

North Scott Community School District
Financial Report

June 30, 2012

Comprehensive Annual Financial Report of the

North Scott Community School District
Eldridge, Iowa

For the Fiscal Year Ended June 30, 2012

Official Issuing Report
Joseph E. Hintze – Director of Business Affairs

Office Issuing Report
Business Office

Notice

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

*Kelly Rohlf, Equity Coordinator
500 Lost Grove Road
Princeton, Iowa 52768
563.285.3503*

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. . . a commitment to the community.

December 7, 2012

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

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the North Scott Community School District, (the "District") for the year ending June 30, 2012. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

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

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

Management Responsibility

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

CAFR

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

Basis of Accounting and Accounting System

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

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

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

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

Profile of the Government

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

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

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

Debt Administration

As of June 30, 2012 the North Scott School District had -0- in bond indebtedness. This allows the district a bonding capacity of \$44,559,210.

Financial Policies

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

maximize investment return, the District invested in a bank Sweep Account with an average rate of .76%, the Iowa Schools Joint Investment Trust with an average rate of .107% and IPAS with an average rate of .047%. Interest revenue of \$26,184 was earned on all investments for the fiscal year ending June 30, 2012. This represents a decrease of \$21,497 or 45%. The decrease in revenue is attributed to lower rates being offered from the district board approved financial depositories.

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

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

Budgeting

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

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

Enrollment Projections

With the North Scott Community School District being a suburb of a large metropolitan area, growth to the district is dependent on new housing additions and new families moving into the area. In the last few years, the enrollment has been shifting from the rural areas of the district to the center of the district where the junior high and high school are located as well as the major highways to allow for commuting into the larger metropolitan area. It is projected that enrollment will stay steady with a continued shift in enrollment to the center of the district. The district is reviewing options for expenditure reductions as enrollment shifts to the center of the district and reductions in enrollment in the rural attendance centers continues.

Age of School Buildings

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

Major Initiatives and Achievements

Despite pressures from financial challenges, the 2011-2012 school year was a year of growth, achievement and change. Following are some of the major accomplishments or initiatives from the 2011-2012 year.

- Each of the district's buildings trained and used building instructional coaches to support the district's professional development initiatives on the use of assessments and data teams.
- The staff is continuing unit design incorporating their learning of Iowa Core, Daggett's work, and literacy.
- The district is involved with professional development opportunities focusing on the Iowa Core and Common Core, especially in the core areas of Literacy and Math.
- For the sixth year, the district assessed students in grades 3-10 on the Measures of Academic Progress assessment. This is a computerized individual growth assessment.
- The board and administrators collaborated to write a new literacy goal for the district using BRI data in grades 1-10. Data has been collected and reported on for a second year.
- Forty-five students completed History Day projects and shared them at the local and regional level during the 2011-2012 school year. Thirty-five students advanced to the state level. Twelve young historians represented North Scott at the National History Day competition in June 2012, faring well amongst nearly 2,800 competitors from across the country — the largest group in the National History Day's 32-year history. One North Scott student placed second in the National Junior Division Individual Exhibit and received a monetary award, one student placed fourth in the National Senior Division Individual Exhibit, two placed ninth in National Jr. Division Group Performance, and four students placed 11th in the National Senior Division Group Exhibit. One student from North Scott was selected for a prestigious honor to represent Iowa when she received the Salute to Freedom Award, which includes a trip to the National World War II Museum in New Orleans, Jan. 12-13, 2013. She will help the museum tell the story of Iowa during the war along with forty-nine other state representatives and a representative from Washington D.C.
- Every school faculty is studying Response to Intervention to respond to individual student's needs in an organized, sequential manner using the multiple resources available within the school, district, and community.
- Every school building has reading specialists to assist with literacy remediation in grades 1-9.
- Continuation of a web-based student records/management system allows parents to view student assignments, grades and progress.
- Apex, a credit recovery program, is offered to students at the high school.
- The district is installing interactive white boards to update technology use with students. Boards are being installed in all elementary classrooms and in core content classrooms at the junior and senior high buildings. Also, every building has at least one interactive white board in a common area.

District efforts are focused on supporting and increasing student learning. Listed below is information on student achievement for 2011-12:

- 86.4% of 4th grade students were proficient in reading.
- 91.4% of 4th grade students were proficient in math.
- 70.3% of the 8th grade students were proficient in reading.
- 82.7% of the 8th grade students were proficient in math.
- 11th grade had 87.1% of students proficient in reading, and 88.4% proficient in math.
- The dropout rate of students in grades 7-12 in 2010-2011 was 1.76% (latest data available).
- 100% of 2011-2012 North Scott graduates completed a core program of 4 years of English, and 3 years each of math, science, and social studies.
- The North Scott 2011-2012 grades K-8 Average Daily Attendance rate was 96.6%.
- The 2011 graduation rate for the North Scott Community School District was 88.1%.
- 77.13% of 2012 graduating seniors indicated they intended to pursue post-secondary education or training.

Economic Condition and Outlook

The district's General Fund Balance increased by \$1,051,993, and the Unassigned Fund Balance increased by \$1,013,854. This increase in the Undesignated Fund Balance is due to limiting expenditures to be comparable to prior year expenditures. This was done in anticipation of the loss of Federal Education Jobs Bill funding. These funds were used to maintain current staffing levels with this funding cliff looming the district plan to maintain current staffing levels with possible staff reductions by attrition.

The district entered into a sharing agreement with an adjoining school district for a shared human resource director position for FY2012 to FY2014. This position will provide the district with the following additional State aid for the shared position: FY2012 - \$237,680, FY2013 - \$191,936, FY2014 - \$146,712. These funds will assist in providing the district support in human resource management and will also assist in maintaining current staffing levels. Concern will be for the funding cliff when the sharing funds end.

After a failed Revenue Purpose vote extension in September 2011, the extension was approved in September 2012. This extension will allow the district to plan and improve district facilities over the next 10 to 15 years.

As a result of the November 2012 general election, Iowa will have a Republican governor, a Republican House of 53 Republicans and 47 Democrats, and a Senate of 26 Democrats and 24 Republicans. It is projected that unless there is bipartisan cooperation, State spending for school's allowable growth will be limited, with additional categorical aid given to schools to help work towards the Model Core Curriculum and teacher/administrator professional development and evaluation programs.

In July, 2011 a printing facility located within the district closed, displacing 279 workers. This facility has been for sale and has been sold after a year on the market.

Plans are being developed for the reduction of Federal Funds due to the sequestration reduction of 8-15%.

Independent Audit

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

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials of the United States and Canada (ASBO) awards a Certificate of Excellence in Financial Reporting. The North Scott Community School District received both of these certificates for its comprehensive annual financial report for fiscal year ended June 30, 2011. Each certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of governmental financial reports.

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

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

Other Matters

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

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

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

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

Very truly yours,



Joseph E. Hintze
Director of Business Affairs



Jeff Schwiebert
Superintendent of Schools

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

North Scott Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Brian L. Mee', positioned above a horizontal line.

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading 'John D. Musso', positioned above a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Scott Community
School District, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Christopher P. Maxwell

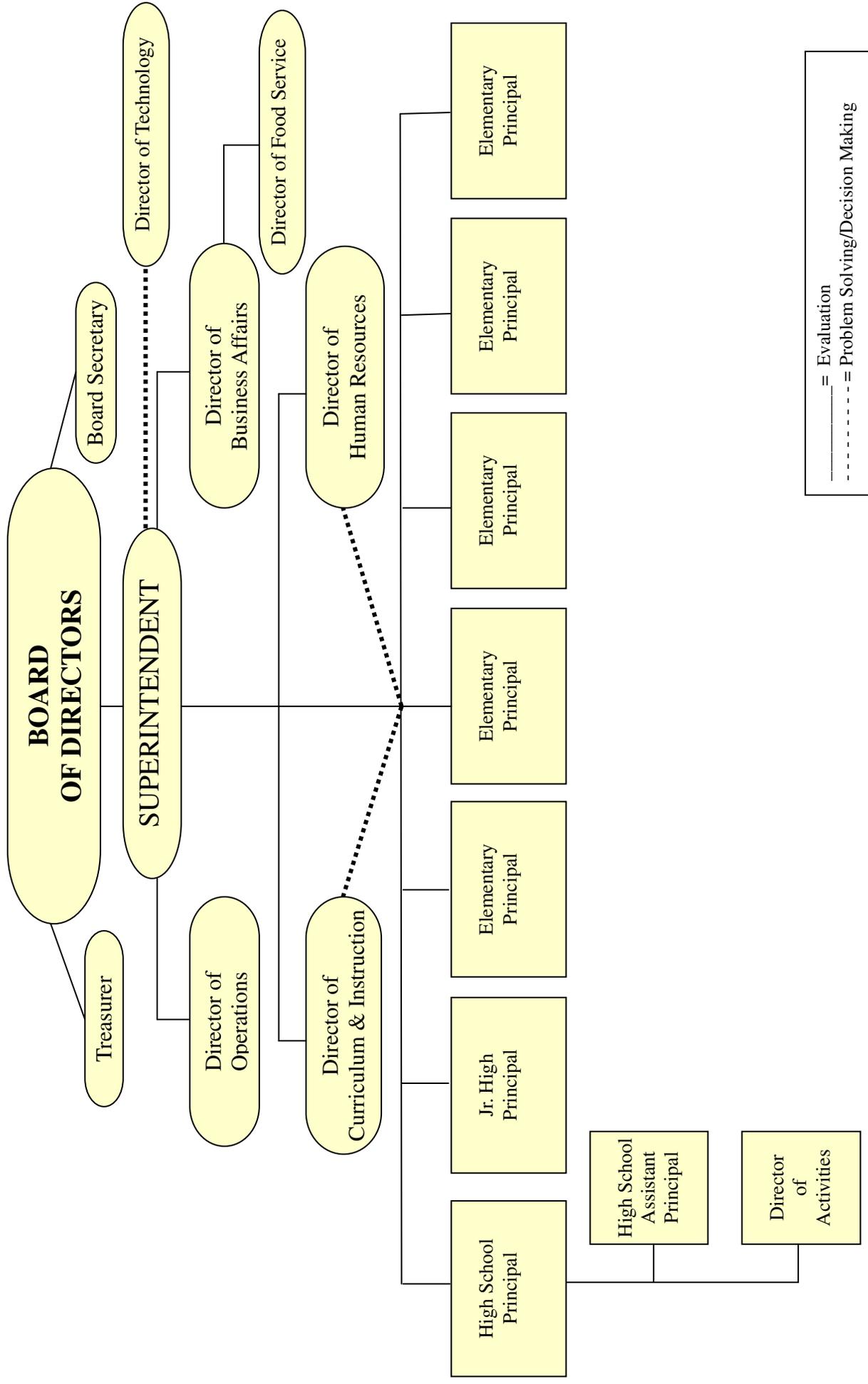
President

Jeffrey R. Emer

Executive Director

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

Organizational Chart



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

North Scott Community School District

**Board of Education and School District Administration
Year Ended June 30, 2012**

Board of Education

	<u>Title</u>	<u>Term/Contract Expires</u>
Joe Slater	President	September 2013
Dennis Albertson	Vice President	September 2015
Paul Dierickx	Director	September 2011
Elizabeth Bosworth	Director	September 2013
Mark Kruse	Director	September 2013
Joni Dittmer	Director	September 2015
John Maxwell	Director	September 2015

School District Administration

Jeff Schwiebert	Superintendent	July 2012
Kristy Lonney	Board Secretary	July 2012
Steven Fahrenkrog	Treasurer	July 2012
Joseph Hintze	Director of Business Affairs	July 2012
Sue Kane	Director of Curriculum & Instruction	July 2012
John Netwal	Director of Operation & Transportation	July 2012
Dr. Sue Alborn-Yilek	Director of Human Resources	July 2012
Shane Knoche	Principal	July 2012
David Griffin	Principal	July 2012
Curtis Rheingans	Principal	July 2012
CJ Albertson	Principal	July 2012
Kelly Rohlf	Principal	July 2012
Sherri Marceau	Principal	July 2012
John Langenhan	Principal	July 2012
Frank Wood	Associate Principal	July 2012
John Hawley	Associate Principal	July 2012

North Scott Community School District

Consultants and Advisors

Year Ended June 30, 2012

Certified Public Accountants

Bohnsack & Frommelt LLP
9911 84th Street West
Taylor Ridge, Illinois 61284

Financial Consultants

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

Personnel Services

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

Official Depositories

US Bank
PO Box 940
Davenport, Iowa 52805-0940

Blackhawk Bank & Trust
PO Box 1100
Milan, Illinois 61264-1100

Valley Bank
PO Box 405
Eldridge, Iowa 52748

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

Bond Attorneys

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

General Counsel

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

Insurance Consultants

R.J. Lees & Associates
1700 - 52nd Avenue, Suite B
Moline, Illinois 61265

Official Depositories

First Central State Bank
PO Box 119
DeWitt, Iowa 52742

The Education Liquidity Fund
1415 - 28th Street, Suite 200
West Des Moines, Iowa 50266

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the North Scott Community School District, Eldridge, Iowa as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012 on our consideration of the North Scott Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, budgetary comparison information and schedule of funding progress for the Retiree Health Plan on pages 3 through 14 and 48 through 51 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 North Scott Community School District's basic financial statements. The combining nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular , *Audits of States, Local Governments and Nonprofit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 basic 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 basic 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 basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 them.

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
November 16, 2012

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

North Scott Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

2012 FINANCIAL HIGHLIGHTS

- The District showed an increase in net assets of \$2,826,601 during the year ended June 30, 2012.
- The District's General Fund balance increased by \$1,051,993, the unassigned fund balance increased by \$1,013,854 and the nonspendable/restricted/assigned fund balance increased by \$38,139. The increase in the unassigned fund balance is due to a combination of (1) continuing the cash reserve levy, and (2) limiting expenditures to be comparable to prior year expenditures.

USING THIS ANNUAL REPORT

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

- Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a statement of net assets and a statement of activities. These provide information about the activities of North Scott Community School District as a whole and present an overall view of the District's finances.
- The fund financial statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report North Scott Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which North Scott Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.
- Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the Retiree Health Plan.
- Other supplementary information provides detailed information about the nonmajor funds.

North Scott Community School District

**Management's Discussion and Analysis
Year Ended June 30, 2012**

Figure A-1
North Scott Community School District Annual Financial Report

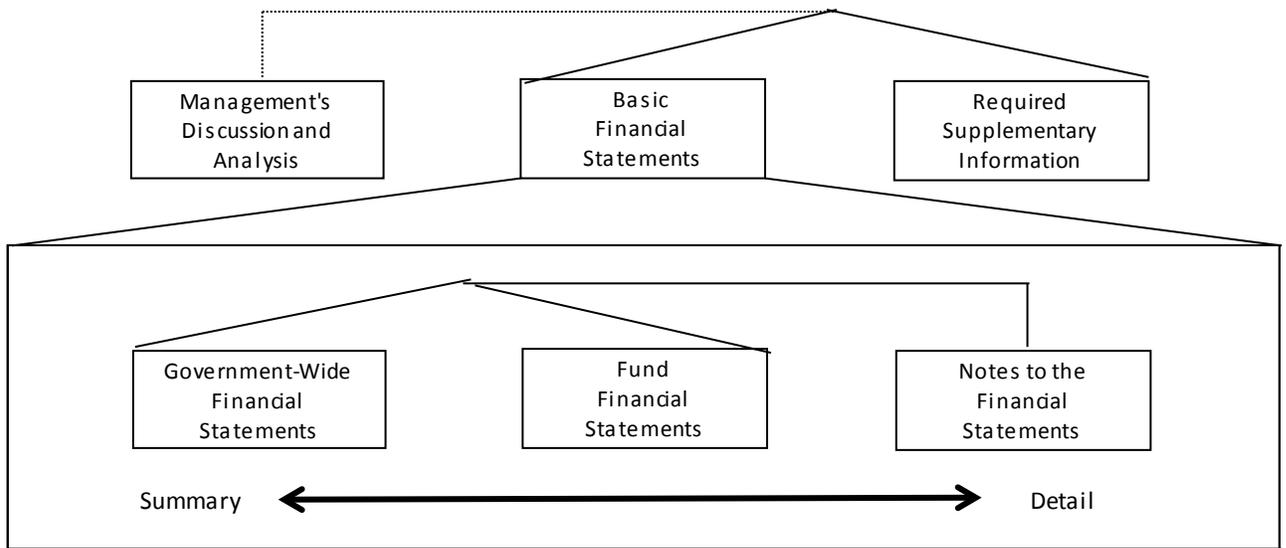


Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
Government-Wide Statements		Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and child care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

The District's governmental funds include the General Fund and Capital Projects Fund and nonmajor Management Fund and nonmajor Student Activities Fund.

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

Proprietary funds. Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Child Care Fund. The District uses internal service funds, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund, Self-funded Insurance Fund.

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

Fiduciary funds. The District is the trustee, or fiduciary, for the assets that belong to others. These funds include the agency fund.

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

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

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

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

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets – Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2012 compared to June 30, 2011.

Figure A-3 Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2011-12
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
Current and other assets	\$ 32,141,742	\$ 28,275,592	\$ 889,245	\$ 709,761	\$ 33,030,987	\$ 28,985,353	14.0%
Capital assets	19,839,922	20,646,639	253,472	278,305	20,093,394	20,924,944	-4.0%
Total assets	51,981,664	48,922,231	1,142,717	988,066	53,124,381	49,910,297	6.4%
Long-term liabilities	1,283,429	1,055,834	42,564	40,824	1,325,993	1,096,658	20.9%
Other liabilities	16,527,350	16,366,161	40,333	43,374	16,567,683	16,409,535	1.0%
Total liabilities	17,810,779	17,421,995	82,897	84,198	17,893,676	17,506,193	2.2%
Net assets:							
Invested in capital assets, net of related debt	19,839,922	20,646,639	253,472	278,305	20,093,394	20,924,944	-4.0%
Restricted	8,665,073	6,435,472	-	-	8,665,073	6,435,472	34.6%
Unrestricted	5,665,890	4,418,125	806,348	625,563	6,472,238	5,043,688	28.3%
Total net assets	\$ 34,170,885	\$ 31,500,236	\$ 1,059,820	\$ 903,868	\$ 35,230,705	\$ 32,404,104	8.7%

The District's combined net assets increased by 8.7 percent or \$2,826,601 from the prior year. The increase in net assets was due primarily to the increased fund balance in the General and Capital Projects Funds. The General Fund increase was due to increased state sources revenue while only increasing expenses by 2.3 percent. The Capital Projects Fund increase was the result of property tax and statewide sales, services and use taxes in excess of capital facility construction expenditures during the year.

The invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt decreased \$831,550 or 4 percent. The decrease in invested in capital assets is primarily due to the assets capitalized in the year being less than the current year depreciation.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$2,229,601 or 34.6 percent over the prior year. The increase was primarily a result of the increased fund balance in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$1,428,550 or 28.3 percent. This increase in unrestricted net assets was a result of the District's increased fund balance in the General Fund.

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to June 30, 2011.

Governmental Activities

Figure A-4 Changes in Net Assets From Operating Results

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2011-12
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
Revenues:							
Program revenues:							
Charges for services	\$ 1,423,074	\$ 1,879,217	\$ 1,221,598	\$ 1,163,837	\$ 2,644,672	\$ 3,043,054	-13.1%
Operating grants and contributions and restricted interest	5,279,988	4,159,219	600,575	580,797	5,880,563	4,740,016	24.1%
Capital grants	228,823	-	-	-	228,823	-	100.0%
General revenues:							
Local tax	15,406,574	14,473,107	-	-	15,406,574	14,473,107	6.4%
Unrestricted state and federal revenues	12,157,291	11,788,613	-	-	12,157,291	11,788,613	3.1%
Other	140,872	184,835	3,501	6,817	144,373	191,652	-24.7%
Total revenues	34,636,622	32,484,991	1,825,674	1,751,451	36,462,296	34,236,442	6.5%
Program expenses:							
Governmental activities:							
Instruction	19,488,422	18,561,787	1,022	1,359	19,489,444	18,563,146	5.0%
Support services	10,230,831	10,394,053	195,910	143,895	10,426,741	10,537,948	-1.1%
Noninstructional programs	-	-	1,472,903	1,547,220	1,472,903	1,547,220	-4.8%
Other expenditures	2,246,607	2,341,564	-	-	2,246,607	2,341,564	-4.1%
Total expenses	31,965,860	31,297,404	1,669,835	1,692,474	33,635,695	32,989,878	2.0%
Change in net assets before transfers							
	2,670,762	1,187,587	155,839	58,977	2,826,601	1,246,564	126.8%
Transfers	(113)	(13,054)	113	13,054	-	-	
Change in net assets	2,670,649	1,174,533	155,952	72,031	2,826,601	1,246,564	126.8%
Beginning net assets	31,500,236	30,325,703	903,868	831,837	32,404,104	31,157,540	
Ending net assets	\$ 34,170,885	\$ 31,500,236	\$ 1,059,820	\$ 903,868	\$ 35,230,705	\$ 32,404,104	

Local tax and unrestricted state grants account for 79.5percent of the total revenue. The District's expenses primarily relate to instructional and support services which account for 93 percent of the total expenses.

The increase in local tax is due to the increase in statewide sales, services and use tax revenues. The increase in operating grants and contributions and restricted interest is due to one-time stimulus money received during the current year for Education Jobs Fund.

The increase of expenses for the instruction activities is a result of the District incurring \$280,469 for equipment from the Capital Projects Fund combined with a 3% increase in the General Fund. Support services costs remained steady with prior year reflecting a 1.6 percent decrease.

Revenues for governmental activities were \$34,636,622 and expenses were \$31,965,860.

North Scott Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2012**

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

Figure A-7 Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
			Change			Change
	June 30, 2012	June 30, 2011	2011-2012	June 30, 2012	June 30, 2011	2011-2012
Instruction	\$ 19,488,422	\$ 18,561,787	-4.75%	\$ 13,841,707	\$ 13,708,578	-1.0%
Support services	10,230,831	10,394,053	1.60%	10,016,056	10,381,799	3.5%
Other expenses	2,246,607	2,341,564	4.23%	1,176,212	1,168,591	-0.7%
Total	\$ 31,965,860	\$ 31,297,404	-2.09%	\$ 25,033,975	\$ 25,258,968	0.9%

The cost financed by users of the District’s program for the year ended June 30, 2012 was \$1,423,074.

Federal and state governments subsidized certain programs with grants and contributions totaling \$5,508,811.

The net cost of governmental activities was financed with \$15,406,574 in property tax, income surtax and statewide sales, services and use tax, \$12,157,291 in unrestricted state and federal revenue, \$32,014 in unrestricted investment earnings and \$108,858 in other general revenues.

Business-Type Activities

Revenues of the District’s business-type activities were \$1,825,674 and expenses were \$1,669,835. The District’s business-type activities include the School Nutrition Fund and the nonmajor Child Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and transfers.

The School Nutrition Fund had increased revenues due to the increase in meal prices. All other revenues were comparable to the prior year. Expenditures remained relatively comparable to prior year reflecting a less than 1% increase.

During the year, revenues for the child care program were comparable to the prior year with the exception of receiving \$27,699 from state sources. The decrease in expenditures was due to a reduction in salaries.

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$12,753,184; an increase of last year's ending fund balances of \$10,218,819. However, the primary reason for the increase in combined fund balances in fiscal 2012 is due to the increase in the General and Capital Projects Fund balance.

Governmental Fund Highlights

The District's increasing General Fund financial position is the product of many factors. The District's General Fund expenditures remained unchanged from the prior year as the District salary and benefits costs were comparable to the prior year. Revenues increased during the year by 3 percent as the result of increased state source revenues.

The General Fund balance increased from \$3,928,104 to \$4,980,097, due to the increase in revenues.

The Capital Projects Fund balance increased from \$5,336,481 in fiscal year 2011 to \$6,698,709 in fiscal 2012. The District collected an increase in statewide sales, services and use tax and had capital outlay expenditures comparable to the prior year.

Proprietary Fund Highlights

The proprietary fund net assets increased from \$903,868 as of June 30, 2011 to \$1,059,820 as of June 30, 2012, representing an increase of 17.3 percent. The school nutrition fund balance increased from \$673,930 in fiscal 2011 to \$782,652 in fiscal 2012. The child care fund balance increased from \$229,938 in fiscal 2011 to \$277,168 in fiscal 2012. The school nutrition fund had increased revenues due to the increase of \$73,644 in charges for services. All other revenues were comparable to the prior year. Expenditures were comparable to the prior year.

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its internal service and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on pages 48 through 51.

The District's total actual receipts were \$1,912,900 less than the total budgeted receipts, a variance of 6 percent. The most significant change resulted in the District receiving more in local sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the District had invested \$20,093,394, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. See Figure A-8. This amount represents a net decrease of 831,550 from last year. More detailed information about capital assets is available in Note 5 for the financial statements. Depreciation expense for the year was \$1,639,435.

The original cost of the District's capital assets was \$48,165,269. Governmental funds account for \$47,494,289 with the remainder of \$670,980 in the proprietary, school nutrition and child care funds.

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

The largest change in capital asset activity during the year occurred with the purchase of various machinery and equipment totaling 485,571 for governmental activities and 12,394 for business-type activities. However, annual depreciation exceeded purchases in the current year.

Figure A-8 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2011-12
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
Land	\$ 590,594	\$ 590,594	\$ -	\$ -	\$ 590,594	\$ 590,594	0.0%
Buildings	15,892,465	16,462,365	-	-	15,892,465	16,462,365	-3.5%
Land improvements	2,345,323	2,641,185	-	-	2,345,323	2,641,185	-11.2%
Machinery and equipment	1,011,540	952,495	253,472	278,305	1,265,012	1,230,800	2.8%
Total	\$ 19,839,922	\$ 20,646,639	\$ 253,472	\$ 278,305	\$ 20,093,394	\$ 20,924,944	-4.0%

Long-Term Debt

As of June 30, 2012, the District had \$1,325,993 in other long-term debt outstanding. This represents an increase of 20.9 percent from last year. See Figure A-9. More detailed information about the District's

Figure A-9 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2011-12
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
Early retirement	\$ 141,940	\$ 195,070	\$ -	\$ -	\$ 141,940	\$ 195,070	-27.2%
Compensated absences	157,063	135,577	14,209	17,157	171,272	152,734	12.1%
Net OPEB liability	984,426	725,187	28,355	23,667	1,012,781	748,854	35.2%
Total	\$ 1,283,429	\$ 1,055,834	\$ 42,564	\$ 40,824	\$ 1,325,993	\$ 1,096,658	20.9%

long-term liabilities is available in Note 6 to the financial statements.

The District had early retirement payable of \$141,940 as of June 30, 2012, which will be paid primarily from the nonmajor, management levy fund.

The District had net OPEB liability payable of \$1,012,781 as of June 30, 2012.

The District also had compensated absences payable of \$171,272 as of June 30, 2012, which will be paid primarily out of the General Fund.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

As a result of the November 2012 election, Iowa will have a Republican Governor, Republic House and Democrat Senate which will require bipartisan cooperation.

North Scott Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

A printing facility that was opened in July 2011 has just been sold after a year on the market. Hopefully new jobs will be added to the community.

Plans are being developed for the reduction of Federal Funds to the Sequestrian Order and a reduction of 8-15% of Federal Funds received.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS



North Scott
Community Schools

North Scott Community School District

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 17,609,621	\$ 839,909	\$ 18,449,530
Receivables:			
Property tax:			
Delinquent	107,431	-	107,431
Succeeding year	12,559,559	-	12,559,559
Income surtax	153,163	-	153,163
Accounts	171,558	933	172,491
Due from other governments	1,403,856	6,689	1,410,545
Inventories	98,670	41,714	140,384
Prepaid items	37,884	-	37,884
Capital assets not being depreciated, land	590,594	-	590,594
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	15,892,465	-	15,892,465
Land improvements	2,345,323	-	2,345,323
Machinery and equipment	1,011,540	253,472	1,265,012
Total assets	51,981,664	1,142,717	53,124,381

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	1,197,546	1,318	1,198,864
Salaries and benefits payable	2,733,303	8,835	2,742,138
Unearned revenues:			
Succeeding year property tax	12,559,559	-	12,559,559
Other	36,942	30,180	67,122
Noncurrent liabilities:			
Portion due within one year:			
Early retirement	119,738	-	119,738
Compensated absences	157,063	14,209	171,272
Portion due after one year:			
Early retirement	22,202	-	22,202
Net OPEB liability	984,426	28,355	1,012,781
Total liabilities	17,810,779	82,897	17,893,676
Net Assets			
Invested in capital assets	19,839,922	253,472	20,093,394
Restricted for:			
Categorical funding	389,986	-	389,986
School infrastructure	5,864,857	-	5,864,857
Management levy	748,261	-	748,261
Physical plant and equipment levy	1,335,852	-	1,335,852
Student activities	326,117	-	326,117
Unrestricted	5,665,890	806,348	6,472,238
Total net assets	\$ 34,170,885	\$ 1,059,820	\$ 35,230,705

North Scott Community School District

Statement of Activities Year Ended June 30, 2012

Functions/Programs	Expenses
Governmental activities:	
Instruction:	
Regular	\$ 12,962,232
Special	2,752,196
Other	3,773,994
	<u>19,488,422</u>
Support services:	
Student	1,245,261
Instructional staff	995,987
Administration	3,323,786
Operation and maintenance of plant	3,632,525
Transportation	1,033,272
	<u>10,230,831</u>
Other expenditures:	
AEA flowthrough	1,070,395
Depreciation (unallocated) *	1,176,212
	<u>2,246,607</u>
Total governmental activities	<u>31,965,860</u>
Business-type activities:	
Instruction:	
Regular, child care	1,022
Support services:	
Administration:	
Nutrition	135,718
Child care	848
Operation and maintenance of plant:	
Nutrition	58,097
Child care	75
Transportation:	
Nutrition	-
Child care	1,172
Noninstructional programs:	
Nutrition	1,202,028
Child care	270,875
Total business-type activities	<u>1,669,835</u>
Total	<u>\$ 33,635,695</u>
General revenues and transfers:	
General revenues:	
Property tax levied for:	
General purposes	
Capital outlay	
Income surtax	
Statewide sales, services and use tax	
Unrestricted state and federal grants	
Unrestricted investment earnings	
Gain on the sale of capital assets	
Other	
Total general revenues	
Transfers	
Total general revenues and transfers	
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.

See Notes to Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 823,426	\$ 2,381,971	\$ 132,486	\$ (9,624,349)	\$ -	\$ (9,624,349)
207,798	445,322	-	(2,099,076)	-	(2,099,076)
324,945	1,330,767	-	(2,118,282)	-	(2,118,282)
<u>1,356,169</u>	<u>4,158,060</u>	<u>132,486</u>	<u>(13,841,707)</u>	<u>-</u>	<u>(13,841,707)</u>
2,814	30,918	-	(1,211,529)	-	(1,211,529)
29,254	12,184	-	(954,549)	-	(954,549)
13,314	666	-	(3,309,806)	-	(3,309,806)
20,087	1,252	96,337	(3,514,849)	-	(3,514,849)
1,436	6,513	-	(1,025,323)	-	(1,025,323)
<u>66,905</u>	<u>51,533</u>	<u>96,337</u>	<u>(10,016,056)</u>	<u>-</u>	<u>(10,016,056)</u>
-	1,070,395	-	-	-	-
-	-	-	(1,176,212)	-	(1,176,212)
-	1,070,395	-	(1,176,212)	-	(1,176,212)
<u>1,423,074</u>	<u>5,279,988</u>	<u>228,823</u>	<u>(25,033,975)</u>	<u>-</u>	<u>(25,033,975)</u>
-	-	-	-	(1,022)	(1,022)
-	-	-	-	(135,718)	(135,718)
-	-	-	-	(848)	(848)
-	-	-	-	(58,097)	(58,097)
-	-	-	-	(75)	(75)
-	-	-	-	-	-
-	-	-	-	(1,172)	(1,172)
935,785	566,214	-	-	299,971	299,971
285,813	34,361	-	-	49,299	49,299
<u>1,221,598</u>	<u>600,575</u>	<u>-</u>	<u>-</u>	<u>152,338</u>	<u>152,338</u>
<u>\$ 2,644,672</u>	<u>\$ 5,880,563</u>	<u>\$ 228,823</u>	<u>(25,033,975)</u>	<u>152,338</u>	<u>(24,881,637)</u>
			11,091,158	-	11,091,158
			1,152,677	-	1,152,677
			165,387	-	165,387
			2,997,352	-	2,997,352
			12,157,291	-	12,157,291
			32,014	1,872	33,886
			14,143	-	14,143
			94,715	1,629	96,344
			<u>27,704,737</u>	<u>3,501</u>	<u>27,708,238</u>
			(113)	113	-
			<u>27,704,624</u>	<u>3,614</u>	<u>27,708,238</u>
			2,670,649	155,952	2,826,601
			31,500,236	903,868	32,404,104
			<u>\$ 34,170,885</u>	<u>\$ 1,059,820</u>	<u>\$ 35,230,705</u>

North Scott Community School District

Balance Sheet Governmental Funds June 30, 2012

	General	Capital Projects	Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$ 7,424,082	\$ 6,526,951	\$ 1,040,389	\$ 14,991,422
Receivables:				
Property tax:				
Delinquent	94,875	9,932	2,624	107,431
Succeeding year	10,931,226	1,203,336	424,997	12,559,559
Income surtax	153,163	-	-	153,163
Accounts	88,331	2,756	37,114	128,201
Due from other governments	491,256	911,287	1,313	1,403,856
Inventories	98,670	-	-	98,670
Prepaid items	18,662	-	19,222	37,884
Total assets	\$ 19,300,265	\$ 8,654,262	\$ 1,525,659	\$ 29,480,186
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 413,895	\$ 250,217	\$ 16,670	\$ 680,782
Accrued expenses	2,723,791	-	9,512	2,733,303
Deferred revenue:				
Succeeding year property tax	10,931,226	1,203,336	424,997	12,559,559
Income surtax	153,163	-	-	153,163
Other	98,093	502,000	102	600,195
Total liabilities	14,320,168	1,955,553	451,281	16,727,002
Fund balances:				
Nonspendable:				
Inventories	98,670	-	-	98,670
Pepaid items	18,662	-	19,222	37,884
Restricted for:				
Categorical funding	389,986	-	-	389,986
Management levy purposes	-	-	748,261	748,261
Student activities	-	-	306,895	306,895
School infrastructure	-	5,362,857	-	5,362,857
Physical plant and equipment levy	-	1,335,852	-	1,335,852
Assigned for special purposes	115,597	-	-	115,597
Unassigned	4,357,182	-	-	4,357,182
Total fund balances	4,980,097	6,698,709	1,074,378	12,753,184
Total liabilities and fund balances	\$ 19,300,265	\$ 8,654,262	\$ 1,525,659	\$ 29,480,186

See Notes to Financial Statements.

North Scott Community School District

**Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets
June 30, 2012**

Total fund balances of governmental funds \$ 12,753,184

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

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported as assets in the governmental funds. 19,839,922

The Internal Service Fund is used to charge costs of the District's self-funded insurance
plan to the governmental funds. The net assets of the Internal Service Fund are
therefore included under governmental activities. 2,109,792

Other assets are not available to pay for current period expenditures and,
therefore, are deferred in the funds 751,416

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

Early retirement (141,940)

Compensated absences (157,063)

Net OPEB liability (984,426)

Net assets of governmental activities \$ 34,170,885

See Notes to Financial Statements.

North Scott Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2012

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 10,955,895	\$ 3,648,029	\$ 298,446	\$ 14,902,370
Tuition	747,429	-	-	747,429
Other	625,906	109,794	997,608	1,733,308
State appropriations	15,463,897	690	190	15,464,777
Federal appropriations	1,166,881	-	-	1,166,881
Total revenues	28,960,008	3,758,513	1,296,244	34,014,765
Expenditures:				
Current:				
Instruction:				
Regular	12,614,084	280,469	105,521	13,000,074
Special	2,823,007	-	-	2,823,007
Other	2,983,039	-	860,772	3,843,811
	18,420,130	280,469	966,293	19,666,892
Support services:				
Student	1,267,967	-	10,721	1,278,688
Instructional staff	1,006,015	-	7,077	1,013,092
Administration	2,927,135	225,790	16,054	3,168,979
Operation and maintenance of plant	2,255,332	264,220	126,896	2,646,448
Transportation	989,663	-	33,686	1,023,349
	8,446,112	490,010	194,434	9,130,556
Noninstructional programs, food service operations	-	-	781	781
Other expenditures:				
Facilities acquisition	-	1,625,806	-	1,625,806
AEA flowthrough	1,070,395	-	-	1,070,395
	1,070,395	1,625,806	-	2,696,201
Total expenditures	27,936,637	2,396,285	1,161,508	31,494,430
Excess of revenues under expenditures	1,023,371	1,362,228	134,736	2,520,335
Other financing sources (uses):				
Sale of capital assets	14,143	-	-	14,143
Transfers in	14,592	-	591	15,183
Transfers out	(113)	-	(15,183)	(15,296)
Total other financing sources (uses)	28,622	-	(14,592)	14,030
Net change in fund balance	1,051,993	1,362,228	120,144	2,534,365
Fund balances, beginning of year	3,928,104	5,336,481	954,234	10,218,819
Fund balances, end of year	\$ 4,980,097	\$ 6,698,709	\$ 1,074,378	\$ 12,753,184

See Notes to Financial Statements.

North Scott Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2012**

Net change in fund balances - total governmental funds \$ 2,534,365

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlay	\$ 796,021	
Depreciation expense	<u>(1,602,738)</u>	(806,717)
Gain on sale of capital assets	14,143	
Proceeds from the sale of capital assets	<u>(14,143)</u>	-

The increase in net assets of the Internal Service Fund represents an overcharge to the governmental funds and is incorporated into the change in net assets of governmental activities. 570,139

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenues 600,457

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement		53,130
Compensated absences		(21,486)
Net OPEB liability		<u>(259,239)</u>

Change in net assets of governmental activities \$ 2,670,649

See Notes to Financial Statements.

North Scott Community School District

Statement of Net Assets

Proprietary Funds

June 30, 2012

	Business-Type Activities, Enterprise Fund			Governmental
	School Nutrition	Nonmajor Child Care	Total	Activities, Internal Service Fund
Assets				
Current assets:				
Cash and pooled investments	\$ 555,379	\$ 284,530	\$ 839,909	\$ 2,618,199
Receivables, accounts	101	832	933	43,357
Due from other governments	-	6,689	6,689	-
Inventories	41,714	-	41,714	-
Total current assets	597,194	292,051	889,245	2,661,556
Noncurrent assets:				
Capital assets, machinery and equipment, net of accumulated depreciation	248,367	5,105	253,472	-
Total assets	845,561	297,156	1,142,717	2,661,556
Liabilities				
Current liabilities:				
Accounts payable	1,159	159	1,318	516,764
Salaries and benefits payable	1,564	7,271	8,835	-
Unearned revenues	30,180	-	30,180	35,000
Compensated absences	4,689	9,520	14,209	-
Total current liabilities	37,592	16,950	54,542	551,764
Noncurrent liabilities:				
Net OPEB liability	25,317	3,038	28,355	-
Total noncurrent liabilities	25,317	3,038	28,355	-
Net Assets				
Invested in capital assets	248,367	5,105	253,472	-
Unrestricted	534,285	272,063	806,348	2,109,792
Total net assets	\$ 782,652	\$ 277,168	\$ 1,059,820	\$ 2,109,792

See Notes to Financial Statements.

North Scott Community School District

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

Year Ended June 30, 2012

	Business-Type Activities, Enterprise Fund			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
Operating revenues:				
Local sources:				
Charges for service	\$ 935,785	\$ 285,813	\$ 1,221,598	\$ 4,552,253
Miscellaneous	1,629	-	1,629	288,493
Total operating revenues	937,414	285,813	1,223,227	4,840,746
Operating expenses:				
Instruction, regular, other	-	1,022	1,022	-
Support services:				
Administration:				
Salaries	87,255	-	87,255	-
Benefits	36,878	-	36,878	-
Services	565	438	1,003	4,277,845
Other	11,020	410	11,430	19
Operation and maintenance of plant:				
Salaries	26,591	-	26,591	-
Benefits	16,323	-	16,323	-
Services	1,956	75	2,031	-
Supplies	13,227	-	13,227	-
Transportation:				
Salaries	-	1,012	1,012	-
Benefits	-	160	160	-
Noninstructional programs:				
Salaries	359,491	198,940	558,431	-
Benefits	141,297	49,457	190,754	-
Services	10,671	230	10,901	-
Supplies	654,623	20,967	675,590	-
Depreciation	35,416	1,281	36,697	-
Total operating expenses	1,395,313	273,992	1,669,305	4,277,864
Operating income (loss)	(457,899)	11,821	(446,078)	562,882
Nonoperating revenues (expenses):				
State sources	12,888	27,669	40,557	-
Federal sources	553,326	6,692	560,018	-
Loss on disposal of capital assets	(530)	-	(530)	-
Interest on investments	824	1,048	1,872	7,257
Total nonoperating revenues (expenses)	566,508	35,409	601,917	7,257
Income before transfers	108,609	47,230	155,839	570,139
Transfers in	113	-	113	-
Change in net assets	108,722	47,230	155,952	570,139
Net assets, beginning of year	673,930	229,938	903,868	1,539,653
Net assets, end of year	\$ 782,652	\$ 277,168	\$ 1,059,820	\$ 2,109,792

See Notes to Financial Statements.

North Scott Community School District

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2012

	Business-Type Activities, Enterprise Fund			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
Cash flows from financing activities:				
Cash received from sale of lunches and breakfasts	\$ 937,888	\$ 285,375	\$ 1,223,263	\$ -
Cash received from miscellaneous operating activities	1,629	-	1,629	4,848,688
Cash payments to employees for services	(663,596)	(251,882)	(915,478)	-
Cash payments to suppliers for goods and services	(567,080)	(24,507)	(591,587)	(4,046,172)
Net cash provided by (used in) operating activities	(291,159)	8,986	(282,173)	802,516
Cash flows from noncapital financing activities:				
State grants received	12,888	27,669	40,557	-
Federal grants received	418,146	2,337	420,483	-
Transfer from General Fund	113	-	113	-
Net cash provided by noncapital financing activities	431,147	30,006	461,153	-
Cash flows from capital financing activities and related activities, acquisition of assets	(12,394)	-	(12,394)	-
Cash flows from investing activities, interest on investments	824	1,048	1,872	7,257
Net increase in cash and cash equivalents	128,418	40,040	168,458	809,773
Cash and cash equivalents, beginning of year	426,961	244,490	671,451	1,808,426
Cash and cash equivalents, end of year	\$ 555,379	\$ 284,530	\$ 839,909	\$ 2,618,199

(Continued)

North Scott Community School District

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2012

	Business-Type Activities, Enterprise Fund			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(457,899)	11,821	(446,078)	562,882
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Commodities consumed	135,179	-	135,179	-
Depreciation	35,416	1,281	36,697	-
(Increase) decrease in:				
Inventories	(6,137)	-	(6,137)	-
Accounts receivable	(96)	(438)	(534)	(27,058)
Prepaid items	-	-	-	-
Increase (decrease) in:				
Accounts payable	(4,060)	(1,365)	(5,425)	231,692
Salaries and benefits payable	824	(638)	186	-
Other postemployment benefits	2,923	1,765	4,688	-
Compensated absences payable	492	(3,440)	(2,948)	-
Unearned revenue	2,199	-	2,199	35,000
Net cash provided by (used in) operating activities	\$ (291,159)	\$ 8,986	\$ (282,173)	\$ 802,516
Noncash investing, capital and financing activities:				
Federal commodities	\$ 135,179	\$ -	\$ 135,179	\$ -

See Notes to Financial Statements.

North Scott Community School District

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2012

	<u>Agency</u>
Assets	
Cash and pooled investments	<u>\$ 14,282</u>
Total assets	<u><u>\$ 14,282</u></u>
Liabilities	
Due to other groups	<u>\$ 14,282</u>
Total liabilities	<u><u>\$ 14,282</u></u>

See Notes to Financial Statements.

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 1. Significant Accounting Policies

Reporting entity:

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

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

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

Basis of presentation:

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

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

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

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 1. Significant Accounting Policies (Continued)

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

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

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

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

The District reports the following major governmental funds:

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

The Management Fund, a special revenue fund, is utilized to account for the payment of property insurance as well as early retirement incentives.

The Student Activity Fund, a special revenue fund, is utilized to account for the various student run organizations and athletic accounts of the District.

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 1. Significant Accounting Policies (Continued)

The District reports the following major and nonmajor proprietary funds:

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations. Specific accounts which the District maintains in the Agency Fund include special ed group and various faculty accounts.

Measurement focus and basis of accounting:

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

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

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

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 1. Significant Accounting Policies (Continued)

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

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

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

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

The District maintains its financial records on the accrual basis.

Cash, pooled investments and cash equivalents:

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

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

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 1. Significant Accounting Policies (Continued)

Property taxes:

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½ percent per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

Inventories:

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

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

Prepaid items:

The District accounts for the prepaid items by using the purchases method. Items prepaid include postage, registration, insurance, software package renewals, security and subscriptions.

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 1. Significant Accounting Policies (Continued)

Capital assets:

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

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

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

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

Salaries and benefits payable:

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2012, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2012.

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 1. 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within 60 days after year-end. Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the statement of net assets in the proprietary, school nutrition fund.

Compensated absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Vacation pay is payable to employees upon retirement or termination. Sick leave does not vest. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net assets and will be paid in the future primarily from the General Fund. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2012. The full balance is shown as due within a year using first-in, first-out basis.

Long-term obligations:

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

Fund equity:

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

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they 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 or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned: Amounts the Board intends to use for specific purposes. The authority to assign fund balances has been delegated to the Director of Business Affairs. The District has assigned balances received from donations and parent organizations; that are not specifically restricted, for supplies and other purposes.

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 1. Significant Accounting Policies (Continued)

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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

Restricted net assets:

In the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation consists of \$389,986 for categorical funding, \$5,864,857 for school infrastructure, \$748,261 for management levy, \$1,335,852 for physical plant and equipment levy and \$326,117 for student activities.

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

Note 2. Budgets and Budgetary Accounting

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

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

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

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

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 2. Budgets and Budgetary Accounting (Continued)

- Prior to April 15, the budget is legally enacted through certification from the County Auditor.
- Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
- The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
- Appropriations lapse at the end of each fiscal year.
- The budget cannot be amended without the approval of the Board of Education.

Note 3. Deposits and Pooled Investments

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

The District's deposits in banks as of June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

As of June 30, 2012, the carrying amount of the District's bank deposits and pooled investments totaled \$18,463,812. The District's deposit bank balances were \$6,909,419. Of the bank balance, \$500,000 was covered by federal depository insurance and \$6,409,419 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool.

As of June 30, 2012, the District had the following investments:

Investment Type	Amortized Cost	Maturity (in Years) Less Than 1
ISJIT Diversified portfolio	\$ 10,441,528	\$ 10,441,528
TELF Diversified portfolio	1,467,774	1,467,774
	<u>\$ 11,909,302</u>	<u>\$ 11,909,302</u>

The investments are valued at an amortized cost pursuant to Rule 21-7 under the Investment Company Act of 1940.

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 3. Deposits and Pooled Investments (Continued)

Interest rate risk: The District’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District’s position in an external investment pool is based on the average maturity of the pool’s investments.

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

Custodial credit risk: The risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2012, none of the District’s deposits with financial institutions or investments were exposed to custodial credit risk.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2012 is as follows:

Transfer To	Transfer From	Amount
General	Nonmajor Governmental Fund, Student Activity	\$ 14,592
Enterprise - School Nutrition	General	113
Nonmajor Governmental Fund, Management	Nonmajor Governmental Fund, Student Activity	591
Total		<u><u>\$ 15,296</u></u>

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 4. Transfers (Continued)

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

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

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

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 659,223	\$ 12,394	\$ 637	\$ 670,980
Less accumulated depreciation	380,918	36,697	107	417,508
Business-type activities capital assets, net	\$ 278,305	\$ (24,303)	\$ 530	\$ 253,472

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 5. Capital Assets (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated,				
land	\$ 590,594	\$ -	\$ -	\$ 590,594
Capital assets being depreciated:				
Buildings	35,805,952	307,661	-	36,113,613
Land improvements	5,751,572	2,789	-	5,754,361
Machinery and equipment	4,943,519	485,571	393,369	5,035,721
Total capital assets being depreciated	46,501,043	796,021	393,369	46,903,695
Less accumulated depreciation for:				
Buildings	19,343,587	877,561	-	20,221,148
Land improvements	3,110,387	298,651	-	3,409,038
Machinery and equipment	3,991,024	426,526	393,369	4,024,181
Total accumulated depreciation	26,444,998	1,602,738	393,369	27,654,367
Total capital assets being depreciated, net	20,056,045	(806,717)	-	19,249,328
Governmental activities capital assets, net	\$ 20,646,639	\$ (806,717)	\$ -	\$ 19,839,922

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 12,796
Other	12,796
Support services:	
Administration	183,406
Operation and maintenance of plant	196,202
Transportation	21,326
	<u>426,526</u>
Unallocated depreciation	1,176,212
Total governmental activities depreciation expense	\$ 1,602,738
Business-type activities:	
Food services	35,416
Day care	1,281
Total business-type activities depreciation expense	\$ 36,697

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 6. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2012:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 195,070	\$ 44,405	\$ 97,535	\$ 141,940	\$ 119,738
Net OPEB liability	725,187	984,426	725,187	984,426	-
Compensated absences	135,577	157,063	135,577	157,063	157,063
Total	\$ 1,055,834	\$ 1,185,894	\$ 958,299	\$ 1,283,429	\$ 276,801
Business-type activities:					
Net OPEB liability	\$ 23,667	\$ 28,355	\$ 23,667	\$ 28,355	\$ -
Compensated absences	17,157	14,209	17,157	14,209	14,209
Total	\$ 40,824	\$ 42,564	\$ 40,824	\$ 42,564	\$ 14,209

The June 30, 2012 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 891,184,204</u>
Debt limit, 5% of total assessed valuation	\$ 44,559,210
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>-</u>
Excess of debt limit over bonded debt outstanding, legal debt margin	<u>\$ 44,559,210</u>

Early retirement:

The District offered a voluntary early retirement plan to selected employee classifications. Eligible employees must be at least age 55 and have completed at least 10 years of consecutive service to the District. Employees must complete an application which is required to be approved by the Board of Education. The retirement benefit is 60 percent of the retirees base wage at the time of their retirement. This amount is deposited into a Health Reimbursement Account and is intended to be used on a pretax basis for the retired employee's eligible medical expenses and/or health insurance premiums. The benefit to the Premium Plan will be paid equally in January 2013 and January 2014.

As of June 30, 2012, the District has obligations to 13 participants with a total liability of \$141,940. The early retirement program is funded through a property tax assessment. Early retirement incentives are paid primarily out of the nonmajor special revenue, Management Levy Fund. The cost of early retirement payments expected to be liquidated currently are recorded as a liability in the statement of net assets. A liability has been recorded in the statement of net assets representing the District's commitment to fund noncurrent early retirement.

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 7. Other Postemployment Benefits (OPEB)

Plan description: The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 336 active and 31 retired members in the plan. Participants must be age 55 or older at retirement. The District does not have a separate, audited GAAP-basis postemployment benefit plan report.

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

Funding policy: The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis. Liabilities of the District's OPEB are paid primarily from the General Fund.

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

The following table shows the components of the District's annual OPEB costs for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 350,607
Interest on net OPEB obligation	18,724
Adjustment to annual required contribution	<u>(53,916)</u>
Annual OPEB cost	315,415
Contributions made	<u>51,588</u>
Increase in net OPEB obligation	263,827
Net OPEB obligation beginning of year	748,954
Net OPEB obligation end of year	<u><u>\$ 1,012,781</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$51,588 to the medical plan. Plan members eligible for benefits contributed \$0 or 0 percent of the premium costs.

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 7. Other Postemployment Benefits (OPEB) (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 410,461	11.7%	\$ 561,857
June 30, 2011	238,230	21.5%	748,854
June 30, 2012	315,415	16.4%	1,012,781

Funded status and funding progress: As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$2,302,124, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,302,124. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$17,325,506, and the ratio of the UAAL to covered payroll was 13.29 percent. As of June 30, 2012, there were no trust fund assets.

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 2.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 6 percent. The ultimate medical trend rate is 3.5 percent. The salary increase rate was assumed to be 2% per year.

Mortality rates are from the 94 Group Annuity Mortality Table (projected to 2000), applied on a gender-specific basis. Annual retirement probabilities were developed based upon recent North Scott Community School District experience.

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Termination probabilities were based upon national termination studies performed by the Society of Actuaries and were adjusted to reflect the recent lower termination rates experienced by North Scott Community School District. Projected claim costs of the medical plan are \$1196 per month for family coverage or \$565 per month for single coverage for retirees. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

The District has a self-funded health insurance plan, reported as an internal service fund. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125 percent of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$70,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar plan years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,387,268 as of March 31, 2012, the last date for which information is available. The incurred but not recorded and unpaid claims liability of \$491,917 is based on the requirements of GASB Statement No. 10, which requires that a liability or claims be reported. The change in the unpaid claims liability for the two years ended June 30, 2012 and 2011 is as follows:

	2012	2011
Balance, beginning of year	\$ 285,072	\$ 260,156
Incurred claims and claim adjustments	4,152,047	5,545,413
Payment of claims	3,945,202	5,520,497
Balance, end of year	<u>\$ 491,917</u>	<u>\$ 285,072</u>

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

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 9. Due From Other Governments

Amount due from other governments by fund as of June 30, 2012 are as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Enterprise - Child Care Fund	Total
Local appropriation:					
Tuition	\$ 353,295	\$ -	\$ -	\$ -	\$ 353,295
Statewide sales, services and use tax	-	897,423	-	-	897,423
Other	3,847	-	1,313	-	5,160
Total local appropriations	357,142	897,423	1,313	-	1,255,878
State appropriations:					
Nonpublic transportation	6,513	-	-	-	6,513
Juvenile court	3,777	-	-	-	3,777
Construction refunds	-	13,864	-	-	13,864
State vocational aid	13,597	-	-	-	13,597
Total state appropriations	23,887	13,864	-	-	37,751
Federal appropriations:					
Advance placement program	77	-	-	-	77
Title I	48,580	-	-	-	48,580
Part B	15,928	-	-	-	15,928
Title IIA	45,642	-	-	-	45,642
Child and adult care food program	-	-	-	6,689	6,689
Total federal appropriations	110,227	-	-	6,689	116,916
Total	\$ 491,256	\$ 911,287	\$ 1,313	\$ 6,689	\$ 1,410,545

North Scott Community School District

Notes to Financial Statements Year Ended June 30, 2012

Note 10. Pension and Retirement Benefits

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

Plan members are required to contribute 5.38 percent of their annual salary and the District is required to contribute 8.07 percent of annual covered payroll for the year ended June 30, 2012. Plan members were required to contribute 4.5 percent of their annual salary and the District is required to contribute 6.95 percent of annual covered payroll for the year ended June 30, 2011. Plan members were required to contribute 4.3 percent of their annual salary and the District is required to contribute 6.65 percent of annual covered payroll for the year ended June 30, 2010. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$1,398,169, \$1,176,730 and \$1,148,405, respectively, equal to the required contributions for each year.

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,070,395 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

North Scott Community School District

**Notes to Financial Statements
Year Ended June 30, 2012**

Note 12. Categorical Funding

The District's restricted fund balance for categorical funding as of June 30, 2012 is comprised of the following programs:

Program	Amount
Gifted and talented	\$ 86,254
Dropout and dropout prevention	21,012
Teacher salary supplement	11,008
Educator quality, professional development	15,442
Beginning teacher mentoring and induction program	2,052
Educator quality, market factor	1,193
Educator quality, model core curriculum	29,211
Four-year old preschool	205,072
Project lead the way	18,742
Total restricted for categorical funding	\$ 389,986

Note 13. Commitments and Contingencies

The District has financial commitments relating to roofing replacements and bleacher projects of approximately \$1,163,000 as of June 30, 2012 of which, approximately \$866,000 of costs have been incurred. In addition, the District has a commitment to purchase three 65 passenger school busses to be used in the 2013 school year of approximately \$254,000.

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REQUIRED SUPPLEMENTARY INFORMATION



North Scott
Community Schools

North Scott Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Enterprise Funds**

Required Supplementary Information

Year Ended June 30, 2012

	Governmental Funds - Actual	Enterprise Funds - Actual	Total Actual
Revenues:			
Local sources	\$ 17,383,107	\$ 1,225,099	\$ 18,608,206
State sources	15,464,777	40,557	15,505,334
Federal sources	1,166,881	560,018	1,726,899
Total revenues	34,014,765	1,825,674	35,840,439
Expenditures/expenses:			
Instruction	19,666,892	1,022	19,667,914
Support services	9,130,556	195,910	9,326,466
Noninstructional programs	781	1,472,373	1,473,154
Other expenditures	2,696,201	530	2,696,731
Total expenditures/expenses	31,494,430	1,669,835	33,164,265
Excess (deficiency) of revenues over (under) expenditures/expenses	2,520,335	155,839	2,676,174
Other financing sources (uses):			
Sale of capital assets	14,143	-	14,143
Interfund transfers in	15,183	113	15,296
Interfund transfers out	(15,296)	-	(15,296)
Total other financing sources (uses)	14,030	113	14,143
Net change in fund balance	2,534,365	155,952	2,690,317
Balance, beginning of year	10,218,819	903,868	11,122,687
Balance, end of year	\$ 12,753,184	\$ 1,059,820	\$ 13,813,004

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual	
Original	Final	Variance	
\$ 16,290,161	\$ 16,290,161	\$	2,318,045
16,063,354	16,063,354		(558,020)
1,574,024	1,574,024		152,875
33,927,539	33,927,539		1,912,900
22,236,413	22,236,413		2,568,499
9,743,690	9,743,690		417,224
1,807,000	1,807,000		333,846
3,920,301	3,920,301		1,223,570
37,707,404	37,707,404		4,543,139
(3,779,865)	(3,779,865)		(2,630,239)
-	-		14,143
118,000	118,000		(102,704)
-	-		(15,296)
118,000	118,000		(103,857)
(3,661,865)	(3,661,865)		(2,734,096)
11,122,687	11,122,687		-
\$ 7,460,822	\$ 7,460,822	\$	(2,734,096)

North Scott Community School District

Notes to Required Supplementary Information – Budgetary Reporting Year Ended June 30, 2012

This budgetary comparison is presented as required supplementary information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes or expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional 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 the District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

North Scott Community School District

Required Supplementary Information

Schedule of Funding Progress for the Retiree Health Plan

Year Ended June 30:	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)
2009	7/1/2007	\$ -	\$ 1,956,717	\$ 1,956,717	0.00%	\$ 17,477,134	11.20%
2010	7/1/2009	-	1,726,861	1,726,861	0.00%	17,509,735	9.86%
2011	7/1/2009	-	1,733,811	1,733,811	0.00%	17,303,349	10.02%
2012	7/1/2011	-	2,302,124	2,302,124	0.00%	17,325,506	13.29%

See Note 7 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

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OTHER SUPPLEMENTARY INFORMATION



North Scott Community Schools

North Scott Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Special Revenue		Total
	Management Fund	Student Activity	
Assets			
Cash and pooled investments	\$ 747,639	\$ 292,750	\$ 1,040,389
Receivables:			
Property tax:			
Delinquent	2,624	-	2,624
Succeeding year	424,997	-	424,997
Accounts	1,025	36,089	37,114
Intergovernmental	1,313	-	1,313
Prepaid items	-	19,222	19,222
Total assets	\$ 1,177,598	\$ 348,061	\$ 1,525,659
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 4,340	\$ 12,330	\$ 16,670
Accrued expenses	-	9,512	9,512
Deferred revenue:			
Succeeding year property tax	424,997	-	424,997
Other	-	102	102
Total liabilities	429,337	21,944	451,281
Fund balances			
Nonspendable, prepaid items	-	19,222	19,222
Restricted for:			
Management levy purposes	748,261	-	748,261
Student activities	-	306,895	306,895
Total fund balances	748,261	326,117	1,074,378
Total liabilities and fund balances	\$ 1,177,598	\$ 348,061	\$ 1,525,659

North Scott Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2012

	Special Revenue		Total
	Management Fund	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 298,446	\$ -	\$ 298,446
Other	71,703	925,905	997,608
State sources	190	-	190
Total revenues	370,339	925,905	1,296,244
Expenditures:			
Current:			
Instruction:			
Regular	105,521	-	105,521
Other	-	860,772	860,772
Support services:			
Student support	10,721	-	10,721
Instructional staff	-	7,077	7,077
Administration	15,436	618	16,054
Operating and maintenance of plant	116,963	9,933	126,896
Transportation	24,841	8,845	33,686
Noninstructional programs	781	-	781
Total expenditures	274,263	887,245	1,161,508
Excess (deficiency) of revenues over (under) expenditures	96,076	38,660	134,736
Other financing sources (uses):			
Transfer in	591	-	591
Transfers out	-	(15,183)	(15,183)
	591	(15,183)	(14,592)
Net change in fund balances	96,667	23,477	120,144
Fund balances, beginning of year	651,594	302,640	954,234
Fund balances, end of year	\$ 748,261	\$ 326,117	\$ 1,074,378

North Scott Community School District

Schedule of Combining Balance Sheet

Capital Project Fund - By Account

June 30, 2012

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 5,111,381	\$ 1,415,570	\$ 6,526,951
Receivables:			
Property tax:			
Delinquent	-	9,932	9,932
Succeeding year	-	1,203,336	1,203,336
Accounts	2,756	-	2,756
Due from other governments	909,811	1,476	911,287
Total assets	\$ 6,023,948	\$ 2,630,314	\$ 8,654,262
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	159,091	91,126	250,217
Deferred revenue:			
Succeeding year property tax	-	1,203,336	1,203,336
Other	502,000	-	502,000
Total liabilities	661,091	1,294,462	1,955,553
Fund Balances			
Restricted for:			
School infrastructure	5,362,857	-	5,362,857
Physical plant and equipment	-	1,335,852	1,335,852
Total fund balances	5,362,857	1,335,852	6,698,709
Total liabilities and fund balances	\$ 6,023,948	\$ 2,630,314	\$ 8,654,262

North Scott Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Capital Project Fund - By Account

Year Ended June 30, 2012

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 2,495,352	\$ 1,152,677	\$ 3,648,029
Other	102,973	6,821	109,794
State sources	-	690	690
Total revenues	2,598,325	1,160,188	3,758,513
Expenditures:			
Current:			
Instruction, regular	145,182	135,287	280,469
Support services:			
Administration	27,846	197,944	225,790
Operation and maintenance of plant	-	264,220	264,220
Other expenditures, facilities acquisition	1,237,499	388,307	1,625,806
Total expenditures	1,410,527	985,758	2,396,285
Net change in fund balance	1,187,798	174,430	1,362,228
Fund balance, beginning of year	4,175,059	1,161,422	5,336,481
Fund balance, end of year	\$ 5,362,857	\$ 1,335,852	\$ 6,698,709

North Scott Community School District

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 13,300	\$ 19,479	\$ 18,497	\$ 14,282
Accounts receivable	420	-	420	-
Total assets	\$ 13,720	\$ 19,479	\$ 18,917	\$ 14,282
Liabilities				
Accounts payable	\$ 150	-	\$ 150	-
Due to other groups	13,570	19,479	18,767	14,282
Total liabilities	\$ 13,720	\$ 19,479	\$ 18,917	\$ 14,282

North Scott Community School District

Statistical Section Contents

The statistical section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

Contents	Page
Financial Trends	58 - 71
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	
Revenue Capacity	72 - 76
These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	
Debt Capacity	77 - 83
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	84 - 87
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments	
Operating Information	88 - 94
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	
Miscellaneous Information	95 - 113
These schedules offer additional insight to pertinent District data to inform the reader about the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	

North Scott Community School District

**Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 15,203,701	\$ 15,378,575	\$ 17,053,299	\$ 16,338,609
Restricted	3,382,832	4,671,828	4,203,806	6,446,875
Unrestricted	3,568,120	2,740,041	2,431,642	2,921,963
Business-type activities				
Invested in capital assets, net of related debt	220,569	212,679	238,699	202,183
Unrestricted	445,754	527,089	548,723	638,238
Total primary government net assets	\$ 22,820,976	\$ 23,530,212	\$ 24,476,169	\$ 26,547,868

Source: District financial records

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	16,136,426	\$	21,323,720	\$	21,698,241	\$	21,381,552	\$	20,646,639	\$	19,839,922
	8,105,764		4,426,103		5,091,379		5,632,202		6,435,472		8,665,073
	4,617,192		5,280,876		4,651,368		3,311,949		4,418,125		5,665,890
	190,535		180,418		172,715		298,759		278,305		253,472
	689,930		742,578		684,130		533,078		625,563		806,348
\$	29,739,847	\$	31,953,695	\$	32,297,833	\$	31,157,540	\$	32,404,104	\$	35,230,705

North Scott Community School District

**Expenses, Program Revenues and Net (Expense) Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Regular instruction	\$ 9,037,968	\$ 8,872,102	\$ 9,087,347	\$ 8,881,122
Special instruction	3,543,894	3,860,845	3,330,825	3,312,774
Other instruction	1,921,951	1,900,640	2,776,028	3,143,272
Student services	903,076	960,019	996,404	1,053,450
Instructional staff services	1,125,819	1,112,320	1,081,274	959,041
Administration services	2,102,576	2,288,419	2,540,841	2,774,473
Operation and maintenance of plant services	3,268,564	2,994,156	2,802,972	2,719,579
Transportation services	832,498	820,488	914,674	943,077
Food service operations	3,858	5,568	34,870	-
Community service and education program	438	630	-	-
Interest on long-term debt	447,832	431,572	389,471	365,211
AEA flowthrough	840,688	806,571	821,910	866,735
Depreciation (unallocated)	1,016,483	674,973	1,024,602	1,073,479
Total governmental activities	25,045,645	24,728,303	25,801,218	26,092,213
Business-type activities:				
Nutrition services	1,049,763	1,143,070	1,156,314	1,259,809
Child care services	165,037	179,277	204,050	235,201
Total business-type activities	1,214,800	1,322,347	1,360,364	1,495,010
Total primary government expenses	26,260,445	26,050,650	27,161,582	27,587,223
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction:				
Regular instruction	937,960	1,093,438	443,417	512,323
Special instruction	278,877	120,400	330,015	273,558
Other instruction	704,785	764,146	1,203,530	1,254,117
Support services	5,237	3,148	2,090	-
Operating grants and contributions	2,123,900	2,118,635	2,255,327	2,518,129
Capital grants and contributions	-	-	47,050	49,299
Total governmental activities	4,050,759	4,099,767	4,281,429	4,607,426
Business-type activities:				
Charges for services:				
Nutrition	761,746	794,201	806,014	851,999
Child care	167,232	200,787	251,391	270,407
Operating grants and contributions	359,537	406,631	416,149	418,974
Total business-type activities	1,288,515	1,401,619	1,473,554	1,541,380
Total primary government revenues	5,339,274	5,501,386	5,754,983	6,148,806
Net (expense) revenues:				
Total governmental activities	(20,994,886)	(20,628,536)	(21,519,789)	(21,484,787)
Total business-type activities	73,715	79,272	113,190	46,370
Total primary government revenues	\$ (20,921,171)	\$ (20,549,264)	\$ (21,406,599)	\$ (21,438,417)

Source: District financial records

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	9,496,767	\$	10,697,340	\$	11,620,059	\$	11,921,193	\$	11,333,300	\$	12,962,232
	3,533,485		3,710,766		4,195,848		3,769,151		3,427,940		2,752,196
	2,725,782		3,011,542		3,370,952		3,812,434		3,800,547		3,773,994
	983,375		1,143,007		1,215,673		1,201,957		1,256,107		1,245,261
	911,261		967,017		1,048,118		1,039,929		922,396		995,987
	2,778,116		3,184,685		3,366,550		3,210,646		3,296,030		3,323,786
	3,153,906		3,388,922		3,862,589		3,744,279		3,839,322		3,632,525
	1,030,894		1,101,054		1,107,742		1,059,243		1,080,198		1,033,272
	-		11,788		226		8,546		-		-
	-		459		-		-		-		-
	324,270		-		-		-		-		-
	939,091		995,597		1,046,272		1,139,829		1,172,973		1,070,395
	1,084,326		1,092,839		1,130,158		1,259,236		1,168,591		1,176,212
	26,961,273		29,305,016		31,964,187		32,166,443		31,297,404		31,965,860
	1,264,732		1,309,288		1,422,093		1,455,862		1,401,846		1,395,843
	261,488		288,282		252,096		292,580		290,628		273,992
	1,526,220		1,597,570		1,674,189		1,748,442		1,692,474		1,669,835
	28,487,493		30,902,586		33,638,376		33,914,885		32,989,878		33,635,695
	806,523		812,765		905,111		808,902		810,688		823,426
	281,413		310,133		311,204		249,992		285,627		207,798
	701,453		657,460		773,922		690,228		778,201		324,945
	4,330		2,854		3,698		4,682		4,701		66,905
	3,048,452		3,691,583		4,349,626		5,832,697		4,159,219		5,279,988
	28,000		4,380		67,500		-		-		228,823
	4,870,171		5,479,175		6,411,061		7,586,501		6,038,436		6,931,885
	845,185		870,443		863,464		890,407		862,141		935,785
	284,236		328,260		271,354		304,391		301,696		285,813
	417,065		434,389		483,117		549,257		580,797		600,575
	1,546,486		1,633,092		1,617,935		1,744,055		1,744,634		1,822,173
	6,416,657		7,112,267		8,028,996		9,330,556		7,783,070		8,754,058
	(22,091,102)		(23,825,841)		(25,553,126)		(24,579,942)		(25,258,968)		(25,033,975)
	20,266		35,522		(56,254)		(4,387)		52,160		152,338
\$	(22,070,836)	\$	(23,790,319)	\$	(25,609,380)	\$	(24,584,329)	\$	(25,206,808)	\$	(24,881,637)

North Scott Community School District

General Revenues and Total Change in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (expense) revenues:				
Total governmental activities	\$ (20,994,886)	\$ (20,628,536)	\$ (21,519,789)	\$ (21,484,787)
Total business-type activities	73,715	79,272	113,190	46,370
Total primary government net expense	(20,921,171)	(20,549,264)	(21,406,599)	(21,438,417)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes levied for general purposes*	9,040,949	9,171,635	8,901,542	9,168,880
Property taxes levied for capital projects	2,231,212	2,303,861	878,876	901,676
Income surtax	-	-	-	-
Sales tax	-	-	2,371,557	2,460,328
Unrestricted grants and contributions	9,318,310	9,693,706	9,970,358	10,558,269
Miscellaneous	9,400	8,426	1,685	9,575
Investment earnings	153,031	76,699	214,830	389,759
Transfers	-	-	-	-
Total governmental activities	20,752,902	21,254,327	22,338,848	23,488,487
Business-type activities:				
Miscellaneous	559	350	-	-
Investment earnings	3,393	3,823	13,708	21,629
Transfers	-	-	-	-
Total business-type activities	3,952	4,173	13,708	21,629
Total primary government	20,756,854	21,258,500	22,352,556	23,510,116
Change in net assets:				
Total governmental activities	(241,984)	625,791	819,059	2,003,700
Total business-type activities	77,667	83,445	126,898	67,999
Total primary government	\$ (164,317)	\$ 709,236	\$ 945,957	\$ 2,071,699

* Changes in property tax revenues are a product of underlying changes in property values and tax rates.

Source: District financial records

Fiscal Year						
	2007	2008	2009	2010	2011	2012
\$	(22,091,102)	\$ (23,825,841)	\$ (25,553,126)	\$ (24,579,942)	\$ (25,258,968)	\$ (25,033,975)
	20,266	35,522	(56,254)	(4,387)	52,160	152,338
	(22,070,836)	(23,790,319)	(25,609,380)	(24,584,329)	(25,206,808)	(24,881,637)
	9,527,903	9,703,082	10,197,282	10,396,804	10,834,882	11,091,158
	935,394	949,985	1,034,846	1,075,899	1,108,639	1,152,677
	146,216	132,922	168,821	168,421	153,782	165,387
	2,676,941	2,805,605	2,676,227	2,145,184	2,375,804	2,997,352
	11,154,999	11,688,064	11,516,615	9,495,352	11,788,613	12,157,291
	126,534	253,692	105,997	130,007	143,944	108,858
	655,050	442,867	241,577	29,932	40,891	32,014
	-	20,941	22,050	23,058	(13,054)	(113)
	25,223,037	25,997,158	25,963,415	23,464,657	26,433,501	27,704,624
	-	-	-	-	4,307	1,629
	39,778	27,950	12,153	2,437	2,510	1,872
	-	(20,941)	(22,050)	(23,058)	13,054	113
	39,778	7,009	(9,897)	(20,621)	19,871	3,614
	25,262,815	26,004,167	25,953,518	23,444,036	26,453,372	27,708,238
	3,131,935	2,171,317	410,289	(1,115,285)	1,174,533	2,670,649
	60,044	42,531	(66,151)	(25,008)	72,031	155,952
\$	\$ 3,191,979	\$ 2,213,848	\$ 344,138	\$ (1,140,293)	\$ 1,246,564	\$ 2,826,601

North Scott Community School District

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	23,041	10,360	135,873	140,555
Unreserved	2,689,507	1,430,053	885,762	1,224,856
Total General Fund	2,712,548	1,440,413	1,021,635	1,365,411
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted for:				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Reserved	-	-	-	8,063
Unreserved, reported in:				
Capital projects funds	2,386,125	3,373,117	4,214,303	4,738,445
Special revenue funds	1,478,934	1,742,652	1,850,071	1,811,434
Total all other governmental funds	3,865,059	5,115,769	6,064,374	6,557,942
Total governmental funds	\$ 6,577,607	\$ 6,556,182	\$ 7,086,009	\$ 7,923,353

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

Source: District financial records

							Fiscal Year					
2007		2008		2009		2010		2011		2012		
\$	-	\$	-	\$	-	\$	-	\$	124,788	\$	117,332	
	-		-		-		-		353,255		389,986	
	-		-		-		-		106,733		115,597	
	-		-		-		-		3,343,328		4,357,182	
	166,182		204,353		221,275		301,975		-		-	
	2,422,773		3,359,636		3,686,423		2,820,900		-		-	
	2,588,955		3,563,989		3,907,698		3,122,875		3,928,104		4,980,097	
	-		-		-		-		13,428		19,222	
	-		-		-		-		5,336,481		6,698,709	
	-		-		-		-		940,806		1,055,156	
	3,028		250,000		250,960		1,522		-		-	
	6,317,073		2,217,166		2,638,503		3,094,362		-		-	
	1,735,447		1,878,877		2,086,400		2,518,877		-		-	
	8,055,548		4,346,043		4,975,863		5,614,761		6,290,715		7,773,087	
\$	10,644,503	\$	7,910,032	\$	8,883,561	\$	8,737,636	\$	10,218,819	\$	12,753,184	

North Scott Community School District

**Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	Fiscal Year			
	2003	2004	2005	2006
Local sources:				
Property taxes	\$ 8,941,312	\$ 9,183,015	\$ 9,776,747	\$ 10,070,556
Income surtax	-	-	-	-
Local option sales and services taxes	2,231,212	2,303,861	2,371,557	2,460,328
Interest income	153,031	76,699	214,830	389,759
Other revenues	1,926,859	1,981,132	2,026,102	2,089,297
Total local sources	13,252,414	13,544,707	14,389,236	15,009,940
Intermediate sources, other revenues	935	-	14,596	4,550
State sources:				
State education finance program	9,200,270	9,554,699	9,860,688	10,418,253
Other state grants	1,852,349	1,649,543	1,675,568	1,917,782
Total state sources	11,052,619	11,204,242	11,536,256	12,336,035
Federal sources, federal grants	388,656	608,099	674,833	735,813
Total revenues	\$ 24,694,624	\$ 25,357,048	\$ 26,614,921	\$ 28,086,338

Source: District financial records

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	10,463,297	\$	10,653,067	\$	11,232,128	\$	11,472,703	\$	11,943,521	\$	12,016,744
	123,750		132,922		150,476		150,847		153,136		163,183
	2,676,941		2,805,605		2,676,227		2,145,184		2,375,804		2,495,351
	655,050		442,867		105,997		29,932		40,891		32,014
	2,253,911		2,226,444		2,430,793		2,248,226		2,296,268		2,675,815
	16,172,949		16,260,905		16,595,621		16,046,892		16,809,620		17,383,107
	1,195		811		-		-		-		-
	10,981,156		11,587,694		11,516,615		11,249,874		13,138,014		11,955,282
	2,152,949		2,808,961		2,998,035		1,317,854		1,352,764		3,509,495
	13,134,105		14,396,655		14,514,650		12,567,728		14,490,778		15,464,777
	751,496		692,074		1,108,142		2,383,405		1,168,598		1,166,881
\$	30,059,745	\$	31,350,445	\$	32,218,413	\$	30,998,025	\$	32,468,996	\$	34,014,765

North Scott Community School District

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Regular instruction	\$ 8,833,785	\$ 9,234,071	\$ 9,316,756	\$ 9,022,917
Special instruction	3,560,511	3,947,774	3,382,905	3,343,311
Other instruction	1,919,061	1,915,423	2,771,396	3,139,649
Student services	907,233	967,602	1,015,187	1,059,475
Instructional staff services	1,130,068	1,097,792	1,111,963	976,259
Administration services	1,975,959	2,230,184	2,363,462	2,695,929
Operation and maintenance of plant services	2,099,465	2,209,956	2,247,570	2,194,131
Transportation services	818,105	968,457	1,054,730	1,131,221
Food service operations	4,065	13,903	1,404	22,166
Community service and education program	438	630	-	-
Capital outlay, facilities acquisition/construction	1,030,566	924,800	994,402	1,733,138
AEA flowthrough	840,688	806,571	821,910	866,735
Debt service:				
Principal	610,000	655,000	685,000	715,000
Interest and fiscal charges	450,968	424,736	396,638	373,638
Total expenditures	\$ 24,180,912	\$ 25,396,899	\$ 26,163,323	\$ 27,273,569
Debt service as a percentage of noncapital expenditures	4.58%	4.34%	4.25%	4.23%

Source: District financial records

							Fiscal Year					
2007		2008		2009		2010		2011		2012		
\$	9,751,985	\$	10,598,784	\$	11,208,853	\$	11,563,369	\$	11,474,729	\$	13,000,074	
	3,644,447		3,647,700		3,971,755		3,643,387		3,529,914		2,823,007	
	2,735,006		2,992,708		3,377,600		3,785,481		3,817,797		3,843,811	
	1,007,146		1,129,497		1,167,667		1,175,015		1,256,477		1,278,688	
	937,307		948,964		993,594		1,003,039		960,571		1,013,092	
	2,702,672		3,104,724		3,092,005		3,061,198		3,181,411		3,168,979	
	2,231,316		2,285,424		2,400,995		2,338,122		2,580,887		2,646,448	
	1,244,113		1,399,385		1,341,413		1,280,324		1,344,075		1,023,349	
	10,956		41		226		2,966		10,871		781	
	-		-		-		-		-		-	
	1,082,444		1,176,980		2,432,222		1,821,779		1,683,577		1,625,806	
	939,091		995,597		1,046,272		1,139,829		1,172,973		1,070,395	
	750,000		5,930,000		350,000		365,000		-		-	
	333,109		1,000		-		-		-		-	
\$	27,369,592	\$	34,210,804	\$	31,382,602	\$	31,179,509	\$	31,013,282	\$	31,494,430	
	4.04%		17.69%		1.17%		1.20%		0.00%		0.00%	

North Scott Community School District

Other Financing Sources and Uses and Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Excess (deficiency) of revenues over (under) expenditures	\$ 513,712	\$ (39,851)	\$ 448,898	\$ 812,769
Other financing sources (uses):				
Proceeds from the sale of capital assets	875	8,321	1,685	9,575
Insurance proceeds	8,525	105	-	-
Transfers in	1,070,968	1,089,736	1,178,578	1,110,129
Transfers out	(1,060,968)	(1,079,736)	(1,099,334)	(1,095,129)
Total other financing sources (uses)	19,400	18,426	80,929	24,575
Net change in fund balances	\$ 533,112	\$ (21,425)	\$ 529,827	\$ 837,344

Source: District financial records

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 2,690,153	\$ (2,860,359)	\$ 835,811	\$ (181,484)	\$ 1,455,714	\$ 2,520,335	
10,997	-	-	8,721	7,524	14,143	
-	104,947	115,668	3,780	7,825	-	
1,131,315	6,138,648	454,898	420,199	32,328	15,183	
(1,111,315)	(6,117,707)	(432,848)	(397,141)	(22,208)	(15,296)	
30,997	125,888	137,718	35,559	25,469	14,030	
\$ 2,721,150	\$ (2,734,471)	\$ 973,529	\$ (145,925)	\$ 1,481,183	\$ 2,534,365	

North Scott Community School District

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value - Actual	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2003	\$ 250,810,845	\$ 182,928,264	\$ 146,190,615	\$ 14,531,604	\$ 578,398,120	\$ 14.99307
2004	256,445,451	172,132,325	161,673,916	1,507,528	588,744,164	15.03382
2005	277,731,374	204,509,254	142,744,853	1,536,850	623,448,631	15.12320
2006	291,046,294	204,959,840	143,959,212	1,548,270	638,417,076	15.17814
2007	307,576,363	215,835,281	147,204,843	1,563,084	669,053,403	15.18338
2008	318,991,324	223,452,153	146,622,429	1,601,976	687,463,930	15.12311
2009	349,808,854	254,925,672	138,682,265	1,635,312	741,781,479	14.76476
2010	374,361,097	256,196,590	145,752,234	1,640,868	774,669,053	14.51584
2011	395,248,768	256,029,785	140,927,148	1,666,796	790,538,905	14.75964
2012	427,345,677	241,486,830	222,351,697	77,200,718	813,983,486	14.75525

Source: Scott County Auditor

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

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

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North Scott Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

Fiscal Year	District Direct Rates				Overlapping Rates				
	General Purposes	Capital Purposes	Debt Service	Total	Scott County	College Area IX	City of Bettendorf	City of Davenport	City of Dixon
2003	\$ 14.02122	\$ 1.30000	\$ -	\$ 15.32122	\$ 4.48067	\$ 0.62633	\$ 11.85000	\$ 14.63000	\$ 8.09986
2004	14.02122	1.30000	-	15.32122	4.48067	0.62633	11.85000	14.63000	8.09986
2005	13.73382	1.30000	-	15.03382	4.75497	0.59216	12.34932	15.24000	8.09986
2006	13.82320	1.30000	-	15.12320	5.56513	0.59269	12.34952	15.24000	8.10000
2007	13.87814	1.30000	-	15.17814	5.51106	0.61277	12.60000	15.56702	8.10000
2008	13.58231	1.30000	-	14.88231	5.54040	0.60785	12.95000	15.24000	8.10000
2009	13.46476	1.30000	-	14.76476	5.33791	0.60635	12.85000	15.57584	8.10000
2010	13.21584	1.30000	-	14.51584	5.47607	0.87714	12.85000	15.58000	8.10000
2011	13.45964	1.30000	-	14.75964	6.37607	0.92444	12.60000	15.53000	8.10000
2012	13.45525	1.30000	-	14.75525	6.37759	1.01724	12.60000	15.53000	8.10000

Source: Scott County Auditor's Office.

Note:

* Includes levies for operating and debt service costs.

The District has certain restrictions on raising the property tax rate.

General Fund - the District's enrollment as well as District property value and state aid is formula calculated to determine the maximum amount of allowable funding.

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

Overlapping Rates

	City of Donahue	City of Eldridge	City of Long Grove	City of Maysville	City of McCausland	City of Princeton
\$	5.15138	\$ 6.37555	\$ 7.89977	\$ 4.85690	\$ 7.91705	\$ 9.30739
	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
	5.15138	6.37555	7.89977	4.85690	7.91705	9.30739
	5.42517	6.64795	8.10000	5.16097	8.10000	9.02314
	5.43321	6.64800	8.39529	5.16094	8.10000	8.97804
	5.42517	6.64795	8.10000	5.16097	8.10000	9.02314
	5.96370	6.64880	9.76863	5.16100	8.10000	8.94763
	5.96079	6.64916	11.15854	5.16094	8.10000	9.58243
	7.21883	6.74852	11.03125	5.16962	9.25982	9.58242
	7.22080	6.75418	10.90085	5.16951	9.21668	9.58242

North Scott Community School District

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	2012			2003		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Deere & Company, Inc.	\$ 22,776,100	1	2.6486 %	11,979,861	3	1.9753 %
Petersen Properties, LC	22,613,870	2	2.6297	13,926,610	2	2.2963
ARCP JDDPTIA01	19,868,300	3	2.3104	-	-	-
Alliance Pipeline	14,376,466	4	1.6718	16,123,155	1	2.6585
Murray Enterprises LTD	9,968,370	5	1.1592	4,754,420	5	0.7839
Northern Border Pipeline Co	8,002,681	6	0.9306	10,398,476	4	1.7146
Sir Properties Trust	7,228,490	7	0.8406	-	-	-
Genesis Systems Group LTD	4,841,850	8	0.5630	4,367,600	7	0.7202
Hardi, Inc	4,639,300	9	0.5395	-	-	-
Modern Woodmen of America	4,604,400	10	0.5354	-	-	-
Callahan Construction Inc	5,709,830	-	0.6640	-	-	-
CFJ Properties	4,068,700	-	0.4731	3,335,000	8	0.5499
MA Ford Mfg Co	3,923,500	-	0.4563	2,696,300	9	0.4446
Earle M Jorgensen Co	5,171,990	-	0.6014	-	-	-
Total	137,793,847		16.0238 %	67,581,422		11.3438 %

Source: Scott County Auditor

North Scott Community School District

**Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date*	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 9,366,112	\$ 8,923,147	95.37%	\$ 9,165	\$ 8,941,312	95.46%
2004	91,411,191	9,110,869	99.67%	30,322	9,141,191	100.00%
2005	9,676,444	9,620,854	99.43%	55,590	9,676,444	100.00%
2006	9,967,028	9,678,833	97.11%	14,298	9,693,131	97.25%
2007	10,443,492	10,440,329	99.97%	3,163	10,443,492	100.00%
2008	10,657,685	10,651,152	99.94%	6,533	10,657,685	100.00%
2009	11,239,357	11,231,395	99.93%	7,962	11,239,357	100.00%
2010	11,520,353	11,472,412	99.58%	7,559	11,472,412	99.58%
2011	11,942,957	11,935,962	99.97%	4,267	11,940,229	99.98%
2012	12,307,354	12,170,482	98.89%	N/A	12,170,482	98.89%

Source: Scott County Auditor and School District financial records.

Note: N/A = not available.

North Scott Community School District

**Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Loan Payable	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income*	Per Capita*
2003	\$ -	\$ 7,200,000	\$ 2,250,000	\$ 9,450,000	34.88%	\$ 707
2004	-	6,825,000	1,970,000	8,795,000	30.44	658
2005	-	6,435,000	1,675,000	8,110,000	26.07	606
2006	-	6,025,000	1,370,000	7,395,000	22.17	553
2007	-	5,595,000	1,050,000	6,645,000	18.10	497
2008	-	-	715,000	715,000	1.91	53
2009	-	-	365,000	365,000	N/A	27
2010	-	-	-	-	N/A	-
2011	-	-	-	-	N/A	-
2012	-	-	-	-	N/A	-

Source: District financial records

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

* See page 83 for personal income and population data. These rates are calculated using personal income and population for the prior calendar year.

N/A = not available.

North Scott Community School District

**Ratio of Net Bonded Debt to Assessed Values
Last Ten Fiscal Years
(Unaudited)**

Year of Collection	Estimated Actual Value of Taxable Property	Total Primary Government Outstanding Debt	Net Bonded Debt	Amount Restricted for Repayment of Outstanding Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita*
2003-04	\$ 606,472,423	\$ 10,112,955	\$ 9,450,000	\$ 250,000	1.56%	\$ 707
2004-05	640,604,822	9,389,334	8,795,000	250,000	1.37	658
2005-06	654,803,524	8,504,625	8,110,000	250,000	1.24	606
2006-07	685,318,055	7,602,377	7,395,000	250,000	1.08	553
2007-08	702,812,685	6,803,992	6,645,000	250,000	0.95	497
2008-09	757,042,952	868,749	715,000	250,000	0.09	53
2009-10	795,215,860	746,264	365,000	250,000	0.05	27
2010-11	831,024,323	896,474	-	-	-	-
2011-12	852,712,206	1,096,658	-	-	-	-
2012-13	891,184,204	1,325,993	-	-	-	-

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

Notes: Details of the District's outstanding debt can be found in Note 6 in the notes to the financial statements.

* See page 83 for personal income and population data. These rates are calculated using personal income and population for the prior calendar year.

N/A = not available.

North Scott Community School District

**Ratio of Annual Debt Service Principal and Interest for General Bonded Debt
to Total General Expenditures
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Principal	Interest	Total Debt Service Principal and Interest	Total General Fund Expenditures	Ratio of Debt Service to Total General Expenditures
2003	\$ 610,000	\$ 450,968	\$ 1,060,968	\$ 20,768,083	5.11%
2004	655,000	424,736	1,079,736	21,743,927	4.97
2005	685,000	396,038	1,081,038	22,391,442	4.83
2006	715,000	367,638	1,082,638	22,851,808	4.74
2007	750,000	333,109	1,083,109	23,758,050	4.56
2008	5,930,000	173,647	6,103,647	25,178,119	24.24
2009	350,000	25,213	375,213	26,847,088	1.40
2010	365,000	8,669	373,669	27,240,869	1.37
2011	-	-	-	27,303,824	-
2012	-	-	-	27,936,637	-

Source: District financial records.

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North Scott Community School District

**Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

	2003	2004	2005	2006
Debt limit	\$ 30,323,621	\$ 32,030,241	\$ 32,740,176	\$ 34,695,901
Total net debt applicable to limit	9,450,000	8,795,000	8,110,000	7,395,000
Legal debt margin	\$ 20,873,621	\$ 23,235,241	\$ 24,630,176	\$ 27,300,901
Total net debt applicable to the limit as a percentage of debt limit	31.16%	27.46%	24.77%	21.31%

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

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 891,184,204
Debt limit (5% of assessed value)	\$ 44,559,210
Debt applicable to limit	
Legal debt margin	\$ 44,559,210

	2007	2008	2009	2010	2011	2012
Assessed value	\$ 35,867,384	\$ 36,577,179	\$ 39,760,793	\$ 41,551,216	\$ 42,635,610	\$ 44,559,210
Debt limit (5% of assessed value)	6,645,000	715,000	365,000	-	-	-
Debt applicable to limit	\$ 29,222,384	\$ 35,862,179	\$ 39,395,793	\$ 41,551,216	\$ 42,635,610	\$ 44,559,210
Legal debt margin	18.53%	1.95%	0.92%	0.00%	0.00%	0.00%

North Scott Community School District

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2012
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 14,080,000	11.90%	\$ 1,676,189
Eastern Iowa Community College	67,765,000	7.08%	4,794,944
City of Bettendorf	107,120,000	11.00%	120,129
City of Davenport	222,095,000	3.00%	6,672,633
City of Eldridge	4,350,000	100.00%	4,350,000
City of Princeton	750,000	100.00%	750,000
City of Donahue	184,000	100.00%	184,000
City of Long Grove	918,000	100.00%	918,000
City of Maysville	283,000	100.00%	283,000
City of McCausland	9,666	100.00%	9,666
Subtotal, overlapping debt			19,758,561
District direct debt			-
Total direct and overlapping debt			\$ 19,758,561

Source: Scott County Auditor.

Notes:

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

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value. (Calculated by dividing the amount of the value applicable to the North Scott School District by the total value for that taxing authority; 2011 assessed values are used.)

North Scott Community School District

**Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Revenue Bonds*			Coverage
	Revenue	Debt Service		
		Principal	Interest	
2003	\$ 2,231,212	\$ 250,000	\$ 102,645	6.33%
2004	2,303,861	280,000	92,895	6.18
2005	2,371,557	295,000	81,966	6.29
2006	2,460,328	305,000	69,425	6.57
2007	2,676,941	320,000	55,362	7.13
2008	2,805,605	335,000	40,625	7.47
2009	2,676,227	350,000	25,213	7.13
2010	2,145,184	365,000	8,669	5.74
2011	2,375,804	-	-	-
2012	2,495,352	-	-	-

Source: District financial records

Notes: Details regarding the District's outstanding debt can be found in Note 6 of the notes to the financial statements.

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

North Scott Community School District

**Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)**

Calendar Year	Population (a)	Personal Income (b) (Thousands of Dollars)	Per Capita Personal Income	Scott County Area Unemployment Rate (c) *
2003	13,372	\$ 270,927,404	\$ 20,261	4.1%
2004	13,372	288,967,490	21,610	4.6
2005	13,372	311,086,171	23,264	4.6
2006	13,372	333,573,979	24,946	3.8
2007	13,372	367,219,947	27,462	3.6
2008	13,372	374,350,241	27,995	4.0
2009	13,372	375,188,378	28,058	7.3
2010	13,372	N/A	N/A	7.5
2011	15,203	N/A	N/A	6.9
2012	15,203	N/A	26,851	6.7

Source:

(a) U.S. Census Bureau

(b) Iowa Department of Revenue

(c) Iowa Workforce Development

Notes: N/A = not available.

* Based on a ten-month period, January through October.

North Scott Community School District

**Principal Employers
Current Year and Ten Years Ago
(Unaudited)**

Employer	2012			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
<u>Scott County</u>						
Genesis Health System	5,100	1	3.36 %	3,000	1	1.93 %
Davenport CSD	2,200	2	1.45	-		-
Alcoa Inc	2,000	3	1.32	2,513	2	1.63
Oscar Mayer Foods Inc	1,600	4	1.05	1,200	3	0.78
Genesis Medical Center	1,500	5	0.96	-		-
APAC Customer Services Inc	1,200	6	0.79	800	5	0.52
Isle Capri Casino Hotel Bettendorf	1,000	7	0.66	-		-
City of Davenport	800	8	0.53	-		-
Rhythm City Casino	650	9	0.43	-		-
St. Ambrose University	620	10	0.41	-		-
Total for Scott County	16,670		10.63 %	7,513		4.83 %
<u>Rock Island County</u>						
Rock Island Arsenal	7,900	1	5.21 %	6,000	2	3.89 %
Deere & Company	5,800	2	3.82	7,317	1	4.75
Trinity Medical Center	2,573	3	1.70	2,500	3	1.62
Tyson Fresh Meats	2,500	4	1.65	-		-
Group O Companies	1,100	5	0.73	-		-
XPAC	1,000	6	0.66	-		-
Genesis Medical Center - Silvis	970	7	0.64	-		-
Rock Island County	841	8	0.55	-		-
Blackhawk College	825	9	0.54	-		-
Exelon	700	10	0.46	-		-
Total for Rock Island County	24,209		15.96 %	15,817		10.26 %

Source:

2012 Information from Bi-State Planning and Iowa Workforce Development Web Site/Labor Force.

2002 Information is received from Bi-State Regional Commission.

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

North Scott Community School District

Full-Time Equivalent District Employees By Type Last Ten Fiscal Years (Unaudited)

	Full-Time Equivalent Employees as of June 30			
	2003	2004	2005	2006
Supervisory:				
Superintendent	1.0	1.0	1.0	1.0
Principals	7.0	7.0	7.5	8.0
Assistant principals	1.0	2.0	2.0	2.0
District secretary	0.3	0.3	0.3	0.3
Business Manager	1.0	1.0	1.0	1.0
Other officials/administrators	3.0	2.0	2.0	-
Total supervisory	13.3	13.3	13.8	12.3
Instruction:				
Classroom teachers	153.1	160.1	179.1	147.6
Special education teachers	-	-	-	35.5
Special programs	45.0	51.0	38.8	2.4
Vocational teachers	-	-	-	11.0
Teacher aides	51.9	58.9	65.3	71.2
Instructional technology technicians	-	-	-	2.0
Other instruction programs*	5.3	3.3	2.0	12.5
Total instruction	255.3	273.3	285.2	282.2
Student services:				
Social workers	-	-	-	1.0
Counselors	10.0	11.0	11.0	11.0
Library/media specialists	5.3	5.3	4.6	4.6
Nurses	4.9	4.9	5.4	5.3
Total student services	20.2	21.2	21.0	21.9
Support and administration:				
Other support services	-	-	8.8	2.0
Office/clerical personnel	22.2	22.5	24.5	21.9
Other professional employees	-	-	1.0	1.5
Technology specialist	-	-	-	1.0
Other technical personnel	11.3	11.3	2.3	2.5
Crafts and trades personnel	5.5	5.5	5.5	6.6
Laborers	3.0	3.0	5.8	3.0
Service workers	50.2	52.4	58.4	53.4
Operative personnel	15.5	17.0	18.0	16.8
Total support and administration	107.7	111.7	124.3	108.7
Total	396.5	419.5	444.3	425.1

Source: District financial records

Notes:

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

Full-Time Equivalent Employees as of June 30							Percentage Change 2003 - 2012
2007	2008	2009	2010	2011	2012		
1.0	1.0	1.0	1.0	1.0	1.0	-	
7.0	7.0	7.0	7.0	6.9	6.9	0.02	
2.0	2.0	2.0	2.0	2.0	2.0	(1.00)	
0.3	0.3	0.3	0.3	0.3	0.3	-	
1.0	1.0	1.0	1.0	1.0	1.0	-	
-	-	-	-	2.0	2.0	0.33	
11.3	11.3	11.3	11.3	13.2	13.2	0.01	
144.0	150.4	150.3	151.5	147.3	149.6	0.02	
35.2	32.0	30.8	29.8	28.0	26.0	100.00	
2.8	2.8	14.4	15.9	16.4	15.8	0.65	
10.2	10.0	10.9	10.2	10.8	11.3	100.00	
67.2	67.6	69.0	70.4	64.8	61.2	(0.18)	
2.0	3.0	3.0	2.5	3.0	3.0	100.00	
10.9	11.1	1.0	1.4	1.5	1.5	0.72	
272.3	276.9	279.4	281.7	271.8	268.5	(0.05)	
-	-	1.0	1.0	1.0	1.0	100.00	
10.0	10.0	11.0	10.0	10.0	10.0	-	
4.2	4.3	4.3	4.3	5.1	4.8	0.10	
5.3	5.3	5.6	5.5	5.5	5.5	(0.11)	
19.5	19.6	21.9	20.8	21.6	21.2	(0.05)	
2.0	2.0	1.0	1.0	2.2	1.2	100.00	
23.2	26.2	26.6	25.5	22.7	24.4	(0.10)	
-	-	-	-	-	-	-	
0.6	1.0	1.0	1.0	1.0	1.0	100.00	
2.3	3.5	2.5	3.0	2.0	2.0	0.82	
5.5	5.5	5.5	6.5	5.5	6.5	(0.18)	
3.0	3.0	3.0	3.0	3.0	3.0	-	
54.8	55.3	56.3	56.6	53.9	54.8	(0.09)	
15.5	16.5	17.2	16.5	15.5	15.5	0.00	
106.9	113.0	113.1	113.1	105.8	108.3	(0.01)	
410.0	420.8	425.7	426.9	412.4	411.1	(0.04)	

North Scott Community School District

**Operating Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Daily Average Attendance	Operating Expenditures	Cost Per Pupil	Percentage Change
2003	2,834	\$ 20,768,083	7,328	2.60 %
2004	2,879	21,743,927	7,553	(3.06)
2005	2,777	22,391,442	8,063	(6.76)
2006	3,013	22,851,808	7,584	5.94
2007	2,992	23,758,050	7,941	(4.70)
2008	2,912	25,178,119	8,646	(8.89)
2009	2,941	26,847,088	9,129	(5.58)
2010	2,910	27,240,869	9,361	(2.55)
2011	2,900	27,303,824	9,415	(0.58)
2012	3,004	27,936,637	9,300	(0.65)

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

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

	Governmental				Pupil-Teacher
	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Ratio
\$	26,260,445	\$ 9,266	N/A %	218.7	13.52
	26,050,650	9,049	(2.35)	231.2	12.89
	25,801,218	9,291	2.68	235.5	12.85
	26,092,213	8,660	(6.79)	226.7	12.84
	26,961,273	9,011	4.06	217.3	13.77
	34,210,804	11,748	30.37	220.6	13.20
	31,964,187	10,868	(7.49)	222.6	13.21
	32,166,443	11,054	1.70	218.7	13.31
	31,297,404	10,792	(2.37)	219.3	13.22
	31,494,430	10,484	(5.16)	216.0	13.91

North Scott Community School District

**Free and Reduced Students
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Reduced Students	Reduced Percentage	Free Students	Free Percentage	Total Free and Reduced Students	Total Free and Reduced Percentage
2003	153	5.19%	358	12.15%	511	17.34%
2004	163	5.46	405	13.57	568	19.03
2005	151	4.97	448	14.76	599	19.73
2006	165	5.38	478	15.58	643	20.95
2007	161	5.26	448	14.64	609	19.84
2008	189	6.24	476	15.72	665	21.96
2009	212	6.93	531	17.35	743	24.28
2010	220	7.23	582	19.12	802	26.35
2011	164	5.38	598	19.62	762	25.00
2012	135	4.47	610	20.18	745	24.64

Source: District financial records.

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North Scott Community School District

School Building Information Last Ten Fiscal Years (Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Armstrong				
Square feet	41,095	41,095	41,095	41,095
Capacity*	720	720	720	720
Enrollment	291	271	280	276
Playgrounds	2	2	2	2
Glenn				
Square feet	26,297	26,297	26,297	26,297
Capacity*	480	480	480	480
Enrollment	259	258	265	261
Playgrounds	2	2	2	2
Grisson				
Square feet	29,209	29,209	29,209	29,209
Capacity*	480	480	480	480
Enrollment	208	203	209	232
Playgrounds	2	2	2	2
Shepard				
Square feet	39,609	39,609	39,609	39,609
Capacity*	720	720	720	720
Enrollment	295	322	305	311
Playgrounds	2	2	2	2
White				
Square feet	42,546	42,546	42,546	42,546
Capacity*	780	780	780	780
Enrollment	388	425	402	437
Playgrounds	2	2	2	2
Jr. High				
Square feet	104,270	104,270	104,270	104,270
Capacity*	960	960	960	960
Enrollment	501	475	489	487
Playgrounds	-	-	-	-
High School				
Square feet	199,143	199,143	199,143	199,143
Capacity*	1,740	1,740	1,740	1,740
Enrollment	1,015	1,027	1,074	1,054
Playgrounds	-	-	-	-

Source: District records.

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

Fiscal Year						
2007	2008	2009	2010	2011	2012	
41,095	41,095	41,095	41,095	41,095	41,095	41,095
720	720	720	720	720	720	720
285	299	325	343	329	326	326
2	2	2	2	2	2	2
26,297	26,297	26,297	26,297	26,297	26,297	26,297
480	480	480	480	480	480	480
259	259	234	248	277	256	256
2	2	2	2	2	2	2
29,209	29,209	29,209	29,209	29,209	29,209	29,209
480	480	480	480	480	480	480
231	252	229	222	222	207	207
2	2	2	2	2	2	2
39,609	39,609	39,609	39,609	39,609	39,609	39,609
720	720	720	720	720	720	720
321	305	306	326	338	355	355
2	2	2	2	2	2	2
42,546	42,546	42,546	42,546	42,546	42,546	42,546
780	780	780	780	780	780	780
446	456	486	490	498	446	446
2	2	2	2	2	2	2
104,270	104,270	104,270	105,714	105,714	105,714	105,714
960	960	960	960	960	960	960
459	442	445	472	484	475	475
-	-	-	-	-	-	-
199,143	199,143	199,143	199,143	199,143	199,143	199,143
1,740	1,740	1,740	1,740	1,740	1,740	1,740
1,050	1,049	990	985	940	971	971
-	-	-	-	-	-	-

North Scott Community School District

Capital Asset Information Last Ten Fiscal Years (Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Elementary				
Buildings	5	5	5	5
Square feet	178,756	178,756	178,756	178,756
Capacity	3,180	3,180	3,180	3,180
Enrollment	1,441	1,479	1,461	1,517
Playgrounds	10	10	10	10
Junior High				
Buildings	1	1	1	1
Square feet	104,270	104,270	104,270	104,270
Capacity	960	960	960	960
Enrollment	501	475	489	487
High School				
Buildings	2	2	2	2
Square feet	199,143	199,143	199,143	199,143
Capacity	1,740	1,740	1,740	1,740
Enrollment	1,015	1,027	1,074	1,054
Administrative				
Admin building	1	1	1	1
Square feet	5,188	5,188	5,188	5,188
Warehouse/printsop	1	1	1	1
Square feet	9,900	9,900	9,900	9,900
Service buildings	19	19	19	19
Transportation				
Bus garage	1	1	1	1
Square feet	5,250	5,250	5,250	5,250
Buses	38	38	38	38
Athletics				
Football fields	1	1	1	1
Soccer fields	1	1	1	1
Running tracks	1	1	1	1
Baseball/softball	2	2	2	2
Tennis courts	1	1	1	1

Source: District records.

Fiscal Year						
2007	2008	2009	2010	2011	2012	
5	5	5	5	5	5	5
178,756	178,756	178,756	178,756	178,756	178,756	178,756
3,180	3,180	3,180	3,180	3,180	3,180	3,180
1,542	1,571	1,580	1,627	1,664	1,753	1,753
10	10	10	10	10	10	10
1	1	1	1	1	1	1
104,270	104,270	104,270	105,714	105,714	105,714	105,714
960	960	960	960	960	960	960
459	442	445	472	484	469	469
2	2	2	2	2	2	2
199,143	199,143	199,143	199,143	199,143	199,143	199,143
1,740	1,740	1,740	1,740	1,740	1,740	1,740
1,050	1,049	990	985	940	962	962
1	1	1	1	1	1	1
5,188	5,188	5,188	5,188	5,188	5,188	5,188
1	1	1	1	1	1	1
9,900	9,900	9,900	9,900	9,900	9,900	9,900
19	19	19	19	19	19	19
1	1	1	1	1	1	1
5,250	5,250	5,250	5,250	5,250	5,250	5,250
38	38	38	38	38	38	38
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	2	2	2
1	1	1	1	1	1	1

North Scott Community School District Miscellaneous Demographic Statistics

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

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

Schools	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03
Alan Shepard Elem.	K-6	K-7	K-8	K-9	K-10	K-11	K-12	K-13	K-14	K-15
Alan Shepard Elem.	PS	PS								
Edward White Elem.	K-5	K-5	K-5	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Edward White Elem.			PS	PS	PS	PS	PS	PS	PS	
John Glenn Elem.	PreK-6	PreK-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Neil Armstrong Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Neil Armstrong Elem.	PS	PS	PS							
Virgil Grissom Elem.	PreK-6	PreK-6	PreK-6	PreK-6	PreK-6	K-6	K-6	K-6	K-6	K-6
Junior High	*6-8	*6-8	*6-8	*7-8	7-8	7-8	7-8	7-8	7-8	7-8
High School	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12

* Approximately 72 sixth graders 07-08; approximately 71 sixth graders 08-08; approximately 73 sixth graders 09-10; approximately 63 sixth graders 10-11, approximately 78 sixth graders 11-12

Schools

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

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

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

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

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

Staff and Curriculum

The North Scott Schools take pride in their excellent workforce. The seven buildings and central office are staffed by 13 administrators and a .5 shared HR director, 223.46 FTE certified staff and 175.76 FTE support staff. The teaching staff includes classroom teachers, media specialists, nurses and teacher specialists in the areas of reading, art, music, physical education and guidance. The support staff of teacher aides, secretarial and clerical staff, bus drivers and mechanics, custodial/maintenance, day care, food service, print shop and grounds staff all contributes to creating a positive, safe learning environment for students.

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

- All teachers and administrators are involved in grade level and content area meetings to align curriculum, assessment and instruction.
- The District hosted an accreditation team from the Iowa Department of Education for a three-day site visit in January 2008.
- The District developed a new five-year North Scott Comprehensive School Improvement Plan (2008-2013).
- The District has identified long-range goals and annual improvement goals with specific action plans to meet the identified needs of students and staff within the District.
- The District has identified long-term reading goals for all students in grades 1-10.
- The District employs reading specialists who provide academic support in reading for students in grades K-3, 4-6 and 7-8.
- A state endorsed, research based reading program "Second Chance Reading" is provided for students in need of reading assistance at the junior high and high school.
- Curriculum reports are made during the school year to the Board of Directors.
- The District has a Curriculum Cabinet, which meets once or twice a month to discuss issues directly related to curriculum, instruction and assessment. Members of the Cabinet include the Superintendent, the Curriculum Director, a board member and two elementary principals and the JH and HS principals. Minutes of the Curriculum Cabinet are provided to the entire staff after each meeting as well as reports made at School Board meetings.
- Each building annually identifies building improvement goals based upon student data. Action plans are developed at the building level to make improvements at the site level.
- Parent/teacher conferences are held in grades kindergarten through twelve twice a year with a high parent participation rate. The junior high conducts student led conferences.
- The District provides a well-articulated K-12 counseling program to address the increasing needs of students. All elementary buildings have full time guidance personnel.
- The District continues to provide regular professional development opportunities to all staff in the areas of reading, math, science, utilization of technology, and meeting the needs of diverse learners. In 2011-12, an emphasis was placed on data use and data teams and presented through the use of a building instructional coaches model.
- The District has been involved with staff development on the Iowa Core.

- Graduate level professional development courses are made available to teaching staff annually to support their professional development and licensure renewal.
- The District has developed a five-year building and grounds maintenance plan to ensure facilities that enhance educational opportunities for students and provide for a safe learning environment.
- A full-time technology director and three computer technicians are employed by the District to assist in the placement of technology in all classrooms. 100 percent of the District's classrooms are connected to the Internet. All staff members have e-mail addresses. There are more than 2,408 computers across the District with an average student-to-computer ratio of 2.12 The District maintains a web page.
- The District administration and board identified a reading goal to focus instruction and assessment in the District. Data collection began in the spring 2011 and will be collected bi-annually.
- The District has introduced interactive white boards into elementary, junior high and high school classrooms. Phase I has been completed with the placement of Prometheans in all 4-6 classrooms, 7-12 core content areas and at least one board in a common area. A second wave of installations is in progress to include all primary classrooms.
- The Central Office and administrative staff use a web-based personnel software system for hiring new staff.
- The District employs a full time curriculum director to coordinate the K-12 curriculum, instruction, assessment and school improvement initiatives.
- The District has an active mentoring program for beginning teachers. "Journey to Excellence" provides each beginning teacher with a trained mentor for a two-year period.
- In a joint venture with the North Scott Press, the District published two volumes of *North Scott, The Magazine*.
- The District's Smaller Learning Communities federal grant that started with the high school will continue to offer a freshman house structure to assist students making the transition from junior high to high school. The grant funding was completed in 2010.
- Both the junior high and high school provide a student advisory time each school day.

Population

The population of the North Scott Community School District is estimated at approximately 15,203. The enrollment in October 2011 was 3048 students – 893 senior high students, 453 junior high students, 1,580 elementary students, 122 4-year-olds, including students who are open enrolled or tuitioned into the District. Less than 5 percent of the school parents earn their livelihood from farming. The remaining 95 percent live in towns or housing developments within the District. The largest industry within the District is John Deere.

A fleet of 38 buses is owned by the District to serve its transportation needs. A total of 26 regular bus routes operate daily, with 5 activity routes operating in the evening. The District also has 7 special education routes operating daily.

Student lunches are prepared at two central locations, North Scott High School and North Scott Junior High and number approximately 399,528 annually.

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

District Awards Over the Last Several Years

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

Individuals

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

- Teacher of the Year Finalist, 2012
- Member of North Scott Kiwanis
- Past-President of North Scott Kiwanis
- Member of North Scott Rotary
- Mayor of the City of Eldridge
- Iowa State Senator
- Committee member, Leadership Committee, IASBO
- Member of the Iowa High School Athletic Association Representative Council, 2002
- AEA IX Elementary Principal of the Year – 2008/09
- One of five finalists for National High School Athletic Coaches Association “Softball Coach of the Year”, 200 – Winner of Midwest State Award
- Iowa’s nominee for National High School “Wrestling Coach of the Year”, 2003
- Presenter at the Iowa Technology Educator’s Conference, 2003
- 3 National merit semi-finalist at North School High School, 2004
- “Teacher of the Year – Senior Division” award from National History Day in Iowa, 2005
- “Teacher of the Year – Senior Division” award from Iowa History Day, 2009
- Presenter – Iowa Department of Education Professional Development Seminar in 2005
- Presenter at State School Board, 2002 convention on Activity Fund Management
- Presenter – School Administration of Iowa 2002 – Fall Activity Fund Workshop
- Presenter – State School Board Conference 2007 – Board Leadership
- Presenter – School Administrators of Iowa 2007 Fall Activity Fund Workshop
- Presenter – School Administrators of Iowa 2009 Fall Activity Fund Workshop
- Presenter – School Administrators of Iowa 2011 Fall Activity Fund Workshop
- Presenter – Iowa Association of School Business Officials Fall 2007 Conference
- Southeast District High School Athletic Director of the Year, 2005
- Iowa State Distribution Advisory Council
- Presenter at Middle Level Education Southeast Sectional Conference

- Two teachers named WalMart “Teacher of the Year”, 2006
- SAI District IX Elementary Principal of the Year, 2006
- Iowa Association of School Business Officials 2008 Professional Leadership Award
- National PBS Teacher of Merit Award, 2009
- Instructor – Iowa Superintendent and Leadership Consortium 2009 – Facility Construction: Planning to Finish
- Instructor – Iowa Superintendent and Leadership Consortium 2010 – Understanding & Managing Special Revenue Funds

Building Awards

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

Grounds Awards

- Presenter at Iowa Turf Manager’s Conference, 2002
- Presenter at Iowa Turf Grass Conference, 2003
- 2004 Iowa Sports Turf Manager’s Association of the Year
- 2004 National Sports Turf Manager’s Association High School & Parks Soccer Field of the Year
- 2004 Iowa Soccer Field of the Year, Iowa Sports Turf Manager’s Association
- Presenter at National Sports Turf Manager’s Conference, 2004, 2009 and 2012
- 2005 National Sports Turf Manager’s Association High School and Parks Sports Complex of the Year
- Presenter at Iowa Turfgrass Conference, 2005
- Presenter at Northern Illinois Turf Manager’s Association, 2007
- Presenter at Iowa Buildings and Grounds Association, 2007
- Presenter at National Sports Turf Manager’s Conference, 2009
- Presenter at Sports Manager’s Regional Conference, 2009
- Hosted & Presented Turf & Technology Workshop, 2010
- 2010 National Sports Turf Manager’s Association High School & Parks Football Field of the Year

Grants

- Scott County Regional Authority Grant, \$64,000 for Promethean Activboards
- Scott County Regional Authority Grant, \$9,158 for Media Sources Updates
- Scott County Regional Authority Grant, \$17,090 for Junior High Band Instruments
- Scott County Regional Authority Grant, \$38,201 for Junior High Industrial Technology Upgrade
- Project Lead the Way Grant, \$15,000 for High School Industrial Technology

- Three district buildings will receive funds to be used from the Microsoft Settlement over the next three years: High School-\$211,744; Neil Armstrong Elementary-\$49,644 and Virgil Grissom Elementary-\$38,340.

Statistical Review

Area – 220 square miles

Altitude – 793 feet above sea level

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

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

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

Churches – 13, representing five denominations.

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

Public Library – Scott County Public Library and Bookmobile provide services to the seven communities located in North Scott.

Newspapers – 1 weekly, 1 daily (morning and evening) in metropolitan area. Also 1 weekly trade paper.

Climate:

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

Municipal Services

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

Notice of Nondiscrimination

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

Kelly Rohlf, Equity Coordinator
Virgil Grissom Elementary School
500 Lost Grove Road
Princeton, Iowa 52768
Phone 563.289.4404

North Scott Community School District

Property Values, Construction and Bank Deposits

Last Ten Fiscal Years

(Unaudited)

Year	Insured Property Values	Expenditures for Construction	Bank Deposit*
2011-12	\$ 91,387,744	\$ 1,625,806	\$ 2,109,219
2010-11	91,387,744	1,683,577	4,962,663
2009-10	91,003,994	1,821,779	7,038,116
2008-09	85,451,876	2,432,222	2,043,635
2007-08	71,744,554	1,176,980	2,316,991
2006-07	74,597,277	1,082,444	5,057,042
2005-06	65,670,495	1,733,138	2,122,229
2004-05	56,508,413	994,402	3,311,277
2003-04	55,364,899	924,800	3,141,369
2002-03	54,371,139	1,030,566	2,081,165

* School district's bank deposit as of June 30.

Sources: District financial and insurance records.

North Scott Community School District

**Enrollment by Grade and Certified Enrollment
Last Ten Fiscal Years
(Unaudited)**

Grade	2011-12	2010-11	2009-10	2008-09
Enrollment by Grade				
Kindergarten	236.0	265.0	231.0	239.0
1	240.0	210.0	214.0	205.0
2	211.0	216.0	209.0	230.0
3	218.0	217.0	230.0	228.0
4	225.0	231.0	230.0	206.0
5	238.0	233.0	213.0	232.0
6	238.0	219.0	235.0	233.0
7	228.0	235.0	245.0	221.0
8	236.0	245.0	227.0	224.0
9	267.0	236.0	242.0	220.0
10	228.0	239.0	223.0	244.0
11	236.0	212.0	234.0	267.0
12	221.0	245.0	286.0	251.0
	<u>3,022.0</u>	<u>3,003.0</u>	<u>3,019.0</u>	<u>3,000.0</u>
Certified enrollment	<u>2,986.6</u>	<u>2,964.5</u>	<u>2,978.0</u>	<u>2,968.0</u>

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

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
	231.0	234.0	208.0	208.0	196.0	173.0
	220.0	213.0	180.0	201.0	177.0	170.0
	225.0	192.0	215.0	201.0	179.0	178.0
	195.0	224.0	221.0	196.0	181.0	208.0
	227.0	228.0	208.0	194.0	209.0	220.0
	235.0	215.0	213.0	219.0	224.0	215.0
	221.0	223.0	215.0	240.0	216.0	232.0
	224.0	221.0	230.0	220.0	243.0	243.0
	222.0	239.0	254.0	243.0	249.0	242.0
	245.0	275.0	262.0	280.0	266.0	261.0
	269.0	262.0	274.0	257.0	279.0	236.0
	250.0	268.0	247.0	263.0	246.0	220.0
	278.0	265.0	264.0	231.0	224.0	198.0
	3,042.0	3,059.0	2,991.0	2,953.0	2,889.0	2,796.0
	3,000.0	3,002.0	3,007.0	2,973.0	2,946.0	2,923.0

North Scott Community School District

**Schedule of Insurance Coverage
July 1, 2011 - June 30, 2012
(Unaudited)**

Detail of Coverage	Number	From	To
PROPERTY			
Coverage A - Buildings	9A5-88-74-01	7/1/2011	7/1/2012
Coverage B - Personal property			
Coverage C - Extra expense			
LIABILITY			
Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefits, additional insureds.	9A5-88-74-01	7/1/2011	7/1/2012
FLEET			
Bodily injury, property damage, medical uninsured motorist, comprehensive, collision. Includes non-owned.	9A5-88-74-01	7/1/2011	7/1/2012
WORKERS' COMPENSATION			
	9A5-88-74-01	7/1/2011	7/1/2012
INLAND MARINE			
All risk coverage based on statement of values.	9A5-88-74-01	7/1/2011	7/1/2012
COMMERCIAL UMBRELLA (EXCESS LIABILITY)			
	9A5-88-74-01	7/1/2011	7/1/2012
SCHOOL DISTRICT LEGAL LIABILITY			
Includes prior acts, 36-month discovery period extension, teacher negotiation-covers school board and all employees.	9A5-88-74-01	7/1/2011	7/1/2012
PUBLIC SCHOOL EMPLOYEES BLANKET BOND			
	9A5-88-74-01	7/1/2011	7/1/2012
POLLUTION			
	9A5-88-74-01	7/1/2011	7/1/2012
GROUP EXCESS LIABILITY			
	9A5-88-74-01	7/1/2011	7/1/2012

Source: School District insurance records.

Liability Limits	Premium
Coverages A and B - 90% of full replacement cost as per statement of values - \$10,000 deductible. Coverage C - \$1,000 - no deductible.	58,144
\$1,000,000 bodily injury and property damage each occurrence, \$2,000,000 aggregate.	12,753
\$1,000,000 combined single limit liability, \$1,000 medical payment, ACV comprehensive no deductible, buses \$250 deductible, small vehicles \$100 deductible and automobiles uninsured and underinsured motorist \$300,000	24,899
Statutory.	141,816
As per schedule - no deductible.	2,758
\$10,000,000 occurrence and aggregate.	14,822
\$2,000 deductible, \$1,000,000 each loss, \$1,000,000 aggregate.	5,418
Coverage \$500,000 all employees w/ \$5,000 deductible	2,283
\$500,000 each incident and aggregate	1,125
\$20,000 occurrence limit and \$50,000,000 aggregate limit	5,032

North Scott Community School District

**History of State Aid Payments
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Budgeted State Aid	Actual Revenue	Difference State Aid to Actual	Difference % of Budget Variance**
2012	\$ 15,904,254	\$ 14,321,192	\$ 1,583,062	9.95%
2011	14,597,704	14,508,670	89,034	0.61%
2010	14,959,728	13,359,462	1,600,266	10.70%
2009	12,933,164	12,424,224	508,940	3.94%
2008	12,578,595	12,489,454	89,141	0.71%
2007	12,007,420	11,920,247	87,173	0.73%
2006	11,378,765	11,284,988	93,777	0.82%
2005	10,718,450	10,682,395	36,055	0.34%
2004	10,539,379	10,286,488	252,891	2.40%
2003	10,208,855	10,168,917	39,938	0.39%
Average	\$ 12,519,672	\$ 12,231,649	\$ 288,023	2.12%

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

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

Source: District Budget Documents and Financial Records.

North Scott Community School District

**Local Regular Program Budget vs. Teacher Settlements
New Money the Last Ten Years - Percent Increase
(Unaudited)**

Budget Year	Enrollment	(A)	(B)	(C)	(D)	(E)
		North Scott New Money	North Scott Settlement	New Money State Trend	Settlement State Trend	Certified Teaching Staff (FTE)
2011-12	2,986.6	1.30%	3.76%	0.13%	3.70%	216.68
2010-11	2,964.5	-0.40%	3.60%	-0.60%	3.33%	223.46
2009-10	2,977.5	2.34%	3.80%	1.38%	2.84%	218.69
2008-09	2,967.5	2.89%	4.69%	3.23%	2.19%	222.44
2007-08	2,999.7	3.91%	4.77%	2.77%	4.50%	220.33
2006-07	3,002.1	3.84%	4.46%	2.66%	4.67%	216.90
2005-06	3,006.6	5.16%	4.19%	2.25%	4.49%	227.70
2004-05	2,973.3	4.98%	5.74%	1.99%	4.36%	230.70
2003-04	2,945.7	2.80%	3.92%	1.02%	3.83%	229.20
2002-03	2,922.9	2.57%	5.01%	0.74%	4.09%	216.02
Ten-year average						
Percent variance (B-A)/B		0.61%		(D-C)/C	136.09%	

* Source IASB reports.

North Scott Community School District

**Average Salary by Education Level
Last Ten Fiscal Years
(Unaudited)**

Education Level	Fiscal Year			
	2003	2004	2005	2006
BA				
Total FTE	46.50	63.83	69.83	54.00
Average salary	26,391.61	27,502.69	27,948.79	28,897.89
BA + 15				
Total FTE	26.83	31.87	28.87	35.37
Average salary	34,724.05	34,884.42	36,107.38	35,734.07
BA + 30				
Total FTE	46.00	39.00	40.00	36.00
Average salary	40,203.59	40,029.76	40,999.54	42,984.14
MA				
Total FTE	51.50	55.50	52.00	52.00
Average salary	37,487.18	37,909.70	38,936.37	40,701.17
MA + 15				
Total FTE	10.00	11.00	14.00	16.00
Average salary	41,439.00	43,013.73	44,183.71	46,433.19
MA + 30				
Total FTE	33.00	27.00	27.00	31.00
Average salary	48,242.73	49,701.56	50,112.37	50,928.32
Grand total FTE	213.83	228.20	231.70	224.37
Total average salary	48,242.73	36,579.75	37,247.99	39,265.49

Source: District personnel records.

Notes:

Full-time instructional employees of the District are employed for all 192 work days, at eight hours per day or 1,536 hours per year. This schedule includes the local instructional salary schedule only. Not included are state appropriations to increase salaries, i.e., Teacher Quality or Phase II Funds.

Fiscal Year						
2007	2008	2009	2010	2011	2012	
44.00	54.85	61.00	62.69	59.75	55.96	
30,173.11	31,062.15	32,464.02	33,827.71	34,792.46	37,148.84	
29.41	22.41	16.96	21.94	27.34	26.40	
38,317.58	39,772.78	42,031.11	40,838.74	39,644.48	41,056.06	
36.50	37.57	37.50	31.50	32.50	24.00	
43,526.74	44,354.51	45,646.35	46,324.83	46,096.71	62,422.63	
53.00	48.50	53.00	54.00	51.00	56.66	
41,155.04	42,654.80	43,351.94	44,548.39	45,159.83	40,648.62	
24.00	22.00	21.00	22.00	21.00	22.00	
47,448.58	47,330.64	49,191.67	49,541.36	48,823.05	46,603.82	
30.00	35.00	33.00	28.00	26.00	31.00	
52,785.83	54,214.46	55,641.73	56,087.14	55,181.70	46,281.42	
216.91	220.33	222.46	220.13	217.59	216.02	
41,246.70	42,068.73	43,026.91	43,346.46	43,310.96	43,625.73	

North Scott Community School District

Total Package Settlement Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2012-11	2011-12	2010-11	2009-10
Certified	3.76%	3.60%	3.80%	4.69%
Classified	3.38%	3.60%	3.85%	3.26%
Bus drivers	3.52%	2.50%	1.60%	3.60%
Administrators	3.38%	3.30%	1.80%	3.00%
Midmanagement	3.38%	3.60%	3.80%	3.25%
Print shop	3.38%	3.60%	3.88%	4.10%
Exempt	3.38%	3.60%	3.88%	3.25%

Source: District records.

Fiscal Year							10-Year Average
2008-09	2007-08	2006-07	2005-06	2004-05	2003-04		
4.77%	4.46%	4.19%	5.74%	3.90%	5.01%	4.39%	
4.30%	3.80%	3.50%	3.65%	3.15%	5.00%	3.75%	
3.91%	3.50%	3.50%	3.00%	3.00%	4.80%	3.29%	
3.50%	3.50%	2.80%	3.25%	2.54%	5.00%	3.21%	
4.30%	3.50%	3.20%	3.25%	3.03%	5.00%	3.63%	
4.30%	3.50%	3.20%	3.60%	3.03%	5.00%	3.76%	
4.30%	3.50%	3.28%	3.60%	3.04%	5.00%	3.68%	

North Scott Community School District

Financial Solvency Ratio

Last Ten Fiscal Years

(Unaudited)

Financial Solvency = $\frac{\text{Unreserved undesignated general fund balance}}{\text{Actual Revenues}}$

Fiscal Year	Unreserved Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio
2012	\$ 4,472,779	\$ 28,960,008	15.44%
2011	3,450,061	26,940,253	12.81%
2010	2,714,737	24,460,186	10.26%
2009	3,629,572	27,190,797	13.35%
2008	3,359,636	26,153,153	12.85%
2007	2,422,773	24,981,594	9.70%
2006	1,204,763	23,195,583	5.19%
2005	866,268	21,972,664	3.94%
2004	1,428,482	20,471,792	6.98%
2003	2,681,016	20,413,425	13.13%

Source: District financial records.

2002-2010 financial solvency = $\frac{\text{unreserved undesignated general fund balance}}{\text{actual revenues}}$

2011 financial solvency = $\frac{\text{assigned + (plus) unassigned general fund balances (numerator)}}{\text{actual general fund revenues}}$

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

SINGLE AUDIT SECTION



North Scott
Community Schools

North Scott Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Federal Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY12 4552	\$ 60,982
Commodities (Noncash)	10.555	FY12 4951	109,180
Commodities- DOD (Noncash)	10.555	FY12 4951	25,999
National School Lunch Program	10.555	FY12 4553	<u>357,165</u>
			<u>553,326</u>
 Child and Adult Care Food Program	 10.558	 FY12 4554	 <u>7,060</u>
Total U.S. Department of Agriculture Indirect Programs			<u>560,386</u>
 U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY12 4501	<u>194,320</u>
Special Education Grants to States, I.D.E.A. Part B	84.027	FY12 4513	<u>1,154</u>
Advance Placement Program	84.330	FY12 4654	<u>77</u>
Title IIA Improving Teacher Quality State Grants	84.367	FY12 4643	<u>79,880</u>
Grants for State Assessments and Related Activities (Title VI A)	87.369	FY12 4648	<u>19,520</u>
ARRA-Education Jobs Fund	84.410	FY12 4041	<u>444,205</u>

(Continued)

North Scott Community School District

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Education:			
Mississippi Bend Area Education Agency:			
Special Education - Grants to States I.D.E.A Part B	84.027	FY12 4521	146,713
Title II Tech-Prep Education	84.243	FY12 4536	6,885
Special Education-State Program Improvement Grant:	84.323	FY12 4526	1,749
Title III - English Language Acquisition State Grants	84.365	FY12 4644	603
Total U.S. Department of Education Indirect Programs			895,106
Total Expenditures of Federal Awards			\$ 1,455,492

Basis of presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Scott Community School District under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Because the schedule presents only a selected portion of the operations of North Scott Community School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of North Scott Community School District.

Summary of significant accounting policies: Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual or accrual basis of accounting based on the fund-type of the program. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles of State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

North Scott Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012**

Finding	Status	Corrective Action or Other Explanation
Findings Related to the Basic Financial Statements		
Internal control deficiencies:		
II-A-11 Student Activity Funds contained numerous activity accounts with negative balances.	Corrected	
II-B-11 The District had several resale accounts that had negative balances.	Corrected	
Other Findings Related to Required Statutory Reporting		
IV-A-11 District expenditures for the year ended June 30, 2011 exceeded the certified amounts in the support services function.	Corrected	
IV-G-11 There were variances in the basic enrollment data certified to the Iowa Department of Education.	Corrected	

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Scott Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 16, 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as II-A-12 through II-E-12 that we consider to be a significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Scott Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about North Scott Community School District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

We noted certain matters that we reported to management of North Scott Community School District in a separate letter dated November 16, 2012.

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

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
November 16, 2012

**Independent Auditor's 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
North Scott Community School District
Eldridge, Iowa

Compliance

We have audited the compliance of North Scott Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. North Scott Community School District's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of North Scott Community School District's management. Our responsibility is to express an opinion on North Scott Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 Nonprofit 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 North Scott Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on North Scott Community School District's compliance with those requirements.

In our opinion, North Scott Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of North Scott 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 North Scott 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-133, 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 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, a public record by law, is intended solely for the information and use of the officials, employees and citizens of North Scott Community School District and other parties to whom North Scott Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
November 16, 2012

North Scott Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No material weaknesses in internal control over major programs were noted.
- e) Unqualified opinions were issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
 - CFDA Number 84.410 ARRA-Education Jobs
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) North Scott Community School District qualified as a low-risk auditee.

(Continued)

North Scott Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

II-A-12

Finding: The District does not currently have a complete inventory listing of capital assets and does not have a system in place to depreciate capital assets.

Condition: The District had an inventory valuation of capital assets completed in 1998 and has since annually completed a listing of assets purchased and disposed of during the fiscal year. However, the District does not have a detail listing of capital assets owned by the District as of year-end. The District does not currently maintain depreciation schedules for assets owned by the District in accordance with accounting principles generally accepted in the United States (GAAP).

Context: Capital assets are required to be accounted for and depreciated in accordance with GAAP.

Effect: Capital assets are not properly inventoried and depreciated and could be misstated.

Cause: The software available has not been properly utilized and resources have not been allocated.

Recommendation: The District should update the capital asset module maintained by the District to include all assets including land, buildings, land improvements, and machinery and equipment. Assets should be designated within the system as to function served, asset lives and depreciation method fields within the software should be populated allowing the District to properly calculate depreciation.

Response and Corrective Action Plan: The District will continue to update the capital asset module of the District software.

II-B-12

Finding: The District has insufficient segregation of duties over the payroll process.

Condition: Two individuals at the District have access to change the employee master file, including entering new employees, modifying pay rates and adding deductions; enter time to the payroll system, process the payroll and generate the payroll checks and direct deposits. These positions also have general ledger access. One of the individuals also reconciles the bank statements.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

North Scott Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Cause: A limited number of personnel are involved in the payroll function.

Recommendation: Ideally, the position responsible for processing the payroll should be segregated from access to make employee master file changes. The District should evaluate the payroll software to determine if password protections within applications in regard to the master file could be limited to another position in office. If capabilities do not exist to restrict access, we provide the following recommendations to strengthen the District's internal control system:

- Another position should review the payroll checks and direct deposit listing to look for any unknown employees and any unusual pay amounts. This position should compare the total pay amount to the prior payroll period and investigate any unusual variances in the total amount paid from one pay period to the next and compare totals to budget for any variances.
- The District should determine if a payroll change/edit report can be printed from the payroll system. This report should list all changes made to the employee master files as well as extra pays or leave time added for the pay period. The changes on this report should be reviewed by a position independent from the payroll processing position.
- An employee independent of payroll processing should receive the monthly bank statement and review the cancelled checks to look for any unusual payees, amounts and to ensure the signatures were proper. This position should review the monthly bank reconciliations and compare the bank balances to the monthly bank statement, book balance to the general ledger system and make sure there are no unusual reconciling items listed on the reconciliation.

Response and Corrective Action Plan: The District will review options in the payroll software for additional password protection and has assigned other personnel to review payroll checks, payroll changes and edit reports, and leave processing.

II-C-12

Finding: The District has insufficient segregation of duties over the cash disbursement function.

Condition: Two positions have the responsibility and access rights to set up new vendors in the system, enter a purchase order into the system, receive invoices, enter invoices into the system to be paid, prints checks and after Board approval mail checks. These positions also have general ledger access.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: Access rights are not limited in the cash disbursement cycle.

North Scott Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

Recommendation: In general, authorization of new vendors, entering invoices into the accounting system, and processing of checks should be segregated from each other. While we realize the District has limited staff, we provide the following recommendations to strengthen the District's internal control system:

- We recommend the District remove the access to the vendor master file and remove the general ledger access so that the position is unable to void checks and post to the general ledger.
- We recommend that check sequence be tracked by someone independent of the cash disbursement function to ensure all checks are appropriately approved and accounted for. Any gaps in sequence should be accounted for and investigated. The person accounting for check sequence should also ensure that all checks accounted for are listed on the Bills Listing sent to the Board for review each month, including any manual checks written between Board meetings or payroll deduction checks written on expenditure check stock.

Response and Corrective Action Plan: The District has assigned other personnel to more formally review new vendors/vendor change reports, review checks and invoices, review void checks and check registers.

II-D-12

Finding: Access rights within Software Unlimited are not properly tailored to those rights required to complete job duties.

Condition: The personnel in the Business Office have full supervisor rights to Software Unlimited. The Board Secretary has Administrator rights.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual has access rights to handle a transaction from its inception to its completion.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: Positions within the business office are given supervisor rights within the Software Unlimited software. Supervisor rights give the position the ability to access all modules and all rights within a module of the software.

Recommendation: Administrator rights within the Software Unlimited software should be moved to the District's Information Technology Director. Each position that currently has supervisor rights should be modified to give access to specific modules and screen permissions within modules that are necessary to complete assigned job duties.

Response and Corrective Action Plan: The District will review options to move the administration right to the Information Technology Director or Superintendent.

North Scott Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

II-E-12

Finding: The District has insufficient documentation to support the completeness of revenue collections. In addition, the District is not following the policies and procedures in place over event receipts.

Condition: The District currently does not have an accounts receivable or a billing system to monitor the amounts due from students for registration and for other fees at the school locations. There is no formal receipt system to monitor amounts due or the payments made by students and purpose of payment which can be reconciled to the daily deposits.

In addition, although the District has policies and procedures in place over gate receipts, the monitoring and reconciliation of ticket sales to ticket numbers and the deposit is not being performed.

Context: A good internal control process includes an audit trail and monitoring system.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: The District currently does not have a formal receipt system in place at the school buildings. For gate receipts, the policies and procedures are not being enforced for compliance.

Recommendation: We understand the District has approved and will implement a new receipt system for student fees and activities. We recommend that all collections require a receipt to be provided to the payer. On a daily basis, the receipt system should be reconciled with the daily deposits by the administrative center.

For gate receipts, the beginning ticket number should be documented by the individual distributing the opening till. At the end of the event, the ending ticket number should be documented by the individual selling the tickets along with their signature of the till contents. All tills should be counted by two people and the form should be signed by both. Any overage or shortage should be noted on the sheet. The next day, the building secretary should then reconcile tickets sold to the deposit made as well as verify the next ticket number is proper.

On a quarterly basis, statements of each activity fund should be provided to administrators and sponsors to verify that the information agrees to their records. The verification should be formally documented by having the sponsor sign approval of the statement and return the statement to the principal. The individual activity fund sponsors should not be permitted to overspend their individual activity fund balance.

Response and Corrective Action Plan: The District will accept the Auditor's recommendation.

North Scott Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Part III: Findings and Questioned Costs for Federal Awards

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

Part IV: Other Findings Related to Statutory Reporting

IV-A-12

Certified Budget: Expenditures for the year ended June 30, 2012 did not exceed the certified budget amounts.

IV-B-12

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-12

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-12

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

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Joe Hintze, Director of Business Affairs, brother with AirGas	Supplies	\$ 1,719
Jenny Ferrel, Teacher, spouse Cory Ferrel	Services	58
Judy Kietzman, Teacher, spouse Bill Kietzman	Official	986
Christie Liske, Aide, spouse Matt Liske	Official	788
Sherri Marceau, Principal, spouse with Marceau Piano Service	Services	815
Teri Thavenet, Teacher, spouse with Premiere Pest Management	Services	5,805
Amy Guerrero, Bookkeeper, spouse with Reference Audio Video	Supplies	7,267

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the brother of Joe Hintze, the spouse of Teri Thavenet and the spouse of Amy Guerrero do not appear to represent a conflict of interest.

North Scott Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

IV-E-12

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-12

Board Minutes:

Finding: Of the four Board of Education meeting dates selected for testing, one meeting did not have the meeting minutes published as required by Chapter 279.35 of the Code of Iowa. The June 18, 2012 Board meeting minutes were not published in the community newspaper.

Recommendation: We recommend the District ensure actual publication of minutes and claims by maintaining an original proof of publication.

Response: The District will maintain the proof of publications to document the Board of Education meeting minutes are properly published as required by Chapter 279.35.

Conclusion: Response accepted.

IV-G-12

Certified Enrollment: No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-12

Supplementary Weighting:

Finding: Two variances regarding supplementary weighting certified to the Iowa Department of Education were noted. A course was not properly included within concurrent enrollment and a FTE factor was not properly reported.

Recommendation: We recommend the District review each section of a concurrent course to determine if properly reported.

Response: The District will ensure concurrent courses are properly recorded.

Conclusion: Response accepted.

IV-I-12

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

IV-J-12

Certified Annual Report: The Certified Annual Report was certified timely to the Iowa Department of Education.

North Scott Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

IV-K-12

Categorical Funding: No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-L-12

Statewide Sales and Services Tax: No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax 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, 2012, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$ 4,175,059
Revenue / transfers in:		
Statewide sales and services tax revenue	2,495,352	
Interest	6,635	
Transfers in/other	<u>96,338</u>	2,598,325
Expenditures/transfers out:		
School infrastructure:		
Buildings and improvements	\$ 1,237,499	
Equipment	<u>173,028</u>	<u>1,410,527</u>
Ending balance		<u>\$ 5,362,857</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

North Scott Community School District

**Corrective Action Plan
Year Ended June 30, 2012**

Findings	Corrective Action Plan	Anticipated Date of Completion
Significant Deficiencies over Financial Reporting:		
II-A-12: The District does not have a complete inventory listing of capital assets and does not have a system in place to depreciate capital assets.	See response and corrective action plan at II-A-12	Fiscal Year 2013 Joe Hintze
II-B-12: The District has insufficient segregation of duties over the payroll process.	See response and corrective action plan at II-B-12	Fiscal Year 2013 Joe Hintze
II-C-12: The District has insufficient segregation of duties over the cash disbursement function.	See response and corrective action plan at II-C-12	Fiscal Year 2013 Joe Hintze
II-D-12: Access rights within Software Unlimited are not properly tailored to those rights required to complete job duties.	See response and corrective action plan at II-D-12	Fiscal Year 2013 Joe Hintze
II-E-12: The District has insufficient documentation to support the completeness of revenue collections. In addition, the District is not following the policies and procedures in place over event receipts.	See response and corrective action plan at II-E-12	Fiscal Year 2013 Joe Hintze
Other Findings Related to Required Statutory Reporting:		
IV-F-12: One board meeting selected for testing did not have the meeting minutes published as required by Chapter 279.35 of the Code of Iowa.	See response at IV-F-12	Fiscal Year 2013 Joe Hintze
IV-H-12: Two variances regarding supplementary weighting certified to the Iowa Department of Education were noted.	See response at IV-H-12	Fiscal Year 2013 Joe Hintze



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

In connection with our audit of the financial statements of the North Scott Community School District as of and for the year ended June 30, 2012, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following is a description of identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Treasury Cycle

- 1) The bank reconciliation is prepared by the Board Secretary and reviewed by the Director of Business Affairs. In order to further strengthen internal controls, we recommend the Director of Business Affairs obtain the bank statements and compare the bank balance to the bank balance indicated on the bank reconciliation. We also recommend that the canceled check listing be scanned by the Director of Business Affairs for unusual payees or amounts.
- 2) The position responsible for the monthly bank reconciliation is also responsible for posting all journal entries to the general ledger system and cash transfers and wire transfers. This position also has administrator rights on the Software Unlimited software. We recommend that the Director of Business Affairs monthly, print off all journal entries posted for the month and review the entries including obtaining supporting detail. All transfers on the bank statements should be traced between banks to ensure no unauthorized transfers were made.

Cash Disbursement Cycle

- 1) During the audit, we selected 25 items to test the cash disbursement cycle. For one item selected, we noted that there was a credit available for returned items, that was not utilized and the check was written for the full amount. We recommend the District utilize the credit on the next purchase or request a refund from the vendor.
- 2) The Director of Business Affairs receives a report titled Bill List – Current which lists the Vendor, Account Number, Description and amount by Fund, but does not list the check sequence. In order to strengthen internal controls, we recommend that he also receive a Check Register and the physical checks generated. The Director of Business Affairs should compare the total checks generated to the total of the Bill list and the check sequence to the Check Register. We would also recommend that on a sample basis the Director of Business Affairs compare the vendor and amount of the check to the check register.
- 3) The Superintendent’s travel and expense reports are reviewed and approved by the Director of Business Affairs. There is an inherent limitation to effective controls when direct reports are required to approve their supervisor’s transactions. We recommend a member of the Board review and approve the Superintendent’s expense reports prior to payment.
- 4) During our testing of travel and expense reports, we noted a purchasing card expense report for the Director of Business Affairs only had the Director of Business Affairs approval signature. To improve controls, we recommend the Superintendent review and approve the Director of Business Affairs purchasing card reports.
- 5) During our audit, we noted that signature stamps are used, however, the stamps were not always maintained in the control of the individual whose signature was on the stamp. Signature stamps should be secured and used solely by the owner of the stamp.

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

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
November 16, 2012