NORTH SCOTT
COMMUNITY
SCHOOL DISTRICT

Eldridge, Iowa

Comprehensive Annual
Financial Report
For The Fiscal Year
Ended June 30, 2006

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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NORTH SCOTT COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

North Scott Community School District
251 East Iowa Street, Eldridge, Iowa 52748
fax# (563) 285-6075 phone (563) 285-4819

...a commitment to the community.

December 1, 2006

Mr. Paul Dierickx, 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, 2006. 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.

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 complement 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, May 2005, and May 2006 by the Iowa Department of Education. 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.

Profile of the Government

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. The district's total certified enrollment served was 3,006.6 for 2005-06.

Debt Administration

As of June 30, 2006 the North Scott School District had $6,025,000 in general obligation bond indebtedness and $1,370,000 in revenue bond indebtedness. This left the district with bonding capacity of $27,300,901. 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 Certificates of Deposit with an average rate of 4.98%, a bank Sweep Savings Account with an average rate of 4.72%, and the Iowa Schools Joint Investment Trust with an average rate of 3.85%. Interest revenue of $431,579 was earned on all investments for the fiscal year ending June 30, 2006. This represents an increase of $202,147 or 88.11%. This increase in revenue is attributed to the increased cash balance in the Capital Projects Fund, Management Fund and Food Service Fund as the district planned for future expenditures in the 2006-2007 fiscal year, and a high interest rate 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 financial challenges, the 2005-2006 school year was a year of growth, achievement and change. Following are some of the major accomplishments or initiatives from the 2005-2006 year.

- Each of the district's buildings trained and used building literacy coaches to support the district's professional development initiatives in literacy and thinking.

- The high school implemented several initiatives as part of the first year of the Smaller Learning Communities federal grant. This included daily advisory for all students, a pilot freshman house, and transition activities to assist entering freshmen making the move from junior high to high school.

- K-6 report cards have been revised to reflect standards referenced reporting systems and to be computerized for ease of teacher use and reporting more efficiently to parents.

- **Graduation requirements have been increased requiring students to take four years of English, three years each of math, science, and social studies to graduate from high school.**

- **Four of the seven buildings in the district have implemented therapy dog programs for students.**

- **Several North Scott students participated at the national level in History Day competition, after winning at the state level.**

- **Neil Armstrong Elementary underwent extensive remodeling and new construction to increase classrooms, computer lab areas, etc.**

- **Three elementary buildings purchased and installed new playground equipment through combined efforts of parents, schools, community, and the district.**

- **Every school faculty has developed a "Pyramid of Interventions" to respond to individual student's needs in an organized, sequential manner using the multiple resources available within the school, district, and community.**

- **The district started a second pre-kindergarten program at Virgil Grissom Elementary School to serve pre-kindergarten students from across the district.**

- **Multi-year labor contracts with two of the district bargaining units:**
  Teachers for 2006-2007, 4.19% and for 2007-2008, 4.46%
  Bus Drivers for 2006-2007, 3.5% and for 2007-2008, 3.5%

- **Implementation of a Web-based student records/management system to allow parents to view student assignments, grades and progress.**

District efforts are focused on supporting and increasing student learning. Listed below is information on student achievement for 2005-06:

- **79% of 4th grade students were proficient in reading, exceeding the state goal of 70% proficiency.**

- **83.3% of 4th grade students were proficient in math, exceeding the state math goal of 68.3% proficient.**

- **8th grade scores increased in both math and reading over the previous year's scores. 79.5% of the students were proficient in reading and 81.9% were proficient in math. There has been an annual increase in proficiency in both math and reading at the 8th grade level for the past five years.**

- **11th grade students increased proficiency in both math and reading over the previous year. 11th grade had 84.3% of students proficient in reading, and 87.2% proficient in math.**

- **The dropout rate of students in grades 9-12 in 2005-06 was 0.9%.**

- **64.3% of 2005-06 North Scott graduates completed a core program of 4 years of English, and three years each of math, science, and social studies.**

- **The North Scott 2004-05 grades K-8 Average Daily Attendance rate is 96.6%. The state goal was 95.8%.**

- **The 2004-05 graduate rate for the North Scott Community school District is 94.65% compared to the state goal of 90.3%.**

Economic Condition and Outlook

The district's General Fund balance increased by $343,776. After three years of rapid decline, the district's financial condition has improved. The 2006-2007 fiscal year budget is planned for continued improvement.

The 2006-2007 state allowable growth has been set at 4%. This increase in state allowable growth and the district's modest enrollment decrease indicates that the 2007-2008 controlled budget will increase a minimum of $592,355 or 3.84%. This increase in the controlled budget, the reduction of FTE positions for the 2006-2007 fiscal year, and the multi-year labor contract settlements will allow the district to plan for continued improvement in its financial condition.

The School Nutrition Fund may have a reduction of ala carte revenue due to the implementation of the district's Wellness Policy, which will limit the type of items sold in the ala carte program.

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, 2004. 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:

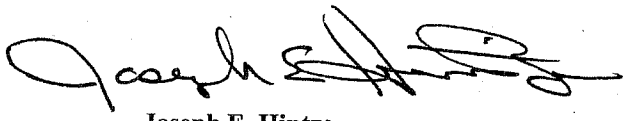
1. Analysis of facilities, classroom and staffing
2. Staffing levels for a ten (10) year period
3. Location and economic profile
4. Major taxpayers of the district
5. Major employers of the district
6. Enrollments by grade level
7. Operating cost per pupil

8. **Schedule of insurance coverage**
9. **History of state aid payments**
10. **Free and reduced percentages**
11. **Teacher average salary and education**
12. **Local regular program budget vs. teacher settlements**
13. **Other labor settlements**
14. **Financial solvency ratio**

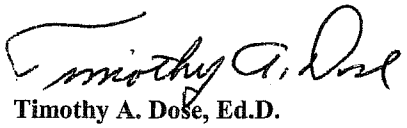
We wish to take this opportunity to thank the administrative office staff who assisted in obtaining and organizing data, the County Auditor and Treasurer offices and the city and town officials who provided much needed information. Without all of the above groups' efforts, the report could not have been 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, 2005

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, 2005

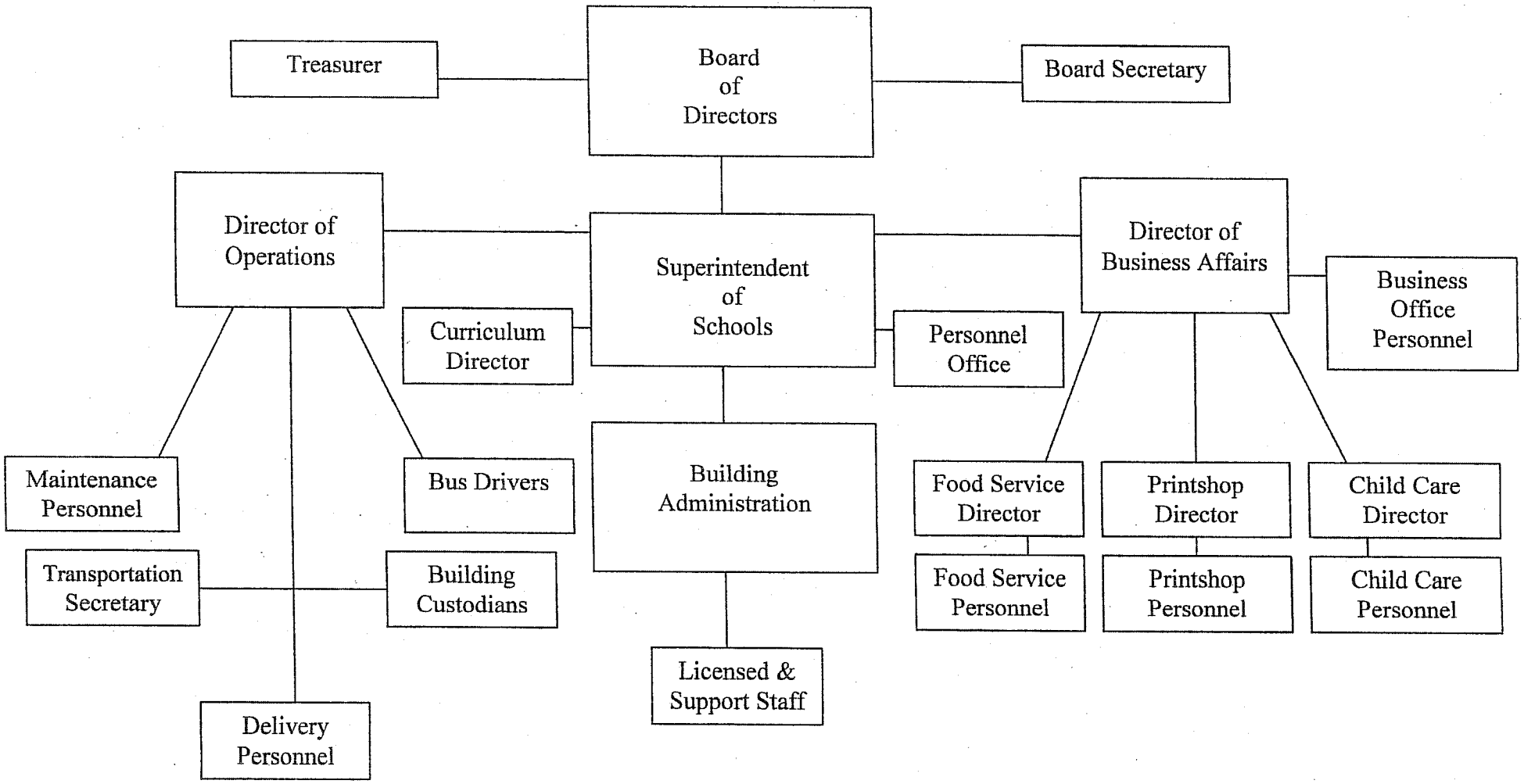
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

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, 2006

Board of Education

	Title	Term/Contract Expires
	Before September, 2005 election	
Virginia Kelly	President	September, 2007
Paul Dierickx	Vice President	September, 2005
Jack Hill	Member	September, 2005
Sue Cannon	Member	September, 2005
Stephen Suiter	Member	September, 2006
Rex Masterson	Member	September, 2006
Jerry Mohr	Member	September, 2007
	After September, 2005 election	
Rex Masterson	President	September, 2006
Paul Dierickx	Vice President	September, 2008
Stephen Suiter	Member	September, 2006
Virginia Kelly	Member	September, 2007
Jerry Mohr	Member	September, 2007
Joni Dittmer	Member	September, 2008
Jack Hill	Member	September, 2008

School District Administration

Dr. Timothy A. Dose	Superintendent	July, 2006
Kristy Looney	Secretary	July, 2006
Joseph E. Hintze	Director of Business Affairs	July, 2006
Steven C. Fahrenkrog	Treasurer	July, 2006
John Netwal	Director of Operations	July, 2006
Curtis Rheingans	Principal	July, 2006
Sherri Marceau	Principal	July, 2006
John Langenhan	Principal	July, 2006
Kelly Rohlf	Principal	July, 2006
C.J. Albertson	Principal	July, 2006
David Griffin	Principal	July, 2006
Dr. K. Terry Sherer	Principal	July, 2006
Dennis Johnson	Athletic/Activities Director	July, 2006
Frank Wood	Associate Principal	July, 2006
Cindy Van DeWalle	Curriculum Director	July, 2006

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS
Year Ended June 30, 2006

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
220 North Main Street, Suite 600
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

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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, the business-type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District, Eldridge, Iowa as of and for the year ended June 30, 2006, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated October 20, 2006 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 agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 15 through 24 and 51 through 52 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting 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. 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 20, 2006

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, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- The district showed an increase in net assets of $2,071,699 during the year ended June 30, 2006.
- The district's General Fund balance increased by $343,776 after three years of rapid decline.
- The Board approved a five-year financial plan to maintain an 8% to 10% unspent balance range and financial solvency ratio.
- The district reduced 7 FTE positions for the 2006-2007 fiscal year to help achieve the district's financial goal.
- The district settled multi-year labor contracts with the teacher and bus driver associations.
- Two of the district's buildings were awarded funds for a Fresh Fruit and Vegetable program as part of a Federal nutrition pilot program. The Jr. High received $8,149 along with one of five elementary buildings receiving $5,985. These funds allowed the district to give the students in the building free fresh fruit and vegetables during the school day.
- The district's special education deficit was reduced from $489,135 to $413,732 after including $107,917 of the 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 2007-2008 fiscal year to replace the revenue for the special education deficit.
- The district started a second pre-kindergarten program at one of its elementary schools.
- The district's Child Care Fund balance increased by $28,725. This is the result of continued expansion to a two and three year old preschool and day care program, along with a strong summer day care program.
- The School Nutrition Fund balance increased by $24,274 as a result of deferred equipment purchases due to a change in management staffing.

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 School District.

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-1
North Scott Community School District Annual Financial Report

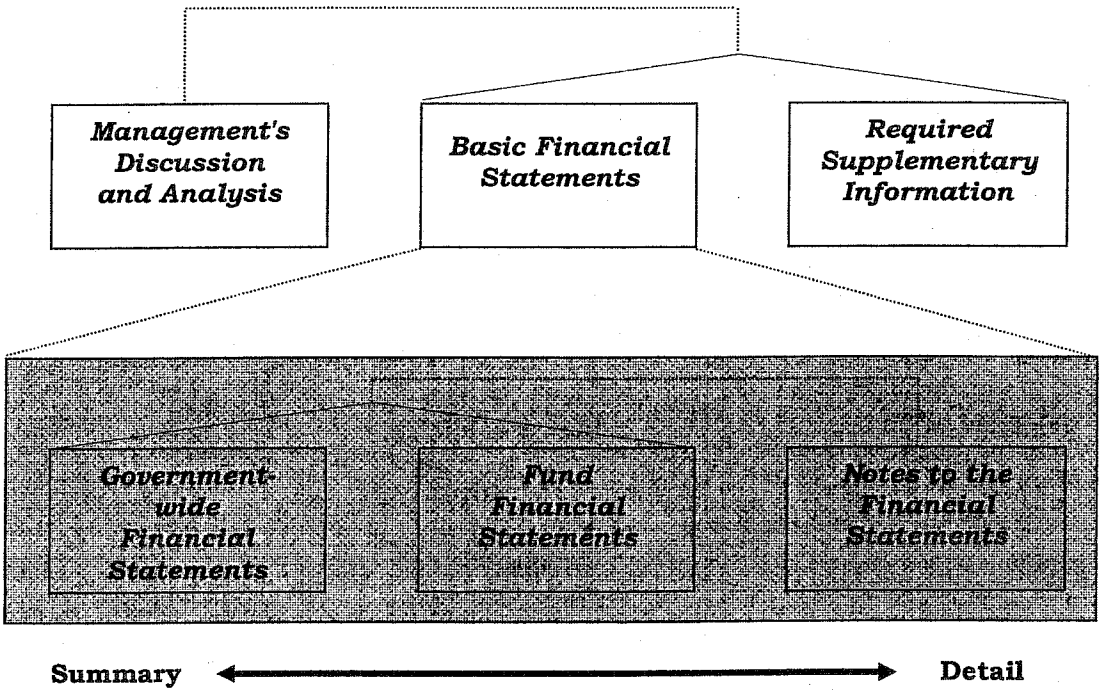

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of revenues, expenses and changes in net assets • Statement of cash flows	• 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 funds, 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, the 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 include 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, 2006 compared to June 30, 2005.

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,
	2006	2005	2006	2005	2006	2005	2005-06
Current and other assets	$ 26,091,525	23,611,846	667,596	570,219	26,759,121	24,182,065	10.66%
Capital assets	23,701,308	23,551,127	202,183	238,699	23,903,491	23,789,826	0.48%
Total assets	49,792,833	47,162,973	869,779	808,918	50,662,612	47,971,891	5.61%
Long-term obligations	7,602,377	8,504,625	0	0	7,602,377	8,504,625	-10.61%
Other liabilities	16,483,009	14,969,601	29,358	21,496	16,512,367	14,991,097	10.15%
Total liabilities	24,085,386	23,474,226	29,358	21,496	24,114,744	23,495,722	2.63%
Net assets:							
Invested in capital assets, net of related debt	17,653,188	17,053,299	202,183	238,699	17,855,371	17,291,998	3.26%
Restricted	5,132,296	4,203,806	0	0	5,132,296	4,203,806	22.09%
Unrestricted	2,921,963	2,431,642	638,238	548,723	3,560,201	2,980,365	19.46%
Total net assets	$ 25,707,447	23,688,747	840,421	787,422	26,547,868	24,476,169	8.46%

The District's combined net assets increased by 8.46%, or $2,071,699, over the prior year. The largest portion of the District's net assets is the restricted net assets. Restricted net assets represent 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 $928,490, or 22.09% over the prior year. The increase was primarily a result of increases in the Capital Projects Fund balance.

The investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt increased $563,373, or 3.26%. 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 – increased $579,836, or 19.46%. This increase in unrestricted net assets was a result of the District's increase in the General Fund balance.

Figure A-4 shows the changes in net assets for the year ended June 30, 2006 compared to June 30, 2005.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	2006	2005	2006	2005	2006	2005	2005-06
Revenues:							
Program revenues:							
Charges for services	$ 2,039,998	1,979,052	1,122,406	1,057,405	3,162,404	3,036,457	4.15%
Operating grants and contributions and restricted interest	2,518,129	2,255,327	418,974	416,149	2,937,103	2,671,476	9.94%
Capital grants and contributions and restricted interest	49,299	47,050	0	0	49,299	47,050	4.78%
General revenues:							
Local tax	12,530,884	12,151,975	0	0	12,530,884	12,151,975	3.12%
Unrestricted state grants	10,558,269	9,970,358	0	0	10,558,269	9,970,358	5.90%
Other	399,334	216,515	21,629	13,708	420,963	230,223	82.85%
Transfers	15,000	79,244	(15,000)	(79,244)	0	0	0.00%
Total revenues	28,110,913	26,699,521	1,548,009	1,408,018	29,658,922	28,107,539	5.52%
Program expenses:							
Governmental activities:							
Instructional	15,337,168	15,194,200	0	0	15,337,168	15,194,200	0.94%
Support services	8,449,620	7,807,758	0	0	8,449,620	7,807,758	8.22%
Non-instructional programs	0	34,870	1,495,010	1,360,364	1,495,010	1,395,234	7.15%
Other expenditures	2,305,425	2,764,390	0	0	2,305,425	2,764,390	-16.60%
Total expenses	26,092,213	25,801,218	1,495,010	1,360,364	27,587,223	27,161,582	1.57%
Changes in net assets	2,018,700	898,303	52,999	47,654	2,071,699	945,957	119.01%
Beginning net assets	23,688,747	22,790,444	787,422	739,768	24,476,169	23,530,212	4.02%
Ending net assets	$ 25,707,447	23,688,747	840,421	787,422	26,547,868	24,476,169	8.46%

Local tax and unrestricted state grants account for 78% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 86% 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 district's daycare program that included a second latch key program, and accepting two and three-year-olds in the preschool and daycare program.

The decrease in other expenditures is due to the decrease in capital improvements.

Governmental Activities

Revenues for governmental activities were $28,110,913 and expenses were $26,092,213.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	$ 15,337,168	11,655,172
Support services	8,449,620	8,390,925
Other expenses	2,305,425	1,438,690
Totals	$ 26,092,213	21,484,787

- The cost financed by users of the District's programs was $2,039,998.
- Federal and state governments subsidized certain programs with grants and contributions totaling $2,518,129.
- The net cost of governmental activities was financed with $12,530,884 in property tax and local option sales and services tax, $10,558,269 in state foundation aid, $389,759 in interest income and $9,575 in gain on sale of equipment.

Business-Type Activities

Revenues of the District's business-type activities were $1,548,009 and expenses were $1,495,010. 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 $15,000 from the Day Care Fund to the General Fund.

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 $7,923,353, above last year's ending fund balances of $7,086,009. However, the primary reason for the increase in combined fund balances in fiscal 2006 is due to increased interest revenues and the increase in the Capital Projects Fund Balance.

Governmental Fund Highlights

- The District's improving 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 less than offset by the District's increase in General Fund expenditures increasing the District carryover fund balance which will be used in the future to meet its financial obligations during the next year.
- The General Fund balance increased from $1,021,635 to $1,365,411, due in part to the negotiated salary and benefits settlement and the increase in state aid.

- The Capital Projects Fund balance increased from $4,214,303 in fiscal 2005 to $4,738,445 in fiscal 2006. The District collected an increase in local option sales and services tax.

- The Student Activity Fund balance increased from $258,191 in fiscal 2005 to $326,051 in fiscal 2006 due to the variance of student activities from year to year.

- The Debt Service Fund balance remained unchanged from $0 in fiscal 2005 to $0 in fiscal 2006. The District transfers in local option sales and services tax monies from the Capital Projects Fund to pay for bond principal and interest.

Proprietary Fund Highlights

- The Proprietary Fund net assets increased from $787,422 at June 30, 2005 to $840,421 at June 30, 2006, representing an increase of 6.73%. The School Nutrition fund balance increased from $645,605 in fiscal 2005 to $669,879 in fiscal 2006. The Day Care fund balance increased from $141,817 in fiscal 2005 to $170,542 in fiscal 2006.

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, 2006, the District had invested $23.9 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 increase of .48% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was $1,411,417.

The original cost of the District's capital assets was $43.9 million. Governmental funds account for $43.4 million with the remainder of $0.5 million in the Proprietary, School Nutrition and Day Care Funds.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled $19,028,434 at June 30, 2006, compared to $18,670,469 reported at June 30, 2005. This increase resulted from the net of capital improvements and depreciation expensed.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-06
Land	$ 590,594	590,594	0	0	590,594	590,594	0.00%
Buildings	19,028,434	18,670,469	0	0	19,028,434	18,670,469	1.92%
Land improvements	2,948,910	3,024,505	0	0	2,948,910	3,024,505	-2.50%
Machinery and equipment	1,133,370	1,265,559	202,183	238,699	1,335,553	1,504,258	-11.22%
Total	$ 23,701,308	23,551,127	202,183	238,699	23,903,491	23,789,826	0.48%

Long-Term Debt

At June 30, 2006, the District had $7,602,377 in general obligation and other long-term debt outstanding. This represents a decrease of 10.6% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 8 to the financial statements.

The District had outstanding general obligation bonds of $6,025,000 at June 30, 2006.

The District had outstanding revenue bonds of $1,370,000 at June 30, 2006.

The District had early retirement payable of $60,425 at June 30, 2006, which will be paid primarily out of the Special Revenue – Management Fund.

The District also had compensated absences payable of $146,952 at June 30, 2006, which will be paid primarily out of the General Fund.

Figure A-7
Outstanding Long-Term Obligations

	Total District		
	June 30,		Total
	2006	2005	Change
General obligation bonds	$ 6,025,000	6,435,000	-6.4%
Revenue bonds	1,370,000	1,675,000	-18.2%
Early retirement	60,425	243,063	-75.1%
Compensated absences	146,952	151,562	-3.0%
Totals	$ 7,602,377	8,504,625	-10.6%

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 Democratic political party has taken control of the Iowa legislature after two years of no political party controlling the Iowa legislature. It is hopeful that legislative action will occur this session to help educational funding.

- As a result of the Department of Defense, Base Realignment and Closure Commission (BRAC), the Quad Cities area is in the second year of a reduction of a net loss of 1,060 jobs at the Rock Island Arsenal that currently employs over 6,000. The Rock Island Arsenal is one of the top 10 major employers in the Quad Cities area.

- Due to the lower birth rate in Scott County, the district's enrollment may decline. However, the number of new housing developments being planned within the district may offset this birth rate decline. District funding is highly dependent upon enrollment.

- After three years of rapid decline of the district's financial condition, the 2005-2006 fiscal year ended with an upward improvement in the financial condition due to mid-year expenditure reductions. The 2006-2007 fiscal year budget is planned for continued improvement in the financial condition of the district.

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

JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP(Note 5)	$ 2,884,984	0	2,884,984
Other	11,779,355	646,159	12,425,514
Receivables:			
Property tax:			
Delinquent	123,118	0	123,118
Succeeding year	10,447,082	0	10,447,082
Income surtax	91,928	0	91,928
Accrued ISCAP interest(Note 5)	897	0	897
Accounts	144,917	6,904	151,821
Due from other governments	496,396	0	496,396
Inventories	91,342	9,816	101,158
Prepaid items	22,216	0	22,216
Other	9,290	4,717	14,007
Capital assets not being depreciated(Note 6):			
Land	590,594	0	590,594
Capital assets being depreciated, net of accumulated depreciation(Note 6):			
Buildings	19,028,434	0	19,028,434
Land improvements	2,948,910	0	2,948,910
Machinery and equipment	1,133,370	202,183	1,335,553
TOTAL ASSETS	49,792,833	869,779	50,662,612
LIABILITIES			
Accounts payable	727,802	7,181	734,983
Salaries and benefits payable	2,314,258	4,895	2,319,153
Accrued interest payable	54,401	0	54,401
ISCAP warrants payable(Note 5)	2,889,000	0	2,889,000
ISCAP interest payable(Note 5)	734	0	734
ISCAP unamortized premiums	21,985	0	21,985
Deferred revenue:			
Succeeding year property tax	10,447,082	0	10,447,082
Other	27,747	0	27,747
Unearned revenues	0	17,282	17,282
Long-term liabilities(Note 8):			
Portion due within one year:			
G.O. Bonds payable	430,000	0	430,000
Revenue bonds payable	320,000	0	320,000
Compensated absences payable	146,952	0	146,952
Early retirement payable	60,425	0	60,425
Portion due after one year:			
G.O. Bonds payable	5,595,000	0	5,595,000
Revenue bonds payable	1,050,000	0	1,050,000
TOTAL LIABILITIES	24,085,386	29,358	24,114,744
NET ASSETS			
Investment in capital assets, net of related debt	17,653,188	202,183	17,855,371
Restricted for:			
Talented and gifted	28,183	0	28,183
Salary improvement program	2,412	0	2,412
Other	5,465	0	5,465
Management levy	749,440	0	749,440
Physical plant and equipment levy	683,581	0	683,581
Capital projects	3,337,164	0	3,337,164
Other special revenue purposes	326,051	0	326,051
Unrestricted	2,921,963	638,238	3,560,201
TOTAL NET ASSETS	$ 25,707,447	840,421	26,547,868

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
Instruction:							
Regular instruction	$ 8,881,122	512,323	1,495,656	0	(6,873,143)	0	(6,873,143)
Special instruction	3,312,774	273,558	146,342	0	(2,892,874)	0	(2,892,874)
Other instruction	3,143,272	1,254,117	0	0	(1,889,155)	0	(1,889,155)
	15,337,168	2,039,998	1,641,998	0	(11,655,172)	0	(11,655,172)
Support services:							
Student services	1,053,450	0	0	0	(1,053,450)	0	(1,053,450)
Instructional staff services	959,041	0	0	0	(959,041)	0	(959,041)
Adminstration services	2,774,473	0	0	0	(2,774,473)	0	(2,774,473)
Operation and maintenance of plant services	2,719,579	0	0	49,299	(2,670,280)	0	(2,670,280)
Transportation services	943,077	0	9,396	0	(933,681)	0	(933,681)
	8,449,620	0	9,396	49,299	(8,390,925)	0	(8,390,925)
Other expenses:							
Long-term debt interest	365,211	0	0	0	(365,211)	0	(365,211)
AEA flowthrough	866,735	0	866,735	0	0	0	0
Depreciation(unallocated)*	1,073,479	0	0	0	(1,073,479)	0	(1,073,479)
	2,305,425	0	866,735	0	(1,438,690)	0	(1,438,690)
Total governmental activities	26,092,213	2,039,998	2,518,129	49,299	(21,484,787)	0	(21,484,787)
Business-Type activities:							
Instruction:							
Regular instruction:							
Day care services	334	0	0	0	0	(334)	(334)
Support services:							
Adminstration services:							
Nutrition services	58,793	0	0	0	0	(58,793)	(58,793)
Day care services	588	0	0	0	0	(588)	(588)
Operation and maintenance of plant services:							
Nutrition services	57,767	0	0	0	0	(57,767)	(57,767)
Day care services	399	0	0	0	0	(399)	(399)
Transportation services:							
Nutrition services	2,048	0	0	0	0	(2,048)	(2,048)
Day care services	570	0	0	0	0	(570)	(570)
Non-instructional programs:							
Nutrition services	1,141,201	851,999	412,378	0	0	123,176	123,176
Day care services	233,310	270,407	6,596	0	0	43,693	43,693
Total business-type activities	1,495,010	1,122,406	418,974	0	0	46,370	46,370
Total	$ 27,587,223	3,162,404	2,937,103	49,299	(21,484,787)	46,370	(21,438,417)
General Revenues and Transfers:							
General Revenues:							
Property tax levied for:							
General purposes					$ 9,168,880	0	9,168,880
Capital outlay					901,676	0	901,676
Local option sales and services tax					2,460,328	0	2,460,328
Unrestricted state grants					10,558,269	0	10,558,269
Unrestricted investment earnings					389,759	21,629	411,388
Gain on sale of capital assets					9,575	0	9,575
Transfers					15,000	(15,000)	0
Total general revenues and transfers					23,503,487	6,629	23,510,116
Changes in net assets					2,018,700	52,999	2,071,699
Net assets beginning of year					23,688,747	787,422	24,476,169
Net assets end of year					$ 25,707,447	840,421	26,547,868

* 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, 2006

	General	Student Activity	Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and pooled investments:					
ISCAP(Note 5)	$ 2,884,984	0	0	0	2,884,984
Other	3,376,543	317,619	4,616,454	1,648,078	9,958,694
Receivables:					
Property tax:					
Current year delinquent	106,888	0	0	16,230	123,118
Succeeding year	9,239,530	0	0	1,207,552	10,447,082
Income surtax	91,928	0	0	0	91,928
Accrued ISCAP interest(Note 5)	897	0	0	0	897
Accounts	43,309	18,123	44,597	23,888	129,917
Due from other governments	300,637	0	194,548	1,211	496,396
Inventories	91,342	0	0	0	91,342
Prepaid items	13,153	8,063	0	0	21,216
Other	8,907	383	0	0	9,290
TOTAL ASSETS	$ 16,158,118	344,188	4,855,599	2,896,959	24,254,864
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 207,763	17,899	117,154	195,961	538,777
Salaries and benefits payable	2,314,020	238	0	0	2,314,258
ISCAP warrants payable(Note 5)	2,889,000	0	0	0	2,889,000
ISCAP interest payable(Note 5)	734	0	0	0	734
ISCAP unamortized premiums	21,985	0	0	0	21,985
Deferred revenue:					
Succeeding year property tax	9,239,530	0	0	1,207,552	10,447,082
Income surtax	91,928	0	0	0	91,928
Other	27,747	0	0	0	27,747
Total liabilities	14,792,707	18,137	117,154	1,403,513	16,331,511
Fund balances:					
Reserved for:					
Talented and gifted	28,183	0	0	0	28,183
Salary improvement program	2,412	0	0	0	2,412
Other	5,465	0	0	0	5,465
Inventories	91,342	0	0	0	91,342
Prepaid expenses	13,153	8,063	0	0	21,216
Unreserved:					
Designated for special purpose	20,093	0	0	0	20,093
Undesignated:					
General	1,204,763	0	0	0	1,204,763
Capital projects	0	0	4,738,445	0	4,738,445
Special revenue funds:					
Management levy	0	0	0	809,865	809,865
Physical plant and equipment levy	0	0	0	683,581	683,581
Student activity	0	317,988	0	0	317,988
Total fund balances	1,365,411	326,051	4,738,445	1,493,446	7,923,353
TOTAL LIABILITIES AND FUND BALANCES	$ 16,158,118	344,188	4,855,599	2,896,959	24,254,864

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, 2006

Total fund balances of governmental funds(page 28)	$	7,923,353
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		23,701,308
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.		(54,401)
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		1,647,636
Accounts receivable income surtax are not yet available to finance expenditures of the current fiscal period.		91,928
Long-term liabilities, including bonds payable, early retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(7,602,377)
Net assets of governmental activites(page 26)	$	25,707,447

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, 2006

	General	Student Activity	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES:						
Local sources:						
Local tax	$ 8,743,746	0	0	2,460,328	1,326,810	12,530,884
Tuition	785,881	0	0	0	0	785,881
Other	563,313	854,287	0	161,947	113,628	1,693,175
Intermediate sources	4,550	0	0	0	0	4,550
State appropriations	12,335,214	0	0	0	821	12,336,035
Federal appropriations	735,813	0	0	0	0	735,813
Total revenues	23,168,517	854,287	0	2,622,275	1,441,259	28,086,338
EXPENDITURES:						
Current:						
Instruction:						
Regular instruction	8,823,786	0	0	0	199,131	9,022,917
Special instruction	3,343,311	0	0	0	0	3,343,311
Other instruction	2,390,227	749,422	0	0	0	3,139,649
	14,557,324	749,422	0	0	199,131	15,505,877
Support services:						
Student services	1,045,669	4,386	0	0	9,420	1,059,475
Instructional staff services	842,531	12,791	0	0	120,937	976,259
Administration services	2,560,890	2,650	0	0	132,389	2,695,929
Operation and maintenance of plant services	2,080,679	385	0	0	113,067	2,194,131
Transportation services	897,979	10,302	0	0	222,940	1,131,221
	7,427,748	30,514	0	0	598,753	8,057,015
Non-instructional programs:						
Food service operations	0	0	0	0	22,166	22,166
	0	0	0	0	22,166	22,166
Other expenditures:						
Facilities acquisitions	0	0	0	1,009,495	723,643	1,733,138
Debt service:						
Principal	0	0	715,000	0	0	715,000
Interest and fiscal charges	0	0	373,638	0	0	373,638
AEA flowthrough	866,735	0	0	0	0	866,735
	866,735	0	1,088,638	1,009,495	723,643	3,688,511
Total expenditures	22,851,807	779,936	1,088,638	1,009,495	1,543,693	27,273,569
Excess(deficiency) of revenues over(under) expenditures	316,710	74,351	(1,088,638)	1,612,780	(102,434)	812,769
Other financing sources(uses):						
Proceeds from sale of equipment	9,575	0	0	0	0	9,575
Transfers in	17,491	0	1,088,638	0	4,000	1,110,129
Transfers out	0	(6,491)	0	(1,088,638)	0	(1,095,129)
Total other financing sources(uses)	27,066	(6,491)	1,088,638	(1,088,638)	4,000	24,575
Net changes in fund balances	343,776	67,860	0	524,142	(98,434)	837,344
Fund balance beginning of year	1,021,635	258,191	0	4,214,303	1,591,880	7,086,009
Fund balance end of year	$ 1,365,411	326,051	0	4,738,445	1,493,446	7,923,353

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, 2006

Net change in fund balances - total governmental funds(page 30)		$ 837,344
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	$ 1,561,598	
Depreciation expense	(1,411,417)	150,181
Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis.		120,500
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.		715,000
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.		8,427
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	$ 182,638	
Compensated absences	4,610	187,248
Changes in net assets of governmental activities(page 27)		$ 2,018,700

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2006

	Business-Type Activities: Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and pooled investments	$ 476,277	169,882	646,159	1,820,661
Receivables:				
Accounts	5,790	1,114	6,904	15,000
Inventories	9,816	0	9,816	0
Prepaid items	0	0	0	1,000
Other	90	4,627	4,717	0
Total current assets	491,973	175,623	667,596	1,836,661
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation(Note 6)	197,321	4,862	202,183	0
Total non-current assets	197,321	4,862	202,183	0
TOTAL ASSETS	689,294	180,485	869,779	1,836,661
LIABILITIES				
Current liabilities:				
Accounts payable	1,122	6,059	7,181	189,025
Salaries and benefits payable	1,011	3,884	4,895	0
Unearned revenues	17,282	0	17,282	0
Total current liabilities	19,415	9,943	29,358	189,025
TOTAL LIABILITIES	19,415	9,943	29,358	189,025
NET ASSETS				
Investment in capital assets, net of related debt	197,321	4,862	202,183	0
Unrestricted	472,558	165,680	638,238	1,647,636
Total net assets	$ 669,879	170,542	840,421	1,647,636

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2006

	Business-Type Activities: Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service Fund
OPERATING REVENUE:				
Local sources:				
Charges for service	$ 851,999	270,407	1,122,406	3,394,317
OPERATING EXPENSES:				
Instruction:				
Regular instruction:				
Other	0	334	334	0
Support services:				
Administration services:				
Salaries	37,912	0	37,912	0
Benefits	12,556	0	12,556	0
Services	0	553	553	3,255,294
Other	8,325	35	8,360	18,486
Operation and maintenance of plant services:				
Salaries	29,198	0	29,198	0
Benefits	16,756	0	16,756	0
Services	0	399	399	0
Supplies	11,813	0	11,813	0
Transportation services:				
Salaries	0	503	503	0
Benefits	0	67	67	0
Services	2,048	0	2,048	0
Non-instructional programs:				
Salaries	339,447	179,717	519,164	0
Benefits	135,561	29,613	165,174	0
Services	14,433	0	14,433	0
Supplies	610,590	23,303	633,893	37
Depreciation	35,413	677	36,090	0
TOTAL OPERATING EXPENSES	1,254,052	235,201	1,489,253	3,273,817
OPERATING INCOME(LOSS)	(402,053)	35,206	(366,847)	120,500
NON-OPERATING REVENUES(EXPENSES):				
State sources	14,568	0	14,568	0
Federal sources	397,810	6,596	404,406	0
Loss on disposal of capital assets	(5,757)	0	(5,757)	0
Interest on investments	19,706	1,923	21,629	0
TOTAL NON-OPERATING REVENUES(EXPENSES)	426,327	8,519	434,846	0
Net income before transfers	24,274	43,725	67,999	120,500
Transfers:				
Transfer out	0	(15,000)	(15,000)	0
	0	(15,000)	(15,000)	0
Changes in net assets	24,274	28,725	52,999	120,500
Net assets beginning of year	645,605	141,817	787,422	1,527,136
Net assets end of year	$ 669,879	170,542	840,421	1,647,636

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2006

	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	$ 835,934	0	835,934	0
Cash received from miscellaneous operating activities	11,542	273,004	284,546	3,379,317
Cash payments to employees for services	(570,464)	(206,066)	(776,530)	0
Cash payments to suppliers for goods or services	(572,703)	(20,505)	(593,208)	(3,320,094)
Net cash provided by(used in) operating activities	(295,691)	46,433	(249,258)	59,223
Cash flows from non-capital financing activities:				
State grants received	14,568	0	14,568	0
Federal grants received	324,957	6,596	331,553	0
Net cash provided by non-capital financing activities	339,525	6,596	346,121	0
Cash flows from capital financing activities and related activities:				
Acquisition of assets	(1,776)	(3,555)	(5,331)	0
Transfer to General fund	0	(15,000)	(15,000)	0
Net cash used in capital financing activities and related activities	(1,776)	(18,555)	(20,331)	0
Cash flows from investing activities:				
Interest on investments	19,706	1,923	21,629	0
Net cash provided by investing activities	19,706	1,923	21,629	0
Net increase in cash and cash equivalents	61,764	36,397	98,161	59,223
Cash and cash equivalents at beginning of year	414,513	133,485	547,998	1,761,438
Cash and cash equivalents at end of year	$ 476,277	169,882	646,159	1,820,661

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2006

	Business-Type Activities: Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service Fund
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	$ (402,053)	35,206	(366,847)	120,500
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	72,853	0	72,853	0
Depreciation	35,413	677	36,090	0
Decrease in inventories	1,745	0	1,745	0
(Increase)Decrease in accounts receivable	(3,558)	2,597	(961)	(15,000)
Decrease in prepaid expenses	0	0	0	3,639
Increase(Decrease) in accounts payable	(92)	4,119	4,027	(49,916)
Increase in salaries and benefits payable	966	3,834	4,800	0
Decrease in unearned revenue	(965)	0	(965)	0
Net cash provided by(used in) operating activities	$ (295,691)	46,433	(249,258)	59,223
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and investments	$ 476,277	169,882	646,159	1,820,661

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2006, the District received Federal commodities valued at $72,853.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND

June 30, 2006

	Agency Fund
ASSETS	
Cash and pooled investments	$ 20,763
Accounts receivable:	
Accrued interest receivable	18
Total assets	$ 20,781
LIABILITIES	
Accounts payable	$ 955
Salaries and benefits payable	1,774
Due to other groups	18,052
Total liabilities	$ 20,781

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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. 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. Interfund services provided and used are not eliminated in the process of consolidation. 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 Funds, 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 on a percentage of total employees by the participants' various functional areas.

The District also reports fiduciary funds 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.

Specific accounts which the District maintains in the Agency Fund include PTA groups, PTO groups, Special Ed group and various Faculty accounts.

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.

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 enterprise funds of the District apply 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 accrual basis.

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 investments in the Iowa Schools Joint Investment Trust and IPASeducation which are 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2005.

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 and recorded at the contributed value as of the date received.

G. Prepaid Items

The District prepaid items from the General, Student Activity and Internal Service Fund. Items prepaid include postage, registration, insurance, software package renewals and subscriptions.

H. Capital Assets

Capital assets, which include property, machinery 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
Land improvements	3,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

Land is not depreciated. Property, machinery 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
Land improvements	20-50 years
Machinery and equipment	5-15 years

I. 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 2006, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2006.

J. 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.

K. Unearned Revenue

Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net assets and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006.

M. 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.

N. 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.

O. 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, 2006, the instruction and support services budgets were amended for an increase of 3.43% and 5.25%, 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 balances 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, 2006 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; 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, 2006, the carrying amount of the District's bank deposits and pooled investments totaled $12,425,514 with bank balances of $4,221,950. 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 $4,121,950 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool.

At June 30, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	$ 6,553,564

At June 30, 2006, the District had investments in the IPASeducation as follows:

	Amortized Cost
Diversified Portfolio	$ 1,650,000

The investments are valued at an amortized cost pursuant to Rule 21-7 under the Investment Company Act of 1940. There is no material difference from fair value.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. The investments in the IPASeducation are registered and not subject to rating.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise - Day Care	$ 15,000
Nonmajor Governmental Fund: Physical Plant and Equipment Levy	Student Activity	4,000
General	Student Activity	2,491
Debt Service	Capital Projects	1,088,638
Total		$ 1,095,129

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

The Enterprise, Day Care Fund reimbursed the General Fund for part of the utility costs paid during the 2005-06 school year.

The Student Activity Fund transferred the balance of fundraiser money for new playground equipment to the Physical Plant and Equipment Levy Fund where the expenditure was paid and most appropriate.

The Student Activity Fund repaid the General Fund to correct a transportation allocation.

The Capital Projects Fund transferred to the Debt Service Fund to pay the General Obligation Bonds and Revenue Bonds.

Note 5. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2006 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07A	6/28/06	6/28/07	$ 2,884,984	$ 897	$ 2,889,000	$ 734

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. No ISCAP advance activity was noted in the General Fund for the year ended June 30, 2006.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07A	4.500%	5.676%

Note 6. 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	32,943,219	1,187,337	0	34,130,556
Land improvements	4,500,375	168,512	0	4,668,887
Machinery and equipment	3,891,896	205,749	107,819	3,989,826
Total capital assets being depreciated	41,335,490	1,561,598	107,819	42,789,269
Less accumulated depreciation for:				
Buildings	14,272,750	829,372	0	15,102,122
Land improvements	1,475,870	244,107	0	1,719,977
Machinery and equipment	2,626,337	337,938	107,819	2,856,456
Total accumulated depreciation	18,374,957	1,411,417	107,819	19,678,555
Total capital assets being depreciated, net	22,960,533	150,181	0	23,110,714
Governmental activities capital assets, net	$ 23,551,127	150,181	0	23,701,308

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	$ 531,242	5,331	50,687	485,886
Less accumulated depreciation	292,543	36,090	44,930	283,703
Business-type activities capital assets, net	$ 238,699	(30,759)	5,757	202,183

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 9,828
Other	8,069
Support services:	
Administration	146,232
Operation and maintenance of plant	155,414
Transportation	18,395
	337,938
Unallocated depreciation	1,073,479
Total governmental activities depreciation expense	$ 1,411,417
Business-type activities:	
Food services	$ 35,413
Day care	677
Total business-type activities depreciation expense	$ 36,090

Note 7. Related Business Transactions

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

Name, Title, and Business Connection	Transaction Description	Amount
Sue McBride, Bus Driver, Owner of Catering by Sue	Catering	$ 289
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	839
Christie Liske, Aide Spouse of Matt Liske	Official	799
Kathi Washam, Secretary, Sister-in-law of Ron Washam	Official	326
Paul Claeys, Bus Driver Owner of P&S Enterprises	Supplies	1,527
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	6,673
Sherri Marcaeu, Principal Spouse of owner of Marceau Piano Service	Repairs	60
Tina Ganzer, Secretary Spouse of owner of Ganzer, Dean Roofing & Carpentry	Repairs	5,950

Note 8. General Long Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2006 during the year:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	$ 6,435,000	0	410,000	6,025,000	430,000
Revenue bonds	1,675,000	0	305,000	1,370,000	320,000
Early retirement	243,063	0	182,638	60,425	60,425
Compensated absences	151,562	146,952	151,562	146,952	146,952
Total	$ 8,504,625	146,952	1,049,200	7,602,377	957,377

G.O. Bonds Payable

During the year ended June 30, 1998, the District sold General Obligation Bonds in the value of $5,500,000 to provide funds for the construction of major capital facilities. During the year ended June 30, 1999, the District sold General Obligation Bonds in the value of $3,130,000. G.O. Bonds are paid from the Debt Service Fund funded by Local Option Sales and Services Tax. Details of the District's June 30, 2006 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
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
2012-16	4.7-4.800	1,870,000	380,822	4.375	1,105,000	204,313	2,975,000	585,135
2017	4.800	435,000	20,880	4.375	250,000	10,937	685,000	31,817
Total		$ 3,770,000	1,164,287		$ 2,255,000	633,719	6,025,000	1,798,006

The June 30, 2006 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$ 693,918,026
Debt limit, 5% of total assessed valuation	$ 34,695,901
Amount of debt applicable to debt limit, total general obligation bonded debt	7,395,000
Excess of debt limit over bonded debt outstanding, legal debt margin	$ 27,300,901

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 to provide funds for the construction of major capital facilities. Repayment of these Bonds will be made by collection of local option state sales tax. Revenue Bonds are paid from the Debt Service Fund funded by Local Option Sales and Services Tax. Details of the District's June 30, 2006 indebtedness for revenue bonds are as follows:

Year Ending June 30,	Issue dated May 1, 2001			
	Interest Rates	Principal	Interest	Total
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		$ 1,370,000	129,869	1,499,869

Early Retirement

North Scott Community School District also provided early retirement incentives for certain qualified employees who elected 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. Early Retirement is paid from the Special Revenue - Management Fund and General Fund.

Note 9. Risk Management

The District has a self-funded health insurance plan, reported as an internal service fund. 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. 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 $1,386,678 at March 31, 2006, the last date for which information is available. The incurred but not recorded and unpaid claims liability of $409,443 reported in the plan at March 31, 2006, is based on the requirements of GASB Statement Number 10, which requires that a liability for claims be reported. At June 30, 2006, the unpaid claims liability of $409,443 is not reflected in the financial statements due to run out on claims. This is due to the March 31 year end. Current unpaid claims are reflected in the financial statements as accounts payable.

The change in the incurred but not reported and unpaid claims liability for the two years ended June 30, 2006 and 2005 is as follows:

	2006	2005
Balance beginning of year	$ 238,941	$ 222,074
Incurred claims and claim adjustments	3,270,178	3,302,701
Payment of claims	3,320,094	3,285,834
Balance end of year	$ 189,025	$ 238,941

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 10. 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 covered payroll for the years ended June 30, 2006, 2005 and 2004. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were $846,963, $830,797 and $796,877 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 11. Due from Other Governments

Amount due from other governments by fund as of June 30, 2006 are as follows:

	General Fund	Capital Projects Fund	Physical Plant and Equipment Levy Fund	Management Fund	Total
Local appropriation					
Tuition	$ 179,516	0	0	0	179,516
AEA Alternate Assessment Scoring	108	0	0	0	108
Gas Tax Refund	3,884	0	0	0	3,884
Mobile Home Tax	1,074	0	106	53	1,233
Local Option Sales and Services Tax	0	194,548	0	0	194,548
Total local appropriations	184,582	194,548	106	53	379,289
Intermediate appropriation					
IDM Grant	3,808	0	0	0	3,808
Total intermediate appropriations	3,808	0	0	0	3,808
State appropriations:					
Foster Care	29,145	0	0	0	29,145
Nonpublic Transportation	4,444	0	0	0	4,444
State Aid	12,734	0	0	0	12,734
Construction Refund	0	0	790	0	790
Iowa Workforce Development	0	0	0	262	262
Juvenile Court	6,784	0	0	0	6,784
Total state appropriations	53,107	0	790	262	54,159
Federal appropriations:					
Medicaid	8,352	0	0	0	8,352
Smaller Learning Communities	8,348	0	0	0	8,348
Title 1	40,136	0	0	0	40,136
Drug Free	2,304	0	0	0	2,304
Total federal appropriations	59,140	0	0	0	59,140
Total	$ 300,637	194,548	896	315	496,396

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REQUIRED SUPPLEMENTARY INFORMATION

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NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISION SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES -
ACTUAL TO BUDGET - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2006

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance - Positive (Negative)
Revenues:						
Local sources	$ 15,009,940	1,144,035	16,153,975	15,305,769	15,305,769	848,206
Intermediate sources	4,550	0	4,550	0	0	4,550
State sources	12,336,035	14,568	12,350,603	12,324,528	12,324,528	26,075
Federal sources	735,813	404,406	1,140,219	1,129,227	1,129,227	10,992
Total revenues	28,086,338	1,563,009	29,649,347	28,759,524	28,759,524	889,823
Expenditures:						
Instruction	15,505,877	334	15,506,211	15,254,000	15,776,602	270,391
Support services	8,057,015	120,165	8,177,180	8,018,744	8,439,464	262,284
Non-instructional programs	22,166	1,368,754	1,390,920	1,439,000	1,439,000	48,080
Other expenditures	3,688,511	0	3,688,511	4,115,954	4,115,954	427,443
Total expenditures	27,273,569	1,489,253	28,762,822	28,827,698	29,771,020	1,008,198
Excess(deficiency) of revenues over(under) expenditures	812,769	73,756	886,525	(68,174)	(1,011,496)	1,898,021
Other financing sources(uses), net	24,575	(20,757)	3,818	4,500	4,500	(682)
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	837,344	52,999	890,343	(63,674)	(1,006,996)	1,897,339
Balance beginning of year	7,086,009	787,422	7,873,431	9,119,068	9,119,068	(1,245,637)
Balance end of year	$ 7,923,353	840,421	8,763,774	9,055,394	8,112,072	651,702

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2006

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 $943,322.

OTHER SUPPLEMENTARY INFORMATION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2006

	Management Fund	Physical Plant and Equipment Fund	Total
ASSETS			
Cash and pooled investments	$ 805,587	842,491	1,648,078
Receivables:			
Property tax:			
Current year delinquent	5,266	10,964	16,230
Succeeding year	275,000	932,552	1,207,552
Accounts	1,648	22,240	23,888
Due from other governments	315	896	1,211
TOTAL ASSETS	$ 1,087,816	1,809,143	2,896,959
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	$ 2,951	$ 193,010	$ 195,961
Deferred revenue:			
Succeeding year property tax	275,000	932,552	1,207,552
Total liabilities	277,951	1,125,562	1,403,513
Equity			
Fund balance:			
Unreserved:			
Undesignated	809,865	683,581	1,493,446
Total equity	809,865	683,581	1,493,446
TOTAL LIABILITIES AND EQUITY	$ 1,087,816	1,809,143	2,896,959

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, 2006

	Management Fund	Physical Plant and Equipment Fund	Total
REVENUE:			
Local sources:			
Local tax	$ 425,134	901,676	1,326,810
Other	46,564	67,064	113,628
State sources	271	550	821
TOTAL REVENUE	471,969	969,290	1,441,259
EXPENDITURES:			
Current:			
Instruction:			
Regular instruction	189,162	9,969	199,131
Support services:			
Student support services	9,420	0	9,420
Instructional staff services	24,562	96,375	120,937
Administration services	122,856	9,533	132,389
Operation and maintenance of plant services	91,503	21,564	113,067
Transportation services	43,564	179,376	222,940
Non-instructional programs:			
Food service operations	22,166	0	22,166
Other expenditures:			
Facilities acquisitions	0	723,643	723,643
TOTAL EXPENDITURES	503,233	1,040,460	1,543,693
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(31,264)	(71,170)	(102,434)
OTHER FINANCING SOURCES:			
Transfer in	0	4,000	4,000
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(31,264)	(67,170)	(98,434)
FUND BALANCE BEGINNING OF YEAR	841,129	750,751	1,591,880
FUND BALANCE END OF YEAR	$ 809,865	683,581	1,493,446

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

Year ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
AGENCY				
ASSETS				
Cash and pooled investments	$ 57,659	37,125	74,021	20,763
Accrued interest receivable	7	18	7	18
Total assets	$ 57,666	37,143	74,028	20,781
LIABILITIES				
Accounts payable	$ 3,087	955	3,087	955
Salaries and benefits payable	1,928	1,774	1,928	1,774
Due to other groups	52,651	34,414	69,013	18,052
Total liabilities	$ 57,666	37,143	74,028	20,781

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

STATISTICAL SECTION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION
(UNAUDITED)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	60-66
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	67-70
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	71-76
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	77-79
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	80-83
Miscellaneous Information These schedules offer additional insight to pertinent District data to inform the reader about the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	84-96

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT, LAST FOUR FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2006	2005	2004	2003
Governmental activities:				
Investment in capital assets, net of related debt	$ 17,653,188	17,053,299	15,378,575	15,203,701
Restricted	5,132,296	4,203,806	4,671,828	3,382,832
Unrestricted	2,921,963	2,431,642	2,740,041	3,568,120
Business-type activities:				
Investment in capital assets, net of related debt	202,183	238,699	212,679	220,569
Unrestricted	638,238	548,723	527,089	445,754
Total primary government net assets	$ 26,547,868	24,476,169	23,530,212	22,820,976

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE,
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2006	2005	2004	2003
Expenses:				
Governmental activities:				
Regular instruction	$ 8,881,122	9,087,347	8,872,102	9,037,968
Special instruction	3,312,774	3,330,825	3,860,845	3,543,894
Other instruction	3,143,272	2,776,028	1,900,640	1,921,951
Student services	1,053,450	996,404	960,019	903,076
Instructional staff services	959,041	1,081,274	1,112,320	1,125,819
Administration services	2,774,473	2,540,841	2,288,419	2,102,576
Operation and maintenance of plant services	2,719,579	2,802,972	2,994,156	3,268,564
Transportation services	943,077	914,674	820,488	832,498
Food service operations	0	34,870	5,568	3,858
Community service and education program	0	0	630	438
Interest on long-term debt	365,211	389,471	431,572	447,832
AEA flowthrough	866,735	821,910	806,571	840,688
Depreciation(unallocated)	1,073,479	1,024,602	674,973	1,016,483
Business-type activities:				
Nutrition services	1,259,809	1,156,314	1,143,070	1,049,763
Day care services	235,201	204,050	179,277	165,037
Total primary government expenses	27,587,223	27,161,582	26,050,650	26,260,445
Program Revenues				
Governmental activities:				
Charges for services	2,039,998	1,979,052	1,981,132	1,926,859
Operating grants and contributions	2,518,129	2,255,327	2,118,635	2,123,900
Capital grants and contributions	49,299	47,050	0	0
Business-type activities:				
Charges for services	1,122,406	1,057,405	994,988	928,978
Operating grants and contributions	418,974	416,149	406,631	359,537
Total primary government revenues	6,148,806	5,754,983	5,501,386	5,339,274
Net (Expense)/Revenues				
Total primary government net expense	$ (21,438,417)	(21,406,599)	(20,549,264)	(20,921,171)

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS,
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2006	2005	2004	2003
Net (Expense)/Revenues				
Total primary government net expense	$ (21,438,417)	(21,406,599)	(20,549,264)	(20,921,171)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes levied for general purposes*	9,168,880	8,901,542	9,171,635	9,040,949
Property taxes levied for capital projects	901,676	878,876	2,303,861	2,231,212
Sales tax	2,460,328	2,371,557	0	0
Unrestricted grants and contributions	10,558,269	9,970,358	9,693,706	9,318,310
Miscellaneous	9,575	1,685	8,426	9,400
Investment earnings	389,759	214,830	76,699	153,031
Business-type activities:				
Miscellaneous	0	0	350	559
Investment earnings	21,629	13,708	3,823	3,393
Total primary government	23,510,116	22,352,556	21,258,500	20,756,854
Changes in Net Assets				
Total primary government	$ 2,071,699	945,957	709,236	(164,317)

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

* Changes in property tax revenues are a product of underlying changes in property values and tax rates.
See Pages 66-70

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved	$ 140,555	135,873	10,360	23,041	178,443	153,521	227,433	209,939	77,776	28,176
Unreserved	1,224,856	885,762	1,430,053	2,689,507	2,888,763	2,365,366	1,253,646	158,395	(780,411)	(1,269,296)
Total general fund	1,365,411	1,021,635	1,440,413	2,712,548	3,067,206	2,518,887	1,481,079	368,334	(702,635)	(1,241,120)
All Other Governmental Funds										
Reserved	8,063	0	0	0	0	0	0	267,462	0	0
Unreserved, reported in:										
Capital projects funds	4,738,445	4,214,303	3,373,117	2,386,125	1,766,682	4,386,884	2,975,727	4,933,963	5,074,834	0
Special revenue funds	1,811,434	1,850,071	1,742,652	1,478,934	1,210,607	1,068,776	902,196	908,163	520,511	413,854
Total all other governmental funds	6,557,942	6,064,374	5,115,769	3,865,059	2,977,289	5,455,660	3,877,923	6,109,588	5,595,345	413,854
Total governmental funds	$ 7,923,353	7,086,009	6,556,182	6,577,607	6,044,495	7,974,547	5,359,002	6,477,922	4,892,710	(827,266)

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Local sources:										
Property taxes	$ 10,070,556	9,776,747	9,183,015	8,941,312	8,872,287	8,738,657	7,902,978	8,303,356	6,940,063	6,760,535
Local option sales and services taxes	2,460,328	2,371,557	2,303,861	2,231,212	2,324,759	1,893,836	2,105,717	0	0	0
Interest income	389,759	214,830	76,699	153,031	324,563	641,518	622,043	694,038	250,230	110,465
Other revenues	2,089,297	2,026,102	1,981,132	1,926,859	1,991,744	1,714,344	1,666,400	1,722,570	1,469,271	1,586,874
Total local sources	15,009,940	14,389,236	13,544,707	13,252,414	13,513,353	12,988,355	12,297,138	10,719,964	8,659,564	8,457,874
Intermediate sources										
Other revenues	4,550	14,596	0	935	0	0	0	0	0	0
Total intermediate sources	4,550	14,596	0	935	0	0	0	0	0	0
State sources:										
State education finance program	10,418,253	9,860,688	9,554,699	9,200,270	9,198,825	9,393,609	9,244,263	8,887,466	8,533,900	8,170,433
Other state grants	1,917,782	1,675,568	1,649,543	1,852,349	2,021,043	1,791,632	1,724,616	1,625,793	1,592,840	1,414,065
Total state sources	12,336,035	11,536,256	11,204,242	11,052,619	11,219,868	11,185,241	10,968,879	10,513,259	10,126,740	9,584,498
Federal sources:										
Federal grants	735,813	674,833	608,099	388,656	369,326	274,138	353,275	254,905	201,237	195,672
Total federal sources	735,813	674,833	608,099	388,656	369,326	274,138	353,275	254,905	201,237	195,672
Total revenues	$ 28,086,338	26,614,921	25,357,048	24,694,624	25,102,547	24,447,734	23,619,292	21,488,128	18,987,541	18,238,044

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT RATIO,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Regular instruction	$ 9,022,917	9,316,756	9,234,071	8,833,785	8,799,403	8,307,280	7,989,901	7,724,455	7,410,567	7,282,124
Special instruction	3,343,311	3,382,905	3,947,774	3,560,511	3,044,665	2,679,419	2,385,283	2,166,857	1,985,507	1,864,111
Other instruction	3,139,649	2,771,396	1,915,423	1,919,061	1,798,888	1,874,476	1,740,211	1,706,955	1,763,505	1,849,383
Student services	1,059,475	1,015,187	967,602	907,233	875,513	780,644	711,573	666,470	616,320	602,142
Instructional staff services	976,259	1,111,963	1,097,792	1,130,068	1,094,155	1,338,727	1,277,091	1,335,155	1,127,533	936,376
Administration services	2,695,929	2,363,462	2,230,184	1,975,959	1,937,101	1,954,084	1,869,244	1,912,687	1,704,002	1,593,856
Operation and maintenance of plant services	2,194,131	2,247,570	2,209,956	2,099,465	1,884,026	1,981,390	1,739,469	1,564,998	1,591,985	1,643,765
Transportation services	1,131,221	1,054,730	968,457	818,105	917,150	1,060,559	1,014,067	774,604	724,475	766,865
Food service operations	22,166	4,104	13,903	4,065	1,971	571	1,242	1,947	4,399	472
Community service and education program	0	0	630	438	0	0	0	0	0	0
Capital outlay										
Facilities acquisition/construction	1,733,138	994,402	924,800	1,030,566	5,077,425	3,046,855	4,365,758	3,893,216	975,518	472,590
AEA flowthrough	866,735	821,910	806,571	840,688	842,394	865,361	838,767	816,747	781,062	754,258
Debt service										
Principal	715,000	685,000	655,000	610,000	340,000	325,000	353,706	170,000	80,576	39,500
Interest and fiscal charges	373,638	396,638	424,736	450,968	435,326	378,181	452,214	309,576	10,239	10,500
Total expenditures	27,273,569	26,166,023	25,396,899	24,180,912	27,048,017	24,592,547	24,738,526	23,043,667	18,775,688	17,815,942
Debt service as a percentage of noncapital expenditures	3.99%	4.13%	4.25%	4.39%	2.87%	2.86%	3.26%	2.08%	0.48%	0.28%

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Excess of revenues over(under) expenditures	$ 812,769	448,898	(39,851)	513,712	(1,945,470)	(144,813)	(1,119,234)	(1,555,539)	211,853	422,102
Other Financing Sources (Uses)										
Long-term debt issued	0	0	0	0	0	2,517,559	0	3,130,000	5,500,000	0
Sale of capital assets	9,575	1,685	8,321	875	418	219,292	1,579	9,454	2,181	2,007
Compensation for loss of capital assets	0	0	105	8,525	0	23,507	32	0	1,044	978
Transfer in	1,110,129	1,178,578	1,089,736	1,070,968	790,841	703,181	636,438	26,232	97,845	103,114
Transfer out	(1,095,129)	(1,099,334)	(1,079,736)	(1,060,968)	(775,841)	(703,181)	(636,438)	(26,232)	(92,845)	(103,114)
Total other financing sources (uses)	24,575	80,929	18,426	19,400	15,418	2,760,358	1,611	3,139,454	5,508,225	2,985
Net change in fund balance	$ 837,344	529,827	(21,425)	533,112	(1,930,052)	2,615,545	(1,117,623)	1,583,915	5,720,078	425,087

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN FISCAL YEARS

Fiscal Year	Actual Value: Residential Property	Actual Value: Commercial Property	Actual Value: Other Property	Less Exemptions	Total Taxable Value	Total Direct Rate (a)
1997	174,735,856	102,527,175	153,805,409	1,569,453	429,498,987	15.98307
1998	189,032,480	110,111,414	161,702,974	1,568,693	459,278,175	17.73248
1999	202,721,208	126,821,707	164,074,266	1,564,940	492,052,241	15.76085
2000	227,391,727	159,752,353	136,402,148	1,564,940	521,981,288	15.70745
2001	238,515,278	161,893,378	143,635,212	1,557,532	542,486,336	15.66165
2002	250,810,845	182,928,264	146,190,615	1,531,604	578,398,120	15.32122
2003	256,445,451	172,132,325	161,673,916	1,507,528	588,744,164	14.99307
2004	277,731,374	204,509,254	142,744,853	1,536,850	623,448,631	15.03382
2005	291,046,294	204,959,840	143,959,212	1,548,270	638,417,076	15.12320
2006	307,576,363	215,835,281	147,204,843	1,563,084	669,053,403	15.17814

Source: Scott County Auditor

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year.

(a) Per $1,000 of assessed value.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES,
LAST TEN FISCAL YEARS
(rate per $1,000 of assessed value)

Fiscal Year	District Direct Rates				Overlapping Rates*										
	General Purposes	Capital Purposes	Debt Service	Total	Scott County	College Area IX	City of Bettendorf	City of Davenport	City of Dixon	City of Donahue	City of Eldridge	City of Long Grove	City of Maysville	City of McClausland	City of Princeton
1997	$ 14.77880	$ 1.00000	$ -	$ 15.77880	$ 4.32681	$ 0.51543	$ 11.45613	$ 13.96012	$ 8.10000	$ 5.22588	$ 8.05711	$ 5.57759	$ 3.77368	$ 6.52527	$ 6.58606
1998	14.98307	1.00000	-	15.98307	4.19239	0.58671	11.45630	13.96012	8.10000	5.22588	8.05711	5.57759	3.77368	6.52527	6.58606
1999	14.94134	1.30000	1.49114	17.73248	3.91472	0.57182	11.45555	13.96012	8.09974	5.25586	7.16197	5.78412	3.99799	6.52507	6.69140
2000	14.46085	1.30000	-	15.76085	4.06203	0.54709	11.49320	13.95123	8.09981	5.31451	6.46747	6.99376	4.60923	7.91701	6.69112
2001	14.40745	1.30000	-	15.70745	4.16147	0.60302	11.46317	14.63429	7.92961	5.14553	6.37566	7.50571	4.31483	7.64701	7.15950
2002	14.36165	1.30000	-	15.66165	4.17307	0.60382	10.45550	14.60301	8.09975	5.20471	6.37553	7.87004	4.76008	7.64697	9.30742
2003	14.02122	1.30000	-	15.32122	4.48067	0.62633	11.85000	14.63000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
2004	14.02122	1.30000	-	15.32122	4.48067	0.62633	11.85000	14.63000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
2005	13.73382	1.30000	-	15.03382	4.75497	0.59216	12.34932	15.24000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
2006	13.82320	1.30000	-	15.12320	5.56513	0.59269	12.34952	15.24000	8.10000	5.42517	6.64795	8.10000	5.16097	8.10000	9.02314

Source: Scott County Auditor's Office

Note:
* Includes levies for operating and debt service costs.
The District has certain restrictions on raising the property tax rate.

General Fund

The District's enrollment as well as district property value and state aid is formula calculated to determine the maximum amouth of allowable funding.
This maximum amount is applied to the property tax value to determine the maximum levy for the General Fund.

Special Revenue Funds

The Special Revenue Fund, PPEL has a restriction from voters of $1.00 and board imposed levy up to $0.33.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

	2006			1997		
Name of Taxpayer	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Deere and Company Inc.	$ 20,929,097	1	3.0539 %	$ 36,406,860	1	8.5081 %
Alliance Pipeline	19,548,102	2	2.8524	-		-
Davenport 1031 LLC	18,517,300	3	2.7020	-		-
Petersen Properties LC	12,055,879	4	1.7592	10,986,400	2	2.5675
Northern Border Pipeline Co.	10,651,246	5	1.5542	-		-
Mid America Energy	10,104,957	6	1.4745	6,553,425	3	1.5315
The Bawden Corp.	6,875,220	7	1.0032	2,873,145	9	0.6714
Stag II Eldridge	6,516,230	8	0.9508	-		-
Edward Schwartz	5,623,250	9	0.8205	-		-
Interstate Power & Light	5,315,708	10	0.7757	-		-
Central Scott Telephone Co.	-		-	6,468,751	4	1.5117
Murray Enterprises LTD	-		-	5,526,230	5	1.2914
Iowa Electric Light & Power Co.	-		-	4,272,905	6	0.9986
Bawden Bros. Inc.	-		-	4,212,625	7	0.9845
River Valley Cooperative	-		-	3,073,263	8	0.7182
CFJ Properties	-		-	2,577,818	10	0.6024
Total	$ 116,136,989		16.9464 %	$ 82,951,422		19.3853 %

Source: Scott County Auditor.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	$ 6,709,509	$ 6,685,904	99.65%	$ N/A	$ 6,685,904	99.65%
1998	6,992,193	6,857,672	98.08%	N/A	6,857,672	98.08%
1999	8,207,781	8,209,549	100.02%	N/A	8,209,549	100.02%
2000	8,000,522	7,816,447	97.70%	N/A	7,816,447	97.70%
2001	8,499,469	8,634,891	101.59%	3,980	8,638,871	101.64%
2002	8,828,166	8,780,978	99.47%	2,903	8,783,881	99.50%
2003	9,366,112	8,932,147	95.37%	9,165	8,941,312	95.46%
2004	9,141,191	9,152,693	100.13%	30,322	9,183,015	100.46%
2005	9,676,444	9,721,157	100.46%	55,590	9,776,747	101.04%
2006	9,967,028	9,678,833	97.11%	-	9,678,833	97.11%

Source: Scott County Auditor and School District financial records.

Note: N/A = not available.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities							Percentage of Personal Income*	Per Capita*
	Compensated Absences	Early Retirement	Loan Payable	Lease Purchase Contracts	General Obligation Bonds	Revenue Bonds	Total Primary Government		
1997	$ 30,370	$ 103,281	$ 160,500	$ 41,600	$ -	$ -	$ 335,751	1.55 %	$ 22
1998	72,739	135,285	118,926	2,598	5,500,000	-	5,829,548	25.52	386
1999	78,736	309,823	98,926	-	8,480,000	-	8,967,485	35.76	593
2000	85,645	265,259	-	-	8,225,000	-	8,575,904	35.77	567
2001	122,672	295,967	-	-	7,900,000	2,500,000	10,818,639	44.35	716
2002	126,444	291,861	-	-	7,560,000	2,500,000	10,478,305	40.46	784
2003	138,299	524,656	-	-	7,200,000	2,250,000	10,112,955	37.33	756
2004	140,033	454,301	-	-	6,825,000	1,970,000	9,389,334	32.49	702
2005	151,562	243,063	-	-	6,435,000	1,675,000	8,504,625	N/A	636
2006	146,952	60,425	-	-	6,025,000	1,370,000	7,602,377	N/A	569

Source: School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 8 in the notes to the financial statements.
* See Page 77 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
N/A = not available.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

RATIO OF NET BONDED DEBT TO ASSESSED VALUES,
LAST TEN YEARS

Year (Of Collection)	Estimated Actual Value Of Taxable Property	Total Primary Government Outstanding Debt	Net Bonded Debt	Amount Restricted For Repayment Of Outstanding Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita*
2006-07	$ 685,318,055	$ 7,602,377	$ 7,395,000	$ 250,000	1.08 %	$ 489
2005-06	654,803,524	8,504,625	8,110,000	250,000	1.24	537
2004-05	640,604,822	9,389,334	8,795,000	250,000	1.37	582
2003-04	606,472,423	10,112,955	9,450,000	250,000	1.56	625
2002-03	595,758,092	10,478,305	10,060,000	250,000	1.69	666
2001-02	559,838,351	10,818,639	7,900,000	250,000	1.85	591
2000-01	521,981,288	8,575,904	8,225,000	250,000	1.58	615
1999-00	492,052,241	8,967,485	8,480,000	-	1.72	634
1998-99	459,278,175	5,829,548	5,500,000	-	1.20	411
1997-98	427,909,350	335,751	-	-	-	-

Source: Scott County Auditor and School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 8 in the notes to the financial statements.
* See Page 77 for personal income and population data. This ratio is calculated using personal income and population for the prior calander year.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

RATIO OF ANNUAL DEBT SERVICE PRINCIPAL AND INTEREST FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES,
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service Principal and Interest	Total General Fund Expenditures	Ratio Of Debt Service To Total General Expenditures
2006	$ 715,000	$ 367,638	$ 1,082,638	$ 22,851,808	4.74 %
2005	685,000	396,038	1,081,038	22,391,442	4.83
2004	655,000	424,736	1,079,736	21,743,927	4.97
2003	610,000	450,968	1,060,968	20,768,083	5.11
2002	340,000	435,326	775,326	19,942,394	3.89
2001	325,000	378,181	703,181	19,578,293	3.59
2000	255,000	447,045	702,045	18,476,712	3.80
1999	150,000	303,363	453,363	17,850,564	2.54
1998	-	-	-	16,963,701	-
1997	-	-	-	16,374,522	-

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2006	
Assessed value	$ 693,918,026
Debt limit (5% of assessed value)	34,695,901
Debt applicable to limit	7,395,000
Legal debt margin	$ 27,300,901

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	$ 21,395,468	$ 22,963,909	$ 24,602,612	$ 26,099,064	$ 27,991,918	$ 29,787,905	$ 30,323,621	$ 32,030,241	$ 32,740,176	$ 34,695,901
Total net debt applicable to limit	-	5,500,000	8,480,000	8,225,000	7,900,000	10,060,000	9,450,000	8,795,000	8,110,000	7,395,000
Legal debt margin	21,395,468	17,463,909	16,122,612	17,874,064	20,091,918	19,727,905	20,873,621	23,235,241	24,630,176	27,300,901
Total net debt applicable to the limit as a percentage of debt limit	-	23.95%	34.47%	31.51%	28.22%	33.77%	31.16%	27.46%	24.77%	21.31%

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT,
AS OF JUNE 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
Scott County	$ 10,480,000	11.66 %	$ 1,221,723
Eastern Iowa Community College	42,520,000	7.34	3,121,444
City of Bettendorf	52,405,000	0.15	79,922
City of Davenport	139,760,000	2.96	4,138,985
City of Eldridge	665,000	100.00	665,000
City of Princeton	95,152	100.00	95,152
Subtotal, overlapping debt			9,322,226
District direct debt			7,602,377
Total direct and overlapping debt			$ 16,924,603

Source: Scott County Auditor.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This statistical page estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businessess of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into acocunt. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value. (Calculated by dividing the amount of the value applicable to the North Scott School District by the total value for that taxing authority; 2005 assessed values are used.)

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PLEDGED-REVENUE COVERAGE, LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds*			
		Debt Service		
	Revenue	Principal	Interest	Coverage
1997	$ -	$ -	$ -	-
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	-	-	-	-
2002	2,324,759	-	71,430	32.55
2003	2,231,212	250,000	102,645	6.33
2004	2,303,861	280,000	92,895	6.18
2005	2,371,557	295,000	81,966	6.29
2006	2,460,328	305,000	69,425	6.57

Source: School District records.

Notes: Details regarding the District's outstanding debt can be found in Note 8 of the notes to the financial statements.

* These bonds are backed by a one-cent local option sales and service tax.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS,
LAST TEN CALENDAR YEARS

Calendar Year	Population(a)	Personal Income(b) (thousands of dollars)	Per Capita Personal Income	Scott County Area Unemployment Rate(c)
1997	15,112	$ 216,390,639	$ 14,319	3.2 %
1998	15,112	228,470,299	15,118	2.7
1999	15,112	250,751,260	16,593	3.0
2000	15,112	239,719,673	15,863	2.2
2001	15,112	243,923,540	16,141	3.5
2002	13,372	258,997,274	19,369	3.9 *
2003	13,372	270,927,404	20,261	4.1 *
2004	13,372	288,967,490	21,610	4.6 *
2005	13,372	N/A	N/A	4.6 *
2006	13,372	N/A	N/A	N/A

Source:
(a) U.S. Census Bureau
(b) Iowa Department of Revenue
(c) Iowa Workforce Development

Notes: N/A = not available.
* Based on a ten month period, January through October.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO

	2006			1997		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Scott County						
ALCOA	2,500	1	2.8410 %	$ 2,500	3	1.4 %
Kraft Foods, Inc.	1,500	2	1.7046	-	-	-
Mid American Energy	1,200	3	1.3637	1,200	6	0.7
Genesis Medical Center	1,090	4	1.2387	2,900	1	1.7
HyVee Food Stores	1,070	5	1.2160	-	-	-
Deere and Company, Inc.	950	6	1.0796	850	9	0.5
Isle of Capri	923	7	1.0489	-	-	-
APAC Customer Service	900	8	1.0228	550	10	0.3
Rhythm City Casino	750	9	0.8523	-	-	-
Nestle Petcare Company	500	10	0.5682	-	-	-
Davenport Community Schools	-	-	-	2,537	2	1.5
Oscar Mayer	-	-	-	1,660	4	1.0
City of Davenport	-	-	-	1,234	5	0.7
President Riverboat Casino and Blackhawk Hotel	-	-	-	1,000	7	0.6
Eastern Iowa Community Collge	-	-	-	902	8	0.5
Total for Scott County	11,383		12.9357 %	15,333		8.9 %
Rock Island County						
Deere and Company	5,300	1	6.7162 %	$ 5,491	2	7.3 %
Rock Island Arsenal	5,100	2	6.4627	6,750	1	9.0
Tyson Fresh Meats, Inc.	2,500	3	3.1680	-	-	-
Trinity Medical Center	1,500	4	1.9008	2,147	4	2.9
Blackhawk Community College	700	5	0.8870	815	9	1.1
Moline Public Schools	631	6	0.7996	1,080	7	1.4
Kone, Inc.	580	7	0.7350	-	-	-
Xpac (Export Packaging, Inc.)	500	8	0.6336	-	-	-
Augustana College	480	9	0.6083	-	-	-
Jumer's Casino Rock Island	470	10	0.5956	-	-	-
IBP	-	-	-	2,200	3	2.9
HyVee Food Stores	-	-	-	2,000	5	2.7
Case Corporation	-	-	-	1,500	6	2.0
Rock Island-Milan Community Schools	-	-	-	1,000	8	1.3
Illini Hospital	-	-	-	800	10	1.1
Total for Rock Island County	17,761		22.5068 %	23,783		31.7 %

Source: Dunn & Bradstreet, Marketing Jan-March 2006, Scott County and Rock Island County Offices.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE,
LAST TEN FISCAL YEARS

	Full-time-Equivalent Employees as of June 30,										Percentage Change
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1997-2006
Supervisory											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00 %
Principals	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.5	8.0	12.50
Assistant Principals	1.0	1.0	-	1.0	1.0	1.0	1.0	2.0	2.0	2.0	50.00
District Secretary	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.00
Other Officials/Administrators	-	1.0	1.0	2.0	2.0	3.0	3.0	2.0	2.0	-	0.00
Total supervisory	9.3	10.3	9.3	11.3	11.3	12.3	12.3	12.3	12.8	11.3	17.70
Instruction:											
Classroom Teachers	156.5	155.3	152.8	156.8	156.9	155.2	153.1	160.1	179.1	147.7	(5.97)
Special Education	-	-	-	-	-	-	-	-	-	35.5	100.00
Special Programs	29.5	31.0	33.0	36.3	37.8	41.3	45.0	51.0	38.8	2.4	(1129.17)
Vocational Teachers	-	-	-	-	-	-	-	-	-	11.0	100.00
Teacher Aides	26.6	27.9	40.0	44.5	35.9	57.6	51.9	58.9	65.3	71.2	62.64
Instructional Technology Technicians	-	-	-	-	-	-	-	-	-	2.0	100.00
Other Instructional Programs	-	-	1.3	1.0	1.5	2.0	5.3	3.3	2.0	12.5	100.00
Total instruction	212.6	214.2	227.1	238.6	232.1	256.1	255.3	273.3	285.2	282.3	24.68
Student services:											
Social Workers	-	-	-	-	-	-	-	-	-	1.0	100.00
Counselors	7.8	7.8	7.8	7.8	8.8	10.0	10.0	11.0	11.0	11.0	29.09
Library/Media Specialists	6.0	6.0	6.0	6.0	6.0	6.0	5.3	5.3	4.6	4.6	(30.43)
Curriculum Specialists	1.0	1.0	-	-	-	-	-	-	-	-	(100.00)
Nurses	4.8	4.8	4.8	4.8	4.8	4.9	4.9	4.9	5.4	5.3	8.57
Total student services	19.6	19.6	18.6	18.6	19.6	20.9	20.2	21.2	21.0	20.9	6.00
Support and Administration:											
Other Support Services	-	-	-	-	-	-	-	-	8.8	2.0	100.00
Office/Clerical Personnel	21.7	23.2	23.2	20.0	21.5	23.5	22.2	22.5	24.5	20.9	(3.83)
Business Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00
Other Professional Employees	2.0	2.0	6.0	5.3	4.8	6.3	-	-	1.0	1.5	(33.33)
Technology Specialist	-	-	-	-	-	-	-	-	-	1.0	100.00
Other Technical Personnel	0.8	7.8	0.8	0.8	6.8	4.3	11.3	11.3	2.3	2.5	68.00
Crafts & Trades Personnel	5.5	5.5	5.5	6.5	6.5	4.5	5.5	5.5	5.5	6.6	17.04
Laborers	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.8	3.0	0.00
Service Workers	20.0	20.0	20.0	22.4	23.5	41.8	50.2	52.4	58.4	53.4	62.57
Operative personnel	16.8	17.3	18.5	18.5	18.3	18.6	15.5	17.0	18.0	16.8	(0.30)
Total support and administration	70.8	79.8	78.0	77.5	85.4	103.0	108.7	112.7	116.5	106.7	33.65
TOTAL	312.3	323.9	333.2	346.0	348.4	392.3	396.5	419.5	444.3	424.1	26.37 %

Source: School District personnel records.

Notes:
In 2006, there was a change in the way the District allocated FTE areas due to account code changes required by the Iowa Department of Edcuation.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS,
LAST TEN FISCAL YEARS

Fiscal Year	Daily Average Attendance	Operating Expenditures	Cost per Pupil	Percentage Change	Governmental Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teaching Ratio
1997	3,021	$ 16,439,159	$ 5,442	0.73 %	N/A	N/A	N/A	200.8	15.54
1998	3,048	17,076,922	5,603	2.96	N/A	N/A	N/A	201.1	15.56
1999	3,048	17,846,519	5,855	4.51	N/A	N/A	N/A	200.9	15.60
2000	2,861	18,476,712	6,458	10.30	N/A	N/A	N/A	207.9	14.73
2001	2,768	19,578,293	7,073	9.52	N/A	N/A	N/A	211.0	14.14
2002	2,792	19,942,394	7,143	0.98	N/A	N/A	N/A	213.5	13.65
2003	2,834	20,768,083	7,328	2.60	$ 26,260,445	$ 9,266	N/A	218.7	13.52
2004	2,879	21,743,927	7,553	3.06	26,050,650	9,049	(2.35) %	231.2	12.89
2005	2,777	22,391,442	8,063	6.76	25,801,218	9,291	2.68	235.5	12.85
2006	3,013	22,851,808	7,584	(5.94)	26,092,213	8,660	(6.79)	226.7	12.84

Source: Nonfinancial information from district records. School District financial records.

Notes: N/A = not available. Operating expenditures are total expenditures in the General Fund.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FREE AND REDUCED STUDENTS,
LAST TEN FISCAL YEARS

Fiscal Year	Reduced Students	Reduced Percentage	Free Students	Free Percentage	Total Free and Reduced Students	Total Free and Reduced Percentage
2006	165	5.38%	478	15.58%	643	20.95%
2005	151	4.97%	448	14.76%	599	19.73%
2004	163	5.46%	405	13.57%	568	19.03%
2003	153	5.19%	358	12.15%	511	17.34%
2002	98	3.58%	329	12.03%	427	15.61%
2001	99	3.54%	334	11.95%	433	15.50%
2000	104	3.60%	308	10.68%	412	14.28%
1999	140	4.80%	322	11.05%	462	15.85%
1998	141	4.86%	304	10.47%	445	15.32%
1997	140	4.80%	322	11.04%	462	15.84%

Source: School District records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION,
LAST TEN FISCAL YEARS

School	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Armstrong										
Square feet	38,795	38,795	38,795	41,095	41,095	41,095	41,095	41,095	41,095	41,095
Capacity*	660	660	660	720	720	720	720	720	720	720
Enrollment	310	331	329	325	316	289	291	271	280	276
Playgrounds	2	2	2	2	2	2	2	2	2	2
Glenn										
Square feet	22,433	22,433	22,433	26,297	26,297	26,297	26,297	26,297	26,297	26,297
Capacity*	390	390	390	480	480	480	480	480	480	480
Enrollment	311	298	312	284	279	264	259	258	265	261
Playgrounds	2	2	2	2	2	2	2	2	2	2
Grissom										
Square feet	25,345	25,345	25,345	29,209	29,209	29,209	29,209	29,209	29,209	29,209
Capacity*	390	390	390	480	480	480	480	480	480	480
Enrollment	300	295	270	270	242	209	208	203	209	232
Playgrounds	2	2	2	2	2	2	2	2	2	2
Shepard										
Square feet	37,579	37,579	37,579	39,609	39,609	39,609	39,609	39,609	39,609	39,609
Capacity*	660	660	660	720	720	720	720	720	720	720
Enrollment	339	337	334	305	307	312	295	322	305	311
Playgrounds	2	2	2	2	2	2	2	2	2	2
White										
Square feet	36,996	36,996	36,996	42,546	42,546	42,546	42,546	42,546	42,546	42,546
Capacity*	660	660	660	780	780	780	780	780	780	780
Enrollment	389	388	383	378	380	371	388	425	402	437
Playgrounds	2	2	2	2	2	2	2	2	2	2
Jr. High										
Square feet	82,748	82,748	82,748	104,270	104,270	104,270	104,270	104,270	104,270	104,270
Capacity*	810	810	810	960	960	960	960	960	960	960
Enrollment	482	463	510	516	513	497	501	475	489	487
Playgrounds	-	-	-	-	-	-	-	-	-	-
High School										
Square feet	173,268	173,268	173,268	199,143	199,143	199,143	199,143	199,143	199,143	199,143
Capacity*	1,470	1,470	1,470	1,740	1,740	1,740	1,740	1,740	1,740	1,740
Enrollment	988	1,018	998	985	947	973	1,015	1,027	1,074	1,054
Playgrounds	-	-	-	-	-	-	-	-	-	-

Source: District records.

Notes:
*Capacity calculation is number of possible classrooms times maximum of 30 students each (as suggested by architect).

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
CAPITAL ASSET INFORMATION,
LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Elementary										
Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	161,148	161,148	161,148	178,756	178,756	178,756	178,756	178,756	178,756	178,756
Capacity	2,760	2,760	2,760	3,180	3,180	3,180	3,180	3,180	3,180	3,180
Enrollment	1,649	1,649	1,628	1,562	1,524	1,445	1,441	1,479	1,461	1,517
Playgrounds	10	10	10	10	10	10	10	10	10	10
Junior High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	82,748	82,748	82,748	104,270	104,270	104,270	104,270	104,270	104,270	104,270
Capacity	810	810	810	960	960	960	960	960	960	960
Enrollment	482	463	510	516	513	497	501	475	489	487
High School										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	173,268	173,268	173,268	199,143	199,143	199,143	199,143	199,143	199,143	199,143
Capacity	1,470	1,470	1,470	1,740	1,740	1,740	1,740	1,740	1,740	1,740
Enrollment	988	1,018	998	985	947	973	1,015	1,027	1,074	1,054
Administrative										
Admin Building	1	1	1	1	1	1	1	1	1	1
Square feet	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188
Warehouse/printshop	1	1	1	1	1	1	1	1	1	1
Square feet	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900
Service buildings	16	17	17	19	19	19	19	19	19	19
Transportation										
Bus Garage	1	1	1	1	1	1	1	1	1	1
Square feet	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250
Buses	37	36	37	37	38	38	38	38	38	38
Athletics										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	2	2	2	2	2	2	2	2	2	2

Source: District 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	05-06	04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97
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. Major interior renovation and enlargement of the girls' locker room was started in May, 2005, as well as the replacement of the original gymnasium floor. 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 interior renovation project was completed in two phases. The district started on a playground safety program, replacing existing playground equipment and adding rubber tile fall protection surfaces at four of the district's elementary buildings.

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 221 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 align curriculum, assessment, and instruction.

- The district continues to implement school improvement activities as part of the North Scott Comprehensive School Improvement Plan.

- The district has identified long-range goals and annual improvement 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.

- A state endorsed, research based reading program "Second Chance Reading" is provided for students in need of reading assistance at the junior high and high school.

- 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. Minutes of the Curriculum Cabinet are provided to the entire staff after each meeting as well as reports 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. All elementary buildings have full time guidance personnel. Professional development was provided for secondary guidance counselors during the 2005-06 school year on effective guidance programs.

- The district continues to provide regular professional development opportunities to all staff in the areas of reading, math, science, utilization of technology, and meeting the needs of diverse learners. In 2005-06, emphasis was placed on six specific thinking/reading strategies and presented through the use of a building literacy coaches model.

- 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 were 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 more than 1,200 computers across the district. The district maintains a web page.

- The Central Office and administrative staff use a web-based personnel software system for hiring new staff.

- The district employs a full time curriculum director to coordinate the K-12 curriculum, instruction, assessment, and school improvement initiatives.

- 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 Mississippi Bend Area Education Agency, participated in a Safe Schools, Healthy Students federal grant.

- Numerous district teachers participated in a Teaching American History federal grant coordinated by Mississippi Bend Area Education Agency.

- An increased number of Advanced Placement, Honors, and dual-credit classes have been offered at the high school.

- Through a Smaller Learning Communities federal grant, the high school piloted a freshman house structure to assist students making the transition from junior high to high school.

- Both the junior high and high school provide a student advisory time each school day.

- The district held Community Forums to offer stakeholders an opportunity to provide input on district initiatives and activities.

POPULATION:

The population of the North Scott Community School District is estimated at approximately 13,372. The school enrollment in September, 2005 was 3006.6 students - 1054 senior high students, 487 junior high students, 1517 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 11 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 404,170 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.

<u>Individuals</u>

District individuals have served and been awarded the following recognition:

- 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
- Iowa State Senator
- 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
- 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
- "Teacher of the Year – Senior Division" award from National History Day in Iowa, 2005
- Presenter - Iowa Department of Education Professional Development Seminar in 2005
- SAI District IX Central Office Administrator of the Year 2005
- Southeast District High School Athletic Director of the Year 2005
- Iowa State Distribution Advisory Council

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
- "Outstanding School of the Year – Jr. High Division" award from the National History Day in Iowa, 2005

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
- 2004 Iowa Sports Turf Manager's Association of the Year
- 2005 National Sports Turf Managers Association High School and Parks Complex Field of the Year

Grants

- Scott County Regional Authority and Riverboat Development Authority, $194,753
- Five-Year Smaller Learning Communities Grant, $799,274

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

Donation

The North Scott Community School District received a $10,000 donation from a community member that was used to enhance the Neil Armstrong Elementary School reconstruction project with a terrazzo mural.

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, gender, sexual orientation, 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

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS,
LAST TEN YEARS

Year	Insured Property Values	Expenditures For Construction	Bank Deposit*
2005-06	$ 65,670,495	$ 1,733,138	$ 2,122,229
2004-05	56,508,413	994,402	3,311,277
2003-04	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

*School district's bank deposit at June 30.

Sources: School District financial and insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OFFICIAL ENROLLMENT BY GRADE,
LAST TEN FISCAL YEARS

Grade	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Preschool	11.0	11.0	14.0	14.0	14.0	14.0	11.0	8.0	13.0	11.0
Pre-K	27.0	12.0	-	-	-	-	-	-	-	-
Kindergarten	217.0	175.0	208.0	198.0	175.0	178.0	174.0	209.0	208.0	207.0
1	182.0	218.0	201.0	179.0	173.0	189.0	217.0	216.0	217.0	223.0
2	219.0	210.0	201.0	184.0	180.0	212.0	216.0	216.0	232.0	243.0
3	222.0	206.0	196.0	190.0	209.0	231.0	221.0	238.0	237.0	230.0
4	209.0	195.0	197.0	214.0	227.0	216.0	239.0	244.0	224.0	259.0
5	213.0	208.0	219.0	232.0	225.0	244.0	243.0	228.0	266.0	235.0
6	217.0	226.0	243.0	230.0	242.0	240.0	241.0	269.0	251.0	236.0
7	229.0	244.0	220.0	243.0	243.0	240.0	265.0	249.0	251.0	217.0
8	250.0	236.1	243.0	249.0	242.0	266.0	245.0	256.0	207.0	260.0
9	260.0	287.0	279.0	266.0	284.0	251.0	277.0	228.0	277.0	283.0
10	277.0	262.0	255.0	279.0	250.0	256.0	222.0	275.0	267.0	258.0
11	251.0	255.0	264.0	246.0	233.0	202.0	251.0	262.0	255.0	232.0
12	266.0	270.0	229.0	224.0	206.0	238.0	235.0	233.0	219.0	215.0
Special Education	11.0	7.0	12.0	13.0	12.0	7.0	1.0	-	5.0	18.0
Open Enrollment	(55.0)	(49.1)	(36.0)	(39.0)	(29.0)	(48.9)	(46.9)	(63.0)	(44.0)	(51.0)
Dual Enrollment	0.6	0.3	0.7	0.9	0.9	0.5	0.6	0.4	0.5	0.9
	3,006.6	2,973.3	2,945.7	2,922.9	2,886.9	2,935.6	3,011.7	3,068.4	3,085.5	3,076.9

Source: School District reports and enrollment records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

SCHEDULE OF INSURANCE COVERAGE,
JULY 1, 2005 - JUNE 30, 2006

Detail of Coverage	Number	Policy Period From	Policy Period To	Liability Limits	Premium
PROPERTY Coverage A - Buildings Coverage B - Personal property Coverage C - Extra expense	9A5-88-74-01	7/1/2005	7/1/2006	Coverages A and B - 90% of full replacement cost as per statement of values - $10,000 deductible. Coverage C - $1,000 - no deductible.	$ 80,268
LIABILITY Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefits, additional insureds.	9A5-88-74-01	7/1/2005	7/1/2006	$1,000,000 bodily injury and property damage each occurrence, $2,000,000 aggregate.	14,510
FLEET Bodily injury, property damage, medical uninsured motorist, comprehensive, collision. Includes non-owned.	9A5-88-74-01	7/1/2005	7/1/2006	$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	30,377
WORKERS' COMPENSATION	9A5-88-74-01	7/1/2005	7/1/2006	Statutory.	158,538
INLAND MARINE All risk coverage based on statement of values.	9A5-88-74-01	7/1/2005	7/1/2006	As per schedule - no deductible.	4,410
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	9A5-88-74-01	7/1/2005	7/1/2006	$10,000,000 occurrence and aggregate.	27,250
SCHOOL DISTRICT LEGAL LIABILITY Includes prior acts, 36-month discovery period extension, teacher negotiation-covers school board and all employees.	9A5-88-74-01	7/1/2005	7/1/2006	$2,000 deductible, $1,000,000 each loss, $1,000,000 aggregate.	5,382
PUBLIC SCHOOL EMPLOYEES BLANKET BOND	9A5-88-74-01	7/1/2005	7/1/2006	Coverage $500,000 all employees w/ $5,000 deductible	1,970
POLLUTION	9A5-88-74-01	7/1/2005	7/1/2006	$500,000 each incident and aggregate	1,125
GROUP EXCESS LIABILITY	9A5-88-74-01	7/1/2005	7/1/2006	$20,000 occurrence limit and $50,000,000 aggregate limit	4,215

Source: School District insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

HISTORY OF STATE AID PAYMENTS, LAST TEN FISCAL YEARS

Fiscal Year	Budgeted State Aid	Actual Revenues	Difference State Aid to Actual	Difference % of Budget Variance**
2006	$ 12,324,528	$ 12,336,035	$ (11,507)	(0.09) %
2005	11,592,994	11,556,393	36,601	0.32
2004	11,381,553	11,237,130	144,423	1.27
2003	10,208,855	10,168,917	39,938	0.39
2002	10,552,224	10,041,219	511,005	4.84
2001	10,248,152	10,258,970	(10,818)	(0.11)
2000	10,098,763	10,083,030	15,733	0.16
1999	9,717,080	9,704,213	12,867	0.13
1998	9,337,683	9,314,962	22,721	0.24
1997	8,950,792	8,924,691	26,101	0.29
Average	$ 10,441,262	$ 10,362,556	$ 78,706	0.74 %

**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.

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 TEN YEARS - PERCENT INCREASE

Budget Year	Enrollment	(A) North Scott New Money	(B) North Scott Settlement	(C) New Money State Trend	(D) Settlement State Trend	(E) Certified Teaching Staff (FTE)
2005-06	3,006.6	5.16 %	4.19 %	2.25 %	4.49 %	227.70
2004-05	2,973.3	4.98	5.70	1.99	4.36	230.70
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
TEN YEAR AVERAGE		2.88	3.97	2.17	4.19	213.59
PERCENT VARIANCE (B-A)/A		0.38		(D-C)/C	93.27	

*Source: IASB Reports

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

AVERAGE SALARY BY EDUCATION LEVEL, LAST FIVE FISCAL YEARS

Education Level		Fiscal Year Ended June 30, 2006	2005	2004	2003	2002
BA	Total FTE	54.00	69.83	63.83	46.50	45.00
	Average Salary	28,897.89	27,948.79	27,502.69	26,391.61	25,875.00
BA + 15	Total FTE	35.37	28.87	31.87	26.83	25.33
	Average Salary	35,734.07	36,107.38	34,884.42	34,724.05	35,326.59
BA + 30	Total FTE	36.00	40.00	39.00	46.00	54.50
	Average Salary	42,984.14	40,999.54	40,029.76	40,203.59	38,781.54
MA	Total FTE	52.00	52.00	55.50	51.50	41.50
	Average Salary	40,701.17	38,936.37	37,909.70	37,487.18	36,582.83
MA + 15	Total FTE	16.00	14.00	11.00	10.00	13.00
	Average Salary	46,433.19	44,183.71	43,013.73	41,439.00	40,932.69
MA + 30	Total FTE	31.00	27.00	27.00	33.00	34.00
	Average Salary	50,928.32	50,112.37	49,701.56	48,242.73	48,093.75
	Grand Total FTE	224.37	231.70	228.20	213.83	213.33
	Total Average Salary	39,265.49	37,247.99	36,579.75	37,156.64	36,836.29

Source: School District personnel records.

Notes:
Data was not available for the years before 2002. In the future, this schedule will have ten years of data.
Full-time instructional employees of the District are employed for all 192 work days, at eight hours per day or 1,536 hours per year.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

TOTAL PACKAGE SETTLEMENT, LAST TEN YEARS

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
Certified	4.19%	5.74%	3.90%	5.01%	5.02%	4.37%	2.82%	2.73%	2.81%	3.10%
Classified	3.50%	3.65%	3.15%	5.00%	5.02%	2.99% *	2.71%	2.99%	2.71%	2.80%
Bus Drivers	3.50%	3.00%	3.00%	4.80%	5.00%	1.38%	2.29%	2.42%	2.70%	2.90%
Administrators	2.80%	3.25%	2.54%	5.00%	5.00%	4.40%	2.89%	3.00%	2.70%	2.90%
Mid Management	3.20%	3.25%	3.03%	5.00%	5.00%	4.40%	2.89%	3.00%	2.70%	2.90%
Print Shop	3.20%	3.60%	3.03%	5.00%	5.92%	4.40%	2.89%	3.00%	2.70%	2.90%
Exempt	3.28%	3.60%	3.04%	5.00%	5.09%	4.40%	2.89%	3.00%	2.70%	2.90%

*** 3rd year of three year contract settled on no wage reduction, no step not precedent setting - should have been 1.38%**

Source: School District Records

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FINANCIAL SOLVENCY RATIO,
LAST TEN FISCAL YEARS

FINANCIAL SOLVENCY = UNRESERVED UNDESIGNATED GENERAL FUND BALANCE / ACTUAL REVENUES

Fiscal Year	Unreserved Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio
2006	$ 1,204,763	$ 23,195,583	5.19 %
2005	866,268	21,972,664	3.94
2004	1,428,482	20,471,792	6.98
2003	2,681,016	20,413,425	13.13
2002	2,874,632	20,490,713	14.03
2001	2,354,818	20,616,101	11.42
2000	1,232,303	19,589,457	6.29
1999	158,395	18,921,533	0.84
1998	(780,411)	17,582,748	(4.44)
1997	(1,269,296)	16,743,781	(7.58)

Source: School District Financial Records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
DIRECT:			
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
FUND FOR THE IMPROVEMENT OF EDUCATION (SMALLER LEARNING COMMUNITIES PROGRAMS)	84.215L	FY 06	$ 181,813
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION	10.550	FY 06	72,853
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 06	48,726
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 06	262,335
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 06	6,596
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 06	13,885
			331,542
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4784-G	160,543
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4784-GC	4,558
			165,101
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 05	1,744
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 06	5,896
			7,640
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 06	6,219
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 06	87,293
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 06	18,288
ADVANCE PLACEMENT PROGRAM	84.330	FY 06	52
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 05	146,342

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT(CONTINUED):			
MISSISSIPPI BEND AREA EDUCATION AGENCY(CONTINUED):			
SPECIAL EDUCATION - GRANTS TO STATES (SUCCESS 4)	84.027	FY 06	1,547
TECH-PREP EDUCATION	84.243	FY 06	6,600
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 06	341
FUNDS FOR THE IMPROVEMENT OF EDUCATION (HISTORY GRANT)	84.215X	FY 06	1,508
DEPARTMENT OF HUMAN SERVICES: MEDICAL ASSISTANCE PROGRAM	93.778	FY 06	3,621
OFFICE OF AIR AND RADIATION: ENVIRONMENTAL PROTECTION AGENCY: SURVEYS, STUDIES, INVESTIGATIONS, DEMONSTRATIONS AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT (CLEAN SCHOOL BUS PROGRAM)	66.034	FY 06	8,208
			$ 1,038,968

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 basic financial statements.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PROJECT ACTIVITY
TITLE I, ESEA PROJECT #4784-G
YEAR ENDED JUNE 30, 2006

LEA TITLE I, ESEA BUDGET AUDIT REPORT TO SEA

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

July 1, 2005 - June 30, 2006

Expenditures Code & Classification	Approved Budget	Completion Audit 2005-06	Total Expended
Salaries (100)	$ 108,496	$ 108,496	$ 108,496
Employee Benefits (200)	46,338	46,338	46,338
Purchased Services (300-500)	400	400	400
Supplies (600)	618	618	618
Property (700)			
Other Expenses (800-900)			
Indirect Costs (800-900)	4,691	4,691	4,691
Totals	$ 160,543	$ 160,543	$ 160,543

SUMMARY:

Receipts	$ 160,543
Expenditures	$ 160,543
Obligations	$ 0
Balance	$ 0

Project complete.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PROJECT ACTIVITY
TITLE I, ESEA PROJECT #4784-GC
YEAR ENDED JUNE 30, 2006

LEA TITLE I, ESEA BUDGET AUDIT REPORT TO SEA

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

July 1, 2005 - June 30, 2006

Expenditures Code & Classification	Approved Budget	Completion Audit 2004-05	Total Expended
Salaries (100)	$ 4,558	$ 4,558	$ 4,558
Employee Benefits (200)			
Purchased Services (300-500)			
Supplies (600)			
Property (700)			
Other Expenses (800-900)			
Indirect Costs (800-900)			
Totals	$ 4,558	$ 4,558	$ 4,558

SUMMARY:

Receipts	$ 4,558
Expenditures	$ 4,558
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 Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
North Scott Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Scott Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 20, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. 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 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.

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 material weaknesses. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Governmental Auditing Standards. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 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.

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 20, 2006

NOLTE, CORNMAN & JOHNSON P.C.

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

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, 2006. 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 grant agreements 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 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 OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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, 2006.

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 grant agreements 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.

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 grant agreements caused by error or fraud 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 20, 2006

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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.

(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, 2006

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-06 Supporting Documents for Payments with Credit Cards - Payments made with credit cards do not always have detailed supporting documentation. We also noted during our audit one employee was using the District credit card for personal use. However, we noted that the employee had reimbursed the District.

Recommendation - The District has a policy in place for credit card usage as part of the Administrative Regulations policy. The users of the credit cards need to provide detailed receipts for purchases made. The District should review procedures in place to ensure the proper detailed documentation will be available with paid credit card statements. The District employees should not use the District credit cards for personal items.

Response - The procedure will be changed to always require detailed supporting documentation before reimbursements are made. The individual who used the school credit card for personal use has returned the school issued credit card, which has been destroyed.

Conclusion - Response accepted.

II-B-06 Inventory Controls in Place - The District has procedures in place for inventory controls for maintenance supplies and warehouse supplies. The maintenance supplies include cleaning and general building supplies. The warehouse supplies include paper, pencils, markers, chalk and other teaching supply items. The District has on-line or e-mail forms for requesting supplies from the warehouse. These items are shipped to the building by a courier van normally the next day.

We noted during inventory counts that the buildings appeared to be stockpiling supplies. In addition, we noted that the procedure of electronically requesting an item is not always used. At times, individuals will stop by the warehouse and pick up supplies, rather than filling in request forms. This does not provide for controls on assets.

Recommendation - The District should review the procedures with personnel. If the procedures need to be modified for practical application, the District should consider making the necessary changes. The stockpiling of supplies is not necessary if the warehouse can deliver in a one day turnaround. The excess of supplies at the buildings may, if not used timely, become old and may not have the shelf life until used.

Response - The District will review the procedures with all personnel.

Conclusion - Response accepted.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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, 2006

Part IV: Statutory Findings Related to Required Statutory Reporting

IV-A-06 Certified Budget - District disbursements for the year ended June 30, 2006, did not exceed the amount budgeted.

IV-B-06 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-C-06 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-06 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Sue McBride, Bus Driver, Owner of Catering by Sue	Catering	$ 289
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	839
Christie Liske, Aide Spouse of Matt Liske	Official	799
Kathi Washam, Secretary, Sister-in-law of Ron Washam	Official	326
Paul Claeys, Bus Driver Owner of P&S Enterprises	Supplies	1,527
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	6,673
Sherri Marcaeu, Principal Spouse of owner of Marceau Piano Service	Repairs	60
Tina Ganzer, Secretary Spouse of owner of Ganzer, Dean Roofing & Carpentry	Repairs	5,950

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouse of Tina Ganzer, spouse of Judy Kietzman, spouse of Paula McPherson, spouse of Christie Liske spouse of Sherri Marceau and brother-in-law of Kathi Washam 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-E-06 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-F-06 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-06 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-06 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-I-06 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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