

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the

SIOUX CITY COMMUNITY SCHOOL DISTRICT
Sioux City, Iowa

For the Fiscal Year Ended June 30, 2011

OFFICIAL ISSUING REPORT

Gordon D. Winterlin

Director of Finance

OFFICE ISSUING REPORT

Business Office

SIoux CITY COMMUNITY SCHOOL DISTRICT

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January 30, 2012

President Batcheller, Members of the Board of Education and Residents of the Sioux City Community School District
Sioux City, Iowa

The Comprehensive Annual Financial Report for the Sioux City Community School District for the fiscal year ended June 30, 2011 is submitted to you. 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. Responsibility for the accuracy of data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data is presented in a manner designed to fairly set forth the financial position and results of operations of the District, as measured by the financial activity of the various funds; that all disclosures necessary to enable the reader to gain a comprehensive understanding of the District's financial activity have been included; and the information provided is complete and accurate in all material respects.

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

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

To facilitate the understanding of the District's financial affairs, the Comprehensive Annual Financial Report (CAFR) is presented in four sections:

Introductory Section - This section includes this transmittal letter, the District's organizational chart, a list of principal officers, a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International and a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada.

Financial Section - This section includes the independent auditors' report, the basic financial statements, Management's Discussion and Analysis, required supplementary information and supplementary information. The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis

Statistical Section - This section includes selected financial and demographic data for up to a ten year period and has been thoroughly revised in accordance with GASB Statement 44, Economic Condition Reporting: The Statistical Section.

The Compliance or Single Audit Section - This section includes the schedules and various independent auditors' reports and findings as required by the Single Audit Act Amendment of 1996, along with comments required by the Iowa Auditor of State.

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

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

Reporting Entity and its Services

The Sioux City Community School District was organized in March of 1869. The District is supported financially by legislatively appropriated state aid, property taxes, statewide sales, services and use tax, income surtaxes, state and federal grants for special projects and local revenue in the form of tuition and other miscellaneous income items. The District is governed by a seven member board of education. Effective with the September 2009 election, school board members will be elected to four year terms and elections will be held only in odd-numbered years, as opposed to the annual elections held under previous law. All board members are elected at large.

The District provides a full range of educational services for residents of the Sioux City Community School District appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for identified children with qualifying special needs, vocational education and many individualized programs such as specialized instruction for students at risk and students whose primary language is not English. The official enrollment of the District as of October, 2010 (the official count date) was 13,823 students.

The financial statements include all funds, agencies, board and commissions. The District has also considered all actual and potential component units for which it is financially accountable and all other organizations where the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The criteria considered in determining financial accountability of any entity to the District include appointing a voting majority of an organization's governing body, and (1) the

ability of the District to impose its will on that organization; and/or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Sioux City Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Accounting System

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

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

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

Budgeting

The District's Board of Education annually adopts and certifies a budget following a public hearing and approves the related appropriations for the General, Special Revenue, Debt Service, Capital Projects and Proprietary Funds in accordance with provisions outlined in the statutes of the State of Iowa. The budgets and financial statements for the governmental fund types are prepared on a modified accrual basis and the budget and financial statements for the Proprietary Funds are prepared on the accrual basis. A statement comparing the budget to actual revenues and expenditures/expenses is included as required supplementary information.

For management control, the line item budgets are reviewed for variances. However, since a budget is a plan, overage or underage on a line item basis are allowed if sufficient funds are available on a major program basis. Iowa law requires the formal and legal budgetary control for the certified budget to be based upon four major classes of expenditures known as functional areas, not by fund or fund types. These four functional areas are instruction, support services, non-instructional programs and other expenditures.

Major Initiatives and Achievements

Beginning in 1994, a group of citizens, working with the School Board, began a systematic assessment of facilities. No major upgrades had occurred since 1972. In 1998 local voters approved a one-cent local option sales and services tax for school infrastructure. This tax was renewed in August of 2005 for an additional ten years beyond the original expiration date of 2008; subsequently, the State of Iowa has enacted legislation extending this tax statewide expiring in 2029. With this sales tax funding the District was able to develop a plan for the

future. The first step was to design a new middle school, as well as certain essential repairs and renovations to existing school buildings. Construction was completed in December 2001 on the 165,000 square foot West Middle School. The 195,000 square foot East Middle School was completed and opened in August of 2002. North Middle School was completed in June of 2004 with an opening date of August 2004. Irving Elementary School opened in August of 2006 which replaced the old Irving Elementary School which was the oldest operating elementary school in the State of Iowa. Two other new elementary schools, Leeds and Unity, were completed and opened in the fall of 2008; Liberty Elementary School, replacing Smith and Everett Elementary Schools, opened in August of 2010. Spalding Park Elementary School, which will replace Joy and Longfellow Elementary Schools, is currently under construction with an anticipated opening date of August 2012. The District issued revenue bonds in December 1999, December 2000, July 2001, April 2005, December 2006, March 2007, December 2008, November 2009 and October 2010 to finance the construction of these schools with sales tax revenues paying off the bonds.

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

Economic Condition and Outlook

The City of Sioux City's location in the tri-state area of Iowa, Nebraska and South Dakota provides the area with a regional economic importance. Our strong regional retail market continues to provide wealth to the community and coordinates strategically with convention and tourism activities.

While the regional tax base is strong, the property tax base of the Sioux City Community School District itself is substantially below the state average. The per pupil property tax valuation remains among the lowest in the State of Iowa. The District ranks 349th out of 351 school districts in the state.

The State of Iowa's school funding formula projects a controlled budget based on October's enrollment for the current budget year multiplied by a legislatively approved cost per pupil for the subsequent budget year. The cost per pupil for fiscal year 2010-2011 was \$5,883; however, state aid was underfunded by over six million dollars. During fiscal year 2009-2010, due to the downturn in the state's economy, a 10% across the board reduction in state aid was ordered for all Iowa school districts. This amounted to a mid-year reduction of \$6.7 million. Allowable growth for fiscal year 2011-2012 was set at 0% which maintained the cost per pupil at \$5,883. In light of these reductions and minimal funding, the School District must operate in the most efficient manner possible during fiscal year 2011-2012 to help ensure adequate funding for staff, services and supplies.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International awarded a Certificate of Excellence to the District for their Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. In order to be

awarded these certificates, the District must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. These certificates are valid for a period of one year only. We believe our current report continues to conform to these requirements and are submitting it to both organizations to determine its eligibility for certificates from these organizations.

Other Matters

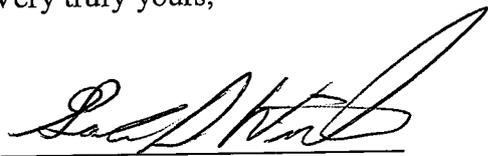
Also included in this report is a statistical section, including additional financial data, that will give the reader a better understanding on the school system. This section has been updated in conformity with the reporting requirements of GASB 44. This section provides information categorized as follows:

- 1) Financial trend schedules.
- 2) Revenue capacity schedules.
- 3) Debt capacity schedules.
- 4) Demographic and economic information schedules.
- 5) Operating information schedules.
- 6) Continuing disclosure information.

We wish to take this opportunity to thank the administrative office staff, in particular Jackie Engle, that assisted in obtaining and organizing data, the Woodbury and Plymouth County Auditor and Treasurer office staffs, and the City and other community officials who provided much needed information. Without all of the above groups' efforts, the report could not have been completed.

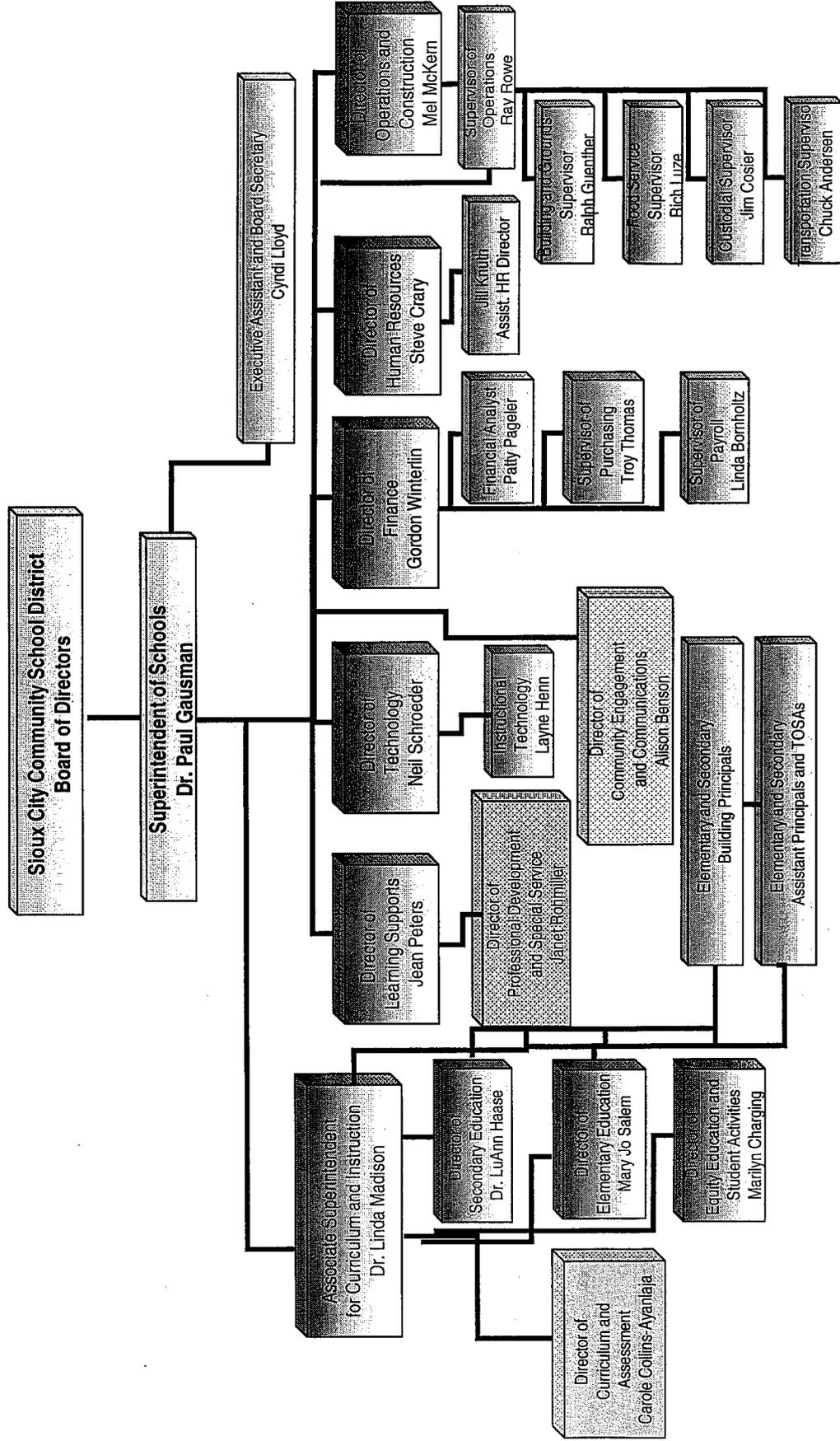
In summary, the objective of the Comprehensive Annual Financial Report is to provide the general public and other users of the District's financial information a better understanding of the operating activities and financial condition of the District.

Very truly yours,



Gordon D. Winterlin
Director of Finance

Sioux City Community School District Administrative Structure Fiscal Year 2010-2011



SIOUX CITY COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION

YEAR ENDED JUNE 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Batcheller	President	September, 2013
John Meyers	Vice-President	September, 2011
Greg Grupp	Board Member	September, 2011
Walt Johnson	Board Member	September, 2011
Nancy Mounts	Board Member	September, 2013
Jackie Warnstadt	Board Member	September, 2011
Molly Williams	Board Member	September, 2013

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL DISTRICT ADMINISTRATION

YEAR ENDED JUNE 30, 2011

Dr. Paul R. Gausman	Superintendent
Dr. Linda Madison	Associate Superintendent
Gordon D. Winterlin	Director of Finance
Steve Crary	Director of Human Resources

BUSINESS OFFICE

Troy Thomas	Supervisor of Purchasing
Linda Bornholtz	Supervisor of Payroll
Patty Pageler	Financial Analyst

DIRECTORS

Marilyn Charging	Director of Equity Education and Student Activities
Neil Schroeder	Director of Technology
Mary Jo Salem	Director of Elementary Education
LuAnn Haase	Director of Secondary Education
Mel McKern	Director of Operations and Construction
Jean Peters	Director of Learning Supports
Carole Collins-Ayanlaja	Director of Curriculum and Assessment
Alison Benson	Director of Community Engagement and Communications
Janet Rohmiller	Director of Professional Development and Special Service

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

SIoux CITY COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 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

Sioux City 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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Sioux City Community School District
Sioux City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux City Community School District (the District), Sioux City, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux City Community School District as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, on our consideration of the Sioux City Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, schedule of funding progress on page 45 and budgetary comparison information on pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sioux City, Iowa
January 30, 2012

King, Heinsch, Prosser & Co., L.L.P.

SIoux CITY COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Sioux City Community School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. The analysis focuses on the District's financial performance as a whole. Please read this analysis in conjunction with the transmittal letter at the front of the report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial condition improved in fiscal year 2011 as well as in fiscal year 2010. Total net assets increased by \$5.9 million or by 5.1%. This was due primarily to the increase in capital assets net of related debt.
- Total revenues increased from \$155.6 million to \$165 million, an increase of 6.1%. This was due to an increase in state aid and sales tax revenue.
- Total expenses increased from \$151.8 million to \$159.1 million, an increase of 4.8%, largely driven by additional salaries and benefits, increase in medical claims, and additional interest expense.
- In the Fund Financial Statements the General Fund balance increased by \$4,485,431 from \$9.8 million to \$14.3 million. The Solvency Ratio (Undesignated Fund Balance divided by General Fund Revenues) increased from 6.0% to 6.5% from fiscal year 2010 to fiscal year 2011. The District continues to maintain a responsible financial position in the General Fund.
- The one percent sales tax for school infrastructure continues to modernize the District's school building infrastructure.
- The original funding source for school infrastructure improvement was a one percent county local option sales tax law passed in 1998. In fiscal year 2007 the last of 99 counties passed a local option sales tax for school infrastructure. Noting the popularity and need for this tax, the state passed a new law creating a uniform state-wide one percent sales tax and extended the life of the tax to December 31, 2029. Twenty year bonds can now be issued to fully take advantage of this revenue stream.
- The new state-wide school infrastructure sales tax law mentioned above also included a provision improving property tax relief for Districts with lower property value per student. Prior legislation gave the Sioux City Community School District \$10 million of property tax reduction over the four years ending in fiscal year 2010. \$5.5 million in state property tax relief aid was received in fiscal year 2011; \$4.8 million will be received in fiscal year 2012.

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 the District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds.

- The Notes to 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 benefit plan.
- Supplementary Information includes the Schedule of Expenditures of Federal Awards which provides details of various federal programs benefiting the District.

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

Figure A-1

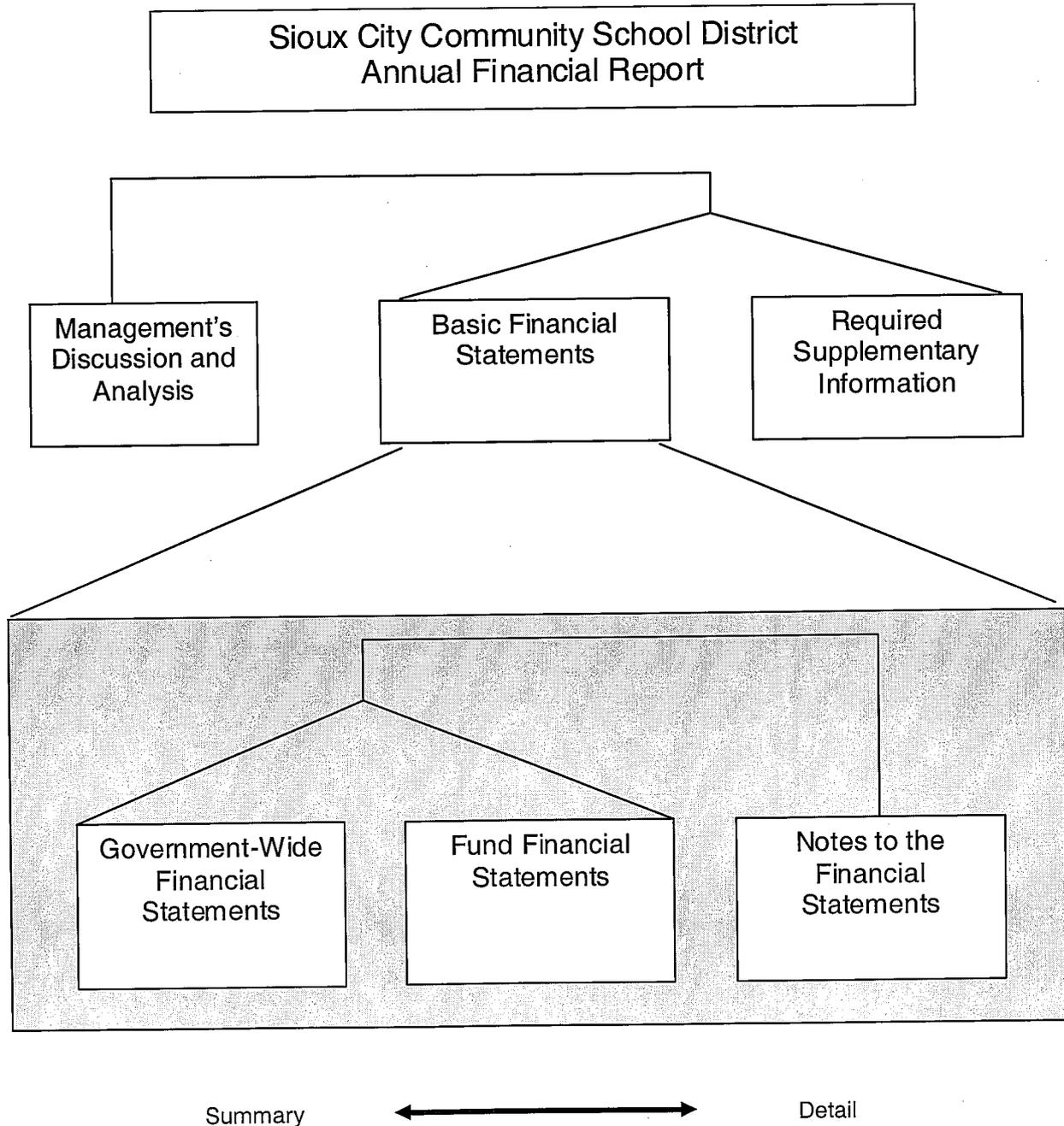


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
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 fund net assets • Statement of cash flows
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
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
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

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

The two Government-wide statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or position.

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

- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as repaying its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements.
 - The District's *enterprise fund* is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District's enterprise fund is the School Nutrition Fund.
 - *Internal service funds* are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund - the medical self-insurance fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-1 below provides a summary of the District's net assets at June 30, 2011 compared to 2010.

**Table A-1
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	\$ 108,959,001	\$ 107,430,197	\$ 1,527,800	\$ 2,077,488	\$ 110,486,801	\$ 109,507,685	0.9%
Capital assets	<u>160,063,422</u>	<u>139,868,983</u>	<u>1,562,228</u>	<u>780,319</u>	<u>161,625,650</u>	<u>140,649,302</u>	<u>14.9%</u>
Total assets	\$ 269,022,423	\$ 247,299,180	\$ 3,090,028	\$ 2,857,807	\$ 272,112,451	\$ 250,156,987	8.8%
Long-term debt outstanding	\$ 70,598,921	\$ 56,994,801	\$ -	\$ -	\$ 70,598,921	\$ 56,994,801	23.9%
Other liabilities	<u>78,661,632</u>	<u>76,306,262</u>	<u>148,923</u>	<u>66,558</u>	<u>78,810,555</u>	<u>76,372,820</u>	<u>3.2%</u>
Total liabilities	\$ 149,260,553	\$ 133,301,063	\$ 148,923	\$ 66,558	\$ 149,409,476	\$ 133,367,621	12.0%
Net assets:							
Invested in capital assets, net of related debt	\$ 95,203,875	\$ 86,479,232	\$ 1,484,178	\$ 780,319	\$ 96,688,053	\$ 87,259,551	10.8%
Restricted	24,030,102	25,984,789	-	-	24,030,102	25,984,789	-7.5%
Unrestricted	<u>527,893</u>	<u>1,534,096</u>	<u>1,456,927</u>	<u>2,010,930</u>	<u>1,984,820</u>	<u>3,545,026</u>	<u>-44.0%</u>
Total net assets	\$ 119,761,870	\$ 113,998,117	\$ 2,941,105	\$ 2,791,249	\$ 122,702,975	\$ 116,789,366	5.1%

The District's combined net assets increased by 5.1% from \$116.8 million to \$122.7 million, an increase of \$5.9 million. The District's governmental activities account for the improvement in financial position. The net assets from governmental activities increased by \$5.8 million. Unrestricted net assets from governmental activities decreased from \$1.5 million to unrestricted net assets of \$.5 million.

The net assets of the District's business-type activities increased by \$149,856. The School Nutrition Fund federal appropriations increased by 7.4% from \$4.0 million to \$4.3 million.

The 1% Statewide Sales, Services and Use Tax funding has been especially beneficial to the District. The \$10.4 million received in fiscal year 2010 and the \$11.1 million received in fiscal year 2011 is mainly used for capital projects, which are expensed as depreciation over many years on the statement of activities.

Cash, certificate of deposits and investments total \$61.4 million for fiscal year 2011 compared to \$60.9 million for fiscal year 2010. \$23.2 million of these cash balances are needed to fund the District's operations in July, August and September before the first state aid and property tax payments are received by the District in the next fiscal year. \$19.9 million is dedicated to current and future capital projects and \$2.7 million is dedicated to debt service requirements.

U.S. Generally Accepted Accounting Principles (GAAP) requires that the property taxes which are certified in April (the lien date) for the upcoming fiscal year be accrued as a receivable and also be shown as deferred revenue. The succeeding year property tax receivable and corresponding deferred revenue amount is \$38.9 million for fiscal year 2011 and \$39.1 million for fiscal year 2010.

CHANGES IN NET ASSETS

Table A-2 compares the changes in net assets from operating results for fiscal years 2011 and 2010.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for services	\$ 3,535,594	\$ 3,604,221	\$ 2,257,566	\$ 2,408,077	\$ 5,793,160	\$ 6,012,298	-3.6%
Operating grants and contributions	30,077,101	34,186,844	4,717,421	4,401,892	34,794,522	38,588,736	-9.8%
Capital grants, contributions	50,000	532,180	-	60,090	50,000	592,270	-91.6%
General revenues:							
Property taxes	35,370,649	33,927,973	-	-	35,370,649	33,927,973	4.3%
Statewide sales, services and use tax	11,096,938	10,381,619	-	-	11,096,938	10,381,619	6.9%
Other taxes	3,442,960	3,526,115	-	-	3,442,960	3,526,115	-2.4%
State aid	70,343,838	58,899,627	-	-	70,343,838	58,899,627	19.4%
Other	<u>4,058,243</u>	<u>3,617,803</u>	<u>57,642</u>	<u>41,941</u>	<u>4,115,885</u>	<u>3,659,744</u>	<u>12.5%</u>
Total revenues	\$ 157,975,323	\$ 148,676,382	\$ 7,032,629	\$ 6,912,000	\$ 165,007,952	\$ 155,588,382	6.1%
Expenses:							
Instruction	\$ 113,126,481	\$ 107,052,343	\$ -	\$ -	\$ 113,126,481	\$ 107,052,343	5.7%
Pupil and instructional support services	10,465,963	7,994,679	-	-	10,465,963	7,994,679	30.9%
Administrative and business	11,717,578	11,521,173	-	-	11,717,578	11,521,173	1.7%
Maintenance and operations	10,151,912	10,060,566	-	-	10,151,912	10,060,566	0.9%
Transportation	3,959,812	3,637,198	-	-	3,959,812	3,637,198	8.9%
Other	<u>2,789,824</u>	<u>5,054,210</u>	<u>6,882,773</u>	<u>6,458,725</u>	<u>9,672,597</u>	<u>11,512,935</u>	<u>-16.0%</u>
Total expenses	\$ 152,211,570	\$ 145,320,169	\$ 6,882,773	\$ 6,458,725	\$ 159,094,343	\$ 151,778,894	4.8%
Change in net assets	\$ 5,763,753	\$ 3,356,213	\$ 149,856	\$ 453,275	\$ 5,913,609	\$ 3,809,488	55.2%
Beginning net assets	<u>113,998,117</u>	<u>110,641,904</u>	<u>2,791,249</u>	<u>2,337,974</u>	<u>116,789,366</u>	<u>112,979,878</u>	
Ending net assets	\$ 119,761,870	\$ 113,998,117	\$ 2,941,105	\$ 2,791,249	\$ 122,702,975	\$ 116,789,366	

In fiscal year 2011 state aid accounted for 44.5% of revenues from Governmental Activities as compared to 39.6% for fiscal year 2010. Property taxes in fiscal year 2011 accounted for 22.4% of revenues from Governmental Activities compared to 22.8% in fiscal year 2010. State aid and property taxes provide 66.9% of the funding for governmental activities in fiscal year 2011 and 62.4% in fiscal year 2010. Charges for services account for 32.1% of the total revenues for business-type activities in fiscal year 2011 compared to 34.8% in fiscal year 2010. Operating grants and contributions account for 67.1% of the total business-type activities revenue for fiscal year 2011 and 63.7% for fiscal year 2010. Figure A-3 graphically depicts the revenue for fiscal year 2010 and fiscal year 2011.

District revenues for fiscal year 2011 totaled \$165 million compared to \$155.6 million in fiscal year 2010. Increased state aid, (\$11.4 million) and increased property taxes (\$1.4 million), netted with a decrease in operating grants and contributions, (\$3.8 million), accounted for most of the change. 95.7% of total District revenue was from governmental activities in fiscal year 2011 and 95.6% in fiscal year 2010.

District expenses for fiscal year 2011 totaled \$159.1 million as compared to \$151.8 million in fiscal year 2010. Salary and benefit expense increases, increase in medical claims in the District's self-insured health insurance plan and additional interest expense accounted for much of the change.

95.7% of the total expenses were from governmental activities in fiscal year 2011 and fiscal year 2010. The District's predominant expenses are related to instruction (71.1% in fiscal year 2011 and 70.5% in fiscal year 2010). Instruction expenses and pupil and instructional support services total 77.7% of total District expenses in fiscal year 2011 and 75.8% in fiscal year 2010. Administrative and business account for the next largest percentage of expenses at 7.4% for fiscal year 2011 and 7.6% for fiscal year 2010. Administrative and Business includes all the District's liability and workers' compensation insurance as well as building administration and District support. Building maintenance and operation accounted for 6.4% of total expense in 2011 and 6.6% in 2010. Building maintenance and operation are an important element in the functioning of a school district. Figure A-4 graphically depicts the expense for fiscal year 2010 and fiscal year 2011.

Figure A-3

TOTAL DISTRICT REVENUE - FY2011 AND FY2010 (In millions)

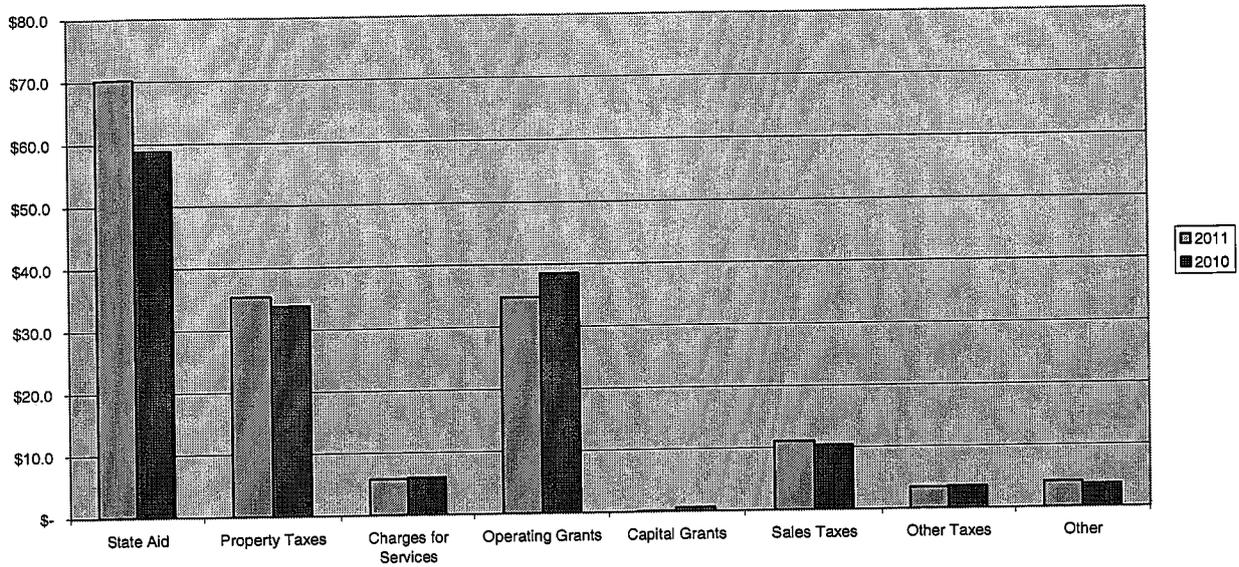
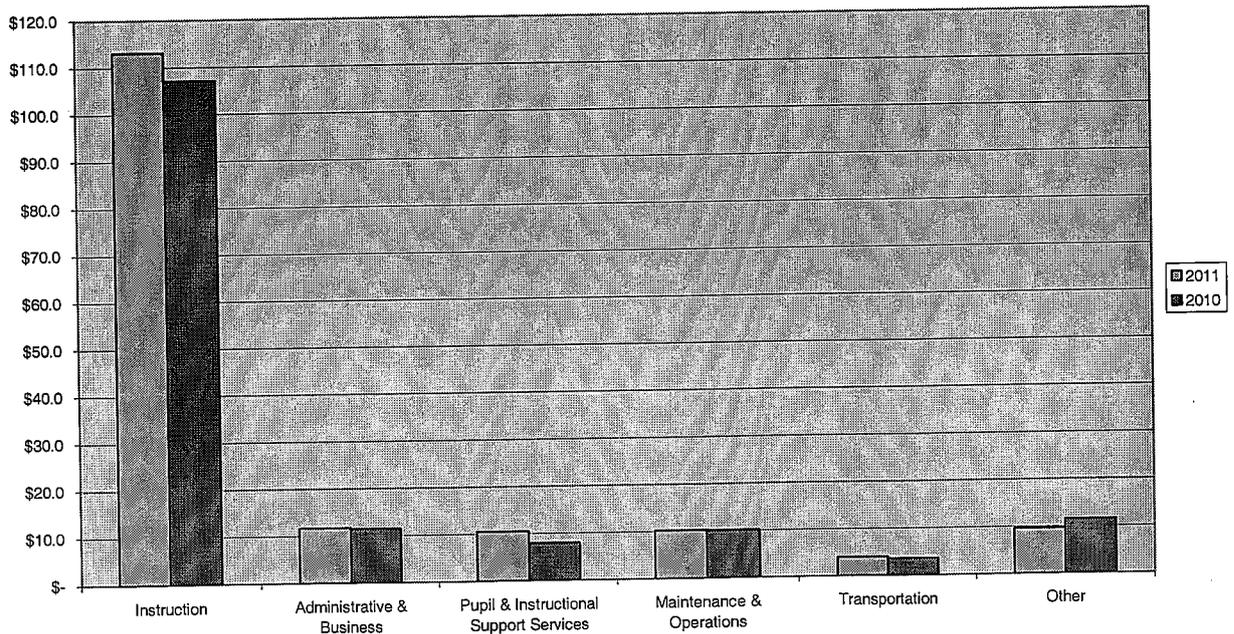


Figure A-4

TOTAL DISTRICT EXPENSES - FY2011 AND FY2010 (In millions)



GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$158 million and governmental expenses were \$152.2 million. As in previous years with reduced state aid, the District managed expenditures to correspond with available revenues. In addition, the Statewide Sales, Services and Use Tax, now titled the Secure and Advanced Education (SAVE) revenue of \$11.1 million contributed significantly to the increase in net assets. A significant portion of the sales tax capital expenditures were capital assets and were therefore not expensed on the Statement of Activities. Capital assets are depreciated over their useful lives over multiple years on the Statement of Activities.

Table A-3 represents the cost of the 6 major District activities for both fiscal year 2011 and fiscal year 2010. These six activities, or functions, are instruction, pupil and instructional support services, administration and business, maintenance and operations, transportation and other. The table also shows each activities net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost is useful because it shows the financial burden placed on the District's taxpayers by each of these activities.

- The cost of all governmental activities for fiscal year 2011 was \$152.2 million as compared to \$145.3 million for fiscal year 2010.
- In fiscal year 2011, \$3.5 million was financed by users of the District as compared to \$3.6 million in fiscal year 2010.
- In fiscal year 2011 the Federal and State government subsidized certain programs with grants and contributions of \$30.1 million as compared to \$34.2 million in fiscal year 2010.
- Most of the District's net cost of governmental activities (\$118.5 million in fiscal year 2011 and \$107 million in fiscal year 2010) was financed by District and state taxpayers, i.e. \$35.4 million of property taxes, \$70.3 million of unrestricted state aid, \$11.1 million of statewide sales, services and use tax, \$3.4 million of income surtaxes, and \$4.1 of other.

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

	Total Cost of Services		2011 Percent to Total	Percent Change	Net Cost of Services		2011 Percent to Total	Percent Change
	2011	2010		2010-2011	2011	2010		2010-2011
Expenses:								
Instruction	\$ 113,126,481	\$ 107,052,343	74.32%	5.7%	\$ 80,768,011	\$ 70,028,288	68.13%	15.3%
Pupil & instructional support services	10,465,963	7,994,679	6.88%	30.9%	9,553,123	7,131,109	8.06%	34.0%
Administrative & business	11,717,578	11,521,173	7.70%	1.7%	11,717,578	11,521,173	9.88%	1.7%
Maintenance & operations	10,151,912	10,060,566	6.67%	0.9%	10,149,794	10,060,566	8.56%	0.9%
Transportation	3,959,812	3,637,198	2.60%	8.9%	3,570,545	3,201,578	3.01%	11.5%
Other	<u>2,789,824</u>	<u>5,054,210</u>	<u>1.83%</u>	<u>-44.8%</u>	<u>2,789,824</u>	<u>5,054,210</u>	<u>2.35%</u>	<u>-44.8%</u>
Total expenses	<u>\$ 152,211,570</u>	<u>\$ 145,320,169</u>	<u>100.00%</u>	<u>4.7%</u>	<u>\$ 118,548,875</u>	<u>\$ 106,996,924</u>	<u>100.00%</u>	<u>10.8%</u>

BUSINESS-TYPE ACTIVITIES

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

- Business-type activities revenues exceeded expenses by \$149,856 in fiscal year 2011 and revenues exceeded expenses by \$453,275 in fiscal year 2010.
- Charges for services represent \$2.3 million or 32.1% of total business-type activity revenues. This is predominantly the amount paid by students and staff for daily breakfasts and lunches.

- Federal and state reimbursement for meals was \$4.7 million or 67.1% of total business-type activity revenue.
- Food Services federal and state reimbursement increased by \$315,529 or 7.2% from the previous fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting, as required by the Governmental Accounting Standards Board and the Iowa code, 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 government wide financial statements. The District's governmental funds reported combined fund balances of \$39.3 million, an increase of \$2.7 million over the previous year's combined fund balances. The key factor in this increase is the increase in the General Fund reserves. To deal with the fiscal year 2010 mid-year 10% \$6.7 million across the board cut in State Aid, the District was forced to use \$4.1 million of its reserves. These reserves are being replenished over three years, beginning in fiscal year 2011.

GOVERNMENTAL FUND HIGHLIGHTS

- The General Fund balance increased by \$4.5 million primarily due to the increase in restricted categorical fund balances and the increase in the unassigned fund balance reserve replenishment.
- The Special Revenue, Activity Fund balance increased by \$31,965 as co-curricular funding covered the co-curricular activity expenditures reported in this fund.
- The Special Revenue, Management Fund revenues and beginning fund balance financed the expenditures of this fund which are workers compensation and property and liability insurance premiums. The ending fund balance decreased by \$91,461.
- The Capital Projects Fund, Physical Plant and Equipment Levy Fund (PEL) balance decreased by \$383,670 million to provide for the future financing of infrastructure repairs and capital equipment expenditures including school busses.
- The Capital Projects Fund, Sales Tax Fund balance decreased by \$2.3 million on revenues of \$11.2 million, bond proceeds of \$15 million, expenditures of \$25.1 million and transfers out to the debt service fund for bond principal and interest payments of \$3.4 million.
- The Debt Service Fund balance increased by \$886,826. This is due to the transfer of the required QSCB sinking fund.

PROPRIETARY FUND HIGHLIGHTS

- School Nutrition Fund net assets increased by \$166,918, an increase of 6.1% over the prior year. This was primarily due to the increase in Federal reimbursements which covered the expense increases of \$418,438. This net asset increase will be used to finance the cost of new food service kitchen equipment to replace the aging existing equipment.

BUDGETARY HIGHLIGHTS

The District certifies the budget in April for the following fiscal year which begins on July 1 and ends on June 30 of that following year. The state allows districts to amend their budget by May 31 of the budget year. The District did not amend its budget this year.

The District's total revenues were \$2.1 million more than total budgeted revenues, a variance of 1.3%. This is primarily due to the receipt of the ED Jobs grant and greater than anticipated medicaid revenue.

Total expenditures were more than budgeted, due primarily to expenditures for the construction and acquisition of facilities.

The certified budget was exceeded in the non-instructional programs and other expenditures functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2011, the District had invested over \$233.6 million in capital assets (\$161.6 million net of depreciation). This is a net increase of 14.9%. During fiscal year 2011, \$26.7 million of new capital assets were added and annual depreciation totaled \$5.5 million. (More detailed information can be found in Note 4 to the Financial Statements).

Construction on a new westside elementary school (Liberty) which replaces Smith and Everett elementary began during fiscal year 2009 and was completed in August of 2011. Construction on a new elementary school, Spalding Park, which will replace Joy and Longfellow elementary schools, began during fiscal year 2010. Until more new schools can be built, capitalizable repairs and retrofits need to be made. This year electrical retrofits, boiler repair, building remodeling, new roofs, parking lot overlays and athletic field improvements were accomplished.

Table A-4 summarizes the capital assets of the District at fiscal year end 2011 and 2010.

**Table A-4
Capital Assets**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change	2011 Percent to Total
	2011	2010	2011	2010	2011	2010		
Land and improvements	\$ 17,737,560	\$ 16,761,558	\$ -	\$ -	\$ 17,737,560	\$ 16,761,558	5.8%	7.59%
Buildings	146,688,951	128,652,217	148,374	148,374	146,837,325	128,800,591	14.0%	62.86%
Equipment and furniture	42,245,066	43,633,427	3,289,887	2,344,196	45,534,953	45,977,623	-1.0%	19.49%
Construction in progress	22,755,344	19,456,748	-	-	22,755,344	19,456,748	17.0%	9.74%
Intangibles	<u>714,496</u>	<u>68,371</u>	-	-	<u>714,496</u>	<u>68,371</u>	<u>945.03%</u>	<u>0.31%</u>
Total	\$ 230,141,417	\$ 208,572,321	\$ 3,438,261	\$ 2,492,570	\$ 233,579,678	\$ 211,064,891	10.7%	100.00%
Accumulated depreciation/amortization	<u>(70,077,995)</u>	<u>(68,703,338)</u>	<u>(1,876,033)</u>	<u>(1,712,251)</u>	<u>(71,954,028)</u>	<u>(70,415,589)</u>	<u>2.2%</u>	
Total capital assets	\$ <u>160,063,422</u>	\$ <u>139,868,983</u>	\$ <u>1,562,228</u>	\$ <u>780,319</u>	\$ <u>161,625,650</u>	\$ <u>140,649,302</u>	<u>14.9%</u>	

Long-Term Debt

As of fiscal year end 2011, the District had \$80.5 million in General Obligation and Revenue bonds and other long term outstanding obligations. This represents a net increase of \$15.9 million from fiscal year 2010. The District issued \$15 million of School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2010 during fiscal year 2011 to finance the construction of elementary schools. Table A-5 summarizes the District's Long-Term Liabilities for fiscal years 2011 and 2010. (More detailed information about the District's Long-Term Liabilities is presented in Note 5 to the Financial Statements).

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

	Total School District		Percentage Change
	2011	2010	
General Obligation Bonds, Notes and Liabilities *	\$ 10,664,392	\$ 9,722,677	9.7%
Revenue Bonds **	<u>69,849,529</u>	<u>54,875,124</u>	<u>27.3%</u>
Total	\$ <u>80,513,921</u>	\$ <u>64,597,801</u>	<u>24.6%</u>

* Financed by property taxes

** Financed by statewide sales, services and use taxes

Bond Ratings

The District received an A1 General Obligation Bond rating from Moody's in fiscal year 2002. Early in fiscal year 2007, Standard and Poor's raised its rating to A+ from A on outstanding defeased Revenue Bonds. The Revenue Bonds issued in fiscal year 2007 and fiscal year 2009 carry an A+ rating from Standard and Poor's. These ratings were reaffirmed in fiscal year 2011.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Each year the Iowa Legislature provides for growth in the Iowa School Foundation Funding Formula. Fiscal years 2002 through 2005 experienced net annual allowable growth of 2% or less. Fiscal years 2006, 2007, 2008, and 2009 received 4% allowable growth before the adjustment for enrollment changes. Fiscal year 2010 also received 4% allowable growth, but the Governor ordered an across the board cut of 10% which equated to \$6.7 million. Fiscal year 2011 allowable growth has been set at 2%, but significantly underfunded. Fiscal year 2012 allowance growth has been set at 0%. Continued growth in school funding will be needed to meet the education challenges of the future.
- The District continues to experience a slight annual drop in student enrollment of about one percent. This trend is similar to most other large urban school districts in Iowa. Since enrollment is a major factor in school foundation funding, the District needs to reverse this trend and help create enrollment growth.

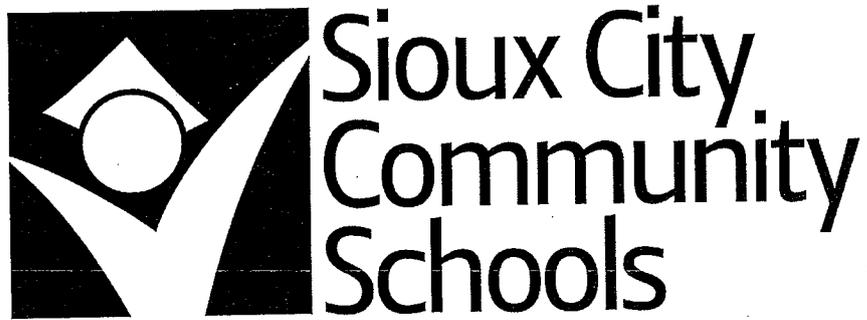
CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gordon D. Winterlin, Director of Finance, Sioux City Community School District, 627 4th Street, Sioux City, Iowa 51101.



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BASIC FINANCIAL STATEMENTS



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SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and pooled investments	\$ 52,849,432	\$ 1,052,951	\$ 53,902,383
Receivables:			
Property taxes	949,402	-	949,402
Succeeding year property taxes	38,894,963	-	38,894,963
Accounts	119,245	66,450	185,695
Internal balances	(55,054)	55,054	-
Due from other governmental agencies	7,674,450	-	7,674,450
Inventories	<u>129,958</u>	<u>353,345</u>	<u>483,303</u>
Total current assets	<u>\$ 100,562,396</u>	<u>\$ 1,527,800</u>	<u>\$ 102,090,196</u>
Noncurrent assets:			
Restricted cash and investments	\$ 7,482,700	\$ -	\$ 7,482,700
Deferred charges	913,905	-	913,905
Land and construction in progress	31,360,773	-	31,360,773
Property and equipment, net of accumulated depreciation	<u>128,702,649</u>	<u>1,562,228</u>	<u>130,264,877</u>
Total noncurrent assets	<u>\$ 168,460,027</u>	<u>\$ 1,562,228</u>	<u>\$ 170,022,255</u>
 Total assets	 <u>\$ 269,022,423</u>	 <u>\$ 3,090,028</u>	 <u>\$ 272,112,451</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 9,321,327	\$ 116,715	\$ 9,438,042
Unearned revenue - succeeding year property tax	38,894,963	-	38,894,963
Unearned revenue	5,516,332	-	5,516,332
Accrued wages	11,574,162	32,208	11,606,370
Self insurance claim	2,142,923	-	2,142,923
Accrued interest payable	686,196	-	686,196
Compensated absences	610,729	-	610,729
Long-term debt due within one year	<u>4,209,392</u>	<u>-</u>	<u>4,209,392</u>
Total current liabilities	<u>\$ 72,956,024</u>	<u>\$ 148,923</u>	<u>\$ 73,104,947</u>
Noncurrent liabilities:			
Net OPEB obligation	\$ 9,915,000	\$ -	\$ 9,915,000
Long-term debt due in more than one year	<u>66,389,529</u>	<u>-</u>	<u>66,389,529</u>
Total noncurrent liabilities	<u>\$ 76,304,529</u>	<u>\$ -</u>	<u>\$ 76,304,529</u>
 Total liabilities	 <u>\$ 149,260,553</u>	 <u>\$ 148,923</u>	 <u>\$ 149,409,476</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 95,203,875	\$ 1,484,178	\$ 96,688,053
Restricted for:			
Categorical funding	2,603,210	-	2,603,210
Special education	2,415,296	-	2,415,296
Management levy purposes	2,008,390	-	2,008,390
Physical plant and equipment	1,411,893	-	1,411,893
School infrastructure	12,952,636	-	12,952,636
Debt service	2,028,449	-	2,028,449
Student activities	610,228	-	610,228
Unrestricted	<u>527,893</u>	<u>1,456,927</u>	<u>1,984,820</u>
 Total net assets	 <u>\$ 119,761,870</u>	 <u>\$ 2,941,105</u>	 <u>\$ 122,702,975</u>

See accompanying notes to the basic financial statements.

SIoux CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Instruction:				
Regular	\$ 71,564,179	\$ 1,828,394	\$ 18,639,356	\$ 50,000
Special programs	35,620,747	1,010,770	10,270,023	-
Other	5,941,555	534,538	25,389	-
Support Services:				
Student support	3,861,499	-	-	-
Instructional staff	6,604,464	500	912,340	-
Administration	11,717,578	-	-	-
Operations and maintenance	10,151,912	-	2,118	-
Student transportation	3,959,812	161,392	227,875	-
Debt Service:				
Interest and other charges	2,744,525	-	-	-
Other:				
Depreciation (unallocated)*	45,299	-	-	-
Total governmental activities	<u>\$ 152,211,570</u>	<u>\$ 3,535,594</u>	<u>\$ 30,077,101</u>	<u>\$ 50,000</u>
Business-type activities:				
School Nutrition Fund	\$ 6,882,773	\$ 2,257,566	\$ 4,717,421	\$ -
Total business-type activities	<u>\$ 6,882,773</u>	<u>\$ 2,257,566</u>	<u>\$ 4,717,421</u>	<u>\$ -</u>
Total school district	<u>\$ 159,094,343</u>	<u>\$ 5,793,160</u>	<u>\$ 34,794,522</u>	<u>\$ 50,000</u>
General revenues:				
Property taxes				
Income surtaxes				
Statewide sales, services and use tax				
Interest				
State aid not restricted to specific programs				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets - beginning of year				
Net assets - end of year				

* This amount excludes the depreciation included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (51,046,429)	\$ -	\$ (51,046,429)
(24,339,954)	-	(24,339,954)
(5,381,628)	-	(5,381,628)
(3,861,499)	-	(3,861,499)
(5,691,624)	-	(5,691,624)
(11,717,578)	-	(11,717,578)
(10,149,794)	-	(10,149,794)
(3,570,545)	-	(3,570,545)
(2,744,525)	-	(2,744,525)
<u>(45,299)</u>	<u>-</u>	<u>(45,299)</u>
<u>\$ (118,548,875)</u>	<u>\$ -</u>	<u>\$ (118,548,875)</u>
<u>\$ -</u>	<u>\$ 92,214</u>	<u>\$ 92,214</u>
<u>\$ -</u>	<u>\$ 92,214</u>	<u>\$ 92,214</u>
<u>\$ (118,548,875)</u>	<u>\$ 92,214</u>	<u>\$ (118,456,661)</u>
\$ 35,370,649	\$ -	\$ 35,370,649
3,442,960	-	3,442,960
11,096,938	-	11,096,938
216,836	3,399	220,235
70,343,838	-	70,343,838
<u>3,841,407</u>	<u>54,243</u>	<u>3,895,650</u>
<u>\$ 124,312,628</u>	<u>\$ 57,642</u>	<u>\$ 124,370,270</u>
\$ 5,763,753	\$ 149,856	\$ 5,913,609
<u>113,998,117</u>	<u>2,791,249</u>	<u>116,789,366</u>
<u>\$ 119,761,870</u>	<u>\$ 2,941,105</u>	<u>\$ 122,702,975</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General</u>	<u>Management Fund</u>	<u>PPEL Fund</u>	<u>Sales Tax Fund</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 32,850,431	\$ 2,037,697	\$ 1,485,656	\$ 13,609,890
Restricted cash and investments	-	-	-	6,589,819
Receivables:				
Property taxes	841,773	58,791	19,649	-
Succeeding year property taxes	36,939,781	1,199,996	755,186	-
Accounts	119,245	-	-	-
Interfund balance	483,580	-	10,000	62,080
Due from other governmental agencies	4,846,763	-	-	2,827,687
Inventory	<u>129,958</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 76,211,531</u>	<u>\$ 3,296,484</u>	<u>\$ 2,270,491</u>	<u>\$ 23,089,476</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable and accrued liabilities	\$ 7,536,816	\$ 88,098	\$ 45,373	\$ 2,469,160
Interfund balance	265,535	-	58,039	63,429
Deferred revenue - succeeding year property tax	36,939,781	1,199,996	755,186	-
Deferred revenue - other	5,594,028	-	-	556,463
Accrued wages	<u>11,574,162</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 61,910,322</u>	<u>\$ 1,288,094</u>	<u>\$ 858,598</u>	<u>\$ 3,089,052</u>
Fund balances:				
Nonspendable:				
Inventory	\$ 129,958	\$ -	\$ -	\$ -
Restricted:				
Categorical funding	2,603,210	-	-	-
Special education	2,415,296	-	-	-
Management levy purposes	-	2,008,390	-	-
Physical plant and equipment	-	-	1,411,893	-
School infrastructure	-	-	-	18,222,336
Debt service	-	-	-	1,778,088
Student activities	-	-	-	-
Unassigned	<u>9,152,745</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 14,301,209</u>	<u>\$ 2,008,390</u>	<u>\$ 1,411,893</u>	<u>\$ 20,000,424</u>
Total liabilities and fund balances	<u>\$ 76,211,531</u>	<u>\$ 3,296,484</u>	<u>\$ 2,270,491</u>	<u>\$ 23,089,476</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

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

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

Assets and liabilities of the internal service fund of \$812,366 are included in governmental activities in the statement of net assets, net of \$33,048 allocated to business-type activities.

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

- Net OPEB obligation
- Compensated absences
- Other liabilities

Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.

Deferred charges are not due and payable in the current period and therefore are not reported in the funds.

Long-term debt is not due and payable in the current period and therefore is not reported in the funds.

Net assets of governmental activities (page 14)

Debt Service	<u>Nonmajor Activity Fund</u>	<u>Total Governmental Funds</u>
\$ 5,767	\$ 889,113	\$ 50,878,554
892,881	-	7,482,700
29,189	-	949,402
-	-	38,894,963
-	-	119,245
8,720	90,163	654,543
-	-	7,674,450
-	-	129,958
<u>\$ 936,557</u>	<u>\$ 979,276</u>	<u>\$ 106,783,815</u>
\$ -	\$ 7,101	\$ 10,146,548
-	361,947	748,950
-	-	38,894,963
-	-	6,150,491
-	-	11,574,162
<u>\$ -</u>	<u>\$ 369,048</u>	<u>\$ 67,515,114</u>
\$ -	\$ -	\$ 129,958
-	-	2,603,210
-	-	2,415,296
-	-	2,008,390
-	-	1,411,893
-	-	18,222,336
936,557	-	2,714,645
-	610,228	610,228
-	-	9,152,745
<u>\$ 936,557</u>	<u>\$ 610,228</u>	<u>\$ 39,268,701</u>
<u>\$ 936,557</u>	<u>\$ 979,276</u>	
		160,063,422
		(686,196)
		779,318
		(9,915,000)
		(610,729)
		(86,789)
		634,159
		913,905
		<u>(70,598,921)</u>
		<u>\$ 119,761,870</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Management Fund</u>	<u>PPEL Fund</u>
Revenues:			
Local sources	\$ 40,718,052	\$ 2,266,947	\$ 747,661
State sources	87,652,014	1,633	506
Federal sources	<u>12,806,308</u>	-	-
Total revenues	<u>\$ 141,176,374</u>	<u>\$ 2,268,580</u>	<u>\$ 748,167</u>
Expenditures:			
Current:			
Instruction:			
Regular	\$ 62,747,518	\$ 1,004,153	\$ 468,264
Special programs	29,443,438	-	20,295
Other	4,280,409	-	468
Support services:			
Student support	3,717,185	-	-
Instructional staff	6,799,105	-	-
Administration	9,901,442	1,355,888	-
Operations and maintenance	9,967,194	-	80,388
Student transportation	3,543,113	-	379,410
Capital outlay:			
Site and site improvements	-	-	-
Buildings and improvements	-	-	288,016
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Intergovernmental:			
AEA flow through	<u>5,943,462</u>	-	-
Total expenditures	<u>\$ 136,342,866</u>	<u>\$ 2,360,041</u>	<u>\$ 1,236,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,833,508</u>	<u>\$ (91,461)</u>	<u>\$ (488,674)</u>
Other financing sources (uses):			
Bonds issued	\$ -	\$ -	\$ -
Proceeds from sale of capital assets	1,305	-	105,004
Transfers in	-	-	-
Transfers out	<u>(349,382)</u>	-	-
Total other financing sources (uses)	<u>\$ (348,077)</u>	<u>\$ -</u>	<u>\$ 105,004</u>
Net change in fund balances	\$ 4,485,431	\$ (91,461)	\$ (383,670)
Fund balances - beginning of year	<u>9,815,778</u>	<u>2,099,851</u>	<u>1,795,563</u>
Fund balances - end of year	<u>\$ 14,301,209</u>	<u>\$ 2,008,390</u>	<u>\$ 1,411,893</u>

<u>Sales Tax Fund</u>	<u>Debt Service</u>	<u>Nonmajor Activity Funds</u>	<u>Total Governmental Funds</u>
\$ 11,170,900	\$ 1,085,393	\$ 1,580,833	\$ 57,569,786
-	752	-	87,654,905
50,000	-	-	12,856,308
<u>\$ 11,220,900</u>	<u>\$ 1,086,145</u>	<u>\$ 1,580,833</u>	<u>\$ 158,080,999</u>
\$ -	\$ -	\$ -	\$ 64,219,935
-	-	-	29,463,733
-	-	1,548,868	5,829,745
-	-	-	3,717,185
-	-	-	6,799,105
-	-	-	11,257,330
-	-	-	10,047,582
-	-	-	3,922,523
9,311,943	-	-	9,311,943
15,497,536	-	-	15,785,552
-	1,370,285	-	1,370,285
308,615	2,548,809	-	2,857,424
-	-	-	5,943,462
<u>\$ 25,118,094</u>	<u>\$ 3,919,094</u>	<u>\$ 1,548,868</u>	<u>\$ 170,525,804</u>
<u>\$ (13,897,194)</u>	<u>\$ (2,832,949)</u>	<u>\$ 31,965</u>	<u>\$ (12,444,805)</u>
\$ 15,000,000	\$ -	\$ -	\$ 15,000,000
-	-	-	106,309
-	3,719,775	-	3,719,775
(3,370,393)	-	-	(3,719,775)
<u>\$ 11,629,607</u>	<u>\$ 3,719,775</u>	<u>\$ -</u>	<u>\$ 15,106,309</u>
\$ (2,267,587)	\$ 886,826	\$ 31,965	\$ 2,661,504
22,268,011	49,731	578,263	36,607,197
<u>\$ 20,000,424</u>	<u>\$ 936,557</u>	<u>\$ 610,228</u>	<u>\$ 39,268,701</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds (page 20) \$ 2,661,504

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the statement of activities and are allocated over their estimated useful lives as depreciation expense in the statement of activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 25,619,280	
Depreciation	(5,338,499)	
Proceeds from sale of capital assets	(106,309)	
Loss on sale of capital assets	<u>(66,822)</u>	20,107,650

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenue. (111,303)

Interest on long term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due. In the statement of activities interest expense is recognized as the interest accrues, regardless of when it is due. (145,696)

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:

Increase in other post employment benefits obligation	\$ (2,312,000)	
Increase in compensated absences	<u>(55,545)</u>	(2,367,545)

Internal service funds are used by management to charge the costs of the self-insured health insurance program to the individual funds. Net loss of the internal service fund of \$1,026,798 is reported with governmental activities, net of \$17,062 allocated to business-type activities. (1,009,736)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred in and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonds issued	\$ (15,000,000)	
Bond issuance cost	308,615	
Bond principal retirement	1,370,285	
Amortization of deferred charges	(75,616)	
Amortization of bond premiums	<u>25,595</u>	(13,371,121)

Change in net assets of governmental activities (page 16) \$ 5,763,753

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>School Nutrition Fund</u>	<u>Internal Service Fund</u>
<u>ASSETS</u>		
Current assets:		
Cash and pooled investments	\$ 1,052,951	\$ 1,970,878
Receivables:		
Other	66,450	1,264,005
Interfund balance	23,518	80,106
Inventory	<u>353,345</u>	<u>-</u>
Total current assets	\$ 1,496,264	\$ 3,314,989
Non-current assets:		
Machinery and equipment net of accumulated depreciation	<u>1,562,228</u>	<u>-</u>
Total assets	\$ <u>3,058,492</u>	\$ <u>3,314,989</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 116,715	\$ 351,995
Interfund balance	1,512	7,705
Accrued wages	32,208	-
Self insurance claims payable	<u>-</u>	<u>2,142,923</u>
Total current liabilities	\$ <u>150,435</u>	\$ <u>2,502,623</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 1,484,178	\$ -
Unrestricted	<u>1,423,879</u>	<u>812,366</u>
Total net assets	\$ 2,908,057	\$ <u>812,366</u>
Reconciliation to government-wide statement of net assets:		
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds	<u>33,048</u>	
Net assets of business-type activities (page 14)	\$ <u>2,941,105</u>	

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Business-Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
	School Nutrition <u>Fund</u>	Internal Service <u>Fund</u>
Operating revenues:		
Charges for services	\$ 2,257,566	\$ 16,246,228
Miscellaneous	54,243	-
Total operating revenue	<u>\$ 2,311,809</u>	<u>\$ 16,246,228</u>
Operating expenses:		
Non-instructional programs:		
Salaries	\$ 1,946,330	\$ 50,054
Employee benefits	503,689	16,033,878
Supplies	3,861,503	-
Purchased services	216,424	1,194,721
Depreciation	176,194	-
Other	161,571	-
Total operating expenses	<u>\$ 6,865,711</u>	<u>\$ 17,278,653</u>
Operating loss	\$ (4,553,902)	\$ (1,032,425)
Non-operating revenues:		
Federal food commodities	\$ 393,644	\$ -
State sources	55,014	-
Federal sources	4,268,763	-
Interest income	3,399	5,627
Total non-operating revenues	<u>\$ 4,720,820</u>	<u>\$ 5,627</u>
Change in net assets	\$ 166,918	\$ (1,026,798)
Net assets - beginning	<u>2,741,139</u>	<u>1,839,164</u>
Net assets - ending	<u>\$ 2,908,057</u>	<u>\$ 812,366</u>
Reconciliation to government-wide statement of activities:		
Change in net assets	\$ 166,918	
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds	<u>(17,062)</u>	
Change in net assets of business-type activities (page 16)	<u>\$ 149,856</u>	

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>School Nutrition Fund</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:		
Cash received from customers or premiums	\$ 2,302,011	\$ 16,472,096
Cash payments for salaries and benefits	(2,442,671)	(50,054)
Cash payments for insurance premiums and services	<u>(3,666,588)</u>	<u>(17,316,854)</u>
Net cash used by operating activities	<u>\$ (3,807,248)</u>	<u>\$ (894,812)</u>
Cash flows from non-capital financing activities:		
Due to other funds	\$ (22,006)	\$ 180,453
Federal and state grants received	<u>4,327,711</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>\$ 4,305,705</u>	<u>\$ 180,453</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (894,002)	\$ -
Insurance proceeds received on capital assets	<u>13,949</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>\$ (880,053)</u>	<u>\$ -</u>
Cash flows from investing activities:		
Interest on investments	<u>\$ 3,399</u>	<u>\$ 5,627</u>
Net decrease in cash and pooled investments	\$ (378,197)	\$ (708,732)
Cash and pooled investments - beginning of year	<u>1,431,148</u>	<u>2,679,610</u>
Cash and pooled investments - end of year	<u>\$ 1,052,951</u>	<u>\$ 1,970,878</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (4,553,902)	\$ (1,032,425)
Depreciation	176,194	-
Commodities used	481,908	-
Changes in assets and liabilities:		
Accounts receivable	(9,798)	225,868
Inventory	94,035	-
Accrued wages	7,348	-
Accounts payable	(3,033)	(56,824)
Claims payable	<u>-</u>	<u>(31,431)</u>
Net cash used by operating activities	<u>\$ (3,807,248)</u>	<u>\$ (894,812)</u>
Supplemental schedule of non-cash items; non-capital financing activities:		
Federal food commodities received	<u>\$ 393,644</u>	

See accompanying notes to the basic financial statements.

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Jointly Governed Organizations - The District participates in jointly governed organizations that provide services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Woodbury County Assessor's Conference Board and the Plymouth County Assessor's Conference Board.

B. Basis of Presentation

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

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 the following categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

Net assets restricted through enabling legislation as of June 30, 2011 consists of \$2,008,390 for management levy, \$1,411,893 for physical plant and equipment levy, and \$12,952,636 for sales tax levy.

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 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 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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The District determined all funds to be major funds except for the special revenue activity fund.

Fund Accounting - The accounts of the District are organized on the basis of funds each of which is considered to be a separate accounting entity with a self-balancing set of accounts. The District has the following funds:

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

General Fund - The General Fund is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue Funds - Accounts for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Capital Projects Fund - Accounts for financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

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

Sales Tax Fund - Accounts for Statewide Sales, Services and Use Tax revenues that are to be recorded in a separate fund according to guidance from the Iowa Department of Education. Expenditures are to be used for capital projects as described above in accordance with the election proposition.

Debt Service Fund - Accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and 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 District considers revenues to be available if they are collected within 60 days after year end.

Property tax when levied for, intergovernmental revenues when eligibility requirements have been met (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be measurable and are recorded as revenue, if available. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The proprietary 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.

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

D. Assets, Liabilities, and Fund Equity

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

For the purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Property Taxes Receivable - Property taxes in governmental fund types are accounted for using the modified accrual basis of accounting. Property taxes receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes for the current year. The succeeding year property taxes 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 taxes receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Due From Other Governmental Agencies - Due from other governmental agencies represents amounts due from the State of Iowa, other school districts, and other various grants, reimbursements and shared revenues.

Interfund Balances - During the course of its operations, the District has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts payable or receivable have been recorded.

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

Capital Assets - Capital assets, which include land; site and site improvements; buildings; machinery and equipment; construction in progress; and intangibles are reported in the government-wide financial statements and the proprietary funds' financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more (\$1,000 or more for the School Nutrition Fund) and an estimated useful life of more than one year. Library holdings and textbooks are capitalized annually by the District based on its aggregated costs. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	50 years
Site and site improvements	20 years
Library holdings and textbooks	5 - 10 years
Machinery and equipment	5 - 20 years
Intangibles	5 years

Salaries and Benefits Payable - Payroll and the related payroll taxes and benefits which are payable in July and August 2011 for teachers with annual contracts corresponding to the school year just ended have been accrued as a liability for the year ended June 30, 2011.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Deferred Revenue and Unearned 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 in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets were not collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue also consists of the succeeding year's property taxes receivable and unspent grant proceeds.

Unearned revenue in the Statement of Net Assets consists of the succeeding year's property taxes receivable that will not be recognized as revenue until the year for which it is levied and unearned grant proceeds.

Compensated Absences - Vested or accumulated vacation leave (compensated absences) and the related employee benefits are reported as liabilities when incurred in the Government Wide Statement of Net Assets. Compensated absences can only be carried over for one year and therefore are recorded as short-term liabilities. In the governmental fund statements the liability for these amounts is recorded only for employees that have resigned or retired. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-term Liabilities - 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs through current year operations. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

Nonspendable - Amounts that cannot be spent because they are either in a nonspendable form or are legally or contractually required to be maintained intact.

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

Unassigned - All amounts not included in other spendable classifications.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's procedure is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - unassigned fund balances.

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures in the non-instructional programs and other expenditures functional areas exceeded the amounts budgeted.

NOTE 2 - CASH AND INVESTMENTS:

The District's deposits in banks at June 30, 2011, were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain highly 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 District's cash and investments were as follows:

	<u>Cash and Pooled Investments</u>	<u>Restricted Cash and Investments</u>
Cash	\$ 53,454,386	\$ 6,589,819
Certificates of deposits	133,052	-
Iowa School Joint Investment Trust - Diversified Portfolio	314,945	-
U.S. Treasury Notes	<u>-</u>	<u>892,881</u>
Total	<u>\$ 53,902,383</u>	<u>\$ 7,482,700</u>

The Iowa Schools Joint Investment Trust (ISJIT) is a common law trust established under Iowa law pursuant to Chapter 28E and Section 279.29 of the Iowa Code, as amended. ISJIT is a Standard & Poor's rated money market fund pursuant to the requirements of Iowa Code Section 12B.10. The investment in the Iowa Schools Joint Investment Trust - Diversified Portfolio is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The Iowa Schools Joint Investment Trust is governed by a six member Board of Trustees and is not registered with the Securities and Exchange Commission (SEC); however the Board of Trustees follows investment procedures similar to the investment procedures followed by SEC registered money market mutual funds.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely effect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature with 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy does not formally address credit risk. Standard & Poor's assigned its AAAM principal stability fund rating to the Iowa Schools Joint Investment Trust - Diversified Portfolio. The U.S. Treasury Notes were rated AAA as of June 30, 2011 by Standard & Poor's.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL AGENCIES:

The detail of due from other governmental agencies for the year ended June 30, 2011 is as follows:

Due from the State of Iowa - Federal sources	\$ 2,341,769
Due from the State of Iowa - State sources	363,497
Due from the State of Iowa - Local sources	2,360,798
Due from other districts	1,184,556
Due from other sources	<u>1,423,830</u>
	<u>\$ 7,674,450</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS:

A summary of changes in the capital assets for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Governmental activities:					
Capital assets not being depreciated/amortized:					
Construction in progress	\$ 19,456,748	\$ 22,129,053	\$ (18,830,457)	\$ -	\$ 22,755,344
Land	<u>7,895,384</u>	<u>873,352</u>	<u>-</u>	<u>(163,307)</u>	<u>8,605,429</u>
Total capital assets not being depreciated/amortized	<u>\$ 27,352,132</u>	<u>\$ 23,002,405</u>	<u>\$ (18,830,457)</u>	<u>\$ (163,307)</u>	<u>\$ 31,360,773</u>
Capital assets being depreciated/amortized:					
Sites and site improvements	\$ 8,866,174	\$ -	\$ 265,957	\$ -	\$ 9,132,131
Buildings	128,652,217	89,727	17,947,007	-	146,688,951
Library holdings	10,585,647	149,219	-	-	10,734,866
Textbooks	9,280,313	170,434	-	-	9,450,747
Machinery and equipment	23,767,467	1,648,159	617,493	(3,973,666)	22,059,453
Intangible assets	<u>68,371</u>	<u>646,125</u>	<u>-</u>	<u>-</u>	<u>714,496</u>
Total capital assets being depreciated/amortized	<u>\$ 181,220,189</u>	<u>\$ 2,703,664</u>	<u>\$ 18,830,457</u>	<u>\$ (3,973,666)</u>	<u>\$ 198,780,644</u>
Less accumulated depreciation/amortization:					
Sites and site improvements	\$ (3,271,469)	\$ (399,294)	\$ -	\$ -	\$ (3,670,763)
Buildings	(31,171,974)	(2,704,377)	-	-	(33,876,351)
Library holdings	(10,186,789)	(160,729)	-	-	(10,347,518)
Textbooks	(7,449,656)	(750,553)	-	-	(8,200,209)
Machinery and equipment	(16,580,560)	(1,193,150)	-	3,963,842	(13,809,868)
Intangible assets	<u>(42,890)</u>	<u>(130,396)</u>	<u>-</u>	<u>-</u>	<u>(173,286)</u>
Total accumulated depreciation/amortization	<u>\$ (68,703,338)</u>	<u>\$ (5,338,499)</u>	<u>\$ -</u>	<u>\$ 3,963,842</u>	<u>\$ (70,077,995)</u>
Total net capital assets being depreciated/amortized	<u>\$ 112,516,851</u>	<u>\$ (2,634,835)</u>	<u>\$ 18,830,457</u>	<u>\$ (9,824)</u>	<u>\$ 128,702,649</u>
Governmental activities capital assets, net	<u>\$ 139,868,983</u>	<u>\$ 20,367,570</u>	<u>\$ -</u>	<u>\$ (173,131)</u>	<u>\$ 160,063,422</u>
	Balance July 1, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Business-type activities:					
Capital assets being depreciated:					
Buildings and improvements	\$ 148,374	\$ -	\$ -	\$ -	\$ 148,374
Machinery and equipment	<u>2,344,196</u>	<u>972,052</u>	<u>-</u>	<u>(26,361)</u>	<u>3,289,887</u>
Total capital assets being depreciated	<u>\$ 2,492,570</u>	<u>\$ 972,052</u>	<u>\$ -</u>	<u>\$ (26,361)</u>	<u>\$ 3,438,261</u>
Less accumulated depreciation:					
Buildings and improvements	\$ (148,374)	\$ -	\$ -	\$ -	\$ (148,374)
Machinery and equipment	<u>(1,563,877)</u>	<u>(176,194)</u>	<u>-</u>	<u>12,412</u>	<u>(1,727,659)</u>
Total accumulated depreciation	<u>\$ (1,712,251)</u>	<u>\$ (176,194)</u>	<u>\$ -</u>	<u>\$ 12,412</u>	<u>\$ (1,876,033)</u>
Business-type activities capital assets, net	<u>\$ 780,319</u>	<u>\$ 795,858</u>	<u>\$ -</u>	<u>\$ (13,949)</u>	<u>\$ 1,562,228</u>

Depreciation expense was charged to the District's functions as follows:

Instruction:	
Regular	\$ 4,327,893
Special programs	14,868
Other	118,827
Support Services:	
Student support	91,819
Instructional staff	105,187
Administration	87,436
Operations and maintenance	167,955
Transportation	379,215
Unallocated	<u>45,299</u>
Total	<u>\$ 5,338,499</u>
Business-type activities, school nutrition	<u>\$ 176,194</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5 - BONDED AND OTHER LONG-TERM DEBT:

During the year ended June 30, 2011 the following changes occurred in long-term debt:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year
Governmental activities:					
School refunding bonds (2002)	\$ 1,050,000	\$ -	\$ 1,050,000	\$ -	\$ -
Sales tax revenue bonds	54,710,000	15,000,000	-	69,710,000	3,970,000
Asbestos abatement loans	254,677	-	170,285	84,392	84,392
General obligation capital loan notes	815,000	-	150,000	665,000	155,000
Unamortized premiums	165,124	-	25,595	139,529	-
	<u>\$ 56,994,801</u>	<u>\$ 15,000,000</u>	<u>\$ 1,395,880</u>	<u>\$ 70,598,921</u>	<u>\$ 4,209,392</u>

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

Due to market changes, on April 9, 2002, the District issued \$8,025,000 in School Refunding Bonds under Chapter 298 of the Code of Iowa, which were held in Trust for the defeasance of the School Refunding Bonds issued on December 8, 1993. The bonds are general obligations of the District payable from a continuing annual levy of taxes on all taxable property in the District for retirement of bond principal and interest. The bonds, dated April 9, 2002, bear interests at carrying rates from 3.00 to 4.00 percent payable the first day of December and June each year until maturity. The School Refunding Bonds were paid in full during the year ending June 30, 2011.

Sales Tax Revenue Bonds - In December 2006 the District issued \$22,210,000 School Infrastructure Local Option Sales and Service Tax Revenue Bonds, Series 2006B for the purpose of providing funds to finance various construction projects for District facilities. The proceeds of \$22,356,360 exceeded the face amount \$22,210,000 by \$146,360. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable semi-annually on each October 1 and April 1 beginning October 1, 2011 and interest payable semi-annually carrying rates from 3.75 to 4.00 percent beginning April 1, 2007. The Bonds will mature on April 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance including the unamortized premium at June 30, 2011 is \$22,285,496.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

In March 2007 the District issued \$15,000,000 School Infrastructure Local Option Sales and Service Tax Revenue Bonds, Series 2007 for the purpose of providing funds to finance various construction projects for District facilities. The proceeds of \$15,100,995 exceeded the face amount \$15,000,000 by \$100,995. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable semi-annually on each April 1 and October 1 beginning April 1, 2016 and interest payable semi-annually carrying a rate of 4.00 percent beginning April 1, 2007. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance including the unamortized premium at June 30, 2011 is \$15,064,033.

In December 2008 the District issued \$10,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2008 for the purpose of providing funds to finance various construction projects for District facilities. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable annually on each October 1 beginning October 1, 2019 and interest payable semi-annually carrying rates from 4.55 to 5.50 percent beginning April 1, 2009. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2011 is \$10,000,000.

In November 2009 the District issued \$7,500,000 Taxable School Infrastructure Sales, Services and Use Tax Revenue Bonds (Qualified School Construction Bonds), Series 2009 for the purpose of providing funds to equip, rehabilitate and repair schools. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by certain other amounts held under the Bond Resolution. The Bonds mature on October 1, 2025 and bear interest at the rate of 2.68 percent payable beginning April 1, 2010 and semiannually thereafter on the first day of January and July. The outstanding principal balance at June 30, 2011 is \$7,500,000.

In September 2010 the District issued \$15,000,000 Taxable School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2010 for the purpose of providing funds to finance various construction projects for District facilities. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable semi-annually on each April 1 and October 1 beginning April 1, 2028 and interest payable semi-annually carrying a rate of 4.00 percent beginning April 1, 2011. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2011 is \$15,000,000.

Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues and are payable through 2029. The total principal and interest remaining to be paid on the bonds is \$96,465,526. For the current year, no principal payments were paid and total interest paid on the bonds was \$2,477,513. Total statewide sales, services and use tax revenues were \$11,096,938.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

Asbestos Abatement Loans - During 1992 and 1993 the District entered into two interest free loans not to exceed \$2,543,875 and \$3,038,115 with the Environmental Protection Agency (EPA) for the purpose of asbestos abatement. Installments paid during the year totaled \$170,285 leaving an aggregate unpaid balance of \$84,392 as of June 30, 2011.

General Obligation Capital Loan Notes - In May 2005 the District issued \$1,500,000 General Obligation Capital Loan Notes for the purpose of providing funds to finance the implementation of energy conservation and management measures pursuant to Iowa Code Section 473.13A. The notes are general obligations of the District and payments of interest and principal will be paid from monies budgeted annually and on hand in the General Fund. Principal will be payable annually on each June 1 and interest payable semi-annually beginning December 1, 2005. The note will mature on June 1, 2015 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2011 is \$665,000.

Bond and Debt Maturities:

Sales Tax 2006B				
Year Ended				
June 30,	Interest Rates	Principal	Interest	Total
2012	3.750%	\$ 3,970,000	\$ 829,013	\$ 4,799,013
2013	3.750%	4,650,000	668,419	5,318,419
2014	3.750%-4.000%	4,785,000	492,919	5,277,919
2015	4.000%	4,975,000	302,700	5,277,700
2016	4.000%	3,830,000	102,200	3,932,200
Total		\$ 22,210,000	\$ 2,395,251	\$ 24,605,251

Sales Tax 2007				
Year Ended				
June 30,	Interest Rates	Principal	Interest	Total
2012	4.000%	\$ -	\$ 600,000	\$ 600,000
2013	4.000%	-	600,000	600,000
2014	4.000%	-	600,000	600,000
2015	4.000%	-	600,000	600,000
2016	4.000%	1,300,000	600,000	1,900,000
2017-2019	4.000%	13,700,000	831,900	14,531,900
Total		\$ 15,000,000	\$ 3,831,900	\$ 18,831,900

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

Sales Tax 2008				
Year Ended				
June 30,	Interest Rates	Principal	Interest	Total
2012	4.550%	\$ -	\$ 510,625	\$ 510,625
2013	4.550%	-	510,625	510,625
2014	4.550%	-	510,625	510,625
2015	4.550%	-	510,625	510,625
2016	4.550%	-	510,625	510,625
2017-2021	4.550-4.750%	1,620,000	2,479,496	4,099,496
2022-2026	4.850-5.250%	4,825,000	1,602,269	6,427,269
2027-2029	5.300-5.500%	<u>3,555,000</u>	<u>296,985</u>	<u>3,851,985</u>
Total		<u>\$ 10,000,000</u>	<u>\$ 6,931,875</u>	<u>\$ 16,931,875</u>

Qualified School Construction Bonds, Series 2009				
Year Ended				
June 30,	Interest Rates	Principal	Interest	Total
2012	2.680%	\$ -	\$ 201,000	\$ 201,000
2013	2.680%	-	201,000	201,000
2014	2.680%	-	201,000	201,000
2015	2.680%	-	201,000	201,000
2016	2.680%	-	201,000	201,000
2017-2021	2.680%	-	1,005,000	1,005,000
2022-2026	2.680%	<u>7,500,000</u>	<u>904,500</u>	<u>8,404,500</u>
Total		<u>\$ 7,500,000</u>	<u>\$ 2,914,500</u>	<u>\$ 10,414,500</u>

Sales Tax 2010				
Year Ended				
June 30,	Interest Rates	Principal	Interest	Total
2012	4.000%	\$ -	\$ 600,000	\$ 600,000
2013	4.000%	-	600,000	600,000
2014	4.000%	-	600,000	600,000
2015	4.000%	-	600,000	600,000
2016	4.000%	-	600,000	600,000
2017-2021	4.000%	-	3,000,000	3,000,000
2022-2026	4.000%	-	3,000,000	3,000,000
2027-2030	4.000%	<u>15,000,000</u>	<u>1,682,000</u>	<u>16,682,000</u>
Total		<u>\$ 15,000,000</u>	<u>\$ 10,682,000</u>	<u>\$ 25,682,000</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5 - BONDED AND OTHER LONG-TERM DEBT (CONTINUED):

Asbestos Abatement Loans				
Year Ended June				
30,	Interest Rates	Principal	Interest	Total
2012	0.000%	\$ 84,392	\$ -	\$ 84,392
Total		\$ 84,392	\$ -	\$ 84,392

General Obligation Capital Loan Notes				
Year Ended				
June 30,	Interest Rates	Principal	Interest	Total
2012	3.570%	\$ 155,000	\$ 23,741	\$ 178,741
2013	3.570%	165,000	18,207	183,207
2014	3.570%	170,000	12,316	182,316
2015	3.570%	175,000	6,247	181,247
Total		\$ 665,000	\$ 60,511	\$ 725,511

Summary of debt service requirements to maturity on the outstanding bonded indebtedness and loans as of June 30, 2011 is as follows:

<u>Summary - Debt Service Requirements to Maturity</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,209,392	\$ 2,764,379	\$ 6,973,771
2013	4,815,000	2,598,251	7,413,251
2014	4,955,000	2,416,860	7,371,860
2015	5,150,000	2,220,572	7,370,572
2016	5,130,000	2,013,825	7,143,825
2017-2021	15,320,000	7,316,396	22,636,396
2022-2026	12,325,000	5,506,769	17,831,769
2027-2030	18,555,000	1,978,985	20,533,985
Totals	\$ 70,459,392	\$ 26,816,037	\$ 97,275,429

As of June 30, 2011, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 3,533,878,901</u>
Debt limit, 5.0 percent of total assessed valuation	\$ 176,693,945
Amount of debt applicable to debt limitation	<u>749,392</u>
Excess of debt limit over debt outstanding, legal debt margin	<u>\$ 175,944,553</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 6 - PENSION AND RETIREMENT BENEFITS:

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

Plan members are required to contribute 4.50 percent of their annual covered salary and the District is required to contribute 6.95 percent of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$5,984,375, \$5,648,749, and \$5,330,575, respectively, equal to the required contributions for each year.

NOTE 7 - AREA EDUCATION AGENCY:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area educational agency. The District's actual amount for this purpose totaled \$5,943,462 for the year ended June 30, 2011. This amount is recorded in the General Fund by making an adjusting entry to the State revenue appropriations and to other expenditures, since the amount is deducted from the State foundation aid due to the District and is remitted directly to the area education agency.

NOTE 8 - RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District has had no significant reductions in insurance coverage from prior years. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District maintains a self-insured health care coverage program for its employees. Claims in excess of a self-insured retention amount are covered through third party specific stop-loss insurance. The liability for claims incurred but unpaid as of June 30, 2011 and 2010 was actuarially estimated using actual covered employees, a historical average loss rate per employee, and a historically developed percentage of claims completed by month. A reconciliation of changes in the aggregate liability for claims during the years ended June 30, 2011 and 2010 is as follows:

	<u>Year Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of year	\$ 2,174,354	\$ 2,153,561
Incurred claims	16,015,236	15,692,748
Claims paid	<u>(16,046,667)</u>	<u>(15,671,955)</u>
Unpaid claims, end of year	<u>\$ 2,142,923</u>	<u>\$ 2,174,354</u>

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS:

Plan Description - The District sponsors a single-employer self-funded health care plan that provides medical and prescription drug benefits to all active and retired employees and their eligible dependents. All active employees, early retirees, and eligible dependents are covered under the A (Base and Major Medical) (terminated July 1, 2010), B (PPO Plan), and Value plans. Medicare eligible retirees and their dependents are covered under the Medicare Plus and Medicare Supplement plans. The current policy for early retirees is as follows: a full-time employee must be a minimum of age 55 with 15 or more years of service with the District and be eligible to begin retirement through the Iowa Public Employees' Retirement System (IPERS) to participate in the retiree health plan. The plan is administered by the District and the District has the authority to establish or amend the plan provisions or contribution requirements within the sections of the Iowa Code. The plan does not issue a stand-alone financial report.

Funding Policy - For pre July 1, 2010 retirees, the District subsidizes the premium equivalent cost of medical and prescription drug benefits for early retirees according to the policy in place in the year an employee retires. The District does not subsidize the cost of medical and prescription drug benefits for Medicare eligible retirees. Contributions may be required for both retiree and dependent coverage and are based on the current self insured premium equivalent values and do not vary by active/retired status. The subsidy percentage that the District subsidizes for current retirees is as follow:

<u>Years of Service with the District</u>	<u>Percent Subsidy</u>
15-19	50%
20-24	55%
25-30	60%
31+	65%

In addition, the contribution rate paid by the District for service will be increased for the employee only (not dependents) for average banked sick leave days calculated by averaging the sick leave balance at the end of the final three years of employment per the following schedule.

<u>Sick Days</u>	<u>Additional %</u>
71-90 Days	2%
91-110 Days	4%
111-130 Days	6%
131 + Days	7%

For post July 1, 2010 retirees, the District provides a flat dollar subsidy to be used towards retiree premiums. The benefit will not extend beyond employee/retiree's entitlement to Medicare or beyond seven years whichever comes first. The following is the explicit subsidy that will be available through July 1, 2012:

<u>Years of Service with the District</u>	<u>Monthly Subsidy</u>
15-25	\$300
26+	\$400

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the District contributed \$1,012,944 to the plan. Plan members receiving benefits contributed approximately \$1,440,157 or approximately 59 percent of the total premiums, through their required contributions as follows:

<u>Plan</u>	<u>2010-2011 Monthly Contributions</u>		
	<u>EE only</u>	<u>EE + 1</u>	<u>Family</u>
Plan B	\$607	N/A	\$1,647
Value Plan	\$438	\$856	\$1,187
Medicare Plus	\$312	N/A	N/A
Medicare Supplement	\$178	N/A	N/A

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

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

Annual required contribution	\$	3,273,000
Interest on net OPEB obligation		342,135
Adjustment to annual required contribution		(290,191)
Annual OPEB cost (expense)	\$	3,324,944
Contributions and payments made		(1,012,944)
Increase in net OPEB obligation	\$	2,312,000
Net OPEB obligation - June 30, 2010		7,603,000
Net OPEB obligation - June 30, 2011	\$	9,915,000

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 4,982,000	39.1%	\$ 5,773,580
6/30/2010	\$ 3,313,000	44.8%	\$ 7,603,000
6/30/2011	\$ 3,324,944	30.5%	\$ 9,915,000

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$36.5 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$36.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$77.1 million and the ratio of the UAAL to the covered payroll was 48.6 percent.

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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 following the notes to the financial statements, presents 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.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (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 that are 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.

In the July 1, 2009, actuarial valuation date, projected unit credit method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual health care cost trend rate of 11.0 percent initially, reduced by decrements to an ultimate rate of 5 percent after 11 years. Both rates included a 3.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

NOTE 10 - INTERFUND TRANSFERS AND BALANCES:

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	General	\$ 349,382
	Sales Tax	<u>3,370,393</u>
		<u>\$ 3,719,775</u>

Transfers to the Debt Service Fund are for principal and interest payments.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 10 - INTERFUND TRANSFERS AND BALANCES (CONTINUED):

The detail of interfund balances at June 30, 2011 is as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund:		
Health Insurance	\$ 7,705	\$ 80,106
Sales Tax	54,709	62,080
Student Activity	361,947	90,163
PPEL	57,707	10,000
School Nutrition	1,512	23,186
	<u>\$ 483,580</u>	<u>\$ 265,535</u>
PPEL Fund:		
School Nutrition	\$ -	\$ 332
General	10,000	57,707
	<u>\$ 10,000</u>	<u>\$ 58,039</u>
Sales Tax Fund:		
General	\$ 62,080	\$ 54,709
Debt Service	-	8,720
	<u>\$ 62,080</u>	<u>\$ 63,429</u>
Student Activity Fund:		
General	\$ 90,163	\$ 361,947
Debt Service Fund:		
Sales Tax	\$ 8,720	\$ -
Total Governmental Funds	<u>\$ 654,543</u>	<u>\$ 748,950</u>
School Nutrition Fund:		
PPEL	\$ 332	\$ -
General	23,186	1,512
	<u>\$ 23,518</u>	<u>\$ 1,512</u>
Health Insurance Fund:		
General	\$ 80,106	\$ 7,705
	<u>\$ 758,167</u>	<u>\$ 758,167</u>

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

NOTE 11 - CONSTRUCTION AND OTHER COMMITMENTS:

The District has entered into various contracts totaling approximately \$46,000,000 for the construction of Liberty and Spalding Elementary Schools, the high school science labs, and various other projects. The Liberty School was opened in August, 2011 and the high school science labs were open in fiscal year 2011. At June 30, 2011, approximately \$35,100,000 of the contracts were completed. The remaining amounts of the contracts will be paid as work on the projects progresses.

NOTE 12 - CONTINGENCIES:

At June 30, 2011 the District is involved in various litigation concerning employment and work place issues, contract performance, and other matters arising in the normal course of the District's operations. The probability and amount of loss, if any, is indeterminable; however, in the opinion of the District, the outcome of these matters will not have a material impact on the District's financial position.



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REQUIRED SUPPLEMENTARY INFORMATION



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SIoux CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS

SIoux CITY COMMUNITY SCHOOL DISTRICT, RETIREE HEALTH BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2011

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll [(b-a)/c]
2008	7/1/2007	\$ -	\$ 42,517,000	\$ 42,517,000	0%	\$ 70,200,954	60.56%
2009	7/1/2008	\$ -	\$ 47,961,000	\$ 47,961,000	0%	\$ 72,718,285	65.95%
2010	7/1/2009	\$ -	\$ 36,520,000	\$ 36,520,000	0%	\$ 75,092,915	48.63%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2009. Additional information follows:

- a. The actuarial method used to determine the ARC is the projected unit credit method.
- b. There are no plan assets.
- c. The actuarial assumptions included: (1) 4.5 percent investment rate of return and (b) a health care cost trend rate of 11 percent initially, grading down to 5 percent in 11 years. Both rates include a 3.5 percent inflation assumption.
- d. The amortization method is level percentage of pay on an open basis.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES,
BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total Actual</u>
Revenue:			
Local sources	\$ 57,569,786	\$ 2,315,208	\$ 59,884,994
State sources	87,654,905	55,014	87,709,919
Federal sources	12,856,308	4,662,407	17,518,715
Total revenue	<u>\$ 158,080,999</u>	<u>\$ 7,032,629</u>	<u>\$ 165,113,628</u>
Expenditures:			
Instruction	\$ 99,513,413	\$ -	\$ 99,513,413
Support services:			
Student support	3,717,185	-	3,717,185
Instructional staff support	6,799,105	-	6,799,105
Administration	11,257,330	-	11,257,330
Plant operation and maintenance	10,047,582	-	10,047,582
Student transportation	3,922,523	-	3,922,523
Non-instructional programs	-	6,865,711	6,865,711
Other expenditures:			
Facilities acquisition and construction	25,097,495	-	25,097,495
Debt service	4,227,709	-	4,227,709
AEA support	5,943,462	-	5,943,462
Total expenditures	<u>\$ 170,525,804</u>	<u>\$ 6,865,711</u>	<u>\$ 177,391,515</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (12,444,805)</u>	<u>\$ 166,918</u>	<u>\$ (12,277,887)</u>
Other financing sources (uses):			
Bonds issued	\$ 15,000,000	\$ -	\$ 15,000,000
Proceeds from sale of capital assets	106,309	-	106,309
Transfers in	3,719,775	-	3,719,775
Transfers out	(3,719,775)	-	(3,719,775)
Total other financing sources (uses)	<u>\$ 15,106,309</u>	<u>\$ -</u>	<u>\$ 15,106,309</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 2,661,504</u>	<u>\$ 166,918</u>	<u>\$ 2,828,422</u>
Fund balances - beginning of year	<u>36,607,197</u>	<u>2,741,139</u>	<u>39,348,336</u>
Fund balances - end of year	<u>\$ 39,268,701</u>	<u>\$ 2,908,057</u>	<u>\$ 42,176,758</u>

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
\$ 59,647,012	\$ 59,647,012	\$ 237,982
89,172,889	89,172,889	(1,462,970)
<u>14,201,169</u>	<u>14,201,169</u>	<u>3,317,546</u>
<u>\$ 163,021,070</u>	<u>\$ 163,021,070</u>	<u>\$ 2,092,558</u>
\$ 99,910,207	\$ 99,910,207	\$ 396,794
4,028,038	4,028,038	310,853
4,651,397	4,651,397	(2,147,708)
14,242,641	14,242,641	2,985,311
9,897,285	9,897,285	(150,297)
3,240,490	3,240,490	(682,033)
6,829,510	6,829,510	(36,201)
24,560,706	24,560,706	(536,789)
3,753,718	3,753,718	(473,991)
<u>6,018,617</u>	<u>6,018,617</u>	<u>75,155</u>
<u>\$ 177,132,609</u>	<u>\$ 177,132,609</u>	<u>\$ (258,906)</u>
<u>\$ (14,111,539)</u>	<u>\$ (14,111,539)</u>	<u>\$ 1,833,652</u>
\$ 10,000,000	\$ 10,000,000	\$ 5,000,000
-	-	106,309
2,661,718	2,661,718	1,058,057
<u>(2,661,718)</u>	<u>(2,661,718)</u>	<u>(1,058,057)</u>
<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 5,106,309</u>
\$ (4,111,539)	\$ (4,111,539)	\$ 6,939,961
<u>39,348,336</u>	<u>39,348,336</u>	<u>-</u>
<u>\$ 35,236,797</u>	<u>\$ 35,236,797</u>	<u>\$ 6,939,961</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

JUNE 30, 2011

Budgets and Budgetary Accounting

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental 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.

Iowa law requires the formal and legal budgetary control for the certified budget to be based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District has elected not to utilize a budget for the Internal Service Fund since other financial and actuarial information is the primary control factor on spending levels. The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to March 15 the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The State's Statute requires the budget to be submitted in summary form. In addition, more detailed line item budgets are included for administrative control.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification to the County Auditor.
4. The Board Secretary is required by State statute to present a monthly report to the Board of Education explaining any variance from the approved budget.
5. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a modified accrual basis. The budgets for the enterprise funds are adopted on an accrual basis.
6. The Board of Education may amend the budget during the year by holding a public hearing and certifying the amendment with the County Auditor. The budget was not amended during the year.
7. Appropriations lapse at the end of each fiscal year.
8. The budget cannot be amended without approval from the Board of Education.

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

During the year ended June 30, 2011, disbursements in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.



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SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION

NARRATIVE EXPLANATIONS

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

<u>Contents</u>	<u>Schedules</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.	1-4
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	5-8
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	9-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	14-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	16-19
Continuing Disclosure Information These schedules are required as part of the District's ongoing general obligation bonded debt disclosures and give additional information to investors about the financial trends and tax base of the District.	20-24

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement No. 34 in FY2002; schedules presenting government-wide information include information beginning in that year.

SIoux CITY COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 27,641,318	\$ 37,280,569	\$ 51,211,286	\$ 52,714,522	\$ 66,620,403	\$ 44,768,019	\$ 67,910,508	\$ 80,716,587	\$ 86,479,232	\$ 95,203,875
Restricted	25,224,292	20,073,308	3,291,636	20,590,354	17,368,350	46,341,271	28,919,206	23,034,893	25,984,789	24,030,102
Unrestricted	(3,819,172)	(2,460,792)	(542,457)	2,577,343	3,528,964	5,865,723	7,892,868	6,890,424	1,534,096	527,893
Total governmental activities net assets	49,046,438	54,893,085	53,960,465	75,882,219	87,517,717	96,975,013	104,722,582	110,641,904	113,998,117	119,761,870
Business-type activities										
Invested in capital assets, net of related debt	326,689	286,060	401,040	524,491	633,127	669,302	756,945	764,747	780,319	1,484,178
Restricted	472,834	1,139,057	1,428,521	1,680,572	1,820,427	2,006,213	1,640,616	1,573,227	2,010,930	1,456,927
Unrestricted	799,523	1,425,117	1,829,561	2,205,063	2,453,554	2,665,515	2,397,561	2,337,974	2,731,249	2,941,105
Total business-type activities net assets	1,598,046	2,850,234	3,658,522	4,409,126	4,906,708	5,280,030	5,194,122	5,676,448	5,542,488	5,872,210
Primary government										
Invested in capital assets, net of related debt	27,968,007	37,566,629	51,612,326	53,239,013	67,253,530	45,427,321	68,667,453	81,481,334	87,259,551	96,688,053
Restricted	25,224,292	20,073,308	13,291,636	20,590,354	17,368,350	46,341,271	28,919,206	23,034,893	25,984,789	24,030,102
Unrestricted	(3,346,398)	(1,321,735)	(886,064)	4,257,915	5,349,391	7,871,936	9,533,484	8,463,651	3,545,026	1,984,820
Total primary government net assets	\$ 49,845,961	\$ 56,318,202	\$ 65,790,026	\$ 78,087,282	\$ 89,971,271	\$ 99,640,528	\$ 107,120,143	\$ 112,979,878	\$ 116,789,366	\$ 122,702,975

Source: School District financial records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES AND NET (EXPENSE) REVENUE

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
Expenses:				
Governmental activities:				
Instruction	\$ 74,870,593	\$ 76,183,474	\$ 77,915,645	\$ 79,926,672
Student support	2,921,715	2,755,278	2,976,773	3,414,425
Instructional staff services	16,509,551	18,306,157	4,571,230	5,202,717
Administration services	7,325,875	8,526,811	9,102,230	9,346,265
Operation and maintenance of plant services	7,494,989	9,980,324	8,115,235	8,840,172
Transportation services	1,299,580	1,463,802	1,415,513	2,153,485
Interest on long-term debt	844,722	1,433,941	1,282,790	1,134,514
AEA flow through	4,429,550	4,418,663	4,146,957	4,211,176
Depreciation (unallocated)	-	-	-	-
Total governmental activities expenses	<u>115,696,575</u>	<u>123,068,450</u>	<u>109,526,373</u>	<u>114,229,426</u>
Business-type activities:				
Nutrition services	3,809,374	3,615,006	3,954,729	4,315,580
Student home construction	-	14,364	4,802	113,044
Stadium	-	-	111,361	112,323
Total business-type activities	<u>3,809,374</u>	<u>3,629,370</u>	<u>4,070,892</u>	<u>4,540,947</u>
Total primary government expenses	<u>\$ 119,505,949</u>	<u>\$ 126,697,820</u>	<u>\$ 113,597,265</u>	<u>\$ 118,770,373</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 5,280,294	\$ 5,343,766	\$ 4,979,835	\$ 4,625,093
Support services	10,127,717	11,995,266	135,552	140,924
Operating grants and contributions	14,947,553	15,773,043	16,110,257	17,441,207
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>30,355,564</u>	<u>33,112,075</u>	<u>21,225,644</u>	<u>22,207,224</u>
Business-type activities:				
Charges for services:				
Nutrition	1,623,808	1,584,206	1,520,506	1,608,033
Student home construction	-	-	-	116,928
Stadium	-	-	95,178	83,619
Operating grants and contributions	2,264,491	2,422,158	2,651,355	2,965,490
Capital grants and contributions	-	-	-	-
Total business-type program revenues	<u>3,888,299</u>	<u>4,006,364</u>	<u>4,267,039</u>	<u>4,774,070</u>
Total primary government program revenues	<u>34,243,863</u>	<u>37,118,439</u>	<u>25,492,683</u>	<u>26,981,294</u>
Net (expense) revenue:				
Governmental activities	(85,341,011)	(89,956,375)	(88,300,729)	(92,022,202)
Business-type activities	78,925	376,994	196,147	233,123
Total primary government net expense	<u>\$ (85,262,086)</u>	<u>\$ (89,579,381)</u>	<u>\$ (88,104,582)</u>	<u>\$ (91,789,079)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes	\$ 24,997,300	\$ 27,674,732	\$ 29,419,291	\$ 30,295,783
Income surtaxes	1,476,309	2,806,228	2,716,725	2,865,472
Local option sales taxes	8,517,536	9,132,608	9,227,125	9,343,994
Interest	1,238,461	611,878	594,234	962,935
State aid not restricted to specific programs	54,688,999	56,175,179	55,751,752	59,109,639
Miscellaneous	798,509	391,049	101,760	1,366,133
Transfers	-	-	-	-
Total governmental activities	<u>91,717,114</u>	<u>96,791,674</u>	<u>97,810,887</u>	<u>103,943,956</u>
Business-type activities:				
Interest	3,495	6,404	12,363	32,583
Miscellaneous	84,893	242,196	(246,844)	109,796
Transfers	-	-	-	-
Total business-type activities	<u>88,388</u>	<u>248,600</u>	<u>(234,481)</u>	<u>142,379</u>
Total primary government	<u>\$ 91,805,502</u>	<u>\$ 97,040,274</u>	<u>\$ 97,576,406</u>	<u>\$ 104,086,335</u>
Changes in net assets:				
Governmental activities	\$ 6,376,103	\$ 6,835,299	\$ 9,510,158	\$ 11,921,754
Prior period adjustment	-	(988,652)	-	-
Business-type activities	167,313	625,594	(38,334)	375,502
Total primary government	<u>\$ 6,543,416</u>	<u>\$ 6,472,241</u>	<u>\$ 9,471,824</u>	<u>\$ 12,297,256</u>

SCHEDULE 2

		Fiscal Year					
		2006	2007	2008	2009	2010	2011
\$	82,284,228	\$ 85,981,642	\$ 93,861,620	\$ 99,714,959	\$ 101,322,606	\$ 107,183,019	
	3,607,003	3,909,621	4,362,419	4,379,284	4,532,921	3,861,499	
	6,105,564	6,747,979	7,126,498	6,752,941	6,276,972	6,604,464	
	9,866,575	10,627,510	11,471,660	11,754,652	11,521,173	11,717,578	
	9,048,037	9,730,519	10,354,901	10,004,861	10,060,566	10,151,912	
	2,610,599	2,707,472	2,967,982	3,279,278	3,637,198	3,959,812	
	1,171,049	1,569,618	2,053,779	2,198,668	2,238,996	2,744,525	
	4,342,883	4,672,591	4,930,147	5,146,840	5,729,737	5,943,462	
	-	-	-	-	-	45,299	
	<u>119,035,938</u>	<u>125,946,952</u>	<u>137,129,006</u>	<u>143,231,483</u>	<u>145,320,169</u>	<u>152,211,570</u>	
	4,681,482	4,977,225	5,848,797	6,145,255	6,458,725	6,882,773	
	271,794	165,010	127,201	31,067	-	-	
	139,415	112,934	102,003	1,349	-	-	
	<u>5,092,691</u>	<u>5,255,169</u>	<u>6,078,001</u>	<u>6,177,671</u>	<u>6,458,725</u>	<u>6,882,773</u>	
\$	<u>\$ 124,128,629</u>	<u>\$ 131,202,121</u>	<u>\$ 143,207,007</u>	<u>\$ 149,409,154</u>	<u>\$ 151,778,894</u>	<u>\$ 159,094,343</u>	
\$	4,348,361	\$ 3,336,196	\$ 3,373,006	\$ 3,281,074	\$ 3,447,988	\$ 3,373,702	
	154,176	139,447	184,737	214,189	156,233	161,892	
	15,882,959	16,752,466	21,141,831	24,195,100	34,186,844	30,077,101	
	999,372	548,231	-	7,691	532,180	50,000	
	<u>21,384,868</u>	<u>20,776,340</u>	<u>24,699,574</u>	<u>27,698,054</u>	<u>38,323,245</u>	<u>33,662,695</u>	
	1,618,793	1,739,605	1,964,446	2,361,275	2,408,077	2,257,566	
	292,675	161,377	128,355	-	-	-	
	133,155	104,457	95,134	-	-	-	
	3,136,689	3,333,737	3,516,416	3,883,085	4,401,892	4,717,421	
	-	-	-	-	60,090	-	
	<u>5,181,312</u>	<u>5,339,176</u>	<u>5,704,351</u>	<u>6,244,360</u>	<u>6,870,059</u>	<u>6,974,987</u>	
	<u>26,566,180</u>	<u>26,115,516</u>	<u>30,403,925</u>	<u>33,942,414</u>	<u>45,193,304</u>	<u>40,637,682</u>	
	(97,651,070)	(105,170,612)	(112,429,432)	(115,533,429)	(106,996,924)	(118,548,875)	
	88,621	84,007	(373,650)	66,689	411,334	92,214	
\$	<u>(97,562,449)</u>	<u>(105,086,605)</u>	<u>(112,803,082)</u>	<u>(115,466,740)</u>	<u>(106,585,590)</u>	<u>(118,456,661)</u>	
\$	31,703,853	\$ 31,309,312	\$ 32,996,821	\$ 33,394,847	\$ 33,927,973	\$ 35,370,649	
	2,970,163	3,180,244	3,217,188	3,489,215	3,526,115	3,442,960	
	10,074,839	10,568,822	10,917,911	11,340,639	10,381,619	11,096,938	
	1,715,844	2,788,864	2,734,620	928,454	256,958	216,836	
	60,806,931	64,155,617	67,539,878	68,620,130	58,899,627	70,343,838	
	1,688,644	2,592,049	2,770,583	2,831,308	3,360,845	3,841,407	
	-	33,000	-	181,924	-	-	
	<u>108,960,274</u>	<u>114,627,908</u>	<u>120,177,001</u>	<u>120,786,517</u>	<u>110,353,137</u>	<u>124,312,628</u>	
	53,045	73,954	54,136	14,466	4,449	3,399	
	106,825	87,000	51,560	41,182	37,492	54,243	
	-	(33,000)	-	(181,924)	-	-	
	<u>159,870</u>	<u>127,954</u>	<u>105,696</u>	<u>(126,276)</u>	<u>41,941</u>	<u>57,642</u>	
\$	<u>\$ 109,120,144</u>	<u>\$ 114,755,862</u>	<u>\$ 120,282,697</u>	<u>\$ 120,660,241</u>	<u>\$ 110,395,078</u>	<u>\$ 124,370,270</u>	
\$	11,309,204	\$ 9,457,296	\$ 7,747,569	\$ 5,253,088	\$ 3,356,213	\$ 5,763,753	
	-	-	-	-	-	-	
	248,491	211,961	(267,954)	(59,587)	453,275	149,856	
\$	<u>\$ 11,557,695</u>	<u>\$ 9,669,257</u>	<u>\$ 7,479,615</u>	<u>\$ 5,193,501</u>	<u>\$ 3,809,488</u>	<u>\$ 5,913,609</u>	

SIoux CITY COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,958
Restricted	-	-	-	-	-	-	-	-	-	5,018,506
Unassigned	-	-	-	-	-	-	-	-	-	9,152,745
Reserved	809,606	615,726	676,857	466,908	477,287	626,839	12,626,341	1,110,394	2,240,341	-
Unreserved	7,410,116	8,419,567	9,064,845	9,508,082	9,638,949	10,408,935	12,626,341	11,762,992	7,575,437	-
Total general fund	\$ 8,219,722	\$ 9,035,293	\$ 9,741,702	\$ 9,974,990	\$ 10,116,236	\$ 11,035,774	\$ 12,626,341	\$ 12,873,386	\$ 9,815,778	\$ 14,301,209
All other governmental funds:										
Restricted	\$ 69,780	\$ 436,785	\$ 433,773	\$ 428,351	\$ 57,356	\$ 62,234	\$ 60,943	\$ 5,856,965	\$ 6,339,249	\$ 24,967,492
Unreserved, reported in:										
Capital projects funds	22,499,412	17,913,480	8,715,836	15,670,705	10,201,268	41,069,514	26,042,841	20,574,125	15,978,493	-
Special revenue funds	905,128	1,132,411	3,357,328	3,827,376	5,477,305	4,582,684	1,871,473	1,951,474	4,473,677	-
Total all other governmental funds	\$ 23,474,320	\$ 19,482,676	\$ 12,506,937	\$ 19,926,432	\$ 15,735,929	\$ 45,714,432	\$ 27,975,257	\$ 28,382,564	\$ 26,791,419	\$ 24,967,492

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, implemented in fiscal year 2011.

Source: School District financial records.

SIoux CITY COMMUNITY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>(Modified Accrual Basis of Accounting)</i>										
Revenues:										
Local sources	\$ 42,434,316	\$ 46,081,170	\$ 47,179,830	\$ 48,865,969	\$ 51,455,725	\$ 54,189,180	\$ 55,903,557	\$ 55,004,414	\$ 55,478,463	\$ 57,569,786
State appropriations	64,252,611	64,790,768	63,754,874	67,507,932	70,118,988	75,082,151	81,233,102	84,189,633	75,748,017	87,654,905
Federal appropriations	5,410,458	7,157,439	8,000,728	8,402,053	8,021,534	6,435,484	7,496,678	8,244,366	18,338,511	12,856,308
Total revenue	112,097,385	118,029,377	118,935,432	124,775,954	129,596,247	135,706,815	144,633,337	147,438,413	149,564,991	158,080,999
Expenditures:										
Instruction	71,657,382	74,914,949	75,153,383	77,350,380	79,135,345	82,645,704	90,251,215	93,020,664	95,423,501	99,513,413
Student support services	2,919,682	4,915,635	5,583,632	6,473,629	6,625,175	7,353,889	7,748,310	7,636,744	7,556,308	3,717,185
Instructional staff services	5,146,148	2,429,798	2,174,059	2,398,812	3,196,353	3,289,286	3,759,641	3,519,328	3,508,500	6,799,105
Administrative services	7,271,882	8,475,459	9,192,194	9,494,783	10,045,553	10,477,593	11,388,111	11,448,971	11,185,524	11,257,330
Operations and maintenance	7,316,484	8,109,153	8,414,964	9,283,811	9,214,875	10,125,822	10,445,071	9,886,549	9,882,686	10,047,582
Transportation services	1,535,594	1,662,255	1,513,990	2,511,787	2,674,820	3,003,819	3,204,579	3,422,127	3,587,380	3,922,523
AEA flow through	4,429,550	4,418,663	4,146,957	4,211,176	4,342,883	4,672,591	4,930,147	5,146,840	5,729,737	5,943,462
Capital outlay	11,734,727	9,643,672	13,391,554	7,806,878	11,955,027	9,836,862	25,484,779	6,267,261	21,103,809	25,097,495
Debt service:										
Principal	11,281,603	4,462,246	4,760,110	4,940,111	5,250,111	5,490,111	1,370,111	14,360,111	1,460,111	1,370,285
Interest	1,672,497	1,537,736	1,341,378	1,104,658	1,205,362	1,745,151	2,199,981	2,303,945	2,370,589	2,857,424
Payments to refunded bonds escrow agent	-	-	-	-	-	3,902,366	-	-	-	-
Total expenditures	124,965,549	120,569,566	125,672,221	125,576,025	133,645,504	142,543,194	160,781,945	157,012,540	161,808,155	170,525,804
Excess (deficiency) of revenues over expenditures	(12,868,164)	(2,540,189)	(6,736,789)	(800,071)	(4,049,257)	(6,836,379)	(16,148,608)	(9,574,127)	(12,243,164)	(12,444,805)
Other financing sources (uses):										
Bond/note issued	18,976,615	-	-	8,500,000	-	37,210,000	-	10,000,000	7,500,000	15,000,000
Refunding bonds issued	-	-	-	-	-	12,945,000	-	-	-	-
Premium on bonds issued	-	-	-	-	-	247,355	-	-	-	-
Discount on bonds issued	-	-	-	-	-	(31,066)	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	-	-	(12,861,182)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	191,315	-	46,555	94,411	106,309
Transfers in	3,841,450	4,932,655	5,091,140	5,029,773	5,394,088	9,704,153	2,526,444	15,542,946	2,552,183	3,719,775
Transfers out	(3,889,803)	(5,568,539)	(5,144,658)	(5,076,919)	(5,394,088)	(9,671,153)	(2,526,444)	(15,361,022)	(2,552,183)	(3,719,775)
Total other financing sources (uses)	18,928,262	(635,884)	(53,518)	8,452,854	-	37,734,420	-	10,228,479	7,594,411	15,106,309
Net change in fund balances	\$ 6,060,098	\$ (3,176,073)	\$ (6,790,307)	\$ 7,652,783	\$ (4,049,257)	\$ 30,898,041	\$ (16,148,608)	\$ 654,352	\$ (4,648,753)	\$ 2,661,504
Debt service as a percentage of noncapital expenditures	11.44%	5.41%	5.43%	5.13%	5.30%	8.39%	2.69%	11.00%	2.72%	2.90%

Source: School District financial records.

SIoux CITY COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

Fiscal Year	Real Property		Utilities		Total		Total Direct Rate
	Taxable Value	Assessed Value	Taxable Value	Assessed Value	Taxable Value	Assessed Value	
2002	1,763,995,632	2,642,935,536	130,785,035	158,295,651	1,894,780,667	2,801,231,187	14.43
2003	1,852,128,334	2,739,834,814	131,169,795	194,038,158	1,983,298,129	2,933,872,972	15.77
2004	1,654,774,185	2,854,340,891	163,036,726	163,036,726	1,817,810,911	3,017,377,617	16.15
2005	1,842,151,819	2,840,214,896	153,862,116	152,260,311	1,996,013,935	2,992,475,207	17.02
2006	1,852,515,843	2,940,704,508	156,807,722	168,313,875	2,009,323,565	3,109,018,383	17.50
2007	1,945,830,330	3,115,061,062	149,980,227	184,722,738	2,095,810,557	3,299,783,800	16.77
2008	1,902,808,677	3,099,332,375	144,194,132	176,624,786	2,047,002,809	3,275,957,161	17.52
2009	1,996,173,947	3,233,990,343	153,716,528	181,241,459	2,149,890,475	3,415,231,802	17.76
2010	2,081,006,342	3,280,087,650	147,771,255	203,495,425	2,228,777,597	3,483,583,075	17.61
2011	2,136,668,718	3,414,121,396	117,002,438	173,158,823	2,253,671,156	3,587,280,219	17.75

Sources: Woodbury and Plymouth County auditors.

Notes: Assessed value equals estimated actual value.

Tax rates expressed in dollars per thousand of assessed valuation.

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

SIoux CITY COMMUNITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(RATE PER \$1,000 OF ASSESSED VALUATION)

Fiscal Year	District Direct Rates	City of Sioux City	Plymouth County Perry Twp	Plymouth County Hancock Twp	Western Iowa Tech Comm. College	Woodbury County	State of Iowa	Ag Extension	City Assessor
2002	14.43	14.41	0.22	0.34	0.62	6.87	0.005	0.05	0.45
2003	15.77	16.00	0.22	0.64	0.94	6.92	0.004	0.05	0.52
2004	16.15	16.43	0.20	0.62	0.54	7.11	0.004	0.05	0.58
2005	17.02	17.79	0.43	0.61	0.57	7.66	0.004	0.05	0.43
2006	17.50	17.97	0.43	0.61	0.70	7.69	0.004	0.05	0.43
2007	16.77	18.25	0.45	0.44	0.74	7.78	0.004	0.18	0.48
2008	17.52	18.47	0.44	0.67	0.83	8.00	0.004	0.12	0.48
2009	17.76	18.71	0.50	0.67	0.83	7.95	0.004	0.13	0.49
2010	17.61	17.85	0.49	0.67	0.82	7.93	0.003	0.13	0.49
2011	17.75	17.30	0.49	0.67	0.82	7.98	0.003	0.13	0.44

Notes: Assessed value equals estimated actual value.
 Tax rates expressed in dollars per thousand of assessed valuation.
 Sources: Woodbury and Plymouth County auditors.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011			2002		
	Assessed Value	Rank	% of Total Taxable Assessed Value	Assessed Value	Rank	% of Total Taxable Assessed Value
Mid American Energy	\$ 121,751,275	1	3.44%	\$ 121,869,698	1	6.14%
SDG Macerich Properties	62,914,700	2	1.78%	49,392,000	2	2.49%
Lakeport Commons	33,912,700	3	0.96%			
John Morrell & Company	22,596,200	4	0.64%			
Wal-Mart Real Estate	13,787,300	5	0.39%			
Klinger Properties	13,476,900	6	0.38%	16,239,400	3	0.82%
Handy LC	12,132,400	7	0.34%	8,368,500	9	0.42%
Qwest	11,842,619	8	0.34%	15,724,257	4	0.79%
Lowe's Home Centers	11,670,600	9	0.33%			
Target Corporation	11,539,000	10	0.33%			
St. Luke's Health Resources				13,607,300	5	0.69%
Menards				9,447,700	6	0.48%
ILL, Inc.				9,107,800	7	0.46%
Prestwick Apts.				8,739,500	8	0.44%
Cable One				8,287,000	10	0.42%
	<u>\$ 315,623,694</u>		<u>8.93%</u>	<u>\$ 260,783,155</u>		<u>13.15%</u>

Source: Woodbury County auditor.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Property Tax Collections*</u>	<u>Percentage of Levy</u>
2002	25,490,766	24,895,335	97.66%
2003	27,803,978	27,600,495	99.27%
2004	29,533,636	29,323,861	99.29%
2005	30,457,523	30,203,599	99.17%
2006	31,885,170	31,612,502	99.14%
2007	31,500,773	31,231,128	99.14%
2008	33,029,207	32,915,206	99.65%
2009	33,605,384	33,312,200	99.13%
2010	34,065,563	33,843,873	99.35%
2011	35,526,588	35,289,318	99.33%

Source: District records.

*The amounts and percentages of the levies collected in subsequent years is not available.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Assessed Value</u>	<u>Percent of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2002	8,025,000	2,801,231,187	0.29%	95.31
2003	7,300,000	2,933,872,972	0.25%	87.11
2004	6,505,000	3,017,377,617	0.22%	77.63
2005	5,680,000	2,992,475,207	0.19%	68.31
2006	4,830,000	3,109,018,383	0.16%	56.81
2007	3,945,000	3,299,783,800	0.12%	47.38
2008	3,020,000	3,274,957,161	0.09%	36.52
2009	2,055,000	3,382,250,894	0.06%	24.82
2010	1,050,000	3,483,583,075	0.03%	12.67
2011	-	3,587,280,219	0.00%	-

Source: District financial records and Woodbury County auditor.

SIoux CITY COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Sales Tax Revenue Bonds</u>	<u>Asbestos Abatement Notes</u>	<u>Capital Equipment Notes</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2002	8,025,000	28,895,000	2,735,562	114,357	39,769,919	2.99%	472.35
2003	7,300,000	25,480,000	2,425,451	-	35,205,451	2.76%	420.09
2004	6,505,000	21,825,000	2,115,342	-	30,445,342	2.36%	363.32
2005	5,680,000	25,020,000	1,805,231	1,500,000	34,005,231	2.58%	408.97
2006	4,830,000	21,060,000	1,495,121	1,370,000	28,755,121	N/A	338.24
2007	3,945,000	50,454,000	1,185,010	1,235,000	56,819,010	N/A	682.41
2008	3,020,000	50,380,959	874,899	1,100,000	55,375,858	N/A	669.73
2009	2,055,000	47,399,766	564,788	960,000	50,979,554	N/A	615.64
2010	1,050,000	54,875,124	254,677	815,000	56,994,801	N/A	687.49
2011	-	69,710,000	84,392	665,000	70,459,392	N/A	852.15

Source: District financial records.

Notes: Details of the District's outstanding debt can be found in Note 5 in the notes to the financial statements.

SIOUX CITY 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>
City of Sioux City	\$ 103,714,458	89.23%	\$ 92,544,411
Woodbury County	2,512,000	62.21%	1,562,715
Plymouth County	9,810,000	19.00%	1,863,900
Western Iowa Tech Community College	20,705,000	18.17%	3,762,099
Subtotal overlapping debt			<u>99,733,125</u>
District direct debt			749,392
Total direct and overlapping debt			<u>\$ 100,482,517</u>

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

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

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

SIoux CITY COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Legal Debt Margin Calculation - FY2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 99,164,906	\$ 150,868,881	\$ 150,551,084	\$ 151,573,644	\$ 153,756,418	\$ 164,989,190	\$ 163,747,858	\$ 169,112,545	\$ 174,179,154	\$ 176,693,945
Total net debt applicable to limit	10,814,023	9,663,696	8,561,571	8,931,880	7,695,121	6,311,496	4,994,900	3,579,788	2,119,677	749,392
Legal debt margin	\$ 88,350,883	\$ 141,205,185	\$ 141,989,513	\$ 142,641,764	\$ 146,061,297	\$ 158,677,694	\$ 158,752,958	\$ 165,532,757	\$ 172,059,477	\$ 175,944,553
Total net debt applicable to limit as a percentage of debt limit	10.91%	6.41%	5.69%	5.89%	5.00%	3.83%	3.05%	2.12%	1.22%	0.42%
Actual assessed value*										\$ 3,533,878,901
Debt limit (5% of assessed value)**										\$ 176,693,945
Debt applicable to limit										749,392
Legal debt margin										\$ 175,944,553

Source: School District financial records and Woodbury County auditor.

Notes:

* Actual assessed value includes Tax Increment Financing Districts.

** Code of Iowa Section 296.1.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2002	8,517,537	1,885,000	1,210,590	2.75
2003	9,132,607	3,315,000	1,190,541	2.03
2004	8,744,283	3,655,000	1,032,252	1.87
2005	9,254,822	3,805,000	862,740	1.98
2006	9,491,719	3,960,000	926,612	1.94
2007	11,083,850	4,160,000 *	1,063,090	2.12
2008	10,917,911	-	1,998,105	5.46
2009	11,340,639	- **	1,899,705	5.97
2010	10,381,619	-	2,042,979	5.08
2011	11,096,938	-	2,477,513	4.48

Note: Details regarding the District's outstanding debt can be found in Note 5 of the notes to the financial statements.

* Does not include debt defeasance payments of \$16,763,548

** Does not include debt defeasance payments of \$12,945,000

SIOUX CITY COMMUNITY SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Population*</u>	<u>Personal Income**</u>	<u>Adjusted Gross Income Per Tax Return**</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate***</u>
2002	84,196	1,331,095,645	29,177	15,809	3.90%
2003	83,804	1,277,273,847	28,806	15,241	5.00%
2004	83,798	1,290,620,820	29,600	15,402	5.40%
2005	83,148	1,317,533,361	30,361	15,846	4.50%
2006	85,013	N/A	N/A	N/A	3.80%
2007	83,262	N/A	N/A	N/A	3.90%
2008	82,684	N/A	N/A	N/A	3.80%
2009	82,807	N/A	N/A	N/A	5.10%
2010	82,903	N/A	N/A	N/A	7.10%
2011	82,684	N/A	N/A	N/A	5.90%

Notes:

N/A = Not available

* Iowa Data Center-SIMCO

** Iowa Department of Revenue

*** Iowa Workforce Development

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2011		Percentage of Total Employment
	Employees	Rank	
Tyson Fresh Meats, Inc.	3,348	1	24.36%
Sioux City Comm. School District	1,487	2	10.82%
Mercy Medical Center	1,413	3	10.28%
St. Luke's Regional Medical Center	1,266	5	9.21%
Alcora	1,100	9	8.00%
STREAM	950	7	6.91%
City of Sioux City	750	4	5.46%
Tur-Pak Foods	700	6	5.09%
185th Iowa Air National Guard	651	8	4.74%
Mid American Energy Company	550	9	4.00%
Interbake Foods	530	10	3.86%
Western Iowa Tech Community College	500	11	3.64%
Goodwill Industries	500	12	3.64%
Totals	13,745		100.00%

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

Note: The 2002 percentages of total employment were not available.

SIoux CITY COMMUNITY SCHOOL DISTRICT
 FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Full Time Equivalent Employees as of Fiscal Year Ended										
Administration:										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	20.0	20.0	21.0	24.0	25.0	26.0	26.0	25.0	26.5	27.0
Assistant Principals	15.0	15.0	15.0	15.0	15.0	15.0	13.5	10.0	10.5	10.0
Other Officials/Admin	32.0	31.5	32.5	33.5	32.0	32.0	28.0	28.0	27.0	25.0
Subtotal	69.0	68.5	70.5	74.5	74.0	75.0	69.5	65.0	66.0	64.0
Teachers & Other:										
Regular	774.5	773.2	781.3	792.8	778.9	767.7	758.5	760.5	786.9	805.0
Special Programs	164.6	166.1	168.9	170.7	167.4	168.4	166.5	153.5	156.6	163.8
Counselors	27.0	27.0	27.5	27.5	27.5	27.5	27.5	27.5	28.0	28.0
Media Specialists	9.0	9.0	9.0	9.6	9.6	9.5	9.5	9.5	11.5	11.5
Subtotal	975.1	975.3	986.7	1,000.6	983.4	973.1	962.0	951.0	983.0	1,008.3
Support Personnel:										
Nurse (RN)	9.0	8.0	8.0	8.6	8.6	8.6	8.6	8.6	8.5	8.5
Finance Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Professionals	26.5	26.1	28.7	29.1	26.6	24.4	21.4	22.5	19.0	19.6
Instructional Assistants	244.3	229.2	222.2	216.9	207.2	200.9	199.1	179.6	177.0	214.1
Office/Clerical Personnel	113.5	115.6	118.9	120.0	120.1	115.3	118.5	121.2	127.0	83.7
Crafts & Trades Personnel	22.0	22.0	22.0	22.0	22.0	22.0	22.0	24.0	25.0	23.0
Operative Personnel	34.6	33.1	35.4	36.8	35.4	32.7	29.1	22.0	20.0	18.4
Laborers	13.0	13.0	13.0	13.0	13.0	13.0	14.0	13.0	14.0	15.0
Service Workers	77.5	77.5	79.9	80.0	80.9	78.8	78.1	77.1	80.3	81.8
Subtotal	541.4	525.5	529.1	527.4	514.8	496.7	491.8	469.0	471.8	465.1
Total	1,585.50	1,569.30	1,586.30	1,602.5	1,572.2	1,544.8	1,523.3	1,485.0	1,520.8	1,537.4

Source: District records

SIoux CITY COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Teaching Staff	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Teaching Staff	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Teaching Staff	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	% of Students Receiving Free or Reduced Price Meals
2002	14,388	100,276,722	6,969	5.74%	\$ 119,505,949	\$ 8,306	N/A	969	14.85	969	N/A	969	14.85	969	N/A	969	14.85	969	N/A	969	14.85	N/A
2003	14,261	104,925,912	7,358	5.57%	126,697,820	8,884	6.96%	944	15.11	944	6.96%	944	15.11	944	6.96%	944	15.11	944	6.96%	944	15.11	N/A
2004	14,405	106,179,179	7,371	0.18%	113,597,265	7,886	-11.24%	913	15.78	913	-11.24%	913	15.78	913	-11.24%	913	15.78	913	-11.24%	913	15.78	N/A
2005	14,276	111,724,378	7,826	6.17%	118,770,373	8,320	5.50%	911	15.67	911	5.50%	911	15.67	911	5.50%	911	15.67	911	5.50%	911	15.67	N/A
2006	14,139	115,235,004	8,150	4.14%	124,128,629	8,779	5.52%	936	15.11	936	5.52%	936	15.11	936	5.52%	936	15.11	936	5.52%	936	15.11	N/A
2007	14,049	121,568,704	8,653	6.17%	131,202,121	9,339	6.38%	946	14.85	946	6.38%	946	14.85	946	6.38%	946	14.85	946	6.38%	946	14.85	48.27%
2008	13,898	131,727,074	9,478	9.53%	143,207,007	10,304	10.34%	964	14.42	964	10.34%	964	14.42	964	10.34%	964	14.42	964	10.34%	964	14.42	50.37%
2009	13,735	134,081,223	9,762	3.00%	149,409,154	10,878	5.57%	950	14.46	950	5.57%	950	14.46	950	5.57%	950	14.46	950	5.57%	950	14.46	51.03%
2010	13,873	136,873,646	9,866	1.07%	151,778,894	10,941	0.58%	939	14.77	939	0.58%	939	14.77	939	0.58%	939	14.77	939	0.58%	939	14.77	52.60%
2011	13,823	141,200,600	10,215	3.54%	159,094,343	11,509	5.19%	939	14.72	939	5.19%	939	14.72	939	5.19%	939	14.72	939	5.19%	939	14.72	58.73%

Source: District financial records.

Notes:

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

N/A: Information not available.

SIOUX CITY COMMUNITY SCHOOL DISTRICTCERTIFIED TEACHING STAFF SALARIESLAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
2002	25,830	52,977	41,872
2003	26,180	53,684	42,759
2004	26,755	54,845	44,145
2005	27,055	55,501	44,363
2006	27,712	56,878	45,380
2007	28,534	58,539	48,826
2008	29,409	62,481	51,753
2009	30,249	64,403	55,199
2010	30,739	65,393	55,871
2011	30,739	66,018	56,315

Source: District financial records.

SIoux CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

School	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary:										
Bryant (1890)										
Square Feet	43,251	43,251	43,251	43,251	43,251	43,251	43,251	43,251	43,251	38,275
Enrollment	404	416	431	468	453	453	441	433	433	450
Clark (1957)										
Square Feet	27,079	27,079	27,079	27,079	27,079	27,079	27,079	27,079	27,079	23,980
Enrollment	236	246	237	223	240	240	231	238	238	272
Crescent Park (1920)										
Square Feet	52,563	52,563	52,563	52,563	52,563	52,563	52,563	52,563	52,563	39,205
Enrollment	325	320	340	302	236	236	262	255	255	254
Emerson (1921)										
Square Feet	27,964	27,964	27,964	27,964	27,964	27,964	27,964	27,964	27,964	25,622
Enrollment	277	270	272	260	226	226	227	231	231	193
Everett (1888)										
Square Feet	24,071	24,071	24,071	24,071	24,071	24,071	24,071	24,071	24,071	30,021
Enrollment	346	337	351	328	300	300	297	324	324	307
Grant (1925)										
Square Feet	21,238	21,238								
Enrollment	120	116	closed							
Hawthorne (1891)										
Square Feet	42,411	42,411	42,411	42,411	42,411	42,411	42,411	42,411	42,411	
Enrollment	263	264	256	244	225	225	196	closed	196	
Hunt (1906)										
Square Feet	29,596	29,596	29,596	29,596	29,596	29,596	29,596	29,596	29,596	33,618
Enrollment	253	290	272	269	221	221	234	240	240	280
Irving (2005)										
Square Feet	26,861	26,861	26,861	26,861	88,000	88,000	88,000	88,000	88,000	92,567
Enrollment	377	365	362	337	621	621	607	659	659	706
Joy (1912)										
Square Feet	25,481	25,481	25,481	25,481	25,481	25,481	25,481	25,481	25,481	27,499
Enrollment	238	239	266	275	264	264	256	264	264	257
Leeds (1938)										
Square Feet	48,374	48,374	48,374	48,374	48,374	48,374	48,374	96,000	96,000	96,677
Enrollment	257	245	236	225	232	232	230	565	565	580

Source: District records.

SIoux CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(CONTINUED)

School	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary:										
Lincoln (1953)	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	27,254
Square Feet	254	268	267	265	269	269	286	243	243	289
Enrollment										
Longfellow (1893)	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	33,159
Square Feet	332	285	273	265	291	291	288	312	312	292
Enrollment										
Lowell (1910)	23,240	23,240	23,240	23,240	23,240	23,240	23,240	closed		
Square Feet	239	257	263	252	231	231	213			
Enrollment										
McKinley (1921)	19,820	19,820	19,820	19,820	19,820	19,820	19,820	closed		
Square Feet	245	210	244	217	222	222	222			
Enrollment										
Nodland (1969)	29,391	29,391	29,391	29,391	29,391	29,391	29,391	29,391	29,391	30,080
Square Feet	207	199	198	191	187	187	218	213	213	249
Enrollment										
Riverside (1958)	59,518	59,518	59,518	59,518	59,518	59,518	59,518	59,518	59,518	61,314
Square Feet	509	470	496	474	388	388	412	382	382	390
Enrollment										
Roosevelt (1920)	22,697	22,697	22,697	22,697	22,697	22,697	22,697	22,697	22,697	25,270
Square Feet	236	231	217	226	196	196	229	242	242	250
Enrollment										
Smith (1899)	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462
Square Feet	367	347	390	405	361	361	337	365	365	354
Enrollment										
Sunnyside (1957)	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771	22,765
Square Feet	187	193	190	199	210	210	203	196	196	212
Enrollment										
Unity (2008)										
Square Feet								92,000	92,000	92,000
Enrollment								408	408	474
Washington (1921)										
Square Feet	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	34,154
Enrollment	391	396	399	407	403	403	417	410	410	381
Enrollment										
Whittier (1902)	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	41,606
Square Feet	319	315	387	373	380	380	405	343	343	355
Enrollment										

Source: District records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(CONTINUED)

School	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Middle Schools:										
East Middle School (2002)										
Square Feet	198,000	198,000	198,000	198,000	198,000	198,000	198,000	198,000	198,000	198,000
Enrollment	980	1,021	965	960	938	938	956	944	944	1,041
North Middle School (2005)										
Square Feet				198,000	198,000	198,000	198,000	198,000	198,000	198,000
Enrollment				1,197	1,158	1,158	1,118	1,080	1,080	1,040
West Middle School (2001)										
Square Feet	168,000	168,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Enrollment	743	859	980	1,063	965	965	925	886	886	859
Hoover Middle School (1964)										
Square Feet	59,092	59,092	59,092	closed						
Enrollment	636	522	499							
Woodrow Wilson Middle (1925)										
Square Feet	115,811	115,811	115,811	closed						
Enrollment	763	748	776							
High Schools:										
East High School (1972)										
Square Feet	209,876	209,876	209,876	209,876	209,876	209,876	209,876	209,876	209,876	239,876
Enrollment	1,297	1,271	1,273	1,272	1,259	1,259	1,261	1,264	1,264	1,294
North High School (1972)										
Square Feet	210,954	210,954	210,954	210,954	210,954	210,954	210,954	210,954	210,954	240,954
Enrollment	1,273	1,341	1,391	1,463	1,438	1,438	1,488	1,369	1,369	1,439
West High School (1972)										
Square Feet	213,966	213,966	213,966	213,966	213,966	213,966	213,966	213,966	213,966	243,966
Enrollment	1,371	1,307	1,325	1,279	1,287	1,287	1,228	1,176	1,176	1,248
Central Campus (1951)										
Square Feet	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612
Enrollment	449	429	357	355	329	329	228	277	277	Closed
Harry Hopkins Center (2011)										
Career Academy										
Square Feet										15,000

Source: District records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

HISTORICAL RETAIL SALES IN WOODBURY COUNTY

Fiscal Year Ended March 31	Sales
1989	\$ 705,212,309
1990	736,919,712
1991	755,292,659
1992	790,551,007
1993	837,626,949
1994	898,319,797
1995	947,587,261
1996	991,630,033
1997	1,006,885,520
1998	1,059,067,725
1999	1,111,273,446
2000	1,130,618,047
2001	1,155,544,828
2002	1,147,698,184
2003	1,143,254,465
2004	1,166,768,177
2005	1,193,115,717
2006	1,239,908,750
2007	1,255,481,141
2008	1,389,519,496
2009	1,435,082,705
2010	1,412,347,496
2011	1,450,964,146

Source: Iowa Department of Revenue-Sales and Use Tax Quarterly Reports

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SALES TAX REVENUE

<u>Fiscal Year</u>	<u>Revenue</u>
2000	\$ 8,742,190
2001	8,595,057
2002	8,517,537
2003	9,132,607
2004	8,744,283
2005	9,254,822
2006	9,491,719
2007	11,083,850
2008	10,917,911
2009	11,340,639
2010	10,381,619
2011	11,096,938

SIOUX CITY COMMUNITY SCHOOL DISTRICT

OUTSTANDING GENERAL OBLIGATION DEBT (PRINCIPAL AND INTEREST)

Fiscal Year	Asbestos Abatement Loans	Capital Loan Notes	Total
2012	\$ 84,392	\$ 178,741	\$ 263,133
2013	-	183,207	183,207
2014	-	182,316	182,316
2015	-	181,247	181,247
Totals	<u>\$ 84,392</u>	<u>\$ 725,511</u>	<u>\$ 809,903</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

DEBT ANNUAL MATURITY SCHEDULE

Sales Tax 2006B			
Fiscal Year	Principal	Interest	Total
2012	\$ 3,970,000	\$ 829,013	\$ 4,799,013
2013	4,650,000	668,419	5,318,419
2014	4,785,000	492,919	5,277,919
2015	4,975,000	302,700	5,277,700
2016	3,830,000	102,200	3,932,200
Totals	\$ 22,210,000	\$ 2,395,251	\$ 24,605,251

Sales Tax 2007			
Fiscal Year	Principal	Interest	Total
2012	\$ -	\$ 600,000	\$ 600,000
2013	-	600,000	600,000
2014	-	600,000	600,000
2015	-	600,000	600,000
2016	1,300,000	600,000	1,900,000
2017-2019	13,700,000	831,900	14,531,900
Totals	\$ 15,000,000	\$ 3,831,900	\$ 18,831,900

Sales Tax 2008			
Fiscal Year	Principal	Interest	Total
2012	\$ -	\$ 510,625	\$ 510,625
2013	-	510,625	510,625
2014	-	510,625	510,625
2015	-	510,625	510,625
2016	-	510,625	510,625
2017-2021	1,620,000	2,479,496	4,099,496
2022-2026	4,825,000	1,602,269	6,427,269
2027-2029	3,555,000	296,985	3,851,985
Totals	\$ 10,000,000	\$ 6,931,875	\$ 16,931,875

Qualified School Construction Bonds, Series 2009			
Fiscal Year	Principal	Interest	Total
2012	\$ -	\$ 201,000	\$ 201,000
2013	-	201,000	201,000
2014	-	201,000	201,000
2015	-	201,000	201,000
2016	-	201,000	201,000
2017-2021	-	1,005,000	1,005,000
2022-2026	7,500,000	904,500	8,404,500
Totals	\$ 7,500,000	\$ 2,914,500	\$ 10,414,500

Sales Tax 2010			
Fiscal Year	Principal	Interest	Total
2012	\$ -	\$ 600,000	\$ 600,000
2013	-	600,000	600,000
2014	-	600,000	600,000
2015	-	600,000	600,000
2016	-	600,000	600,000
2017-2021	-	3,000,000	3,000,000
2022-2026	-	3,000,000	3,000,000
2027-2030	15,000,000	1,682,000	16,682,000
Totals	\$ 15,000,000	\$ 10,682,000	\$ 25,682,000

Asbestos Abatement Loans			
Fiscal Year	Principal	Interest	Total
2012	\$ 84,392	\$ -	\$ 84,392
Totals	\$ 84,392	\$ -	\$ 84,392

General Obligation Capital Loan Notes			
Fiscal Year	Principal	Interest	Total
2012	\$ 155,000	\$ 23,741	\$ 178,741
2013	165,000	18,207	183,207
2014	170,000	12,316	182,316
2015	175,000	6,247	181,247
Totals	\$ 665,000	\$ 60,511	\$ 725,511

Summary - Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2012	\$ 4,209,392	\$ 2,764,379	6,973,771
2013	4,815,000	2,598,251	7,413,251
2014	4,955,000	2,416,860	7,371,860
2015	5,150,000	2,220,572	7,370,572
2016	5,130,000	2,013,825	7,143,825
2017-2021	15,320,000	7,316,396	22,636,396
2022-2026	12,325,000	5,506,769	17,831,769
2027-2029	18,555,000	1,978,985	20,533,985
Totals	\$ 70,459,392	\$ 26,816,037	\$ 97,275,429

SIoux CITY COMMUNITY SCHOOL DISTRICT

DEBT SERVICE COVERAGE SALES TAX REVENUE BONDS

Fiscal Year	Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
1997	\$ -	\$ -	\$ -	\$ -
1998	-	-	-	-
1999	6,381,055	-	-	-
2000	8,742,190	-	-	-
2001	8,595,057	-	818,200	10.50
2002	8,517,537	1,885,000	1,210,590	2.75
2003	9,132,607	3,315,000	1,190,541	2.03
2004	8,744,283	3,655,000	1,032,252	1.87
2005	9,254,822	3,805,000	862,740	1.98
2006	9,491,719	3,960,000	926,612	1.94
2007	11,083,850	4,160,000 *	1,063,090	2.12
2008	10,917,911	73,401	1,998,106	5.27
2009	11,340,639	23,723 **	1,899,705	5.89
2010	10,381,619	24,642	2,042,979	5.02
2011	11,094,208	25,595	2,172,512	5.05
2012	11,068,619	3,997,268	2,140,638	1.80
2013	11,068,619	4,679,976	1,980,044	1.66
2014	11,068,619	4,816,387	1,804,544	1.67
2015	11,068,619	4,998,623	1,614,325	1.67

Notes: Details regarding the District's outstanding debt can be found in Note 5 of the notes to the financial statements.
 FY2011 Sales tax projected revenue based in Iowa Department of Revenue estimate.
 Revenue projections after FY2011 held constant to FY2011 projection.

* Does not include debt defeasance payments of \$16,763,548.

** Does not include debt defeasance payments of \$12,945,000.



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SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Direct:			
U.S. Department of Education:			
Indian Education - Assistance to Schools	15.130		\$ 147,154
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		<u>73,535</u>
Total Direct			<u>\$ 220,689</u>
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY11	\$ 758,606
National School Lunch Program	10.555	FY11	3,681,279 *
Summer Food Service Program for Children	10.559	FY11	<u>47,039</u>
			\$ 4,486,924
Fresh Fruit and Vegetable Program	10.582	FY11	<u>175,483</u>
Total U.S. Department of Agriculture			<u>\$ 4,662,407</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY11	\$ 3,988,833
ARRA - Title I Grants to Local Educational Agencies	84.389	FY11	<u>1,522,258</u>
			<u>\$ 5,511,091</u>
Education of Homeless Children and Youth Cluster:			
Education of Homeless Children and Youth	84.196	FY11	\$ 25,926
ARRA - Education of Homeless Children and Youth	84.387	FY11	<u>8,729</u>
			<u>\$ 34,655</u>
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	FY11	\$ 809,394
ARRA - State Fiscal Stabilization Fund - Government Services	84.397	FY11	<u>672,846</u>
			<u>\$ 1,482,240</u>
Career and Technical Education - Basic Grants to States	84.048	FY11	248,234
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY11	120,530
Safe and Drug-Free Schools and Communities - National Programs	84.184	FY11	1,594
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY11	72,125
Even Start-State Educational Agencies	84.213	FY11	105,900
Fund for the Improvement of Education	84.215	FY11	50,000
Educational Technology State Grants	84.318	FY11	46,201
Special Education - State Personnel Development	84.323	FY11	6,980
Advanced Placement Program	84.330	FY11	1,311
Reading First State Grants	84.357	FY11	97,056
English Language Acquisition Grants	84.365	FY11	202,387
Improving Teacher Quality State Grants	84.367	FY11	839,803
Grants for State Assessments and Related Activities	84.369	FY11	76,350
ARRA - Education Jobs Fund	84.410	FY11	816,663
Passed through School Administrators of Iowa			
Parental Information and Resource Centers	84.310	FY11	4,208
Special Education Cluster (IDEA):			
Passed through Iowa Department of Education:			
Special Education - Grants to States	84.027	FY11	275,896
Passed through Northwest Area Education Agency:			
Special Education - Grants to States	84.027	FY11	<u>858,401</u>
			<u>\$ 1,134,297</u>
Total Department of Education			<u>\$ 10,851,625</u>
U.S. Department of Homeland Security - FEMA			
Passed through Iowa Homeland Security Emergency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FY11	\$ 2,118
Total Department of Homeland Security			<u>\$ 2,118</u>
Total Indirect			<u>\$ 15,516,150</u>
Total Federal Expenditures			<u>\$ 15,736,839</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sioux City Community School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* - includes \$393,644 of non-cash awards.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance that is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:

Title I, Part A Cluster:

CFDA Number	84.010	Title I Grants to Local Educational Agencies
CFDA Number	84.389	ARRA - Title I Grants to Local Educational Agencies

State Fiscal Stabilization Fund Cluster:

CFDA Number	84.394	ARRA - Education State Grants
CFDA Number	84.397	ARRA - Government Services

CFDA Number 84.410 ARRA - Education Jobs Fund

CFDA Number 84.367 Improving Teacher Quality State Grants

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$472,105.
- (i) The Sioux City Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Material Weakness:

II-A-11 Criteria - A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared monthly to determine that all cash transactions have been recorded properly.

Condition - The bank balances were reconciled to the general ledger at year end but not monthly.

Context - Per inquiries it was determined that some but not all monthly cash reconciliations were performed. However a year-end reconciliation was performed.

Effect - As a result cash balances per the general ledger were not correct at month ends. A year-end bank reconciliation was performed and appropriate adjustments were made to the general ledger cash balances.

Cause - Bank reconciliations were not performed monthly due to time constraints.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

Part II: Findings Related to the Financial Statements (Continued):

Recommendation - We recommend that the District formalize their policy to perform monthly bank reconciliations. In addition the monthly bank reconciliation should be reviewed by someone other than the preparer.

Views of Responsible Officials and Planned Corrective Actions - The District will review their policies and assign cash reconciliation responsibilities.

Instances of Non-Compliance:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

No matters were noted.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-11 Certified Budget - Expenditures for the year ended June 30, 2011 exceeded the certified budget amount in the non-instructional programs and other expenditures functions.

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

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

Conclusion - Response accepted.

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

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 - The schedules of bills were not published as required by Chapter 279.35 of the Code of Iowa.

Recommendation - The schedule of bills should be published at least once a month.

Response - Procedures will be reviewed to ensure compliance with Chapter 279.35 of the Code of Iowa.

Conclusion - Response accepted.

SIOUX CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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

IV-G-11 Certified Enrollment - The Iowa Department of Education identified variances in the 2010-2011 Certified Enrollment.

Recommendation - The District will work with the external auditors to communicate the correction to both the Iowa Department of Management and the Iowa Department of Education.

Response - We will work with the external auditors to communicate and correct the variances.

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

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

IV-K-11 Categorical Funding - No instances were noted of categorical funding being 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 following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2011 audit.

Beginning balance	\$	15,689,108
Statewide sales, services and use tax		11,061,790
Expenditures/transfers out:		
School infrastructure:		
Buildings, equipment and other improvements	\$	(9,774,556)
Debt service for school infrastructure:		
Revenue debt	(2,477,512)	<u>(12,252,068)</u>
Ending balance	\$	<u>14,498,830</u>

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

Summary Schedule of Prior Federal Audit Findings

Year Ended June 30, 2011

Comment Reference and Comment

U.S. Department of Education

Title I, Part A Cluster:

CFDA Number 84.010: Title I Grants to Local Educational Agencies

CFDA Number 84.389: ARRA - Title I Grants to Local Educational Agencies

CFDA Number 84.367: Improving Teacher Quality State Grants

III-A-10 - The District was not obtaining required semi-annual employee certifications.

Current Status - Corrective action taken.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Sioux City Community School District

Compliance

We have audited the Sioux City Community School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Sioux City Community School District's major federal programs for the year ended June 30, 2011. The Sioux City Community School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Sioux City Community School District's management. Our responsibility is to express an opinion on the Sioux City Community School District's compliance based on our audit.

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

In our opinion, the Sioux City Community School District complied, in all material respects, with the compliance 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

Management of the Sioux City Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sioux City Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-33, 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 the Sioux City Community School District's internal control over compliance.



A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Sioux City, Iowa
January 30, 2012

King, Heinsch, Prosser & Co., L.L.P.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Sioux City Community School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux City Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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 the Sioux City Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sioux City Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* 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, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (item II-A-11).

Compliance and Other Matters

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



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

Sioux City Community School District's responses to the findings identified in our audit are described in the accompany schedule of findings and questioned costs. While we have expressed our conclusion on the District's responses, we did not audit the Sioux City Community School District's responses and, accordingly, we express no opinion on them.

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

Sioux City, Iowa
January 30, 2012

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