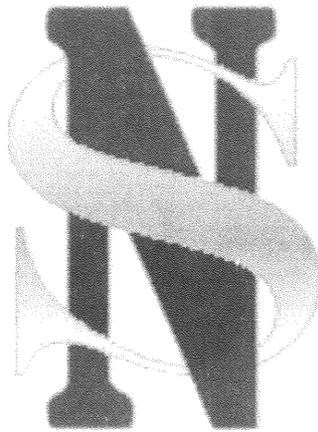


**NORTH SCOTT
COMMUNITY
SCHOOL DISTRICT**

Eldridge, Iowa



**Comprehensive Annual
Financial Report
For The Fiscal Year
Ended June 30, 2011**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
NORTH SCOTT COMMUNITY SCHOOL DISTRICT
Eldridge, Iowa
For the fiscal year ended June 30, 2011**

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

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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 7, 2011

**Mr. Joe Slater, 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, 2011. 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 has not identified any organizations that meet these criteria.

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, 2011 the North Scott School District had -0- in bond indebtedness. This allows the district a bonding capacity of \$42,635,610.

Financial Policies

The district invests in only those securities allowed by the Code of Iowa, Chapter 12C. Because of the timing of the state aid payments, a portion of the available cash must be kept in very liquid accounts. To maximize investment return, the District invested in a bank Sweep Account with an average rate of .76%, the Iowa Schools Joint Investment Trust with an average rate of .107% and IPAS with an average rate of .134%. Interest revenue of \$47,677 was earned on all investments for the fiscal year ending June 30, 2011. This represents an increase of \$10,262 or 27%. This increase in revenue is attributed to the Board levying for cash reserves to help replace the prior year's decreased cash balance due to the State across-the-board reductions 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.

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 the current enrollment reduction of 16 students for FY11 to 3003, the district's positive cohort survival ratio is projecting an increase in enrollment of 14 students for 2011-12, an increase of 40 students for 2012-13, an increase of 21 students for 2013-14, an increase of 25 students for 2014-15, and an increase of 3 students for 2015-16.

Age of School Buildings

The district was incorporated in 1956. A 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 2010-2011 school year was a year of growth, achievement and change. Following are some of the major accomplishments or initiatives from the 2010-2011 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 Smaller Learning Communities federal grant has ended, but the freshman house and transition activities to assist entering freshmen making the move from junior high to high school continues. The staff are continuing unit design incorporating their learning of Iowa Core, Daggett's work, and literacy.
- The district has become involved with professional development opportunities focusing on the Iowa Core and Common Core.
- For the fifth 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 fifth year in the Iowa Association of School Boards Lighthouse Project. The board and administrators collaborated to write a new literacy goal for the district using BRI data in grades 1-10.
- 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 data teams, the 6 thinking strategies, and math. Literacy continues to be a district focus.
- North Scott High School won the 1st place school award, and the Jr. High won the 3rd place award at the state History Day competition. Ten North Scott students advanced from the state level to participate at the national level in History Day competition. One student earned 5th place and two students earned 4th place in the National Junior Division. One student received 6th place and four students received 3rd place in the National Senior Division, also earning a monetary award.
- 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 2010-11:

- 90.2% of 4th grade students were proficient in reading, exceeding the state goal of 82% proficiency.

- 90.6% of 4th grade students were proficient in math, exceeding the state math goal of 81% proficient.
- 85.9% of the 8th grade students were proficient in reading exceeding the state reading goal of 80%.
- 88.4% of the 8th grade students were proficient in math exceeding the state math goal of 79%.
- 11th grade had 82.9% of students proficient in reading, and 79.4% proficient in math.
- The dropout rate of students in grades 7-12 in 2009-2010 was 1.85% (latest data available).
- 100% of 2010-2011 North Scott graduates completed a core program of 4 years of English, and 3 years each of math, science, and social studies.
- The North Scott 2009-2010 grades K-8 Average Daily Attendance rate was 95.3%.
- The 2011 graduation rate for the North Scott Community School District was 90.7%.
- 83.49% of 2011 graduating seniors indicated they intended to pursue post-secondary education or training.

Economic Condition and Outlook

The district's General Fund Balance increased by \$805,229, the Unassigned Fund Balance increased by \$628,591, and the Restricted/Assigned Fund Balance increased by \$176,638. This increase in the Undesignated Fund Balance is due to a combination of (1) an increase in the cash reserve levy to help increase the district's cash reserves, and (2) limiting expenditures to be comparable to prior year expenditures.

The district entered into a sharing agreement with an adjoining school district for a shared human resource director position for fiscal year 2012. This position will provide the district with \$237,680 of additional state aid funds for the shared position. These funds will be reduced each year through fiscal year 2014. These funds will assist in providing the district support in human resource management and will also assist in maintaining current staffing levels. Concern will be for the funding cliff when the sharing funds end.

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 State 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 went 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.

In July, 2011 a printing facility located within the district closed, displacing 279 workers. The facility is currently for sale, and it is hopeful that the workers will find other jobs in the community and the facility can be sold.

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 Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials of the United States and Canada (ASBO) awards a Certificate of Excellence in Financial Reporting. The North Scott Community School District received both of these certificates for its comprehensive annual financial report for fiscal year ended June 30, 2010. Each certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of governmental financial reports.

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

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

Other Matters

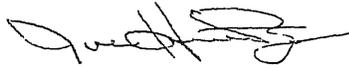
Also included in this report is a statistical section that will give the reader a better understanding of the school system with background and additional financial data. The background information includes the following:

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

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

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

Very truly yours,



Joseph E. Hintze
Director of Business Affairs



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, 2010

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

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Scott Community
School District, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

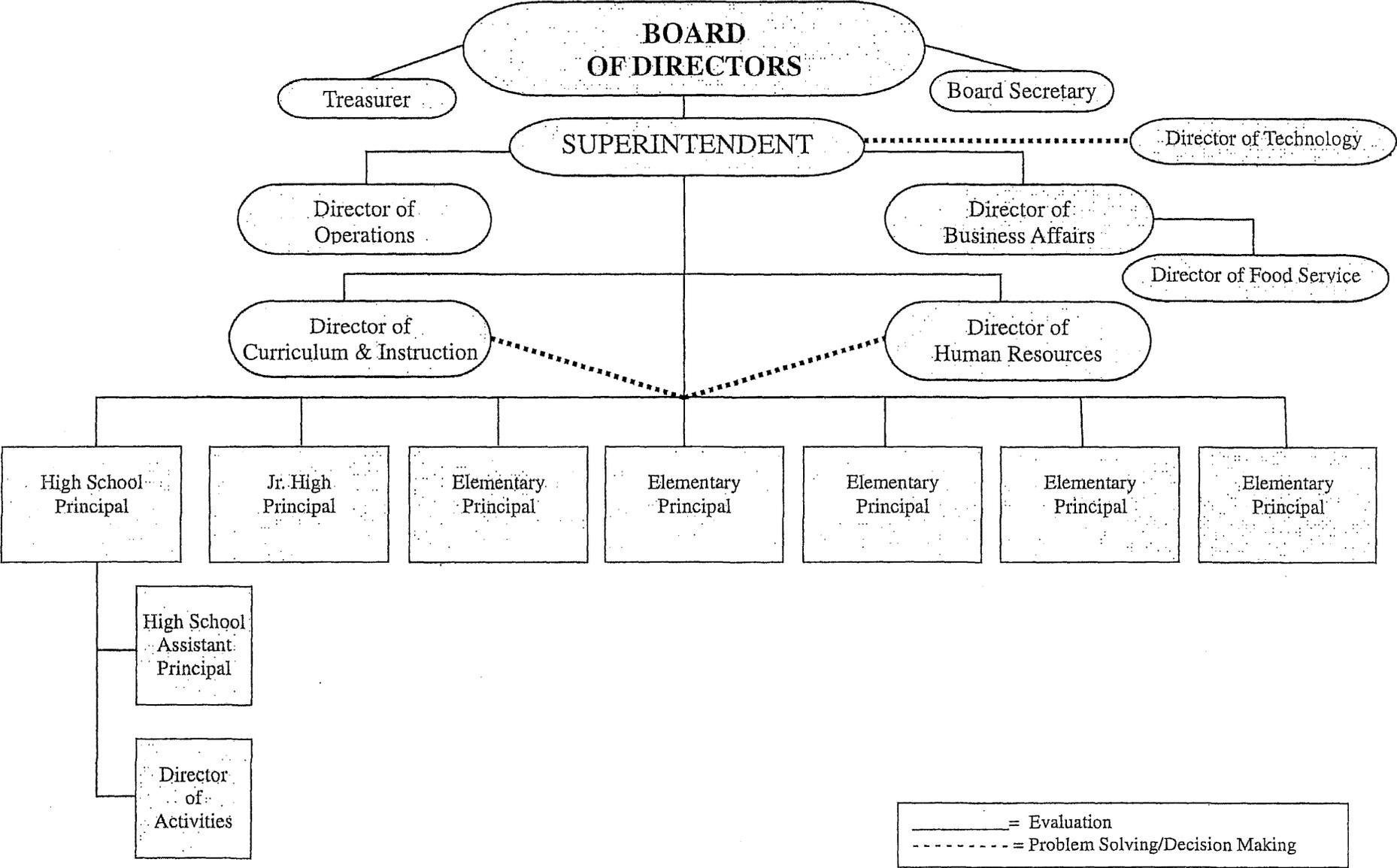


President

Executive Director

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

Organizational Chart



_____ = Evaluation
 - - - - - = Problem Solving/Decision Making

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION
Year Ended June 30, 2011

Board of Education

	<u>Title</u>	<u>Term/Contract Expires</u>
Paul Dierickx	President	September, 2011
Joe Slater	Vice President	September, 2013
Krista Long	Director	September, 2011
Jack Hill	Director	September, 2011
Tim Lane	Director	September, 2011
Elizabeth Bosworth	Director	September, 2013
Mark Kruse	Director	September, 2013

School District Administration

Jeff Schwiebert	Superintendent	July, 2011
Kristy Looney	Secretary	July, 2011
Steven C. Fahrenkrog	Treasurer	July, 2011
Joseph E. Hintze	Director of Business Affairs	July, 2011
John Netwal	Director of Operations	July, 2011
Sue Kane	Curriculum Director	July, 2011
Dr. Sue Alborn-Yilek	Human Resource Director	July, 2011
Curtis Rheingans	Principal	July, 2011
Sherri Marceau	Principal	July, 2011
John Langenhan	Principal	July, 2011
Kelly Rohlf	Principal	July, 2011
C.J. Albertson	Principal	July, 2011
David Griffin	Principal	July, 2011
Shane Knoche	Principal	July, 2011
Frank Wood	Athletic/Activities Director	July, 2011
John Hawley	Associate Principal	July, 2011

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

Year Ended June 30, 2011

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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, 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 7, 2011 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 15 through 24 and 54 through 56 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

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


Nolte, Cornman & Johnson, P.C.

Newton, Iowa
December 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

North Scott Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- The district showed an increase in net assets of \$1,246,564 during the year ended June 30, 2011.
- The district's General Fund Balance increased by \$805,229, the Undesignated Fund Balance increased by \$628,591, and the Restricted/Assigned Fund Balance increased by \$176,638. The increase in the Undesignated Fund Balance is due to a combination of (1) an increase in the bash reserve levy to help increase the district's cash reserves, and (2) limiting expenditures to be comparable to prior year expenditures.
- The district's Nutrition Fund Balance increased by \$64,392. The district will be using some of the remaining balance for equipment replacement and to upgrade the point-of-sale equipment and software.

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.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

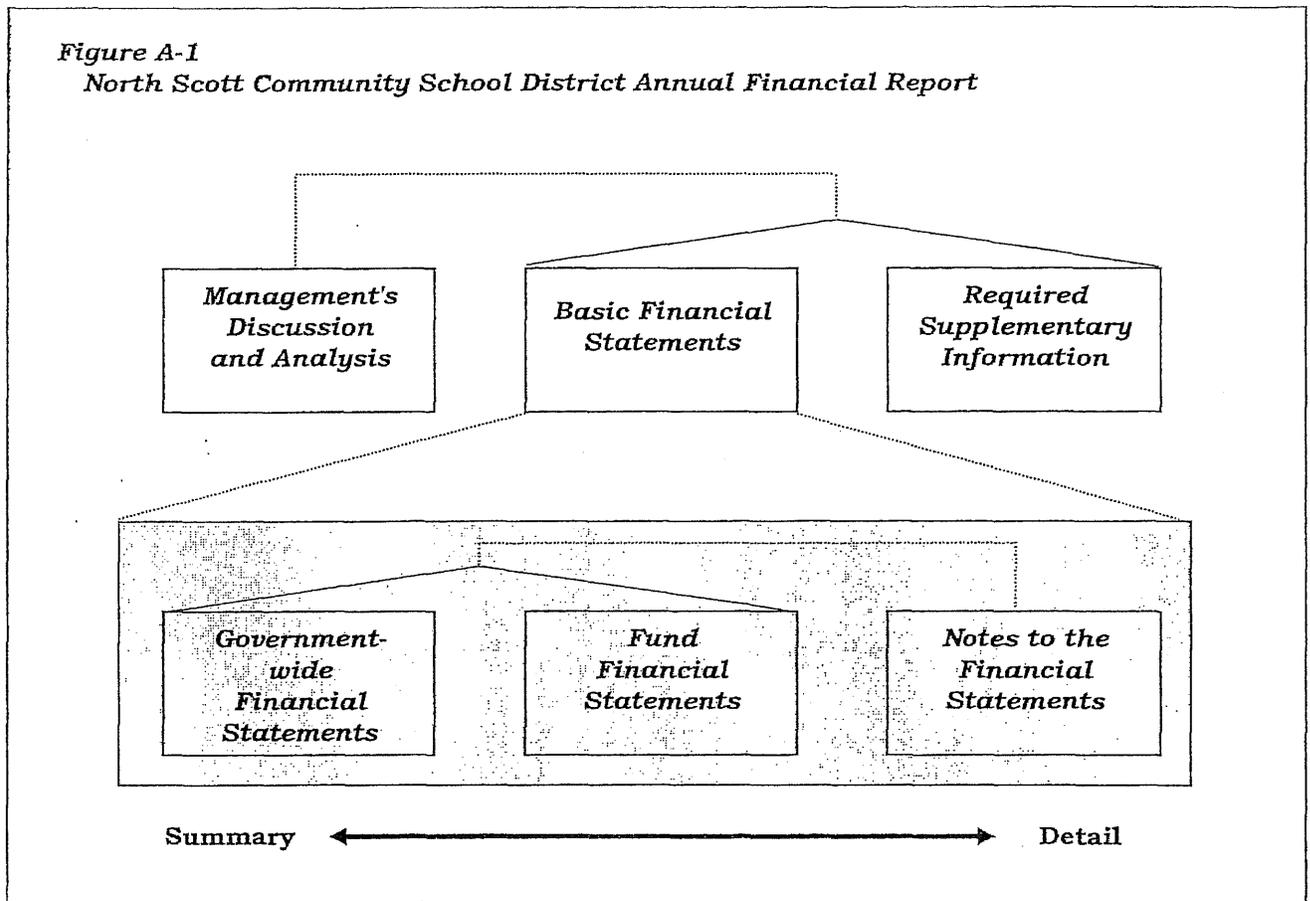


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	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	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial position. Over time, increases or decreases in the District's net assets are an indicator of whether 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 the Agency fund.
- 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, 2011 compared to June 30, 2010.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 28,275,592	25,352,023	709,761	609,177	28,985,353	25,961,200	11.65%
Capital assets	20,646,639	21,381,552	278,305	298,759	20,924,944	21,680,311	-3.48%
Total assets	48,922,231	46,733,575	988,066	907,936	49,910,297	47,641,511	4.76%
Long-term obligations	1,055,834	859,546	40,824	36,928	1,096,658	896,474	22.33%
Other liabilities	16,366,161	15,548,326	43,374	39,171	16,409,535	15,587,497	5.27%
Total liabilities	17,421,995	16,407,872	84,198	76,099	17,506,193	16,483,971	6.20%
Net assets:							
Invested in capital assets	20,646,639	21,381,552	278,305	298,759	20,924,944	21,680,311	-3.48%
Restricted	6,435,472	5,632,202	-	-	6,435,472	5,632,202	14.26%
Unrestricted	4,418,125	3,311,949	625,563	533,078	5,043,688	3,845,027	31.17%
Total net assets	\$ 31,500,236	30,325,703	903,868	831,837	32,404,104	31,157,540	4.00%

The District's combined net assets increased by 4.00%, or \$1,246,564, from the prior year. The increase in net assets was due primarily to the increased fund balance in the General and Capital Projects Funds. The General Fund increase was due to increased property tax and state sources revenue while increasing expenses by less than 1%. The Capital Projects Fund increase was the result of property tax and statewide sales, services and use taxes in excess of capital facility construction expenditures during the year.

The invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt decreased \$755,367, or 3.48%. 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 \$803,270, or 14.26% 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 – increased \$1,198,661, or 31.17%. This increase in unrestricted net assets was a result of the District's increased fund balance in the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 1,879,217	1,753,804	1,163,837	1,194,798	3,043,054	2,948,602	3.20%
Operating grants and contributions and restricted interest	4,159,219	5,832,697	580,797	549,257	4,740,016	6,381,954	-25.73%
General revenues:							
Local tax	14,473,107	13,786,308	-	-	14,473,107	13,786,308	4.98%
Nonspecific program federal revenues	423,621	-	-	-	423,621	-	100.00%
Unrestricted state grants	11,364,992	9,495,352	-	-	11,364,992	9,495,352	19.69%
Other	184,835	159,939	6,817	2,437	191,652	162,376	18.03%
Total revenues	32,484,991	31,028,100	1,751,451	1,746,492	34,236,442	32,774,592	4.46%
Program expenses:							
Governmental activities:							
Instruction	18,561,787	19,502,778	1,359	414	18,563,146	19,503,192	-4.82%
Support services	10,394,053	10,256,054	143,895	141,504	10,537,948	10,397,558	1.35%
Non-instructional programs	-	8,546	1,547,220	1,606,524	1,547,220	1,615,070	-4.20%
Other expenditures	2,341,564	2,399,065	-	-	2,341,564	2,399,065	-2.40%
Total expenses	31,297,404	32,166,443	1,692,474	1,748,442	32,989,878	33,914,885	-2.73%
Changes in net assets before transfers	1,187,587	(1,138,343)	58,977	(1,950)	1,246,564	(1,140,293)	-209.32%
Transfers	(13,054)	23,058	13,054	(23,058)	-	-	0.00%
Changes in net assets	1,174,533	(1,115,285)	72,031	(25,008)	1,246,564	(1,140,293)	-209.32%
Beginning net assets, as restated	30,325,703	31,440,988	831,837	856,845	31,157,540	32,297,833	-3.53%
Ending net assets	\$ 31,500,236	30,325,703	903,868	831,837	32,404,104	31,157,540	4.00%

Local tax and unrestricted state grants account for 79.54% of the total revenue. The District's expenses primarily relate to instructional and support services which account for 92.52% of the total expenses.

The increase in local tax is due to the increase in tax levy and increased income surtax, as well as an increase in statewide sales, services and use tax revenues. The decrease in operating grants and contributions and restricted interest is due to one-time stimulus money received during the prior year.

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

The decrease of expenses for non-instructional programs was due to the District reducing staffing in the nutrition program and monitoring expenses.

Governmental Activities

Revenues for governmental activities were \$32,484,991 and expenses and transfers were \$31,310,458.

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		
	2011	2010	Change	2011	2010	Change
			2010-11			2010-11
Instruction	\$ 18,561,787	19,502,778	-4.82%	13,708,578	13,067,569	4.91%
Support services	10,394,053	10,256,054	1.35%	10,381,799	10,244,591	1.34%
Non-instructional programs	-	8,546	-100.00%	-	8,546	-100.00%
Other expenses	2,341,564	2,399,065	-2.40%	1,168,591	1,259,236	-7.20%
Totals	\$ 31,297,404	32,166,443	-2.70%	25,258,968	24,579,942	2.76%

- The cost financed by users of the District's programs was \$1,879,217.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$4,159,219.
- The net cost of governmental activities was financed with \$14,473,107 in property tax, income surtax and statewide sales, services and use tax, \$11,364,992 in unrestricted state grants, \$423,621 and nonspecific program federal revenues, \$40,891 in unrestricted investment earnings, and \$143,944 in other general revenues.

Business Type Activities

Revenues and transfers of the District's business type activities were \$1,764,505 and expenses were \$1,692,474. 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, investment income, and transfers.

The School Nutrition Fund had increased revenues due to the increase of \$27,607 in federal sources. All other revenues were comparable to the prior year. Expenditures decreased due to a decrease in salaries paid and a reduction in depreciation expense.

During the year the District transferred \$10,350 from the Child Care Fund to the General Fund to pay for utility costs. Revenues for the child care program were comparable to the prior year. The decrease in expenditures was due to a reduction in the amount transferred to the General Fund.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$10,218,819; an increase of last year's ending fund balances of \$8,737,636. However, the primary reason for the increase in combined fund balances in fiscal 2011 is due to the increase in the General and Capital Projects Fund balance.

Governmental Fund Highlights

- The District's increasing General Fund financial position is the product of many factors. The District's General Fund expenditures remained unchanged from the prior year as the District salary and benefits costs were comparable to the prior year. Revenues increased during the year by 6.25% as the result of increased property tax and state source revenues.
- The General Fund balance increased from \$3,122,875 to \$3,928,104, due to the increase in revenues.
- The Capital Projects Fund balance increased from \$4,217,145 in fiscal 2010 to \$5,336,481 in fiscal 2011. The District collected an increase in statewide sales, services and use tax and had capital outlay expenditures comparable to the prior year.

Proprietary Fund Highlights

The Proprietary Fund net assets increased from \$831,837 at June 30, 2010 to \$903,868 at June 30, 2011, representing an increase of 8.66%. The School Nutrition fund balance increased from \$609,538 in fiscal 2010 to \$673,930 in fiscal 2011. The Child Care fund balance increased from \$222,299 in fiscal 2010 to \$229,938 in fiscal 2011. The School Nutrition Fund had increased revenues due to the increase of \$27,607 in federal sources. All other revenues were comparable to the prior year. Expenditures decreased due to a decrease in salaries paid to employees and decreased depreciation expense. During the year, the District transferred \$10,350 from the Child Care Fund to the General Fund to pay for utility costs. Revenues for the child care program were comparable to the prior year. The decrease in expenditures was due to a reduction in the amount transferred to the General Fund.

BUDGETARY HIGHLIGHTS

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 its private-purpose trust and agency funds. 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 budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 54.

The District's total actual receipts were \$275,652 less than the total budgeted receipts, a variance of 0.80%. The most significant change resulted in the District receiving more in federal sources than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

In spite of the District's practice, expenditures in the support services functional area exceeded the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$21 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 3.48% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$1,624,565.

The original cost of the District's capital assets was \$47.8 million. Governmental funds account for \$47.1 million with the remainder of \$0.7 million in the Proprietary, School Nutrition and Child Care Funds.

The largest change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$2,641,185 at June 30, 2011, compared to \$2,887,757 reported at June 30, 2010. This decrease was due to annual depreciation.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total Change June 30, 2010-11
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2011	2010	2011	2010	2011	2010	
Land	\$ 590,594	590,594	-	-	590,594	590,594	0.00%
Buildings	16,462,365	16,923,565	-	-	16,462,365	16,923,565	-2.73%
Land improvements	2,641,185	2,887,757	-	-	2,641,185	2,887,757	-8.54%
Machinery and equipment	952,495	979,636	278,305	298,759	1,230,800	1,278,395	-3.72%
Total	\$ 20,646,639	21,381,552	278,305	298,759	20,924,944	21,680,311	-3.48%

Long-Term Debt

At June 30, 2011, the District had \$1,096,658 in other long-term debt outstanding. This represents an increase of 22.33% 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 \$195,070 at June 30, 2011, which will be paid primarily from the Nonmajor, Management Levy Fund.

The District had net OPEB liability payable of \$748,854 at June 30, 2011.

The District also had compensated absences payable of \$152,734 at June 30, 2011, which will be paid primarily out of the General Fund.

Table 5
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total Change June 30, 2010-11
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2011	2010	2011	2010	2011	2010	
Early retirement	\$ 195,070	171,636	-	-	195,070	171,636	13.65%
Compensated absences	135,577	143,808	17,157	19,173	152,734	162,981	-6.29%
Net OPEB obligation	725,187	544,102	23,667	17,755	748,854	561,857	33.28%
Total	\$ 1,055,834	859,546	40,824	36,928	1,096,658	896,474	22.33%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

As a result of the November 2010 election, Iowa went 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.

In July, 2011 a printing facility located within the district closed displacing 279 workers. The facility is currently for sale, and it is hopeful that the workers will find other jobs in the community and the facility can be sold.

During FY2012, the district will have expended the final amount of funds from the Federal Education Jobs Bill. This funding has been used to retain existing staff.

In fiscal year 2014, funding for a shared human resource director position will end. The additional funding from state aid is being used to retain existing staff.

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, 2011

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 14,559,123	671,451	15,230,574
Receivables:			
Property tax:			
Delinquent	100,872	-	100,872
Succeeding year	12,307,354	-	12,307,354
Income surtax	150,959	-	150,959
Accounts	144,247	399	144,646
Due from other governments	874,821	2,334	877,155
Inventories	97,422	35,577	132,999
Prepaid items	40,794	-	40,794
Capital assets not being depreciated:			
Land	590,594	-	590,594
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	2,641,185	-	2,641,185
Land improvements	16,462,365	-	16,462,365
Machinery and equipment	952,495	278,305	1,230,800
TOTAL ASSETS	48,922,231	988,066	49,910,297
LIABILITIES			
Accounts payable	919,761	6,743	926,504
Salaries and benefits payable	2,701,072	8,650	2,709,722
Deferred revenues:			
Succeeding year property tax	12,307,354	-	12,307,354
Other	437,974	27,981	465,955
Noncurrent liabilities:			
Portion due within one year:			
Early retirement payable	97,535	-	97,535
Compensated absences payable	135,577	17,157	152,734
Portion due after one year:			
Early retirement payable	97,535	-	97,535
Net OPEB liability	725,187	23,667	748,854
TOTAL LIABILITIES	17,421,995	84,198	17,506,193
NET ASSETS			
Invested in capital assets	20,646,639	278,305	20,924,944
Restricted for:			
Categorical funding	320,054	-	320,054
School infrastructure	4,175,059	-	4,175,059
Management levy	456,524	-	456,524
Physical plant and equipment levy	1,161,422	-	1,161,422
Student activities	289,212	-	289,212
Other special purposes	33,201	-	33,201
Unrestricted	4,418,125	625,563	5,043,688
TOTAL NET ASSETS	\$ 31,500,236	903,868	32,404,104

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

	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	\$ 11,333,300	810,688	2,290,921	(8,231,691)	-	(8,231,691)
Special	3,427,940	285,627	346,468	(2,795,845)	-	(2,795,845)
Other	3,800,547	778,201	341,304	(2,681,042)	-	(2,681,042)
	<u>18,561,787</u>	<u>1,874,516</u>	<u>2,978,693</u>	<u>(13,708,578)</u>	<u>-</u>	<u>(13,708,578)</u>
Support services:						
Student	1,256,107	-	-	(1,256,107)	-	(1,256,107)
Instructional staff	922,396	-	-	(922,396)	-	(922,396)
Administration	3,296,030	-	-	(3,296,030)	-	(3,296,030)
Operation and maintenance of plant	3,839,322	-	-	(3,839,322)	-	(3,839,322)
Transportation	1,080,198	4,701	7,553	(1,067,944)	-	(1,067,944)
	<u>10,394,053</u>	<u>4,701</u>	<u>7,553</u>	<u>(10,381,799)</u>	<u>-</u>	<u>(10,381,799)</u>
Other expenses:						
AEA flowthrough	1,172,973	-	1,172,973	-	-	-
Depreciation(unallocated)*	1,168,591	-	-	(1,168,591)	-	(1,168,591)
	<u>2,341,564</u>	<u>-</u>	<u>1,172,973</u>	<u>(1,168,591)</u>	<u>-</u>	<u>(1,168,591)</u>
Total governmental activities	31,297,404	1,879,217	4,159,219	(25,258,968)	-	(25,258,968)
Business Type activities:						
Instruction:						
Regular:						
Child care services	1,359	-	-	-	(1,359)	(1,359)
Support services:						
Instructional staff:						
Child care services	650	-	-	-	(650)	(650)
Administration:						
Nutrition services	86,559	-	-	-	(86,559)	(86,559)
Child care services	343	-	-	-	(343)	(343)
Operation and maintenance of plant:						
Nutrition services	55,012	-	-	-	(55,012)	(55,012)
Child care services	179	-	-	-	(179)	(179)
Transportation:						
Nutrition services	-	-	-	-	-	-
Child care services	1,152	-	-	-	(1,152)	(1,152)
Non-instructional programs:						
Nutrition services	1,260,275	862,141	575,109	-	176,975	176,975
Child care services	286,945	301,696	5,688	-	20,439	20,439
Total business type activities	1,692,474	1,163,837	580,797	-	52,160	52,160
Total	\$ 32,989,878	3,043,054	4,740,016	(25,258,968)	52,160	(25,206,808)
General Revenues and Transfers:						
General Revenues:						
Property tax levied for:						
General purposes			\$ 10,834,882	-		10,834,882
Capital outlay			1,108,639	-		1,108,639
Income surtax			153,782	-		153,782
Statewide sales, services and use tax			2,375,804	-		2,375,804
Unrestricted state grants			11,364,992	-		11,364,992
Nonspecific program federal revenues			423,621	-		423,621
Unrestricted investment earnings			40,891	2,510		43,401
Other			143,944	4,307		148,251
Transfers			(13,054)	13,054		-
Total general revenues and transfers			26,433,501	19,871		26,453,372
Changes in net assets			1,174,533	72,031		1,246,564
Net assets beginning of year			30,325,703	831,837		31,157,540
Net assets end of year			\$ 31,500,236	903,868		32,404,104

* 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, 2011

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 6,554,020	5,229,785	966,892	12,750,697
Receivables:				
Property tax:				
Delinquent	91,749	9,039	84	100,872
Succeeding year	10,848,817	1,158,540	299,997	12,307,354
Income surtax	150,959	-	-	150,959
Accounts	108,378	27	19,543	127,948
Due from other governments	474,070	400,751	-	874,821
Inventories	97,422	-	-	97,422
Prepaid items	27,366	-	13,428	40,794
TOTAL ASSETS	\$ 18,352,781	6,798,142	1,299,944	26,450,867
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 297,076	303,121	34,492	634,689
Salaries and benefits payable	2,690,124	-	10,948	2,701,072
Deferred revenue:				
Succeeding year property tax	10,848,817	1,158,540	299,997	12,307,354
Income surtax	150,959	-	-	150,959
Other	437,701	-	273	437,974
Total liabilities	14,424,677	1,461,661	345,710	16,232,048
Fund balances:				
Nonspendable	124,788	-	13,428	138,216
Restricted for:				
Categorical funding	320,054	-	-	320,054
Management levy purposes	-	-	651,594	651,594
Student activities	-	-	289,212	289,212
School infrastructure	-	4,175,059	-	4,175,059
Physical plant and equipment levy	-	1,161,422	-	1,161,422
Other special purposes	33,201	-	-	33,201
Assigned for special purposes	106,733	-	-	106,733
Unassigned	3,343,328	-	-	3,343,328
Total fund balances	3,928,104	5,336,481	954,234	10,218,819
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,352,781	6,798,142	1,299,944	26,450,867

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, 2011

Total fund balances of governmental funds(page 28)	\$	10,218,819
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		20,646,639
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		1,539,653
Accounts receivable income surtax are not yet available to finance expenditures of the current fiscal period.		150,959
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.		<u>(1,055,834)</u>
Net assets of governmental activities(page 26)	\$	<u><u>31,500,236</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Other Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 10,978,012	3,484,443	10,006	14,472,461
Tuition	876,643	-	-	876,643
Other	564,513	21,106	874,897	1,460,516
State appropriations	14,490,083	688	7	14,490,778
Federal appropriations	1,168,598	-	-	1,168,598
Total revenues	28,077,849	3,506,237	884,910	32,468,996
EXPENDITURES:				
Current:				
Instruction:				
Regular	11,245,245	8,105	221,379	11,474,729
Special	3,529,914	-	-	3,529,914
Other	3,018,894	-	798,903	3,817,797
	17,794,053	8,105	1,020,282	18,822,440
Support services:				
Student	1,248,634	-	7,843	1,256,477
Instructional staff	945,234	-	15,337	960,571
Administration	2,897,998	253,812	29,601	3,181,411
Operation and maintenance of plant	2,241,205	169,554	170,128	2,580,887
Transportation	1,003,727	262,448	77,900	1,344,075
	8,336,798	685,814	300,809	9,323,421
Non-instructional programs:				
Food service operations	-	9,405	1,466	10,871
Other expenditures:				
Facilities acquisitions	-	1,683,577	-	1,683,577
AEA flowthrough	1,172,973	-	-	1,172,973
	1,172,973	1,683,577	-	2,856,550
Total expenditures	27,303,824	2,386,901	1,322,557	31,013,282
Excess(deficiency) of revenues over(under) expenditures	774,025	1,119,336	(437,647)	1,455,714
Other financing sources(uses):				
Insurance proceeds	-	-	7,825	7,825
Sale of capital assets	7,524	-	-	7,524
Transfers in	27,853	-	4,475	32,328
Transfers out	(4,173)	-	(18,035)	(22,208)
Total other financing sources(uses)	31,204	-	(5,735)	25,469
Net changes in fund balances	805,229	1,119,336	(443,382)	1,481,183
Fund balances beginning of year, as restated	3,122,875	4,217,145	1,397,616	8,737,636
Fund balances end of year	\$ 3,928,104	5,336,481	954,234	10,218,819

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, 2011

Net change in fund balances - total governmental funds(page 30) \$ 1,481,183

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	\$ 852,395	
Depreciation expense	<u>(1,587,308)</u>	(734,913)

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 623,905

Income surtax account receivable is not available to finance expenditures of the current period in the governmental funds. 646

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	\$ (23,434)	
Compensated absences	8,231	
Other postemployment benefits	<u>(181,085)</u>	<u>(196,288)</u>

Changes in net assets of governmental activities(page 27) \$ 1,174,533

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2011

	Business Type Activities:			
	Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
ASSETS				
Current assets:				
Cash and pooled investments	\$ 426,961	244,490	671,451	1,808,426
Receivables:				
Accounts	5	394	399	16,299
Due from other governments	-	2,334	2,334	-
Inventories	35,577	-	35,577	-
Total current assets	462,543	247,218	709,761	1,824,725
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	271,918	6,387	278,305	-
Total non-current assets	271,918	6,387	278,305	-
TOTAL ASSETS	734,461	253,605	988,066	1,824,725
LIABILITIES				
Current liabilities:				
Accounts payable	5,219	1,524	6,743	285,072
Salaries and benefits payable	740	7,910	8,650	-
Unearned revenues	27,981	-	27,981	-
Total current liabilities	33,940	9,434	43,374	285,072
Noncurrent liabilities:				
Net OPEB liability	22,394	1,273	23,667	-
Compensated absences	4,197	12,960	17,157	-
Total long-term liabilities	26,591	14,233	40,824	-
TOTAL LIABILITIES	60,531	23,667	84,198	285,072
NET ASSETS				
Invested in capital assets	271,918	6,387	278,305	-
Unrestricted	402,012	223,551	625,563	1,539,653
Total net assets	\$ 673,930	229,938	903,868	1,539,653

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, 2011

	Business Type Activities:			Governmental Activities: Internal Service Fund
	Enterprise Funds		Total	
	School Nutrition	Nonmajor Child Care		
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 862,141	301,696	1,163,837	4,728,109
Miscellaneous	4,307	-	4,307	-
TOTAL OPERATING REVENUES	866,448	301,696	1,168,144	4,728,109
OPERATING EXPENSES:				
Instruction:				
Regular:				
Other	-	1,359	1,359	-
Support services:				
Instructional staff:				
Services	-	650	650	-
Administration:				
Salaries	42,371	-	42,371	-
Benefits	22,115	-	22,115	-
Services	9,804	253	10,057	4,081,216
Other	12,269	90	12,359	27,195
Operation and maintenance of plant:				
Salaries	26,188	-	26,188	-
Benefits	14,514	-	14,514	-
Services	2,426	179	2,605	-
Supplies	11,884	-	11,884	-
Transportation:				
Salaries	-	1,003	1,003	-
Benefits	-	149	149	-
Non-instructional programs:				
Salaries	405,185	219,320	624,505	-
Benefits	166,555	47,793	214,348	-
Services	11,703	115	11,818	-
Supplies	632,852	18,378	651,230	195
Depreciation	35,975	1,282	37,257	-
Other	-	57	57	-
TOTAL OPERATING EXPENSES	1,393,841	290,628	1,684,469	4,108,606
OPERATING INCOME(LOSS)	(527,393)	11,068	(516,325)	619,503
NON-OPERATING REVENUES(EXPENSES):				
State sources	17,348	-	17,348	-
Federal sources	557,761	5,688	563,449	-
Loss on disposal of capital assets	(8,005)	-	(8,005)	-
Interest on investments	1,277	1,233	2,510	4,402
TOTAL NON-OPERATING REVENUES(EXPENSES)	568,381	6,921	575,302	4,402
Net income before contributions and transfers	40,988	17,989	58,977	623,905
TRANSFERS:				
Capital contributions	23,174	-	23,174	-
Transfer in	230	-	230	-
Transfer out	-	(10,350)	(10,350)	-
TOTAL TRANSFERS	23,404	(10,350)	13,054	-
Changes in net assets	64,392	7,639	72,031	623,905
Net assets beginning of year	609,538	222,299	831,837	915,748
Net assets end of year	\$ 673,930	229,938	903,868	1,539,653

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2011

	Business Type Activities:			Governmental Activities: Internal Service Fund
	Enterprise Funds		Total	
	School Nutrition	Nonmajor Child Care		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 863,480	-	863,480	-
Cash received from miscellaneous operating activities	4,307	303,309	307,616	4,711,810
Cash payments to employees for services	(675,103)	(269,766)	(944,869)	-
Cash payments to suppliers for goods or services	(546,298)	(19,828)	(566,126)	(4,082,357)
Net cash provided by(used in) operating activities	(353,614)	13,715	(339,899)	629,453
Cash flows from non-capital financing activities:				
State grants received	17,348	-	17,348	-
Federal grants received	424,585	3,667	428,252	-
Transfer from(to) General fund	230	(10,350)	(10,120)	-
Net cash provided by(used in) non-capital financing activities	442,163	(6,683)	435,480	-
Cash flows from capital financing activities and related activities:				
Acquisition of assets	(1,634)	-	(1,634)	-
Net cash used in capital financing activities and related activities	(1,634)	-	(1,634)	-
Cash flows from investing activities:				
Interest on investments	1,277	1,233	2,510	4,402
Net cash provided by investing activities	1,277	1,233	2,510	4,402
Net increase in cash and cash equivalents	88,192	8,265	96,457	633,855
Cash and cash equivalents at beginning of year	338,769	236,225	574,994	1,174,571
Cash and cash equivalents at end of year	\$ 426,961	244,490	671,451	1,808,426

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2011

	Business Type Activities:			Governmental Activities: Internal Service Fund
	Enterprise Funds		Total	
	School Nutrition	Nonmajor Child Care		
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (527,393)	11,068	(516,325)	619,503
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	133,176	-	133,176	-
Depreciation	35,975	1,282	37,257	-
Increase in inventories	(3,755)	-	(3,755)	-
(Increase)Decrease in accounts receivable	36	1,613	1,649	(16,299)
Decrease in prepaid items	-	-	-	1,333
Increase in accounts payable	5,219	1,253	6,472	24,916
(Decrease) in salaries and benefits payable	(2,430)	(1,142)	(3,572)	-
Increase in other post employment benefits	5,594	318	5,912	-
(Decrease) in compensated absences payable	(1,339)	(677)	(2,016)	-
Increase in unearned revenue	1,303	-	1,303	-
Net cash provided by(used in) operating activities	\$ (353,614)	13,715	(339,899)	629,453

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$133,176.

During the year ended June 30, 2011, the School Nutrition Fund received contributed capital from the Physical Plant and Equipment Levy Fund of \$23,174.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

June 30, 2011

	<u>Agency</u> <u>Fund</u>
ASSETS	
Cash and pooled investments	\$ 13,300
Accounts receivable:	
Other	420
Total assets	<u>\$ 13,720</u>
LIABILITIES	
Accounts payable	\$ 150
Due to other groups	13,570
Total liabilities	<u>\$ 13,720</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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. Combining schedules are also included for the Capital Project Fund accounts.

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 all resources used in the acquisition and construction of capital facilities and other capital assets.

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

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less restrictive classifications - assigned and then unassigned fund balances.

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 IPAS education 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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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 2011, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2011.

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, 2011. 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 Equity

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

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

Assigned - Amounts the Board intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

O. 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 \$320,054 for categorical funding, \$4,175,059 for school infrastructure, \$456,524 for management levy, \$1,161,422 for physical plant and equipment levy and \$289,212 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, 2011 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, 2011, the carrying amount of the District's bank deposits and pooled investments totaled \$15,243,874 with bank balances of \$4,962,663. 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 \$4,712,663 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 9,297,771

At June 30, 2011, the District had investments in the IPASeducation as follows:

	Amortized Cost
Diversified Portfolio	\$ 1,467,074

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, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Enterprise - Child Care	\$ 10,350
General	Student Activity	17,503
Student Activity	General	3,943
Enterprise - School Nutrition	General	230
Nonmajor Governmental Fund: Management	Student Activity	<u>532</u>
Total		<u>\$ 32,558</u>

The Enterprise, Child Care Fund reimbursed the General Fund for part of the utility costs paid during the 2010-11 school year.

The Student Activity Fund repaid the General Fund for the allocation of transportation expenses and to close out resale accounts.

The General Fund repaid the Nutrition Fund for the use of nutrition vehicles.

The General Fund moved money donated to the District to various student activity accounts.

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

Note 5. Capital Assets

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

	<u>Balance</u> <u>Beginning of</u> <u>Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>End</u> <u>of Year</u>
Business type activities:				
Machinery and equipment	\$ 643,058	24,808	8,643	659,223
Less accumulated depreciation	344,299	37,257	638	380,918
Business type activities capital assets, net	<u>\$ 298,759</u>	<u>(12,449)</u>	<u>8,005</u>	<u>278,305</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 590,594	-	-	590,594
Total capital assets not being depreciated	590,594	-	-	590,594
Capital assets being depreciated:				
Buildings	35,397,067	408,885	-	35,805,952
Land improvements	5,699,637	51,935	-	5,751,572
Machinery and equipment	4,711,774	391,575	159,830	4,943,519
Total capital assets being depreciated	45,808,478	852,395	159,830	46,501,043
Less accumulated depreciation for:				
Buildings	18,473,502	870,085	-	19,343,587
Land improvements	2,811,880	298,507	-	3,110,387
Machinery and equipment	3,732,138	418,716	159,830	3,991,024
Total accumulated depreciation	25,017,520	1,587,308	159,830	26,444,998
Total capital assets being depreciated, net	20,790,958	(734,913)	-	20,056,045
Governmental activities capital assets, net	\$ 21,381,552	(734,913)	-	20,646,639

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 12,186
Other	10,007
Support services:	
Administration	181,178
Operation and maintenance of plant	192,567
Transportation	22,778
	<u>418,716</u>
Unallocated depreciation	<u>1,168,592</u>
Total governmental activities depreciation expense	\$ 1,587,308
Business type activities:	
Food services	\$ 35,975
Day care	1,282
Total business type activities depreciation expense	\$ 37,257

Note 6. Related Business Transactions

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

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	\$ 841
Christie Liske, Aide Spouse of Matt Liske	Official	1,496
Larry Schroeder, Coach Father of Jamie Schroeder	Camp Clinician	840
Frank Wood, Activity Director Daughter-in-law owner of KJ Expressions	Supplies	508
Sherri Marceau, Principal Spouse of owner of Marceau Piano Service Mother of Dan Marceau	Repairs Camp Clinician	860 500
Teri Thavenet, Teacher Spouse of owner of Premiere Pest Management Services	Services	5,507
John Netwal, Director of Operations Father of Adam Netwal	Camp Clinician	500
Jenny Ferrel, Teacher Spouse provides police services	Services	63
Stacie Kintigh, Teacher Spouse of speech judge Kintigh Family Benefit Fund	Services Donation	100 9,495

Note 7. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2011:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
Early retirement	\$ 171,636	195,070	171,636	195,070	97,535
Net OPEB liability	544,102	230,699	49,614	725,187	-
Compensated absences	143,808	135,577	143,808	135,577	135,577
Total	\$ 859,546	561,346	365,058	1,055,834	233,112
	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Business type activities:					
Net OPEB liability	\$ 17,755	7,531	1,619	23,667	-
Compensated absences	19,173	17,157	19,173	17,157	17,157
Total	\$ 36,928	24,688	20,792	40,824	17,157

The June 30, 2011 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	\$ 852,712,706
Debt limit, 5% of total assessed valuation	\$ 42,635,635
Amount of debt applicable to debt limit, total general obligation bonded debt	-
Excess of debt limit over bonded debt outstanding, legal debt margin	\$ 42,635,635

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 50% of the retirees base wage at the time of their retirement. This amount is 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 equally in January 2012 and January 2013.

At June 30, 2011, the District has obligations to nine participants with a total liability of \$195,070. 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 350 active and 39 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. Liabilities of the District's OPEB are paid primarily from the General Fund.

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, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 259,689
Interest on net OPEB obligation	14,049
Adjustment to annual required contribution	(35,508)
Annual OPEB cost	238,230
Contributions made	(51,233)
Increase in net OPEB obligation	186,997
Net OPEB obligation beginning of year	561,857
Net OPEB obligation end of year	\$ 748,854

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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, 2011.

For the year ended June 30, 2011, the District contributed \$51,233 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, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 242,631	21.6%	\$199,600
June 30, 2010	410,461	11.7%	561,857
June 30, 2011	238,230	21.5%	748,854

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1,733,811, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,733,811. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$17,303,349, and the ratio of the UAAL to covered payroll was 10.0%. As of June 30, 2011, 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 \$1,574,416 at March 31, 2010, the last date for which information is available. The incurred but not recorded and unpaid claims liability of \$507,061 reported in the plan at March 31, 2011, is based on the requirements of GASB Statement Number 10, which requires that a liability for claims be reported. At June 30, 2011, the unpaid claims liability of \$507,061 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, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Balance beginning of year	\$ 260,156	\$ 300,056
Incurred claims and claim adjustments	5,545,413	5,257,504
Payment of claims	<u>5,520,497</u>	<u>5,297,404</u>
Balance end of year	<u>\$ 285,072</u>	<u>\$ 260,156</u>

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

Note 10. Due from Other Governments

Amount due from other governments by fund as of June 30, 2011 are as follows:

	General Fund	Capital Projects Fund	Enterprise - Child Care Fund	Total
Local appropriation				
Tuition	\$ 265,085	-	-	265,085
Gas Tax Refund	3,771	-	-	3,771
Statewide Sales, Services and Use Tax	-	378,868	-	378,868
Total local appropriations	268,856	378,868	-	647,724
State appropriations:				
Nonpublic Transportation	2,823	-	-	2,823
Foster Care Claim	23,865	-	-	23,865
Juvenile Court	7,748	-	-	7,748
Career Connections	1,245	-	-	1,245
Construction Refunds	-	21,883	-	21,883
State Vocational Aid	12,413	-	-	12,413
Total state appropriations	48,094	21,883	-	69,977
Federal appropriations:				
Medicaid	14,848	-	-	14,848
Advance Placement Program	114	-	-	114
Title I	45,894	-	-	45,894
Part B	22,593	-	-	22,593
Title IIA	54,047	-	-	54,047
Title VIA	19,624	-	-	19,624
Child and Adult Care Food Program	-	-	2,334	2,334
Total federal appropriations	157,120	-	2,334	159,454
Total	\$ 474,070	400,751	2,334	877,155

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 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. 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. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$1,176,730, \$1,148,405 and \$1,092,432 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 \$1,172,973 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 13. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2011, expenditures in the support services functional area exceeded the certified budget.

Note 14. Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

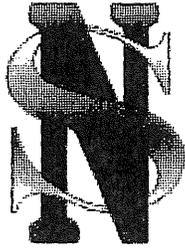
<u>Program</u>	<u>Amount</u>
Gifted and talented	\$ 58,493
Dropout and dropout prevention	20,462
Teacher salary supplement	49,921
Educator quality, professional development	8,217
Beginning teacher mentoring and induction program	1,417
Educator quality, market factor	3,884
Educator quality, model core curriculum	58,792
Four-year-old preschool	118,868
Total reserved for categorical funding	<u>\$ 320,054</u>

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 3,094,362	\$ 1,122,783
Change in fund type classification per implementation of GASB Statement No. 54	1,122,783	(1,122,783)
Balance July 1, 2010 as restated	<u>\$ 4,217,145</u>	<u>\$ 0</u>

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REQUIRED SUPPLEMENTARY INFORMATION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON 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, 2011

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 16,809,620	1,170,654	17,980,274	17,585,770	17,585,770	394,504
State sources	14,490,778	17,348	14,508,126	15,837,005	15,837,005	(1,328,879)
Federal sources	1,168,598	563,449	1,732,047	1,073,324	1,073,324	658,723
Total revenues	<u>32,468,996</u>	<u>1,751,451</u>	<u>34,220,447</u>	<u>34,496,099</u>	<u>34,496,099</u>	<u>(275,652)</u>
Expenditures/Expenses:						
Instruction	18,822,440	1,359	18,823,799	20,117,807	20,117,807	1,294,008
Support services	9,323,421	143,895	9,467,316	9,460,618	9,460,618	(6,698)
Non-instructional programs	10,871	1,539,215	1,550,086	1,653,000	1,653,000	102,914
Other expenditures	2,856,550	0	2,856,550	4,011,753	4,011,753	1,155,203
Total expenditures	<u>31,013,282</u>	<u>1,684,469</u>	<u>32,697,751</u>	<u>35,243,178</u>	<u>35,243,178</u>	<u>2,545,427</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	1,455,714	66,982	1,522,696	(747,079)	(747,079)	2,269,775
Other financing sources, net	25,469	5,049	30,518	3,000	3,000	27,518
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	1,481,183	72,031	1,553,214	(744,079)	(744,079)	2,297,293
Balance beginning of year	<u>8,737,636</u>	<u>831,837</u>	<u>9,569,473</u>	<u>7,693,366</u>	<u>7,693,366</u>	<u>1,876,107</u>
Balance end of year	<u>\$ 10,218,819</u>	<u>903,868</u>	<u>11,122,687</u>	<u>6,949,287</u>	<u>6,949,287</u>	<u>4,173,400</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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

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

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

During the year ended June 30, 2011, the expenditures in the support services functional area exceeded the certified budget.

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	Unfunded	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
			Accrued Liability (AAL) (b)	AAL (UAAL) (b-c)			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%
2011	July 1, 2009	\$ -	\$ 1,733,811	\$ 1,733,811	0.0%	\$ 17,303,349	10.0%

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, 2011

	Management Fund	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 652,035	314,857	966,892
Receivables:			
Property tax:			
Delinquent	84	-	84
Succeeding year	299,997	-	299,997
Accounts	100	19,443	19,543
Prepaid items	-	13,428	13,428
TOTAL ASSETS	\$ 952,216	347,728	1,299,944
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 625	33,867	34,492
Salaries and benefits payable	-	10,948	10,948
Deferred revenue:			
Succeeding year property tax	299,997	-	299,997
Other	-	273	273
Total liabilities	300,622	45,088	345,710
Fund balances:			
Nonspendable	-	13,428	13,428
Restricted for:			
Management levy purposes	651,594	-	651,594
Student activities	-	289,212	289,212
Total fund balances	651,594	302,640	954,234
TOTAL LIABILITIES AND FUND BALANCES	\$ 952,216	347,728	1,299,944

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, 2011

	Management Fund	Student Activity	Total
REVENUE:			
Local sources:			
Local tax	\$ 10,006	-	10,006
Other	27,652	847,245	874,897
State sources	7	-	7
TOTAL REVENUE	37,665	847,245	884,910
EXPENDITURES:			
Current:			
Instruction:			
Regular	221,379	-	221,379
Other	-	798,903	798,903
Support services:			
Student support	7,843	-	7,843
Instructional staff	10,367	4,970	15,337
Administration	28,695	906	29,601
Operation and maintenance of plant	168,853	1,275	170,128
Transportation	38,454	39,446	77,900
Non-instructional programs:			
Food service operations	1,466	-	1,466
TOTAL EXPENDITURES	477,057	845,500	1,322,557
Excess(deficiency) of revenues over(under) expenditures	(439,392)	1,745	(437,647)
OTHER FINANCING SOURCES(USES):			
Insurance proceeds	7,825	-	7,825
Transfer in	532	3,943	4,475
Transfers out	-	(18,035)	(18,035)
	8,357	(14,092)	(5,735)
Net change in fund balances	(431,035)	(12,347)	(443,382)
Fund balances beginning of year, as restated	1,082,629	314,987	1,397,616
Fund balances end of year	\$ 651,594	302,640	954,234

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS

June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 4,035,553	1,194,232	5,229,785
Receivables:			
Property tax:			
Delinquent	-	9,039	9,039
Succeeding year	-	1,158,540	1,158,540
Accounts	27	-	27
Due from other governments	395,448	5,303	400,751
TOTAL ASSETS	\$ 4,431,028	2,367,114	6,798,142
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 255,969	47,152	303,121
Deferred revenue:			
Succeeding year property tax	-	1,158,540	1,158,540
Total liabilities	255,969	1,205,692	1,461,661
Fund balances:			
Restricted for:			
School infrastructure	4,175,059	-	4,175,059
Physical plant and equipment	-	1,161,422	1,161,422
Total fund balances	4,175,059	1,161,422	5,336,481
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,431,028	2,367,114	6,798,142

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

CAPITAL PROJECTS ACCOUNTS

Year Ended June 30, 2011

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
REVENUE:			
Local sources:			
Local tax	\$ 2,375,804	1,108,639	3,484,443
Other	14,348	6,758	21,106
State sources	-	688	688
TOTAL REVENUE	2,390,152	1,116,085	3,506,237
EXPENDITURES:			
Current:			
Instruction:			
Regular	-	8,105	8,105
Support services:			
Administration	1,641	252,171	253,812
Operation and maintenance of plant	62,667	106,887	169,554
Transportation	-	262,448	262,448
Non-instructional programs:			
Food service operations	-	9,405	9,405
Other expenditures:			
Facilities acquisitions	1,245,147	438,430	1,683,577
TOTAL EXPENDITURES	1,309,455	1,077,446	2,386,901
Excess of revenues over expenditures	1,080,697	38,639	1,119,336
Fund balances beginning of year, as restated	3,094,362	1,122,783	4,217,145
Fund balances end of year	\$ 4,175,059	1,161,422	5,336,481

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Year ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
AGENCY				
ASSETS				
Cash and pooled investments	\$ 11,495	24,746	22,941	13,300
Accounts receivable	12	420	12	420
Total assets	<u>\$ 11,507</u>	<u>25,166</u>	<u>22,953</u>	<u>13,720</u>
LIABILITIES				
Accounts payable	\$ 48	150	48	150
Due to other groups	11,459	25,016	22,905	13,570
Total liabilities	<u>\$ 11,507</u>	<u>25,166</u>	<u>22,953</u>	<u>13,720</u>

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	64-70
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	71-74
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	75-80
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	81-83
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	84-87
Miscellaneous Information These schedules offer additional insight to pertinent District data to inform the reader about the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	88-100

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in capital assets, net of related debt	\$ 20,646,639	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	6,435,472	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	4,418,125	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	278,305	298,759	172,715	180,418	190,535	202,183	238,699	212,679	220,569
Unrestricted	625,563	533,078	684,130	742,578	689,930	638,238	548,723	527,089	445,754
Total primary government net assets	\$ 32,404,104	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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental activities:									
Regular instruction	\$ 11,333,300	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	3,427,940	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	3,800,547	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	1,256,107	1,201,957	1,215,673	1,143,007	983,375	1,053,450	996,404	960,019	903,076
Instructional staff services	922,396	1,039,929	1,048,118	967,017	911,261	959,041	1,081,274	1,112,320	1,125,819
Administration services	3,296,030	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	3,839,322	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	1,080,198	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	1,172,973	1,139,829	1,046,272	995,597	939,091	866,735	821,910	806,571	840,688
Depreciation(unallocated)	1,168,591	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	31,297,404	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	1,401,846	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	290,628	292,580	252,096	288,282	261,488	235,201	204,050	179,277	165,037
Total business type activities	1,692,474	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	32,989,878	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	810,688	808,902	905,111	812,765	806,523	512,323	443,417	1,093,438	937,960
Special instruction	285,627	249,992	311,204	310,133	281,413	273,558	330,015	120,400	278,877
Other instruction	778,201	690,228	773,922	657,460	701,453	1,254,117	1,203,530	764,146	704,785
Support services:									
Transportation services	4,701	4,682	3,698	2,854	4,330	-	2,090	3,148	5,237
Operating grants and contributions	4,159,219	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	6,038,436	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									
Nutrition	862,141	890,407	863,464	870,443	845,185	851,999	806,014	794,201	761,746
Child care									
Child care	301,696	304,391	271,354	328,260	284,236	270,407	251,391	200,787	167,232
Operating grants and contributions									
Operating grants and contributions	580,797	549,257	483,117	434,389	417,065	418,974	416,149	406,631	359,537
Total business type activities	1,744,634	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	7,783,070	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	(25,258,968)	(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	52,160	(4,387)	(56,254)	35,522	20,266	46,370	113,190	79,272	73,715
Total primary government net expense	\$ (25,206,808)	(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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenues									
Total governmental activities	\$ (25,258,968)	(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	52,160	(4,387)	(56,254)	35,522	20,266	46,370	113,190	79,272	73,715
Total primary government net expense	(25,206,808)	(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*	10,834,882	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	1,108,639	1,075,899	1,034,846	949,985	935,394	901,676	878,876	2,303,861	2,231,212
Income surtax	153,782	168,421	168,821	132,922	146,216	-	-	-	-
Sales tax	2,375,804	2,145,184	2,676,227	2,805,605	2,676,941	2,460,328	2,371,557	-	-
Unrestricted grants and contributions	11,364,992	9,495,352	11,516,615	11,688,064	11,154,999	10,558,269	9,970,358	9,693,706	9,318,310
Nonspecific program federal revenues	423,621	-	-	-	-	-	-	-	-
Miscellaneous	143,944	130,007	105,997	253,692	126,534	9,575	1,685	8,426	9,400
Investment earnings	40,891	29,932	241,577	442,867	655,050	389,759	214,830	76,699	153,031
Transfers	(13,054)	23,058	22,050	20,941	-	-	-	-	-
Total governmental activities	26,433,501	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	4,307	-	-	-	-	-	-	350	559
Investment earnings	2,510	2,437	12,153	27,950	39,778	21,629	13,708	3,823	3,393
Transfers	13,054	(23,058)	(22,050)	(20,941)	-	-	-	-	-
Total business type activities	19,871	(20,621)	(9,897)	7,009	39,778	21,629	13,708	4,173	3,952
Total primary government	26,453,372	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	1,174,533	(1,115,285)	410,289	2,171,317	3,131,935	2,003,700	819,059	625,791	(241,984)
Total business type activities	72,031	(25,008)	(66,151)	42,531	60,044	67,999	126,898	83,445	77,667
Total primary government	\$ 1,246,564	(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									
	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Nonspendable	\$ 124,788	-	-	-	-	-	-	-	-	-
Restricted	353,255	-	-	-	-	-	-	-	-	-
Assigned	106,733	-	-	-	-	-	-	-	-	-
Unassigned	3,343,328	-	-	-	-	-	-	-	-	-
Reserved	-	301,975	221,275	204,353	166,182	140,555	135,873	10,360	23,041	178,443
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
Total general fund	3,928,104	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
All Other Governmental Funds										
Nonspendable	13,428	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital projects funds	5,336,481	-	-	-	-	-	-	-	-	-
Special revenue funds	940,806	-	-	-	-	-	-	-	-	-
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
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
Total all other governmental funds	6,290,715	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
Total governmental funds	\$ 10,218,819	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

Source: School District financial records.

*During the 2011 fiscal year the District implemented GASB 54 which effected fund balance reporting

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Local sources:										
Property taxes	\$ 11,943,521	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
Income surtax	153,136	150,847	150,476	132,922	123,750	-	-	-	-	-
Local option sales and services taxes	2,375,804	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
Interest income	40,891	29,932	105,997	442,867	655,050	389,759	214,830	76,699	153,031	324,563
Other revenues	2,296,268	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
Total local sources	16,809,620	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
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	13,138,014	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
Other state grants	1,352,764	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
Total state sources	14,490,778	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
Federal sources:										
Federal grants	1,168,598	2,383,405	1,108,142	692,074	751,496	735,813	674,833	608,099	388,656	369,326
Total federal sources	1,168,598	2,383,405	1,108,142	692,074	751,496	735,813	674,833	608,099	388,656	369,326
Total revenues	\$ 32,468,996	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

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Regular instruction	\$ 11,474,729	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
Special instruction	3,529,914	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
Other instruction	3,817,797	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
Student services	1,256,477	1,175,015	1,167,667	1,129,497	1,007,146	1,059,475	1,015,187	967,602	907,233	875,513
Instructional staff services	960,571	1,003,039	993,594	948,964	937,307	976,259	1,111,963	1,097,792	1,130,068	1,094,155
Administration services	3,181,411	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
Operation and maintenance of plant services	2,580,887	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
Transportation services	1,344,075	1,280,324	1,341,413	1,399,385	1,244,113	1,131,221	1,054,730	968,457	818,105	917,150
Food service operations	10,871	2,966	226	41	10,956	22,166	4,104	13,903	4,065	1,971
Community service and education program	-	-	-	-	-	-	-	630	438	-
Capital outlay										
Facilities acquisition/construction	1,683,577	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
AEA flowthrough	1,172,973	1,139,829	1,046,272	995,597	939,091	866,735	821,910	806,571	840,688	842,394
Debt service										
Principal	-	365,000	350,000	5,930,000	750,000	715,000	685,000	655,000	610,000	340,000
Interest and fiscal charges	-	-	-	1,000	333,109	373,638	396,638	424,736	450,968	435,326
Total expenditures	31,013,282	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
Debt service as a percentage of noncapital expenditures	0.00%	1.20%	1.17%	17.69%	4.04%	4.23%	4.25%	4.34%	4.58%	3.53%

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Excess(deficiency) of revenues over(under) expenditures \$	1,455,714	(181,484)	835,811	(2,860,359)	2,690,153	812,769	448,898	(39,851)	513,712	(1,945,470)
Other Financing Sources (Uses)										
Proceeds from the sale of capital assets	7,524	8,721	-	-	10,997	9,575	1,685	8,321	875	418
Insurance proceeds	7,825	3,780	115,668	104,947	-	-	-	105	8,525	-
Transfer in	32,328	420,199	454,898	6,138,648	1,131,315	1,110,129	1,178,578	1,089,736	1,070,968	790,841
Transfer out	(22,208)	(397,141)	(432,848)	(6,117,707)	(1,111,315)	(1,095,129)	(1,099,334)	(1,079,736)	(1,060,968)	(775,841)
Total other financing sources (uses)	25,469	35,559	137,718	125,888	30,997	24,575	80,929	18,426	19,400	15,418
Net change in fund balance	\$ 1,481,183	(145,925)	973,529	(2,734,471)	2,721,150	837,344	529,827	(21,425)	533,112	(1,930,052)

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			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2011	\$ 395,248,768	\$ 256,029,785	\$ 140,927,148	\$ 1,666,796	\$ 790,538,905	\$ 14.75964
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

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 assessment year.

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES,
 LAST TEN FISCAL YEARS
 (rate per \$1,000 of assessed value)

Fiscal Year	District Direct Rates				Overlapping Rates*										
	General Purposes	Capital Purposes	Debt Service	Total	Scott County	College Area IX	City of Bettendorf	City of Davenport	City of Dixon	City of Donahue	City of Eldridge	City of Long Grove	City of Maysville	City of McCausland	City of Princeton
2011	\$ 13.45964	\$ 1.30000	\$ -	\$ 14.75964	\$ 6.37607	\$ 0.92444	\$ 12.60000	\$ 15.53000	\$ 8.10000	\$ 7.21883	\$ 6.74852	\$ 11.03125	\$ 5.16962	\$ 9.25982	\$ 9.58242
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

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

Name of Taxpayer	2011			2002		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Deere & Company, Inc.	\$ 22,776,100	1	2.8811 %	\$ 12,562,500	2	2.1087 %
Davenport-Durler Family Trust	19,868,300	2	2.5133	-		-
Petersen Properties, LC	15,683,400	3	1.9839	29,590,815	1	4.9670
Alliance Pipeline	15,044,205	4	1.9030	-		-
Mid America Energy	12,355,851	5	1.5630	4,516,474	10	0.7581
Murray Enterprises LTD	9,968,370	6	1.2610	4,648,401	9	0.7803
Northern Border Pipeline Co.	8,004,591	7	1.0125	9,601,105	4	1.6116
Blue Dog LLC	7,228,490	8	0.9144	-		-
Von Hoffman Corporation	6,786,570	9	0.8585	-		-
Callahan Construction Inc.	5,534,230	10	0.7001	-		-
Deere & Company	-		-	10,556,731	3	1.7720
Central Scott Telephone Co.	-		-	7,764,775	5	1.3034
The Bawden Corporation	-		-	6,864,192	6	1.1522
Edward Schwartz	-		-	4,908,802	7	0.8240
Hawkeye Venture	-		-	4,908,802	8	0.8240
Total	\$ 123,250,107		15.5906 %	\$ 95,922,597		16.1009 %

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
2011	\$ 11,942,957	\$ 11,935,962	99.94%	\$ N/A	\$ 11,935,962	99.94%
2010	11,520,353	11,472,412	99.58%	7,559	11,472,412	99.58%
2009	11,239,357	11,231,395	99.93%	7,962	11,239,357	100.00%
2008	10,657,685	10,651,152	99.94%	6,533	10,657,685	100.00%
2007	10,443,492	10,440,329	99.97%	3,163	10,443,492	100.00%
2006	9,967,028	9,678,833	97.11%	14,298	9,693,131	97.25%
2005	9,676,444	9,620,854	99.43%	55,590	9,676,444	100.00%
2004	9,141,191	9,110,869	99.67%	30,322	9,141,191	100.00%
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%

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*
2011	\$ -	\$ -	\$ -	\$ -	N/A	\$ -
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

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 81 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*
2011-12	\$ 852,712,206	\$ 1,096,658	\$ -	\$ -	0.00 %	\$ -
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

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 calendar 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
2011	\$ -	\$ -	\$ -	\$ 27,303,824	0.00 %
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

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 2011

Assessed value	\$ 852,712,206
Debt limit (5% of assessed value)	42,635,610
Debt applicable to limit	-
Legal debt margin	<u>\$ 42,635,610</u>

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$ 42,635,610	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
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
Legal debt margin	<u>42,635,610</u>	<u>41,551,216</u>	<u>39,395,793</u>	<u>35,862,179</u>	<u>29,222,384</u>	<u>27,300,901</u>	<u>24,630,176</u>	<u>23,235,241</u>	<u>20,873,621</u>	<u>19,727,905</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.92%	1.95%	18.53%	21.31%	24.77%	27.46%	31.16%	33.77%

78 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, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Scott County	\$ 15,660,000	12.05 %	\$ 1,866,232
Eastern Iowa Community College	69,525,000	7.17	4,913,929
City of Bettendorf	106,010,000	0.12	122,826
City of Davenport	177,080,000	3.43	6,189,754
City of Eldridge	4,790,000	100.00	4,585,000
City of Princeton	778,851	100.00	805,000
City of Donahue	200,000	100.00	200,000
City of Long Grove	962,000	100.00	962,000
City of Maysville	312,000	100.00	312,000
City of McCausland	18,911	100.00	18,911
Subtotal, overlapping debt			19,975,652
District direct debt			-
Total direct and overlapping debt			<u>\$ 19,975,652</u>

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 businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and 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*				Coverage
	Revenue	Debt Service			
		Principal	Interest		
2011	\$ 2,375,804	\$ -	\$ -		N/A
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

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)
2011	15,203	N/A	N/A	6.9 *%
2010	13,372	N/A	N/A	7.5 *
2009	13,372	\$ 375,188,378	\$ 28,058	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 *

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

Employer	2011			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
<u>Scott County</u>						
Genesis Health System	4,900	1	3.1238 %	3,000	1	1.9292 %
ALCOA	2,250	2	1.4344	2,513	2	1.6160
Kraft Foods (Oscar Mayer)	1,650	3	1.0519	1,635	3	1.0514
Isle of Capri	1,050	4	0.6694	-	-	-
Mid American Energy	1,025	5	0.6535	1,200	4	0.7717
APAC Customer Services Inc	900	6	0.5738	800	5	0.5144
Sears Manufacturing	600	7	0.3825	-	-	-
United Parcel Service	590	8	0.3761	500	7	0.3215
Von Maur	560	9	0.3570	550	6	0.3537
Lee Enterprises	450	10	0.2869	-	-	-
Total for Scott County	<u>13,975</u>		<u>8.9093 %</u>	<u>10,198</u>		<u>6.5579 %</u>
<u>Rock Island County</u>						
Rock Island Arsenal	8,500	1	5.4189 %	\$ 6,000	2	3.8583 %
Deere & Company	6,300	2	4.0164	8,215	1	5.2827
Trinity Medical Center	2,900	3	1.8488	2,500	3	1.6076
Tyson Fresh Meats	2,400	4	1.5300	-	-	-
Xpac	1,195	5	0.7618	-	-	-
Group O Companies	800	6	0.5100	-	-	-
Exelon	700	7	0.4463	-	-	-
AT & T	610	8	0.3889	-	-	-
United Health Care	520	9	0.3315	-	-	-
Kone, Inc.	450	10	0.2869	600	7	0.3858
Total for Rock Island County	<u>24,375</u>		<u>15.5395 %</u>	<u>17,315</u>		<u>11.1345 %</u>

Source:

2011 Information from Bi-State Planning and Iowa Workforce Development Web Site/Labor Force.

2001 Information is received from Bi-State Regional Commission.

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 2002-2011
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
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	6.9	7.0	7.0	7.0	7.0	8.0	7.5	7.0	7.0	7.0	(2.14)
Assistant Principals	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	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	2.0	3.0	3.0	(100.00)
Total supervisory	12.2	10.3	10.3	10.3	10.3	11.3	12.8	12.3	12.3	12.3	(1.22)
Instruction:											
Classroom Teachers	147.3	151.5	150.3	150.4	144.0	147.6	179.1	160.1	153.1	155.2	(5.12)
Special Education	28.0	29.8	30.8	32.0	35.2	35.5	-	-	-	-	100.00
Special Programs	16.4	15.9	14.4	2.8	2.8	2.4	38.8	51.0	45.0	41.3	(60.31)
Vocational Teachers	10.8	10.2	10.9	10.0	10.2	11.0	-	-	-	-	100.00
Teacher Aides	64.8	70.4	69.0	67.6	67.2	71.2	65.3	58.9	51.9	57.6	12.50
Instructional Technology Technicians	3.0	2.5	3.0	3.0	2.0	2.0	-	-	-	-	100.00
Other Instructional Programs*	1.5	1.4	1.0	11.1	10.9	12.5	2.0	3.3	5.3	2.0	(27.00)
Total instruction	271.7	281.8	279.3	276.9	272.3	282.2	285.2	273.3	255.3	256.1	6.10
Student services:											
Social Workers	1.0	1.0	1.0	-	-	1.0	-	-	-	-	100.00
Counselors	10.0	10.0	11.0	10.0	10.0	11.0	11.0	11.0	10.0	10.0	0.00
Library/Media Specialists	5.1	4.3	4.3	4.3	4.2	4.6	4.6	5.3	5.3	6.0	(15.00)
Nurses	5.5	5.5	5.6	5.3	5.3	5.3	5.4	4.9	4.9	4.9	11.22
Total student services	21.6	20.8	21.8	19.6	19.5	21.9	21.0	21.2	20.2	20.9	3.11
Support and Administration:											
Other Support Services	2.2	1.0	1.0	2.0	2.0	2.0	8.8	-	-	-	100.00
Office/Clerical Personnel	22.7	25.5	26.6	26.2	23.2	21.9	24.5	22.5	22.2	23.5	(3.40)
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	(100.00)
Technology Specialist	1.0	1.0	1.0	1.0	0.6	1.0	-	-	-	-	100.00
Other Technical Personnel	2.0	3.0	2.5	3.5	2.3	2.5	2.3	11.3	11.3	4.3	(53.49)
Crafts & Trades Personnel	5.5	6.5	5.5	5.5	5.5	6.6	5.5	5.5	5.5	4.5	22.22
Laborers	3.0	3.0	3.0	3.0	3.0	3.0	5.8	3.0	3.0	3.0	0.00
Service Workers	53.9	56.6	56.3	55.3	54.8	53.4	58.4	52.4	50.2	41.8	29.04
Operative personnel	15.5	16.5	17.2	16.5	15.5	16.8	18.0	17.0	15.5	18.6	(16.67)
Total support and administration	106.8	114.1	114.0	114.0	107.9	109.7	116.5	112.7	108.7	103.0	3.68
TOTAL	412.2	426.9	425.5	420.8	410.0	425.1	444.3	419.5	396.5	392.3	5.08 %

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 Education.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS,
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Daily Average Attendance</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Governmental Expenses</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teaching Ratio</u>
2011	2,900	\$ 27,303,824	\$ 9,415	(0.58) %	\$ 31,297,404	\$ 10,792	(2.37) %	219.3	13.22
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

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

<u>Fiscal Year</u>	<u>Reduced Students</u>	<u>Reduced Percentage</u>	<u>Free Students</u>	<u>Free Percentage</u>	<u>Total Free and Reduced Students</u>	<u>Total Free and Reduced Percentage</u>
2011	164	5.38%	598	19.62%	762	25.00%
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%

Source: School District records.

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

School	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	329	343	325	299	285	276	280	271	291	289
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	277	248	234	259	259	261	265	258	259	264
Playgrounds	2	2	2	2	2	2	2	2	2	2
Grisson										
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	222	229	252	231	232	209	203	208	209
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	338	326	306	305	321	311	305	322	295	312
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	498	490	486	456	446	437	402	425	388	371
Playgrounds	2	2	2	2	2	2	2	2	2	2
Jr. High										
Square feet	105,714	105,714	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	484	472	445	442	459	487	489	475	501	497
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	940	985	990	1,049	1,050	1,054	1,074	1,027	1,015	973
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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	1,664	1,627	1,580	1,571	1,542	1,517	1,461	1,479	1,441	1,445
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	105,714	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	484	472	445	442	459	487	489	475	501	497
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	940	985	990	1,049	1,050	1,054	1,074	1,027	1,015	973
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	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
Tennis courts	1	1	1	1	1	1	1	1	1	1

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	<u>10-11</u>	<u>09-10</u>	<u>08-09</u>	<u>07-08</u>	<u>06-07</u>	<u>05-06</u>	<u>04-05</u>	<u>03-04</u>	<u>02-03</u>	<u>01-02</u>
Alan Shepard Elem.	K-6									
Alan Shepard Elem.	PS	PS								
Edward White Elem.	K-5	K-5	K-5	K-6						
Edward White Elem.			PS							
John Glenn Elem.	PreK-6	PreK-6	K-6							
Neil Armstrong Elem.	K-6									
Neil Armstrong Elem.	PS	PS	PS							
Virgil Grissom Elem.	Pre-K-6	PreK-6	PreK-6	PreK-6	PreK-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 73 Sixth Graders 09-10; approximately 63 Sixth Graders 10-11*

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 completed.

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 and a .5 shared HR director, 223.46 FTE certified staff, and 175.76 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, day care, food service, print shop, and grounds staff all contribute to creating a positive, safe learning environment for students.

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

- All teachers and administrators are involved in grade level and content area meetings to align curriculum, assessment, and instruction.
- The district 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 has identified a long term reading goal for all students in grades 1-10.
- 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.
- Curriculum reports are made 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, a board member and a principal from each elementary, JH and HS. Minutes of the Curriculum Cabinet are provided to the entire staff after each meeting as well as reports made at School Board meetings.
- 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 2010-11, an 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 placement 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 2,285 computers across the district. The district maintains a web page.

- The district administration and board identified a reading goal to focus instruction and assessment in the district. Data collection began in the spring 2011 and will be collected bi-annually.
- 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 completed 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 15,203. The enrollment in October 2010 was 3003 students - 932 senior high students, 480 junior high students, 1591 elementary students, plus 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 416,338 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:

- 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
- 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

- 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 – School Administrators of Iowa 2011 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 Grant, \$150,000 for Promethean Activboards
- Five-Year Smaller Learning Communities Grant, \$799,274
- Project Lead the Way Grant, \$10,000
- Three district buildings will receive funds to be used from the Microsoft Settlement over the next three years: High School - \$211,744, Neil Armstrong Elementary - \$49,644, and Virgil Grissom Elementary - \$38,340

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

<u>Year</u>	<u>Insured Property Values</u>	<u>Expenditures For Construction</u>	<u>Bank Deposit*</u>
2010-11	\$ 91,387,744	\$ 1,683,577	\$ 4,962,663
2009-10	91,003,994	1,821,779	7,038,116
2008-09	85,451,876	2,432,222	2,043,635
2007-08	71,744,554	1,176,980	2,316,991
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

*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	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Enrollment by Grade										
Kindergarten	265.0	231.0	239.0	231.0	234.0	208.0	174.0	208.0	196.0	173.0
1	210.0	214.0	205.0	220.0	213.0	180.0	231.0	201.0	177.0	170.0
2	216.0	209.0	230.0	225.0	192.0	215.0	213.0	201.0	179.0	178.0
3	217.0	230.0	228.0	195.0	224.0	221.0	212.0	196.0	181.0	208.0
4	231.0	230.0	206.0	227.0	228.0	208.0	201.0	194.0	209.0	220.0
5	233.0	213.0	232.0	235.0	215.0	213.0	213.0	219.0	224.0	215.0
6	219.0	235.0	233.0	221.0	223.0	215.0	231.0	240.0	216.0	232.0
7	235.0	245.0	221.0	224.0	221.0	230.0	250.0	220.0	243.0	243.0
8	245.0	227.0	224.0	222.0	239.0	254.0	244.0	243.0	249.0	242.0
9	236.0	242.0	220.0	245.0	275.0	262.0	286.0	280.0	266.0	261.0
10	239.0	223.0	244.0	269.0	262.0	274.0	261.0	257.0	279.0	236.0
11	212.0	234.0	267.0	250.0	268.0	247.0	254.0	263.0	246.0	220.0
12	245.0	286.0	251.0	278.0	265.0	264.0	276.0	231.0	224.0	198.0
	<u>3,003.0</u>	<u>3,019.0</u>	<u>3,000.0</u>	<u>3,042.0</u>	<u>3,059.0</u>	<u>2,991.0</u>	<u>3,046.0</u>	<u>2,953.0</u>	<u>2,889.0</u>	<u>2,796.0</u>
Certified Enrollment	<u>2,964.5</u>	<u>2,978.0</u>	<u>2,968.0</u>	<u>3,000.0</u>	<u>3,002.0</u>	<u>3,007.0</u>	<u>2,973.0</u>	<u>2,946.0</u>	<u>2,923.0</u>	<u>2,887.0</u>

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

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

SCHEDULE OF INSURANCE COVERAGE,
JULY 1, 2010 - JUNE 30, 2011

Detail of Coverage	Number	Policy Period		Liability Limits	Premium
		From	To		
PROPERTY					
Coverage A - Buildings	9A5-88-74-01	7/1/2010	7/1/2011	Coverages A and B - 90% of full replacement cost as per statement of values - \$10,000 deductible. Coverage C - \$1,000 - no deductible.	\$ 77,932
Coverage B - Personal property					
Coverage C - Extra expense					
LIABILITY					
Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefits, additional insureds.	9A5-88-74-01	7/1/2010	7/1/2011	\$1,000,000 bodily injury and property damage each occurrence, \$2,000,000 aggregate.	14,106
FLEET					
Bodily injury, property damage, medical uninsured motorist, comprehensive, collision. Includes non-owned.	9A5-88-74-01	7/1/2010	7/1/2011	\$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	31,206
WORKERS' COMPENSATION	9A5-88-74-01	7/1/2010	7/1/2011	Statutory.	161,507
INLAND MARINE					
All risk coverage based on statement of values.	9A5-88-74-01	7/1/2010	7/1/2011	As per schedule - no deductible.	4,269
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	9A5-88-74-01	7/1/2010	7/1/2011	\$10,000,000 occurrence and aggregate.	17,530
SCHOOL DISTRICT LEGAL LIABILITY					
Includes prior acts, 36-month discovery period extension, teacher negotiation-covers school board and all employees.	9A5-88-74-01	7/1/2010	7/1/2011	\$2,000 deductible, \$1,000,000 each loss, \$1,000,000 aggregate.	5,227
PUBLIC SCHOOL EMPLOYEES BLANKET BOND	9A5-88-74-01	7/1/2010	7/1/2011	Coverage \$500,000 all employees w/ \$5,000 deductible	2,581
POLLUTION	9A5-88-74-01	7/1/2010	7/1/2011	\$500,000 each incident and aggregate	1,125
GROUP EXCESS LIABILITY	9A5-88-74-01	7/1/2010	7/1/2011	\$20,000 occurrence limit and \$50,000,000 aggregate limit	4,957

Source: School District insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

HISTORY OF STATE AID PAYMENTS,
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Budgeted State Aid</u>	<u>Actual Revenues</u>	<u>Difference State Aid to Actual</u>	<u>Difference % of Budget Variance**</u>
2011	\$ 14,597,704	\$ 14,508,670	\$ 89,034	0.61 %
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
Average	\$ 10,551,456	\$ 10,380,660	\$ 170,795	1.48 %

* 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)
2010-11	2,964.5	(0.40) %	3.60 %	(0.60) %	3.33 %	223.46
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
TEN YEAR AVERAGE		2.81	4.52	1.61	3.80	221.70
PERCENT VARIANCE (B-A)/A		0.61		(D-C)/C	136.09	

*Source: IASB Reports

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

AVERAGE SALARY BY EDUCATION LEVEL
LAST TEN FISCAL YEARS

Education Level		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
BA	Total FTE	59.75	62.69	61.00	54.85	44.00	54.00	69.83	63.83	46.50	45.00
	Average Salary	34,792.46	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	27.34	21.94	16.94	22.41	29.41	35.37	28.87	31.87	26.83	25.33
	Average Salary	39,644.48	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	32.50	31.50	37.50	37.57	36.50	36.00	40.00	39.00	46.00	54.50
	Average Salary	46,096.71	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	51.00	54.00	53.00	48.50	53.00	52.00	52.00	55.50	51.50	41.50
	Average Salary	45,159.83	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	21.00	22.00	21.00	22.00	24.00	16.00	14.00	11.00	10.00	13.00
	Average Salary	48,823.05	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	26.00	28.00	33.00	35.00	30.00	31.00	27.00	27.00	33.00	34.00
	Average Salary	55,181.70	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	217.59	220.13	222.44	220.33	216.91	224.37	231.70	228.20	213.83	213.33
	Total Average Salary	43,310.96	43,346.46	43,026.91	42,068.73	41,246.70	39,265.49	37,247.99	36,579.75	37,156.64	36,836.29

Source: School District personnel records

Notes:

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 schedule includes the local instructional salary schedule only. Not included are state appropriations to increase salaries, i.e., Teacher Quality, Phase II funds or Teacher Salary Supplement.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

TOTAL PACKAGE SETTLEMENT,
LAST TEN YEARS

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>10yr Average</u>
Certified	3.60%	3.80%	4.69%	4.77%	4.46%	4.19%	5.74%	3.90%	5.01%	5.02%	4.52%
Classified	3.60%	3.85%	3.26%	4.30%	3.80%	3.50%	3.65%	3.15%	5.00%	5.02%	3.91%
Bus Drivers	2.50%	1.60%	3.60%	3.91%	3.50%	3.50%	3.00%	3.00%	4.80%	5.00%	3.44%
Administrators	3.30%	1.80%	3.00%	3.50%	3.50%	2.80%	3.25%	2.54%	5.00%	5.00%	3.37%
Mid Management	3.60%	3.80%	3.25%	4.30%	3.50%	3.20%	3.25%	3.03%	5.00%	5.00%	3.79%
Print Shop	3.60%	3.88%	4.10%	4.30%	3.50%	3.20%	3.60%	3.03%	5.00%	5.92%	4.01%
Exempt	3.60%	3.88%	3.25%	4.30%	3.50%	3.28%	3.60%	3.04%	5.00%	5.09%	3.85%

66 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
2011	\$ 3,450,061	\$ 26,940,253	12.81 %
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

Source: School District Financial Records.

$$2002-2010 \text{ Financial Solvency} = \frac{\text{Unreserved Undesignated General Fund Balance}}{\text{Actual Revenues}}$$

$$2011 \text{ Financial Solvency} = \frac{\text{Assigned + (plus) Unassigned General Fund Balances (numerator)}}{\text{Actual General Fund Revenues}}$$

NOTE: The formula changed due to changes to GASB 54.

SINGLE AUDIT SECTION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

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 11	\$ <u>28,780</u>
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	59,332
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	<u>498,429 *</u>
			<u>557,761</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 11	<u>5,688</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4784-G	183,576
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	9,826
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 11	<u>54,467</u>
			<u>247,869</u>
COMPREHENSIVE CENTERS (TECH-PREP EDUCATION)	84.243	FY 11	<u>6,053</u>
ADVANCE PLACEMENT PROGRAM	84.330	FY 11	<u>114</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 11	<u>95,368</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 11	<u>19,624</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	151,288
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	<u>134,941</u>
			<u>286,229</u>
ARRA- EDUCATION JOBS FUND	84.410	FY 11	<u>137,392</u>

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT(CONTINUED):			
DEPARTMENT OF EDUCATION(CONTINUED):			
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 11	149,246
SPECIAL EDUCATION - GRANTS TO STATES (SEAP)	84.027	FY 11	350
SPECIAL EDUCATION - GRANTS TO STATES (AUTISM STRATEGIES)	84.027	FY 11	1,142
			150,738
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 11	701
			\$ 1,536,317

* - Includes \$133,176 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.

See accompanying Independent Auditor's Report

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, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 7, 2011. 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 an 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.

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 material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected on a timely basis.

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 did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses, as defined above. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be significant deficiencies.

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, 2011 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, P.C.

December 7, 2011

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 That Could Have a Direct and Material Effect on 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 North Scott Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of North Scott Community School District's major federal programs for the year ended June 30, 2011. North Scott Community School District's major federal programs are identified in Part I 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 North Scott Community School District's management. Our responsibility is to express an opinion on North Scott Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 non-compliance 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 North Scott Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on North Scott Community School 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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.

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, P.C.

December 7, 2011

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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:
 - Clustered Programs:
 - School Nutrition Cluster
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) North Scott Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Accounting for Student Activity Fund Accounts - Prior to year-end, the Student Activity Fund contained numerous activity accounts with negative balances. The District Activities Director approved intrafund transfers from funds with balances to negative balances to remedy some of these deficits.

Recommendation - The District should require each Student Activity Fund to follow a budget, and each sponsor should be responsible for monitoring their funds.

Response - The District will accept the auditor recommendation and make the necessary changes.

Conclusion - Response accepted.

II-B-11 Student Activity Fund Resale Accounts - The District had several resale accounts that had negative balances, and due to the nature of the normal transactions, expected receipts to be collected to cover the deficit. The District recorded accounts receivable for the resale accounts in the amount of the deficit in those accounts. This created an overstatement of the accounts receivable as well as overstatement of

the resale account balances. In reviewing subsequent collections, receipts recorded did not reach the amount accrued as a receivable.

Recommendation - The accounts receivable should be recorded for amounts expected to be collected in the measurement focus of 60 days. The entire receivable for resale may be recorded as an accounts receivable, however, the amounts not collected within the measurement focus period should be deferred.

Response - The District will record future accounts receivable not received within 60 days as deferred revenue rather than accounts receivable, and we will book the appropriate inventories for the resale accounts.

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-11 Certified Budget - District expenditures for the year ended June 30, 2011 exceeded the certified amounts in the support services function.

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

Response - The District will amend the budget if necessary in the future.

Conclusion - Response accepted.

IV-B-11 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-11 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-11 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	\$ 841
Christie Liske, Aide Spouse of Matt Liske	Official	1,496
Larry Schroeder, Coach Father of Jamie Schroeder	Camp Clinician	840
Frank Wood, Activity Director Daughter-in-law owner of KJ Expressions	Supplies	508
Sherri Marceau, Principal Spouse of owner of Marceau Piano Service Mother of Dan Marceau	Repairs Camp Clinician	860 500
Teri Thavenet, Teacher Spouse of owner of Premiere Pest Management Services	Services	5,507
John Netwal, Director of Operations Father of Adam Netwal	Camp Clinician	500
Jenny Ferrel, Teacher Spouse provides police services	Services	63
Stacie Kintigh, Teacher Spouse of speech judge Kintigh Family Benefit Fund	Services Donation	100 9,495

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 Sherri Marceau, spouse of Teri Thavenet, son of John Netwal, spouse of Jenny Ferrel, and spouse of Stacie Kintigh 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.

IV-E-11 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-11 Board Minutes - No transactions requiring Board approval which have not been approved by the Board were noted.

IV-G-11 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Iowa Department of Education. The number of resident dual enrolled students was understated by .1 and the number of resident students was overstated by 9.0 due to the District including 7.0 foreign exchange students in their count and counting 2.0 students who were not attending the District.

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

Response - We will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

IV-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-11 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-11 Certified Annual Report - The Certified Annual Report was certified timely with the Iowa Department of Education.

IV-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-11 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, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 3,277,796
Revenues:		
Statewide sales, services and use tax	\$ 2,375,804	
Interest on investments	11,626	
Other	2,722	2,390,152
		<hr/>
Expenditures/transfers out:		
School infrastructure construction	\$ 1,159,118	
Equipment	62,667	
Other	271,104	1,492,889
		<hr/>
Ending balance		<u>\$ 4,175,059</u>

For the year ended June 30, 2011 the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

