

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the

SIOUX CITY COMMUNITY SCHOOL DISTRICT
Sioux City, Iowa

For the Fiscal Year Ended June 30, 2006

OFFICIAL ISSUING REPORT

William K. Stoneburg

Director of Finance

OFFICE ISSUING REPORT

Business Office

SIOUX CITY COMMUNITY SCHOOL DISTRICT

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SIOUX CITY COMMUNITY SCHOOL DISTRICT

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Sioux City Community School District

Education Service Center
1221 Pierce Street
Sioux City, Iowa 51105

December 22, 2006

Mr. Doug Batcheller
and Members of the Board of Education
Sioux City Community School District
Sioux City, Iowa

The Comprehensive Annual Financial Report for the Sioux City Community School District for the fiscal year ended June 30, 2006 is submitted herewith. Responsibility for the accuracy of data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data is presented in a manner designed to fairly set forth the financial position and results of operations of the District, as measured by the financial activity of the various funds; that all disclosures necessary to enable the reader to gain a comprehensive understanding of the District's financial activity have been included; and the information provided is complete and accurate in all material respects.

The financial statements and schedules presented in this comprehensive annual financial report (CAFR) include all the funds of the District in accordance with standards set by the Governmental Accounting Standards Board (GASB).

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, a list of the District's consultants and principal officials, a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International and a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The financial section includes the independent auditors' report, the basic financial statements, Management's Discussion and Analysis, required supplementary information and other supplementary information.

The statistical section includes selected financial and demographic data for up to a ten-year period and has been thoroughly revised in accordance with GASB Statement 44, Economic Condition Reporting: The Statistical Section. The single audit section includes the schedules and various independent auditors' reports and findings required by the Single Audit Act Amendment of 1996, along with comments required by the Iowa Auditor of State.

Management's Discussion and Analysis (MD & A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complement this letter of transmittal and should be read in conjunction with it.

The report presents the financial information of the District accurately and concisely. It is designed to be comprehensive, yet easily readable and accessible.

Mr. Doug Batcheller
and Members of the Board of Education
December 22, 2006

The current Comprehensive Annual Financial Report will be submitted to the Association of School Business Officials International (ASBO) for review for the ASBO Certificate of Excellence and to the Government Finance Officers Association of the United States and Canada (GFOA) for the GFOA Certificate of Achievement.

Accounting System

All funds of the District are presented in this report and have been audited by the District's independent certified public accountants, King, Reinsch, Prosser & Co., L.L.P.

In developing and evaluating the accounting system of the 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 recognizes 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, but we welcome the testing of these controls annually.

Reporting Entity and Its Services

The Sioux City Community School District was organized in March of 1869. The District is supported financially by legislatively appropriated state aid, property taxes, local option sales and services tax, income surtax, state and federal grants for special projects and local revenue received in the form of tuition and other miscellaneous income items. 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 District provides a full range of educational services for residents of the Sioux City Community School District appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for identified children with qualifying special needs, vocational education and many individualized programs such as specialized instruction for students at-risk and students whose primary language is not English. The official enrollment of the District as of September 2005 (the official count date) was 14,139 students.

The financial statements include all funds, agencies, boards, and commissions. The District has also considered all actual and potential component units for which it is financially accountable and all other organizations where 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 of any entity to the District 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; and/or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Sioux City School District has no component units that meet the Governmental Accounting Standards Board criteria.

Cash Management

The District invests in only those securities allowed by the Code of Iowa, Chapter 12C. Because of the uncertainty of the timing of state aid payments, a portion of the available cash must be kept in very liquid accounts.

Cash temporarily idle during the year was invested in Iowa Schools Joint Investment Trust, depository bank accounts, money market accounts, and certificates of deposit. Interest earned on investments during the year was \$1,768,889. The average interest rate was 4.59%, up from 2.7% the previous fiscal year. Almost all banks deposits were with federally chartered banks in insured accounts. Balances exceeding the insurance limits were insured by the State of Iowa under Code Section 12C.23. Most of the District's deposits are with a nationally known bank with a AAA credit rating. The District's banking relationship is determined by an open RFP process. Interest rates are very competitive.

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 money pursuant to a joint investment agreement. The objective of the trust 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. Overnight money may be withdrawn at any time and certificates of deposit mature at designated dates.

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. An active safety training and monitoring program exists. The group health, prescription drugs and dental plans are partially self-funded with stop loss policies purchased for both specific and group aggregate limits.

Budgeting

The District's Board of Education annually adopts and certifies a budget following a public hearing 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 and financial statements for the governmental fund types are prepared on a modified accrual basis and the budget and financial statements for the Enterprise Funds are prepared on the accrual basis. A statement comparing the original and amended budget to actual revenues and expenditures/expenses is included as required supplementary information.

For management control, the line item budgets are reviewed for variances. However, since a budget is a plan, overage or underage on a line item basis are allowed if sufficient funds are available on a major program basis. Iowa law requires the formal and legal budgetary control for the certified budget to be 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. During the year ended June 30, 2006, disbursements in the support services and non-instructional programs functional areas exceeded the amounts budgeted.

Management's Discussion and Analysis

The Management's Discussion and Analysis provides a detailed analysis of the changes in the District's financial position.

Major Initiatives and Achievements

Beginning in 1994 a group of citizens, working with the School Board, began a systematic assessment of facilities. No major upgrades or replacements had occurred since 1972. In 1998 local voters approved a one-cent local option sales and services tax for school infrastructure. This tax was renewed in August of 2005 for an additional ten years beyond the original expiration date of 2008. With that sales tax funding the District was able to develop a plan for the future. The first step was to design a new middle school, as well as certain essential repairs and renovations to existing school buildings. Plans for construction were approved and bids taken for each project. Construction was completed in December 2001 on the new 165,000 square foot West Middle School. The new 195,000 square foot East Middle School (formerly Hayworth) has been completed and opened in August of 2002. The new North Middle School was completed in June of 2004 with an opening date of August 2004. A new Irving Elementary School opened in August of 2006 which replaced the old Irving Elementary School which was the oldest elementary school in the State of Iowa still in operation. The District issued revenue bonds in December 1999, December 2000, July 2001, and April 2005 to finance the construction, with sales tax revenues over the next seven years paying off the bonds. Two other new elementary schools are scheduled to be completed by the fall of 2008.

The District, with funding provided by the State of Iowa and the Federal government, has reduced class sizes at the K - 3 elementary levels. The District's all day kindergarten classes are funded from these programs as well as other early elementary classes.

The District has received a grant from the State of Iowa to provide instruction in both English and Spanish at the new Irving Elementary School. Starting in the fall of 2006, two sections of kindergarten will be taught in both English and Spanish and the plan is to continue through grade five in subsequent years.

Economic Condition and Outlook

The City of Sioux City's location in the tri-state area of Iowa, Nebraska, and South Dakota provides the area with a regional economic importance. While the regional tax base is strong, the property tax base of the Sioux City Community School District itself is substantially below the state average. The per pupil property tax valuation remains among the lowest in the state of Iowa. The Sioux City Community School District ranks 358th out of 365 school districts in the state. Our strong regional retail market continues to provide wealth to the community. Our strong regional market is illustrated by various convention and tourism activities. During the 2006 legislative session the Iowa legislature approved a plan providing for \$1.8 million of property tax relief to the taxpayers of the Sioux City Community School District in FY2007. This property tax aid is scheduled to continue at increased amounts for the next four years, and could total at least \$10 million. This relief is in response to the very low property value per student in the District.

The Sioux City Community School District is faced with the challenge of replacing or renovating a number of old, outdated, and in some cases, worn out schools. The School District's success in passing a 1% local option sales tax for school construction will provide over \$90 million over the 10-year referendum life (October 1998 through September 2008) for replacement of schools. This tax was renewed in August of 2005 for another 10 years through September of 2018. This option is especially welcome since large property tax supported debt issuance will not be necessary to replace schools. Large school debt issuance would have increased overlapping debt with the City and County and negatively affected the bond rating for the City, County, and School District.

Mr. Doug Batcheller
and Members of the Board of Education
December 22, 2006

The State of Iowa's school funding formula projects a controlled budget based on September's enrollment for the current budget year multiplied by a legislatively approved cost per pupil for the subsequent budget year. In fiscal year 1999 the legislature approved moving 75% or \$38 per pupil of Talented and Gifted funding from the local property tax to the state school funding formula, effective for budget year 1999-2000. The per pupil allowable cost for budget year 2005-2006 was \$4,931. The allowable growth rate for FY2007 has been set at 4%.

As in 2005-2006, the School District must operate in the most efficient manner during 2006-2007 to help ensure adequate funding for staff, services and supplies.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence to the District for their comprehensive annual financial report for the fiscal year ended June 30, 2005. In order to be awarded these Certificates, the District must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. These certificates are valid for a period of one year only. We believe our current report continues to conform to these requirements and are submitting it to GFOA and ASBO International to determine its eligibility for a certificate from these organizations.

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. This section has been updated in conformity with the new reporting requirements of GASB 44. This section provides information categorized as follows:

1. Financial trend schedules.
2. Revenue capacity schedules.
3. Debt capacity schedules.
4. Demographic and economic information schedules.

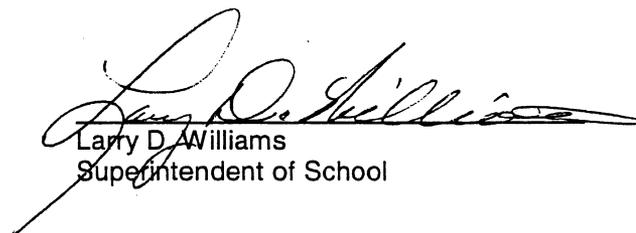
We wish to take this opportunity to thank the Administrative Office Staff that assisted in obtaining and organizing data, the County Auditor and Treasurer offices and the city and town officials who provided much needed information. Without all of the above groups' efforts, the report could not have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

In summary, we hope that this comprehensive annual financial report will give the public we serve a better understanding of our financial condition.

Very truly yours,

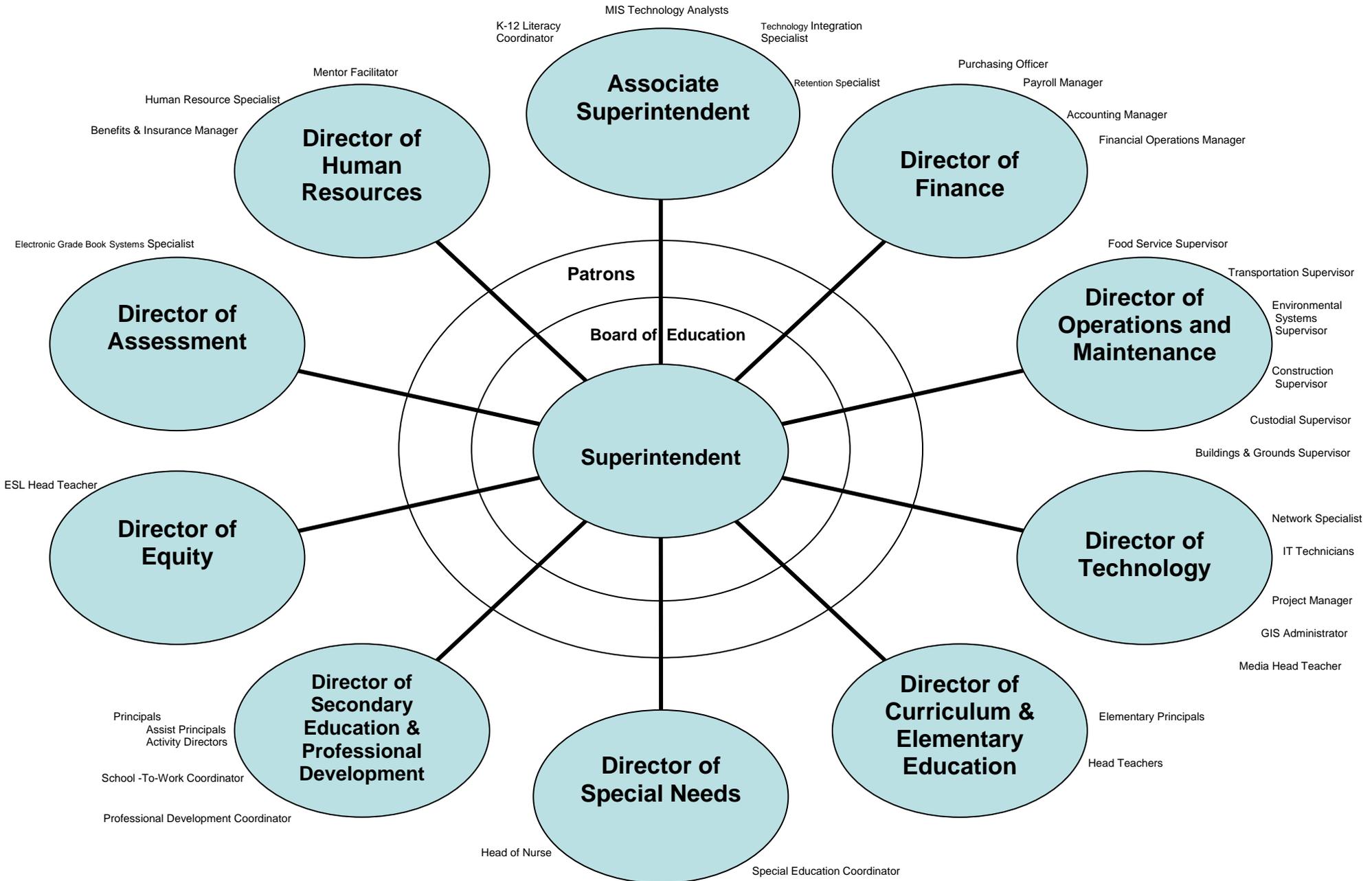


William K. Stoneburg
Director of Finance



Larry D. Williams
Superintendent of School

SIoux CITY COMMUNITY SCHOOL DISTRICT
Administrative Structure FY 2005-2006



SIOUX CITY COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION

YEAR ENDED JUNE 30, 2006

(Before September 2005 Election)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ron Jorgensen	President	September, 2005
Doug Batcheller	Vice President	September, 2006
Barbara Benson	Board Member	September, 2007
James Daane	Board Member	September, 2006
Walt Johnson	Board Member	September, 2007
Nancy Mounts	Board Member	September, 2006
Judy Peterson	Board Member	September, 2005

(After September 2005 Election)

Doug Batcheller	President	September, 2006
Nancy Mounts	Vice President	September, 2006
Barbara Benson	Board Member	September, 2007
James Daane	Board Member	September, 2006
Walt Johnson	Board Member	September, 2007
Ron Jorgensen	Board Member	September, 2008
Judy Peterson	Board Member	September, 2008

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL DISTRICT ADMINISTRATION

YEAR ENDED JUNE 30, 2006

Larry D. Williams	Superintendent
Dr. Linda Madison	Associate Superintendent
William K. Stoneburg	Director of Finance
Steve Crary	Director of Human Resources

BUSINESS OFFICE

Troy Thomas	Purchasing Manager
Gordon Winterlin	Accounting Manager
Linda Bornholtz	Payroll Manager
Patty Pageler	Financial Operations Manager

DIRECTORS

Marilyn Charging	Director of Educational Equity
Roger Lobitz	Director of Technology
LuAnn Richardson	Director of Secondary Education
Linda Waugh	Director of Elementary Education
Mel McKern	Director of Operations and Maintenance
Jean Peters	Director of Special Needs
Pete Garlinghouse	Director of Assessment

SIoux CITY COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

YEAR ENDED JUNE 30, 2006

CERTIFIED PUBLIC ACCOUNTANTS

King, Reinsch, Prosser & Co., L.L.P.
522 4th Street, Suite 200
Sioux City, IA 51101-1620

BOND ATTORNEYS

Ahlers, Cooney, Dorweiler, Haynie, Smith & Allbee
100 Court Avenue, Suite 600
Des Moines, IA 50309-2207

FINANCIAL CONSULTANTS

Piper Jaffray
700 Walnut Street, Suite 1300
Des Moines, IA 50309

GENERAL COUNSEL

Primary:
Berenstein, Moore, Berenstein, Hefferman and Moeller, L.L.P.
501 Pierce Streets, Suite 300
Sioux City, IA 51101

Additional:
Klass, Stoos, Stoik, Mugan & Phillips
500 Jackson Plaza, Box 327
Sioux City, IA 51105

Ahlers, Cooney, Dorweiler, Haynie, Smith & Allbee
100 Court Avenue, Suite 600
Des Moines, IA 50309-2207

ARCHITECTS & ENGINEERS

Schroeder Engineering
220 Westcott
Sioux City, IA 51106

FEH Associates, Inc.
701 Pierce Street, Suite 406
Sioux City, IA 51101

Neumann, Monson, & Wictor
701 Douglas Street
Sioux City, IA 51101

Cannon, Moss, Brygger and Associates, P.C.
401 Douglas Street, Suite 500
Sioux City, IA 51101

TECHNOLOGY CONSULTANTS

Catalyst Solutions
1925 Summit Street
Sioux City, IA 51104

Netsys Plus
2038 So. St. Aubin
Sioux City, IA 51106

INSURANCE CONSULTANTS

Grandy Pratt Insurance a Division of Arthur J.
Gallagher & Company of Iowa, Inc.
4280 Sergeant Road
Sioux City, IA 51106

Gallagher Benefit Services, Inc
6399 South Fiddler's Green Circle
Suite 200
Greenwood Village, CO 80111

INSTRUCTIONAL & CURRICULUM

Learning Group
1325 Des Moines Street
Webster City, IA 50595

SIoux CITY COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

YEAR ENDED JUNE 30, 2006

OFFICIAL DEPOSITORIES

U S Bank Sioux City NA
600 4th Street
Sioux City, IA 51101

Wells Fargo Bank Iowa NA
501 Pierce Street
Sioux City, IA 51101

Security National Bank
601 Pierce Street
Sioux City, IA 51101

First Federal Savings Bank
329 Pierce Street
Sioux City, IA 51101

Pinnacle Bank
1901 Morningside Avenue
Sioux City, IA 51106

Pioneer Bank
701 Pierce Street
Sioux City, IA 51101

ISJIT (Iowa Schools Joint Investment Trust)
(Norwest Bank Iowa)
Des Moines, IA 50309

Iowa/Nebraska Bank
2401 Hamilton Boulevard
Sioux City, IA 51103

Bank of America
818 W. 7th Street
Sioux City, IA 51103

Commercial Federal Bank
3401 Gordon Drive
Sioux City, IA 51101

First American Bank
800 Gordon Drive
Sioux City, IA 51101

First National Bank
600 Pierce Street
Sioux City, IA 51101

Liberty National Bank
4425 Singing Hills Boulevard
Sioux City, IA 51106

Sioux City Heritage Bank NA
4530 Singing Hills Boulevard
Sioux City, IA 51106

Central Bank
522 4th Street
Sioux City, IA 51101

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

SIOUX CITY COMMUNITY SCHOOL DISTRICT

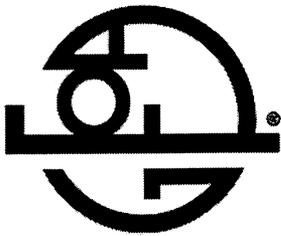
For its Comprehensive Annual Financial Report (CAFR)

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

Interim Executive Director



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

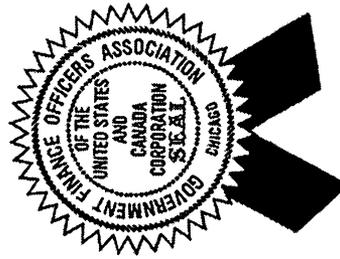
to

William K. Stoneburg

Director of Finance

Sioux City Community School District, Iowa

The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.



Executive Director

Date May 22, 2006



KING, REINSCH, PROSSER & CO., L.L.P.
Certified Public Accountants

Member Private Companies Practice Section of AICPA

522 4TH STREET, SUITE 200
SIOUX CITY, IA 51101-1620
(712) 258-5550
FAX (712) 277-6705

INDEPENDENT AUDITORS' REPORT

To the Board Education
Sioux City Community School District
Sioux City, 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 Sioux City Community School District (the District), Sioux City, 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Sioux City Community School District as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2006 on our consideration of the Sioux City Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



KING, REINSCH, PROSSER & CO., L.L.P.
Certified Public Accountants

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 14 and 44 through 46 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other financial information, statistical information, individual nonmajor fund financial statement, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements. The individual nonmajor fund financial statement and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, other financial information, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sioux City, Iowa
November 21, 2006

King, Reinsch, Prosser + Co., L.L.P.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Sioux City Community School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2006. The analysis focuses on the District's financial performance as a whole. Please read this analysis in conjunction with the transmittal letter at the front of the report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial condition improved in Fiscal Year 2006 as well as in Fiscal Year 2005. Total net assets increased by \$11.6 million or by 14.7%. Total revenues increased from \$131.1 million to \$135.7 million, an increase of 3.5%, mainly additional state aid, property taxes and interest income. Total expenses increased from \$118.8 million to \$124.1 million, an increase of 4.5%, largely driven by additional salaries, benefits and energy costs. The General Fund balance increased by \$141,246 from \$10 million to \$10.1 million.
- Since 2002 the District has built three new middle schools. During Fiscal Year 2005, construction of a new 88,000 square foot elementary school was started to replace a school built in 1886. This school was completed in the summer of 2006 and classes started August 2006. Two more comparable elementary schools are in the architect drawing stage. Modernization of our school infrastructure is a high priority. The funding source is the School Infrastructure Local Option Sales Tax adopted by our taxpayers in 1998, and in August 2005 extended an additional ten years to 2018.
- During Fiscal Year 2006 the District's total property tax levies increased from \$30.4 million to \$31.7 million or 4.6%. The District's total tax rate increased from \$17.02 per thousand dollars of assessed valuation in Fiscal Year 2005 to \$17.50 in Fiscal Year 2006, with the cash reserve levy increasing from \$4.1 million in Fiscal Year 2005 to \$5.2 million in Fiscal Year 2006.
- At the end of the 2006 legislative session, the Iowa legislature approved a plan providing for \$1.8 million of property tax relief in FY 2007 to the taxpayers of the Sioux City Community School District. This explains why the future property tax receivable is less than the prior year. This property tax aid is scheduled to continue at increased amounts for the next four years and could total at least \$10 million.
- Interest income increased from \$995 thousand in Fiscal Year 2005 to \$1.8 million in Fiscal Year 2006 or 77.7%. The average rate increased from 2.7% to 4.59%.
- The District's self-insured Health Insurance Internal Service Fund generated operating income of \$625 thousand in Fiscal Year 2006. In Fiscal Year 2005, the operating income was \$1.6 million. Significant premium increases and plan design changes, as well as changing to a new preferred provider organization, combined to improve the fund's financial condition. The fund had net assets of negative \$1.1 million in Fiscal Year 2003. At the end of Fiscal Year 2004, the fund balance deficit had been eliminated and in 2005 and 2006 much needed reserves were added.
- The Statement of Net Assets indicates unrestricted net assets of \$5.3 million. At the end of Fiscal Year 2004 the District had unrestricted net assets of \$886 thousand. In 1993 the District had a General Fund deficit balance of over \$8 million. The District issued \$12.6 million of refunding bonds to negate this deficit and create a cash reserve of \$4 million. Funding operating deficits with debt leaves an unrestricted deficit until the debt is paid off or until operating surpluses cover the deficit. Since 1993 the District has focused on being financially responsible with its resources. The District's General Fund solvency ratio was 7.48% at the end of Fiscal Year 2006, down slightly from 7.5% at the end of fiscal year 2005.

Overview of the Financial Statements

This annual report consists of three parts - Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide financial statements* (Statement of Net Assets and Statement of Activities) that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the Government-wide statements.
 - The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short-term and long-term* financial information about the activities the District operates *like businesses*, such as food services, student home construction and the stadium.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

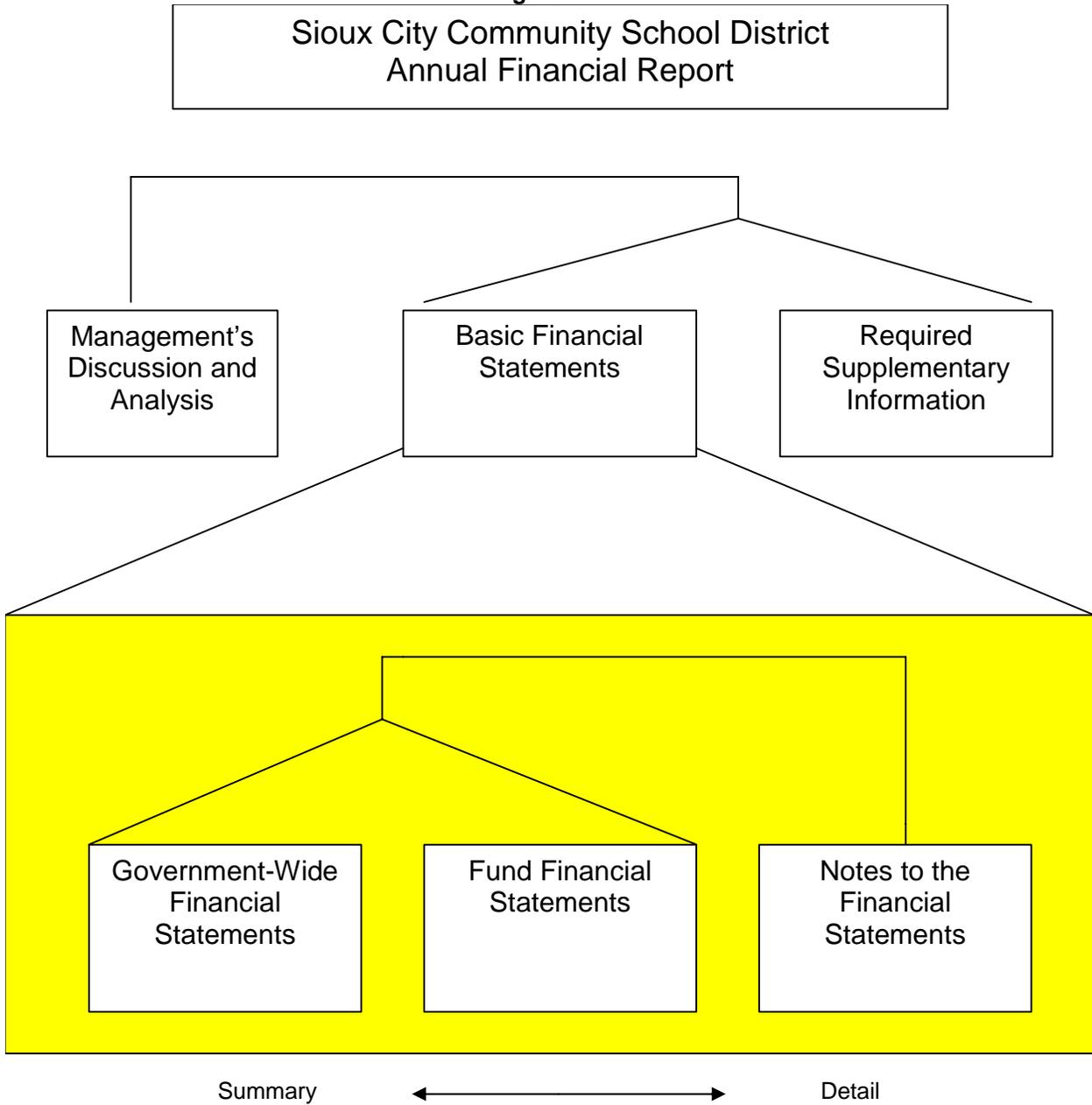


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary 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 is included here
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances. 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows • Statement of revenues, expenses and changes in fund net assets.
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability	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
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 and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide 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 health or *position*.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, 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 it cover the costs of certain services it provides. The District's food service program, stadium and student built home construction activities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant "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 repaying its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- *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 Government-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.
- *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 government-wide financial statements.
 - The District's three *enterprise funds*, School Nutrition, Stadium Fund and Student Home Construction, are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
 - Internal *service funds* are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund - the medical self-insurance fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-1 below provides a summary of the District's net assets as of June 30, 2006 and 2005.

Table A-1
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total
	2006	2005	2006	2005	2006	2005	Percentage Change
Current and other assets	\$ 79,136,514	\$ 83,913,994	\$ 1,930,534	\$ 1,739,569	\$ 81,067,048	\$ 85,653,563	-5.4%
Capital assets	<u>90,545,523</u>	<u>81,041,264</u>	<u>633,127</u>	<u>524,491</u>	<u>91,178,650</u>	<u>81,565,755</u>	11.8%
Total assets	\$ 169,682,037	\$ 164,955,258	\$ 2,563,661	\$ 2,264,060	\$ 172,245,698	\$ 167,219,318	3.0%
Long-term debt outstanding	\$ 28,755,121	\$ 34,006,742	\$ -	\$ -	\$ 28,755,121	\$ 34,006,742	-15.4%
Other liabilities	<u>53,409,199</u>	<u>54,740,003</u>	<u>110,107</u>	<u>58,997</u>	<u>53,519,306</u>	<u>54,799,000</u>	-2.3%
Total liabilities	\$ 82,164,320	\$ 88,746,745	\$ 110,107	\$ 58,997	\$ 82,274,427	\$ 88,805,742	-7.4%
Net assets:							
Invested in capital assets, net of related debt	\$ 66,620,403	\$ 52,714,522	\$ 633,127	\$ 524,491	\$ 67,253,530	\$ 53,239,013	26.3%
Restricted	17,368,350	20,590,354	-	-	17,368,350	20,590,354	-15.6%
Unrestricted as restated	<u>3,528,964</u>	<u>2,903,637</u>	<u>1,820,427</u>	<u>1,680,572</u>	<u>5,349,391</u>	<u>4,584,209</u>	16.7%
Total net assets	<u>\$ 87,517,717</u>	<u>\$ 76,208,513</u>	<u>\$ 2,453,554</u>	<u>\$ 2,205,063</u>	<u>\$ 89,971,271</u>	<u>\$ 78,413,576</u>	<u>14.7%</u>

The District's combined net assets increased by 14.7% from \$78.4 million to \$90.0 million, an increase of \$11.6 million. The District's governmental activities account for the majority of the improvement in financial position. The net assets from governmental activities increased by \$11.3 million. Unrestricted net surplus from governmental activities increased from \$2.9 million to a net surplus of \$3.5 million.

The net assets of the District's business type activities increased by \$248 thousand. The net assets of the Nutrition Fund increased by \$211 thousand. Efficiencies in operations and increased Federal reimbursements account for this increase. The net assets of the Stadium Fund increased by \$8 thousand, mainly due to an increased number of home football games.

The major factor in the District's improved financial position is that the various sources of tax revenue, grants and charges for services exceeded expenses. The 1% Local Option Sales Tax funding has been especially beneficial to the District. The \$9.3 million received in Fiscal Year 2005 and the \$10.1 million received in Fiscal Year 2006 is almost exclusively used for capital projects, which are expensed as depreciation over many years on the statement of activities.

Cash and certificate of deposit type investments total \$42.7 million for Fiscal Year 2006 compared to \$47.4 million for Fiscal Year 2005. \$17.8 million of these cash balances are needed to fund the District's operations in July, August and September before the first state aid and property tax payments are received by the District in the next Fiscal Year. \$11.3 million is dedicated to current and future capital projects.

U.S. Generally Accepted Accounting Principles (GAAP) requires that the property taxes which are certified in April (the lien date) for the upcoming Fiscal Year be accrued as a receivable and also be shown as unearned revenue. The future tax receivable and corresponding unearned revenue amount is \$31.5 million for Fiscal Year 2006 and \$31.9 million for Fiscal Year 2005. The receivable is less in FY 2006 because of the legislative property tax relief mentioned in the Financial Highlights section.

CHANGES IN NET ASSETS

Table A-2 compares the changes in net assets from operating results for Fiscal Years 2006 and 2005.

**Table A-2
Changes in Net Assets**

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change
	2006	2005	2006	2005	2006	2005	2005-2006
Revenues:							
Program revenues:							
Charges for services	\$ 4,502,537	\$ 4,766,017	\$ 2,044,623	\$ 1,808,580	\$ 6,547,160	\$ 6,574,597	-0.4%
Operating grants & contributions	15,882,959	17,441,207	3,136,689	2,965,490	19,019,648	20,406,697	-6.8%
Capital grants, contributions	999,372	-	-	-	999,372	-	100%
General revenues:							
Property taxes	31,703,853	30,295,783	-	-	31,703,853	30,295,783	4.6%
Local option sales taxes	10,074,839	9,343,994	-	-	10,074,839	9,343,994	7.8%
Other taxes	2,970,163	2,865,472	-	-	2,970,163	2,865,472	3.7%
State aid	60,806,931	59,109,639	-	-	60,806,931	59,109,639	2.9%
Other	3,404,488	2,329,068	159,870	142,379	3,564,358	2,471,447	44.2%
Total revenues	\$ 130,345,142	\$ 126,151,180	\$ 5,341,182	\$ 4,916,449	\$ 135,686,324	\$ 131,067,629	3.5%
Expenses:							
Instruction	\$ 82,284,228	\$ 79,926,672	\$ -	\$ -	\$ 82,284,228	\$ 79,926,672	2.9%
Pupil & instructional support services	5,274,942	5,703,833	-	-	5,274,942	5,703,833	-7.5%
Administrative & business	11,325,486	9,346,265	-	-	11,325,486	9,346,265	21.2%
Maintenance & operations	9,048,037	8,840,172	-	-	9,048,037	8,840,172	2.4%
Transportation	2,610,599	2,153,485	-	-	2,610,599	2,153,485	21.2%
Other	8,492,646	8,258,999	5,092,691	4,540,947	13,585,337	12,799,946	6.1%
Total expenses	\$ 119,035,938	\$ 114,229,426	\$ 5,092,691	\$ 4,540,947	\$ 124,128,629	\$ 118,770,373	4.5%
Change in net assets	\$ 11,309,204	\$ 11,921,754	\$ 248,491	\$ 375,502	\$ 11,557,695	\$ 12,297,256	-6.0%
Beginning net assets as restated	76,208,513	64,286,759	2,205,063	1,829,561	78,413,576	66,116,320	
Ending net assets	\$ 87,517,717	\$ 76,208,513	\$ 2,453,554	\$ 2,205,063	\$ 89,971,271	\$ 78,413,576	

In Fiscal Year 2006 state aid accounted for 46.7% of revenues from Governmental Activities as compared to 46.9% for Fiscal Year 2005. Property taxes in Fiscal Year 2006 accounted for 24.3% of revenues from Governmental Activities compared to 24% in Fiscal Year 2005. State aid and property taxes provide 71.0% of the funding for governmental activities in Fiscal Year 2006 and 70.9% in Fiscal Year 2005. Charges for services account for 38.3% of the total revenues for business type activities in Fiscal Year 2006 compared to 36.8 % in Fiscal Year 2005. Operating grants and contributions account for 58.7% of the total business type activities revenue for Fiscal Year 2006 and 60.3% for Fiscal Year 2005. Figure A-3 graphically depicts the revenue for Fiscal Year 2005 and Fiscal Year 2006.

District revenues for Fiscal Year 2006 totaled \$135.7 million compared to \$131.1 million in Fiscal Year 2005. Increased state aid, (\$1.7 million), property taxes (\$1.4 million), Federal Grants for infrastructure, instruction and nutrition (\$20 million), interest income (\$1.8 million), donations of athletic infrastructure (\$0.3 million) accounted for most of the change. 96.1% of total District revenue was from governmental activities in Fiscal Year 2006 and 96.2% in Fiscal Year 2005.

District expenses for Fiscal Year 2006 totaled \$124.1 million as compared to \$118.8 million in Fiscal Year 2005. Salary and benefit expense increases, liability insurance increases, increased building operations, maintenance repair activities and energy expenses accounted for much of the change. Also after consultation with bus transportation experts, the District invested in modern routing software and additional personnel to make this service more effective.

95.9% of the total expenses were from governmental activities in Fiscal Year 2006 and 96.2% in Fiscal Year 2005. The District's predominant expenses are related to instruction (66.3% in Fiscal Year 2006 and 67.3% in Fiscal Year 2005). Instruction expenses and pupil and instructional support services total 70.5% of total District expenses in Fiscal Year 2006 and 72.1% in Fiscal Year 2005. Other expenses account for the next largest percentage of expenses at 11.0% for Fiscal Year 2006 and 10.8% for Fiscal Year 2005. Other expenses are comprised primarily of food service expenses and AEA flow through. Figure A-4 graphically depicts the expense for Fiscal Year 2005 and Fiscal Year 2006.

Figure A – 3

TOTAL DISTRICT REVENUE - FY2006 AND FY2005 (In millions)

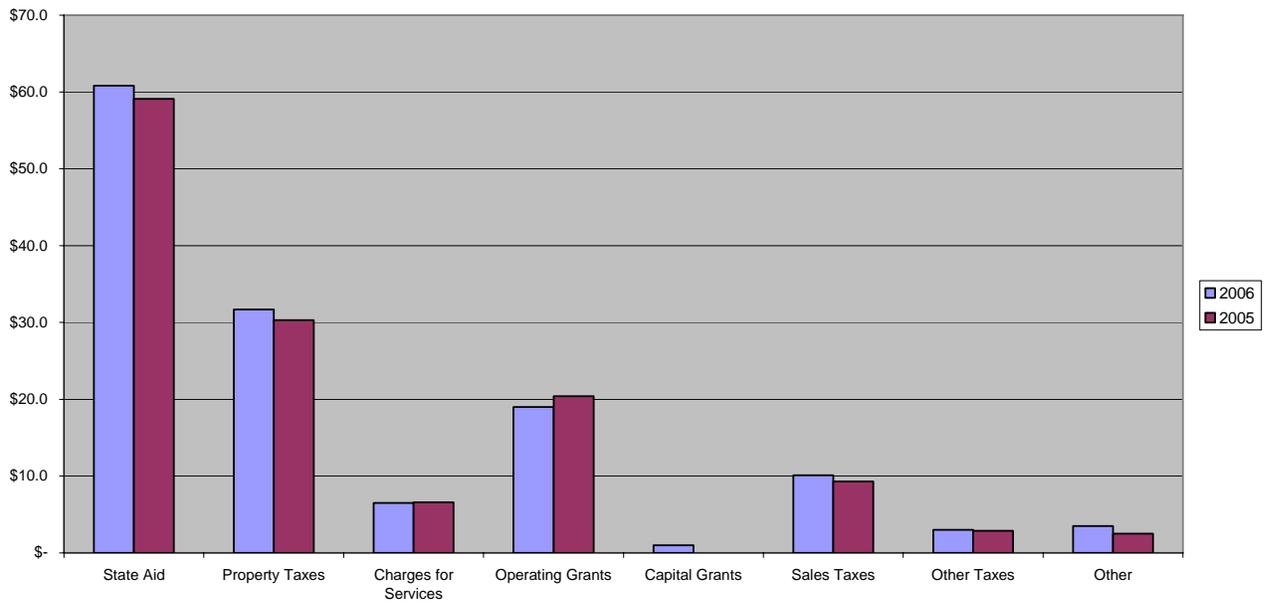
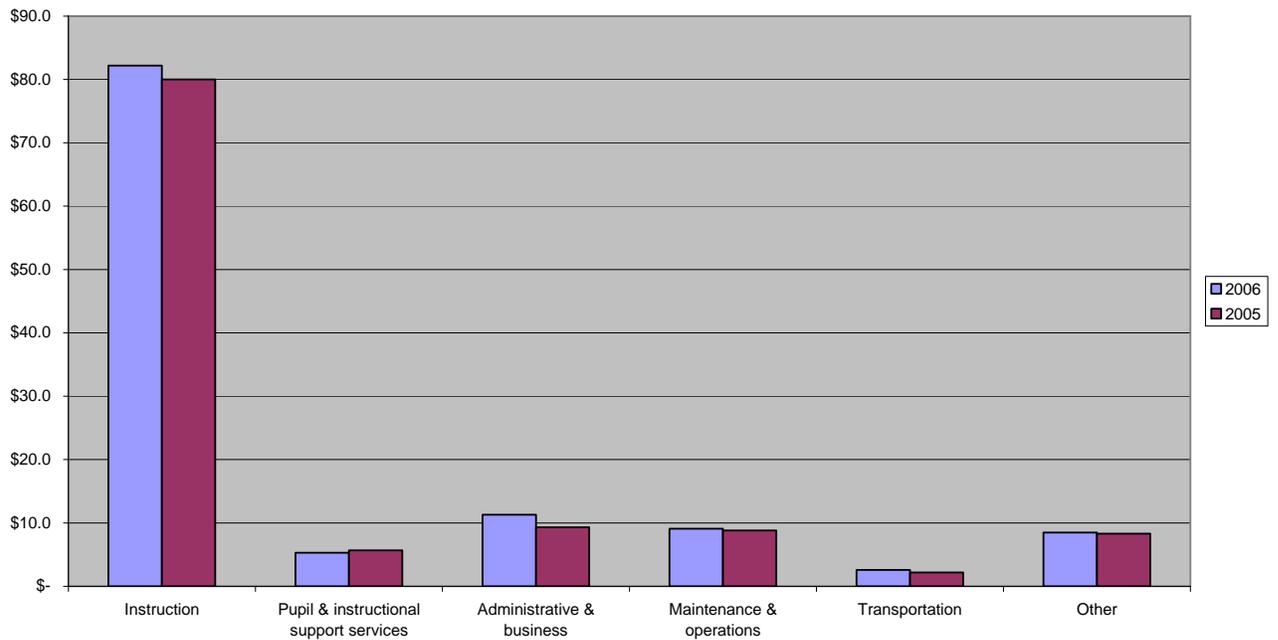


Figure A – 4

TOTAL DISTRICT EXPENSES - FY2006 AND FY2005 (In millions)



GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$130.3 million and governmental expenses were \$119 million. With minimal allowable growth the District reduced expenditures to correspond with available revenues. In addition, the Local Option Sales Tax revenue of \$10.1 million contributed greatly to the increase in net assets. A significant portion of the sales tax capital project expenditures were capital assets and were therefore not expensed on the statement of activities. Capital assets are depreciated over their useful lives over multiple years on the statement of activities.

Table A-3 represents the cost of the 6 major District activities for both Fiscal Year 2006 and Fiscal Year 2005. These six activities, or functions, are instruction, pupil and instructional support services, administration and business, maintenance and operations, transportation and other. The table also shows each activities net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost is useful because it shows the financial burden placed on the District's taxpayers by each of these activities.

- The cost of all governmental activities for Fiscal Year 2006 was \$119 million as compared to \$114.2 million for Fiscal Year 2005.
- In Fiscal Year 2006, \$4.5 million was financed by users of the District as compared to \$4.8 million in Fiscal Year 2005.
- In Fiscal Year 2006 the Federal and State government subsidized certain programs with grants and contributions of \$16.9 million as compared to \$17.4 million in Fiscal Year 2005.
- Most of the District's net cost of governmental activities (\$97.7 million in Fiscal Year 2006 and \$92.0 million in Fiscal Year 2005) was financed by District and state taxpayers, i.e. \$31.7 million of property taxes, \$60.8 million of unrestricted state aid, \$10.1 million of local option sales taxes, \$3 million of income surtaxes, and \$1.8 million of interest income.

**Table A-3
Net Cost of Governmental Activities**

	Total Cost of Services		Percent to Total		Net Cost of Services		Percent to Total		Percent Change	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Expenses:										
Instruction	\$ 82,284,228	\$ 79,926,672	69.13%	2.9%	\$ 66,125,193	\$ 63,583,359	67.72%	4.0%		
Pupil & instructional support services	5,274,942	5,703,833	4.43%	-7.5%	5,274,942	4,576,685	5.40%	15.3%		
Administrative & business	11,325,486	9,346,265	9.51%	21.2%	11,325,486	9,346,265	11.60%	21.2%		
Maintenance & operations	9,048,037	8,840,172	7.60%	2.4%	9,048,037	8,840,172	9.27%	2.4%		
Transportation	2,610,599	2,153,485	2.19%	21.2%	2,188,723	1,828,645	2.24%	19.7%		
Other	8,492,646	8,258,999	7.13%	2.8%	3,688,689	3,847,076	3.78%	-4.1%		
Total expenses	<u>\$ 119,035,938</u>	<u>\$ 114,229,426</u>	<u>100.00%</u>	<u>4.2%</u>	<u>\$ 97,651,070</u>	<u>\$ 92,022,202</u>	<u>100.00%</u>	<u>6.1%</u>		

BUSINESS TYPE ACTIVITIES

Revenues of the District's business type activities (Food and Nutrition Services, Stadium Fund activities and Student Home Construction activities) were comprised of charges for services, federal and state contributions, investment earnings, and miscellaneous contributions.

- Business type activities revenues exceeded expenses by \$248,491 in Fiscal Year 2006. Business type activities revenues exceeded expenses by \$375,502 in Fiscal Year 2005.
- Charges for services represent \$2.0 million or 38.3% of total business type activity revenues. This is predominantly the amount paid by students and staff for daily breakfasts and lunches.

- Federal and state reimbursement for meals was \$3.1 million or 58.7% of total business type activity revenue.
- Food service cash sales increased by \$10,760 or 0.7% from Fiscal Year 2005. This increase was created by increased student participation because lunch prices were not increased. Food Services federal and state reimbursement increased by \$172,200 or 5.8% from the previous Fiscal Year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the end of Fiscal Year 2006, the District's governmental combined fund balances totaled \$25.9 million, a decrease of \$4.0 million or 13.5%. The principle reason for this decrease stems from the capital project fund bond financing in Fiscal Year 2005. On the fund financial statements, bond proceeds are an other financing source which increases the fund balance. The debt proceeds in Fiscal Year 2005 were \$8.5 million made up of a Sales Tax Revenue Bond of \$7 million and a \$1.5 million energy note.

The General Fund, which is the chief operating fund of the District, had a net increase in fund balance of \$141,246. The Management Fund and PPEL Fund also had increases in fund balances.

BUDGETARY HIGHLIGHTS

The District certifies the budget in April for the following Fiscal Year which begins on July 1 and ends on June 30 of that following year. The state allows districts to amend their budget by May 31 of the budget year.

The District amended its budget in conformity with statutory provisions in May 2006. The budget was increased to account for the anticipated expenditure of grant revenues which were not anticipated at the time of budget certification and also to allow for increased construction activities.

A schedule showing the original and amended budget amounts compared to actual results is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the end of Fiscal Year 2006, the District had invested over \$144.7 million in capital assets (\$91.2 million net of depreciation). This is a net increase of 11.8%. During Fiscal Year 2006, \$14.1 of new capital assets were added and annual depreciation totaled \$4.3. (More detailed information can be found in Note 3 to the Financial Statements).

In Fiscal Year 2002, the District completed construction of two new middle schools and in Fiscal Year 2004 work was completed on a third new middle school, North Middle School. In Fiscal 2005 construction began on the new 88,000 square foot, \$11.0 million, Irving Elementary School. This building was finished in June 2006, and classes were held in August 2006. This was the first new elementary school built in the District in thirty-seven years. The District's elementary school buildings average more than 85 years old. Elementary school construction needs abound. Two more large new elementary schools are in the architect drawing stage and will go to bid near calendar year end 2006. Until new schools can be built, capitalizable repairs and retrofits need to be made. This year electrical retrofits, boiler repair, building remodeling, new roofs, parking lot overlays and athletic field improvements were accomplished. A major \$3.4 million heating, ventilation and air conditioning retrofit was completed at one of the high schools. Strategic land acquisitions to support future construction were also made.

Table A-4 summarizes the capital assets of the District at Fiscal Year End 2006 and 2005.

**Table A-4
Capital Assets**

	Governmental Activities		Business Type Activities		Total School District		Percent	2006
							Change	Percent
	2006	2005	2006	2005	2006	2005	2005-2006	to Total
Land and improvements	\$ 11,627,608	\$ 10,231,383	\$ -	\$ -	\$ 11,627,608	\$ 10,231,383	13.6%	8.04%
Buildings	93,548,793	78,059,262	148,374	148,374	93,697,167	78,207,636	19.8%	64.77%
Equipment and furniture	35,921,038	34,214,792	1,778,927	1,634,219	37,699,965	35,849,011	5.2%	26.06%
Construction in progress	<u>1,635,129</u>	<u>6,402,638</u>	-	-	<u>1,635,129</u>	<u>6,402,638</u>	<u>-74.5%</u>	<u>1.13%</u>
Total	\$ 142,732,568	\$ 128,908,075	\$ 1,927,301	\$ 1,782,593	\$ 144,659,869	\$ 130,690,668	10.7%	<u>100.00%</u>
Accumulated depreciation	<u>(52,187,045)</u>	<u>(47,866,811)</u>	<u>(1,294,174)</u>	<u>(1,258,102)</u>	<u>(53,481,219)</u>	<u>(49,124,913)</u>	<u>8.9%</u>	
Total capital assets	<u>\$ 90,545,523</u>	<u>\$ 81,041,264</u>	<u>\$ 633,127</u>	<u>\$ 524,491</u>	<u>\$ 91,178,650</u>	<u>\$ 81,565,755</u>	<u>11.8%</u>	

Long-Term Debt

As of Fiscal Year end 2006, the District had \$31.9 million in General Obligation and Revenue bonds and other long term outstanding obligations. This represents a net decrease of \$5.0 million from Fiscal Year 2005. During Fiscal Year 2005, \$7.0 million of Sales Tax Revenue Bonds were issued to help build the new Irving Elementary School, and \$1.5 million of Energy Notes were issued to assist in the \$3.4 million retro fit of the North High School HVAC system. Table A-5 summarizes the District's Long-Term Debt for Fiscal Years 2006 and 2005. (More detailed information about the District's Long-Term Liabilities is presented in Note 4 to the Financial Statements).

**Table A-5
District's Outstanding Long-Term Liabilities**

	Total School District		Percentage
			Change
	2006	2005	
General Obligation Bonds, Notes and Liabilities *	\$ 10,835,437	\$ 11,924,830	-9.1%
Revenue Bonds **	<u>21,060,000</u>	<u>25,020,000</u>	<u>-15.8%</u>
Total	<u>\$ 31,895,437</u>	<u>\$ 36,944,830</u>	<u>-13.7%</u>

* Financed by property taxes

** Financed by sales taxes

Bond Ratings

The District received an A1 General Obligation Bond rating from Moody's in Fiscal Year 2002. During Fiscal Year 2006, Standard and Poor's affirmed the A rating on outstanding Revenue Bonds.

Limitation on Debt

The state limits the amount of General Obligation debt the District can issue to 5% of the assessed value of all taxable property within the District's corporate limits. The District's \$7.7 million of outstanding General Obligation Bonded debt is significantly below the current limit of \$153.8 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The voters of Woodbury County passed a 10-year extension of the local option 1% sales tax in August 2005. This extends the local option sales tax until September 30, 2018, which will allow for the continued upgrading of the District's facilities.
- Each year the Iowa Legislature provides for growth in the Iowa School Foundation Funding Formula. Fiscal Years 2002 through 2005 experienced net annual allowable growth of 2% or less. Fiscal Years 2006 and 2007 are currently targeted at 4% allowable growth. Continued growth in school funding at the 4% or greater level will be needed to meet the education challenges of the future. Even at 4%, it is likely the District will have to increase its local support by way of the Instructional Support Levy and/or additional property taxes, or alternatively reduce programming and personnel.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide 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 William K. Stoneburg, Chief Financial Officer, Sioux City Community School District, 1221 Pierce Street, Sioux City, Iowa 51105.

BASIC FINANCIAL STATEMENTS

SIoux CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Governmental Activities:				
Instruction:				
Regular	\$ 55,264,306	\$ 1,314,313	\$ 8,692,116	\$ 999,372
Special programs	21,207,178	891,958	2,093,528	-
Vocational	2,855,132	-	-	-
Co-curricular	2,685,763	2,142,090	-	-
Nonpublic	271,849	-	25,658	-
Support Services:				
Guidance	2,490,181	-	-	-
Health	482,921	-	-	-
Other student support	633,901	-	-	-
Improvement of instruction	1,667,939	-	-	-
Educational media	1,458,911	-	-	-
Board of education	444,255	-	-	-
Executive administration	693,822	-	-	-
School administration	6,482,425	-	-	-
Business administration	2,246,073	-	-	-
Operations and maintenance	9,048,037	-	-	-
Student transportation	2,610,599	150,806	271,070	-
Central support	961,953	3,370	457,704	-
Technology	2,016,761	-	-	-
Debt Service:				
Interest	1,171,049	-	-	-
Intergovernmental:				
AEA flow through	4,342,883	-	4,342,883	-
Total governmental activities	\$ 119,035,938	\$ 4,502,537	\$ 15,882,959	\$ 999,372
Business type activities:				
School Nutrition Fund	\$ 4,681,482	\$ 1,618,793	\$ 3,136,689	\$ -
Home Construction Fund	271,794	292,675	-	-
Stadium Fund	139,415	133,155	-	-
Total business type activities	\$ 5,092,691	\$ 2,044,623	\$ 3,136,689	\$ -
Total school district	\$ 124,128,629	\$ 6,547,160	\$ 19,019,648	\$ 999,372
General revenues:				
Property taxes				
Income surtaxes				
Local option sales taxes				
Interest				
State aid not restricted to specific programs				
Miscellaneous				
Donated capital assets				
Gain on sale of assets				
Total general revenues				
Change in net assets				
Net assets - beginning as restated				
Net assets - ending				

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type Activities</u>	<u>Total</u>
\$ (44,258,505)	\$ -	\$ (44,258,505)
(18,221,692)	-	(18,221,692)
(2,855,132)	-	(2,855,132)
(543,673)	-	(543,673)
(246,191)	-	(246,191)
(2,490,181)	-	(2,490,181)
(482,921)	-	(482,921)
(633,901)	-	(633,901)
(1,667,939)	-	(1,667,939)
(1,458,911)	-	(1,458,911)
(444,255)	-	(444,255)
(693,822)	-	(693,822)
(6,482,425)	-	(6,482,425)
(2,246,073)	-	(2,246,073)
(9,048,037)	-	(9,048,037)
(2,188,723)	-	(2,188,723)
(500,879)	-	(500,879)
(2,016,761)	-	(2,016,761)
(1,171,049)	-	(1,171,049)
-	-	-
<u>\$ (97,651,070)</u>	<u>\$ -</u>	<u>\$ (97,651,070)</u>
\$ -	\$ 74,000	\$ 74,000
-	20,881	20,881
-	(6,260)	(6,260)
<u>\$ -</u>	<u>\$ 88,621</u>	<u>\$ 88,621</u>
<u>\$ (97,651,070)</u>	<u>\$ 88,621</u>	<u>\$ (97,562,449)</u>
\$ 31,703,853	\$ -	\$ 31,703,853
2,970,163	-	2,970,163
10,074,839	-	10,074,839
1,715,844	53,045	1,768,889
60,806,931	-	60,806,931
1,389,384	102,445	1,491,829
299,260	-	299,260
-	4,380	4,380
<u>\$ 108,960,274</u>	<u>\$ 159,870</u>	<u>\$ 109,120,144</u>
\$ 11,309,204	\$ 248,491	\$ 11,557,695
<u>76,208,513</u>	<u>2,205,063</u>	<u>78,413,576</u>
<u>\$ 87,517,717</u>	<u>\$ 2,453,554</u>	<u>\$ 89,971,271</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2006

	<u>General</u>	<u>Management Fund</u>
<u>ASSETS</u>		
Cash and pooled investments	\$ 22,869,438	\$ 3,957,410
Receivables:		
Property tax	514,613	30,749
Future property tax	29,244,940	499,991
Accrued interest	-	-
Accounts	29,963	-
Interfund balance	431,535	-
Due from other governmental agencies	<u>1,776,912</u>	<u>-</u>
Total assets	<u>\$ 54,867,401</u>	<u>\$ 4,488,150</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Accounts payable and accrued liabilities	\$ 5,182,453	\$ 2,376
Interfund balance	204,565	-
Unearned revenue	30,243,507	499,991
Accrued wages	<u>9,120,640</u>	<u>-</u>
Total liabilities	<u>\$ 44,751,165</u>	<u>\$ 502,367</u>
Fund balances:		
Reserved	\$ 477,287	\$ -
Unreserved:		
Designated:		
Building and programs	1,161,773	-
Insurance claims	-	-
Undesignated:		
General Fund	8,477,176	-
Special Revenue Fund	-	3,985,783
Capital Project Fund	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 10,116,236</u>	<u>\$ 3,985,783</u>
Total liabilities and fund balances	<u>\$ 54,867,401</u>	<u>\$ 4,488,150</u>

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 in the funds.

Accrued Interest on long-term debt not reported on the modified accrual basis of accounting.

The internal service fund is used by management to charge the costs of self-insured health insurance to individual funds.

Assets and liabilities of the internal service fund of \$2,347,637 are included in governmental activities in the statement of net assets, net of \$74,979 allocated to business-type activities.

Accrued expenses from the statement of net assets that are not reported on the modified accrual basis fund balance sheets.

Receivables from the statement of net assets that are not reported on the modified accrual basis fund balance sheets.

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities (page 15)

<u>PPEL Fund</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,178,715	\$ 9,937,266	\$ 39,228	\$ 464,371	\$ 38,446,428
11,226	-	18,128	-	574,716
679,848	-	1,075,994	-	31,500,773
-	32,081	-	-	32,081
-	-	-	-	29,963
1,900	3,239	-	9,795	446,469
<u>-</u>	<u>1,666,430</u>	<u>-</u>	<u>-</u>	<u>3,443,342</u>
<u>\$ 1,871,689</u>	<u>\$ 11,639,016</u>	<u>\$ 1,133,350</u>	<u>\$ 474,166</u>	<u>\$ 74,473,772</u>
\$ 65,991	\$ 1,187,912	\$ -	\$ -	\$ 6,438,732
1,900	249,836	-	106,594	562,895
679,848	-	1,075,994	-	32,499,340
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,120,640</u>
<u>\$ 747,739</u>	<u>\$ 1,437,748</u>	<u>\$ 1,075,994</u>	<u>\$ 106,594</u>	<u>\$ 48,621,607</u>
\$ -	\$ -	\$ 57,356	\$ -	\$ 534,643
-	-	-	-	1,161,773
-	-	-	-	-
-	-	-	-	8,477,176
1,123,950	-	-	367,572	5,477,305
<u>-</u>	<u>10,201,268</u>	<u>-</u>	<u>-</u>	<u>10,201,268</u>
<u>\$ 1,123,950</u>	<u>\$ 10,201,268</u>	<u>\$ 57,356</u>	<u>\$ 367,572</u>	<u>\$ 25,852,165</u>
<u>\$ 1,871,689</u>	<u>\$ 11,639,016</u>	<u>\$ 1,133,350</u>	<u>\$ 474,166</u>	
				90,545,523
				(230,584)
				2,272,658
				(3,953,440)
				1,786,516
				<u>(28,755,121)</u>
				<u>\$ 87,517,717</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Management Fund</u>	<u>PPEL Fund</u>
Revenue:			
Local sources	\$ 36,078,768	\$ 2,080,886	\$ 773,013
State appropriations	70,116,433	1,292	483
Federal appropriations	<u>7,164,762</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 113,359,963</u>	<u>\$ 2,082,178</u>	<u>\$ 773,496</u>
Expenditures:			
Current:			
Instruction:			
Regular	\$ 51,948,535	\$ -	\$ -
Special programs	21,353,490	-	-
Vocational	2,889,324	-	-
Co-curricular	1,120,714	-	-
Nonpublic	272,512	-	-
Support services:			
Guidance	2,558,508	-	-
Health	483,053	-	-
Other student support	631,051	-	-
Improvement of instruction	1,659,576	-	-
Educational media	1,536,777	-	-
Board of education	440,803	-	-
Executive administration	690,840	-	-
School administration	6,508,597	-	-
Business administration	1,476,121	925,446	-
Operations and maintenance	9,180,427	-	33,823
Student transportation	2,674,820	-	-
Central support	958,136	-	-
Technology	1,994,427	-	-
Capital outlay:			
Site and site improvements	-	-	412,847
Buildings and improvements	-	-	145,020
Debt service:			
Principal	-	-	-
Interest	-	-	-
Intergovernmental:			
AEA flow through	<u>4,342,883</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 112,720,594</u>	<u>\$ 925,446</u>	<u>\$ 591,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 639,369</u>	<u>\$ 1,156,732</u>	<u>\$ 181,806</u>
Other financing sources (uses):			
Transfers in	\$ -	\$ -	\$ -
Transfers out	<u>(498,123)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ (498,123)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 141,246	\$ 1,156,732	\$ 181,806
Fund balances - beginning of year	<u>9,974,990</u>	<u>2,829,051</u>	<u>942,144</u>
Fund balances - end of year	<u>\$ 10,116,236</u>	<u>\$ 3,985,783</u>	<u>\$ 1,123,950</u>

Capital Project	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 9,970,662	\$ 1,064,610	\$ 1,487,786	\$ 51,455,725
-	780	-	70,118,988
<u>856,772</u>	<u>-</u>	<u>-</u>	<u>8,021,534</u>
<u>\$ 10,827,434</u>	<u>\$ 1,065,390</u>	<u>\$ 1,487,786</u>	<u>\$ 129,596,247</u>

\$ -	\$ -	\$ 15,027	\$ 51,963,562
-	-	-	21,353,490
-	-	-	2,889,324
-	-	1,535,743	2,656,457
-	-	-	272,512
-	-	-	2,558,508
-	-	-	483,053
-	-	-	631,051
-	-	-	1,659,576
-	-	-	1,536,777
-	-	-	440,803
-	-	-	690,840
-	-	-	6,508,597
3,746	-	-	2,405,313
-	-	625	9,214,875
-	-	-	2,674,820
-	-	-	958,136
-	-	-	1,994,427
771,006	-	-	1,183,853
10,626,154	-	-	10,771,174
-	5,250,111	-	5,250,111
-	1,205,362	-	1,205,362
-	-	-	<u>4,342,883</u>
<u>\$ 11,400,906</u>	<u>\$ 6,455,473</u>	<u>\$ 1,551,395</u>	<u>\$ 133,645,504</u>

\$ (573,472) \$ (5,390,083) \$ (63,609) \$ (4,049,257)

\$ - \$ 5,394,088 \$ - \$ 5,394,088
(4,895,965) - - (5,394,088)
\$ (4,895,965) \$ 5,394,088 \$ - \$ -

\$ (5,469,437) \$ 4,005 \$ (63,609) \$ (4,049,257)

15,670,705 53,351 431,181 29,901,422

\$ 10,201,268 \$ 57,356 \$ 367,572 \$ 25,852,165

SIOUX CITY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds (page 21) \$ (4,049,257)

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 not reported in the statement of net assets and are allocated over their estimated useful files as depreciation expense in the statement of activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 13,163,890	
Depreciation expense	<u>(4,323,243)</u>	8,840,647

In the government-wide financial statements, only the loss on the sale of capital assets is reported. However, in the governmental fund financial statements, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold. (59,721)

Donated capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 299,260

Certain receivables not collected within 60 days of year end are not considered available revenue and are not recorded in the statement of net assets. 518,461

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 it is due. In the statement of activities interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest expense decreased by \$34,313 from FY2005 to FY2006. 34,313

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, as follows:

Early retirement	\$ (202,228)	
Compensated absences	<u>(45,134)</u>	(247,362)

Internal service funds are used by management to charge the costs of the self-insured health insurance program to the individual funds. Net income of the internal service fund of \$729,726 is reported with governmental activities, net of \$8,484 allocated to business-type activities. 721,242

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. 5,251,621

Change in net assets of governmental activities (page 17) \$ 11,309,204

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2006

	<u>Business Type Activities</u>			<u>Total</u>	<u>Governmental</u>
	<u>School</u>	<u>Student Home</u>	<u>Stadium</u>	<u>Business</u>	<u>Internal</u>
	<u>Nutrition</u>	<u>Construction</u>	<u>Fund</u>	<u>Type</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Activities</u>	<u>Fund</u>
<u>ASSETS</u>					
Current assets:					
Cash and pooled investments	\$ 1,074,452	\$ 30,392	\$ 52,022	\$ 1,156,866	\$ 3,067,302
Receivables:					
Other	349,762	146,055	-	495,817	1,389,272
Interfund balance	-	-	-	-	194,753
Inventory	<u>204,253</u>	<u>-</u>	<u>-</u>	<u>204,253</u>	<u>-</u>
Total current assets	\$ 1,628,467	\$ 176,447	\$ 52,022	\$ 1,856,936	\$ 4,651,327
Non-current assets:					
Machinery and equipment net of accumulated depreciation	<u>633,127</u>	<u>-</u>	<u>-</u>	<u>633,127</u>	<u>-</u>
Total assets	\$ 2,261,594	\$ 176,447	\$ 52,022	\$ 2,490,063	\$ 4,651,327
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 74,931	\$ 10,457	\$ -	\$ 85,388	\$ 138,635
Interfund balance	1,322	59	-	1,381	76,946
Accrued wages	24,719	-	-	24,719	-
Self insurance claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,088,109</u>
Total current liabilities	\$ 100,972	\$ 10,516	\$ -	\$ 111,488	\$ 2,303,690
<u>NET ASSETS</u>					
Invested in capital assets	\$ 633,127	\$ -	\$ -	\$ 633,127	\$ -
Unrestricted	<u>1,527,495</u>	<u>165,931</u>	<u>52,022</u>	<u>1,745,448</u>	<u>2,347,637</u>
Total net assets	\$ 2,160,622	\$ 165,931	\$ 52,022	\$ 2,378,575	\$ 2,347,637
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds				<u>74,979</u>	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES				<u>\$ 2,453,554</u>	

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Business Type Activities</u>			<u>Total Business Type Activities</u>	<u>Governmental</u>
	<u>School Nutrition Fund</u>	<u>Student Home Construction Fund</u>	<u>Stadium Fund</u>		<u>Internal Service Fund</u>
Operating revenues:					
Charges for services	\$ 1,618,793	\$ 292,675	\$ 133,155	\$ 2,044,623	\$ 13,839,102
Reimbursement from employees/insurance	-	-	-	-	1,261,913
Miscellaneous	<u>88,082</u>	<u>255</u>	<u>14,108</u>	<u>102,445</u>	-
Total operating revenue	\$ 1,706,875	\$ 292,930	\$ 147,263	\$ 2,147,068	\$ 15,101,015
Operating expenses:					
Non-instructional programs:					
Salaries	\$ 1,489,083	\$ -	\$ 11,776	\$ 1,500,859	\$ 49,324
Employee benefits	392,228	-	1,214	393,442	13,559,725
Supplies	2,359,240	51,046	52,468	2,462,754	1,433
Purchased services	229,613	208,607	73,957	512,177	805,395
Depreciation	83,951	-	-	83,951	-
Other	<u>135,851</u>	<u>12,141</u>	<u>-</u>	<u>147,992</u>	<u>59,761</u>
Total operating expenses	\$ 4,689,966	\$ 271,794	\$ 139,415	\$ 5,101,175	\$ 14,475,638
Operating income (loss)	\$ (2,983,091)	\$ 21,136	\$ 7,848	\$ (2,954,107)	\$ 625,377
Non-operating revenues:					
Federal food commodities	\$ 275,657	\$ -	\$ -	\$ 275,657	\$ -
State appropriations	58,518	-	-	58,518	-
Federal appropriations	2,802,514	-	-	2,802,514	-
Interest income	53,045	-	-	53,045	104,349
Gain on sale of capital assets	<u>4,380</u>	<u>-</u>	<u>-</u>	<u>4,380</u>	<u>-</u>
Total non-operating revenues	\$ 3,194,114	\$ -	\$ -	\$ 3,194,114	\$ 104,349
Change in net assets	\$ 211,023	\$ 21,136	\$ 7,848	\$ 240,007	\$ 729,726
Net assets - beginning	<u>1,949,599</u>	<u>144,795</u>	<u>44,174</u>		<u>1,617,911</u>
Net assets - ending	\$ 2,160,622	\$ 165,931	\$ 52,022		\$ 2,347,637
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds				<u>8,484</u>	
Change in net assets of business-type activities				\$ 248,491	

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	Business Type Activities			Total Business Type Activities	Governmental
	School Nutrition Fund	Student Home Construction Fund	Stadium Fund		Internal Service Fund
Cash flows from operating activities:					
Cash received from customers or premiums	\$ 1,706,875	\$ 146,875	\$ 147,263	\$ 2,001,013	\$ 14,566,722
Cash payments for salaries and benefits	(1,876,008)	-	(12,990)	(1,888,998)	(49,324)
Cash payments for insurance premiums and services	(2,369,403)	(149,000)	(126,747)	(2,645,150)	(14,273,274)
Total cash provided (used) by operating activities	<u>\$ (2,538,536)</u>	<u>\$ (2,125)</u>	<u>\$ 7,526</u>	<u>\$ (2,533,135)</u>	<u>\$ 244,124</u>
Cash flows from non-capital financing activities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 188,692
Federal and state appropriations received	2,527,410	-	-	2,527,410	-
Total cash provided by non-capital financing activities	<u>\$ 2,527,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,527,410</u>	<u>\$ 188,692</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	\$ (207,082)	\$ -	\$ -	\$ (207,082)	\$ -
Sale of capital assets	18,875	-	-	18,875	-
Total cash (used) by capital financing activities	<u>\$ (188,207)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188,207)</u>	<u>\$ -</u>
Cash flows from investing activities:					
Interest on investments	<u>\$ 53,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,045</u>	<u>\$ 104,349</u>
Net increase (decrease) in cash and cash equivalents	\$ (146,288)	\$ (2,125)	\$ 7,526	\$ (140,887)	\$ 537,165
Cash and pooled investments - beginning of year	<u>1,220,740</u>	<u>32,517</u>	<u>44,496</u>	<u>1,297,753</u>	<u>2,530,137</u>
Cash and pooled investments - end of year	<u>\$ 1,074,452</u>	<u>\$ 30,392</u>	<u>\$ 52,022</u>	<u>\$ 1,156,866</u>	<u>\$ 3,067,302</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (2,983,091)	\$ 21,136	\$ 7,848	\$ (2,954,107)	\$ 625,377
Depreciation expense	83,951	-	-	83,951	-
Commodities used	322,475	-	-	322,475	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	-	(146,055)	-	(146,055)	(534,293)
(Increase) decrease in inventory	(5,597)	115,410	-	109,813	-
Increase (decrease) in accrued wages	5,303	-	-	5,303	-
Increase (decrease) in accounts payable	38,423	7,384	(322)	45,485	(11,212)
Increase (decrease) in claims payable	-	-	-	-	164,252
Net cash provided (used) by operating activities	<u>\$ (2,538,536)</u>	<u>\$ (2,125)</u>	<u>\$ 7,526</u>	<u>\$ (2,533,135)</u>	<u>\$ 244,124</u>
Supplemental schedule of non-cash non-capital financing activities:					
Federal food commodities received	<u>\$ 275,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,657</u>	

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES:

The District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The District's geographic boundary includes most of the city limits of Sioux City and a small portion of residential and agricultural land to the north in Plymouth County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, 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 District has no component units that meet the Governmental Accounting Standards Board criteria.

These financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) that applies to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the District's governing body, and by financial reporting standards for governmental units are included herewith.

The Governmental Accounting Standards Board is responsible for establishing U.S. GAAP for state and local government through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The District applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in U.S. GAAP and used by the District are discussed below.

Jointly Governed Organizations - The District participates in jointly governed organizations that provide 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 Woodbury County Assessor's Conference Board and the Plymouth County Assessor's Conference Board.

B. Basic Financial Statements - Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, debt service, and capital projects are classified as governmental activities. The District's internal service fund is classified as a governmental-type activity.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three types: governmental, proprietary and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The following are the District's governmental funds.

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the General Fund consists primarily of local property taxes and state government aid.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted for specified purposes. Each of the District's Special Revenue Funds has been established to reflect restricted revenue sources provided to school districts by the Iowa State Statutes. The funds included in this category and their purposes are as follows:

Management Fund - Accounts for property tax levies in the district for liability insurance premiums including workers' compensation, unemployment compensation insurance claims, post-retirement medical insurance, and legal settlements.

Activity Fund - Accounts for student clubs and other activities not necessary to regular instruction services that are financed partly or entirely by admissions and student fund-raising activities.

Physical Plant and Equipment Fund - Accounts for a regular levy of thirty-three cents per thousand dollars of assessed valuation in the district for use in purchase of equipment and repairing and improving schoolhouse buildings and grounds.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term debt principal and interest.

Capital Projects Fund - The Capital Projects Fund accounts for the resources to be used to pay for the purchase of grounds, construction of buildings, purchase of buildings, equipment and repairs, remodeling, reconstructing, improving or expanding school-houses or buildings. The Fund included in this category and its purpose is as follows:

Sales Tax Capital Projects - Accounts for Local Option Sales and Service Tax revenues that are to be recorded in a separate fund according to guidance from the Iowa Department of Education. Expenditures are to be used for capital projects as described above in accordance with the election proposition.

PROPRIETARY FUND TYPES

Proprietary funds are used to account for the District's ongoing activities that are similar to those often found in the private sector, where the measurement focus is upon the flow of economic resources. The funds included in this category and their purposes are as follows:

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

Enterprise Fund - The Enterprise Funds are used to account for operations: (a) which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The funds included in this category and their purpose is as follows:

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

Student Home Construction Fund - Accounts for all transactions related to student built homes.

Stadium Fund - Accounts for all transactions related to sporting events held at Olsen Stadium.

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by one department to other departments of the governmental unit, or to other governmental units, on a cost reimbursement basis. The fund included in this category and its purpose is as follows:

Health Insurance Fund - Accounts for the revenue and expenses related to the District's self-insurance plan for health insurance.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as interfund balances on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the District-wide statements. Interfund balances between governmental funds and proprietary funds remain as interfund balances on the Government-wide Statement of Net Assets.

D. Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

“Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property tax as available if it is collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Based on the flow of current financial resources measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Those revenues susceptible to accrual are property and other taxes, interest revenue and state foundation aid. Revenue from federal and state grants and similar programs are recognized when a District has done everything necessary to establish its right to the revenue. Usually this is at the time the expenditure has been incurred for an authorized purpose. When there are both restricted and unrestricted net assets available, it is the District's policy to first apply restricted resources and then unrestricted resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is 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 non-operating revenues and expenses.

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

Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Fund Equity

Cash and Pooled Investments - For the purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and pooled investments include cash on hand, savings or money market deposits with banks or other financial institutions, and amounts invested in the Iowa Schools Joint Investment Trust.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

Property Taxes Receivable - Property tax in governmental fund types are accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the 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 subsequent 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 subsequent year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ percent per month penalty for delinquent payments; is based on January 1, 2004 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.

Interfund Balances - During the course of its operations, the District has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2006, balances of interfund amounts payable or receivable have been recorded.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

Inventories - All inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories are accounted for using the consumption method whereby inventory acquisitions are recorded in inventory accounts when purchased or received by other means and charged to operations when consumed or sold.

Property and Equipment - Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. The District has elected to use \$1,000 as the threshold level for capital assets. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and structures	20 - 50 years
Machinery and equipment	5 - 20 years

Proprietary Fund - Proprietary fund type property and equipment is accounted for at historical cost or estimated historical cost where historical cost is not available. Assets acquired by gift are accounted for at their estimated fair market value at the date received as a donation.

Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	12 - 50 years
Machinery and equipment	3 - 20 years
Transportation equipment	5 - 10 years

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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of subsequent year taxes receivable, and unspent grant proceeds.

Compensated Absences - Vested or accumulated vacation leave (compensated absences) and the related employee benefits are reported as liabilities when incurred in the government wide Statement of Net Assets. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-term Obligations - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

Early Retirement Plan - Benefits to be provided for those employees electing early retirement, plus the related payroll taxes. The liability for the benefits that are to be paid is reported in the government-wide statement of net assets.

Payroll, Payroll Taxes and Benefits - Payroll and the related payroll taxes and benefits which are payable in July and August 2006 for teachers with annual contracts corresponding to the school year just ended have been accrued as a liability for the year ended June 30, 2006.

District Equity - In the governmental fund financial statements, reserves represent those portions of District equity not appropriable for expenditure or legally segregated for a specific future use.

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

Student Activities - That portion reserved for extra-curricular student activities.

Debt Service - That portion of the Debt Service Fund balance required to be utilized to make future principal and interest payments.

Teacher Quality - That portion of the General Fund balance representing the balance of State monies on hand for the Teacher Quality Programs.

State Teacher Mentor - That portion of the General Fund balance representing the balance of State monies on hand for the State Teacher Mentor Programs.

Teacher Quality Additional Day - That portion of the General Fund balance representing the balance of State monies on hand for the Teacher Quality Additional Day Programs.

Educational Excellence - Phase III - That portion of the General Fund balance representing the balance of State monies on hand for the Educational Excellence Program - Phase III.

Talented and Gifted - That portion of the General Fund balance representing the balance of State monies on hand for the Talented and Gifted Program that must be spent in accordance with Chapter 257.46 of the Code of Iowa.

Early Childhood - That portion of the General Fund balance representing the balance of State monies on hand for the Early Childhood Program.

Specific Property Tax Levies - This is the fund balance of the Management Fund and PPEL Fund. These fund balances can be carried over to the next fiscal year and used to fund expenditures of the next fiscal year.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

Capital Projects - This is the fund balance of the Sales Tax Capital Projects Fund. This fund balance can be carried over to the next fiscal year and will be used to fund expenditures in the next fiscal year.

Management Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements in the student support and non-instructional programs functional areas exceeded the amounts budgeted.

NOTE 2 - CASH AND INVESTMENTS:

The District's deposits in banks at June 30, 2006, were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure 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 or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 1,014,654</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest Rate Risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature with 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions.

Credit Risk - The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. The majority of our bank deposits are with an AAA/Aaa rated national banking company (by Standard & Poors and Moody's Investors Services).

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 3 - CAPITAL ASSETS:

A summary of changes in the capital assets for the year ended June 30, 2006 is as follows:

	Balance				Balance
	July 1, 2005	Additions	Transfers	Retirements	June 30, 2006
Governmental activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 6,402,638	\$ 11,918,850	\$ (16,686,359)	\$ -	\$ 1,635,129
Land	<u>5,527,761</u>	<u>325,000</u>	<u>-</u>	<u>-</u>	<u>5,852,761</u>
Total capital assets not being depreciated	<u>\$ 11,930,399</u>	<u>\$ 12,243,850</u>	<u>\$ (16,686,359)</u>	<u>\$ -</u>	<u>\$ 7,487,890</u>
Capital assets being depreciated:					
Sites and site improvements	\$ 4,703,622	\$ 29,364	\$ 1,041,861	\$ -	\$ 5,774,847
Buildings	78,059,262	49,004	15,440,527	-	93,548,793
Library holdings	9,845,126	72,010	-	-	9,917,136
Textbooks	6,254,448	638,918	-	-	6,893,366
Machinery and equipment	15,363,183	662,969	203,971	(62,730)	16,167,393
Transportation equipment	<u>2,752,035</u>	<u>191,108</u>	<u>-</u>	<u>-</u>	<u>2,943,143</u>
Total capital assets being depreciated	<u>\$ 116,977,676</u>	<u>\$ 1,643,373</u>	<u>\$ 16,686,359</u>	<u>\$ (62,730)</u>	<u>\$ 135,244,678</u>
Less accumulated depreciation:					
Sites and site improvements	\$ (1,800,708)	\$ (219,096)	\$ -	\$ -	\$ (2,019,804)
Buildings	(22,106,222)	(1,636,844)	-	-	(23,743,066)
Library holdings	(8,432,810)	(664,091)	-	-	(9,096,901)
Textbooks	(3,815,736)	(750,478)	-	-	(4,566,214)
Machinery and equipment	(9,682,357)	(923,274)	-	3,009	(10,602,622)
Transportation equipment	<u>(2,028,978)</u>	<u>(129,460)</u>	<u>-</u>	<u>-</u>	<u>(2,158,438)</u>
Total accumulated depreciation	<u>\$ (47,866,811)</u>	<u>\$ (4,323,243)</u>	<u>\$ -</u>	<u>\$ 3,009</u>	<u>\$ (52,187,045)</u>
Total net capital assets being depreciated	<u>\$ 69,110,865</u>	<u>\$ (2,679,870)</u>	<u>\$ 16,686,359</u>	<u>\$ (59,721)</u>	<u>\$ 83,057,633</u>
Governmental activities capital assets, net	<u>\$ 81,041,264</u>	<u>\$ 9,563,980</u>	<u>\$ -</u>	<u>\$ (59,721)</u>	<u>\$ 90,545,523</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 3,844,160
Special programs	16,189
Vocational	45,822
Co-curricular	35,554
Guidance	2,358
Health	2,251
Other student support	282
Improvement of instruction	8,853
Educational media	10,795
Board of Education	3,452
Executive administration	692
School administration	1,371
Business administration	1,266
Operations and maintenance	81,354
Transportation	129,460
Central support	5,488
Technology	<u>133,896</u>
	<u>\$ 4,323,243</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 3 - CAPITAL ASSETS (CONTINUED):

	Balance				Balance
	July 1, 2005	Additions	Transfers	Retirements	June 30, 2006
Business type activities:					
Capital assets being depreciated:					
Buildings and improvements	\$ 148,374	\$ -	\$ -	\$ -	\$ 148,374
Machinery and equipment	1,358,854	125,691	9,852	-	1,494,397
Transportation equipment	<u>275,365</u>	<u>81,391</u>	<u>(9,852)</u>	<u>(62,374)</u>	<u>284,530</u>
Total capital assets being depreciated	<u>\$ 1,782,593</u>	<u>\$ 207,082</u>	<u>\$ -</u>	<u>\$ (62,374)</u>	<u>\$ 1,927,301</u>
Less accumulated depreciation:					
Buildings and improvements	\$ (144,303)	\$ (1,039)	\$ -	\$ -	\$ (145,342)
Machinery and equipment	(940,997)	(60,928)	(9,852)	-	(1,011,777)
Transportation equipment	<u>(172,802)</u>	<u>(21,984)</u>	<u>9,852</u>	<u>47,879</u>	<u>(137,055)</u>
Total accumulated depreciation	<u>\$ (1,258,102)</u>	<u>\$ (83,951)</u>	<u>\$ -</u>	<u>\$ 47,879</u>	<u>\$ (1,294,174)</u>
Business type activities capital assets, net	<u>\$ 524,491</u>	<u>\$ 123,131</u>	<u>\$ -</u>	<u>\$ (14,495)</u>	<u>\$ 633,127</u>

NOTE 4 - BONDED AND OTHER LONG-TERM DEBT:

During the year ended June 30, 2006 the following changes occurred in Long-Term Debt:

	Balance			Balance	Due Within
	July 1, 2005	Additions	Retirements	June 30, 2006	One Year
School refunding bonds (2002)	\$ 5,680,000	\$ -	\$ 850,000	\$ 4,830,000	\$ 885,000
Sales tax revenue bonds	24,020,000	-	3,960,000	20,060,000	4,160,000
Qualified zone academy bonds	1,000,000	-	-	1,000,000	-
Asbestos abatement loans	1,805,231	-	310,110	1,495,121	310,111
General obligation capital loan notes	1,500,000	-	130,000	1,370,000	135,000
Special assessment liability	1,511	-	1,511	-	-
Liability for early retirement	<u>2,938,088</u>	<u>930,840</u>	<u>728,612</u>	<u>3,140,316</u>	<u>833,601</u>
	<u>\$ 36,944,830</u>	<u>\$ 930,840</u>	<u>\$ 5,980,233</u>	<u>\$ 31,895,437</u>	<u>\$ 6,323,712</u>

School Refunding Bonds - On December 8, 1993, the District issued \$12,600,000 in School Refunding Bonds under Chapter 298 of the Code of Iowa to provide funds for the repayment of the District's \$12,250,000 General Obligation Anticipatory Warrants due December 31, 1993. Issuance of the refunding bonds satisfied an Iowa District Court action in which District filed an Offer to Confess Judgment before Action is brought. The bonds, dated December 1, 1993, bear interests at carrying rates from 5.000 to 5.125 percent payable the first day of December and June in each year until maturity. Bonds maturing in the years 2003 to 2011 were subject to call and prior payment at the option of the District, on June 1, 2002, and any date thereafter at a price of par and accrued interest. A direct annual tax was levied on all taxable property in the District for retirement of bond principal and interest. On June 1, 2002, these bonds were called and paid with the funds held in trust from the issuance on April 9, 2002.

Due to market changes, on April 9, 2002, the District issued \$8,025,000 in School Refunding Bonds under Chapter 298 of the Code of Iowa, which were held in Trust for the defeasance of the School Refunding Bonds issued on December 8, 1993. The bonds are general obligations of the District payable from a continuing annual levy of taxes on all taxable property in the District for retirement of bond principal and interest. The bonds, dated April 9, 2002, bear interests at carrying rates from 3.00 to 4.00 percent payable the first day of December and June each year until maturity. The outstanding principal balance at June 30, 2006 is \$4,830,000.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 4 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

Sales Tax Revenue Bonds - In December 1999, the District issued \$10,000,000 School Infrastructure Sales and Services Tax Revenue Bonds, Series 1999 for the purpose of providing funds to finance various construction projects for District facilities. The Bonds are special limited revenue obligations of the District and payments of principal and interest on the Bonds are secured solely by a pledge of the Local Option Tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable annually beginning on October 1, 2001, and interest at 5 percent payable semi-annually beginning October 1, 2000. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2006 is \$4,330,000.

In December 2000 the District issued \$9,680,000 School Infrastructure Sales and Service Tax Revenue Bonds, Series 2000 for the purpose of providing funds to finance various construction projects for District facilities. The proceeds of \$9,680,197 exceed the face amount \$9,680,000 by \$197. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the Local Option Tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable annually on each October 1 and interest payable semi-annually carrying rates from 4.65 to 4.70 percent beginning April 1, 2001. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2006 is \$4,045,000.

In July 2001, the District issued \$10,000,000 School Infrastructure Sales and Services Tax Revenue Bonds, Series 2001 for the purpose of providing funds to finance various construction projects for District facilities. The Bonds are special limited revenue obligations of the District and payments of principal and interest on the Bonds are secured solely by a pledge of the Local Option Tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable annually on each October 1 and interest payable semi-annually beginning April 1, 2002. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2006 is \$4,685,000.

In April 2005 the District issued \$7,000,000 in Subordinate Lien School Infrastructure Local Option Sales and Services Tax Revenue Bonds, Series 2005 for the purpose of financing certain construction, remodeling and addition projects within the District. The Bonds are subject to a superior lien on the District's sales tax revenue of the District's Series 1999, 2000, and 2001 sales tax revenue bonds and the Series 2000 Qualified Zone Academy Bond, collectively, the prior bonds. Interest will be payable semi-annually beginning October 1, 2005 and principal will be payable at Bond maturity on October 1, 2008 as disclosed in the schedule following.

In November 2001 the District issued \$1,000,000 in Qualified Zone Academy Bonds for the purpose of providing funds for the equipment, rehabilitation and repair of West Middle School. The Bonds were issued under Section 1397E of the Internal Revenue Code of 1986, which states that qualified bondholders will receive an annual tax credit in lieu of interest. Therefore, these bonds carry a 0 percent interest rate. The Bonds are special limited revenue obligations of the District and payment of the principal is secured by a pledge of the Local Option Tax revenues and by the Reserve Fund. Principal will be paid on the maturity date, October 1, 2008.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 4 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

Asbestos Abatement Loans - During 1992 and 1993 the District entered into two interest free loans not to exceed \$2,543,875 and \$3,038,115 with the Environmental Protection Agency (EPA) for the purpose of asbestos abatement. Installments paid during the year totaled \$310,111 leaving an aggregate unpaid balance of \$1,495,121 as of June 30, 2006.

General Obligation Capital Loan Notes - In May 2005 the District issued \$1,500,000 General Obligation Capital Loan Notes for the purpose of providing funds to finance the implementation of energy conservation and management measures pursuant to Iowa Code Section 473.13A. The notes are general obligations of the District and payments of interest and principal will be paid from monies budgeted annually and on hand in the General Fund. Principal will be payable annually on each June 1 and interest payable semi-annually beginning December 1, 2005. The note will mature on June 1, 2015 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2006 is \$1,370,000.

Special Assessment Liability - The District has been assessed a portion of the cost for construction of municipal infrastructure improvements. The balance is due in annual installments of \$2,221. The outstanding principal balance at June 30, 2006 is \$0.

Bond and Debt Maturities:

<u>School Refunding Bonds - 2002 Issue</u>				
Year Ended	Interest			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	3.750%	\$ 885,000	\$ 190,988	\$ 1,075,988
2008	4.000%	925,000	157,800	1,082,800
2009	4.000%	965,000	120,800	1,085,800
2010	4.000%	1,005,000	82,200	1,087,200
2011	4.000%	<u>1,050,000</u>	<u>42,000</u>	<u>1,092,000</u>
Total		<u>\$ 4,830,000</u>	<u>\$ 593,788</u>	<u>\$ 5,423,788</u>

<u>Sales Tax Revenue Bonds - 1999 Issue</u>				
Year Ended	Interest			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5.000%	\$ 1,375,000	\$ 182,125	\$ 1,557,125
2008	5.000%	1,435,000	111,875	1,546,875
2009	5.125%	<u>1,520,000</u>	<u>38,000</u>	<u>1,558,000</u>
Total		<u>\$ 4,330,000</u>	<u>\$ 332,000</u>	<u>\$ 4,662,000</u>

<u>Sales Tax Revenue Bonds - 2000 Issue</u>				
Year Ended	Interest			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	4.70%	\$ 1,285,000	\$ 160,625	\$ 1,445,625
2008	4.70%	1,345,000	98,820	1,443,820
2009	4.70%	<u>1,415,000</u>	<u>33,606</u>	<u>1,448,606</u>
Total		<u>\$ 4,045,000</u>	<u>\$ 293,051</u>	<u>\$ 4,338,051</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 4 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

<u>Sales Tax Revenue Bonds - 2001 Issue</u>				
<u>Year Ended</u>	<u>Interest</u>			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	4.00%	\$ 1,500,000	\$ 159,025	\$ 1,659,025
2008	4.00%	1,560,000	97,825	1,657,825
2009	4.10%	<u>1,625,000</u>	<u>33,313</u>	<u>1,658,313</u>
Total		<u>\$ 4,685,000</u>	<u>\$ 290,163</u>	<u>\$ 4,975,163</u>

<u>Sales Tax Revenue Bonds - 2005 Issue - Subordinate Series</u>				
<u>Year Ended</u>	<u>Interest</u>			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	3.70%	\$ -	\$ 259,000	\$ 259,000
2008	3.70%	-	259,000	259,000
2009	3.70%	<u>7,000,000</u>	<u>129,500</u>	<u>7,129,500</u>
Total		<u>\$ 7,000,000</u>	<u>\$ 647,500</u>	<u>\$ 7,647,500</u>

<u>QZAB Bonds</u>				
<u>Year Ended</u>	<u>Interest</u>			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	0%	\$ 1,000,000	\$ -	\$ 1,000,000
Total		<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
Total bonded debt		<u>\$ 25,890,000</u>	<u>\$ 2,156,502</u>	<u>\$ 28,046,502</u>

<u>Asbestos Abatement Loans</u>				
<u>Year Ended</u>	<u>Interest</u>			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	0.000%	\$ 310,111	\$ -	\$ 310,111
2008	0.000%	310,111	-	310,111
2009	0.000%	310,111	-	310,111
2010	0.000%	311,612	-	311,612
2011	0.000%	168,784	-	168,784
2012	0.000%	<u>84,392</u>	<u>-</u>	<u>84,392</u>
Total		<u>\$ 1,495,121</u>	<u>\$ -</u>	<u>\$ 1,495,121</u>

<u>General Obligation Capital Loan Notes</u>				
<u>Year Ended</u>	<u>Interest</u>			
<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	3.570%	\$ 135,000	\$ 48,909	\$ 183,909
2008	3.570%	135,000	44,090	179,090
2009	3.570%	140,000	39,270	179,270
2010	3.570%	145,000	34,272	179,272
2011	3.570%	150,000	29,096	179,096
2012 - 2015	3.570%	<u>665,000</u>	<u>60,512</u>	<u>725,512</u>
Total		<u>\$ 1,370,000</u>	<u>\$ 256,149</u>	<u>\$ 1,626,149</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 4 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

Summary of debt service requirements to maturity on the outstanding bonded indebtedness and loans as of June 30, 2006 is as follows:

<u>Fiscal Year</u>	<u>Summary - Debt Service Requirements to Maturity</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 5,490,111	\$ 1,000,672	\$ 6,490,783
2008	5,710,111	769,410	6,479,521
2009	13,975,111	394,489	14,369,600
2010	1,461,612	116,472	1,578,084
2011	1,368,784	71,096	1,439,880
2012-2015	<u>749,392</u>	<u>60,512</u>	<u>809,904</u>
Totals	<u>\$ 28,755,121</u>	<u>\$ 2,412,651</u>	<u>\$ 31,167,772</u>

As of June 30, 2006, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 3,075,128,361</u>
Debt limit, 5.0 percent of total assessed valuation	\$ 153,756,418
Amount of debt applicable to debt limitation, total indebtedness less amount available in debt service fund	<u>7,687,821</u>
Excess of debt limit over debt outstanding, legal debt margin	<u>\$ 146,068,597</u>

The liability for early retirement is described in Note 8, Early Retirement Benefits.

NOTE 5 - RETIREMENT SYSTEM:

The 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 percent of their annual covered salary and the District is required to contribute 5.75 percent of annual covered payroll for the years ended June 30, 2006, 2005 and 2004. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$4,170,736, 3,985,724, and \$3,680,361 respectively, equal to the required contributions for each year.

NOTE 6 - AREA EDUCATION AGENCY:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area educational agency. The District's actual amount for this purpose totaled \$4,342,883 for the year ended June 30, 2006. This amount is recorded in the General Fund by making a memorandum adjusting entry to the State revenue appropriations and to other expenditures, since the amount is deducted from the State foundation aid due to the District and is remitted directly to the area education agency.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 7 - RISK MANAGEMENT:

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. The District has had no significant reductions in insurance coverage from prior years. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District maintains a self-insured health care coverage program for its employees. Claims in excess of a self-insured retention amount are covered through third party specific stop-loss insurance. The liability for claims incurred but unpaid as of June 30, 2006 and 2005 was actuarially estimated using actual covered employees, a historical average loss rate per employee, and a historically developed percentage of claims completed by month. A reconciliation of changes in the aggregate liability for claims during the years ended June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Unpaid claims at beginning of fiscal year	\$ 1,923,857	\$ 2,544,481
Incurred claims for the fiscal year	10,955,846	11,952,185
Claims paid during the fiscal year	(14,036,378)	(11,593,399)
Cost of specific stop-loss insurance	(405,397)	(468,429)
Administration expense	<u>(526,037)</u>	<u>(510,981)</u>
Unpaid claims at end of fiscal year (Incurred but not reported claims liability)	<u>\$ 2,088,109</u>	<u>\$ 1,923,857</u>

The District accounts for the self-insurance plan through an Internal Service Fund.

NOTE 8 - EARLY RETIREMENT BENEFITS:

During 1995, the District began offering a voluntary early retirement plan to certain retiring employees by paying up to 100 percent of their health insurance premiums until they become either eligible for Social Security or Medicare benefits or eligible to participate under a future employee health care plan.

The liability related to these benefits as of June 30, 2006 is estimated at \$3,140,316 and is recorded on the Government-Wide Statement of Net Assets. The current portion of \$833,601 is due within one year and the long-term portion of \$2,306,715 extends beyond one year. The estimate is calculated using a 12 percent healthcare cost trend rate and a discount rate of 4 percent, the number of people who had accepted the benefit as of June 30, 2006 and their ages as of June 30, 2006. Full-time employees age 55 or older, who have at least 15 years of service with the District, and are eligible to begin retirement through the IPERS program are eligible to participate. Currently 201 retirees are receiving these benefits. The benefit payments for the year ended June 30, 2006 totaled \$728,612. The School District will provide a percentage of the medical insurance premiums based on the employee's work group for the employee and one dependent if that dependent has been covered on the medical insurance plan since the January preceding the year of retirement.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 9 - INTERFUND TRANSFERS AND BALANCES:

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

Transfer To	Transfer From	Amount
Debt Service	General	\$ 498,123
	Capital Projects	4,895,965
		\$ 5,394,088

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

The detail of interfund balances at June 30, 2006 is as follows:

	Due From Other Funds	Due to Other Funds
General:		
Internal Service Fund	\$ 76,946	\$ 194,753
Local Option Sales Tax	247,936	17
Student Home Construction Fund	59	-
Management Levy Fund	-	-
Student Activity Fund	106,594	9,795
	\$ 431,535	\$ 204,565
PPEL Fund:		
Local Option Sales Tax	\$ 1,900	\$ 1,900
Capital Projects:		
PPEL Fund	\$ 1,900	\$ 1,900
General	17	247,936
School Nutrition Fund:	1,322	-
	\$ 3,239	\$ 249,836
Student Activity Fund:		
General	\$ 9,795	\$ 106,594
Total Governmental Funds	\$ 446,469	\$ 562,895
Proprietary Fund:		
Student Home Construction	\$ -	\$ 59
School Nutrition Fund:		
Local Option Sales Tax	-	1,322
Total Proprietary Funds	\$ -	\$ 1,381
Internal Service Fund:		
General	\$ 194,753	\$ 76,946
	\$ 641,222	\$ 641,222

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 9 - INTERFUND TRANSFERS AND BALANCES (CONTINUED):

The interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and, (3) payments between funds are made.

NOTE 10 - CONSTRUCTION AND OTHER COMMITMENTS:

The District has entered into various contracts totaling \$12,409,880 for the construction of the New Irving Elementary School, future construction of the new Leeds and Unity elementary schools and various other projects. At June 30, 2006, \$10,663,104 of the contracts was completed. The remaining amounts of the contracts will be paid as work on the projects progress.

NOTE 11 - CONTINGENCIES:

At June 30, 2006 the District is involved in various litigation concerning employment and work place issues, contract performance, and other matters arising in the normal course of the District's operations. The probability and amount of loss, if any, is indeterminable; however, in the opinion of the District, the outcome of these matters will not have a material impact on the District's financial position.

NOTE 12 - ACCOUNTING CHANGE:

Governmental Accounting Standards Board (GASB) Statement 47 - Accounting for Termination Benefits was implemented during the year ended June 30, 2006. The interpretation establishes guidance on involuntary termination benefits and provides clarification on measurement issues concerning all termination benefits.

The Government-wide beginning net assets amount for governmental activities has been restated for the early retirement benefit liability at July 1, 2005 caused by the implementation of GASB 47.

Net assets - beginning of year, as previously reported	\$ 75,882,219
GASB 47 adjustment - early retirement benefit liability	<u>326,294</u>
Net assets - beginning of year, as restated	<u>\$ 76,208,513</u>

REQUIRED SUPPLEMENTARY INFORMATION

SIOUX CITY COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF

REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES,

BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2006

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Local sources	\$ 51,455,725	\$ 2,200,113	\$ 53,655,838
State appropriations	70,118,988	58,518	70,177,506
Federal appropriations	8,021,534	3,078,171	11,099,705
Total revenue	<u>\$ 129,596,247</u>	<u>\$ 5,336,802</u>	<u>\$ 134,933,049</u>
Expenditures:			
Instruction	\$ 79,135,345	\$ -	\$ 79,135,345
Support services:			
Student support	3,672,612	-	3,672,612
Instructional staff support	3,196,353	-	3,196,353
General administration	1,131,643	-	1,131,643
Building administration	6,508,597	-	6,508,597
Business administration	2,405,313	-	2,405,313
Plant operation and maintenance	9,214,875	-	9,214,875
Student transportation	2,674,820	-	2,674,820
Central support services	2,952,563	-	2,952,563
Non-instructional programs	-	5,101,175	5,101,175
Other expenditures:			
Facilities acquisition and construction	11,955,027	-	11,955,027
Debt service	6,455,473	-	6,455,473
AEA support	4,342,883	-	4,342,883
Total expenditures	<u>\$ 133,645,504</u>	<u>\$ 5,101,175</u>	<u>\$ 138,746,679</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,049,257)</u>	<u>\$ 235,627</u>	<u>\$ (3,813,630)</u>
Other financing sources (uses):			
Operating transfers in	\$ 5,394,088	\$ -	\$ 5,394,088
Operating transfers out	(5,394,088)	-	(5,394,088)
Gain on capital assets	-	4,380	4,380
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 4,380</u>	<u>\$ 4,380</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (4,049,257)</u>	<u>\$ 240,007</u>	<u>\$ (3,809,250)</u>
Fund balances - beginning of year	<u>29,901,422</u>	<u>2,138,568</u>	<u>32,039,990</u>
Fund balances - end of year	<u>\$ 25,852,165</u>	<u>\$ 2,378,575</u>	<u>\$ 28,230,740</u>

<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 52,727,062	\$ 52,727,062	\$ 928,776
69,526,215	69,526,215	651,291
<u>9,347,723</u>	<u>9,347,723</u>	<u>1,751,982</u>
<u>\$ 131,601,000</u>	<u>\$ 131,601,000</u>	<u>\$ 3,332,049</u>
\$ 80,759,448	\$ 80,788,516	\$ 1,653,171
3,602,018	3,258,347	(414,265)
2,833,620	3,263,079	66,726
1,133,498	1,370,458	238,815
6,466,134	6,493,177	(15,420)
2,225,951	4,662,677	2,257,364
8,537,458	9,163,766	(51,109)
2,278,257	2,543,110	(131,710)
2,971,467	501,803	(2,450,760)
4,752,628	4,870,127	(231,048)
8,709,314	12,619,460	664,433
9,040,617	6,464,824	9,351
<u>4,693,867</u>	<u>4,342,883</u>	<u>-</u>
<u>\$ 138,004,277</u>	<u>\$ 140,342,227</u>	<u>\$ 1,595,548</u>
<u>\$ (6,403,277)</u>	<u>\$ (8,741,227)</u>	<u>\$ 4,927,597</u>
\$ 7,969,879	\$ 4,977,851	\$ 416,237
(8,260,468)	(5,444,088)	50,000
<u>-</u>	<u>-</u>	<u>4,380</u>
<u>\$ (290,589)</u>	<u>\$ (466,237)</u>	<u>\$ 470,617</u>
<u>\$ (6,693,866)</u>	<u>\$ (9,207,464)</u>	<u>\$ 5,398,214</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

JUNE 30, 2006

Budgets and Budgetary Accounting

Iowa law requires the formal and legal budgetary control for the certified budget to be 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. The District has elected not to utilize a budget for the Internal Service Fund since other financial and actuarial information is the primary control factor on spending levels. 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 and the means of financing them. The State's Statute requires the budget to be submitted in summary form. In addition, more detailed line item budgets are included for administrative control.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification to the County Auditor.
4. The Board Secretary is required by State Statute to present a monthly report to the Board of Education explaining any variance from the approved budget.
5. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a modified accrual basis. The budgets for the enterprise funds are adopted on an accrual basis.
6. The Board of Education may amend the budget during the year by holding a public hearing and certifying the amendment with the County Auditor. The budgetary data presented in the financial statements reflect all approved budget amendments.
7. Appropriations lapse at the end of each fiscal year.
8. The budget cannot be amended without approval from the Board of Education.

Encumbrances pertain to commitments related to unperformed contracts for goods or services. Used in budgeting, encumbrances are not expenditures or liabilities. Encumbrances represent the estimated amount of expenditures that may result if the unperformed contracts in process are completed. The District is not required to use encumbrance accounting and accordingly, commitments related to unperformed contracts for goods or services have not been recorded by the District.

During the year ended June 30, 2006, disbursements in the student support and non-instructional functions exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

SIOUX CITY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL NONMAJOR FUND

JUNE 30, 2006

Special Revenue
Fund

Activity Fund

ASSETS:

Cash and pooled investments

\$ 464,371

Receivables:

Interfund balance

9,795

Total assets

\$ 474,166

LIABILITIES AND FUND BALANCES:

Interfund balance

\$ 106,594

Total liabilities

\$ 106,594

FUND BALANCE:

Unreserved for:

Special revenue fund

\$ 367,572

Total fund balance

\$ 367,572

Total liabilities and fund balance

\$ 474,166

SIOUX CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL NONMAJOR FUND
FOR THE YEAR ENDED JUNE 30, 2006

Special Revenue
Fund

Activity Fund

Revenue:	
Local sources	\$ 1,487,786
Total revenue	<u>\$ 1,487,786</u>
Expenditures:	
Governmental Activities:	
Instruction:	
Regular	\$ 15,027
Co-curricular	1,535,743
Support Services:	
Operations and maintenance	<u>625</u>
Total expenditures	<u>\$ 1,551,395</u>
Net change in fund balance	\$ (63,609)
Fund balance - beginning of year	<u>431,181</u>
Fund balance - end of year	<u><u>\$ 367,572</u></u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION

NARRATIVE EXPLANATIONS

This part of the 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

Schedules

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.

1-4

Revenue Capacity:

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

5-8

Debt Capacity:

These schedules present 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.

9-13

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

14-15

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

16-19

Continuing Disclosure Information:

These schedules are required as part of the District's ongoing general obligation bonded debt disclosures and give additional information to investors about the financial trends and tax base of the District.

20-24

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB 34 in FY02; schedules presenting government-wide information include information beginning in that year.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST FIVE FISCAL YEARS *

(Accrual Basis of Accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
Invested in capital assets, net of related debt	\$ 27,641,318	\$ 37,280,569	\$ 51,211,286	\$ 52,714,522	\$ 66,620,403
Restricted	25,224,292	20,073,308	3,291,636	20,590,354	17,368,350
Unrestricted	(3,819,172)	(2,460,792)	(542,457)	2,577,343	3,528,964
Total governmental activities net assets	<u>\$ 49,046,438</u>	<u>\$ 54,893,085</u>	<u>\$ 53,960,465</u>	<u>\$ 75,882,219</u>	<u>\$ 87,517,717</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 326,689	\$ 286,060	\$ 401,040	\$ 524,491	\$ 633,127
Restricted	-	-	-	-	-
Unrestricted	472,834	1,139,057	1,428,521	1,680,572	1,820,427
Total business-type activities net assets	<u>\$ 799,523</u>	<u>\$ 1,425,117</u>	<u>\$ 1,829,561</u>	<u>\$ 2,205,063</u>	<u>\$ 2,453,554</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 27,968,007	\$ 37,566,629	\$ 51,612,326	\$ 53,239,013	\$ 67,253,530
Restricted	25,224,292	20,073,308	13,291,636	20,590,354	17,368,350
Unrestricted	(3,346,338)	(1,321,735)	886,064	4,257,915	5,349,391
Total primary government net assets	<u>\$ 49,845,961</u>	<u>\$ 56,318,202</u>	<u>\$ 65,790,026</u>	<u>\$ 78,087,282</u>	<u>\$ 89,971,271</u>

Source: School District financial records.*** Note:** The District began to report accrual information when it implemented GASB Statement No. 34 in FY2002.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, NET (EXPENSE) REVENUE

LAST FIVE FISCAL YEARS *

(Accrual Basis of Accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses:					
Governmental activities:					
Instruction	\$ 74,870,593	\$ 76,183,474	\$ 77,915,645	\$ 79,926,672	\$ 82,284,228
Student support	2,921,715	2,755,278	2,976,773	3,414,425	3,607,003
Instructional staff services	2,576,426	2,298,830	2,007,114	2,289,408	3,126,850
Administration services	7,325,875	8,526,811	9,102,230	9,346,265	9,866,575
Operation and maintenance of plant services	7,494,989	9,980,324	8,115,235	8,840,172	9,048,037
Transportation services	1,299,580	1,463,802	1,415,513	2,153,485	2,610,599
Central support	13,933,125	16,007,327	2,564,116	2,913,309	2,978,714
Interest on long-term debt	844,722	1,433,941	1,282,790	1,134,514	1,171,049
AEA flow through	4,429,550	4,418,663	4,146,957	4,211,176	4,342,883
Total governmental activities expenses	<u>\$ 115,696,575</u>	<u>\$ 123,068,450</u>	<u>\$ 109,526,373</u>	<u>\$ 114,229,426</u>	<u>\$ 119,035,938</u>
Business type activities:					
Nutrition services	\$ 3,809,374	\$ 3,615,006	\$ 3,954,729	\$ 4,315,580	\$ 4,681,482
Student home construction	-	14,364	4,802	113,044	271,794
Stadium	-	-	111,361	112,323	139,415
Total business type activities	<u>\$ 3,809,374</u>	<u>\$ 3,629,370</u>	<u>\$ 4,070,892</u>	<u>\$ 4,540,947</u>	<u>\$ 5,092,691</u>
Total primary government expenses	<u>\$ 119,505,949</u>	<u>\$ 126,697,820</u>	<u>\$ 113,597,265</u>	<u>\$ 118,770,373</u>	<u>\$ 124,128,629</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 5,280,294	\$ 5,343,766	\$ 4,979,835	\$ 4,625,093	\$ 4,348,361
Support services	10,127,717	11,995,266	135,552	140,924	154,176
Operating grants and contributions	14,947,553	15,773,043	16,110,257	17,441,207	15,882,959
Capital grants and contributions	-	-	-	-	999,372
Total governmental activities program revenues	<u>\$ 30,355,564</u>	<u>\$ 33,112,075</u>	<u>\$ 21,225,644</u>	<u>\$ 22,207,224</u>	<u>\$ 21,384,868</u>
Business type activities:					
Charges for services:					
Nutrition	\$ 1,623,808	\$ 1,584,206	\$ 1,520,506	\$ 1,608,033	\$ 1,618,793
Student home construction	-	-	-	116,928	292,675
Stadium	-	-	95,178	83,619	133,155
Operating grants and contributions	2,264,491	2,422,158	2,651,355	2,965,490	3,136,689
Total business type program revenues	<u>\$ 3,888,299</u>	<u>\$ 4,006,364</u>	<u>\$ 4,267,039</u>	<u>\$ 4,774,070</u>	<u>\$ 5,181,312</u>
Total primary government program revenues	<u>\$ 34,243,863</u>	<u>\$ 37,118,439</u>	<u>\$ 25,492,683</u>	<u>\$ 26,981,294</u>	<u>\$ 26,566,180</u>
Net (expense) revenue:					
Governmental activities	\$ (85,341,011)	\$ (89,956,375)	\$ (88,300,729)	\$ (92,022,202)	\$ (97,651,070)
Business type activities	78,925	376,994	196,147	233,123	88,621
Total primary government net expense	<u>\$ (85,262,086)</u>	<u>\$ (89,579,381)</u>	<u>\$ (88,104,582)</u>	<u>\$ (91,789,079)</u>	<u>\$ (97,562,449)</u>
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	\$ 24,997,300	\$ 27,674,732	\$ 29,419,291	\$ 30,295,783	\$ 31,703,853
Income surtaxes	1,476,309	2,806,228	2,716,725	2,865,472	2,970,163
Local option sales taxes	8,517,536	9,132,608	9,227,125	9,343,994	10,074,839
Interest	1,238,461	611,878	594,234	962,935	1,715,844
State aid not restricted to specific programs	54,688,999	56,175,179	55,751,752	59,109,639	60,806,931
Miscellaneous	798,509	391,049	101,760	1,366,133	1,688,644
Total governmental activities	<u>\$ 91,717,114</u>	<u>\$ 96,791,674</u>	<u>\$ 97,810,887</u>	<u>\$ 103,943,956</u>	<u>\$ 108,960,274</u>
Business type activities:					
Interest	\$ 3,495	\$ 6,404	\$ 12,363	\$ 32,583	\$ 53,045
Miscellaneous	84,893	242,196	(246,844)	109,796	106,825
Total business type activities	<u>\$ 88,388</u>	<u>\$ 248,600</u>	<u>\$ (234,481)</u>	<u>\$ 142,379</u>	<u>\$ 159,870</u>
Total primary government	<u>\$ 91,805,502</u>	<u>\$ 97,040,274</u>	<u>\$ 97,576,406</u>	<u>\$ 104,086,335</u>	<u>\$ 109,120,144</u>
Changes in Net Assets:					
Governmental activities	\$ 6,376,103	\$ 6,835,299	\$ 9,510,158	\$ 11,921,754	\$ 11,309,204
Prior period adjustment	-	(988,652)	-	-	-
Business type activities	167,313	625,594	(38,334)	375,502	248,491
Total primary government	<u>\$ 6,543,416</u>	<u>\$ 6,472,241</u>	<u>\$ 9,471,824</u>	<u>\$ 12,297,256</u>	<u>\$ 11,557,695</u>

* Note: The District began to report accrual information when it implemented GASB Statement No. 34 in FY2002.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund:										
Reserved	\$ -	\$ 38,203	\$ 905,604	\$ 882,463	\$ 962,265	\$ 809,606	\$ 615,726	\$ 676,857	\$ 466,908	\$ 477,287
Unreserved	7,671,576	4,489,926	4,297,914	5,476,519	6,875,930	7,410,116	8,419,567	9,064,845	9,508,082	9,638,949
Total general fund	<u>\$ 7,671,576</u>	<u>\$ 4,528,129</u>	<u>\$ 5,203,518</u>	<u>\$ 6,358,982</u>	<u>\$ 7,838,195</u>	<u>\$ 8,219,722</u>	<u>\$ 9,035,293</u>	<u>\$ 9,741,702</u>	<u>\$ 9,974,990</u>	<u>\$ 10,116,236</u>
All other governmental funds:										
Reserved	\$ 64,218	\$ 156	\$ 19,949	\$ 34,879	\$ 39,585	\$ 69,780	\$ 436,785	\$ 433,773	\$ 428,351	\$ 57,356
Unreserved, reported in:										
Capital projects funds	830,164	742,696	5,292,745	15,533,176	16,945,681	22,499,412	17,913,480	8,715,836	15,670,705	10,201,268
Debt service funds	-	-	-	-	-	-	-	-	-	-
Special revenue funds	1,070,249	860,457	208,941	333,178	810,063	905,128	1,132,411	3,357,328	3,827,376	5,477,305
Total all other governmental funds	<u>\$ 1,964,631</u>	<u>\$ 1,603,309</u>	<u>\$ 5,521,635</u>	<u>\$ 15,901,233</u>	<u>\$ 17,795,329</u>	<u>\$ 23,474,320</u>	<u>\$ 19,482,676</u>	<u>\$ 12,506,937</u>	<u>\$ 19,926,432</u>	<u>\$ 15,735,929</u>

Source: School District financial records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Local sources	\$ 26,003,776	\$ 28,551,340	\$ 37,514,959	\$ 39,859,668	\$ 42,968,682	\$ 42,434,316	\$ 46,081,170	\$ 47,179,830	\$ 48,865,969	\$ 51,455,725
State appropriations	52,825,534	55,706,634	57,642,572	61,405,257	63,704,193	64,252,611	64,790,768	63,754,874	67,507,932	70,118,988
Federal appropriations	3,218,562	3,404,305	3,419,686	3,987,701	4,538,050	5,410,458	7,157,439	8,000,728	8,402,053	8,021,534
Total revenue	\$ 82,047,872	\$ 87,662,279	\$ 98,577,217	\$ 105,252,626	\$ 111,210,925	\$ 112,097,385	\$ 118,029,377	\$ 118,935,432	\$ 124,775,954	\$ 129,596,247
Expenditures:										
Instruction	\$ 53,231,494	\$ 59,557,143	\$ 63,557,415	\$ 65,136,966	\$ 67,889,657	\$ 71,657,382	\$ 74,914,949	\$ 75,153,383	\$ 77,350,380	\$ 79,135,345
Student support services	4,933,184	4,953,828	2,437,261	2,406,013	2,602,190	2,919,682	2,765,639	3,012,327	3,450,781	3,672,612
Instructional staff services	2,565,252	2,641,177	2,523,001	2,450,782	2,698,131	2,575,129	2,429,798	2,174,059	2,398,812	3,196,353
Administrative services	6,412,948	7,145,708	7,176,242	6,777,718	7,000,844	7,271,882	8,475,459	9,192,194	9,494,783	10,045,553
Operations and maintenance	7,769,581	7,795,296	7,405,759	7,233,901	7,522,273	7,316,484	8,109,153	8,414,964	9,283,811	9,214,875
Transportation services	1,185,865	1,447,535	1,341,143	1,569,003	1,483,217	1,535,594	1,662,255	1,513,990	2,511,787	2,674,820
Central support services	2,217,755	3,032,799	2,076,912	2,894,324	2,968,207	2,571,019	2,149,996	2,571,305	3,022,848	2,952,563
AEA flowthrough	3,914,520	4,043,892	4,202,947	4,326,149	4,464,963	4,429,550	4,418,663	4,146,957	4,211,176	4,342,883
Capital outlay	1,326,655	413,031	1,444,947	9,126,513	17,988,731	11,734,727	9,643,672	13,391,554	7,806,878	11,955,027
Debt service:										
Principal	845,111	1,120,775	1,306,695	1,336,970	1,356,483	11,281,603	4,462,246	4,760,110	4,940,111	5,250,111
Interest	583,900	615,487	591,758	544,575	1,330,188	1,672,497	1,537,736	1,341,378	1,104,658	1,205,362
Total expenditures	\$ 84,986,265	\$ 92,766,671	\$ 94,064,080	\$ 103,802,914	\$ 117,304,884	\$ 124,965,549	\$ 120,569,566	\$ 125,672,221	\$ 125,576,025	\$ 133,645,504
Excess (deficiency) of revenues over expenditures	\$ (2,938,393)	\$ (5,104,392)	\$ 4,513,137	\$ 1,449,712	\$ (6,093,959)	\$ (12,868,164)	\$ (2,540,189)	\$ (6,736,789)	\$ (800,071)	\$ (4,049,257)
Other financing sources (uses):										
Bond/note proceeds	\$ 320,000	\$ 1,503,290	\$ -	\$ 10,323,683	\$ 9,680,197	\$ 18,976,615	\$ -	\$ -	\$ 8,500,000	\$ -
Transfers in	304,690	282,610	1,477,068	461,286	1,266,910	3,841,450	4,932,655	5,091,140	5,029,773	5,394,088
Transfers out	(226,239)	(187,412)	(1,396,638)	(698,189)	(1,480,925)	(3,889,803)	(5,568,539)	(5,144,658)	(5,076,919)	(5,394,088)
Total other financing sources (uses)	\$ 398,451	\$ 1,598,488	\$ 80,430	\$ 10,086,780	\$ 9,466,182	\$ 18,928,262	\$ (635,884)	\$ (53,518)	\$ 8,452,854	\$ -
Net change in fund balances	\$ (2,539,942)	\$ (3,505,904)	\$ 4,593,567	\$ 11,536,492	\$ 3,372,223	\$ 6,060,098	\$ (3,176,073)	\$ (6,790,307)	\$ 7,652,783	\$ (4,049,257)
Debt service as a percentage of noncapital expenditures	1.68%	1.87%	2.02%	1.81%	2.29%	10.37%	4.98%	4.86%	4.81%	4.83%

Source: School District financial records.

SIoux CITY COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

Fiscal Year	Real Property		Utilities		Total		Total Direct Rate
	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	
1997	\$ 1,286,717,270	\$ 2,022,624,920	\$ 143,325,313	\$ 155,217,963	\$ 1,430,042,583	\$ 2,177,842,883	\$ 14.60
1998	1,271,733,257	1,903,051,389	161,211,834	16,158,483	1,432,945,091	1,919,209,872	15.22
1999	1,401,651,821	2,211,771,217	188,797,886	188,800,940	1,590,449,707	2,400,572,157	14.31
2000	1,461,269,271	2,252,453,761	174,101,416	174,101,416	1,635,370,687	2,426,555,177	13.65
2001	1,491,923,746	2,284,955,814	159,588,181	159,588,181	1,651,511,927	2,444,543,995	14.70
2002	1,763,995,632	2,642,935,536	130,785,035	158,295,651	1,894,780,667	2,801,231,187	14.43
2003	1,852,128,334	2,739,834,814	131,169,795	194,038,158	1,983,298,129	2,933,872,972	15.77
2004	1,654,774,185	2,854,340,891	163,036,726	163,036,726	1,817,810,911	3,017,377,617	16.15
2005	1,842,151,819	2,840,214,896	153,862,116	152,260,311	1,996,013,935	2,992,475,207	17.02
2006	1,852,515,843	2,940,704,508	156,807,722	168,313,875	2,009,323,565	3,109,018,383	17.50

Sources: Woodbury and Plymouth County auditors.

Notes: Assessed value equals estimated actual value.

Tax rates expressed in dollars per thousand of assessed valuation.

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.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Rate Per \$1,000 of Assessed Valuation)

Fiscal Year	District Direct Rates	City of Sioux City	Plymouth County Perry Twp	Plymouth County Hancock Twp	Western Iowa Tech Comm College	Woodbury County	State of Iowa	Ag Extension	City Assessor
1997	\$ 14.60	\$ 14.97	\$ 0.24	\$ 0.40	\$ 0.53	\$ 6.82	\$ 0.005	\$ 0.07	\$ 0.29
1998	15.22	15.30	0.18	0.39	0.61	6.64	0.005	0.06	0.41
1999	14.31	13.98	0.25	0.36	0.60	6.12	0.005	0.06	0.46
2000	13.65	13.95	0.23	0.37	0.56	6.27	0.005	0.06	0.53
2001	14.70	14.41	0.21	0.35	0.61	6.32	0.005	0.06	0.54
2002	14.44	14.41	0.22	0.34	0.62	6.87	0.005	0.05	0.45
2003	15.77	16.00	0.22	0.64	0.94	6.92	0.004	0.05	0.52
2004	16.15	16.43	0.20	0.62	0.54	7.11	0.004	0.05	0.58
2005	17.02	17.79	0.43	0.61	0.57	7.66	0.004	0.05	0.43
2006	17.50	17.97	0.43	0.61	0.70	7.69	0.004	0.05	0.43

Notes: Assessed value equals estimated actual value.

Tax rates expressed in dollars per thousand of assessed valuation.

Sources: Woodbury and Plymouth County Auditors.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2006			1997		
	Assessed Value	Rank	% of Total Taxable Assessed Value	Assessed Value	Rank	% of Total Taxable Assessed Value
Mid American Energy	\$ 291,905,473	1	9.39%	\$ 156,680,722	1	9.85%
SDG Macerich Properties	55,059,100	2	1.77%			
Interstate Power Co.	30,655,928	3	0.99%			
Qwest Corp.	26,857,838	4	0.86%	13,702,070	6	0.86%
Wal-Mart Real Estate	23,487,900	5	0.76%			
Northwestern Public Service	16,546,776	6	0.53%	7,927,441	9	0.50%
Terra Chemical	11,330,070	7	0.36%	8,904,795	7	0.56%
Klinger Properties	10,655,700	8	0.34%	17,899,583	3	1.13%
Menards Inc	9,447,700	9	0.30%			
K-F Real Estate	9,343,000	10	0.30%			
Equitable Life				54,494,383	2	3.43%
St. Luke's Regional Med Ctr				16,111,843	4	1.01%
Cargill, Inc				14,654,354	5	0.92%
First Federal Savings				7,978,739	8	0.50%
L.S. Sioux City Associates				7,121,831	10	0.45%
	<u>\$ 485,289,485</u>			<u>\$ 305,475,761</u>		<u>19.21%</u>

Source: Woodbury County auditor.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Property Tax Collections*</u>	<u>Percentage of Levy</u>
1997	\$ 22,221,595	\$ 20,832,992	93.75%
1998	21,940,102	21,854,592	99.61%
1999	23,156,954	23,189,958	100.14%
2000	22,492,702	22,428,615	99.72%
2001	24,805,939	24,687,390	99.52%
2002	25,490,766	24,895,335	97.66%
2003	27,803,978	27,600,495	99.27%
2004	29,533,636	29,323,861	99.29%
2005	30,457,523	30,203,599	99.17%
2006	31,885,170	31,612,502	99.14%

Source: District records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Assessed Value	Percent of Actual Taxable Value of Property	Per Capita
1997	\$ 11,065,000	\$ 2,177,842,883	0.51%	\$ 132.48
1998	10,510,000	1,919,209,872	0.55%	126.45
1999	9,925,000	2,400,572,157	0.41%	119.80
2000	9,315,000	2,426,555,177	0.38%	109.59
2001	8,675,000	2,444,543,995	0.35%	102.67
2002	8,025,000	2,801,231,187	0.29%	95.31
2003	7,300,000	2,933,872,972	0.25%	87.11
2004	6,505,000	3,017,377,617	0.22%	77.63
2005	5,680,000	2,992,475,207	0.19%	68.31
2006	4,830,000	3,109,018,383	0.16%	56.81

Source: District financial records and Woodbury County auditor.

SIOUX CITY COMMUNITY SCHOOL DISTRICTOUTSTANDING DEBT BY TYPELAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Sales Tax Revenue Bonds</u>	<u>Asbestos Abatement Notes</u>	<u>Capital Equipment Notes</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
1997	\$ 11,065,000	\$ -	\$ 4,286,116	\$ 320,000	\$ 15,671,116	N/A	\$ 187.64
1998	10,510,000	-	3,976,005	1,438,444	15,924,449	1.25%	191.60
1999	9,925,000	-	3,665,894	1,026,860	14,617,754	1.11%	176.45
2000	9,315,000	10,000,000	3,555,784	930,000	23,800,784	1.73%	280.02
2001	8,675,000	19,680,000	3,045,673	523,628	31,924,301	2.31%	377.82
2002	8,025,000	28,895,000	2,735,562	114,357	39,769,919	2.99%	472.35
2003	7,300,000	25,480,000	2,425,451	-	35,205,451	2.76%	420.09
2004	6,505,000	21,825,000	2,115,342	-	30,445,342	2.36%	363.32
2005	5,680,000	25,020,000	1,805,231	1,500,000	34,005,231	2.58%	408.97
2006	4,830,000	21,060,000	1,495,121	1,370,000	28,755,121	N/A	338.24

Source: District financial records.

Notes: Details of the District's outstanding debt can be found in Note 4 in the notes to the financial statements.

SIoux CITY COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Sioux City	\$ 95,450,381	98.00%	\$ 93,541,373
Woodbury County	2,240,000	64.60%	1,447,040
Plymouth County	10,567,132	19.00%	2,007,755
Western Iowa Tech Community College	13,635,000	30.00%	4,090,500
Subtotal overlapping debt			<u>\$ 101,086,668</u>
District direct debt			<u>7,695,121</u>
Total direct and overlapping debt			<u><u>\$ 108,781,789</u></u>

Source: Taxable value data used to estimate applicable percentages provided by the County Auditor. Debt outstanding data provided by each governmental unit.

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

* 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.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 71,502,129	\$ 71,647,255	\$ 79,522,485	\$ 93,114,032	\$ 94,739,033	\$ 99,164,906	\$ 150,868,881	\$ 150,551,084	\$ 151,573,644	\$ 153,756,418
Total net debt applicable to limit	<u>16,145,237</u>	<u>16,557,726</u>	<u>15,590,327</u>	<u>15,064,469</u>	<u>13,484,466</u>	<u>10,814,023</u>	<u>9,663,696</u>	<u>8,561,571</u>	<u>8,931,880</u>	<u>7,687,821</u>
Legal debt margin	<u>\$ 55,356,892</u>	<u>\$ 55,089,529</u>	<u>\$ 63,932,158</u>	<u>\$ 78,049,563</u>	<u>\$ 81,254,567</u>	<u>\$ 88,350,883</u>	<u>\$ 141,205,185</u>	<u>\$ 141,989,513</u>	<u>\$ 142,641,764</u>	<u>\$ 146,068,597</u>
Total net debt applicable to limit as a percentage of debt limit	22.58%	23.11%	19.60%	16.18%	14.23%	10.91%	6.41%	5.69%	5.89%	5.00%

Legal Debt Margin Calculation - FY2006

Actual assessed value*	\$ 3,075,128,361
Debt limit (5% of assessed value)**	\$ 153,756,418
Debt applicable to limit	<u>7,687,821</u>
Legal debt margin	<u>\$ 146,068,597</u>

Source: School District financial records and Woodbury County auditor.

Notes:

* Actual assessed value includes Tax Increment Financing districts.

** Code of Iowa Section 296.1.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PLEDGED REVENUE COVERAGELAST TEN FISCAL YEARS

Fiscal Year	Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
1997	\$ -	\$ -	\$ -	\$ -
1998	-	-	-	-
1999	6,381,055	-	-	-
2000	8,742,190	-	-	-
2001	8,595,057	-	818,200	10.50
2002	8,517,537	1,885,000	1,210,590	2.75
2003	9,132,607	3,315,000	1,190,541	2.03
2004	8,744,283	3,655,000	1,032,252	1.87
2005	9,254,822	3,805,000	862,740	1.98
2006	9,491,719	3,960,000	926,612	1.94

Note: Details regarding the District's outstanding debt can be found in Note 4 of the notes to the financial statements.

SIOUX CITY COMMUNITY SCHOOL DISTRICTDEMOGRAPHIC AND ECONOMIC STATISTICSLAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Population*</u>	<u>Personal Income**</u>	<u>Adjusted Gross Income Per Tax Return**</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate***</u>
1997	83,519	N/A	N/A	N/A	3.80%
1998	83,114	\$ 1,275,631,099	\$ 27,606	\$ 15,348	3.20%
1999	82,843	1,322,503,303	28,559	15,964	2.70%
2000	84,998	1,375,718,367	29,218	16,185	2.70%
2001	84,496	1,379,669,864	29,529	16,328	3.20%
2002	84,196	1,331,095,645	29,177	15,809	3.90%
2003	83,804	1,277,273,847	28,806	15,241	5.00%
2004	83,798	1,290,620,820	29,600	15,402	5.40%
2005	83,148	1,317,533,361	30,361	15,846	4.50%
2006	85,013	N/A	N/A	N/A	3.80%

Notes:

N/A = Not available

* Iowa Data Center

** Iowa Department of Revenue

*** Iowa Workforce Development

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2006			1997		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Tyson Fresh Meats	3,850	1	9.08%	5,000	2	N/A
Mercy Medical Center	2,000	2	4.72%			
Gateway	1,800	3	4.25%	9,000	1	N/A
Sioux City Comm School District	1,500	4	3.54%			
St. Luke's Regional Medical Cener	1,300	5	3.07%			
John Morrell	1,300	6	3.07%	1,300	4	N/A
City of Sioux City	787	7	1.86%			
Western Iowa Tech Community College	706	8	1.67%			
185th Iowa Air National Guard	690	9	1.63%	1,000	6	N/A
Mid American Energy Company	659	10	1.55%	659	7	N/A
Terra International				3,500	3	N/A
MCI				1,061	5	N/A
Metz Baking				500	8	N/A
Aalfs Manufacturing				430	9	N/A
Sioux Tools				181	10	N/A
Totals	14,592		34.44%	22,631		

Sources: City of Sioux City Economic Development Department & Iowa Department of Economic Development

Note: The 1997 percentages of total employment were not available.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	Full Time Equivalent Employees as of Fiscal Year Ended									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Administration:										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	26.0	26.0	25.0	26.5	27.0	27.0	27.0	28.0	28.0	27.0
Assistant Principals	15.0	13.5	10.0	10.5	10.0	10.0	10.0	11.0	10.5	11.0
Other Officials/Admin	32.0	28.0	28.0	27.0	25.0	22.0	22.0	22.0	21.6	16.1
Subtotal	75.0	69.5	65.0	66.0	64.0	61.0	61.0	63.0	62.1	56.1
Teachers & other:										
Regular	767.7	758.5	760.5	786.9	805.0	798.5	788.2	797.4	813.4	773.6
Special Programs	168.4	166.5	153.5	156.6	163.8	163.3	162.8	167.8	170.6	177.0
Counselors	27.5	27.5	27.5	28.0	28.0	28.0	25.0	24.0	24.0	27.0
Media Specialists	9.5	9.5	9.5	11.5	11.5	11.5	11.5	11.8	12.0	12.0
Subtotal	973.1	962.0	951.0	983.0	1,008.3	1,001.3	987.5	1,001.0	1,020.0	989.6
Support Personnel:										
Nurse (RN)	8.6	8.6	8.6	8.5	8.5	8.5	8.5	8.5	9.0	9.0
Finance Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Professionals	24.4	21.4	22.5	19.0	19.6	27.4	16.2	12.1	15.0	11.0
Instructional Assistants	200.9	199.1	179.6	177.0	214.1	210.0	201.8	198.2	194.2	174.7
Office/Clerical Personnel	115.3	118.5	121.2	127.0	83.7	83.0	82.8	84.2	87.9	86.6
Crafts & trades Personnel	22.0	22.0	24.0	25.0	23.0	24.0	25.1	27.0	29.0	28.5
Operative Personnel	32.7	29.1	22.0	20.0	18.4	20.9	20.3	21.8	21.3	20.5
Laborers	13.0	14.0	13.0	14.0	15.0	15.0	15.0	15.0	11.0	13.0
Service Workers	78.8	78.1	77.1	80.3	81.8	84.1	81.7	88.2	91.9	94.5
Subtotal	496.7	491.8	469.0	471.8	465.1	473.9	452.4	456.0	460.3	438.8
Total	1,544.8	1,523.3	1,485.0	1,520.8	1,537.4	1,536.2	1,500.9	1,520.0	1,542.4	1,484.5

Source: District records

SIOUX CITY COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures*</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenses**</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>
1997	14,807	\$ 82,230,599	\$ 5,553	-	N/A	N/A	N/A	951	15.57
1998	14,738	90,617,378	6,149	10.72%	N/A	N/A	N/A	984	14.98
1999	14,782	90,720,680	6,137	-0.18%	N/A	N/A	N/A	965	15.32
2000	14,765	92,794,856	6,285	2.40%	N/A	N/A	N/A	951	15.53
2001	14,660	96,626,482	6,591	4.87%	N/A	N/A	N/A	961	15.25
2002	14,388	100,276,722	6,969	5.74%	\$ 119,505,949	\$ 8,306	N/A	969	14.85
2003	14,261	104,925,912	7,358	5.57%	126,697,820	8,884	6.96%	944	15.11
2004	14,405	106,179,179	7,371	0.18%	113,597,265	7,886	-11.24%	913	15.78
2005	14,276	111,724,378	7,826	6.17%	118,770,373	8,320	5.50%	911	15.67
2006	14,139	115,235,004	8,150	4.14%	124,128,629	8,779	5.52%	936	15.11

Source: District financial records.

Notes:

* Operating expenditures are total governmental expenditures less debt service and capital outlays.

** The District began to report accrual information when it implemented GASB 34 in FY2002.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

CERTIFIED TEACHING STAFF SALARIES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
1997	\$ 22,290	\$ 45,026	\$ 36,165
1998	23,593	48,058	37,494
1999	24,305	49,496	38,987
2000	24,605	50,302	39,969
2001	25,130	51,473	40,491
2002	25,830	52,977	41,872
2003	26,180	53,684	42,759
2004	26,755	54,845	44,145
2005	27,055	55,501	44,363
2006	27,712	56,878	45,380

Source: District financial records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

School	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Elementary:										
Bryant (1890)										
Square Feet	43,251	43,251	43,251	43,251	43,251	43,251	43,251	43,251	43,251	43,251
Enrollment	345	375	397	403	414	404	416	431	468	453
Clark (1957)										
Square Feet	27,079	27,079	27,079	27,079	27,079	27,079	27,079	27,079	27,079	27,079
Enrollment	294	294	285	280	264	236	246	237	223	240
Crescent Park (1920)										
Square Feet	52,563	52,563	52,563	52,563	52,563	52,563	52,563	52,563	52,563	52,563
Enrollment	392	359	372	325	324	325	320	340	302	236
Emerson (1921)										
Square Feet	27,964	27,964	27,964	27,964	27,964	27,964	27,964	27,964	27,964	27,964
Enrollment	262	262	285	303	286	277	270	272	260	226
Everett (1888)										
Square Feet	24,071	24,071	24,071	24,071	24,071	24,071	24,071	24,071	24,071	24,071
Enrollment	338	362	322	355	367	346	337	351	328	300
Grant (1925)										
Square Feet	21,238	21,238	21,238	21,238	21,238	21,238	21,238			
Enrollment	139	156	144	150	134	120	116	closed		
Hawthorne (1891)										
Square Feet	42,411	42,411	42,411	42,411	42,411	42,411	42,411	42,411	42,411	42,411
Enrollment	301	293	292	268	261	263	264	256	244	225
Hunt (1906)										
Square Feet	29,596	29,596	29,596	29,596	29,596	29,596	29,596	29,596	29,596	29,596
Enrollment	263	274	293	280	327	253	290	272	269	221
Irving (2005)										
Square Feet	26,861	26,861	26,861	26,861	26,861	26,861	26,861	26,861	26,861	88,000
Enrollment	323	332	337	368	364	377	365	362	337	621
Joy (1912)										
Square Feet	25,481	25,481	25,481	25,481	25,481	25,481	25,481	25,481	25,481	25,481
Enrollment	271	268	258	257	259	238	239	266	275	264
Leeds (1938)										
Square Feet	48,374	48,374	48,374	48,374	48,374	48,374	48,374	48,374	48,374	48,374
Enrollment	267	272	274	264	276	257	245	236	225	232

Source: District Records

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(CONTINUED)

School	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Elementary:										
Lincoln (1953)										
Square Feet	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458
Enrollment	273	255	258	254	241	254	268	267	265	269
Longfellow (1893)										
Square Feet	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289
Enrollment	343	327	345	339	332	332	285	273	265	291
Lowell (1910)										
Square Feet	23,240	23,240	23,240	23,240	23,240	23,240	23,240	23,240	23,240	23,240
Enrollment	274	274	263	301	285	239	257	263	252	231
McKinley (1921)										
Square Feet	19,820	19,820	19,820	19,820	19,820	19,820	19,820	19,820	19,820	19,820
Enrollment	228	213	226	238	227	245	210	244	217	222
Nodland (1969)										
Square Feet	29,391	29,391	29,391	29,391	29,391	29,391	29,391	29,391	29,391	29,391
Enrollment	261	260	251	248	210	207	199	198	191	187
Riverside (1958)										
Square Feet	59,518	59,518	59,518	59,518	59,518	59,518	59,518	59,518	59,518	59,518
Enrollment	404	326	506	458	512	509	470	496	474	388
Roosevelt (1920)										
Square Feet	22,697	22,697	22,697	22,697	22,697	22,697	22,697	22,697	22,697	22,697
Enrollment	246	231	216	262	233	236	231	217	226	196
Smith (1899)										
Square Feet	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462
Enrollment	330	376	381	347	361	367	347	390	405	361
Sunnyside (1957)										
Square Feet	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771
Enrollment	219	222	205	196	189	187	193	190	199	210
Washington (1921)										
Square Feet	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693
Enrollment	403	388	378	355	391	391	396	399	407	403
Whittier (1902)										
Square Feet	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693
Enrollment	321	320	357	341	318	319	315	387	373	380

Source: District Records

SIoux CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(CONTINUED)

School	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Middle Schools:										
East Middle School (2002)										
Square Feet	143,292	143,292	143,292	143,292	143,292	198,000	198,000	198,000	198,000	198,000
Enrollment	1,128	1,067	1,009	982	989	980	1,021	965	960	938
North Middle School (2005)										
Square Feet									198,000	198,000
Enrollment									1,197	1,158
West Middle School (2001)										
Square Feet	168,000	168,000	168,000	168,000	168,000	168,000	168,000	177,000	177,000	177,000
Enrollment	694	699	682	672	742	743	859	980	1,063	965
Hoover Middle School (1964)										
Square Feet	59,092	59,092	59,092	59,092	59,092	59,092	59,092	59,092		
Enrollment	719	705	613	599	594	636	522	499	closed	
Woodrow Wilson Middle (1925)										
Square Feet	115,811	115,811	115,811	115,811	115,811	115,811	115,811	115,811		
Enrollment	722	717	717	736	724	763	748	776	closed	
High Schools:										
East High School (1972)										
Square Feet	209,876	209,876	209,876	209,876	209,876	209,876	209,876	209,876	209,876	209,876
Enrollment	1,385	1,335	1,337	1,290	1,290	1,297	1,271	1,273	1,272	1,259
North High School (1972)										
Square Feet	210,954	210,954	210,954	210,954	210,954	210,954	210,954	210,954	210,954	210,954
Enrollment	1,304	1,382	1,295	1,254	1,235	1,273	1,341	1,391	1,463	1,438
West High School (1972)										
Square Feet	213,966	213,966	213,966	213,966	213,966	213,966	213,966	213,966	213,966	213,966
Enrollment	1,274	1,304	1,405	1,399	1,334	1,371	1,307	1,325	1,279	1,287
Central Campus (1951)										
Square Feet	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612
Enrollment	570	601	617	660	668	449	429	357	355	329

Source: District Records

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCALYEARS

(CONTINUED)

Other District Facilities:

Old Hoover Middle (1964)	
Square Feet	59,092
Alternative Education	
Administration Center (1938)	
Square Feet	36,900
Physical Operations (1978)	
Square Feet	29,270
Hobson Central Kitchen (1939)	
Square Feet	21,515

SIOUX CITY COMMUNITY SCHOOL DISTRICT
CONTINUING DISCLOSURE SCHEDULE -
HISTORICAL RETAIL SALES IN WOODBURY COUNTY

<u>Fiscal Year</u> <u>Ended</u> <u>March 31,</u>	<u>Sales</u>
1987	\$ 631,237,739
1988	663,737,116
1989	705,212,309
1990	736,919,712
1991	755,292,659
1992	790,551,007
1993	837,626,949
1994	898,319,797
1995	947,587,261
1996	991,630,033
1997	1,006,885,520
1998	1,059,067,725
1999	1,111,273,446
2000	1,130,618,047
2001	1,155,544,828
2002	1,147,698,184
2003	1,143,254,465
2004	1,166,768,177
2005	1,193,115,717
2006	1,239,908,750

SIOUX CITY COMMUNITY SCHOOL DISTRICT

CONTINUING DISCLOSURE SCHEDULE -

SALES TAX REVENUE

<u>Fiscal Year</u>	<u>Revenue</u>
1999	\$ 6,381,055
2000	8,742,190
2001	8,595,057
2002	8,517,537
2003	9,132,607
2004	8,744,283
2005	9,254,822
2006	9,491,719

SIOUX CITY COMMUNITY SCHOOL DISTRICT

CONTINUING DISCLOSURE SCHEDULE - OUTSTANDING

OUTSTANDING GENERAL OBLIGATION DEBT (PRINCIPAL AND INTEREST)

<u>Fiscal Year</u>	<u>2002 Refunding Bonds</u>	<u>Asbestos Abatement Loans</u>	<u>Capital Loan Notes</u>	<u>Total</u>
2007	\$ 1,075,988	\$ 310,111	\$ 183,909	\$ 1,570,008
2008	1,082,800	310,111	179,090	1,572,001
2009	1,085,800	310,111	179,270	1,575,181
2010	1,087,200	311,612	179,272	1,578,084
2011	1,092,000	168,784	179,096	1,439,880
2012	-	84,392	178,741	263,133
2013	-	-	183,207	183,207
2014	-	-	182,317	182,317
2015	-	-	181,247	181,247
Totals	\$ 5,423,788	\$ 1,495,121	\$ 1,626,149	\$ 8,545,058

SIOUX CITY COMMUNITY SCHOOL DISTRICT

CONTINUING DISCLOSURE SCHEDULE -

DEBT ANNUAL MATURITY SCHEDULE

School Refunding Bonds - 2002 Issue

Fiscal Year	Principal	Interest	Total
2007	\$ 885,000	\$ 190,988	\$ 1,075,988
2008	925,000	157,800	1,082,800
2009	965,000	120,800	1,085,800
2010	1,005,000	82,200	1,087,200
2011	1,050,000	42,000	1,092,000
2012 - 2015	-	-	-
Totals	<u>\$ 4,830,000</u>	<u>\$ 593,788</u>	<u>\$ 5,423,788</u>

Sales Tax Revenue Bonds - 1999, 2000, 2001, 2005 & QZAB Issues

Fiscal Year	Principal	Interest	Total
2007	\$ 4,160,000	\$ 760,775	\$ 4,920,775
2008	4,340,000	567,520	4,907,520
2009	12,560,000	234,419	12,794,419
2010	-	-	-
2011	-	-	-
2012 - 2015	-	-	-
Totals	<u>\$ 21,060,000</u>	<u>\$ 1,562,714</u>	<u>\$ 22,622,714</u>

Asbestos Abatement Loans

Fiscal Year	Principal	Interest	Total
2007	\$ 310,111	\$ -	\$ 310,111
2008	310,111	-	310,111
2009	310,111	-	310,111
2010	311,612	-	311,612
2011	168,784	-	168,784
2012 - 2015	84,392	-	84,392
Totals	<u>\$ 1,495,121</u>	<u>\$ -</u>	<u>\$ 1,495,121</u>

General Obligation Capital Loan Notes

Fiscal Year	Principal	Interest	Total
2007	\$ 135,000	\$ 48,909	\$ 183,909
2008	135,000	44,090	179,090
2009	140,000	39,270	179,270
2010	145,000	34,272	179,272
2011	150,000	29,096	179,096
2012 - 2015	665,000	60,512	725,512
Totals	<u>\$ 1,370,000</u>	<u>\$ 256,149</u>	<u>\$ 1,626,149</u>

Summary - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2007	\$ 5,490,111	\$ 1,000,672	\$ 6,490,783
2008	5,710,111	769,410	6,479,521
2009	13,975,111	394,489	14,369,600
2010	1,461,612	116,472	1,578,084
2011	1,368,784	71,096	1,439,880
2012 - 2015	749,392	60,512	809,904
Totals	<u>\$ 28,755,121</u>	<u>\$ 2,412,651</u>	<u>\$ 31,167,772</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

CONTINUING DISCLOSURE SCHEDULE -

DEBT SERVICE COVERAGE SALES TAX REVENUE BONDS

Fiscal Year	Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
1997	\$ -	\$ -	\$ -	\$ -
1998	-	-	-	-
1999	6,381,055	-	-	-
2000	8,742,190	-	-	-
2001	8,595,057	-	818,200	10.50
2002	8,517,537	1,885,000	1,210,590	2.75
2003	9,132,607	3,315,000	1,190,541	2.03
2004	8,744,283	3,655,000	1,032,252	1.87
2005	9,254,822	3,805,000	862,740	1.98
2006	9,491,719	3,960,000	926,612	1.94
2007	9,928,678	4,160,000	760,775	2.02
2008	9,928,678	4,340,000	567,520	2.02
2009	9,928,678	12,560,000	234,419	0.78

Notes: Details regarding the District's outstanding debt can be found in Note 4 of the Notes to the financial statements.

FY2007 Sales tax projected revenue based in Iowa Dept. of Revenue estimate.

Revenue projections after FY2007 held constant to FY2007 projection.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Direct:			
U.S. Department of Education:			
Indian Education - Grants to Local Educational Agencies	84.060	FY06	\$ 150,238
Safe and Drug-Free Schools and Communities - National Program	84.184	FY06	318,680
Fund for the Improvement of Education	84.215	FY06	<u>1,057,667</u>
Total Direct			<u>\$ 1,526,585</u>
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Food Distribution	10.550	FY06	\$ 275,657
National School Lunch Program	10.555	FY06	<u>2,802,514</u>
			\$ 3,078,171
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY06	\$ 2,317,562
Migrant Education - State Grant Program	84.011	FY06	<u>252,805</u>
Total Title I			<u>\$ 2,570,367</u>
Vocational Education - Basic Grants to States	84.048	FY06	263,263
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY06	68,719
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY06	52,894
Education for Homeless Children and Youth - Grants for States	84.196	FY06	21,082
Star Schools	84.203	FY06	208
Even Start-State Educational Agencies	84.213	FY06	129,984
State Grants for Innovative Programs	84.298	FY06	130,546
Education Technology State Grants	84.318	FY06	23,508
Advanced Placement Program	84.330	FY06	208
Comprehensive School Reform Demonstration	84.332	FY06	46,755
Reading First State Grants	84.357	FY06	432,223
English Language Acquisition Grants	84.365	FY06	23,743
Improving Teacher Quality State Grants	84.367	FY06	725,892
Grants for State Assessments and Related Activities	84.369	FY06	160,784
Passed through Siouxland Human Investment Partnership:			
Twenty-First Century Community Learning Centers	84.287	FY06	123,339
Passed through Western Hills Area Education Agency #12:			
Special Education - Grants to States	84.027	FY06	<u>881,624</u>
Total Department of Education			<u>\$ 5,655,139</u>
Total Indirect			<u>\$ 8,733,310</u>
Total Federal Expenditures			<u>\$ 10,259,895</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sioux City Community School District and is presented on the accrual basis of accounting. The information in 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.

Note 2 - Food Distribution:

Nonmonetary assistance of \$275,657 is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2006 the District had food commodities totaling \$122,805 in inventory.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR
AUDIT FINDINGS FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF EDUCATION

FINDING III-A-05: Title I Grants to Local Educational Agencies, CFDA 84.010

Condition: An employee examined during the audit was an elementary classroom teacher, not a Title 1 reading recovery teacher, being paid with Title 1, Part A funds.

Current Status: Corrective action taken.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2006

Part I: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No 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 that 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 disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:

CFDA Number 10.555	National School Lunch Program
CFDA Number 84.357	Reading First State Grants
CFDA Number 84.027	Special Education Grants to States
- (h) The dollar threshold used to distinguish between Type A and a Type B program was \$307,797.
- (i) The Sioux City Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

NONE

Part III: Findings and Questioned Costs for Federal Awards:

CFDA Number 84.027: Special Education - Grants to states
Federal Award Year: 2006
U.S. Department of Education
Passed Through Western Hills Area Education Agency #12:

III-A-06 Criteria: OMB Circular A-133 Department of Education Cross-Cutting Section reporting compliance requirement.

Condition: The expenditure reports submitted to the Iowa Dept of Education for each of the three grant years did not agree or reconcile to the general ledger reading first trial balance.

Context: During testing the reporting requirement, obtained the current year expenditure report submitted to the Iowa Dept of Education and compared it to the trial balance. Inquired as to why this report did not match and requested the reconciliation. The expenditure report was not reconciled to the trial balance for all three grant years.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2006

(CONTINUED)

Part III: Findings and Questioned Costs for Federal Awards (Continued):

Effect: Expenditures reported to the Iowa Dept of Education did not agree or reconcile to the general ledger trial balance.

Cause: The expenditure report is submitted before the general ledger is closed for the fiscal year. Reconciliations were not kept for the three years.

Recommendation: The reconciliation from the general ledger trial balance to the expenditure report should be kept as support for the expenditure report submitted to the Iowa Dept of Education.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and will implement procedures to ensure that the reconciliations will be kept as support for the expenditure report submitted.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-06 Certified Budget - Expenditures for the year ended June 30, 2006 exceeded the amended certified budget amounts in the student support and non-instructional program functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-06 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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 - No business transactions between the District and District's officials or employees were noted.

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 - Certain minutes were not published as required by Chapter 279.35 of the Code of Iowa.

The Schedules of Bills were not published as required by Chapter 279.35 of the Code of Iowa.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2006

(CONTINUED)

Part IV: Other Findings Related to Statutory Reporting (Continued):

Recommendation - The board secretary should furnish a copy of the Board proceedings and schedule of bills to be published within two weeks of each meeting.

Response - Procedures have been revised to ensure the minutes and schedule of bills are published as required.

Conclusion - Response accepted.

IV-G-06 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education.

Recommendation - The District should contact the Iowa Department of Education to resolve this matter.

Response - We have contacted the Iowa Department of Education and the Iowa Department of Management. The certified enrollment has been amended.

Conclusion - Response accepted.

IV-H-06 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-06 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education after the extended due date of October 13, 2006. No significant deficiencies in the amounts reported were noted.

Recommendation - Procedures are implemented to ensure the Certified Annual Report is filed by the due date.

Response - Procedures have been revised to ensure that the Certified Annual Report is timely filed.

Conclusion - Response accepted.

IV-J-06 Deficit Balances - No deficit balances were noted as of June 30, 2006.

IV-K-06 Revenue Bonds - The District has established a reserve account required by the bond resolution.

IV-L-06 Unclaimed Property - Unclaimed property was not reported to the State Treasurer as required by Chapter 556.11.

Recommendation - The District should consult their attorney as to the procedures they should take regarding the outstanding unclaimed property.

Response - The District will discuss with legal counsel.

Conclusion - Response accepted.



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Sioux City Community School District

Compliance

We have audited the compliance of Sioux City 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. Sioux City Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sioux City Community School District's management. Our responsibility is to express an opinion on Sioux City Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Sioux City Community School 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 Sioux City Community School District's compliance with those requirements.

In our opinion, Sioux City Community School 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item III-A-06.

Internal Control Over Compliance

The management of the Sioux City Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sioux City Community School 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.



KING, REINSCH, PROSSER & CO., L.L.P.
Certified Public Accountants

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to the 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 the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sioux City, Iowa
November 21, 2006

King, Reinsch, Prosser + Co., L.L.P.



KING, REINSCH, PROSSER & CO., L.L.P.
Certified Public Accountants

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**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
Sioux City Community School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux City Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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 is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sioux City, Iowa
November 21, 2006

King, Reinsch, Prosser + Co., L.L.P.