instruction:						
Regular instruction	\$ 8,872,102	1,093,438	1,207,138	(6,571,526)	0	(6,571,526)
Special instruction	3,860,845	120,400	99,288	(3,641,157)	0	(3,641,157)
Other instruction	1,900,640	764,146	0	(1,136,494)	0	(1,136,494)
	<u>14,633,587</u>	<u>1,977,984</u>	<u>1,306,426</u>	<u>(11,349,177)</u>	<u>0</u>	<u>(11,349,177)</u>
Support services:						
Student services	960,019	0	0	(960,019)	0	(960,019)
Instructional staff services	1,112,320	0	0	(1,112,320)	0	(1,112,320)
Administration services	2,221,863	0	0	(2,221,863)	0	(2,221,863)
Operation and maintenance of plant services	2,368,717	0	0	(2,368,717)	0	(2,368,717)
Transportation services	820,488	3,148	5,638	(811,702)	0	(811,702)
Central support services	66,556	0	0	(66,556)	0	(66,556)
	<u>7,549,963</u>	<u>3,148</u>	<u>5,638</u>	<u>(7,541,177)</u>	<u>0</u>	<u>(7,541,177)</u>
Non-instructional programs:						
Food service operations	5,568	0	0	(5,568)	0	(5,568)
Community service and education program	630	0	0	(630)	0	(630)
	<u>6,198</u>	<u>0</u>	<u>0</u>	<u>(6,198)</u>	<u>0</u>	<u>(6,198)</u>
Other expenditures:						
Facilities acquisitions	625,439	0	0	(625,439)	0	(625,439)
Long-term debt interest	431,572	0	0	(431,572)	0	(431,572)
AEA flowthrough	806,571	0	806,571	0	0	0
Depreciation(unallocated)*	674,973	0	0	(674,973)	0	(674,973)
	<u>2,538,555</u>	<u>0</u>	<u>806,571</u>	<u>(1,731,984)</u>	<u>0</u>	<u>(1,731,984)</u>
Total governmental activities	24,728,303	1,981,132	2,118,635	(20,628,536)	0	(20,628,536)
Business-Type activities:						
Non-instructional programs:						
Nutrition services	1,143,070	794,201	387,962	0	39,093	39,093
Day care services	179,277	200,787	18,669	0	40,179	40,179
Total business-type activities	1,322,347	994,988	406,631	0	79,272	79,272
Total	\$ 26,050,650	2,976,120	2,525,266	(20,628,536)	79,272	(20,549,264)
General Revenues(Expenses):						
Local tax levied for:						
General purposes			\$ 9,171,635	0		9,171,635
Capital outlay			2,303,861	0		2,303,861
Unrestricted state grants			9,693,706	0		9,693,706
Unrestricted investment earnings			76,699	3,823		80,522
Compensation for loss of fixed assets			105	0		105
Sale of equipment			8,321	0		8,321
Sale of property			0	350		350
Operating transfer in/out			10,000	(10,000)		0
Total general revenues(expense)			21,264,327	(5,827)		21,258,500
Changes in net assets			635,791	73,445		709,236
Net assets beginning of year			22,154,653	666,323		22,820,976
Net assets end of year			\$ 22,790,444	739,768		23,530,212

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2004

	General	Student Activity	Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 3,277,874	270,285	3,017,812	1,573,582	8,139,553
Receivables:					
Property tax					
Delinquent	41,811	0	0	10,472	52,283
Succeeding year	8,246,645	0	0	1,429,799	9,676,444
Income surtax	88,257	0	0	0	88,257
Accounts	34,627	3,453	0	0	38,080
Due from other governments	428,628	0	357,405	0	786,033
Inventories	71,745	0	0	0	71,745
Prepaid expenses	22,501	0	0	0	22,501
TOTAL ASSETS	\$ 12,212,088	273,738	3,375,217	3,013,853	18,874,896
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 226,133	6,048	2,100	107,645	341,926
Salaries and benefits payable	2,184,235	1,447	0	0	2,185,682
Deferred revenue:					
Succeeding year property tax	8,246,645	0	0	1,429,799	9,676,444
Income surtax	88,257	0	0	0	88,257
Other	26,405	0	0	0	26,405
Total liabilities	10,771,675	7,495	2,100	1,537,444	12,318,714
Fund balances:					
Reserved for:					
Talented and gifted	10,360	0	0	0	10,360
Unreserved:					
Designated for special purpose	1,571	0	0	0	1,571
Undesignated:					
Management levy	0	0	0	870,138	870,138
Physical plant and equipment levy	0	0	0	606,271	606,271
Capital projects	0	0	3,373,117	0	3,373,117
Student activity	0	266,243	0	0	266,243
General	1,428,482	0	0	0	1,428,482
Total fund balances	1,440,413	266,243	3,373,117	1,476,409	6,556,182
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,212,088	273,738	3,375,217	3,013,853	18,874,896

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2004

Total fund balances of governmental funds(page 25)	\$	6,556,182
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		24,173,575
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(69,995)
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		1,431,759
Accounts receivable income surtax are not yet available to finance expenditures of the current fiscal period.		88,257
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(9,389,334)</u>
Net assets of governmental activites(page 23)	\$	<u>22,790,444</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2004

	General	Student Activity	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES:						
Local sources:						
Local tax	\$ 7,386,932	0	0	2,303,861	1,796,083	11,486,876
Tuition	697,790	0	0	0	0	697,790
Other	575,415	763,970	0	14,964	5,692	1,360,041
State appropriations	11,185,130	0	0	0	19,112	11,204,242
Federal appropriations	608,099	0	0	0	0	608,099
Total revenues	20,453,366	763,970	0	2,318,825	1,820,887	25,357,048
EXPENDITURES:						
Current:						
Instruction:						
Regular instruction	8,744,945	0	0	0	489,126	9,234,071
Special instruction	3,947,774	0	0	0	0	3,947,774
Other instruction	1,167,717	747,706	0	0	0	1,915,423
	13,860,436	747,706	0	0	489,126	15,097,268
Support services:						
Student services	963,097	0	0	0	4,505	967,602
Instructional staff services	1,093,302	0	0	0	4,490	1,097,792
Administration services	2,101,274	0	0	0	62,354	2,163,628
Operation and maintenance of plant services	2,101,032	0	0	0	108,924	2,209,956
Transportation services	751,029	0	0	0	217,428	968,457
Central support services	66,556	0	0	0	0	66,556
	7,076,290	0	0	0	397,701	7,473,991
Non-instructional programs:						
Food service operations	0	0	0	0	13,903	13,903
Community service and education operations	630	0	0	0	0	630
	630	0	0	0	13,903	14,533
Other expenditures:						
Capital outlay	0	0	0	252,097	672,703	924,800
Debt service:						
Principal	0	0	655,000	0	0	655,000
Interest and fiscal charges	0	0	424,736	0	0	424,736
AEA flowthrough	806,571	0	0	0	0	806,571
	806,571	0	1,079,736	252,097	672,703	2,811,107
Total expenditures	21,743,927	747,706	1,079,736	252,097	1,573,433	25,396,899
Excess(deficiency) of revenues over(under) expenditures	(1,290,561)	16,264	(1,079,736)	2,066,728	247,454	(39,851)
Other financing sources(uses):						
Compensation for loss of fixed assets	105	0	0	0	0	105
Sale of equipment	8,321	0	0	0	0	8,321
Operating transfers in	10,000	0	1,079,736	0	0	1,089,736
Operating transfers out	0	0	0	(1,079,736)	0	(1,079,736)
Total other financing source(uses)	18,426	0	1,079,736	(1,079,736)	0	18,426
Net change in fund balances	(1,272,135)	16,264	0	986,992	247,454	(21,425)
Fund balance beginning of year	2,712,548	249,979	0	2,386,125	1,228,955	6,577,607
Fund balance end of year	\$ 1,440,413	266,243	0	3,373,117	1,476,409	6,556,182

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds(page 27) \$ (21,425)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlay	\$ 513,435	
Depreciation expense	<u>(993,561)</u>	(480,126)

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 431,937

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 655,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (6,836)

Income surtax account receivable is not available to finance expenditures of the current period in the governmental funds. (11,380)

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 the governmental funds.

Early retirement	\$ 70,355	
Compensated absences	<u>(1,734)</u>	68,621

Changes in net assets of governmental activities(page 24) \$ 635,791

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2004

	Business-Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Day Care	Total	
ASSETS				
Current assets:				
Cash and pooled investments	\$ 432,504	103,497	536,001	1,652,875
Receivables:				
Accounts	6,469	3,083	9,552	958
Inventories	13,548	0	13,548	0
Total current assets	452,521	106,580	559,101	1,653,833
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	212,159	520	212,679	0
Total non-current assets	212,159	520	212,679	0
TOTAL ASSETS	664,680	107,100	771,780	1,653,833
LIABILITIES				
Current liabilities:				
Accounts payable	8,408	952	9,360	222,074
Salaries and benefits payable	1,089	7,028	8,117	0
Deferred revenue:				
Other	14,535	0	14,535	0
Total current liabilities	24,032	7,980	32,012	222,074
TOTAL LIABILITIES	24,032	7,980	32,012	222,074
NET ASSETS				
Unrestricted	640,648	99,120	739,768	1,431,759
Total net assets	\$ 640,648	99,120	739,768	1,431,759

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2004

	Business-Type Activities:			Governmental Activities: Internal Service Fund
	Enterprise Funds			
	School Nutrition	Day Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 794,201	200,787	994,988	3,156,342
OPERATING EXPENSES:				
Non-instructional programs:				
Food service operations:				
Salaries	389,063	138,529	527,592	0
Benefits	145,818	23,214	169,032	0
Services	11,178	832	12,010	2,707,222
Supplies	558,354	15,966	574,320	468
Depreciation	30,399	104	30,503	0
Other	8,258	632	8,890	16,715
TOTAL OPERATING EXPENSES	1,143,070	179,277	1,322,347	2,724,405
OPERATING INCOME(LOSS)	(348,869)	21,510	(327,359)	431,937
NON-OPERATING REVENUES:				
State sources	14,219	18,669	32,888	0
Federal sources	373,743	0	373,743	0
Interest on investments	3,823	0	3,823	0
Sale of property	350	0	350	0
TOTAL NON-OPERATING REVENUES	392,135	18,669	410,804	0
Net income before transfer	43,266	40,179	83,445	431,937
Transfer to General fund	0	(10,000)	(10,000)	0
Change in net assets	43,266	30,179	73,445	431,937
Net assets beginning of year	597,382	68,941	666,323	999,822
Net assets end of year	\$ 640,648	99,120	739,768	1,431,759

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2004

	Business-Type Activities: Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 791,028	0	791,028	0
Cash received from miscellaneous operating activities	5,664	200,899	206,563	3,155,384
Cash payments to employees for services	(534,957)	(158,868)	(693,825)	0
Cash payments to suppliers for goods or services	(481,024)	(16,644)	(497,668)	(2,779,921)
Net cash provided by(used in) operating activities	(219,289)	25,387	(193,902)	375,463
Cash flows from non-capital financing activities:				
State grants received	14,219	18,669	32,888	0
Federal grants received	285,891	0	285,891	0
Net cash provided by non-capital financing activities	300,110	18,669	318,779	0
Cash flows from capital financing activities and related activities:				
Acquisition of assets	(22,613)	0	(22,613)	0
Proceeds from sale of property	350	0	350	0
Transfer to General fund	0	(10,000)	(10,000)	0
Net cash used in capital financing activities and related activities	(22,263)	(10,000)	(32,263)	0
Cash flows from investing activities:				
Interest on investment	3,823	0	3,823	0
Net cash provided by investing activities	3,823	0	3,823	0
Net increase in cash and cash equivalents	62,381	34,056	96,437	375,463
Cash and cash equivalents at beginning of year	370,123	69,441	439,564	1,277,412
Cash and cash equivalents at end of year	\$ 432,504	103,497	536,001	1,652,875

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2004

	Enterprise Funds			Activities: Internal Service Fund
	School Nutrition	Day Care	Total	
Reconciliation of operating loss to net cash used in operating activities:				
Operating income(loss)	\$ (348,869)	21,510	(327,359)	431,937
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	87,852	0	87,852	0
Depreciation	30,399	104	30,503	0
Decrease in inventories	1,855	0	1,855	0
(Increase)Decrease in accounts receivable	(872)	112	(760)	(958)
Increase(Decrease) in accounts payable	7,059	786	7,845	(55,516)
Increase(Decrease) in salaries and benefits payable	(76)	2,875	2,799	0
Increase in deferred revenue	3,363	0	3,363	0
Net cash provided by(used in) operating activities	\$ (219,289)	25,387	(193,902)	375,463

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR
 END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE
 SHEET:

Current assets:				
Cash and investments	\$ 432,504	103,497	536,001	1,652,875

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2004, the District received Federal commodities valued at \$87,852.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

June 30, 2004

		Agency Fund
ASSETS		
Cash and pooled investments	\$	43,258
Total assets		43,258
 LIABILITIES		
Accounts payable		825
Salaries and benefits payable		1,394
Due to other groups		41,039
Total liabilities		43,258
NET ASSETS	\$	0

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The North Scott Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Dixon, Maysville, Donahue, Long Grove, Eldridge, McCausland and Princeton, Iowa, and the predominate agricultural territory in Scott County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, North Scott Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting 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. The North Scott Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do 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 Scott County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Special Revenues - Student Activity Fund is utilized to account for the various student run organizations and athletic accounts of the District.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is utilized to account for the local option sales tax monies to be used for capital improvements.

The District reports the following nonmajor governmental funds:

The Special Revenues - Management Fund is utilized to account for the payment of property insurance as well as early retirement incentives.

The Special Revenues - Physical Plant and Equipment Levy (PPEL) Fund is utilized to account for capital outlay.

The District reports the following major and nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Day Care Fund, and the Internal Service Fund. The School Nutrition Fund is a major fund used to account for the food service operations of the District. The Day Care Fund is a nonmajor fund used to account for the day care service operations of the District. The Internal Service Fund is used to account for the self-funded health insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and Statement of Activities. This chargeback is based by a percentage of total employees by the participants' various functional areas.

The District also reports fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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 government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures 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.

Under 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 assets 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.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 principle ongoing operations. The principle operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Cash, Pooled Investments and Cash Equivalents

The cash balance of most District funds are pooled and invested. 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 at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

E. Property Taxes

Property taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property taxes revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003.

F. Inventories

General Fund inventories are valued at cost using the first-in and first-out method. The inventories consist of supplies, and are recorded as expenditures when consumed rather than when purchased.

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

G. Capital Assets

Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Assets	Amounts
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Property, furniture and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2004, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2004.

I. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

J. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. The cost of vacation payments expected to be liquidated currently are recorded as a liability of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004.

K. 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 column in the statement of net assets.

L. Fund Balances

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

M. Restricted Net Assets

In the Government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements

are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2004, the instructional and non-instructional programs budgets were amended for a increase of 5% and 4%, respectively, to the originally approved budgets.
6. Appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2004 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.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit and other evidence of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; 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 improvement certificates of a drainage district.

As of June 30, 2004, the carrying amount of the District's bank deposits and pooled investments totaled \$10,328,429 with bank balances of \$3,141,369. These amounts are included in the cash and pooled investments on the statement of net assets. Of the bank balance, \$100,000 was

covered by federal depository insurance and \$3,041,369 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

The District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$7,663,702 pursuant to Rule 21-7 under the Investment Company Act of 1940. Governmental Accounting Standards Board Statement Number 3 requires investments to be categorized to give an indication of the level of risk assumed by the District at year end. The District's investment in the Iowa Schools Joint Investment Trust is not subject to risk categorization.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise - Day Care	\$ 10,000
Debt Service	Capital Projects	<u>1,079,736</u>
Total		<u>\$ 1,089,736</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 5. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 590,594	0	0	590,594
Total capital assets not being depreciated	590,594	0	0	590,594
Capital assets being depreciated:				
Buildings	32,185,415	295,989	0	32,481,404
Improvements other than buildings	4,492,823	3,372	0	4,496,195
Furniture and equipment	3,547,294	214,074	0	3,761,368
Total capital assets being depreciated	40,225,532	513,435	0	40,738,967
Less accumulated depreciation for:				
Buildings	13,043,783	439,669	0	13,483,452
Improvements other than buildings	1,005,262	235,304	0	1,240,566
Furniture and equipment	2,113,380	318,588	0	2,431,968
Total accumulated depreciation	16,162,425	993,561	0	17,155,986
Total capital assets being depreciated, net	24,063,107	(480,126)	0	23,582,981
Governmental activities capital assets, net	\$ 24,653,701	(480,126)	0	24,173,575

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 450,736	24,438	6,326	468,848
Less accumulated depreciation	230,167	40,586	14,584	256,169
Business-type activities capital assets, net	\$ 220,569	(16,148)	(8,258)	212,679

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 9,265
Other	7,607
Support services:	
Administration	137,859
Operation and maintenance of plant	146,515
Transportation	17,342
	<u>318,588</u>
Unallocated depreciation	674,973
	<u>674,973</u>
Total governmental activities depreciation expense	\$ 993,561
Business-type activities:	
Food services	\$ 40,482
Day care	104
Total business-type activities depreciation expense	\$ 40,586

Note 6. Related Business Transactions

Business transactions between the District and District employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mary Bender, Secretary, Spouse of owner of Bender's Auto Repair	Vehicle repairs	\$ 80
Joanna Kluever, Teacher Daughter of owner of Bob's Repair Service	Supplies	95
Pam Engelbrecht, Secretary Spouse of owner of Engelbrecht Tiling	Supplies	97
Debra Johannson, Teacher Spouse of owner of Signs Now	Supplies	1,189
Bill McDonald, Teacher Spouse of salesperson of Pampered Chef	Supplies	280
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	375

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Christie Liske, Aide Spouse of Matt Liske	Official	240
Kathi Washam, Secretary, Spouse of Ron Washam	Official	385
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	141
Paul Claeys, Bus Driver Owner of P&S Enterprises	Supplies	844
Sue McBride, Bus Driver, Owner of Catering by Sue	Catering	215

Note 7. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2004 during the year:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 7,200,000	0	375,000	6,825,000	390,000
Revenue bonds	2,250,000	0	280,000	1,970,000	295,000
Early retirement	524,656	273,327	343,682	454,301	454,301
Compensated absences	138,299	140,033	138,299	140,033	140,033
Total	\$ 10,112,955	413,360	1,136,981	9,389,334	1,279,334

G.O. Bonds Payable

During the year ended June 30, 1998, the District sold General Obligation Bonds in the value of \$5,500,000. During the year ended June 30, 1999, the District sold General Obligation Bonds in the value of \$3,130,000. Details of the District's June 30, 2004 indebtedness for general obligation bonds is as follows:

Year Ending June 30,	Issue dated April 1, 1998			Issue dated December 3, 1998			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2005	4.700 % \$	245,000	202,290	4.375 % \$	145,000	111,781	390,000	314,071
2006	4.700	255,000	190,775	4.375	155,000	105,438	410,000	296,213
2007	4.700	265,000	178,790	4.375	165,000	98,656	430,000	277,446
2008	4.700	280,000	166,335	4.375	170,000	91,438	450,000	257,773
2009	4.700	295,000	153,175	4.375	175,000	84,000	470,000	237,175
2010	4.700	305,000	139,310	4.375	190,000	76,344	495,000	215,654
2011	4.700	320,000	124,975	4.375	200,000	68,031	520,000	193,006
2012	4.700	340,000	109,935	4.375	200,000	59,281	540,000	169,216
2013	4.750	355,000	93,955	4.375	210,000	50,531	565,000	144,486
2014	4.750	375,000	77,092	4.375	220,000	41,344	595,000	118,436
2015	4.800	390,000	59,280	4.375	235,000	31,719	625,000	90,999
2016	4.800	410,000	40,560	4.375	240,000	21,438	650,000	61,998
2017	4.800	435,000	20,880	4.375	250,000	10,937	685,000	31,817
Total		\$ 4,270,000	1,557,352		\$ 2,555,000	850,938	6,825,000	2,408,290

The June 30, 2004 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 623,448,631</u>
Debt limit, 5% of total assessed valuation	\$ 31,172,432
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>6,825,000</u>
Excess of debt limit over bonded debt outstanding, legal debt margin	<u>\$ 24,347,432</u>

Revenue Bonds Payable

During the year ended June 30, 2001, the District sold Sales and Services Tax Revenue Bonds in the value of \$2,500,000. Repayment of these Bonds will be made by collection of local option state sales tax. Details of the District's June 30, 2004 indebtedness for revenue bonds are as follows:

Year Ending June 30,	Issue dated May 1, 2001			
	Interest Rates	Principal	Interest	Total
2005	3.85 % \$	295,000	81,966	376,966
2006	4.50	305,000	69,425	374,425
2007	4.50	320,000	55,362	375,362
2008	4.50	335,000	40,625	375,625
2009	4.50	350,000	25,213	375,213
2010	4.75	365,000	8,669	373,669
Total		\$ 1,970,000	281,260	2,251,260

Early Retirement

North Scott Community School District also provides early retirement incentives for certain qualified employees who must elect by May 20 of the school year to receive benefits under the plan at the end of the school year. The amount of payment is based on a percent of the current year's salary. The District recognizes the early retirement expenditure in the year the benefits are elected by the qualified employee. The early retirement benefit may be funded over at least two fiscal years beginning July following application and approval.

Note 8. Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$65,000 in insured claims for any one covered individual. The specific stop-loss reinsurance coverage increased from \$55,000 to \$65,000 effective April 1, 2004. Settled claims have not exceeded the commercial coverage in any of the past three calendar plan 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. That reserve was \$1,045,062 at March 31, 2004, the last date for which information is available. The incurred but not recorded and unpaid claims liability of \$332,247 reported in the plan at March 31, 2004, is based on the requirements of GASB Statement Number 10, which is required that a liability for claims be reported.

The change in the incurred but not reported and unpaid claims liability for the two years ended June 30, 2004 and 2003 is as follows:

	2004	2003
Balance beginning of year	\$ 315,342	\$ 260,159
Incurred claims and claim adjustments	2,569,630	2,387,691
Payment of claims	2,552,725	2,332,508
Balance end of year	<u>\$ 332,247</u>	<u>\$ 315,342</u>

In addition the District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Note 9. Pension and Retirement Benefits

North Scott Community School District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$796,877, \$767,960, and \$749,665 respectively, equal to the required contributions for each year. The District is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer public employees retirement system designed as a supplement to Social Security.

Note 10. Due from Other Governments

Amount due from other governments by Fund as of June 30, 2004 are as follows:

	<u>General Fund</u>
Local appropriation	
Special Ed Tuition	\$ 200,088
Child Development Grant	600
Riverboat Grant	95,539
American History Grant	1,341
Gas Tax Refund	3,951
Mobile Home Tax	835
Substitute Overpayment	75
	<hr/>
Total local appropriations	302,429
State appropriations:	
Foster Care	42,897
Construction Refund	85
Nonpublic Transportation	2,824
State Aid	7,038
Juvenile Court	5,691
	<hr/>
Total state appropriations	58,535
Federal appropriations:	
Medicaid	22,891
Title 1	37,968
Drug Free	6,805
	<hr/>
Total federal appropriations	67,664
	<u>Capital Projects</u>
	<u>Fund</u>
Local appropriation	
Local Option Sales and Service Tax	357,405
	<hr/>
Total due from other governments	\$ 786,033
	<hr/> <hr/>

Note 11. Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2004, disbursements in the non-instructional functional program area exceeded the amount budgeted.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
ACTUAL TO BUDGET - ALL GOVERNMENTAL FUND TYPES
AND PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2004

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	\$ 13,544,707	998,811
State sources	11,204,242	32,888
Federal sources	608,099	373,743
Total revenues	<u>25,357,048</u>	<u>1,405,442</u>
Expenditures:		
Instruction	15,097,268	0
Support services	7,473,991	0
Non-instructional programs	14,533	1,322,347
Other expenditures	2,811,107	0
Total expenditures	<u>25,396,899</u>	<u>1,322,347</u>
Excess(deficiency) of revenues over(under) expenditures	(39,851)	83,095
Other financing sources(uses), net	<u>18,426</u>	<u>(9,650)</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	(21,425)	73,445
Balance beginning of year	<u>6,577,607</u>	<u>666,323</u>
Balance end of year	<u>\$ 6,556,182</u>	<u>739,768</u>

SEE NOTES TO FINANCIAL STATEMENTS.

Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	Original	Final	
14,543,518	14,141,448	14,141,448	402,070
11,237,130	11,381,553	11,381,553	(144,423)
981,842	545,588	545,588	436,254
<u>26,762,490</u>	<u>26,068,589</u>	<u>26,068,589</u>	<u>693,901</u>
15,097,268	14,603,880	15,303,437	206,169
7,473,991	7,684,000	7,684,000	210,009
1,336,880	1,188,000	1,240,000	(96,880)
2,811,107	3,626,387	3,626,387	815,280
<u>26,719,246</u>	<u>27,102,267</u>	<u>27,853,824</u>	<u>1,134,578</u>
43,244	(1,033,678)	(1,785,235)	1,828,479
<u>8,776</u>	<u>1,000</u>	<u>1,000</u>	<u>7,776</u>
52,020	(1,032,678)	(1,784,235)	1,836,255
<u>7,243,930</u>	<u>7,831,776</u>	<u>7,831,776</u>	<u>(587,846)</u>
<u><u>7,295,950</u></u>	<u><u>6,799,098</u></u>	<u><u>6,047,541</u></u>	<u><u>1,248,409</u></u>

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2004**

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 private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$751,557.

During the year ended June 30, 2004, expenditures in the non-instructional functional program area exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2004

	Management Fund	Physical Plant and Equipment Fund	Total
ASSETS			
Cash and pooled investments	\$ 874,817	698,765	1,573,582
Receivables:			
Property taxes:			
Current year delinquent	5,673	4,799	10,472
Succeeding year	550,000	879,799	1,429,799
TOTAL ASSETS	\$ 1,430,490	1,583,363	3,013,853
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	\$ 10,352	\$ 97,293	\$ 107,645
Deferred revenue:			
Succeeding year property tax	550,000	879,799	1,429,799
Total liabilities	560,352	977,092	1,537,444
Equity			
Fund balance:			
Unreserved:			
Undesignated	870,138	606,271	1,476,409
Total equity	870,138	606,271	1,476,409
TOTAL LIABILITIES AND EQUITY	\$ 1,430,490	1,583,363	3,013,853

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2004

	Management Fund	Physical Plant and Equipment Fund	Total
REVENUE:			
Local sources:			
Local tax	\$ 971,959	824,124	1,796,083
Other	4,158	1,534	5,692
State sources	10,563	8,549	19,112
TOTAL REVENUE	986,680	834,207	1,820,887
EXPENDITURES:			
Current:			
Instruction:			
Regular instruction	417,522	71,604	489,126
Support services:			
Student support services	4,505	0	4,505
Instructional staff services	4,490	0	4,490
Administration services	62,354	0	62,354
Operation and maintenance of plant services	69,973	38,951	108,924
Transportation services	49,063	168,365	217,428
Non-instructional programs:			
Food service operations	13,903	0	13,903
Other expenditures:			
Capital outlay	0	672,703	672,703
TOTAL EXPENDITURES	621,810	951,623	1,573,433
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	364,870	(117,416)	247,454
FUND BALANCE BEGINNING OF YEAR	505,268	723,687	1,228,955
FUND BALANCE END OF YEAR	\$ 870,138	606,271	1,476,409

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

Year ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
AGENCY				
ASSETS				
Cash and pooled investments	\$ 37,843	78,768	73,353	43,258
Total assets	<u>\$ 37,843</u>	<u>78,768</u>	<u>73,353</u>	<u>43,258</u>
LIABILITIES				
Accounts payable	\$ 1,422	36,335	36,932	825
Salaries and benefits payable	677	1,394	677	1,394
Due to other groups	35,744	41,039	35,744	41,039
Total Liabilities	<u>\$ 37,843</u>	<u>78,768</u>	<u>73,353</u>	<u>43,258</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

STATISTICAL SECTION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**GENERAL SCHOOL SYSTEM EXPENDITURES BY FUNCTION - GOVERNMENT-WIDE
Last Two Years**

	<u>Years Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Expenditures:		
Instruction:		
Regular instruction	\$ 8,872,102	9,037,968
Special instruction	3,860,845	3,543,894
Other instruction	1,900,640	1,921,951
Support services:		
Student services	960,019	903,076
Instructional staff services	1,112,320	1,125,819
Administration services	2,221,863	2,052,363
Operation and maintenance of plant services	2,368,717	2,237,998
Transportation services	820,488	832,498
Central support services	66,556	50,213
Non-instructional programs:		
Nutrition services	1,143,070	1,049,763
Day care services	179,277	165,037
Food service operations	5,568	3,858
Community service and education program	630	438
Other:		
Facilities acquisitions	625,439	1,030,566
Long-term debt interest	431,572	447,832
AEA flow-through	806,571	840,688
Depreciation(unallocated)	674,973	1,016,483
Total	\$ 26,050,650	26,260,445

Note: Information for years prior to 2003 is not available.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**GENERAL SCHOOL SYSTEM REVENUES BY SOURCE - GOVERNMENT-WIDE
Last Two Years**

	Years Ended June 30,	
	2004	2003
Program Revenues:		
Charges for service	\$ 2,976,120	2,855,837
Operating grants and other contributions	2,525,266	2,483,437
General Revenues:		
Property taxes	9,171,635	9,040,949
Local option sales and service taxes	2,303,861	2,231,212
Unrestricted state grants	9,693,706	9,318,310
Unrestricted investment earnings	80,522	156,424
Other	8,776	9,959
Total	\$ 26,759,886	26,096,128

Note: Information for years prior to 2003 is not available.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

SCHEDULE OF COMPARATIVE TAXES AND INTERGOVERNMENTAL REVENUES BY SOURCE - GAAP OR NON-GAAP BASIS

	Year Ended June 30,									
	2004+	2003+	2002	2001	2000	1999	1998	1997	1996	1995
Local:										
General Fund	\$ 7,386,932	\$ 8,973,863	\$ 7,706,539	\$ 7,571,114	\$ 6,852,245	\$ 6,685,989	\$ 6,288,087	\$ 6,070,635	\$ 6,316,221	\$ 5,827,579
Special Revenue Funds	1,796,083	1,954,589	1,204,475	1,136,340	1,038,701	896,801	645,582	685,259	604,861 *	271,276
Debt Service and Capital Projects Funds	2,303,861	2,324,897	2,382,334	1,566,030	1,745,721	703,022	-	-	-	402,403 *
	<u>11,486,876</u>	<u>13,253,349</u>	<u>11,293,348</u>	<u>10,273,484</u>	<u>9,636,667</u>	<u>8,285,812</u>	<u>6,933,669</u>	<u>6,755,894</u>	<u>6,921,082</u>	<u>6,501,258</u>
State:										
General Fund	11,185,130	11,031,506	11,214,203	11,195,838	10,944,049	10,501,490	10,117,216	9,578,878	8,541,081	8,463,400
Special Revenue Funds	19,112	21,113	22,579	821	861	735	617	2,442	28,517	-
Debt Service	-	-	-	-	-	566	-	-	-	-
Enterprise Funds	32,888	13,402	40,445	36,139	35,114	27,455	20,415	19,150	20,795	30,830
	<u>11,237,130</u>	<u>11,066,021</u>	<u>11,277,227</u>	<u>11,232,798</u>	<u>10,980,024</u>	<u>10,530,246</u>	<u>10,138,248</u>	<u>9,600,470</u>	<u>8,590,393</u>	<u>8,494,230</u>
Federal:										
Regular General Fund	432,769	254,538	252,432	182,898	215,402	96,079	42,975	43,123	34,931	35,186
Title I Programs	175,330	134,118	134,118	138,205	138,388	140,399	183,897	141,081	138,508	112,380
Enterprise Funds	373,743	346,135	270,912	243,725	237,088	254,180	250,198	181,389	162,860	159,365
	<u>981,842</u>	<u>734,791</u>	<u>657,462</u>	<u>564,828</u>	<u>590,878</u>	<u>490,658</u>	<u>477,070</u>	<u>365,593</u>	<u>336,299</u>	<u>306,931</u>
	<u>\$ 23,705,848</u>	<u>\$ 25,054,161</u>	<u>\$ 23,228,037</u>	<u>\$ 22,071,110</u>	<u>\$ 21,207,569</u>	<u>\$ 19,306,716</u>	<u>\$ 17,548,987</u>	<u>\$ 16,721,957</u>	<u>\$ 15,847,774</u>	<u>\$ 15,302,419</u>

+ As of the year ended June 30, 2003, the District is using the GAAP basis of accounting.

*As of the year ended June 30, 1996, the Physical Plant and Equipment Fund and Schoolhouse 67.5 cent Levy Fund have been reclassified from Capital Project to Special Revenue Funds. As a result the comparative receipts for the year ended June 30, 1995 are not comparative with the years ended June 30, 1996 through 2004.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

GENERAL DISTRICT REVENUE, BY SOURCE*

Last Ten Years

Year Ended June 30,	Local Tax	State Appropriations	Federal Appropriations	Miscellaneous	Total
2004	\$ 8,358,891	\$ 11,195,693	\$ 608,099	\$ 1,277,363	\$ 21,440,046
2003	8,157,744	11,039,530	388,656	1,278,705	20,864,635
2002	8,109,407	11,205,755	369,326	1,240,187	20,924,675
2001	7,997,871	11,184,713	274,138	1,535,552	20,992,274
2000	7,258,178	10,968,346	353,275	1,316,819	19,896,618
1999	6,991,166	10,512,203	254,905	1,478,049	19,236,323
1998	6,510,800	10,126,335	201,237	988,287	17,826,659
1997	6,336,809	9,582,306	195,672	949,242	17,064,029
1996	6,527,240	8,360,044	172,104	781,220	15,840,608
1995	6,103,695	7,840,342	163,239	757,935	14,865,211

*Includes the General Fund and the Special Revenue Funds-Management Fund revenue.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

GENERAL DISTRICT EXPENDITURES, BY PROGRAM AND/OR FUNCTION

Last Ten Years*

Expenditures, By Function *

Year Ended June 30,	Instruc-tion	Support Services	Non-Instruc-tional	Other Expenditures			Total Expend-itures
				Capital Outlay	Debt Service	Other	
2004	\$ 14,277,958	\$ 7,266,675	\$ 14,533	\$ -	\$ -	\$ 806,571	\$ 22,365,737
2003	13,572,389	6,821,781	4,503	-	-	840,688	21,239,361
2002	12,974,359	6,508,930	1,971	-	-	842,394	20,327,654
2001	12,184,797	6,913,169	571	-	-	865,361	19,963,898
2000	11,487,113	6,456,777	1,242	-	-	838,767	18,783,899
1999	11,017,973	6,253,914	1,947	-	-	816,747	18,090,581
1998	10,579,296	5,764,315	4,399	-	-	781,062	17,129,072
1997	10,255,747	5,543,004	472	-	-	754,258	16,553,481
1996	9,915,025	5,148,685	3,194	202,126	348,335	712,069	16,329,434
1995	9,256,501	4,964,290	2,039	233,860	309,259	673,486	15,439,435

*Includes the General Fund and the Special Revenue Funds-Management Fund expenditures.

Source: School District financial records

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years Ended June 30

Governmental Fund Types

PROPERTY TAX LEVIES

Levy Year	General and Management	Debt Service	Schoolhouse	Site	Physical Plant and Equipment	Total
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	8,311,513	-	-	-	829,678	9,141,191
2001	8,556,342	-	-	-	809,770	9,366,112
2000	8,063,187	-	-	-	764,979	8,828,166
1999	7,798,375	-	-	-	701,094	8,499,469
1998	7,359,354	-	-	-	641,168	8,000,522
1997	6,899,856	709,363	-	-	598,562	8,207,781
1996	6,563,084	-	-	-	429,109	6,992,193
1995	6,284,286	-	-	-	425,223	6,709,509
1994	6,490,691	-	273,764	-	133,840	6,898,295

PROPERTY TAX COLLECTIONS

(INCLUDING DELINQUENTS)

2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	8,358,891	-	-	-	824,124	9,183,015
2001	8,157,744	-	-	-	783,568	8,941,312
2000	8,021,001	-	-	-	762,880	8,783,881
1999	7,898,085	-	-	-	740,786	8,638,871
1998	7,171,647	-	-	-	644,800	7,816,447
1997	6,897,359	712,073	-	-	600,117	8,209,549
1996	6,428,409	-	-	-	429,263	6,857,672
1995	6,262,178	-	-	-	423,726	6,685,904
1994	6,452,115	-	272,375	-	133,161	6,857,651

PERCENTAGE COLLECTED

2003	- %	- %	- %	- %	- %	- %
2002	100.57	-	-	-	99.33	100.46
2001	95.34	-	-	-	96.76	95.46
2000	99.48	-	-	-	99.73	99.50
1999	101.28	-	-	-	105.66	101.64
1998	97.45	-	-	-	100.57	97.70
1997	99.96	100.38	-	-	100.26	100.02
1996	97.95	-	-	-	100.04	98.08
1995	99.65	-	-	-	99.65	99.65
1994	99.41	-	99.49	-	99.49	99.41

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY

Levy Year	Collection Year	Real Property		Utilities		Total		To Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2003+++++	2004-05	\$ 580,197,072	\$ 939,424,574	\$ 60,407,750	\$ 60,407,750	\$ 640,604,822	\$ 999,832,324	64.1 %
2002++++	2003-04	547,044,114	798,121,392	59,428,309	59,428,309	606,472,423	857,549,701	70.7
2001+++	2002-03	551,419,847	796,759,949	44,338,245	44,645,569	595,758,092	841,405,518	70.8
2000++	2001-02	542,486,336	737,596,141	17,352,015	17,352,015	559,838,351	754,948,156	74.8
1999+	2000-01	500,077,316	703,638,216	21,903,972	21,911,980	521,981,288	725,550,196	74.8
1998####	1999-00	456,765,645	622,138,799	35,286,596	35,286,596	492,052,241	657,425,395	72.8
1997###	1998-99	422,620,337	593,619,861	36,657,838	36,675,962	459,278,175	630,295,823	72.9
1996##	1997-98	397,519,789	527,292,975	30,389,561	30,389,561	427,909,350	557,682,536	76.7
1995#	1996-97	393,251,214	517,764,170	32,150,538	32,418,836	425,401,752	550,183,006	77.3
1994*****	1995-96	372,052,089	445,161,736	33,523,589	34,806,203	405,576,418	489,967,939	82.8

*****Equalization order applied by County Auditor. Rollback 67.5000% residential, 100.00% agriculture, 100.00% commercial, 100.00% industrial, 97.2090% railroad, and 97.2090% utility.

#Equalization order applied by County Auditor. Rollback 59.3180% residential, 100.0000% agriculture, 97.2824% commercial, 100.0000% industrial, 97.2824% railroad, and 100.0000% utility.

##Equalization order applied by County Auditor. Rollback 58.8284% residential, 100.0000% agriculture, 100.0000% commercial, 100.0000% industrial, 100.0000% railroad, and 100.0000% utility.

###Equalization order applied by County Auditor. Rollback 54.9090% residential, 96.4206% agriculture, 97.3606% commercial, 100.0000% industrial, 97.3606% railroad, and 100.0000% utility.

####Equalization order applied by County Auditor. Rollback 56.4789% residential, 100% agriculture, 100% commercial, 100% industrial, 100.0000% railroad, and 100.0000% utility.

+Equalization order applied by County Auditor. Rollback 54.8525% residential, 96.3381% agriculture, 98.7732% commercial, 100.00% industrial, 98.7732% railroad, and 100.00% utility.

++Equalization order applied by County Auditor. Rollback 56.2651% residential, 100% agriculture, 98.7732% commercial, 100.00% industrial, 100.00% railroad, and 100.00% utility.

+++Equalization order applied by County Auditor. Rollback 51.6676% residential, 100% agriculture, 97.7701% commercial, 100.00% industrial, 97.7701% railroad, and 100.00% utility.

++++Equalization order applied by County Auditor. Rollback 51.3874% residential, 100.00% agriculture, 100.00% commercial, 100.00% industrial, 100.00% railroad, and 100.00% utility.

+++++Equalization order applied by County Auditor. Rollback 48.4558% residential, 100.00% agriculture, 99.2570% commercial, 100.00% industrial, 99.2570% railroad, and 100.00% utility.

Sources: County Auditor.
State of Iowa Department of Management.

Senate File 2416(Iowa Code Chapter 437A) Adopted during the 1998 legislature, effective for the 2000/01 levy, changes the way gas and electric utility companies are locally taxed. As a result of this, \$17,321,897 of gas and electric value were removed from the utilities valuation.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years Ended June 30

Cities

Levy Year*	Collection Year	Taxes	Bettendorf	Davenport	Dixon	Donahue	Eldridge	Long Grove	Maysville	McCausland	Princeton
2003	2004-05	City	12.34932	15.24000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
		College Area IX	0.59216	0.59216	0.59216	0.59216	0.59216	0.59216	0.59216	0.59216	0.59216
		State & County	4.75497	4.75497	4.75497	4.75497	4.75497	4.75497	4.75497	4.75497	4.75497
		North Scott School	15.03382	15.03382	15.03382	15.03382	15.03382	15.03382	15.03382	15.03382	15.03382
		Total levy	32.73027	35.62095	28.48081	25.53233	26.75650	28.28072	25.23785	28.29800	29.68834
Ratio of North Scott School to total			0.45932	0.42205	0.52786	0.58882	0.56188	0.53159	0.59569	0.53127	0.50639
2002	2003-04	City	11.85000	14.63000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
		College Area IX	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633
		State & County	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067
		North Scott School	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122
		Total levy	32.27822	35.05822	28.52808	25.57960	26.80377	28.32799	25.28512	28.34527	29.73561
Ratio of North Scott School to total			0.47466	0.43702	0.53706	0.59896	0.57161	0.54085	0.60594	0.54052	0.51525
2001	2002-03	City	11.85000	14.63000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
		College Area IX	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633
		State & County	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067
		North Scott School	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122	15.32122
		Total levy	32.27822	35.05822	28.52808	25.57960	26.80377	28.32799	25.28512	28.34527	29.73561
Ratio of North Scott School to total			0.47466	0.43702	0.53706	0.59896	0.57161	0.54085	0.60594	0.54052	0.51525
2000	2001-02	City	11.45550	14.60301	8.09975	5.20471	6.37553	7.87004	4.76008	7.64697	9.30742
		College Area IX	0.60382	0.60382	0.60382	0.60382	0.60382	0.60382	0.60382	0.60382	0.60382
		State & County	4.17307	4.17307	4.17307	4.17307	4.17307	4.17307	4.17307	4.17307	4.17307
		North Scott School	15.66165	15.66165	15.66165	15.66165	15.66165	15.66165	15.66165	15.66165	15.66165
		Total levy	31.89404	35.04155	28.53829	25.64325	26.81407	28.30858	25.19862	28.08551	29.74596
Ratio of North Scott School to total			0.49105	0.44695	0.54879	0.61075	0.58408	0.55325	0.62153	0.55764	0.52651

Continued on following page

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years Ended June 30

Cities

Levy Year*	Collection Year	Taxes	Bettendorf	Davenport	Dixon	Donahue	Eldridge	Long Grove	Maysville	McCausland	Princeton	
1999	2000-01	City	11.46317	14.63429	7.92961	5.14553	6.37566	7.50571	4.31483	7.64701	7.15950	
		College Area IX	0.60302	0.60302	0.60302	0.60302	0.60302	0.60302	0.60302	0.60302	0.60302	0.60302
		State & County	4.16147	4.16147	4.16147	4.16147	4.16147	4.16147	4.16147	4.16147	4.16147	4.16147
		North Scott School	15.70745	15.70745	15.70745	15.70745	15.70745	15.70745	15.70745	15.70745	15.70745	15.70745
		Total levy	31.93511	35.10623	28.40155	25.61747	26.84760	27.97765	24.78677	28.11895	27.63144	
Ratio of North Scott School to total			0.49186	0.44743	0.55305	0.61315	0.58506	0.56143	0.63370	0.55861	0.56846	
1998	1999-00	City	11.4932	13.95123	8.09981	5.31451	6.46747	6.99376	4.60923	7.91701	6.69112	
		College Area IX	0.54709	0.54709	0.54709	0.54709	0.54709	0.54709	0.54709	0.54709	0.54709	0.54709
		State & County	4.06203	4.06203	4.06203	4.06203	4.06203	4.06203	4.06203	4.06203	4.06203	4.06203
		North Scott School	15.76085	15.76085	15.76085	15.76085	15.76085	15.76085	15.76085	15.76085	15.76085	15.76085
		Total levy	31.86317	34.32120	28.46978	25.68448	26.83744	27.36373	24.97920	28.28698	27.06109	
Ratio of North Scott School to total			0.49464	0.45922	0.55360	0.61363	0.58727	0.57598	0.63096	0.55718	0.58242	
1997	1998-99	City	11.45555	13.96012	8.09974	5.25586	7.16197	5.78412	3.99799	6.52507	6.69140	
		College Area IX	0.57182	0.57182	0.57182	0.57182	0.57182	0.57182	0.57182	0.57182	0.57182	0.57182
		State & County	3.91472	3.91472	3.91472	3.91472	3.91472	3.91472	3.91472	3.91472	3.91472	3.91472
		North Scott School	17.73248	17.73248	17.73248	17.73248	17.73248	17.73248	17.73248	17.73248	17.73248	17.73248
		Total levy	33.67457	36.17914	30.31876	27.47488	29.38099	28.00314	26.21701	28.74409	28.91042	
Ratio of North Scott School to total			0.52658	0.49013	0.58487	0.64541	0.60354	0.63323	0.67637	0.61691	0.61336	
1996	1997-98	City	11.45630	13.96012	8.10000	5.22588	8.05711	5.57759	3.77368	6.52527	6.58606	
		College Area IX	0.58671	0.58671	0.58671	0.58671	0.58671	0.58671	0.58671	0.58671	0.58671	0.58671
		State & County	4.19239	4.19239	4.19239	4.19239	4.19239	4.19239	4.19239	4.19239	4.19239	4.19239
		North Scott School	15.98307	15.98307	15.98307	15.98307	15.98307	15.98307	15.98307	15.98307	15.98307	15.98307
		Total levy	32.49791	35.10975	29.14161	26.26745	29.09750	26.48106	25.04153	27.56661	27.75197	
Ratio of North Scott School to total			0.49182	0.45523	0.54846	0.60847	0.54929	0.60357	0.63826	0.57980	0.57593	

Continued on following page

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years Ended June 30

Levy Year*	Collection Year	Taxes	Cities								
			Bettendorf	Davenport	Dixon	Donahue	Eldridge	Long Grove	Maysville	Mccausland	Princeton
1995	1996-97	City	11.45613	13.96012	8.10000	5.22588	8.05711	5.57759	3.77368	6.52527	6.58606
		College Area IX	0.51543	0.51543	0.51543	0.51543	0.51543	0.51543	0.51543	0.51543	0.51543
		State & County	4.32681	4.32681	4.32681	4.32681	4.32681	4.32681	4.32681	4.32681	4.32681
		North Scott School	15.77880	15.77880	15.77880	15.77880	15.77880	15.77880	15.77880	15.77880	15.77880
		Total levy	<u>32.07717</u>	<u>34.58116</u>	<u>28.72104</u>	<u>25.84692</u>	<u>28.67815</u>	<u>26.19863</u>	<u>24.39472</u>	<u>27.14631</u>	<u>27.20710</u>
Ratio of North Scott School to total			0.49190	0.45628	0.54938	0.61047	0.55020	0.60228	0.64681	0.58125	0.57995
1994	1995-96	City	11.45562	13.95250	8.15323	5.22599	8.57041	5.49997	3.37900	6.52495	6.54508
		College Area IX	0.51856	0.51856	0.51856	0.51856	0.51856	0.51856	0.51856	0.51856	0.51856
		State & County	4.42243	4.42243	4.42243	4.42243	4.42243	4.42243	4.42243	4.42243	4.42243
		North Scott School	17.00862	17.00862	17.00862	17.06662	17.08862	17.00862	17.00862	17.00862	17.00862
		Total Levy	<u>33.67761</u>	<u>36.23186</u>	<u>30.37522</u>	<u>27.44798</u>	<u>30.79240</u>	<u>27.72196</u>	<u>25.60099</u>	<u>28.74694</u>	<u>28.76707</u>
Ratio of North Scott School to total			0.50504	0.4694	0.5600	0.6197	0.5524	0.6135	0.6644	0.5917	0.5913

*Tax rates expressed in dollars per thousand of assessed valuation.

Source: Scott County tax levies.
Karen Fitzsimmons, Auditor.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**COMPARATIVE RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUES
Last Ten Years Ended June 30**

<u>Year (Of Collection)</u>	<u>Assessed Values Of Property</u>	<u>Bonded Debt</u>	<u>Ratio Of Bonded Debt To Assessed Value</u>	
2004-05	\$ 640,604,822	\$ 8,795,000	1.37	%
2003-04	606,472,423	9,450,000	1.56	
2002-03	595,758,092	10,060,000	1.69	
2001-02	559,838,351	7,900,000	1.85	
2000-01	521,981,288	8,225,000	1.58	
1999-00	492,052,241	8,480,000	1.72	
1998-99	459,278,175	5,500,000	1.20	
1997-98	427,909,350	-	-	
1996-67	425,401,752	-	-	
1995-96	405,576,418	-	-	

Source: Scott County Auditor.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2004

Name Of Governmental Unit	Total Gross Debt Outstanding	Percentage Applicable To North Scott Community School District	North Scott Community School District's Share Of The Debt
Scott County	\$ 9,245,000	11.64 %	\$ 1,075,915
North Scott School	6,825,000	100.00	6,825,000
Eastern Iowa Community College	35,085,000	6.86	2,407,586
Cities:			
Bettendorf	57,444,800	0.23	132,729
Davenport	119,840,000	3.05	3,652,850
Eldridge	845,000	100.00	845,000
Long Grove	-	100.00	-
Princeton	<u>156,722</u>	100.00	<u>156,722</u>
	<u>\$ 229,441,522</u>		<u>\$ 15,095,802</u>

Calculated by dividing the amount of the value applicable to the North Scott School District by the total value for that taxing authority; 2003 assessed values are used.

Source: Scott County Auditor.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES***

Last Ten Years Ended June 30

Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio Of Debt Service To Total General Expenditures	%
2002-03	\$ 655,000	\$ 424,736	\$ 1,079,736	\$ 22,365,737	4.78	%
2001-02	610,000	450,968	1,060,968	21,239,361	5.00	
2001-02	340,000	435,326	775,326	20,327,654	3.82	
2000-01	325,000	378,181	703,181	19,963,898	3.52	
1999-00	255,000	447,045	702,045	18,783,898	3.74	
1998-99	150,000	303,363	453,363	18,090,581	2.51	
1997-98	-	-	-	17,169,887	-	
1996-97	-	-	-	16,553,481	-	
1995-96	-	-	-	16,329,434	-	
1994-95	-	-	-	15,439,435	-	

* Includes all General Fund and Special Revenue Funds Management Fund expenditures.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

GENERAL ANALYSIS OF FACILITIES, CLASSROOMS AND STAFFING

Name of School	Date Constructed	Grades Served	Enrollment Third Friday In September 2003	Number of Classrooms	2003-04 Teachers Actively Employed
North Scott High School	1958	9-12 and Special Education	1027	62	71.9
North Scott Junior High	1975	7-8 and Special Education	475	17	39.0
Edward White Elementary	1967	K-6 and Special Education	425	24	22.9
Alan Shepard Elementary	1967	K-6 and Special Education	322	24	21.4
John Glenn Elementary	1967	K-6 and Special Education	258	16	17.2
Neil Armstrong Elementary	1976	K-6 and Special Education	271	24	22.7
Virgil Grissom Elementary	1967	K-6 and Special Education	203	16	14.7
		TAG Title 1 Attendance			
District - Wide	N/A	Liason, Computer/Tech Teacher	N/A	N/A	21.4
			<u>2981</u>	<u>183</u>	<u>231.2</u>

**Other Facilities - nonstudent
occupancy:**

Bus Garage	1978
Administration Building	1978
Storage Building	1979

- (A) Student/Teacher ratio - North Scott High School - 14.28
- (B) Student/Teacher ratio - North Scott Junior High - 12.18
- (C) Student/Teacher ratio - Edward White Elementary - 18.56
- (D) Student/Teacher ratio - Alan Shepard Elementary - 15.05
- (E) Student/Teacher ratio - John Glenn Elementary - 15.00
- (F) Student/Teacher ratio - Neil Armstrong Elementary - 11.94
- (G) Student/Teacher ratio - Virgil Grissom Elementary - 13.81
- (H) Student/Teacher ratio - District Wide - 12.89

Source: School District enrollment and personnel records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DISTRICT STAFFING LEVELS
FULL-TIME EQUIVALENCY

June 30,

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Administration:										
District Secretary	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant Superintendent	-	-	-	-	-	-	-	-	-	-
Principals	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Assistant Principals	2.0	1.0	1.0	1.0	1.0	-	1.0	1.0	1.0	1.0
Other Officials/Administrators	2.0	3.0	3.0	2.0	2.0	1.0	1.0	-	-	-
SUBTOTAL	12.3	12.3	12.3	11.3	11.3	9.3	10.3	9.3	9.3	9.3
Teachers:										
Regular Teachers	160.1	153.1	155.2	156.9	156.8	152.8	155.3	156.5	157.5	154.1
Special Programs	51.0	45.0	41.3	37.8	36.3	33.0	31.0	29.5	29.0	22.9
Counselors	11.0	10.0	10.0	8.8	7.8	7.8	7.8	7.8	7.5	7.5
Curriculum Specialists	-	-	-	-	-	-	1.0	1.0	1.6	0.6
Media Specialists	5.3	5.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.4
Other Educational Professionals	3.3	5.3	2.0	1.5	1.0	1.3	-	-	-	0.1
SUBTOTAL	230.7	218.7	214.5	211.0	207.9	200.9	201.1	200.8	201.6	191.6
Support personnel:										
Nurse (RN)	4.9	4.9	4.9	4.8	4.8	4.8	4.8	4.8	4.8	5.0
Business Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Professionals	-	-	6.3	4.8	5.3	6.0	2.0	2.0	2.0	2.0
Teacher Aides	58.9	51.9	57.6	35.9	44.5	40.0	27.9	26.6	24.7	23.8
Other Technical Personnel	11.3	11.3	4.3	6.8	0.8	0.8	7.8	0.8	0.8	0.8
Office/Clerical Personnel	22.5	22.2	23.5	21.5	20.0	23.2	23.2	21.7	21.7	22.3
Crafts & Trades Personnel	5.5	5.5	4.5	6.5	6.5	5.5	5.5	5.5	5.5	5.0
Operative Personnel	17.0	15.5	18.6	18.3	18.5	18.5	17.3	16.8	17.0	17.0
Laborers	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Service Workers	52.4	50.2	41.8	23.5	22.4	20.0	20.0	20.0	19.2	19.7
SUBTOTAL	176.5	165.5	165.5	126.1	126.8	123.0	112.5	102.2	99.7	99.6
TOTAL	419.5	396.5	392.3	348.4	346.0	333.2	323.9	312.3	310.6	300.5

Source: School District personnel records.

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
MISCELLANEOUS DEMOGRAPHIC STATISTICS**

The North Scott Community School District includes portions of Winfield, Butler, Sheridan, Princeton, Lincoln, Allens Grove and Hickory Grove townships, in the County of Scott, in the State of Iowa. The District encompasses an area of 220 square miles. Included in the District are the towns of Dixon, Maysville, Donahue, Long Grove, Eldridge, McCausland and Princeton and the unincorporated communities of Mt. Joy and Park View. The District office is located at 251 East Iowa Street, Eldridge, Iowa.

The District owns and operates seven schools plus an administration building, vehicle maintenance facility, district copy center and maintenance complex. The following data provides the grade levels housed in each building.

Schools	<u>03-04</u>	<u>02-03</u>	<u>01-02</u>	<u>00-01</u>	<u>99-00</u>	<u>98-99</u>	<u>97-98</u>	<u>96-97</u>	<u>95-96</u>	<u>94-95</u>
Alan Shepard Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Edward White Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
	Preschool -----									
John Glenn Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Neil Armstrong Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Virgil Grissom Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Junior High	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8
High School	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12

SCHOOLS:

North Scott High School, located in Eldridge, was opened in the fall of 1958. Major additions to this building were completed in 1980, 1982, and 2000 that included an 800-seat performing arts auditorium, six fully equipped science classrooms and a modernized and expanded vocal and instrumental music complex. The North Scott Junior High School, for grades seven and eight, was completed for occupancy January 3, 1976. Major interior remodeling was completed in 1991 and 2000 that included two fully equipped science classrooms and a full sized gymnasium.

The John Glenn Elementary School at Donahue, the Virgil Grissom Elementary School at Princeton, the Alan Shepard Elementary School at Long Grove and the Edward White Elementary school at Eldridge were opened in 1967. These buildings replaced 32 buildings which were mostly one-room, rural schools. Major additions to these elementary buildings were finished in 1967, 1969, 1971, 1993 and 2000. The Neil Armstrong Elementary School at Park View was opened on August 30, 1976 with a major addition completed in 2000.

A major sports complex was completed in the fall of 2002, which includes 12 lighted tennis courts and a lighted soccer complex.

STAFF AND CURRICULUM

The North Scott Schools take pride in their excellent workforce. The seven buildings and central office are staffed by 13 administrators, 235 teaching staff, and 239 support staff. The teaching staff includes classroom teachers, media specialists, nurses, and teacher specialists in the areas of reading, art, music, physical education, and guidance. The support staff of teacher aides, secretarial and clerical staff, bus drivers and mechanics, custodial/maintenance, day care, food service, print shop, and grounds staff all contribute to creating a positive, safe learning environment for students.

Following are listed a variety of activities that were directed and/or coordinated by the Superintendent for the continuous improvement of the learning experiences and environment provided to students and staff:

- All teachers and administrators are involved in grade level and content area meetings to implement and assess content standards and benchmarks.

- The district, through the effort of over 500 employees and community members, implemented school improvement activities as part of the North Scott Strategic Plan and developed a new 5-year Comprehensive School Improvement Plan.
- The district has identified long range goals and annual goals with specific action plans to meet the identified needs of students and staff within the district.
- The district employs reading specialists that provide academic support in reading for students in grades K-3, 4-6, and 7-8.
- Numerous curriculum projects were written during the summer. Reports are made regularly during the school year to the Board of Directors.
- The district has a Curriculum Cabinet which meets twice a month to discuss issues directly related to curriculum and student instruction and assessment. Members of the Cabinet include the Superintendent, the Curriculum Director, the high school principal, the junior high principal, an elementary principal, and two members of the Board of Directors. Reports of the Curriculum Cabinet activities are provided to the entire staff after each meeting as well as reports are made at each School Board meeting.
- Each building annually identifies building improvement goals based upon student data. Action plans are developed at the building level to make improvements at the site level.
- Parent/teacher conferences are held in grades kindergarten through twelve twice a year with a high parent participation rate. The junior high conducts student led conferences.
- The district provides a well-articulated K-12 counseling program to address the increasing needs of students. As of 2001-02, all elementary buildings have full time guidance personnel.
- The district continues to provide regular professional development opportunities to all staff in the areas of reading, math, science, utilization of technology, and diverse learning. In 2003-04, special professional development emphasis was placed on reading strategies and reading in the content areas.
- Graduate level professional development courses are made available to teaching staff annually to support their professional development and licensure renewal.
- The district has developed a five-year building and grounds maintenance plan to ensure facilities that enhance educational opportunities for students and provide for a safe learning environment.
- A full time computer teacher and two computer technicians are employed by the district to assist in the integration of technology in all classrooms. 100% of the district's classrooms are connected to the Internet. All staff members have e-mail addresses. There are 28 computer labs in the school buildings with more than 1,100 computers across the district.
- The Central Office and administrative staff use a web-based personnel software system for hiring new staff members.
- The district employs a full time curriculum director to coordinate the K-12 curriculum, instruction, and assessment.
- The district has an active mentoring program for beginning teachers. "Partners in Professionalism" provides each beginning teacher with a trained mentor teacher for a two year period.
- The district, working with the Area Education Agency, has participated in a Safe Schools, Healthy Students federal grant.

- An increased number of AP and honors classes have been offered at the high school.
- Both the junior high and high school provide a student advisory time each school day.

POPULATION:

The population of the North Scott Community School District is estimated at approximately 13,372. The school enrollment in September, 2003 was 2945.7 students - 1027 senior high students, 475 junior high students, 1479 elementary students and another 8 students who are tuitioned into other districts for special education or other regular programs. Less than 5% of the school parents earn their livelihood from farming. The remaining 95% live in towns or housing developments within the District. The largest industry within the District is John Deere.

A fleet of 38 buses is owned by the District to serve the transportation needs. A total of 28 regular bus routes operate daily, with 7 activity routes operating in the evening. The District also has 8 special education routes operating daily.

Student lunches are prepared at two central locations, North Scott High School and North Scott Junior High, and number approximately 389,917 annually.

The North Scott Board of Education meets on the second and fourth Monday of each month, and complete minutes are published in the North Scott Press.

DISTRICT AWARDS OVER THE LAST SEVERAL YEARS:

The following is a summary of various awards and positions held by specific individuals, buildings, school organizations and as a District, over the last several years.

Individuals

District individuals have served and been awarded the following recognition:

- Junior Achievement Board of Directors
- President and Vice President, Regional Officers for the School Administrators of Iowa, 1998-99
- Head Girl's Softball Coach was inducted into the Iowa Girls Athletic Hall of Fame, 1998
- SAI Area X Superintendent of the Year, 2000
- District designated as School-Match
- Member, Eldridge Economic Development Committee
- Member of North Scott Kiwanis
- Member of North Scott Rotary
- Mayor of the City of Eldridge
- Committee member, Leadership Committee, IASBO
- SAI State Superintendent of the Year Finalist, 2001
- SAI State Jr. High Principal of the Year Finalist, 2001
- Presenter at State School Board, 2002 Convention on Activity Fund Management
- Presenter at SAI workshop on Activity Funds, 2002
- Iowa Association of School Business Officials Summit Award, 1998
- Second Place "Outstanding School" award from the National History Day in Iowa, 2000
- Member of the Iowa High School Athletic Association Representative Council, 2002
- SAI, Area IX, Middle School Principal of the Year, 2001
- Scott County Soil and Water Conservation Board Member
- AEA IX Elementary Principal of the Year – 1998-99
- Finalist for Iowa Elementary Principal of the Year – 1998-99
- One of five finalists for National High School Athletic Coaches Association "Softball Coach of the Year", 2002 – Winner of Midwest State Award.
- Iowa's nominee for National High School "Wrestling Coach of the Year", 2003
- Presenter at the Iowa Technology Educator's Conference, 2003
- 3 National Merit semi-finalists at North Scott High School, 2004

Building Awards

- Governor’s 1st in the Nation in Education (John Glenn, 1990; Edward White, 1992; Alan Shepard, 1993; North Scott High School, 1993; Neil Armstrong, 1994; Junior High, 1995; Virgil Grissom, 1996)
- Junior High Educational Equity Recognition Award – Iowa State Board of Education
- Junior High “Employer Support of the Guard and Reserve” ESGR Award.

Grounds Awards

- Presenter at Iowa Turf Manager Conference, 2002
- 1999 Iowa Softball Field of the Year, Iowa Sports Turf Manager’s Association
- 1999 Iowa Baseball Field of the Year, Iowa Sports Turf Manager’s Association

Grants

The Scott County Regional Authority and Riverboat Development Authority have awarded the District \$192,913 for the 2003-04 school year.

School Organizations

- PTA State Advocate Award
- District Athletic Booster Club of the Year (84, 90, 91, 92, 93, 98, 99, 2001)
- State Booster Club of the Year – 2001

STATISTICAL REVIEW:

Area – 220 square miles.

Altitude – 793 feet above sea level.

Parks – Scott County Park, a total of 1,450 acres. Each small town in the district has their own small park.

Location – Distance in miles from Eldridge (center of District):

Chicago	162	Los Angeles	1,605
Dallas	799	Minneapolis	334
Denver	777	Detroit	425
Des Moines	167	Milwaukee	199
Kansas City	300	St. Louis	240
Omaha	300		

Churches – 13, representing five denominations.

Racquet Ball Club, Roller Skating Rink, Golf Course (in City of Eldridge).

Public Library – Scott County Public Library contains over 74,374 volumes, 490 magazines and two newspapers.

Newspapers – One weekly, one daily (morning and evening) in Metropolitan area. Also one weekly trade paper.

Climate	-Average winter temperature	24.6
	-Average summer temperature	72.7
	-Average annual rainfall	24.6
	-Average annual snowfall	32.9

MUNICIPAL SERVICES:

Council/City Managers; all volunteer fire department personnel in cities; full-time police officers—Eldridge, five and Princeton, one—part-time police officers – Princeton, four. All other cities are patrolled by the county; industrial waste pickup service.

NOTICE OF NON-DISCRIMINATION:

The North Scott Community School District does not discriminate on the basis of race, color, creed, sex, marital status, national origin, religion, age or disability in its educational programs, services or employment practices. Inquiries concerning application of this statement should be addressed to:

**Kelly Rohlf, Equity Coordinator
Virgil Grissom Elementary School
500 Lost Grove Road
Princeton, IA 52768
Phone (563) 289-4404**

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
MISCELLANEOUS DEMOGRAPHIC STATISTICS

RETAIL SALES/BUYING INCOME

	Median Household Effective Buying Income		Per Thousand Population Retail Sales	
	Quad City Area	State of Iowa	Quad City Area	State of Iowa
2004 * \$	35,016	\$ 35,393	\$ 14,111	\$ 13,598
2003 *	35,825	35,461	13,784	13,171
2002 *	34,948	34,459	13,725	12,590
2001 *	36,268	36,556	14,124	12,815
2000 *	34,890	34,962	13,695	12,466
1999 *	33,045	33,150	10,139	10,716
1998 *	32,922	32,694	9,720	10,196
1997 *	31,976	31,489	9,581	9,887
1996 *	30,707	29,481	9,688	9,471
1995 *	34,792	34,976	9,817	9,017

UNEMPLOYMENT RATES

	Scott County Area Rate	State of Iowa
2004 *	4.6 %	4.3 %
2003 *	4.1	4.6
2002 *	3.9	3.7
2001	3.5	3.3
2000	2.2	2.0
1999	3.0	2.5
1998	2.7	2.8
1997	3.2	3.3
1996	3.8	3.8
1995	3.6	3.5

* Based on a ten month period, January through September.

Source: Sales and Marketing Management(2004) and Bi-State Regional Commission.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

SUMMARY OF BUILDING CONSTRUCTION

Building	Project	Year	Square Footage	Total
High School	Original building	1957	86,450	
	Media Center, Vo Ag building (separate), laundry room, boys locker, new gym, commons, ag/industrial arts shop, teacher's quarters	1969	38,870	
	Wood shop, power and auto mech shop, science, biology, lecture rooms	1977	9,274	
	Fine arts, special ed addition, business classroom	1980	28,413	
	Gym lobby, weather lobby, general guidance, principal office, business classroom	1983	5,725	
	Media Center, computer classrooms	1987	4,536	
	Science addition	2000	14,800	
	Music addition	2000	11,075	
	** Remodeled kitchen	1999		199,143
Junior High	Original building	1974	82,748	
	Gym	2000	14,900	
	Science	2000	6,622	104,270
Admin. Building	Original building	1978	5,188	5,188
Bus Garage	Original building	1978	5,250	5,250
Warehouse/ Print Shop*	Original building	1979	9,900	9,900
Neil Armstrong	Original building	1975	38,795	
	Regular classroom	2000	2,300	41,095
Virgil Grissom	Original building	1966	8,213	
	Classroom office area, library	1968	10,141	
	Gym, restrooms, music/storage rooms	1969	5,811	
	Special ed	1980	1,180	
	Science and regular classrooms	2000	3,864	29,209
John Glenn	Original building	1966	5,801	
	Open area, gym, music, office	1969	15,512	
	Special ed, storage	1980	1,120	
	Science and regular classrooms	2000	3,864	26,297
Alan Shepard	Original building	1966	24,335	
	Gym, storage, restrooms, hall	1969	6,220	
	Classroom and east hall	1967	4,952	
	Classroom addition	1974	2,072	
	Special ed rooms	2000	2,030	39,609
Edward White	Original building	1966	19,600	
	Gym, classrooms, restrooms	1969	7,592	
	Classroom addition	1967	7,308	
	Classrooms	1974	2,496	
	New classroom and restrooms	2000	5,550	42,546
GRAND TOTAL SQUARE FOOTAGE				<u>502,507</u>

SUMMARY OF SCHOOL DISTRICT PROPERTY

High School	31 Acres
Junior High	20.5 Acres
All Elementaries	10 Acres/building
Administration Complex	20 Acres

* Print Shop was built into warehouse area in 1986 without an effect on original square footage.

** High School kitchen remodeled in 1999 without an effect on original square footage.

Sources: School District financial and bond issue records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

Last Ten Years

<u>Year</u>	<u>Insured Property Values</u>	<u>Expenditures For Construction</u>	<u>Bank Deposit*</u>
2002-03	\$ 55,364,899	\$ 924,800	\$ 3,141,369
2002-03	54,371,139	1,030,566	2,081,165
2001-02	51,714,094	5,077,425	2,147,608
2000-01	50,570,666	2,437,620	1,661,033
1999-00	42,688,585	3,848,274	1,630,235
1998-99	41,617,740	3,893,216	1,398,292
1997-98	41,057,305	975,518	875,049
1996-97	40,972,805	472,590	797,231
1995-96	38,205,235	172,908	3,385,189
1994-95	36,352,735	-	868,073

*School district's bank deposit at June 30.

Sources: School District financial and insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
 TWENTY-FIVE PRINCIPAL TAXPAYERS IN THE DISTRICT

Name of Taxpayer	2003 Tax Assessment	Percentage To 2003 Total Tax Assessment*
Alliance Pipeline	\$ 18,252,267	2.8492 %
Petersen Properties LC	15,054,790	2.3501
Deere and Company Inc.	11,979,900	1.8701
Northern Border Pipeline Co.	10,073,269	1.5725
Deere and Company Inc.	10,056,731	1.5699
Mid America Energy	9,098,053	1.4202
The Bawden Corporation	6,875,220	1.0732
Steel House LLC	6,516,230	1.0172
Central Scott Telephone Co.	6,263,723	0.9778
Edward Schwartz	5,623,250	0.8778
Murray Enterprises LTD	5,324,960	0.8312
Genesis Systems Group LTD.	4,676,340	0.7300
Interstate Power & Light	4,615,057	0.7204
Modern Woodmen of America	4,416,900	0.6895
C F J Properties	3,634,700	0.5674
Sheridan Meadows LLC	3,238,430	0.5055
Davenport Farm & Fleet Inc.	3,232,853	0.5047
River Valley Cooperative	3,153,410	0.4923
NL Ventures IV LeClaire LP	3,108,690	0.4853
M A Ford MFG Co.	2,872,200	0.4484
Hardi Inc	2,782,100	0.4343
Good Development LLC	2,450,592	0.3825
Central Iowa Power Co-op	2,355,721	0.3677
Wausau Limited Partnership	2,336,300	0.3647
Kinder Morgan Operating	2,333,583	0.3643
Total	\$ 150,325,269	23.4662 %

* 2003 total District taxable valuation is \$640,604,822.

* 2003 total District 100% valuation is \$982,676,133.

Source: Scott County Auditor.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
MAJOR EMPLOYERS IN THE NORTH SCOTT/QUAD CITY AREA

SCOTT COUNTY

ALCOA
Kraft Foods, Inc.
MidAmerican Energy Company
Genesis Medical Center
APAC Customer Services, Inc.
Deere and Company
Isle of Capri
Rhythm City Casino
Nestle Purina Company
Von Hoffman Graphics, Inc.
FBG Service Corp.
Palmer College of Chiropractic
Lee Enterprises
St. Ambrose University
Marley Pump
Lujack Auto Plaza
Sentry Insurance
Wonder Bread-Hostess Cake
Tri-City Electric Company
JC Penney

ROCK ISLAND COUNTY

Deere and Company
Rock Island Arsenal
Trinity Medical Center
Black Hawk Community College
Moline Public Schools
Kone
Wal-Mart Stores, Inc.
Xpac (Export Packaging, Inc.)
Augustana College
Casino Rock Island
Modern Woodmen of America
Servus Footwear Company
3M
The Mark of the Quad Cities
Roadway Express
TPC (Thomas Proestler Co.)
Rock Island Argus/ Moline Dispatch
Bituminous Fire and Marine Insurance
Dohrn Transfer Company
East Moline Correctional Center

Source: Nicole Turpin (Data Services Planner)

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OFFICIAL ENROLLMENT BY GRADE
Last Ten Fiscal Years

Grade	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
Preschool	14.0	14.0	14.0	14.0	11.0	8.0	13.0	11.0	12.0	12.0
Kindergarten	208.0	198.0	175.0	178.0	174.0	209.0	208.0	207.0	214.0	239.0
1	201.0	179.0	173.0	189.0	217.0	216.0	217.0	223.0	236.0	210.0
2	201.0	184.0	180.0	212.0	216.0	216.0	232.0	243.0	217.0	244.0
3	196.0	190.0	209.0	231.0	221.0	238.0	237.0	230.0	258.0	223.0
4	197.0	214.0	227.0	216.0	239.0	244.0	224.0	259.0	233.0	220.0
5	219.0	232.0	225.0	244.0	243.0	228.0	266.0	235.0	233.0	204.0
6	243.0	230.0	242.0	240.0	241.0	269.0	251.0	236.0	215.0	242.0
7	220.0	243.0	243.0	240.0	265.0	249.0	251.0	217.0	256.0	257.0
8	243.0	249.0	242.0	266.0	245.0	256.0	207.0	260.0	248.0	243.0
9	279.0	266.0	284.0	251.0	277.0	228.0	277.0	283.0	262.0	258.0
10	255.0	279.0	250.0	256.0	222.0	275.0	267.0	258.0	256.0	237.0
11	264.0	246.0	233.0	202.0	251.0	262.0	255.0	232.0	226.0	213.0
12	229.0	224.0	206.0	238.0	235.0	233.0	219.0	215.0	209.0	215.0
Special Education	12.0	13.0	12.0	7.0	1.0	-	5.0	18.0	42.0	35.0
Open Enrollment	(36.0)	(39.0)	(29.0)	(48.9)	(46.9)	(63.0)	(44.0)	(51.0)	(43.0)	(33.0)
Dual Enrollment	0.7	0.9	0.9	0.5	0.6	0.4	0.5	0.9	0.4	0.7
	<u>2,945.7</u>	<u>2,922.9</u>	<u>2,886.9</u>	<u>2,935.6</u>	<u>3,011.7</u>	<u>3,068.4</u>	<u>3,085.5</u>	<u>3,076.9</u>	<u>3,074.4</u>	<u>3,019.7</u>

Source: School District reports and enrollment records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OPERATING COST PER PUPIL
Last Ten Years

<u>Year</u>	<u>Total Costs*</u>	<u>Daily Average Attendance</u>	<u>Operating Cost Per Pupil</u>
2003-04	\$ 22,365,737	2,879	\$ 7,769
2002-03	21,239,361	2,834	7,494
2001-02	20,327,654	2,792	7,281
2000-01	19,963,898	2,768	7,212
1999-00	18,783,898	2,861	6,566
1998-99	18,090,581	3,048	5,935
1997-98	17,169,887	3,048	5,633
1996-97	16,553,481	3,021	5,479
1995-96	16,329,434	2,979	5,482
1994-95	15,439,435	2,992	5,160

* Includes all General Fund and Special Revenue Funds-Management Fund expenditures.

Source: School District financial and enrollment records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

SCHEDULE OF INSURANCE COVERAGE
July 1, 2003 - June 30, 2004

Detail of Coverage	Number	Policy Period		Liability Limits	Premium
		From	To		
PROPERTY					
Coverage A - Buildings Coverage B - Personal property Coverage C - Extra expense	9A5-88-74-01	7/1/2003	7/1/2004	Coverages A and B - 90% of full replacement cost as per statement of values - \$10,000 deductible. Coverage C - \$1,000 - no deductible.	\$ 58,860
LIABILITY					
Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefits, additional insureds.	9A5-88-74-01	7/1/2003	7/1/2004	\$1,000,000 bodily injury and property damage each occurrence, \$2,000,000 aggregate.	23,813
FLEET					
Bodily injury, property damage, medical uninsured motorist, comprehensive, collision. Includes non-owned.	9A5-88-74-01	7/1/2003	7/1/2004	\$1,000,000 combined single limit liability, \$1,000 medical payment, ACV comprehensive no deductible, buses \$250 deductible, small vehicles \$100 deductible and automobiles uninsured and underinsured motorist \$300,000	35,747
WORKERS' COMPENSATION	9A5-88-74-01	7/1/2003	7/1/2004	Statutory.	123,118
INLAND MARINE					
All risk coverage based on statement of values.	9A5-88-74-01	7/1/2003	7/1/2004	As per schedule - no deductible.	4,011
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	9A5-88-74-01	7/1/2003	7/1/2004	\$10,000,000 occurrence and aggregate.	25,935
SCHOOL DISTRICT LEGAL LIABILITY					
Includes prior acts, 36-month discovery period extension, teacher negotiation-covers school board and all employees.	9A5-88-74-01	7/1/2003	7/1/2004	\$2,000 deductible, \$1,000,000 each loss, \$1,000,000 aggregate.	4,985
PUBLIC SCHOOL EMPLOYEES BLANKET BOND	9A5-88-74-01	7/1/2003	7/1/2004	Coverage \$500,000 all employees w/ \$5,000 deductible	1,788
POLLUTION	9A5-88-74-01	7/1/2003	7/1/2004	\$500,000 each incident and aggregate	1,125
GROUP EXCESS LIABILITY	9A5-88-74-01	7/1/2003	7/1/2004	\$20,000 occurrence limit and \$50,000,000 aggregate limit	3,290

Source: School District insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
HISTORY OF STATE AID PAYMENTS

Year	Budgeted State Aid	Actual Revenues	Difference State Aid to Actual	Difference % of Budget Variance**
2003-04	\$ 11,381,553	\$ 11,237,130	\$ 144,423	1.27 %
2002-03	10,208,855	10,168,917	39,938	0.39
2001-02	10,552,224	10,041,219	511,005	4.84
2000-01	10,248,152	10,258,970	(10,818)	(0.11)
1999-00	10,098,763	10,083,030	15,733	0.16
1998-99	9,717,080	9,704,213	12,867	0.13
1997-98	9,337,683	9,314,962	22,721	0.24
1996-97	8,950,792	8,924,691	26,101	0.29
1995-96	7,908,570	8,051,684	(143,114)	(1.81)
1994-95	7,386,865	8,002,384	(615,519)	(8.33)
Average	\$ 9,579,054	\$ 9,578,720	\$ 334	(0.29) %

*From the 1982-83 year to 95-96, the state delayed aid payments and paid them in the subsequent year. This practice has forced districts to levy cash reserves and issue tax anticipatory warrants to cover cash flow shortages created by the state's late payment of aid. Another detrimental effect of the delay in aid payments has been reductions in interest income which help fund local school budgets.

**The % variance indicates the % that actual revenues were below those projected by use of the state's foundation formula used in calculations to prepare the certified school district budget.

***These figures include payments for the special education deficit and the machinery and equipment replacement.

Source: School District Budget Documents and Financial Records.

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
LOCAL REGULAR PROGRAM BUDGET VS. TEACHER'S SETTLEMENTS**

New Money the Last 10 Years - % Increase

<u>Budget Year</u>	<u>Enrollment</u>	<u>(A) North Scott New Money</u>	<u>(B) North Scott Settlement</u>	<u>(C) New Money State Trend</u>	<u>(D) Settlement State Trend</u>	<u>(E) Certified Teaching Staff (FTE)</u>
2003-04	2,945.7	2.80 %	3.92 %	1.02 %	3.83 %	229.20
2002-03	2,922.9	2.57	5.01	0.74	4.09	213.83
2001-02	2,886.9	-	5.02	0.66	3.71	213.71
2000-01	2,935.6	1.38	4.37	2.59	4.50	210.08
1999-00	3,011.7	2.10	2.82	2.84	4.46	207.90
1998-99	3,068.4	2.42	2.73	2.44	4.06	200.90
1997-98	3,085.5	3.80	2.81	3.37	4.00	201.10
1996-97	3,076.9	3.58	3.10	3.78	4.40	200.80
1995-96	3,074.4	5.25	2.91	3.87	4.30	201.60
1994-95	3,019.7	5.43	2.57	2.91	3.90	191.60
TEN YEAR AVERAGE		2.93	3.53	2.42	4.13	207.07
PERCENT VARIANCE (B-A)/A		0.20		(D-C)/C	70.31	

*Source: IASB Reports

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
FINANCIAL SOLVENCY RATIO**

**FINANCIAL SOLVENCY = UNRESERVED UNDESIGNATED GENERAL FUND BALANCE
ACTUAL REVENUES**

<u>School Year</u>	<u>Unreserved Undesignated General Fund Balance</u>	<u>Actual Revenues</u>	<u>Financial Solvency Ratio</u>
2003-04	\$ 1,428,482	\$ 20,471,792	6.98 %
2002-03	2,681,016	20,413,425	14.03
2001-02	2,874,632	20,490,713	11.42
2000-01	2,354,818	20,616,101	6.29
1999-00	1,232,303	19,589,457	0.84
1998-99	158,395	18,921,533	0.84
1997-98	(780,411)	17,582,748	(7.58)
1996-97	(1,269,296)	16,743,781	(11.72)
1995-96	(1,828,562)	15,608,151	(8.58)
1994-95	(1,250,953)	14,573,186	(6.76)

Source: School District Financial Records.

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SINGLE AUDIT SECTION

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGENCY OR PASS-THROUGH NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION	10.550	FY 04	\$ <u>87,852</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 04	37,195
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 04	220,600
NUTRTION IOWA PILOT FRUIT AND VEGETABLE PROGRAM	10.555	FY 04	<u>28,096</u> <u>285,891</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCA- TIONAL AGENCIES	84.010	4784-GC	23,458
TITLE I GRANTS TO LOCAL EDUCA- TIONAL AGENCIES	84.010	4784-G	<u>151,872</u> <u>175,330</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES(TITLE V PROGRAM)	84.298	FY 04	<u>11,047</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 04	<u>10,609</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 03	23,082
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 04	<u>90,020</u> <u>113,102</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 03	4,971
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 04	<u>8,981</u> <u>13,952</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (SUCCESS 4)			
	84.027	FY 03	<u>13,670</u>
SPECIAL EDUCATION - GRANTS TO STATES (PART B)			
	84.027	FY 04	<u>99,288</u>

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGENCY OR PASS-THROUGH NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
INDIRECT(CONTINUED): AREA EDUCATION AGENCY(CONTINUED): VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 04	<u>600</u>
BYRD HONOR SCHOLARSHIPS	84.215K	FY 04	<u>5,160</u>
TITLE I ACCOUNTABILITY GRANTS (DATA DRIVEN LEADERSHIP)	84.276A	FY 04	<u>4,067</u>
GOALS 2000 - STATE AND LOCAL EDUCATION SYSTEMIC IMPROVEMENT GRANTS	84.276A	FY 03	<u>5,200</u>
DEPARTMENT OF HUMAN SERVICES: MEDICAL ASSISTANCE PROGRAM	93.778	FY 04	<u>15,876</u>
			<u>\$ 841,644</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Scott Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF PROJECT ACTIVITY
 TITLE I, ESEA PROJECT #4784-G
 YEAR ENDED JUNE 30, 2004

LEA TITLE I, ESEA BUDGET AUDIT REPORT TO SEA

School District: North Scott Community Title I, ESEA Project #4784-G

July 1, 2003 - June 30, 2004

Expenditures Code & Classification	Approved Budget	Completion Audit 2003-2004	Total Expended
Salaries (100)	\$ 102,187	\$ 102,187	\$ 102,187
Employee Benefits (200)	37,343	37,343	37,343
Purchased Services (300-500)	1,497	1,497	1,497
Supplies (600)	6,702	6,702	6,702
Property (700)			
Other Expenses (800-900)			
Indirect Costs (800-900)	4,143	4,143	4,143
Totals	<u>\$ 151,872</u>	<u>\$ 151,872</u>	<u>\$ 151,872</u>

SUMMARY:

Receipts	<u>\$ 151,872</u>
Expenditures	<u>\$ 151,872</u>
Obligations	<u>\$ 0</u>
Balance	<u>\$ 0</u>

Project complete.

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PROJECT ACTIVITY
TITLE I, ESEA PROJECT #4784-GC
YEAR ENDED JUNE 30, 2004**

LEA TITLE I, ESEA BUDGET AUDIT REPORT TO SEA

School District: North Scott Community Title I, ESEA Project #4784-GC

July 1, 2003 - June 30, 2004

Expenditures Code & Classification	Approved Budget	Completion Audit 2003-2004	Total Expended
Salaries (100)	\$ 20,687	\$ 20,687	\$ 20,687
Employee Benefits (200)	2,771	2,771	2,771
Purchased Services (300-500)			
Supplies (600)			
Property (700)			
Other Expenses (800-900)			
Indirect Costs (800-900)			
Totals	\$ 23,458	\$ 23,458	\$ 23,458

SUMMARY:

Receipts	\$ 23,458
Expenditures	\$ 23,458
Obligations	\$ 0
Balance	\$ 0

Project Complete.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants
(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting

To the Board of Education of
North Scott Community School District

We have audited the financial statements of the North Scott Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated October 5, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Governmental Auditing Standards. However, we noted certain immaterial instances of noncompliance that 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, 2004 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. Prior year statutory comments have all been resolved except for items IV-B-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Scott Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the North Scott Community School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses. Prior year reportable conditions have all been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of North Scott Community School District and other parties to whom North Scott Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the North Scott Community School District during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

October 5, 2004

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants
(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance

To the Board of Education of
North Scott Community School District

Compliance

We have audited the compliance of the North Scott Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The North Scott Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the North Scott Community School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining an effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Members American Institute & Iowa Society of Certified Public Accountants

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of North Scott Community School District and other parties to whom North Scott Community School District may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

October 5, 2004

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004**

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none were considered a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) North Scott Community School District qualified as a low-risk auditee.

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004**

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-04 Activity Class Balances - The District has class account balances in the Student Activity Fund long after the class has graduated.

Recommendation - The District should close the class accounts in the Student Activity Fund the following year upon graduating.

Response - We will comply with this recommendation.

Conclusion - Response accepted.

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004**

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No matters were reported.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

Part IV: Statutory Findings Related to Required Statutory Reporting

IV-A-04 Official Depositories - A resolution naming official depositories has been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

IV-B-04 Certified Budget - District disbursements for the year ended June 30, 2004, exceeded the amount budgeted in the non-instructional functional program area.

Recommendation - Although the District amended the budget in accordance with Chapter 24.9, the amendment should have been monitored for compliance before the expenditures exceeded the budget.

Response - We will monitor the budget and amend as necessary in the future.

Conclusion - Response accepted.

IV-C-04 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-D-04 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-E-04 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mary Bender, Secretary, Spouse of owner of Bender's Auto Repair	Vehicle repairs	\$ 80
Joanna Kluever, Teacher Daughter of owner of Bob's Repair Service	Supplies	95
Pam Engelbrecht, Secretary Spouse of owner of Engelbrecht Tiling	Supplies	97
Debra Johannson, Teacher Spouse of owner of Signs Now	Supplies	1,189
Bill McDonald, Teacher Spouse of salesperson of Pampered Chef	Supplies	280
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	375

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Christie Liske, Aide Spouse of Matt Liske	Official	240
Kathi Washam, Secretary, Spouse of Ron Washam	Official	385
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	141
Paul Claeys, Bus Driver Owner of P&S Enterprises	Supplies	844
Sue McBride, Bus Driver, Owner of Catering by Sue	Catering	215

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouse of Mary Bender, father of Joanna Kluever, spouse of Pam Engelbrecht, spouse of Debra Johannson, spouse of Bill McDonald, spouse of Judy Kietzman, spouse of Christie Liske, spouse of Kathi Washam and spouse of Paula McPherson do not appear to represent a conflict of interest. In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with Paul Claeys and Sue McBride do not appear to represent a conflict of interest.

IV-F-04 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 insure that the coverage is adequate for current operations.

IV-G-04 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - We provide the minutes within the time period required, however, we are unable to control the publishing dates.

Conclusion - Response accepted.

IV-H-04 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-I-04 Deposits and Investments - We noted 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.

IV-J-04 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

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