NORTH SCOTT
COMMUNITY
SCHOOL DISTRICT

Eldridge, Iowa

Comprehensive Annual
Financial Report
For The Fiscal Year
Ended June 30, 2010

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

Eldridge, Iowa

For the fiscal year ended June 30, 2010

OFFICIAL ISSUING REPORT

Joseph E. Hintze - Director of Business Affairs

OFFICE ISSUING REPORT

Business Office

NOTICE

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

Kelly Rohlf, Equity Coordinator
500 Lost Grove Road, Princeton, IA 52768 Telephone Number (563) 285-3503

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

...a commitment to the community.

December 6, 2010

Mr. Paul Dierickx, President
and Members of the Board of
Education and Citizens of
North Scott Community School District
Eldridge, Iowa

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the North Scott Community School District, (the "District") for the year ending June 30, 2010. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

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

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

Management Responsibility

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

CAFR

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

Basis of Accounting and Accounting System

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

The chart of accounts used by the district is in conformance with the revised Uniform Accounting System for Iowa Schools and Area Education Agencies 2009 Edition. The chart of accounts manual is updated on an annual basis.

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

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

Profile of the Government

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

The combined financial statements include all funds, organizations, account groups, agencies, boards, commissions and other authorities. The district has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the district are such that exclusion would cause the district's financial statements to be misleading or incomplete. The criteria considered in determining financial accountability include appointing a voting majority of an organization's governing body, and 1) the ability of the district to impose its will on that organization or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the district.

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

Debt Administration

As of June 30, 2010 the North Scott School District had -0- in bond indebtedness. This allows the district a bonding capacity of $41,551,216.

Cash Management

The district invests in only those securities allowed by the Code of Iowa, Chapter 12C. Because of the timing of the state aid payments, a portion of the available cash must be kept in very liquid accounts. To maximize investment return, the District invested in Certificates of Deposit with an average rate of 3.116%, a bank Sweep Savings Account with an average rate of 1.42%, the Iowa Schools Joint Investment Trust with an average rate of 1.09%, and IPAS with an average rate of 1.42%. Interest revenue of $37,415 was earned on all investments for the fiscal year ending June 30, 2010. This represents a decrease of $115,699 or 75%. This decrease in revenue is attributed to the decreased cash balance due to the State across the board reduction of State appropriations.

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

Risk Management

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

Budgeting

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

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

Enrollment Projections

With the North Scott Community School District being a suburb of a large metropolitan area, growth to the district is dependent on new housing additions and new families moving into the area. Based upon current enrollment of 3,019 for FY10 and the district's positive cohort survival ratio, the district is projecting a decrease in enrollment of 23 students for 2010-11, a decrease of 3 students for 2011-12, followed by an increased enrollment for 2012-13 of 27 students, an increase of 11 students for 2013-14, and an increase of 20 students for 2014-15.

Age of School Buildings

The district was incorporated in 1956. A new high school was completed in 1958, followed by the construction of five elementary buildings and a Jr. High building between 1967 and 1976. Major building additions were completed on all seven educational buildings between 1998 and 2000. In addition, major interior renovations have been completed in each of these buildings.

Major Initiatives and Achievements

Despite pressures from financial challenges, the 2009-2010 school year was a year of growth, achievement and change. Following are some of the major accomplishments or initiatives from the 2009-2010 year.

- **Each of the district's buildings trained and used building instructional coaches to support the district's professional development initiatives on the use of assessments and data teams.**
- **The high school continued several initiatives as part of the last year of the Smaller Learning Communities federal grant. This included advisory for all students, freshman house, and transition activities to assist entering freshmen making the move from junior high to high school. The staff studied and developed Quadrant D lessons using the Collaborating Online for Rigor & Relevance Successful Practice Network.**
- **The district has become involved with professional development opportunities focusing on the Iowa Core and Common Core.**
- **For the fourth year, the district assessed students in grades 3-10 on the Measures of Academic Progress assessment. This is a computerized individual growth assessment.**
- **The North Scott Board of Directors participated for their fourth year in the Iowa Association of School Boards Lighthouse Project.**
- **New graduation requirements have been implemented requiring students to take four years of English, and three years each of math, science, and social studies to graduate from high school.**
- **District-wide professional development initiatives continue to focus on differentiated instruction, the 6 thinking strategies, and math. Literacy continues to be a district focus.**
- **North Scott High School won the first place school award, senior division at the state History Day competition. Eight North Scott students advanced from the state level to participate at the national level in History Day competition. One student earned fifth in the nation, and two received scholarships based on their work.**
- **Every school faculty continues to use a building "Pyramid of Interventions" to respond to individual student's needs in an organized, sequential manner using the multiple resources available within the school, district, and community.**
- **Every school building has reading specialists to assist with literacy remediation in grades 1-9.**
- **Continuation of a web-based student records/management system allows parents to view student assignments, grades and progress.**
- **Apex, a credit recovery program, was offered to students at the high school.**
- **The district is installing interactive white boards to update technology use with students. Eighty-seven boards have been installed in all 4-6 elementary classrooms and in core content classrooms at the junior and senior high buildings. Also, every building has at least one interactive white board in a common area.**

District efforts are focused on supporting and increasing student learning. Listed below is information on student achievement for 2009-2010:

- **88.21% of 4th grade students were proficient in reading, exceeding the state goal of 76% proficiency.**

- 88.6% of 4th grade students were proficient in math, exceeding the state math goal of 74.7% proficient.
- 74.67% of the 8th grade students were proficient in both reading and math.
- 11th grade had 82.09% of students proficient in reading, and 82.26% proficient in math.
- The dropout rate of students in grades 7-12 in 2008-2009 was 1.61% (latest data available).
- 98% of 2009-2010 North Scott graduates completed a core program of 4 years of English, and three years each of math, science, and social studies.
- The North Scott 2008-2009 grades K-8 Average Daily Attendance rate was 96.5%. The state goal was 95.8%.
- The 2009 graduation rate for the North Scott Community School District was 83.74% compared to the state graduation rate of 87.21%.
- 85.21% of 2009 graduating seniors indicated they intended to pursue post-secondary education or training.

Economic Condition and Outlook

The district's General Fund Balance decreased for the first time in the last five years. The Undesignated Fund Balance decreased by $914,835, while the Restricted Fund Balance increased by $130,012 for a net reduction of $784,823. This reduction was mainly the result of an across the board reduction of State appropriation which caused the district to use its cash reserves. The district did increase its tax levy by approximately .25¢ to help increase its cash reserves for the 2010-11 fiscal year. This additional cash reserve levy will need to continue for FY2012.

In August 2010, the district received $574,853 of the Federal Education Jobs Bill funding. These funds will assist the district in maintaining the current staffing level. Concern is still looming for the funding cliff that the Sate of Iowa and local school districts are facing since the State of Iowa has been using American Recovery and Reinvestment Act (ARRA) funds to help the shortfall in State revenues.

As a result of the November 2010 election, Iowa will go from a Democratic controlled state to a Republican governor, Republican House, and a Senate of 26 Democrats and 24 Republicans. It is projected that state spending will be limited in future years and allowable growth for school districts will be very limited. There is also a possibility of State aid reduction for 2010-11.

Independent Audit

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

Certificate of Achievement for Excellence in Financial Reporting

The Association of School Business Officials International awards a Certificate of Excellence in Financial Reporting. The North Scott Community School District received this certificate for its comprehensive annual financial report for fiscal year ended June 30, 2009. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of governmental financial reports.

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

This certificate is valid for a period of one year only. The North Scott Community School District received this award for the first time for its fiscal year 1983 ASBO Comprehensive Annual Financial Report. We believe that our current CAFR conforms to these requirements for the award and, therefore, we are submitting it to ASBO to determine its eligibility.

Other Matters

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

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

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

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

Very truly yours,

Joseph E. Hintze
Director of Business Affairs

Jeff Schwiebert
Superintendent of Schools

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

This Certificate of Excellence in Financial Reporting is presented to

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2009

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

Erin Green

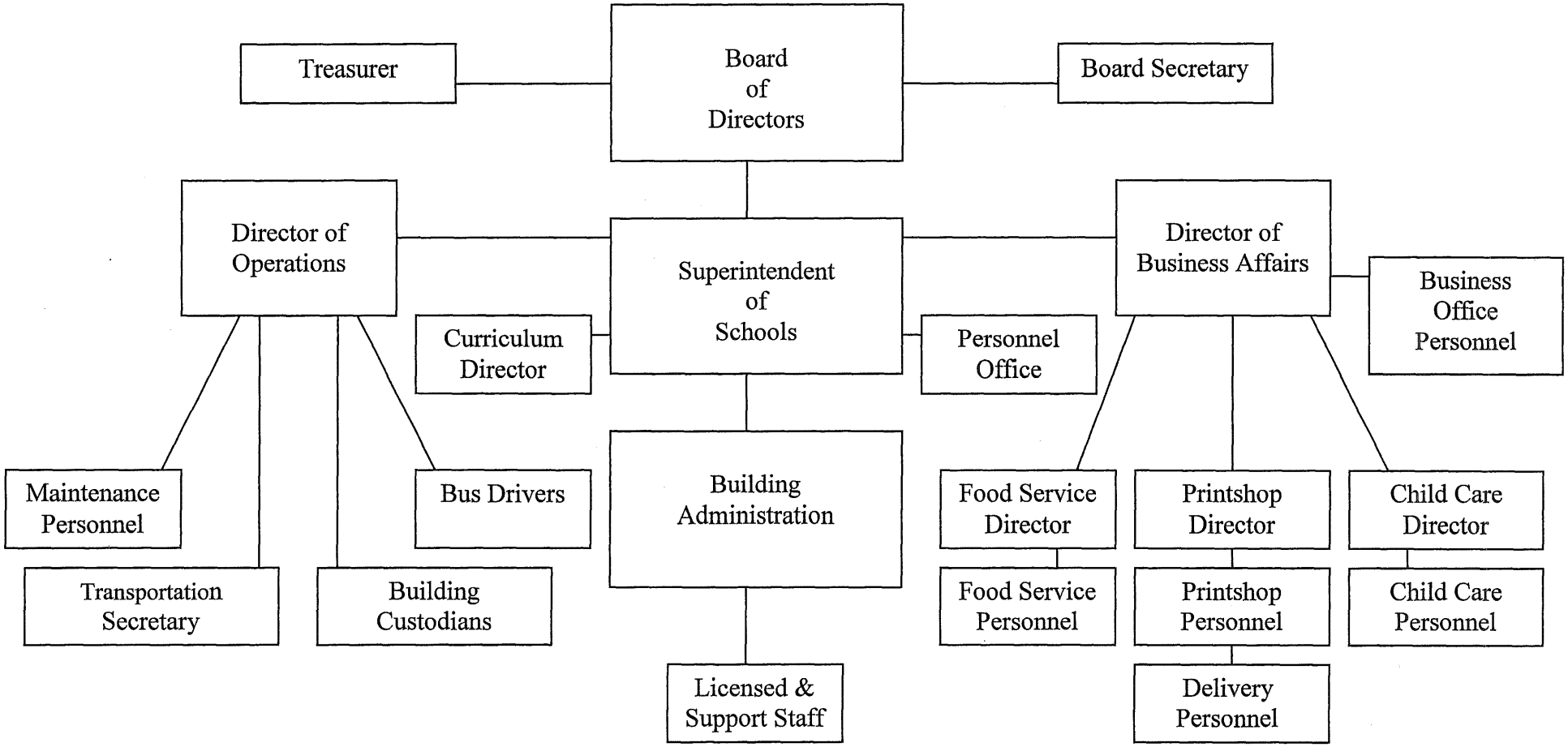
President

John D. Musso

Executive Director

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

Organizational Chart



NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION
Year Ended June 30, 2010

Board of Education

	Title	Term/Contract Expires
	Before September, 2009 election	
Rex Masterson	President	September, 2009
Paul Dierickx	Vice President	September, 2011
Karen Storjohann	Member	September, 2009
Doris Tuftee	Member	September, 2009
Tim Lane	Member	September, 2011
Jack Hill	Member	September, 2011
Krista Long	Member	September, 2011
	After September, 2009 election	
Paul Dierickx	President	September, 2011
Krista Long	Vice President	September, 2011
Jack Hill	Member	September, 2011
Tim Lane	Member	September, 2011
Elizabeth Bosworth	Member	September, 2013
Mark Kruse	Member	September, 2013
Joe Slater	Member	September, 2013

School District Administration

Jeff Schwiebert	Superintendent	July, 2010
Kristy Looney	Secretary	July, 2010
Steven C. Fahrenkrog	Treasurer	July, 2010
Joseph E. Hintze	Director of Business Affairs	July, 2010
John Netwal	Director of Operations	July, 2010
Sue Kane	Curriculum Director	July, 2010
Curtis Rheingans	Principal	July, 2010
Sherri Marceau	Principal	July, 2010
John Langenhan	Principal	July, 2010
Kelly Rohlf	Principal	July, 2010
C.J. Albertson	Principal	July, 2010
David Griffin	Principal	July, 2010
Shane Knoche	Principal	July, 2010
Frank Wood	Athletic/Activities Director	July, 2010
John Hawley	Associate Principal	July, 2010

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS
Year Ended June 30, 2010

CERTIFIED PUBLIC ACCOUNTANTS

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

BOND ATTORNEYS

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

FINANCIAL CONSULTANTS

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

GENERAL COUNSEL

Lane & Waterman
220 North Main Street, Suite 600
Davenport, IA 52801-1987

PERSONNEL SERVICES

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

INSURANCE CONSULTANTS

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

OFFICIAL DEPOSITORIES

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

Blackhawk Bank & Trust
P.O. Box 1100
Milan, IL 61264-1100

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

Iowa Schools Joint Investment Trust
453 7th St., PO Box 897
Des Moines, IA 50304-0897

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

IPAS education
1415 28th Street, Ste. 200
West Des Moines, Iowa 50266

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District, Eldridge, Iowa as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2010 on our consideration of the North Scott Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of 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.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 13 through 22 and 52 through 54 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

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

Nolte, Cornman & Johnson PC

Nolte, Cornman & Johnson, P.C.

Newton, Iowa
December 2, 2010

North Scott Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- **The district showed a decrease in net assets of $1,140,293 during the year ended June 30, 2010.**
- **The district's General Fund Balance decreased for the first time in the last five years. The Undesignated Fund Balance decreased by $914,835 while the Restricted Fund Balance increased by $130,012 for a net reduction of $784,823.**
- **In October the district received an across the board State aide reduction of $1,309,460. As a result of this reduction, the district had to use cash reserve which caused the district cash balance to be reduced by $689,260.**
- **The district's Nutrition Fund Balance decreased by $20,474 as the result of a combination increase of $11,149 of net long-term disabilities for OPEB and compensated absences and an operating decrease of $9,325. The operating decrease was the result of increased operating costs and expenses that were incurred as a result of closing down the Jr. High so that the renovation and addition project there could be completed. Some of the remaining balance will be used for additional equipment replacement and upgrade of the point-of-sale equipment and software.**
- **The district's Child Care Fund Balance decreased by $4,534 as the result of a combination increase of $1,724 of net long-term liabilities for OPEB and compensated absences and an operating decrease of $2,810.**

USING THIS ANNUAL REPORT

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

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

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

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

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

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

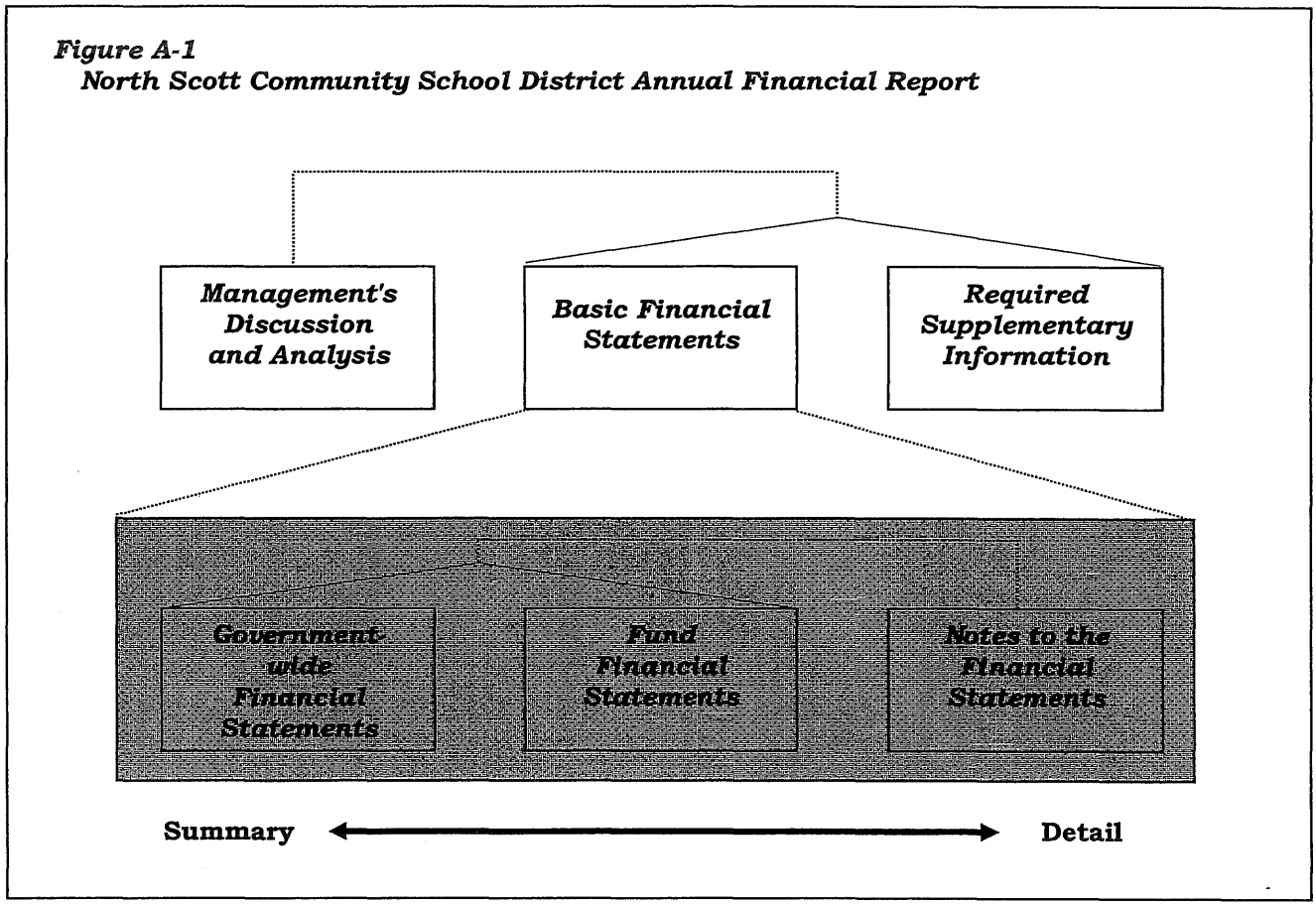


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and child care	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- ***Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.**

- ***Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and child care programs are included here.**

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, Student Activity Fund, Debt Service Fund, Capital Projects Fund, nonmajor Management Levy Fund and nonmajor Physical Plant and Equipment Levy Fund.

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

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

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

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for the assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

- Agency Fund – These are funds for which the District accounts for certain revenue collected for District employee purchases of pop and related expenditures; and for revenues and expenditures of other various club accounts.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	$ 25,352,023	25,520,315	609,177	743,291	25,961,200	26,263,606	-1.15%
Capital assets	21,381,552	22,063,241	298,759	172,715	21,680,311	22,235,956	-2.50%
Total assets	46,733,575	47,583,556	907,936	916,006	47,641,511	48,499,562	-1.77%
Long-term obligations	859,546	722,209	36,928	24,055	896,474	746,264	20.13%
Other liabilities	15,548,326	15,420,359	39,171	35,106	15,587,497	15,455,465	0.85%
Total liabilities	16,407,872	16,142,568	76,099	59,161	16,483,971	16,201,729	1.74%
Net assets:							
Invested in capital assets	21,381,552	21,698,241	298,759	172,715	21,680,311	21,870,956	-0.87%
Restricted	5,632,202	5,091,379	-	-	5,632,202	5,091,379	10.62%
Unrestricted	3,311,949	4,651,368	533,078	684,130	3,845,027	5,335,498	-27.93%
Total net assets	$ 30,325,703	31,440,988	831,837	856,845	31,157,540	32,297,833	-3.53%

The District's combined net assets decreased by 3.53%, or $1,140,293, from the prior year. The decrease in net assets was due primarily to the decreased fund balance in the General Fund. The Capital Projects Fund increase was due to reduced capital facility construction expenditures during the year. The General Fund decrease was due to decreased state sources due to a state ten percent across the board cut in funding. Increases in local tax and federal sources from ARRA funding was offset by increased costs.

The invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt decreased $190,645, or 0.87%. The decrease in invested in capital assets is primarily due to the assets capitalized in the year being less than the current year depreciation.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased $540,823, or 10.62% over the prior year. The increase was primarily a result of the increased fund balance in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased $1,490,471, or 27.93%. This decrease in unrestricted net assets was a result of the District's decreased fund balance in the General Fund and due to an increase in net OPEB liability of $362,257.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to June 30, 2009.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for services	$ 1,753,804	1,993,935	1,194,798	1,134,818	2,948,602	3,128,753	-5.76%
Operating grants and contributions and restricted interest	5,832,697	4,349,626	549,257	483,117	6,381,954	4,832,743	32.06%
Capital grants and contributions and restricted interest	-	67,500	-	-	-	67,500	-100.00%
General revenues:							
Local tax	13,786,308	14,077,176	-	-	13,786,308	14,077,176	-2.07%
Unrestricted state grants	9,495,352	11,516,615	-	-	9,495,352	11,516,615	-17.55%
Other	159,939	347,574	2,437	12,153	162,376	359,727	-54.86%
Total revenues	31,028,100	32,352,426	1,746,492	1,630,088	32,774,592	33,982,514	-3.55%
Program expenses:							
Governmental activities:							
Instruction	19,502,778	19,186,859	414	924	19,503,192	19,187,783	1.64%
Support services	10,256,054	10,600,672	141,504	146,790	10,397,558	10,747,462	-3.26%
Non-instructional programs	8,546	226	1,606,524	1,526,475	1,615,070	1,526,701	5.79%
Other expenditures	2,399,065	2,176,430	-	-	2,399,065	2,176,430	10.23%
Total expenses	32,166,443	31,964,187	1,748,442	1,674,189	33,914,885	33,638,376	0.82%
Changes in net assets before transfers	(1,138,343)	388,239	(1,950)	(44,101)	(1,140,293)	344,138	-431.35%
Transfers	23,058	22,050	(23,058)	(22,050)	-	-	0.00%
Changes in net assets	(1,115,285)	410,289	(25,008)	(66,151)	(1,140,293)	344,138	-431.35%
Beginning net assets	31,440,988	31,030,699	856,845	922,996	32,297,833	31,953,695	1.08%
Ending net assets	$ 30,325,703	31,440,988	831,837	856,845	31,157,540	32,297,833	-3.53%

Local tax and unrestricted state grants account for 71.04% of the total revenue. The District's expenses primarily relate to instructional and support services which account for 88.16% of the total expenses.

The decrease in local tax is due to the increase in tax levy and increased income surtax net the decrease in statewide sales, services and use tax revenues. The increase in operating grants and contributions and restricted interest is due to stimulus money received during the year. The capital grants and contributions and restricted interest decrease is primarily due to the decrease in donations that were used as part of the capital facility construction project from the prior year.

The increase of expenses for the instruction activities is a result of salary and benefit increases. The decrease of expense for the support services includes the cost for reductions in support services staffing net of increased utilities costs and supply costs.

The increase of expenses for non-instructional programs includes the cost for the expansion of the district's child care program that included a second latch key program and accepting two and three-year-olds in the preschool and daycare program.

Governmental Activities

Revenues and transfers for governmental activities were $31,051,158 and expenses were $32,166,443.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	$ 19,502,778	19,186,859	1.65%	13,067,569	13,906,181	-6.03%
Support services	10,256,054	10,600,672	-3.25%	10,244,591	10,516,561	-2.59%
Non-instructional programs	8,546	226	3681.42%	8,546	226	3681.42%
Other expenses	2,399,065	2,176,430	10.23%	1,259,236	1,130,158	11.42%
Totals	$ 32,166,443	31,964,187	0.63%	24,579,942	25,553,126	-3.81%

- The cost financed by users of the District's programs was $1,753,804.
- Federal and state governments subsidized certain programs with grants and contributions totaling $5,832,697.
- The net cost of governmental activities was financed with $13,786,308 in property tax, income surtax and statewide sales, services and use tax, $9,495,352 in unrestricted state grants, $29,932 in unrestricted investment earnings, $130,007 in other general revenues and $23,058 in transfers.

Business Type Activities

Revenues of the District's business type activities were $1,746,492 and expenses, including transfers were $1,771,500. The District's business type activities include the School Nutrition Fund and the nonmajor Child Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income.

The School Nutrition Fund had increased revenues due to the increase of $66,419 in federal sources. All other revenues were comparable to the prior year. Expenditures increased due to benefit increases paid to employees and increased food costs.

During the year the District transferred $23,150 from the Child Care Fund to the General Fund to pay for utility costs. The increase in revenues is due to increased participation and collections for charges for services. The increase in expenditures is due to increased staff needed due to the increased participation.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of $8,737,636, below last year's ending fund balances of $8,883,561. However, the primary reason for the decrease in combined fund balances in fiscal 2010 is due to the decrease in the General Fund balance.

Governmental Fund Highlights

- **The District's decreasing General Fund financial position is the product of many factors. Reductions in state aid caused by a ten percent across the board cut resulted in a decrease of revenues. The District's increase in General Fund expenditures was due to increased cost associated with instructional salaries and benefits costs. With reductions in revenues and increased costs, the District had to use carryover fund balance to meet its financial obligations during the year.**

- **The General Fund balance decreased from $3,907,698 to $3,122,875, due in part to the negotiated salary and benefits settlement and the decrease in state aid.**

- **The Capital Projects Fund balance increased from $2,888,503 in fiscal 2009 to $3,094,362 in fiscal 2010. The District collected a decrease in statewide sales, services and use tax and had a decrease in capital outlay expenditures.**

- **The Student Activity Fund balance increased from $295,502 in fiscal 2010 to $314,987 in fiscal 2010 due to increases from the variance of student activities from year to year.**

- **The Debt Service Fund balance remained unchanged from fiscal 2009 to fiscal 2010 with a balance of $0. The District transfers in statewide sales, services and use tax monies from the Capital Projects Fund to pay for bond principal and interest.**

Proprietary Fund Highlights

The Proprietary Fund net assets decreased from $856,845 at June 30, 2009 to $831,837 at June 30, 2010, representing a decrease of 2.92%. The School Nutrition fund balance decreased from $630,012 in fiscal 2009 to $609,538 in fiscal 2010. The Child Care fund balance decreased from $226,833 in fiscal 2009 to $222,299 in fiscal 2010. The School Nutrition Fund had increased revenues due to the increase of $66,419 in federal sources. All other revenues were comparable to the prior year. Expenditures increased due to benefit increases paid to employees and increased food costs. During the year, the District transferred $23,150 from the Child Care Fund to the General Fund to pay for utility costs. The increase in revenues is due to increased participation and collections for charges for services. The increase in expenditures is due to increased staff needed due to the increased participation.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested $22 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.50% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was $1,610,343.

The original cost of the District's capital assets was $46.9 million. Governmental funds account for $46.3 million with the remainder of $0.5 million in the Proprietary, School Nutrition and Child Care Funds.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled $0 at June 30, 2010, compared to $297,587 reported at June 30, 2009. This decrease resulted from completion of prior year construction projects.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	$ 590,594	590,594	-	-	590,594	590,594	0.00%
Construction in progress	-	297,587	-	-	-	297,587	-100.00%
Buildings	16,923,565	17,038,011	-	-	16,923,565	17,038,011	-0.67%
Land improvements	2,887,757	3,033,272	-	-	2,887,757	3,033,272	-4.80%
Machinery and equipment	979,636	1,103,777	298,759	172,715	1,278,395	1,276,492	0.15%
Total	$ 21,381,552	22,063,241	298,759	172,715	21,680,311	22,235,956	-2.50%

Long-Term Debt

At June 30, 2010, the District had $896,474 in other long-term debt outstanding. This represents an increase of 20.13% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had early retirement payable of $171,636 at June 30, 2010, which will be paid primarily from the Nonmajor, Management Levy Fund.

The District had net OPEB liability payable of $561,857 at June 30, 2010.

The District also had compensated absences payable of $162,981 at June 30, 2010, which will be paid primarily out of the General Fund.

Figure A-7
Outstanding Long-Term Obligations

	Total District June 30,		Total
	2010	2009	Change
Revenue bonds	$ -	365,000	-100.00%
Early retirement	171,636	-	100.00%
Net OPEB liability	561,857	199,600	181.49%
Compensated absences	162,981	181,664	-10.28%
Totals	$ 896,474	746,264	20.13%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The national recession that has adversely impacted the state of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid to schools (allowable growth) will be predicated on the condition of the state and national economy. Given the current financial status of the State of Iowa, there is a possibility that the state aid rate will be reduced for the 2010-2011 fiscal year.

As a result of the November 2010 election, Iowa will go from a Democratic controlled state to a Republican governor, Republican House and a Senate of 26 Democrats and 24 Republicans. It is projected that state spending will be limited in the future years and allowable growth for school districts will be very limited.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGMENT

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

BASIC FINANCIAL STATEMENTS

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	$ 12,390,651	574,994	12,965,645
Receivables:			
Property tax:			
Delinquent	122,413	-	122,413
Succeeding year	11,940,685	-	11,940,685
Income surtax	150,313	-	150,313
Accounts	42,618	2,048	44,666
Due from other governments	570,914	313	571,227
Inventories	98,111	31,822	129,933
Prepaid items	36,318	-	36,318
Capital assets not being depreciated:			
Land	590,594	-	590,594
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	16,923,565	-	16,923,565
Land improvements	2,887,757	-	2,887,757
Machinery and equipment	979,636	298,759	1,278,395
TOTAL ASSETS	46,733,575	907,936	47,641,511
LIABILITIES			
Accounts payable	969,658	271	969,929
Salaries and benefits payable	2,627,573	12,222	2,639,795
Unearned revenues:			
Succeeding year property tax	11,940,685	-	11,940,685
Other	10,410	26,678	37,088
Noncurrent liabilities:			
Portion due within one year:			
Early retirement payable	171,636	-	171,636
Compensated absences payable	143,808	19,173	162,981
Portion due after one year:			
Net OPEB liability	544,102	17,755	561,857
TOTAL LIABILITIES	16,407,872	76,099	16,483,971
NET ASSETS			
Invested in capital assets	21,381,552	298,759	21,680,311
Restricted for:			
Categorical funding	170,401	-	170,401
Capital projects	3,094,362	-	3,094,362
Management levy	929,669	-	929,669
Physical plant and equipment levy	1,122,783	-	1,122,783
Student activities	314,987	-	314,987
Unrestricted	3,311,949	533,078	3,845,027
TOTAL NET ASSETS	$ 30,325,703	831,837	31,157,540

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	$ 11,921,193	808,902	3,714,404	(7,397,887)	-	(7,397,887)
Special	3,769,151	249,992	622,626	(2,896,533)	-	(2,896,533)
Other	3,812,434	690,228	349,057	(2,773,149)	-	(2,773,149)
	19,502,778	1,749,122	4,686,087	(13,067,569)	-	(13,067,569)
Support services:						
Student	1,201,957	-	-	(1,201,957)	-	(1,201,957)
Instructional staff	1,039,929	-	-	(1,039,929)	-	(1,039,929)
Adminstration	3,210,646	-	-	(3,210,646)	-	(3,210,646)
Operation and maintenance of plant	3,744,279	-	-	(3,744,279)	-	(3,744,279)
Transportation	1,059,243	4,682	6,781	(1,047,780)	-	(1,047,780)
	10,256,054	4,682	6,781	(10,244,591)	-	(10,244,591)
Non-instructional programs:						
Food service operations	8,546	-	-	(8,546)	-	(8,546)
Other expenses:						
AEA flowthrough	1,139,829	-	1,139,829	-	-	-
Depreciation(unallocated)*	1,259,236	-	-	(1,259,236)	-	(1,259,236)
	2,399,065	-	1,139,829	(1,259,236)	-	(1,259,236)
Total governmental activities	32,166,443	1,753,804	5,832,697	(24,579,942)	-	(24,579,942)
Business Type activities:						
Instruction:						
Regular:						
Child care services	414	-	-	-	(414)	(414)
Support services:						
Adminstration:						
Nutrition services	87,468	-	-	-	(87,468)	(87,468)
Child care services	739	-	-	-	(739)	(739)
Operation and maintenance of plant:						
Nutrition services	49,480	-	-	-	(49,480)	(49,480)
Child care services	165	-	-	-	(165)	(165)
Transportation:						
Nutrition services	2,736	-	-	-	(2,736)	(2,736)
Child care services	916	-	-	-	(916)	(916)
Non-instructional programs:						
Nutrition services	1,316,178	890,407	543,963	-	118,192	118,192
Child care services	290,346	304,391	5,294	-	19,339	19,339
Total business type activities	1,748,442	1,194,798	549,257	-	(4,387)	(4,387)
Total	$ 33,914,885	2,948,602	6,381,954	(24,579,942)	(4,387)	(24,584,329)
General Revenues and Transfers:						
General Revenues:						
Property tax levied for:						
General purposes				$ 10,396,804	-	10,396,804
Capital outlay				1,075,899	-	1,075,899
Income surtax				168,421	-	168,421
Statewide sales, services and use tax				2,145,184	-	2,145,184
Unrestricted state grants				9,495,352	-	9,495,352
Unrestricted investment earnings				29,932	2,437	32,369
Other				130,007	-	130,007
Transfers				23,058	(23,058)	-
Total general revenues and transfers				23,464,657	(20,621)	23,444,036
Changes in net assets				(1,115,285)	(25,008)	(1,140,293)
Net assets beginning of year				31,440,988	856,845	32,297,833
Net assets end of year				$ 30,325,703	831,837	31,157,540

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2010

	General	Student Activity	Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and pooled investments	$ 5,472,610	393,491	3,116,812	2,233,167	11,216,080
Receivables:					
Property tax:					
Current year delinquent	105,955	-	-	16,458	122,413
Succeeding year	10,822,155	-	-	1,118,530	11,940,685
Income surtax	150,313	-	-	-	150,313
Accounts	36,053	5,960	105	500	42,618
Due from other governments	372,649	-	198,141	124	570,914
Inventories	98,111	-	-	-	98,111
Prepaid items	33,463	1,522	-	-	34,985
TOTAL ASSETS	$ 17,091,309	400,973	3,315,058	3,368,779	24,176,119
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 367,689	76,280	220,696	44,837	709,502
Salaries and benefits payable	2,617,867	9,706	-	-	2,627,573
Deferred revenue:					
Succeeding year property tax	10,822,155	-	-	1,118,530	11,940,685
Income surtax	150,313	-	-	-	150,313
Other	10,410	-	-	-	10,410
Total liabilities	13,968,434	85,986	220,696	1,163,367	15,438,483
Fund balances:					
Reserved for:					
Categorical funding	170,401	-	-	-	170,401
Inventories	98,111	-	-	-	98,111
Prepaid items	33,463	1,522	-	-	34,985
Unreserved:					
Designated for special purpose:					
Resale and fines	106,163	-	-	-	106,163
Undesignated	2,714,737	313,465	3,094,362	2,205,412	8,327,976
Total fund balances	3,122,875	314,987	3,094,362	2,205,412	8,737,636
TOTAL LIABILITIES AND FUND BALANCES	$ 17,091,309	400,973	3,315,058	3,368,779	24,176,119

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2010

Total fund balances of governmental funds(page 26)	**$**	**8,737,636**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		**21,381,552**
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		**915,748**
Accounts receivable income surtax are not yet available to finance expenditures of the current fiscal period.		**150,313**
Long-term liabilities, including early retirement, compensated absences and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		**(859,546)**
Net assets of governmental activities(page 24)	**$**	**30,325,703**

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2010

	General	Student Activity	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES:						
Local sources:						
Local tax	$ 10,049,723	-	-	2,145,184	1,573,827	13,768,734
Tuition	829,660	-	-	-	-	829,660
Other	578,380	819,410	-	8,321	42,387	1,448,498
State appropriations	12,566,702	-	-	-	1,026	12,567,728
Federal appropriations	2,383,405	-	-	-	-	2,383,405
Total revenues	26,407,870	819,410	-	2,153,505	1,617,240	30,998,025
EXPENDITURES:						
Current:						
Instruction:						
Regular	11,376,626	-	-	-	186,743	11,563,369
Special	3,643,387	-	-	-	-	3,643,387
Other	3,048,831	736,650	-	-	-	3,785,481
	18,068,844	736,650	-	-	186,743	18,992,237
Support services:						
Student	1,160,202	-	-	-	14,813	1,175,015
Instructional staff	989,367	4,470	-	-	9,202	1,003,039
Administration	2,772,125	576	8,669	-	279,828	3,061,198
Operation and maintenance of plant	2,160,789	3,180	-	-	174,153	2,338,122
Transportation	949,713	39,765	-	-	290,846	1,280,324
	8,032,196	47,991	8,669	-	768,842	8,857,698
Non-instructional programs:						
Food service operations	-	-	-	-	2,966	2,966
	-	-	-	-	2,966	2,966
Other expenditures:						
Facilities acquisitions	-	-	-	1,573,977	247,802	1,821,779
Debt service:						
Principal	-	-	365,000	-	-	365,000
AEA flowthrough	1,139,829	-	-	-	-	1,139,829
	1,139,829	-	365,000	1,573,977	247,802	3,326,608
Total expenditures	27,240,869	784,641	373,669	1,573,977	1,206,353	31,179,509
Excess(deficiency) of revenues over(under) expenditures	(832,999)	34,769	(373,669)	579,528	410,887	(181,484)
Other financing sources(uses):						
Compensation for loss of capital assets	1,622	-	-	-	2,158	3,780
Gain on sale of capital assets	8,721	-	-	-	-	8,721
Transfers in	41,973	4,048	373,669	-	509	420,199
Transfers out	(4,140)	(19,332)	-	(373,669)	-	(397,141)
Total other financing sources(uses)	48,176	(15,284)	373,669	(373,669)	2,667	35,559
Net changes in fund balances	(784,823)	19,485	-	205,859	413,554	(145,925)
Fund balances beginning of year	3,907,698	295,502	-	2,888,503	1,791,858	8,883,561
Fund balances end of year	$ 3,122,875	314,987	-	3,094,362	2,205,412	8,737,636

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds(page 28)		$ (145,925)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:		
Capital outlay	$ 873,358	
Depreciation expense	(1,555,047)	(681,689)
Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis.		(176,577)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		365,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		8,669
Income surtax account receivable is not available to finance expenditures of the current period in the governmental funds.		17,574
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Early retirement	$ (171,636)	
Compensated absences	20,108	
Other postemployment benefits	(350,809)	(502,337)
Changes in net assets of governmental activities(page 25)		$ (1,115,285)

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2010

	Business Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
ASSETS				
Current assets:				
Cash and pooled investments	$ 338,769	236,225	574,994	1,174,571
Receivables:				
Accounts	41	2,007	2,048	-
Due from other governments	-	313	313	-
Inventories	31,822	-	31,822	-
Prepaid items	-	-	-	1,333
Total current assets	370,632	238,545	609,177	1,175,904
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	291,090	7,669	298,759	-
Total non-current assets	291,090	7,669	298,759	-
TOTAL ASSETS	661,722	246,214	907,936	1,175,904
LIABILITIES				
Current liabilities:				
Accounts payable	-	271	271	260,156
Salaries and benefits payable	3,170	9,052	12,222	-
Unearned revenues	26,678	-	26,678	-
Total current liabilities	29,848	9,323	39,171	260,156
Noncurrent liablities:				
Net OPEB liability	16,800	955	17,755	-
Compensated absences	5,536	13,637	19,173	-
Total long-term liabilities	22,336	14,592	36,928	-
TOTAL LIABILITIES	52,184	23,915	76,099	260,156
NET ASSETS				
Invested in capital assets	291,090	7,669	298,759	-
Unrestricted	318,448	214,630	533,078	915,748
Total net assets	$ 609,538	222,299	831,837	915,748

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2010

	Business Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for service	$ 890,407	304,391	1,194,798	4,479,456
OPERATING EXPENSES:				
Instruction:				
Regular:				
Other	-	414	414	-
Support services:				
Administration:				
Salaries	46,551	-	46,551	-
Benefits	21,393	-	21,393	-
Services	7,729	679	8,408	4,632,283
Other	11,795	60	11,855	28,628
Operation and maintenance of plant:				
Salaries	26,179	-	26,179	-
Benefits	12,926	-	12,926	-
Services	213	165	378	-
Supplies	10,162	-	10,162	-
Transportation:				
Salaries	-	801	801	-
Benefits	-	115	115	-
Services	2,736	-	2,736	-
Non-instructional programs:				
Salaries	410,239	220,318	630,557	-
Benefits	157,925	47,311	205,236	-
Services	10,039	428	10,467	-
Supplies	676,877	21,008	697,885	168
Depreciation	54,015	1,281	55,296	-
TOTAL OPERATING EXPENSES	1,448,779	292,580	1,741,359	4,661,079
OPERATING INCOME(LOSS)	(558,372)	11,811	(546,561)	(181,623)
NON-OPERATING REVENUES(EXPENSES):				
State sources	13,809	-	13,809	-
Federal sources	530,154	5,294	535,448	-
Loss on disposal of capital assets	(7,083)	-	(7,083)	-
Interest on investments	926	1,511	2,437	5,046
TOTAL NON-OPERATING REVENUES(EXPENSES)	537,806	6,805	544,611	5,046
Net income(loss) before transfers	(20,566)	18,616	(1,950)	(176,577)
TRANSFERS:				
Transfer in	92	-	92	-
Transfer out	-	(23,150)	(23,150)	-
TOTAL TRANSFERS	92	(23,150)	(23,058)	-
Changes in net assets	(20,474)	(4,534)	(25,008)	(176,577)
Net assets beginning of year	630,012	226,833	856,845	1,092,325
Net assets end of year	$ 609,538	222,299	831,837	915,748

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2010

	Business Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	$ 885,398	-	885,398	-
Cash received from miscellaneous operating activities	7,416	303,943	311,359	4,531,621
Cash payments to employees for services	(663,545)	(264,216)	(927,761)	-
Cash payments to suppliers for goods or services	(599,067)	(23,130)	(622,197)	(4,711,062)
Net cash provided by(used in) operating activities	(369,798)	16,597	(353,201)	(179,441)
Cash flows from non-capital financing activities:				
State grants received	13,809	-	13,809	-
Federal grants received	411,117	6,980	418,097	-
Transfer from(to) General fund	92	(23,150)	(23,058)	-
Net cash provided by(used in) non-capital financing activities	425,018	(16,170)	408,848	-
Cash flows from capital financing activities and related activities:				
Acquisition of assets	(187,826)	(597)	(188,423)	-
Net cash used in capital financing activities and related activities	(187,826)	(597)	(188,423)	-
Cash flows from investing activities:				
Interest on investments	926	1,511	2,437	5,046
Net cash provided by investing activities	926	1,511	2,437	5,046
Net increase(decrease) in cash and cash equivalents	(131,680)	1,341	(130,339)	(174,395)
Cash and cash equivalents at beginning of year	470,449	234,884	705,333	1,348,966
Cash and cash equivalents at end of year	$ 338,769	236,225	574,994	1,174,571

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2010

	Business Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	$ (558,372)	11,811	(546,561)	(181,623)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	125,335	-	125,335	-
Depreciation	54,015	1,281	55,296	-
Increase in inventories	(3,758)	-	(3,758)	-
(Increase)Decrease in accounts receivable	(3)	(448)	(451)	52,165
Increase in prepaid items	-	-	-	(83)
Decrease in accounts payable	(1,093)	(376)	(1,469)	(49,900)
Increase in salaries and benefits payable	519	2,605	3,124	
Increase in other post employment benefits	10,832	616	11,448	-
Increase in compensated absences payable	317	1,108	1,425	-
Increase in unearned revenue	2,410	-	2,410	-
Net cash provided by(used in) operating activities	$ (369,798)	16,597	(353,201)	(179,441)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and investments	$ 338,769	236,225	574,994	1,174,571

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at $125,335.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND

June 30, 2010

		Agency Fund
ASSETS		
Cash and pooled investments	$	11,495
Accounts receivable:		
Other		12
Total assets	$	11,507
LIABILITIES		
Accounts payable	$	48
Due to other groups		11,459
Total liabilities	$	11,507

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

Note 1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The North Scott Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Dixon, Maysville, Donahue, Long Grove, Eldridge, McCausland and Princeton, Iowa, and the predominate agricultural territory in Scott County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, North Scott Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The North Scott Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Scott County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

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

The Capital Projects Fund is utilized to account for the statewide sales, services and use tax monies to be used for capital improvements.

The District reports the following nonmajor governmental funds:

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

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

The District reports the following major and nonmajor proprietary funds:

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

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

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

Specific accounts which the District maintains in the Agency Fund include special ed group and various faculty accounts.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the accrual basis.

D. Cash, Pooled Investments and Cash Equivalents

The cash balance of most District funds are pooled and invested. Investments are stated at fair value except for the investments in the Iowa Schools Joint Investment Trust and IPASeducation which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

E. Property Taxes

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

F. Inventories

General Fund inventories are valued at cost using the first-in and first-out method. The inventories consist of supplies. General Fund inventories are recorded as expenses when consumed on the government-wide financial statements and some inventories are reported as expenditures when purchased on the fund financial statements.

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

G. Prepaid Items

The District prepaid items from the General, Student Activity and Internal Service Fund. The District accounts for the prepaid items by using the purchases method. Items prepaid include postage, registration, insurance, software package renewals, security and subscriptions.

H. Capital Assets

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

Assets	Amounts
Land	$ 3,000
Buildings	3,000
Land improvements	3,000
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

Land is not depreciated. Buildings, land improvements, machinery and equipment and intangibles are depreciated/amortized using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

I. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2010, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2010.

J. Deferred Revenue

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

K. Unearned Revenue

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

L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net assets and will be paid in the future primarily from the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The full balance is shown as due within a year using first-in, first-out basis.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

N. Fund Balances

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

O. Designated Fund Balances

In the governmental fund financial statements, designated funds are not available for appropriation but are set aside for a specific purpose. The designated fund balances are a resale and fines accounts.

P. 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, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net assets restricted through enabling legislation consists of $170,401 for categorical funding, $3,094,362 for capital projects, $922,669 for management levy, $1,122,783 for physical plant and equipment levy and $314,987 for student activities.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district-wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

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

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

1. In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.

2. Public hearings are required to be conducted to obtain taxpayer comment.

3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.

4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.

5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.

6. Appropriations lapse at the end of each fiscal year.

7. The budget cannot be amended without the approval of the Board of Education.

8. Unexpended budgetary balances lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

As of June 30, 2010, the carrying amount of the District's bank deposits and pooled investments totaled $12,977,140 with bank balances of $7,038,228. These amounts are included in the cash and pooled investments on the statement of net assets. Of the bank balance, $250,000 was covered by federal depository insurance and $6,788,228 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool.

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	$ 4,653,523

At June 30, 2010, the District had investments in the IPASeducation as follows:

	Amortized Cost
Diversified Portfolio	$ 1,464,942

The investments are valued at an amortized cost pursuant to Rule 21-7 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 within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. The investments in the IPASeducation are registered and not subject to rating. The District's policy relating to credit risk of investments is to have the majority of the District's bank deposits with an AAA/Aaa rated national banking company (by Standard & Poors and Moody's Investors Services).

Custodial credit risk for deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise - Child Care	$ 23,150
General	Student Activity	18,823
Student Activity	General	4,048
Enterprise - School Nutrition	General	92
Nonmajor Governmental Fund:		
Management	Student Activity	509
Debt Service	Capital Projects	373,669
Total		$ 420,291

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

The Enterprise, Child Care Fund reimbursed the General Fund for part of the utility costs paid during the 2009-10 school year.

The Student Activity Fund repaid the General Fund for the allocation of transportation expenses and to zero out accounts on the General Fund balance sheet.

The General Fund repaid the Student Activity Fund to zero out accounts on the Student Activity Fund balance sheet.

The Student Activity Fund transferred to the Management Fund to pay for insurance coverage for athletic camps.

The Capital Projects Fund transferred to the Debt Service Fund to pay revenue bonds.

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	$ 530,693	188,423	76,058	643,058
Less accumulated depreciation	357,978	55,296	68,975	344,299
Business type activities capital assets, net	$ 172,715	133,127	7,083	298,759

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 590,594	-	-	590,594
Construction in progress	297,587	120,618	418,205	-
Total capital assets not being depreciated	888,181	120,618	418,205	590,594
Capital assets being depreciated:				
Buildings	34,651,364	745,703	-	35,397,067
Land improvements	5,549,341	150,296	-	5,699,637
Machinery and equipment	4,626,333	274,946	189,505	4,711,774
Total capital assets being depreciated	44,827,038	1,170,945	189,505	45,808,478
Less accumulated depreciation for:				
Buildings	17,613,353	860,149	-	18,473,502
Land improvements	2,516,069	295,811	-	2,811,880
Machinery and equipment	3,522,556	399,087	189,505	3,732,138
Total accumulated depreciation	23,651,978	1,555,047	189,505	25,017,520
Total capital assets being depreciated, net	21,175,060	(384,102)	-	20,790,958
Governmental activities capital assets, net	$ 22,063,241	(263,484)	418,205	21,381,552

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 8,608
Other	7,070
Support services:	
Administration	127,997
Operation and maintenance of plant	136,043
Transportation	16,093
	295,811
Unallocated depreciation	1,259,236
Total governmental activities depreciation expense	$ 1,555,047
Business type activities:	
Food services	$ 54,015
Day care	1,281
Total business type activities depreciation expense	$ 55,296

Note 6. Related Business Transactions

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

Name, Title, and Business Connection	Transaction Description	Amount
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	$ 1,007
Christie Liske, Aide Spouse of Matt Liske	Official	1,084
Larry Schroeder, Coach Father of Jamie Schroeder	Official	500
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	85
Sherri Marcaeu, Principal Spouse of owner of Marceau Piano Service	Repairs	450
Pam Engelbrecht, Secretary Spouse of owner of Engelbrecht Tiling	Services	393
Mary McCleary, Tech Director Spouse of owner of McCleary Excavating	Services	14,378
Frank Wood, Activity Director Daughter-in-law owner of KJ Expressions	Supplies	1,409
Teri Thavenet, Teacher Spouse of owner of Premiere Pest Management Services	Services	5,268
Paul Claeys, Bus Driver Owner of P&S Enterprises	Supplies	720
Bill Hagge, Teacher Owner of Creations with Wood	Supplies	3,995

Note 7. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2010:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	$ 365,000	-	365,000	-	-
Early retirement	-	171,636	-	171,636	171,636
Net OPEB liablity	193,293	397,490	46,681	544,102	-
Compensated absences	163,916	143,808	163,916	143,808	143,808
Total	$ 722,209	712,934	575,597	859,546	315,444

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liablity	$ 6,307	12,971	1,523	17,755	-
Compensated absences	17,748	19,173	17,748	19,173	19,173
Total	$ 24,055	32,144	19,271	36,928	19,173

The June 30, 2010 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$ 831,024,323
Debt limit, 5% of total assessed valuation	$ 41,551,216
Amount of debt applicable to debt limit, total general obligation bonded debt	-
Excess of debt limit over bonded debt outstanding, legal debt margin	$ 41,551,216

Revenue Bonds

The revenue bonds for the District were paid from the statewide, sales, services and use tax revenues out of the Capital Projects Fund.

Early Retirement

The District offered a voluntary early retirement plan to its employees. Eligible employees must be at least age fifty. Employees must complete an application which is required to be approved by the Board of Education.

The retirement benefit is $65 per FTE for each unused sick leave day with a maximum of 250 days for a total benefit maximum of $15,000 deposited into a Medical Reimbursement Premium Plan and intended to be used on a pretax basis for the retired employee's eligible medical expenses and/or health insurance premiums. The benefit to the Premium Plan will be paid in January 2011.

At June 30, 2010, the District has obligations to twenty participants with a total liability of $171,636. The early retirement program is funded through a property tax assessment. Early retirement incentives are paid primarily out of the Nonmajor Special Revenue, Management Levy Fund. The cost of early retirement payments expected to be liquidated currently are recorded as a liability in the Statement of Net Assets. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund noncurrent early retirement.

Note 8. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 389 active

and 34 retired members in the plan. Participants must be age 55 or older at retirement. The District does not have a separate, audited GAAP-basis postemployment benefit plan report.

The medical/prescription drug coverage is provided through a self-funded plan with stop-loss limits from First Administrators. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$	224,127
Interest on net OPEB obligation		9,328
Adjustment to annual required contribution		177,006
Annual OPEB cost		410,461
Contributions made		48,204
Increase in net OPEB obligation		362,257
Net OPEB obligation beginning of year		199,600
Net OPEB obligation end of year	$	561,857

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed $48,204 to the medical plan. Plan members eligible for benefits contributed $0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 410,461	73.1%	$ 561,857

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was $1,726,861, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,726,861. The covered payroll (annual payroll of active employees covered by the plan) was approximately $17,509,735, and the ratio of the UAAL to covered payroll was 9.9%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 3.5%.

Mortality rates are from the 94 Group Annuity Mortality Table (Projected to 2000), applied on a gender-specific basis. Annual retirement probabilities were developed based upon recent North Scott Community School District experience. Termination probabilities were based upon national termination studies performed by the Society of Actuaries and were adjusted to reflect the recent lower termination rates experienced by North Scott Community School District.

Projected claim costs of the medical plan are $984.33 per month for family coverage or $465.01 per month for single coverage for retirees. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Risk Management

The District has a self-funded health insurance plan, reported as an internal service fund. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess $65,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar plan years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That reserve was $1,064,524 at March 31, 2010, the last date for which information is available. The incurred but not recorded and unpaid claims liability of $551,356 reported in the plan at March 31, 2010, is based on the requirements of GASB Statement Number 10, which requires that a liability for claims be reported. At June 30, 2010, the unpaid claims liability of $551,356 is not reflected in the financial statements due to run out on claims. This is due to the March 31 year end. Current unpaid claims are reflected in the financial statements as accounts payable.

The change in the unpaid claims liability for the two years ended June 30, 2010 and 2009 is as follows:

	2010	2009
Balance beginning of year	$ 300,056	$ 164,869
Incurred claims and claim adjustments	5,257,504	5,213,188
Payment of claims	5,297,404	5,078,001
Balance end of year	$ 260,156	$ 300,056

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

Note 10. Due from Other Governments

Amount due from other governments by fund as of June 30, 2010 are as follows:

	General Fund	Capital Projects Fund	Physical Plant and Equipment Levy Fund	Management Fund	Enterprise - Child Care Fund	Total
Local appropriation						
Tuition	$ 157,984	-	-	-	-	157,984
Gas Tax Refund	3,619	-	-	-	-	3,619
Mobile Home Tax	620	-	64	31	-	715
Statewide Sales, Services and Use Tax	-	183,434	-	-	-	183,434
Total local appropriations	162,223	183,434	64	31	-	345,752
State appropriations:						
Nonpublic Transportation	2,313	-	-	-	-	2,313
Foster Care Claim	36,767	-	-	-	-	36,767
Juvenile Court	6,406	-	-	-	-	6,406
Career Connections	7,560	-	-	-	-	7,560
Construction Refunds	-	14,707	29	-	-	14,736
State Vocational Aid	16,735	-	-	-	-	16,735
State Tuition Aid	-	-	-	-	80	80
Total state appropriations	69,781	14,707	29	-	80	84,597
Federal appropriations:						
Medicaid	9,182	-	-	-	-	9,182
Smaller Learning Communities	4,480	-	-	-	-	4,480
Advance Placement Program	224	-	-	-	-	224
Title I	40,953	-	-	-	-	40,953
Part B	14,782	-	-	-	-	14,782
Title IIA	64,821	-	-	-	-	64,821
Drug Free	6,203	-	-	-	-	6,203
Child and Adult Care Food Program	-	-	-	-	233	233
Total federal appropriations	140,645	-	-	-	233	140,878
Total	$ 372,649	198,141	93	31	313	571,227

Note 11. Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered payroll for the year ended June 30, 2010. Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were $1,148,405, $1,092,432 and $969,490 respectively, equal to the required contributions for each year. The District is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer public employees retirement system designed as a supplement to Social Security.

Note 12. 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 education agency. The District's actual amount for this purpose totaled $1,139,829 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 13. Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

Program		Amount
Gifted and talented	$	21,226
Dropout and dropout prevention		8,819
Salary improvement program		7,672
Educator quality, professional development		2,482
Beginning teacher mentoring and induction program		12,836
Educator quality, market factor		6,109
Educator quality, model core curriculum		65,021
Four-year-old preschool		46,236
Total reserved for categorical funding	$	170,401

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REQUIRED SUPPLEMENTARY INFORMATION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2010

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance - Positive (Negative)
Revenues:						
Local sources	$ 16,046,892	1,197,235	17,244,127	17,390,177	17,390,177	(146,050)
State sources	12,567,728	13,809	12,581,537	15,749,921	15,749,921	(3,168,384)
Federal sources	2,383,405	535,448	2,918,853	1,144,396	1,144,396	1,774,457
Total revenues	30,998,025	1,746,492	32,744,517	34,284,494	34,284,494	(1,539,977)
Expenditures/Expenses:						
Instruction	18,992,237	414	18,992,651	19,491,011	19,491,011	498,360
Support services	8,857,698	141,504	8,999,202	9,216,639	9,216,639	217,437
Non-instructional programs	2,966	1,606,524	1,609,490	1,701,000	1,701,000	91,510
Other expenditures	3,326,608	0	3,326,608	5,016,637	5,016,637	1,690,029
Total expenditures	31,179,509	1,748,442	32,927,951	35,425,287	35,425,287	2,497,336
Excess(deficiency) of revenues over(under) expenditures/expenses	(181,484)	(1,950)	(183,434)	(1,140,793)	(1,140,793)	957,359
Other financing sources(uses), net	35,559	(23,058)	12,501	(20,625)	(20,625)	33,126
Deficiency of revenues and other financing sources under expenditures/expenses and other financing uses	(145,925)	(25,008)	(170,933)	(1,161,418)	(1,161,418)	990,485
Balance beginning of year	8,883,561	856,845	9,740,406	6,877,828	6,877,828	2,862,578
Balance end of year	$ 8,737,636	831,837	9,569,473	5,716,410	5,716,410	3,853,063

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1 ,2007	$ -	$ 1,956,717	$ 1,956,717	0.0%	$ 17,477,134	11.2%
2010	July 1 ,2009	$ -	$ 1,726,861	$ 1,726,861	0.0%	$ 17,509,735	9.9%

See Note 8 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2010

	Management Fund	Physical Plant and Equipment Fund	Total
ASSETS			
Cash and pooled investments	$ 1,080,053	1,153,114	2,233,167
Receivables:			
Property tax:			
Current year delinquent	5,330	11,128	16,458
Succeeding year	10,004	1,108,526	1,118,530
Accounts	-	500	500
Due from other governments	31	93	124
TOTAL ASSETS	$ 1,095,418	2,273,361	3,368,779
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 2,785	42,052	44,837
Deferred revenue:			
Succeeding year property tax	10,004	1,108,526	1,118,530
Total liabilities	12,789	1,150,578	1,163,367
Fund balances:			
Unreserved:			
Undesignated	1,082,629	1,122,783	2,205,412
Total fund balances	1,082,629	1,122,783	2,205,412
TOTAL LIABILITIES AND FUND BALANCES	$ 1,095,418	2,273,361	3,368,779

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2010

	Management Fund	Physical Plant and Equipment Fund	Total
REVENUE:			
Local sources:			
Local tax	$ 497,928	1,075,899	1,573,827
Other	29,985	12,402	42,387
State sources	334	692	1,026
TOTAL REVENUE	528,247	1,088,993	1,617,240
EXPENDITURES:			
Current:			
Instruction:			
Regular	180,921	5,822	186,743
Support services:			
Student support	14,813	-	14,813
Instructional staff	9,202	-	9,202
Administration	43,613	236,215	279,828
Operation and maintenance of plant	159,973	14,180	174,153
Transportation	38,594	252,252	290,846
Non-instructional programs:			
Food service operations	2,966	-	2,966
Other expenditures:			
Facilities acquisitions	-	247,802	247,802
TOTAL EXPENDITURES	450,082	756,271	1,206,353
EXCESS OF REVENUES OVER EXPENDITURES	78,165	332,722	410,887
OTHER FINANCING SOURCES:			
Compensation for loss of capital assets	2,158	-	2,158
Transfer in	509	-	509
	2,667	-	2,667
NET CHANGES IN FUND BALANCES	80,832	332,722	413,554
FUND BALANCES BEGINNING OF YEAR	1,001,797	790,061	1,791,858
FUND BALANCES END OF YEAR	$ 1,082,629	1,122,783	2,205,412

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

Year ended June 30, 2010

AGENCY		Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS					
Cash and pooled investments	$	63,800	19,409	71,714	11,495
Accounts receivable		360	12	360	12
Total assets	$	64,160	19,421	72,074	11,507
LIABILITIES					
Accounts payable	$	52,444	48	52,444	48
Due to other groups		11,716	19,373	19,630	11,459
Total liabilities	$	64,160	19,421	72,074	11,507

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION
(UNAUDITED)

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

Contents **Page**

Financial Trends **60-66**
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity **67-70**
These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.

Debt Capacity **71-76**
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information **77-79**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

Operating Information **80-83**
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Miscellaneous Information **84-96**
These schedules offer additional insight to pertinent District data to inform the reader about the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:								
Invested in capital assets, net of related debt	$ 21,381,552	21,698,241	21,323,720	16,136,426	16,338,609	17,053,299	15,378,575	15,203,701
Restricted	5,632,202	5,091,379	4,426,103	8,105,764	6,446,875	4,203,806	4,671,828	3,382,832
Unrestricted	3,311,949	4,651,368	5,280,876	4,617,192	2,921,963	2,431,642	2,740,041	3,568,120
Business type activities:								
Invested in capital assets, net of related debt	298,759	172,715	180,418	190,535	202,183	238,699	212,679	220,569
Unrestricted	533,078	684,130	742,578	689,930	638,238	548,723	527,089	445,754
Total primary government net assets	$ 31,157,540	32,297,833	31,953,695	29,739,847	26,547,868	24,476,169	23,530,212	22,820,976

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

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental activities:								
Regular instruction	$ 11,921,193	11,620,059	10,697,340	9,496,767	8,881,122	9,087,347	8,872,102	9,037,968
Special instruction	3,769,151	4,195,848	3,710,766	3,533,485	3,312,774	3,330,825	3,860,845	3,543,894
Other instruction	3,812,434	3,370,952	3,011,542	2,725,782	3,143,272	2,776,028	1,900,640	1,921,951
Student services	1,201,957	1,215,673	1,143,007	983,375	1,053,450	996,404	960,019	903,076
Instructional staff services	1,039,929	1,048,118	967,017	911,261	959,041	1,081,274	1,112,320	1,125,819
Administration services	3,210,646	3,366,550	3,184,685	2,778,116	2,774,473	2,540,841	2,288,419	2,102,576
Operation and maintenance of plant services	3,744,279	3,862,589	3,388,922	3,153,906	2,719,579	2,802,972	2,994,156	3,268,564
Transportation services	1,059,243	1,107,742	1,101,054	1,030,894	943,077	914,674	820,488	832,498
Food service operations	8,546	226	11,788	-	-	34,870	5,568	3,858
Community service and education program	-	-	459	-	-	-	630	438
Interest on long-term debt	-	-	-	324,270	365,211	389,471	431,572	447,832
AEA flowthrough	1,139,829	1,046,272	995,597	939,091	866,735	821,910	806,571	840,688
Depreciation(unallocated)	1,259,236	1,130,158	1,092,839	1,084,326	1,073,479	1,024,602	674,973	1,016,483
Total governmental activities	32,166,443	31,964,187	29,305,016	26,961,273	26,092,213	25,801,218	24,728,303	25,045,645
Business type activities:								
Nutrition services	1,455,862	1,422,093	1,309,288	1,264,732	1,259,809	1,156,314	1,143,070	1,049,763
Child care services	292,580	252,096	288,282	261,488	235,201	204,050	179,277	165,037
Total business type activities	1,748,442	1,674,189	1,597,570	1,526,220	1,495,010	1,360,364	1,322,347	1,214,800
Total primary government expenses	33,914,885	33,638,376	30,902,586	28,487,493	27,587,223	27,161,582	26,050,650	26,260,445
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction:								
Regular instruction	808,902	905,111	812,765	806,523	512,323	443,417	1,093,438	937,960
Special instruction	249,992	311,204	310,133	281,413	273,558	330,015	120,400	278,877
Other instruction	690,228	773,922	657,460	701,453	1,254,117	1,203,530	764,146	704,785
Support services:								
Transportation services	4,682	3,698	2,854	4,330	-	2,090	3,148	5,237
Operating grants and contributions	5,832,697	4,349,626	3,691,583	3,048,452	2,518,129	2,255,327	2,118,635	2,123,900
Capital grants and contributions	-	67,500	4,380	28,000	49,299	47,050	-	-
Total governmental activities	7,586,501	6,411,061	5,479,175	4,870,171	4,607,426	4,281,429	4,099,767	4,050,759
Business type activities:								
Charges for services:								
Nutrition	890,407	863,464	870,443	845,185	851,999	806,014	794,201	761,746
Child care	304,391	271,354	328,260	284,236	270,407	251,391	200,787	167,232
Operating grants and contributions	549,257	483,117	434,389	417,065	418,974	416,149	406,631	359,537
Total business type activities	1,744,055	1,617,935	1,633,092	1,546,486	1,541,380	1,473,554	1,401,619	1,288,515
Total primary government revenues	9,330,556	8,028,996	7,112,267	6,416,657	6,148,806	5,754,983	5,501,386	5,339,274
Net (Expense)/Revenues								
Total governmental activities	(24,579,942)	(25,553,126)	(23,825,841)	(22,091,102)	(21,484,787)	(21,519,789)	(20,628,536)	(20,994,886)
Total business type activities	(4,387)	(56,254)	35,522	20,266	46,370	113,190	79,272	73,715
Total primary government net expense	$ (24,584,329)	(25,609,380)	(23,790,319)	(22,070,836)	(21,438,417)	(21,406,599)	(20,549,264)	(20,921,171)

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

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

TOTAL PRIMARY GOVERNMENT NET EXPENSES
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS,
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenues								
Total governmental activities	$ (24,579,942)	(25,553,126)	(23,825,841)	(22,091,102)	(21,484,787)	(21,519,789)	(20,628,536)	(20,994,886)
Total business type activities	(4,387)	(56,254)	35,522	20,266	46,370	113,190	79,272	73,715
Total primary government net expense	(24,584,329)	(25,609,380)	(23,790,319)	(22,070,836)	(21,438,417)	(21,406,599)	(20,549,264)	(20,921,171)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Property taxes levied for general purposes*	10,396,804	10,197,282	9,703,082	9,527,903	9,168,880	8,901,542	9,171,635	9,040,949
Property taxes levied for capital projects	1,075,899	1,034,846	949,985	935,394	901,676	878,876	2,303,861	2,231,212
Income surtax	168,421	168,821	132,922	146,216	-	-	-	-
Sales tax	2,145,184	2,676,227	2,805,605	2,676,941	2,460,328	2,371,557	-	-
Unrestricted grants and contributions	9,495,352	11,516,615	11,688,064	11,154,999	10,558,269	9,970,358	9,693,706	9,318,310
Miscellaneous	130,007	105,997	253,692	126,534	9,575	1,685	8,426	9,400
Investment earnings	29,932	241,577	442,867	655,050	389,759	214,830	76,699	153,031
Transfers	23,058	22,050	20,941	-	-	-	-	-
Total governmental activities	23,464,657	25,963,415	25,997,158	25,223,037	23,488,487	22,338,848	21,254,327	20,752,902
Business type activities:								
Miscellaneous	-	-	-	-	-	-	350	559
Investment earnings	2,437	12,153	27,950	39,778	21,629	13,708	3,823	3,393
Transfers	(23,058)	(22,050)	(20,941)	-	-	-	-	-
Total business type activities	(20,621)	(9,897)	7,009	39,778	21,629	13,708	4,173	3,952
Total primary government	23,444,036	25,953,518	26,004,167	25,262,815	23,510,116	22,352,556	21,258,500	20,756,854
Changes in Net Assets								
Total governmental activities	(1,115,285)	410,289	2,171,317	3,131,935	2,003,700	819,059	625,791	(241,984)
Total business type activities	(25,008)	(66,151)	42,531	60,044	67,999	126,898	83,445	77,667
Total primary government	$ (1,140,293)	344,138	2,213,848	3,191,979	2,071,699	945,957	709,236	(164,317)

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

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

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	$ 301,975	221,275	204,353	166,182	140,555	135,873	10,360	23,041	178,443	153,521
Unreserved	2,820,900	3,686,423	3,359,636	2,422,773	1,224,856	885,762	1,430,053	2,689,507	2,888,763	2,365,366
Total general fund	3,122,875	3,907,698	3,563,989	2,588,955	1,365,411	1,021,635	1,440,413	2,712,548	3,067,206	2,518,887
All Other Governmental Funds										
Reserved	1,522	250,960	250,000	3,028	8,063	-	-	-	-	-
Unreserved, reported in:										
Capital projects funds	3,094,362	2,638,503	2,217,166	6,317,073	4,738,445	4,214,303	3,373,117	2,386,125	1,766,682	4,386,884
Special revenue funds	2,518,877	2,086,400	1,878,877	1,735,447	1,811,434	1,850,071	1,742,652	1,478,934	1,210,607	1,068,776
Total all other governmental funds	5,614,761	4,975,863	4,346,043	8,055,548	6,557,942	6,064,374	5,115,769	3,865,059	2,977,289	5,455,660
Total governmental funds	$ 8,737,636	8,883,561	7,910,032	10,644,503	7,923,353	7,086,009	6,556,182	6,577,607	6,044,495	7,974,547

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Local sources:										
Property taxes	$ 11,472,703	11,232,128	10,653,067	10,463,297	10,070,556	9,776,747	9,183,015	8,941,312	8,872,287	8,738,657
Income surtax	150,847	150,476	132,922	123,750	-	-	-	-	-	-
Local option sales and services taxes	2,145,184	2,676,227	2,805,605	2,676,941	2,460,328	2,371,557	2,303,861	2,231,212	2,324,759	1,893,836
Interest income	29,932	105,997	442,867	655,050	389,759	214,830	76,699	153,031	324,563	641,518
Other revenues	2,248,226	2,430,793	2,226,444	2,253,911	2,089,297	2,026,102	1,981,132	1,926,859	1,991,744	1,714,344
Total local sources	16,046,892	16,595,621	16,260,905	16,172,949	15,009,940	14,389,236	13,544,707	13,252,414	13,513,353	12,988,355
Intermediate sources										
Other revenues	-	-	811	1,195	4,550	14,596	-	935	-	-
Total intermediate sources	-	-	811	1,195	4,550	14,596	-	935	-	-
State sources:										
State education finance program	11,249,874	11,516,615	11,587,694	10,981,156	10,418,253	9,860,688	9,554,699	9,200,270	9,198,825	9,393,609
Other state grants	1,317,854	2,998,035	2,808,961	2,152,949	1,917,782	1,675,568	1,649,543	1,852,349	2,021,043	1,791,632
Total state sources	12,567,728	14,514,650	14,396,655	13,134,105	12,336,035	11,536,256	11,204,242	11,052,619	11,219,868	11,185,241
Federal sources:										
Federal grants	2,383,405	1,108,142	692,074	751,496	735,813	674,833	608,099	388,656	369,326	274,138
Total federal sources	2,383,405	1,108,142	692,074	751,496	735,813	674,833	608,099	388,656	369,326	274,138
Total revenues	$ 30,998,025	32,218,413	31,350,445	30,059,745	28,086,338	26,614,921	25,357,048	24,694,624	25,102,547	24,447,734

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Regular instruction	$ 11,563,369	11,208,853	10,598,784	9,751,985	9,022,917	9,316,756	9,234,071	8,833,785	8,799,403	8,307,280
Special instruction	3,643,387	3,971,755	3,647,700	3,644,447	3,343,311	3,382,905	3,947,774	3,560,511	3,044,665	2,679,419
Other instruction	3,785,481	3,377,600	2,992,708	2,735,006	3,139,649	2,771,396	1,915,423	1,919,061	1,798,888	1,874,476
Student services	1,175,015	1,167,667	1,129,497	1,007,146	1,059,475	1,015,187	967,602	907,233	875,513	780,644
Instructional staff services	1,003,039	993,594	948,964	937,307	976,259	1,111,963	1,097,792	1,130,068	1,094,155	1,338,727
Administration services	3,061,198	3,092,005	3,104,724	2,702,672	2,695,929	2,363,462	2,230,184	1,975,959	1,937,101	1,954,084
Operation and maintenance of plant services	2,338,122	2,400,995	2,285,424	2,231,316	2,194,131	2,247,570	2,209,956	2,099,465	1,884,026	1,981,390
Transportation services	1,280,324	1,341,413	1,399,385	1,244,113	1,131,221	1,054,730	968,457	818,105	917,150	1,060,559
Food service operations	2,966	226	41	10,956	22,166	4,104	13,903	4,065	1,971	571
Community service and education program	-	-	-	-	-	-	630	438	-	-
Capital outlay										
Facilities acquisition/construction	1,821,779	2,432,222	1,176,980	1,082,444	1,733,138	994,402	924,800	1,030,566	5,077,425	3,046,855
AEA flowthrough	1,139,829	1,046,272	995,597	939,091	866,735	821,910	806,571	840,688	842,394	865,361
Debt service										
Principal	365,000	350,000	5,930,000	750,000	715,000	685,000	655,000	610,000	340,000	325,000
Interest and fiscal charges	-	-	1,000	333,109	373,638	396,638	424,736	450,968	435,326	378,181
Total expenditures	31,179,509	31,382,602	34,210,804	27,369,592	27,273,569	26,166,023	25,396,899	24,180,912	27,048,017	24,592,547
Debt service as a percentage of noncapital expenditures	1.24%	1.21%	17.95%	4.12%	4.26%	4.30%	4.41%	4.58%	3.53%	3.26%

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Excess(deficiency) of revenues over(under) expenditures	$ (181,484)	835,811	(2,860,359)	2,690,153	812,769	448,898	(39,851)	513,712	(1,945,470)	(144,813)
Other Financing Sources (Uses)										
Long-term debt issued	-	-	-	-	-	-	-	-	-	2,517,559
Gains from sale of equipment	8,721	-	-	10,997	9,575	1,685	8,321	875	418	219,292
Compensation for loss of fixed assets	3,780	115,668	104,947	-	-	-	105	8,525	-	23,507
Transfer in	420,199	454,898	6,138,648	1,131,315	1,110,129	1,178,578	1,089,736	1,070,968	790,841	703,181
Transfer out	(397,141)	(432,848)	(6,117,707)	(1,111,315)	(1,095,129)	(1,099,334)	(1,079,736)	(1,060,968)	(775,841)	(703,181)
Total other financing sources (uses)	35,559	137,718	125,888	30,997	24,575	80,929	18,426	19,400	15,418	2,760,358
Net change in fund balance	$ (145,925)	973,529	(2,734,471)	2,721,150	837,344	529,827	(21,425)	533,112	(1,930,052)	2,615,545

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

Fiscal Year	Actual Value: Residential Property	Actual Value: Commercial Property	Actual Value: Other Property	Less Exemptions	Total Taxable Value	Total Direct Rate (a)
2010	$ 374,361,097	$ 256,196,590	$ 145,752,234	$ 1,640,868	$ 774,669,053	$ 14.51584
2009	349,808,854	254,925,672	138,682,265	1,635,312	741,781,479	14.76476
2008	318,991,324	223,452,153	146,622,429	1,601,976	687,463,930	15.12311
2007	307,576,363	215,835,281	147,204,843	1,563,084	669,053,403	15.18338
2006	291,046,294	204,959,840	143,959,212	1,548,270	638,417,076	15.17814
2005	277,731,374	204,509,254	142,744,853	1,536,850	623,448,631	15.12320
2004	256,445,451	172,132,325	161,673,916	1,507,528	588,744,164	15.03382
2003	250,810,845	182,928,264	146,190,615	1,531,604	578,398,120	14.99307
2002	238,515,278	161,893,378	143,635,212	1,557,532	542,486,336	15.32122
2001	227,391,727	159,752,353	136,402,148	1,564,940	521,981,288	15.66165

Source: Scott County Auditor

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

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	District Direct Rates				Overlapping Rates*										
Fiscal Year	General Purposes	Capital Purposes	Debt Service	Total	Scott County	College Area IX	City of Bettendorf	City of Davenport	City of Dixon	City of Donahue	City of Eldridge	City of Long Grove	City of Maysville	City of McClausland	City of Princeton
2010	$ 13.21584	$ 1.30000	$ -	$ 14.51584	$ 5.47607	$ 0.87714	$ 12.85000	$ 15.58000	$ 8.10000	$ 5.96079	$ 6.64916	$ 11.15854	$ 5.16094	$ 8.10000	$ 9.58243
2009	13.46476	1.30000	-	14.76476	5.33791	0.60635	12.85000	15.57584	8.10000	5.96370	6.64880	9.76863	5.16100	8.10000	8.94763
2008	13.82311	1.30000	-	15.12311	5.54040	0.60785	12.95000	15.24000	8.10000	5.42517	6.64795	8.10000	5.16097	8.10000	9.02314
2007	13.87814	1.30000	-	15.17814	5.51106	0.61277	12.60000	15.56702	8.10000	5.43321	6.64800	8.39529	5.16094	8.10000	8.97804
2006	13.82320	1.30000	-	15.12320	5.56513	0.59269	12.34952	15.24000	8.10000	5.42517	6.64795	8.10000	5.16097	8.10000	9.02314
2005	13.73382	1.30000	-	15.03382	4.75497	0.59216	12.34932	15.24000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
2004	14.02122	1.30000	-	15.32122	4.48067	0.62633	11.85000	14.63000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
2003	14.02122	1.30000	-	15.32122	4.48067	0.62633	11.85000	14.63000	8.09986	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
2002	14.36165	1.30000	-	15.66165	4.17307	0.60382	10.45550	14.60301	8.09975	5.20471	6.37553	7.87004	4.76008	7.64697	9.30742
2001	14.40745	1.30000	-	15.70745	4.16147	0.60302	11.46317	14.63429	7.92961	5.14553	6.37566	7.50571	4.31483	7.64701	7.15950

Source: Scott County Auditor's Office

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

General Fund

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

Special Revenue Funds

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO

	2010			2001		
Name of Taxpayer	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Deere and Company Inc.	$ 22,351,967	1	2.8854 %	$ 10,841,700	2	1.9366 %
Davenport-Durler Family Trust	19,868,300	2	2.5647	-		-
Alliance Pipeline	15,869,192	3	2.0485	-		-
Petersen Properties LC	15,666,006	4	2.0223	20,894,352	1	3.7322
Murray Enterprises LTD	9,968,370	5	1.2868	5,913,066	6	1.0562
Northern Border Pipeline Co.	8,923,969	6	1.1520	8,886,226	3	1.5872
Mid America Energy	8,099,191	7	1.0455	4,535,016	7	0.8100
Blue Dog LLC	7,228,490	8	0.9331	-		-
The Bawden Corp.	6,786,570	9	0.8761	6,450,040	5	1.1521
Callahan Construction Inc.	6,203,690	10	0.8008	-		-
Central Scott Telephone Co.	-		-	7,116,021	4	1.2710
Iowa Electric Light & Power Co.	-		-	4,247,288	8	0.7586
Genesis Systems Group LTD	-		-	3,858,144	9	0.6891
Convoy Realty LLC	-		-	2,420,199	10	0.6296
Total	$ 120,965,745		15.6152 %	$ 75,162,052		13.6226 %

Source: Scott County Auditor

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 11,520,353	$ 11,472,412	99.58%	$ N/A	$ 11,472,412	99.58%
2009	11,239,357	11,239,133	100.00%	7,962	11,247,095	100.07%
2008	10,657,685	10,653,067	99.96%	6,533	10,659,600	100.02%
2007	10,443,492	10,469,764	100.25%	3,163	10,472,927	100.28%
2006	9,967,028	9,678,833	97.11%	14,298	9,693,131	97.25%
2005	9,676,444	9,721,157	100.46%	55,590	9,776,747	101.04%
2004	9,141,191	9,152,693	100.13%	30,322	9,183,015	100.46%
2003	9,366,112	8,932,147	95.37%	9,165	8,941,312	95.46%
2002	8,828,166	8,780,978	99.47%	2,903	8,783,881	99.50%
2001	8,499,469	8,634,891	101.59%	3,980	8,638,871	101.64%

Source: Scott County Auditor and School District financial records.

Note: N/A = not available.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS

Fiscal Year	Loan Payable	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income*	Per Capita*
2010	$ -	$ -	$ -	$ -	N/A	$ -
2009	-	-	365,000	365,000	N/A %	27
2008	-	-	715,000	715,000	1.91	53
2007	-	5,595,000	1,050,000	6,645,000	18.10	497
2006	-	6,025,000	1,370,000	7,395,000	22.17	553
2005	-	6,435,000	1,675,000	8,110,000	26.07	606
2004	-	6,825,000	1,970,000	8,795,000	30.44	658
2003	-	7,200,000	2,250,000	9,450,000	34.88	707
2002	-	7,560,000	2,500,000	10,060,000	38.84	752
2001	-	7,900,000	2,500,000	10,400,000	42.64	778

Source: School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.
* See Page 77 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
N/A = not available.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

Year (Of Collection)	Estimated Actual Value Of Taxable Property	Total Primary Government Outstanding Debt	Net Bonded Debt	Amount Restricted For Repayment Of Outstanding Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita*
2010-11	$ 831,024,323	$ 896,474	$ -	$ -	0.00 %	$ -
2009-10	795,215,860	746,264	365,000	250,000	0.05	27
2008-09	757,042,952	868,749	715,000	250,000	0.09	53
2007-08	702,812,685	6,803,992	6,645,000	250,000	0.95	497
2006-07	685,318,055	7,602,377	7,395,000	250,000	1.08	553
2005-06	654,803,524	8,504,625	8,110,000	250,000	1.24	606
2004-05	640,604,822	9,389,334	8,795,000	250,000	1.37	658
2003-04	606,472,423	10,112,955	9,450,000	250,000	1.56	707
2002-03	595,758,092	10,478,305	10,060,000	250,000	1.69	752
2001-02	559,838,351	10,818,639	7,900,000	250,000	1.85	591

Source: Scott County Auditor, Iowa Department of Management and School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.
* See Page 77 for personal income and population data. This ratio is calculated using personal income and population for the prior calander year.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

Fiscal Year	Principal	Interest	Total Debt Service Principal and Interest	Total General Fund Expenditures	Ratio Of Debt Service To Total General Expenditures
2010	$ 365,000	$ 8,669	$ 373,669	$ 27,240,869	1.37 %
2009	350,000	25,213	375,213	26,847,088	1.40
2008	5,930,000	173,647	6,103,647	25,178,119	24.24
2007	750,000	333,109	1,083,109	23,758,050	4.56
2006	715,000	367,638	1,082,638	22,851,808	4.74
2005	685,000	396,038	1,081,038	22,391,442	4.83
2004	655,000	424,736	1,079,736	21,743,927	4.97
2003	610,000	450,968	1,060,968	20,768,083	5.11
2002	340,000	435,326	775,326	19,942,394	3.89
2001	325,000	378,181	703,181	19,578,293	3.59

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed value	$ 831,024,323
Debt limit (5% of assessed value)	41,551,216
Debt applicable to limit	-
Legal debt margin	$ 41,551,216

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limit	$ 41,551,216	$ 39,760,793	$ 36,577,179	$ 35,867,384	$ 34,695,901	$ 32,740,176	$ 32,030,241	$ 30,323,621	$ 29,787,905	$ 27,991,918
Total net debt applicable to limit	-	365,000	715,000	6,645,000	7,395,000	8,110,000	8,795,000	9,450,000	10,060,000	7,900,000
Legal debt margin	41,551,216	39,395,793	35,862,179	29,222,384	27,300,901	24,630,176	23,235,241	20,873,621	19,727,905	20,091,918
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.92%	1.95%	18.53%	21.31%	24.77%	27.46%	31.16%	33.77%	28.22%

Source: Iowa Department of Management, Scott County Auditor's Office and School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT,
AS OF JUNE 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
Scott County	$ 17,190,000	12.05 %	$ 2,072,115
Eastern Iowa Community College	74,885,000	7.17	5,368,908
City of Bettendorf	9,005,000	0.12	111,573
City of Davenport	163,115,000	3.43	5,589,223
City of Eldridge	4,790,000	100.00	4,790,000
City of Princeton	778,851	100.00	778,851
Subtotal, overlapping debt			18,710,670
District direct debt			365,000
Total direct and overlapping debt			$ 19,075,670

Source: Scott County Auditor.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This statistical page estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businessess of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into 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. (Calculated by dividing the amount of the value applicable to the North Scott School District by the total value for that taxing authority; 2008 assessed values are used.)

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PLEDGED-REVENUE COVERAGE,
LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds*			
		Debt Service		
	Revenue	Principal	Interest	Coverage
2010	$ 2,145,184	$ 365,000	$ 8,669	5.74
2009	2,676,227	350,000	25,213	7.13
2008	2,805,605	335,000	40,625	7.47
2007	2,676,941	320,000	55,362	7.13
2006	2,460,328	305,000	69,425	6.57
2005	2,371,557	295,000	81,966	6.29
2004	2,303,861	280,000	92,895	6.18
2003	2,231,212	250,000	102,645	6.33
2002	2,324,759	-	71,430	32.55
2001	-	-	-	-

Source: School District records.

Notes: Details regarding the District's outstanding debt can be found in Note 7 of the notes to the financial statements.

* These bonds are backed by a one-cent statewide sales, service and use tax.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS,
LAST TEN CALENDAR YEARS

Calendar Year	Population(a)	Personal Income(b) (thousands of dollars)	Per Capita Personal Income	Scott County Area Unemployment Rate(c)
2010	13,372	N/A	N/A	7.5 *%
2009	13,372	N/A	N/A	7.3 *
2008	13,372	$ 374,350,241	$ 27,995	4.0 *
2007	13,372	367,219,947	27,462	3.6 *
2006	13,372	333,573,979	24,946	3.8 *
2005	13,372	311,086,171	23,264	4.6 *
2004	13,372	288,967,490	21,610	4.6 *
2003	13,372	270,927,404	20,261	4.1 *
2002	13,372	258,997,274	19,369	3.9 *
2001	15,112	243,923,540	16,141	3.5

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

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS,
CURRENT YEAR AND TEN YEARS AGO

	2010			2000		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Scott County						
Genesis Medical Center	3,850	1	4.5182 %	3000	1	3.5757 %
Davenport Community School District	1,950	2	2.2885	2237		-
ALCOA	1,900	3	2.2298	2,600	2	3.0989
Kraft Foods (Oscar Mayer)	1,500	4	1.7604	1,890		2.2527
City of Davenport	980	5	1.1501	1086		-
Isle of Capri	925	6	1.0856	-		-
APAC Customer Services Inc	900	7	1.0562	500	3	0.5959
Mid-American Energy	780	8	0.9154	987		1.1764
Rhythm City Casino	750	9	0.8802	-		-
St. Ambrose University	670	10	0.7863	-		-
Total for Scott County	14,205		16.6706 %	12,300		10.6996 %
Rock Island County						
Rock Island Arsenal	8,200	1	11.0462 %	$ 6,000	2	8.3021 %
Deere & Company	6,000	2	8.0825	7,878	1	10.9006
Tyson Fresh Meats	2,500	3	3.3677	2,500		3.4592
Trinity Medical Center	2,200	4	2.9636	2,500	3	3.4592
Xpac	1,200	5	1.6165	500		0.6918
Moline Public School District #40	900	6	1.2124			
Rock Island Public School District #41	900	7	1.2124			
Exelon	900	8	1.2124			
Wal-mart	780	9	1.0507			
Black Hawk College	700	10	0.9430			
Total for Rock Island County	24,280		32.7074 %	19,378		26.8130 %

Source:

2010 Information from Bi-State Planning and Iowa Workforce Development Web Site/Labor Force.

2000 Information is received from Bi-State Regional Commission.
Note: Not all data for 2000 was available

Note: Arsenal Employees include military personnel, tenants and contractors.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Full-time-Equivalent Employees as of June 30,										Percentage Change
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2001-2010
Supervisory											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00 %
Principals	7.0	7.0	7.0	7.0	8.0	7.5	7.0	7.0	7.0	7.0	0.00
Assistant Principals	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	100.00
District Secretary	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.00
Other Officials/Administrators	-	-	-	-	-	2.0	2.0	3.0	3.0	2.0	(100.00)
Total supervisory	10.3	10.3	10.3	10.3	11.3	12.8	12.3	12.3	12.3	11.3	(8.85)
Instruction:											
Classroom Teachers	151.5	150.3	150.4	144.0	147.6	179.1	160.1	153.1	155.2	156.9	(3.44)
Special Education	29.8	30.8	32.0	35.2	35.5	-	-	-	-	-	100.00
Special Programs	15.9	14.4	2.8	2.8	2.4	38.8	51.0	45.0	41.3	37.8	(58.02)
Vocational Teachers	10.2	10.9	10.0	10.2	11.0	-	-	-	-	-	100.00
Teacher Aides	70.4	69.0	67.6	67.2	71.2	65.3	58.9	51.9	57.6	35.9	96.10
Instructional Technology Technicians	2.5	3.0	3.0	2.0	2.0	-	-	-	-	-	100.00
Other Instructional Programs*	1.4	1.0	11.1	10.9	12.5	2.0	3.3	5.3	2.0	1.5	(4.00)
Total instruction	281.8	279.3	276.9	272.3	282.2	285.2	273.3	255.3	256.1	232.1	21.40
Student services:											
Social Workers	1.0	1.0	-	-	1.0	-	-	-	-	-	100.00
Counselors	10.0	11.0	10.0	10.0	11.0	11.0	11.0	10.0	10.0	8.8	13.64
Library/Media Specialists	4.3	4.3	4.3	4.2	4.6	4.6	5.3	5.3	6.0	6.0	(29.17)
Nurses	5.5	5.6	5.3	5.3	5.3	5.4	4.9	4.9	4.9	4.8	14.58
Total student services	20.8	21.8	19.6	19.5	21.9	21.0	21.2	20.2	20.9	19.6	5.87
Support and Administration:											
Other Support Services	1.0	1.0	2.0	2.0	2.0	8.8	-	-	-	-	100.00
Office/Clerical Personnel	25.5	26.6	26.2	23.2	21.9	24.5	22.5	22.2	23.5	21.5	18.60
Business Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00
Other Professional Employees	-	-	-	-	1.5	1.0	-	-	6.3	4.8	(100.00)
Technology Specialist	1.0	1.0	1.0	0.6	1.0	-	-	-	-	-	100.00
Other Technical Personnel	3.0	2.5	3.5	2.3	2.5	2.3	11.3	11.3	4.3	6.8	(55.88)
Crafts & Trades Personnel	6.5	5.5	5.5	5.5	6.6	5.5	5.5	5.5	4.5	6.5	0.00
Laborers	3.0	3.0	3.0	3.0	3.0	5.8	3.0	3.0	3.0	3.0	0.00
Service Workers	56.6	56.3	55.3	54.8	53.4	58.4	52.4	50.2	41.8	23.5	140.85
Operative personnel	16.5	17.2	16.5	15.5	16.8	18.0	17.0	15.5	18.6	18.3	(9.84)
Total support and administration	114.1	114.0	114.0	107.9	109.7	116.5	112.7	108.7	103.0	85.4	33.61
TOTAL	426.9	425.5	420.8	410.0	425.1	444.3	419.5	396.5	392.3	348.4	22.53 %

Source: School District personnel records.

Notes:
* In 2009, there was a change in the way the District allocated FTE areas due to account code changes required by the Iowa Department of Edcuation.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS,
LAST TEN FISCAL YEARS

Fiscal Year	Daily Average Attendance	Operating Expenditures	Cost per Pupil	Percentage Change	Governmental Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teaching Ratio
2010	2,910	$ 27,240,869	$ 9,361	2.55 %	$ 32,166,443	$ 11,054	1.70 %	218.7	13.31
2009	2,941	26,847,088	9,129	5.58	31,964,187	10,868	(7.49)	222.6	13.21
2008	2,912	25,178,119	8,646	8.89	34,210,804	11,748	30.37	220.6	13.20
2007	2,992	23,758,050	7,941	4.70	26,961,273	9,011	4.06	217.3	13.77
2006	3,013	22,851,808	7,584	(5.94)	26,092,213	8,660	(6.79)	226.7	12.84
2005	2,777	22,391,442	8,063	6.76	25,801,218	9,291	2.68	235.5	12.85
2004	2,879	21,743,927	7,553	3.06	26,050,650	9,049	(2.35)	231.2	12.89
2003	2,834	20,768,083	7,328	2.60	26,260,445	9,266	N/A	218.7	13.52
2002	2,792	19,942,394	7,143	0.98	N/A	N/A	N/A	213.5	13.65
2001	2,768	19,578,293	7,073	9.52	N/A	N/A	N/A	211.0	14.14

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

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FREE AND REDUCED STUDENTS,
LAST TEN FISCAL YEARS

Fiscal Year	Reduced Students	Reduced Percentage	Free Students	Free Percentage	Total Free and Reduced Students	Total Free and Reduced Percentage
2010	220	7.23%	582	19.12%	802	26.35%
2009	212	6.93%	531	17.35%	743	24.28%
2008	189	6.24%	476	15.72%	665	21.96%
2007	161	5.26%	448	14.64%	609	19.84%
2006	165	5.38%	478	15.58%	643	20.95%
2005	151	4.97%	448	14.76%	599	19.73%
2004	163	5.46%	405	13.57%	568	19.03%
2003	153	5.19%	358	12.15%	511	17.34%
2002	98	3.58%	329	12.03%	427	15.61%
2001	99	3.54%	334	11.95%	433	15.50%

Source: School District records.

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

School	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Armstrong										
Square feet	41,095	41,095	41,095	41,095	41,095	41,095	41,095	41,095	41,095	41,095
Capacity*	720	720	720	720	720	720	720	720	720	720
Enrollment	343	325	299	285	276	280	271	291	289	316
Playgrounds	2	2	2	2	2	2	2	2	2	2
Glenn										
Square feet	26,297	26,297	26,297	26,297	26,297	26,297	26,297	26,297	26,297	26,297
Capacity*	480	480	480	480	480	480	480	480	480	480
Enrollment	248	234	259	259	261	265	258	259	264	279
Playgrounds	2	2	2	2	2	2	2	2	2	2
Grissom										
Square feet	29,209	29,209	29,209	29,209	29,209	29,209	29,209	29,209	29,209	29,209
Capacity*	480	480	480	480	480	480	480	480	480	480
Enrollment	222	229	252	231	232	209	203	208	209	242
Playgrounds	2	2	2	2	2	2	2	2	2	2
Shepard										
Square feet	39,609	39,609	39,609	39,609	39,609	39,609	39,609	39,609	39,609	39,609
Capacity*	720	720	720	720	720	720	720	720	720	720
Enrollment	326	306	305	321	311	305	322	295	312	307
Playgrounds	2	2	2	2	2	2	2	2	2	2
White										
Square feet	42,546	42,546	42,546	42,546	42,546	42,546	42,546	42,546	42,546	42,546
Capacity*	780	780	780	780	780	780	780	780	780	780
Enrollment	490	486	456	446	437	402	425	388	371	380
Playgrounds	2	2	2	2	2	2	2	2	2	2
Jr. High										
Square feet	105,714	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270
Capacity*	960	960	960	960	960	960	960	960	960	960
Enrollment	472	445	442	459	487	489	475	501	497	513
Playgrounds	-	-	-	-	-	-	-	-	-	-
High School										
Square feet	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143
Capacity*	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740
Enrollment	985	990	1,049	1,050	1,054	1,074	1,027	1,015	973	947
Playgrounds	-	-	-	-	-	-	-	-	-	-

Source: District records.

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

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Elementary										
Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	178,756	178,756	178,756	178,756	178,756	178,756	178,756	178,756	178,756	178,756
Capacity	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180
Enrollment	1,627	1,580	1,571	1,542	1,517	1,461	1,479	1,441	1,445	1,524
Playgrounds	10	10	10	10	10	10	10	10	10	10
Junior High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	105,714	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270
Capacity	960	960	960	960	960	960	960	960	960	960
Enrollment	472	445	442	459	487	489	475	501	497	513
High School										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143
Capacity	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740
Enrollment	985	990	1,049	1,050	1,054	1,074	1,027	1,015	973	947
Administrative										
Admin Building	1	1	1	1	1	1	1	1	1	1
Square feet	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188
Warehouse/printshop	1	1	1	1	1	1	1	1	1	1
Square feet	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900
Service buildings	19	19	19	19	19	19	19	19	19	19
Transportation										
Bus Garage	1	1	1	1	1	1	1	1	1	1
Square feet	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250
Buses		38	38	38	38	38	38	38	38	38
Athletics										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	2	2	2	2	2	2	2	2	2	2

Source: District records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
MISCELLANEOUS DEMOGRAPHIC STATISTICS

The North Scott Community School District was incorporated in 1956, and includes portions of Winfield, Butler, Sheridan, Princeton, Lincoln, Allens Grove and Hickory Grove townships, in the County of Scott, in the State of Iowa. The District encompasses an area of 220 square miles. Included in the District are the towns of Dixon, Maysville, Donahue, Long Grove, Eldridge, McCausland and Princeton and the unincorporated communities of Mt. Joy and Park View. The District office is located at 251 East Iowa Street, Eldridge, Iowa.

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

Schools	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
Alan Shepard Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Alan Shepard Elem.	PS									
Edward White Elem.	K-5	K-5	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Edward White Elem.			PS	PS	PS	PS	PS	PS	PS	PS
John Glenn Elem.	PreK-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Neil Armstrong Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Neil Armstrong Elem.	PS	PS								
Virgil Grissom Elem.	PreK-6	PreK-6	PreK-6	PreK-6	K-6	K-6	K-6	K-6	K-6	K-6
Junior High	*6-8	*6-8	*6-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8
High School	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12

**Approximately 72 Sixth Graders 07-08; approximately 71 Sixth Graders 08-09; approximately 71 Sixth Graders 09-10*

SCHOOLS:

North Scott High School, located in Eldridge, was opened in the fall of 1958. Major additions to this building were completed in 1980, 1982, and 2000 that included an 800-seat performing arts auditorium, six fully equipped science classrooms and a modernized and expanded vocal and instrumental music complex. Major interior renovation and enlargement of the girls' locker room was completed in October 2006, as well as the replacement of the original gymnasium floor. In 2008, a major renovation and enlargement of the high school nurse's office and other support offices was completed. An 864-square-foot free-standing greenhouse was added to support the vocational agriculture and science departments. A major track and football field renovation was started in the spring of 2008, for completion in late summer 2009.

The North Scott Junior High School, for grades seven and eight, was completed for occupancy January 3, 1976. Major interior remodeling was completed in 1991 and 2000 that included two fully equipped science classrooms and a second full-sized gymnasium. A major kitchen/cafeteria renovation and 1,444-square-foot addition was completed in September 2009. A security camera system was added in 2009.

The John Glenn Elementary School at Donahue, the Virgil Grissom Elementary School at Princeton, the Alan Shepard Elementary School at Long Grove and the Edward White Elementary School at Eldridge were opened in 1967. These buildings replaced 32 buildings, which were mostly one-room, rural schools. Major additions to these elementary buildings were finished in 1967, 1969, 1971, 1993 and 2000. The Neil Armstrong Elementary School at Park View was opened on August 30, 1976 with a major addition completed in 2000. A major interior renovation project was completed in two phases. The district started on a playground safety program, replacing existing playground equipment and adding rubber tile fall protection surfaces at four of the district's elementary buildings.

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

A district-wide web-based HVAC control system upgrade was started in the spring of 2009.

STAFF AND CURRICULUM

The North Scott Schools take pride in their excellent workforce. The seven buildings and central office are staffed by 13 administrators, 218.7 FTE teaching staff, and 190.81 FTE support staff. The teaching staff

includes classroom teachers, media specialists, nurses, and teacher specialists in the areas of reading, art, music, physical education, and guidance. The support staff of teacher aides, secretarial and clerical staff, bus drivers and mechanics, custodial/maintenance, child care, food service, print shop, and grounds staff all contribute to creating a positive, safe learning environment for students.

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

- **All teachers and administrators are involved in grade level and content area meetings to align curriculum, assessment, and instruction.**
- **The district hosted an accreditation team from the Iowa Department of Education for a three-day site visit in January 2008.**
- **The district developed a new five-year North Scott Comprehensive School Improvement Plan (2008-2013).**
- **The district has identified long-range goals and annual improvement goals with specific action plans to meet the identified needs of students and staff within the district.**
- **The district employs reading specialists who provide academic support in reading for students in grades K-3, 4-6, and 7-8.**
- **A state endorsed, research based reading program "Second Chance Reading" is provided for students in need of reading assistance at the junior high and high school.**
- **Numerous curriculum projects were written during the summer. Reports are made regularly during the school year to the Board of Directors.**
- **The district has a Curriculum Cabinet, which meets twice a month to discuss issues directly related to curriculum, instruction and assessment. Members of the Cabinet include the Superintendent, the Curriculum Director, and all building principals. Minutes of the Curriculum Cabinet are provided to the entire staff after each meeting as well as reports made at each School Board meeting.**
- **Each building annually identifies building improvement goals based upon student data. Action plans are developed at the building level to make improvements at the site level.**
- **Parent/teacher conferences are held in grades kindergarten through twelve twice a year with a high parent participation rate. The junior high conducts student led conferences.**
- **The district provides a well-articulated K-12 counseling program to address the increasing needs of students. All elementary buildings have full time guidance personnel.**
- **The district continues to provide regular professional development opportunities to all staff in the areas of reading, math, science, utilization of technology, and meeting the needs of diverse learners. In 2009-10, continued emphasis was placed on data use and data teams and presented through the use of a building instructional coaches model.**
- **The district has been involved with staff development on the Iowa Core.**
- **Graduate level professional development courses are made available to teaching staff annually to support their professional development and licensure renewal.**
- **The district has developed a five-year building and grounds maintenance plan to ensure facilities that enhance educational opportunities for students and provide for a safe learning environment.**
- **A full-time technology director and three computer technicians are employed by the district to assist in the integration of technology in all classrooms. 100% of the district's classrooms are connected to the Internet. All staff members have e-mail addresses. There are more than 1,500 computers across the district. The district maintains a web page.**

- **The district has introduced interactive white boards into elementary, junior high and high school classrooms. Phase I has been completed with the placement of Prometheans in all 4-6 classrooms, 7-12 core content areas, and at least one board in a common area.**

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

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

- **The district has an active mentoring program for beginning teachers. "Journey to Excellence" provides each beginning teacher with a trained mentor teacher for a two-year period.**

- **In a joint venture with the North Scott Press, the district published two volumes of *North Scott, The Magazine.***

- **The District's Smaller Learning Communities federal grant was done in September 2010. The high school will continue to offer a freshman house structure to assist students making the transition from junior high to high school.**

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

POPULATION:

The population of the North Scott Community School District is estimated at approximately 13,372. The certified enrollment in October 2009 was 2977.53 students - 943 senior high students, 523 junior high students, 1454 elementary students, plus adjustments of 57.53 students who are open enrolled or tuitioned into the district. Less than 5% of the school parents earn their livelihood from farming. The remaining 95% live in towns or housing developments within the District. The largest industry within the District is John Deere.

A fleet of 38 buses is owned by the District to serve its transportation needs. A total of 27 regular bus routes operate daily, with 5 activity routes operating in the evening. The District also has 8 special education routes operating daily.

Student lunches are prepared at two central locations, North Scott High School and North Scott Junior High, and number approximately 422,986 annually.

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

DISTRICT AWARDS OVER THE LAST SEVERAL YEARS:

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

Individuals

District individuals have served and been awarded the following recognition in the last 10 years:

- **District designated as School-Match**
- **Member of North Scott Kiwanis**
- **President of North Scott Kiwanis**
- **Member of North Scott Rotary**
- **Mayor of the City of Eldridge**
- **Iowa State Senator**
- **Committee member, Leadership Committee, IASBO**
- **SAI State Superintendent of the Year Finalist, 2001**
- **SAI State Jr. High Principal of the Year Finalist, 2001**
- **Presenter at State School Board, 2002 Convention on Activity Fund Management**
- **Presenter at SAI workshop on Activity Funds, 2002**
- **Member of the Iowa High School Athletic Association Representative Council, 2002**

- SAI, Area IX, Middle School Principal of the Year, 2001
- AEA IX Elementary Principal of the Year – 2008-09
- One of five finalists for National High School Athletic Coaches Association "Softball Coach of the Year", 2002 – Winner of Midwest State Award.
- Iowa's nominee for National High School "Wrestling Coach of the Year", 2003
- Presenter at the Iowa Technology Educator's Conference, 2003
- 3 National Merit semi-finalists at North Scott High School, 2004
- "Teacher of the Year – Senior Division" award from National History Day in Iowa, 2005
- "Teacher of the Year – Senior Division" award from Iowa History Day, 2009
- Presenter – Iowa Department of Education Professional Development Seminar in 2005
- Presenter – Iowa State School Board Conference 2007
- Presenter – School Administrators of Iowa 2007 Fall Activity Fund Workshop
- Presenter – School Administrators of Iowa 2009 Fall Activity Fund Workshop
- Presenter – Iowa Association of School Business Officials Fall 2007 Conference
- SAI District IX Central Office Administrator of the Year, 2005
- Southeast District High School Athletic Director of the Year, 2005
- Iowa State Distribution Advisory Council
- Presenter at Middle Level Education Southeast Sectional Conference
- Two teachers named WalMart "Teacher of the Year", 2006
- SAI District IX Elementary Principal of the Year, 2006
- Iowa Association of School Business Officials 2008 Professional Leadership Award
- National PBS Teacher of Merit Award, 2009
- Instructor – Iowa Superintendent and Leadership Consortium 2009 – Facility Construction: Planning to Finish
- Instructor – Iowa Superintendent and Leadership Consortium 2010 – Understanding & Managing Special Revenue Funds

Building Awards

- Junior High Educational Equity Recognition Award – Iowa State Board of Education
- Junior High "Employer Support of the Guard and Reserve" ESGR Award
- "Outstanding School of the Year – Jr. High Division" award from the National History Day in Iowa, 2005
- John Glenn Elementary 2007 No Child Left Behind Blue Ribbon School

Grounds Awards

- Presenter at Iowa Turf Manager's Conference, 2002
- Presenter at Iowa Turf Grass Conference, 2003
- 2004 Iowa Sports Turf Manager's Association of the Year
- 2004 National Sports Turf Manager's Association High School & Parks Soccer Field of the Year
- 2004 Iowa Soccer Field of the Year, Iowa Sports Turf Manager's Association
- Presenter at National Sports Turf Manager's Conference, 2004 and 2009
- 2005 National Sports Turf Manager's Association High School and Parks Sports Complex of the Year
- Presenter at Iowa Turfgrass Conference, 2005
- Presenter at Northern Illinois Turf Manager's Association, 2007
- Presenter at Iowa Buildings and Grounds Association, 2007
- Presenter at National Sports Turf Manager's Conference, 2009
- Presenter at Sports Manager's Regional Conference, 2009
- Hosted & Presented Turf & Technology Workshop, 2010
- 2010 National Sports Turf Manager's Association High School & Parks Football Field of the Year

Grants

- Scott County Regional Authority and Riverboat Development Authority, $150,000
- Five-Year Smaller Learning Communities Grant, $799,274

School Organizations

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

STATISTICAL REVIEW:

Area – 220 square miles.

Altitude – 793 feet above sea level.

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

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

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

Churches – 13, representing five denominations.

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

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

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

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

MUNICIPAL SERVICES:

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

NOTICE OF NON-DISCRIMINATION:

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

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS,
LAST TEN YEARS

Year	Insured Property Values	Expenditures For Construction	Bank Deposit*
2009-10	$ 91,003,994	$ 1,821,779	$ 7,038,228
2008-09	85,451,876	2,432,222	2,043,635
2007-08	81,124,318	1,176,980	2,317,170
2006-07	74,597,277	1,082,444	5,057,042
2005-06	65,670,495	1,733,138	2,122,229
2004-05	56,508,413	994,402	3,311,277
2003-04	55,364,899	924,800	3,141,369
2002-03	54,371,139	1,030,566	2,081,165
2001-02	51,714,094	5,077,425	2,147,608
2000-01	50,570,666	2,437,620	1,661,033

*School district's bank deposit at June 30.

Sources: School District financial and insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

ENROLLMENT BY GRADE AND CERTIFIED ENROLLMENT
LAST TEN FISCAL YEARS

Grade	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Enrollment by Grade										
Kindergarten	231.0	239.0	231.0	234.0	208.0	174.0	208.0	196.0	173.0	176.0
1	214.0	205.0	220.0	213.0	180.0	231.0	201.0	177.0	170.0	188.0
2	209.0	230.0	225.0	192.0	215.0	213.0	201.0	179.0	178.0	210.0
3	230.0	228.0	195.0	224.0	221.0	212.0	196.0	181.0	208.0	228.0
4	230.0	206.0	227.0	228.0	208.0	201.0	194.0	209.0	220.0	211.0
5	213.0	232.0	235.0	215.0	213.0	213.0	219.0	224.0	215.0	238.0
6	235.0	233.0	221.0	223.0	215.0	231.0	240.0	216.0	232.0	235.0
7	245.0	221.0	224.0	221.0	230.0	250.0	220.0	243.0	243.0	232.0
8	227.0	224.0	222.0	239.0	254.0	244.0	243.0	249.0	242.0	248.0
9	242.0	220.0	245.0	275.0	262.0	286.0	280.0	266.0	261.0	248.0
10	223.0	244.0	269.0	262.0	274.0	261.0	257.0	279.0	236.0	258.0
11	234.0	267.0	250.0	268.0	247.0	254.0	263.0	246.0	220.0	198.0
12	286.0	251.0	278.0	265.0	264.0	276.0	231.0	224.0	198.0	246.0
	3,019.0	3,000.0	3,042.0	3,059.0	2,991.0	3,046.0	2,953.0	2,889.0	2,796.0	2,916.0
Certified Enrollment	2,978.0	2,968.0	3,000.0	3,002.0	3,007.0	2,973.0	2,946.0	2,923.0	2,887.0	2,936.0

Source: Basic Educational Data Survey (BEDS) and Certified Enrollment

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

SCHEDULE OF INSURANCE COVERAGE,
JULY 1, 2009 - JUNE 30, 2010

Detail of Coverage	Number	Policy Period From	Policy Period To	Liability Limits	Premium
PROPERTY Coverage A - Buildings Coverage B - Personal property Coverage C - Extra expense	9A5-88-74-01	7/1/2009	7/1/2010	Coverages A and B - 90% of full replacement cost as per statement of values - $10,000 deductible. Coverage C - $1,000 - no deductible.	$ 89,650
LIABILITY Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefits, additional insureds.	9A5-88-74-01	7/1/2009	7/1/2010	$1,000,000 bodily injury and property damage each occurrence, $2,000,000 aggregate.	13,996
FLEET Bodily injury, property damage, medical uninsured motorist, comprehensive, collision. Includes non-owned.	9A5-88-74-01	7/1/2009	7/1/2010	$1,000,000 combined single limit liability, $1,000 medical payment, ACV comprehensive no deductible, buses $250 deductible, small vehicles $100 deductible and automobiles uninsured and underinsured motorist $300,000	33,495
WORKERS' COMPENSATION	9A5-88-74-01	7/1/2009	7/1/2010	Statutory.	134,718
INLAND MARINE All risk coverage based on statement of values.	9A5-88-74-01	7/1/2009	7/1/2010	As per schedule - no deductible.	4,268
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	9A5-88-74-01	7/1/2009	7/1/2010	$10,000,000 occurrence and aggregate.	21,585
SCHOOL DISTRICT LEGAL LIABILITY Includes prior acts, 36-month discovery period extension, teacher negotiation-covers school board and all employees.	9A5-88-74-01	7/1/2009	7/1/2010	$2,000 deductible, $1,000,000 each loss, $1,000,000 aggregate.	5,165
PUBLIC SCHOOL EMPLOYEES BLANKET BOND	9A5-88-74-01	7/1/2009	7/1/2010	Coverage $500,000 all employees w/ $5,000 deductible	2,054
POLLUTION	9A5-88-74-01	7/1/2009	7/1/2010	$500,000 each incident and aggregate	1,125
GROUP EXCESS LIABILITY	9A5-88-74-01	7/1/2009	7/1/2010	$20,000 occurrence limit and $50,000,000 aggregate limit	4,996

Source: School District insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

HISTORY OF STATE AID PAYMENTS,
LAST TEN FISCAL YEARS

Fiscal Year	Budgeted State Aid	Actual Revenues	Difference State Aid to Actual	Difference % of Budget Variance**
2010*	$ 14,959,728	$ 13,359,462	$ 1,600,266	10.70 %
2009	12,933,164	12,424,224	508,940	3.94
2008	12,578,595	12,489,454	89,141	0.71
2007	12,007,420	11,920,247	87,173	0.73
2006	11,378,765	11,284,988	93,777	0.82
2005	10,718,450	10,682,395	36,055	0.34
2004	10,539,379	10,286,488	252,891	2.40
2003	10,208,855	10,168,917	39,938	0.39
2002	10,552,224	10,041,219	511,005	4.84
2001	10,248,152	10,258,970	(10,818)	(0.11)
Average	$ 11,612,473	$ 11,291,636	$ 320,837	2.48 %

* Includes ARRA dollars as State Aid Replacement and categorical per code.

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

Source: School District Budget Documents and Financial Records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

LOCAL REGULAR PROGRAM BUDGET VS. TEACHER'S SETTLEMENTS,
NEW MONEY THE LAST TEN YEARS - PERCENT INCREASE

Budget Year	Enrollment	(A) North Scott New Money	(B) North Scott Settlement	(C) New Money State Trend	(D) Settlement State Trend	(E) Certified Teaching Staff (FTE)
2009-10	2,977.5	2.34 %	3.80 %	1.38 %	2.84 %	218.69
2008-09	2,967.5	2.89	4.69	3.23	2.19	222.44
2007-08	2,999.7	3.91	4.77	2.77	4.50	220.33
2006-07	3,002.1	3.84	4.46	2.66	4.67	216.90
2005-06	3,006.6	5.16	4.19	2.25	4.49	227.70
2004-05	2,973.3	4.98	5.70	1.99	4.36	230.70
2003-04	2,945.7	2.80	3.92	1.02	3.83	229.20
2002-03	2,922.9	2.57	5.01	0.74	4.09	213.83
2001-02	2,886.9	-	5.02	0.66	3.71	213.71
2000-01	2,935.6	1.38	4.37	2.59	4.50	210.08
TEN YEAR AVERAGE		2.99	4.59	1.93	3.92	220.36
PERCENT VARIANCE (B-A)/A		0.54		(D-C)/C	103.11	

*Source: IASB Reports

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

AVERAGE SALARY BY EDUCATION LEVEL,
LAST NINE FISCAL YEARS

Education Level		Fiscal Year Ended June 30, 2010	2009	2008	2007	2006	2005	2004	2003	2002
BA	Total FTE	62.69	61.00	54.85	44.00	54.00	69.83	63.83	46.50	45.00
	Average Salary	33,827.71	32,464.02	31,062.15	30,173.11	28,897.89	27,948.79	27,502.69	26,391.61	25,875.00
BA + 15	Total FTE	21.94	16.94	22.41	29.41	35.37	28.87	31.87	26.83	25.33
	Average Salary	40,838.74	42,031.11	39,772.78	38,317.58	35,734.07	36,107.38	34,884.42	34,724.05	35,326.59
BA + 30	Total FTE	31.50	37.50	37.57	36.50	36.00	40.00	39.00	46.00	54.50
	Average Salary	46,324.83	45,646.35	44,354.51	43,526.74	42,984.14	40,999.54	40,029.76	40,203.59	38,781.54
MA	Total FTE	54.00	53.00	48.50	53.00	52.00	52.00	55.50	51.50	41.50
	Average Salary	44,548.39	43,351.94	42,654.80	41,155.04	40,701.17	38,936.37	37,909.70	37,487.18	36,582.83
MA + 15	Total FTE	22.00	21.00	22.00	24.00	16.00	14.00	11.00	10.00	13.00
	Average Salary	49,541.36	49,191.67	47,330.64	47,448.58	46,433.19	44,183.71	43,013.73	41,439.00	40,932.69
MA + 30	Total FTE	28.00	33.00	35.00	30.00	31.00	27.00	27.00	33.00	34.00
	Average Salary	56,087.14	55,641.73	54,214.46	52,785.83	50,928.32	50,112.37	49,701.56	48,242.73	48,093.75
	Grand Total FTE	220.13	222.44	220.33	216.91	224.37	231.70	228.20	213.83	213.33
	Total Average Salary	43,346.46	43,026.91	42,068.73	41,666.23	39,265.49	37,247.99	36,579.75	37,156.64	36,836.29

Source: School District personnel records.

Notes:
Data was not available for the years before 2002. In the future, this schedule will have ten years of data.
Full-time instructional employees of the District are employed for all 192 work days, at eight hours per day or 1,536 hours per year.
This includes the local instruction salary schedule only. Not included are state appropriations to increase salaries, i.e., Teacher Quality or Phase II funds.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

TOTAL PACKAGE SETTLEMENT,
LAST TEN YEARS

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	10yr Average
Certified	3.80%	4.69%	4.77%	4.46%	4.19%	5.74%	3.90%	5.01%	5.02%	4.37%	4.60%
Classified	3.85%	3.26%	4.30%	3.80%	3.50%	3.65%	3.15%	5.00%	5.02%	2.99% *	3.85%
Bus Drivers	1.60%	3.60%	3.91%	3.50%	3.50%	3.00%	3.00%	4.80%	5.00%	1.38%	3.33%
Administrators	1.80%	3.00%	3.50%	3.50%	2.80%	3.25%	2.54%	5.00%	5.00%	4.40%	3.48%
Mid Management	3.80%	3.25%	4.30%	3.50%	3.20%	3.25%	3.03%	5.00%	5.00%	4.40%	3.87%
Print Shop	3.88%	4.10%	4.30%	3.50%	3.20%	3.60%	3.03%	5.00%	5.92%	4.40%	4.09%
Exempt	3.88%	3.25%	4.30%	3.50%	3.28%	3.60%	3.04%	5.00%	5.09%	4.40%	3.93%

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

Source: School District Records

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FINANCIAL SOLVENCY RATIO,
LAST TEN FISCAL YEARS

$$\text{FINANCIAL SOLVENCY} = \frac{\text{UNRESERVED UNDESIGNATED GENERAL FUND BALANCE}}{\text{ACTUAL REVENUES}}$$

Fiscal Year	Unreserved Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio
2010	$ 2,714,737	$ 26,460,186	10.26 %
2009	3,629,572	27,190,797	13.35
2008	3,359,636	26,153,153	12.85
2007	2,422,773	24,981,594	9.70
2006	1,204,763	23,195,583	5.19
2005	866,268	21,972,664	3.94
2004	1,428,482	20,471,792	6.98
2003	2,681,016	20,413,425	13.13
2002	2,874,632	20,490,713	14.03
2001	2,354,818	20,616,101	11.42

Source: School District Financial Records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
DIRECT:			
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
FUND FOR THE IMPROVEMENT OF EDUCATION (SMALLER LEARNING COMMUNITIES PROGRAMS)	84.215L	FY 10	$ 129,142
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	60,699
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	469,455 *
			530,154
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 10	5,294
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4784-G	163,810
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 09	18,109
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	26,392
			208,311
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	6,203
ADVANCE PLACEMENT PROGRAM	84.330	FY 10	394
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 10	94,591
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 10	19,474
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	1,292,587
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	9,000

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT(CONTINUED):			
DEPARTMENT OF EDUCATION(CONTINUED):			
MISSISSIPPI BEND AREA EDUCATION AGENCY(CONTINUED):			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	147,151
SPECIAL EDUCATION - GRANTS TO STATES (SEAP)	84.027	FY 10	429
SPECIAL EDUCATION - GRANTS TO STATES (AUTISM STRATEGIES)	84.027	FY 10	930
ARRA - SPECIAL EDUCATION - GRANTS TO STATES, RECOVERY ACT	84.391	FY 10	321,893
			470,403
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 10	648
			$ 2,766,201

*** - Includes $125,335 of non-cash awards.**

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PROJECT ACTIVITY
TITLE I, ESEA PROJECT #4784-G
YEAR ENDED JUNE 30, 2010

LEA TITLE I, ESEA BUDGET AUDIT REPORT TO SEA

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

July 1, 2009 - June 30, 2010

Expenditures Code & Classification	Approved Budget	Completion Audit 2009-10	Total Expended
Salaries (100)	$ 111,760	$ 114,481	$ 114,481
Employee Benefits (200)	47,307	47,579	47,579
Purchased Services (300-500)	1,000	1,276	1,276
Supplies (600)	500	194	194
Property (700)			
Other Expenses (800-900)			
Indirect Costs (800-900)	3,243	280	280
Totals	$ 163,810	$ 163,810	$ 163,810

SUMMARY:

Receipts	$ 163,810
Expenditures	$ 163,810
Obligations	$ 0
Balance	$ 0

Project complete.

NOLTE, CORNMAN & JOHNSON, P.C.

Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50209-3040
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
North Scott Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of North Scott Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 2, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Scott Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of North Scott Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Scott Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We identified no deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Scott 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing

Standards. However, we noted certain immaterial instances of non-compliance 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, 2010 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.

North Scott Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit North Scott Community School District's responses and, accordingly, we express no opinion on them.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of North Scott Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

December 2, 2010

NOLTE, CORNMAN & JOHNSON, P.C.

Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50209-3040
Telephone (641) 792-1910

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

To the Board of Education of
North Scott Community School District

Compliance

We have audited the compliance of the North Scott Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The North Scott Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the North Scott Community School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, North Scott 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, 2010.

Internal Control Over Compliance

The management of North Scott Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered North Scott 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Scott Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

December 2, 2010

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results:

(a) Unqualified opinions were issued on the financial statements.

(b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over major programs were noted.

(e) Unqualified opinions were issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

Individual Program:

- **CFDA Number 84.394 - ARRA - State Fiscal Stabilization Funds (SFSF) - Education State Grants, Recovery Act**

Special Education Cluster(IDEA):
- **CFDA Number 84.027 - Special Education - Grants to States (Part B)**
- **CFDA Number 84.027 - Special Education - Grants to States (SEAP)**
- **CFDA Number 84.027 - Special Education - Grants to States (Autism Strategies)**
- **CFDA Number 84.391 - ARRA - Special Education - Grants to States, Recovery Act**

Title I Cluster, Part A Cluster:
- **CFDA Number 84.010 – Title I Grants to Local Educational Agencies**
- **CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act**

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) North Scott Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Invoice Dated After Purchase Order - We noted during our audit that the District purchased capital assets in the amount of $59,782.05 prior to obtaining an approved purchase order. The invoice was dated prior to the purchase order approval. The District's board policy 705.1 requires competitive bids for purchases greater than $25,000. It appears quotes were received, but competitive bids were not submitted.

Recommendation - The District should review procedures in place and implement the necessary changes so that all disbursements have a pre-numbered purchase

order that is approved by the appropriate administrator prior to the ordering of capital assets takes place. The District should review board policy 705.1 to ensure competitive bids are completed for purchases over $25,000.

Response – The District has policies and procedures in place that are included in the Purchasing and Operational Guidelines that are reviewed with staff and a signed employee acknowledgement for the booklet is kept on file in the central office, in addition the booklet is posted online. This is a personnel matter at this time.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District expenditures for the year ended June 30, 2010 did not exceed the amount budgeted.

IV-B-10 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-10 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-10 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	$ 1,007
Christie Liske, Aide Spouse of Matt Liske	Official	1,084
Larry Schroeder, Coach Father of Jamie Schroeder	Official	500
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	85
Sherri Marceau, Principal Spouse of owner of Marceau Piano Service	Repairs	450
Pam Engelbrecht, Secretary Spouse of owner of Engelbrecht Tiling	Services	393

Name, Title, and Business Connection	Transaction Description	Amount
Mary McCleary, Tech Director Spouse of owner of McCleary Excavating	Services	14,378
Frank Wood, Activity Director Daughter-in-law owner of KJ Expressions	Supplies	1,409
Teri Thavenet, Teacher Spouse of owner of Premiere Pest Management Services	Services	5,268
Paul Claeys, Bus Driver Owner of P&S Enterprises	Supplies	720
Bill Hagge, Teacher Owner of Creations with Wood	Supplies	3,995

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouse of Judy Kietzman, spouse of Christie Liske, daughter of Larry Schroeder, spouse of Paula McPherson, spouse of Sherri Marceau, spouse of Pam Engelbrecht, spouse of Mary McCleary and spouse of Teri Thavenet do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the daughter-in-law of Frank Wood do not appear to be a conflict of interest. However, since Mr. Wood has the ability to influence the person originating the purchase order and he subsequently approves the purchase order, the District may want to consider procedures which would allow for transparency of the transactions.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with Paul Claeys do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, relating to the purchase of instructional supplies in relationship to Chapter 301.28 of the Code of Iowa, the above transactions with Bill Hagge appear to represent a conflict of interest.

Recommendation - The District should consult legal counsel and review Chapter 301.28 of the Code of Iowa for purchasing instructional supplies from a related party.

Response - The District will accept the auditor's recommendation.

Conclusion - Response accepted.

IV-E-10 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-10 Board Minutes - No transactions requiring Board approval which have not been approved by the Board were noted.

IV-G-10 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Iowa Department of Education. The number of resident preschool students were overstated by .6. In addition, during our audit we noted that three preschool sites had not completed attendance records timely.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter. The District should review enrollment count procedures in place to ensure accurate and substantiated information is submitted to the Iowa Department of Education.

Response - We will review enrollment count procedures in place. We will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

IV-H-10 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments - No instances of non-compliance were noted with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the district's investment policy.

IV-J-10 Certified Annual Report - The Certified Annual Report was certified timely with the Iowa Department of Education.

IV-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-10 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning balance		$ 332,532
Revenues:		
Statewide sales, services and use tax	$ 2,145,184	
Interest on investments	8,321	2,153,505
Expenditures/transfers out:		
School infrastructure:		
Buildings	$ 1,573,977	
Debt service for school infrastructure:		
Revenue debt	373,669	1,947,646
Ending balance		$ 538,391

As a result of the statewide sales, services and use tax revenue received during the year ended June 30, 2010 the District reduced the following levies:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Phyiscal plant and equipment levy	$ 0.37000	$ 307,479