

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the

SIOUX CITY COMMUNITY SCHOOL DISTRICT  
Sioux City, Iowa

For the Fiscal Year Ended June 30, 2012

OFFICIAL ISSUING REPORT

Gordon D. Winterlin

Director of Finance

OFFICE ISSUING REPORT

Business Office

SIOUX CITY COMMUNITY SCHOOL DISTRICT

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**SIoux CITY COMMUNITY SCHOOL DISTRICT**

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February 12, 2013

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

The Comprehensive Annual Financial Report for the Sioux City Community School District for the fiscal year ended June 30, 2012 is submitted to you. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada. Responsibility for the accuracy of data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data is presented in a manner designed to fairly set forth the financial position and results of operations of the District, as measured by the financial activity of the various funds; that all disclosures necessary to enable the reader to gain a comprehensive understanding of the District's financial activity have been included; and the information provided is complete and accurate in all material respects.

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

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

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

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

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

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

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

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

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

#### Reporting Entity and its Services

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

The District provides a full range of educational services for residents of the Sioux City Community School District appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for identified children with qualifying special needs, vocational education and many individualized programs such as specialized instruction for students at risk and students whose primary language is not English. The official enrollment of the District as of October, 2012 (the official count date) was 13,930 students.

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

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

### Accounting System

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

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

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

### Budgeting

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

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

### Major Initiatives and Achievements

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

future. The first step was to design a new middle school, as well as certain essential repairs and renovations to existing school buildings. Construction was completed in December 2001 on the 165,000 square foot West Middle School. The 195,000 square foot East Middle School was completed and opened in August of 2002. North Middle School was completed in June of 2004 with an opening date of August 2004. Irving Elementary School opened in August of 2006 which replaced the old Irving Elementary School which was the oldest operating elementary school in the State of Iowa. Two other new elementary schools, Leeds and Unity, were completed and opened in the fall of 2008; Liberty Elementary School, replacing Smith and Everett Elementary Schools, opened in August of 2010. Spalding Park Elementary School, which will replace Joy and Longfellow Elementary Schools, is currently under construction with an anticipated opening date of August 2012. In addition a new Westside elementary school which will replace Emerson and Roosevelt is under construction with an estimated opening date of August 2014. The District issued revenue bonds in December 1999, December 2000, July 2001, April 2005, December 2006, March 2007, December 2008, November 2009, September 2010 and May of 2012 to finance the construction of these schools with sales tax revenues paying off the bonds.

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

#### Economic Condition and Outlook

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

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

The State of Iowa's school funding formula projects a controlled budget based on October's enrollment for the current budget year multiplied by a legislatively approved cost per pupil for the subsequent budget year. During fiscal year 2009-2010, due to the downturn in the state's economy, a 10% across the board reduction in state aid was ordered for all Iowa school districts. This amounted to a mid-year reduction of \$6.7 million. Allowable growth for fiscal year 2011-2012 was set at 0% which maintained the cost per pupil at \$5,883; allowable growth for FY2012-2013 is set at a 2% increase which makes the cost per pupil \$6,001. In light of these reductions and minimal funding, the School District must operate in the most efficient manner possible during fiscal year 2012-2013 to help ensure adequate funding for staff, services and supplies.

#### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School

Business Officials International awarded a Certificate of Excellence to the District for their Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. In order to be awarded these certificates, the District must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. These certificates are valid for a period of one year only. We believe our current report continues to conform to these requirements and are submitting it to both organizations to determine its eligibility for certificates from these organizations.

#### Other Matters

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

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

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

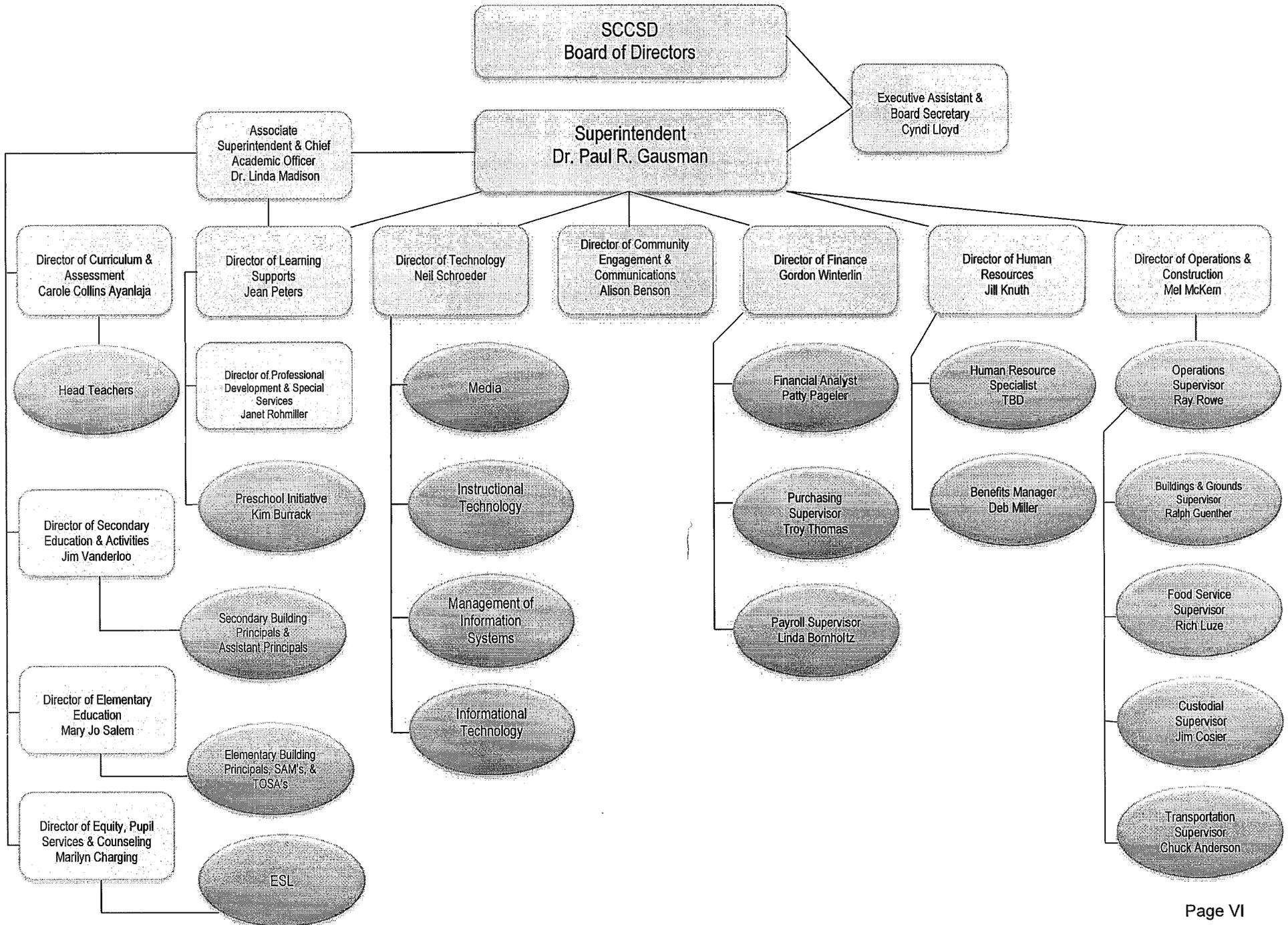
In summary, the objective of the Comprehensive Annual Financial Report is to provide the general public and other users of the District's financial information a better understanding of the operating activities and financial condition of the District.

Very truly yours,



Gordon D. Winterlin  
Director of Finance

# Sioux City Community School District - Leadership Organizational Chart 2011-2012



SIOUX CITY COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION

YEAR ENDED JUNE 30, 2012

Before September 2011

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

After September 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Krysl	President	September, 2015
Dr. Michael McTaggart	Vice-President	September, 2015
Doug Batcheller	Board Member	September, 2013
John Meyers	Board Member	September, 2013
Walt Johnson	Board Member	September, 2015
Jackie Warnstadt	Board Member	September, 2015
Molly Williams	Board Member	September, 2013

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL DISTRICT ADMINISTRATION

YEAR ENDED JUNE 30, 2012

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

BUSINESS OFFICE

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

DIRECTORS

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

# Association of School Business Officials International

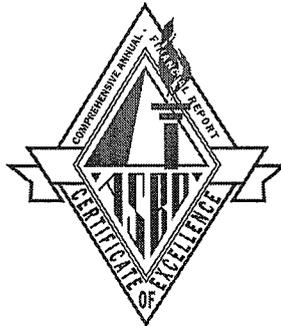


*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## **Sioux City 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 cursive script, reading 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA  
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE, RSBA  
Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sioux City  
Community School District  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 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. Moynell*

President

*Jeffrey R. Emer*

Executive Director



## INDEPENDENT AUDITORS' REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux City Community School District as of June 30, 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 February 12, 2013, on our consideration of the Sioux City Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



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

Sioux City, Iowa  
February 12, 2013

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

## SIoux CITY COMMUNITY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Sioux City Community School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. The analysis focuses on the District's financial performance as a whole. Please read this analysis in conjunction with the transmittal letter at the front of the report and the District's financial statements, which immediately follow this section.

#### **Financial Highlights**

- The District's financial condition improved in fiscal year 2012 as well as in fiscal year 2011. Total net assets increased by \$9.8 million or by 8.0%. This was due primarily to increases in state revenues which were offset by only a 2.0% increase in expenses and to the increase in capital assets net of related debt.
- Total revenues increased from \$165 million to \$172.1 million, an increase of 4.3%. State revenues increased while federal and local funding was steady.
- Total expenses increased from \$159.1 million to \$162.3 million, an increase of 2.0%, largely driven by increases in salaries and benefits.
- In the Fund Financial Statements the General Fund balance increased by \$2,657,136 from \$14.3 million to \$17 million. The Solvency Ratio (Unassigned Fund Balance divided by General Fund Revenues) increased from 6.5% to 9.4% from fiscal year 2011 to fiscal year 2012. The District continues to maintain a responsible financial position in the General Fund.
- The one percent sales tax for school infrastructure continues to modernize the District's school building infrastructure.
- The original funding source for school infrastructure improvement was a one percent county local option sales tax law passed in 1998. In fiscal year 2007 the last of 99 counties passed a local option sales tax for school infrastructure. Noting the popularity and need for this tax, the state passed a new law creating a uniform state-wide one percent sales tax and extended the life of the tax to December 31, 2029. Twenty year bonds can now be issued to fully take advantage of this revenue stream.
- The new state-wide school infrastructure sales tax law mentioned above also included a provision improving property tax relief for Districts with lower property value per student. Prior legislation gave the Sioux City Community School District \$10 million of property tax reduction over the four years ending in fiscal year 2010. \$5.5 million in state property tax relief aid was received in fiscal year 2011; \$4.8 million was received in fiscal year 2012.

#### **Using This Annual Report**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the District's

operations in more detail than the government-wide statements by providing information about the most significant funds.

- The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health benefit plan.
- Supplementary Information includes the Schedule of Expenditures of Federal Awards which provides details of various federal programs benefiting the District.

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

**Figure A-1**

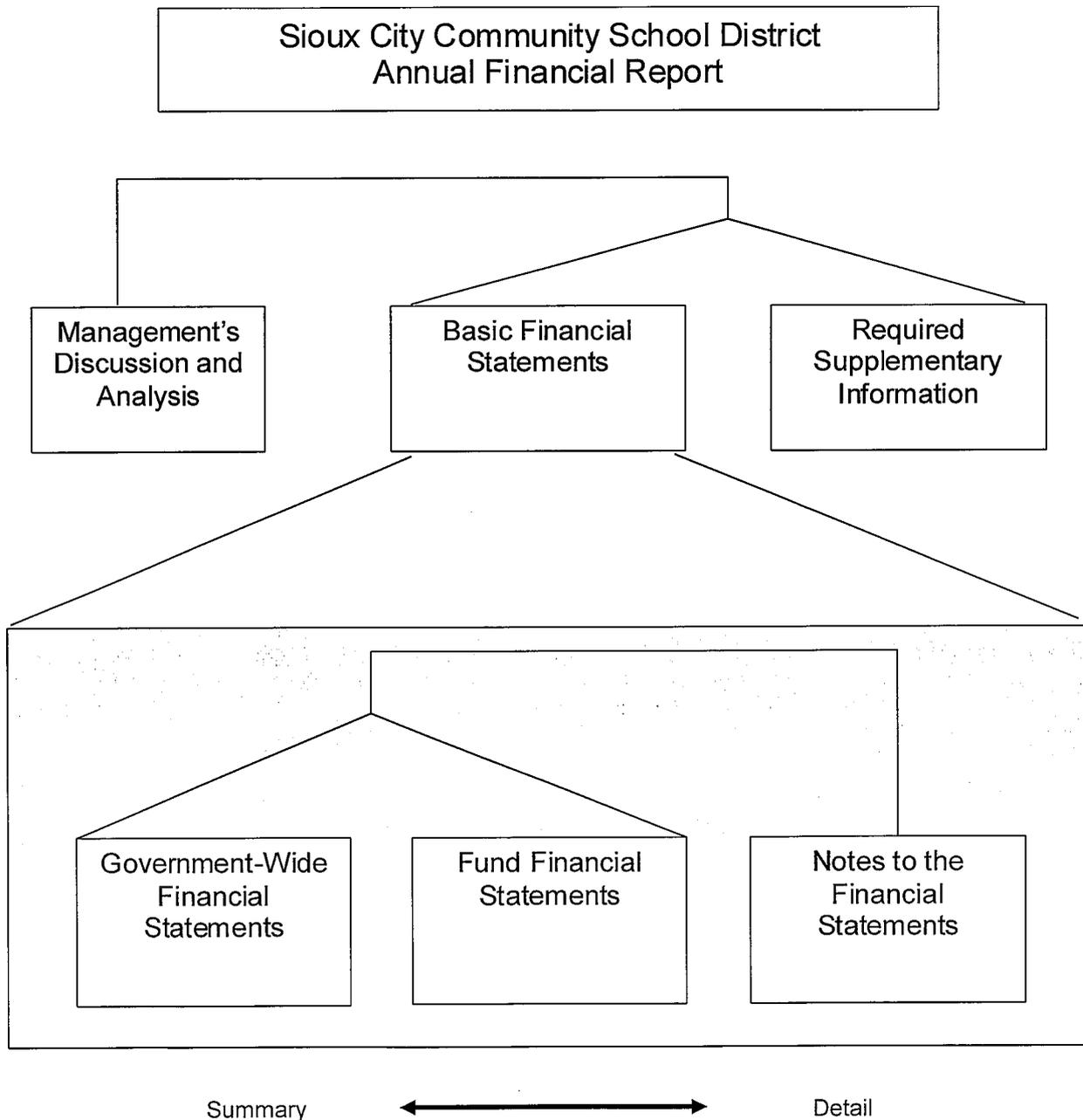


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-Wide Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

The District has two kinds of funds:

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-1 below provides a summary of the District's net assets at June 30, 2012 compared to 2011.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>Percentage Change 2011-2012</u>
Current and other assets	\$ 110,733,791	\$ 108,959,001	\$ 1,071,970	\$ 1,527,800	\$ 111,805,761	\$ 110,486,801	1.2%
Capital assets	<u>168,767,361</u>	<u>160,063,422</u>	<u>1,838,218</u>	<u>1,562,228</u>	<u>170,605,579</u>	<u>161,625,650</u>	5.6%
Total assets	\$ 279,501,152	\$ 269,022,423	\$ 2,910,188	\$ 3,090,028	\$ 282,411,340	\$ 272,112,451	3.8%
Long-term debt outstanding	\$ 76,362,261	\$ 70,598,921	\$ -	\$ -	\$ 76,362,261	\$ 70,598,921	8.2%
Other liabilities	<u>73,507,588</u>	<u>78,661,632</u>	<u>74,848</u>	<u>148,923</u>	<u>73,582,436</u>	<u>78,810,555</u>	-6.6%
Total liabilities	\$ 149,869,849	\$ 149,260,553	\$ 74,848	\$ 148,923	\$ 149,944,697	\$ 149,409,476	0.4%
<b>Net assets:</b>							
Invested in capital assets, net of related debt	\$ 106,641,313	\$ 95,203,875	\$ 1,838,218	\$ 1,562,228	\$ 108,479,531	\$ 96,766,103	12.1%
Restricted	15,267,076	24,030,102	-	-	15,267,076	24,030,102	-36.5%
Unrestricted	<u>7,722,914</u>	<u>527,893</u>	<u>997,122</u>	<u>1,378,877</u>	<u>8,720,036</u>	<u>1,906,770</u>	357.3%
Total net assets	\$ <u>129,631,303</u>	\$ <u>119,761,870</u>	\$ <u>2,835,340</u>	\$ <u>2,941,105</u>	\$ <u>132,466,643</u>	\$ <u>122,702,975</u>	<u>8.0%</u>

The District's combined net assets increased by 8.0% from \$122.7 million to \$132.5 million, an increase of \$9.8 million. The District's governmental activities account for the improvement in financial position. The net assets from governmental activities increased by \$9.9 million. Unrestricted net assets from governmental activities increased from \$.5 million to unrestricted net assets of \$7.7 million.

The net assets of the District's business-type activities decreased by \$105,765. The School Nutrition Fund's 7.3% increase in federal and state appropriations did not cover the 7.7% increase in operating expenses due to an increase in salaries and benefits and food costs.

The 1% statewide sales, services and use tax has been especially beneficial to the District. It is mainly used for capital projects, which are expensed as depreciation over many years on the statement of activities. The statewide sales, services and use tax revenue was \$11.7 million and \$11.1 million in fiscal years 2012 and 2011.

Cash, certificate of deposits and investments total \$61.5 million for fiscal year 2012 compared to \$61.4 million for fiscal year 2011. \$22 million of these cash balances are needed to fund the District's operations in July, August and September before the first state aid and property tax payments are received by the District in the next fiscal year. \$20.6 million is restricted for current and future capital projects and \$3.2 million is restricted for debt service requirements.

U.S. Generally Accepted Accounting Principles (GAAP) requires that the property taxes which are certified in April (the lien date) for the upcoming fiscal year be accrued as a receivable and also be shown as unearned revenue. The succeeding year property tax receivable and corresponding unearned revenue amount is \$37.5 million for fiscal year 2012 and \$38.9 million for fiscal year 2011.

### CHANGES IN NET ASSETS

Table A-2 compares the changes in net assets from operating results for fiscal years 2012 and 2011.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>Change</u> <u>2011-2012</u>
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 3,738,060	\$ 3,535,594	\$ 2,247,047	\$ 2,257,566	\$ 5,985,107	\$ 5,793,160	3.3%
Operating grants and contributions	28,493,636	30,077,101	5,060,432	4,717,421	33,554,068	34,794,522	-3.6%
Capital grants, contributions	600,000	50,000	-	-	600,000	50,000	1100.0%
General revenues:							
Property taxes	35,357,124	35,370,649	-	-	35,357,124	35,370,649	0.0%
Statewide sales, services and use tax	11,654,660	11,096,938	-	-	11,654,660	11,096,938	5.0%
Other taxes	3,450,681	3,442,960	-	-	3,450,681	3,442,960	0.2%
State aid	74,451,071	70,343,838	-	-	74,451,071	70,343,838	5.8%
Other	<u>6,996,477</u>	<u>4,058,243</u>	<u>29,563</u>	<u>57,642</u>	<u>7,026,040</u>	<u>4,115,885</u>	<u>70.7%</u>
Total revenues	\$ 164,741,709	\$ 157,975,323	\$ 7,337,042	\$ 7,032,629	\$ 172,078,751	\$ 165,007,952	4.3%
<b>Expenses:</b>							
Instruction	\$ 112,822,997	\$ 113,126,481	\$ -	\$ -	\$ 112,822,997	\$ 113,126,481	-0.3%
Pupil and instructional support services	12,778,484	10,465,963	-	-	12,778,484	10,465,963	22.1%
Administrative and business	11,380,611	11,717,578	-	-	11,380,611	11,717,578	-2.9%
Maintenance and operations	10,703,379	10,151,912	-	-	10,703,379	10,151,912	5.4%
Transportation	4,265,739	3,959,812	-	-	4,265,739	3,959,812	7.7%
Other	<u>2,921,066</u>	<u>2,789,824</u>	<u>7,442,807</u>	<u>6,882,773</u>	<u>10,363,873</u>	<u>9,672,597</u>	<u>7.1%</u>
Total expenses	\$ 154,872,276	\$ 152,211,570	\$ 7,442,807	\$ 6,882,773	\$ 162,315,083	\$ 159,094,343	2.0%
Change in net assets	\$ 9,869,433	\$ 5,763,753	\$ (105,765)	\$ 149,856	\$ 9,763,668	\$ 5,913,609	<u>65.1%</u>
Beginning net assets	<u>119,761,870</u>	<u>113,998,117</u>	<u>2,941,105</u>	<u>2,791,249</u>	<u>122,702,975</u>	<u>116,789,366</u>	
Ending net assets	<u>\$ 129,631,303</u>	<u>\$ 119,761,870</u>	<u>\$ 2,835,340</u>	<u>\$ 2,941,105</u>	<u>\$ 132,466,643</u>	<u>\$ 122,702,975</u>	

In fiscal year 2012 state aid accounted for 45.2% of revenues from governmental activities as compared to 44.5% for fiscal year 2011. Property taxes in fiscal year 2012 accounted for 21.5% of revenues from governmental activities compared to 22.4% in fiscal year 2011. State aid and property taxes provide 66.7% of the funding for governmental activities in fiscal year 2012 and 66.9% in fiscal year 2011. Charges for services account for 30.6% of the total revenues for business-type activities in fiscal year 2012 compared to 32.1% in fiscal year 2011. Operating grants and contributions account for 69.0% of the total business-type activities revenue for fiscal year 2012 and 67.1% for fiscal year 2011. Figure A-3 graphically depicts the revenue for fiscal year 2011 and fiscal year 2012.

District revenues for fiscal year 2012 totaled \$172.1 million compared to \$165 million in fiscal year 2011. Increased state aid, (\$4.1 million) and increased miscellaneous (\$2.9 million), accounted for most of the change. 95.7% of total District revenue was from governmental activities in fiscal year 2012 and 95.7% in fiscal year 2011.

District expenses for fiscal year 2012 totaled \$162.3 million as compared to \$159.1 million in fiscal year 2011. Salary and benefit expense increases, increase in medical claims in the District's self-insured health insurance plan accounted for much of the change.

95.4% of the total expenses were from governmental activities in fiscal year 2012 and 95.7% in fiscal year 2011. The District's predominant expenses are related to instruction (69.5% in fiscal year 2012 and 71.1% in fiscal year 2011). Instruction expenses and pupil and instructional support services total 77.4% of total District expenses in fiscal year 2012 and 77.7% in fiscal year 2011. Administrative and business account for the next largest percentage of expenses at 7.0% for fiscal year 2012 and 7.4% for fiscal year 2011. Administrative and Business includes all the District's liability and workers' compensation insurance as well as building administration and District support. Building maintenance and operation accounted for 6.6% of total expense in 2012 and 6.4% in 2011. Building maintenance and operation are an important element in the functioning of a school district. Figure A-4 graphically depicts the expense for fiscal year 2011 and fiscal year 2012.

Figure A-3

TOTAL DISTRICT REVENUE - FY2012 AND FY2011 (In millions)

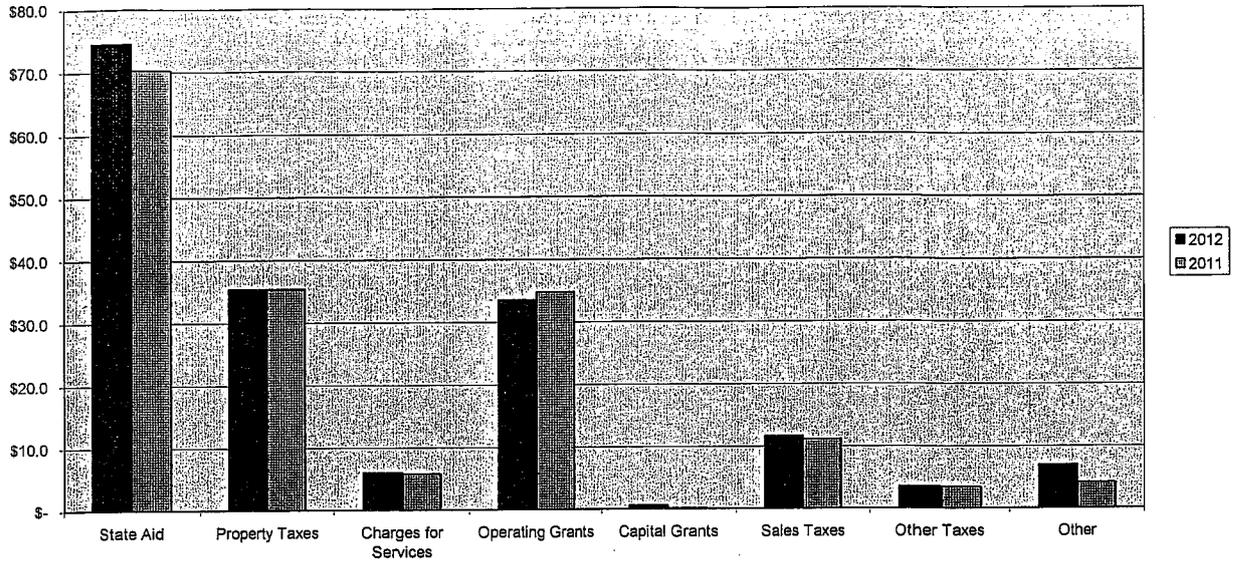
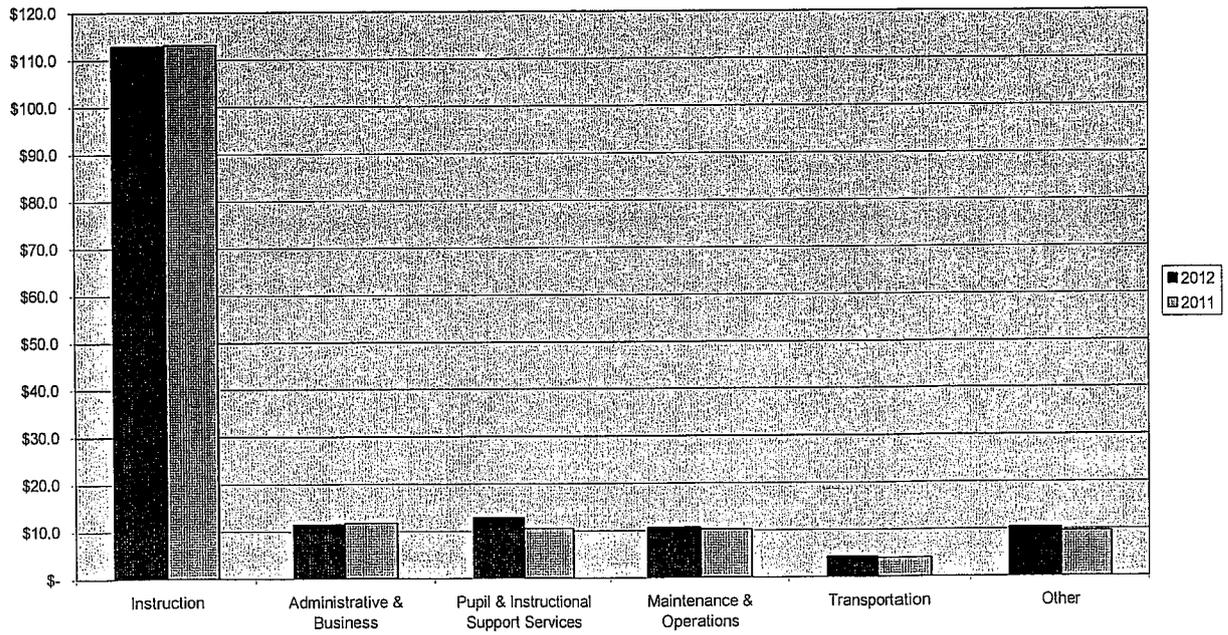


Figure A-4

TOTAL DISTRICT EXPENSES - FY2012 AND FY2011 (In millions)



## GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$164.7 million and governmental expenses were \$154.9 million. As in previous years, the District managed expenditures to correspond with available revenues. In addition, the Statewide Sales, Services and Use Tax, now titled the Secure and Advanced Education (SAVE) revenue of \$11.7 million contributed significantly to the increase in net assets. A significant portion of the sales tax capital expenditures were capital assets and were therefore not expensed on the Statement of Activities. Capital assets are depreciated over their useful lives over multiple years on the Statement of Activities.

Table A-3 represents the cost of the 6 major District activities for both fiscal year 2012 and fiscal year 2011. These six activities, or functions, are instruction, pupil and instructional support services, administration and business, maintenance and operations, transportation, and other. The table also shows each activities net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost is useful because it shows the financial burden placed on the District's taxpayers by each of these activities.

- The cost of all governmental activities for fiscal year 2012 was \$154.9 million as compared to \$152.2 million for fiscal year 2011.
- In fiscal year 2012, \$3.7 million was financed by users of the District as compared to \$3.5 million in fiscal year 2011.
- In fiscal year 2012 the Federal and State government subsidized certain programs with grants and contributions of \$28.5 million as compared to \$30.1 million in fiscal year 2011.
- Most of the District's net cost of governmental activities (\$122 million in fiscal year 2012 and \$118.5 million in fiscal year 2011) was financed by District and state taxpayers, i.e. \$35.4 million of property taxes, \$74.5 million of unrestricted state aid, \$11.7 million of statewide sales, services and use tax, \$3.5 million of income surtaxes, and \$6.9 of other.

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

	<u>Total Cost of Services</u>		2012	Percent	<u>Net Cost of Services</u>		2012	Percent
	<u>2012</u>	<u>2011</u>	<u>Percent to Total</u>	<u>Change 2011-2012</u>	<u>2012</u>	<u>2011</u>	<u>Percent to Total</u>	<u>Change 2011-2012</u>
Expenses:								
Instruction	\$ 112,822,997	\$ 113,126,481	72.85%	-0.3%	\$ 81,270,982	\$ 80,768,011	66.59%	0.6%
Pupil & instructional support services	12,778,484	10,465,963	8.25%	22.1%	11,868,411	9,553,123	9.72%	24.2%
Administrative & business	11,380,611	11,717,578	7.35%	-2.9%	11,380,611	11,717,578	9.33%	-2.9%
Maintenance & operations	10,703,379	10,151,912	6.91%	5.4%	10,703,379	10,149,794	8.77%	5.5%
Transportation	4,265,739	3,959,812	2.75%	7.7%	3,896,131	3,570,545	3.19%	9.1%
Other	<u>2,921,066</u>	<u>2,789,824</u>	<u>1.89%</u>	<u>4.7%</u>	<u>2,921,066</u>	<u>2,789,824</u>	<u>2.39%</u>	<u>4.7%</u>
Total expenses	<u>\$ 154,872,276</u>	<u>\$ 152,211,570</u>	<u>100.00%</u>	<u>1.7%</u>	<u>\$ 122,040,580</u>	<u>\$ 118,548,875</u>	<u>100.00%</u>	<u>2.9%</u>

## BUSINESS-TYPE ACTIVITIES

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

- Business-type activities expenses exceeded revenues by \$105,765 in fiscal year 2012 and revenues exceeded expenses by \$149,856 in fiscal year 2011.
- Charges for services represent \$2.2 million or 30.6% of total business-type activity revenues. This is predominantly the amount paid by students and staff for daily breakfasts and lunches.

- Federal and state reimbursement for meals was \$5.1 million or 69% of total business-type activity revenue.
- Food Services federal and state reimbursement increased by \$343,011 or 7.3% from the previous fiscal year.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District uses fund accounting, as required by the Governmental Accounting Standards Board and the Iowa code, to ensure and demonstrate compliance with finance related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well as the government wide financial statements. The District's governmental funds reported combined fund balances of \$43.3 million, an increase of \$4 million over the previous year's combined fund balances. The key factor in this increase is the increase in the General Fund reserves. To deal with the fiscal year 2010 mid-year 10% \$6.7 million across the board cut in State Aid, the District was forced to use \$4.1 million of its reserves. These reserves are being replenished over three years, beginning in fiscal year 2011.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND HIGHLIGHTS**

- The General Fund balance increased by \$2.7 million from \$14.3 million to \$17.0 million. General Fund revenue increased by \$3.7 million mainly due to an increase in state aid. General fund expenditures increased by \$5.6 million from \$136.3 million in 2011 to \$142.0 million in 2012. Expenditures increased mainly due to increases in salaries and benefits.
- The Management Fund's revenues and beginning fund balance financed the expenditures of this fund which are workers compensation, property and liability insurance premiums, and early retirement plan expenditures. The ending fund balance decreased by approximately \$679,000 to \$1.3 million. The management levy decreased from \$1.10 to \$0.58.
- The Physical Plant and Equipment Levy Fund (PPEL) had a fund balance of \$1.4 million at the end of fiscal years 2012 and 2011. The infrastructure repairs and capital equipment expenditures including school busses decreased from \$1.2 million to \$800,000.
- The Sales Tax Fund had a fund balance increase of \$1.7 million from \$20.0 million in 2011 to \$21.7 million in 2012. Revenue increased to \$12.3 million in 2012 from \$11.2 million in 2011. The Sales Tax Fund had \$10 million of bond proceeds in 2012 compared to \$15 million in 2011. Expenditures were \$25.1 million in 2011 and \$13.5 million in 2012. Expenditures are capital in nature and fluctuate based on current projects. Transfers out in 2012 were \$7.2 million and \$3.4 million in 2011. The transfers are for debt service payments.
- The Debt Service Fund had a fund balance increase of \$478,745. This is due to the required QSCB sinking fund which is funded by transfers from the Sales Tax Fund.

## **INDIVIDUAL MAJOR PROPRIETARY FUND HIGHLIGHTS**

- School Nutrition Fund's net assets decreased by \$100,884, a decrease of 3.5% over the prior year. This was primarily due to the \$525,671 increase in operating expenses not covered by the increase in Federal and State reimbursements.

## **BUDGETARY HIGHLIGHTS**

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

The District's total revenues were approximately \$230,000 more than total budgeted revenues, a variance of .1%.

Total expenditures were \$174.2 million, \$2 million less than total budgeted expenditures of \$176.1 million.

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of the end of fiscal year 2012, the District had invested over \$247.2 million in capital assets (\$170.6 million net of depreciation). This is a net increase of 5.8%. During fiscal year 2012, \$15.3 million of new capital assets were added and annual depreciation totaled \$6.0 million. (More detailed information can be found in Note 4 to the Financial Statements).

Construction on a new westside elementary school (Liberty) which replaces Smith and Everett elementary began during fiscal year 2009 and was completed in August of 2011. Construction on a new elementary school, Spalding Park, which will replace Joy and Longfellow elementary schools, began during fiscal year 2010 and was completed in August of 2012. Construction on a new elementary school, which will replace Roosevelt and Emerson elementary schools, began during fiscal year 2012. Until more new schools can be built, capitalizable repairs and retrofits need to be made. This year electrical retrofits, boiler repair, building remodeling, new roofs, and parking lot overlays were accomplished.

Table A-4 summarizes the capital assets of the District at fiscal year end 2012 and 2011.

**Table A-4  
Capital Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percent Change 2011-2012</u>	<u>2012 Percent to Total</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>		
Land and improvements	\$ 18,420,418	\$ 17,737,560	\$ -	\$ -	\$ 18,420,418	\$ 17,737,560	3.8%	7.45%
Buildings	163,396,240	146,688,951	148,374	148,374	163,544,614	146,837,325	11.4%	66.17%
Equipment and furniture	44,186,004	42,245,066	2,699,301	3,289,887	46,885,305	45,534,953	3.0%	18.97%
Construction in progress	17,533,916	22,755,344	-	-	17,533,916	22,755,344	-22.9%	7.09%
Intangibles	789,173	714,496	-	-	789,173	714,496	10.45%	0.32%
Total	\$ 244,325,751	\$ 230,141,417	\$ 2,847,675	\$ 3,438,261	\$ 247,173,426	\$ 233,579,678	5.8%	100.00%
Accumulated depreciation/amortization	<u>(75,558,390)</u>	<u>(70,077,995)</u>	<u>(1,009,457)</u>	<u>(1,876,033)</u>	<u>(76,567,847)</u>	<u>(71,954,028)</u>	6.4%	
Total capital assets	\$ <u>168,767,361</u>	\$ <u>160,063,422</u>	\$ <u>1,838,218</u>	\$ <u>1,562,228</u>	\$ <u>170,605,579</u>	\$ <u>161,625,650</u>	5.6%	

### Long-Term Debt

As of fiscal year end 2012, the District had \$76.4 million in General Obligation Notes and Revenue Bonds. This represents a net increase of \$5.8 million from fiscal year 2011. The District issued \$10 million of School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2012 during fiscal year 2012 to finance the construction of elementary schools. Table A-5 summarizes the District's Long-Term Debt for fiscal years 2012 and 2011. (More detailed information about the District's Long-Term Debt is presented in Note 5 to the Financial Statements).

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

	<u>Total School District</u>		<u>Percentage Change</u>
	<u>2012</u>	<u>2011</u>	
General Obligation Notes	\$ 510,000	\$ 749,392	-31.9%
Revenue Bonds	<u>75,852,261</u>	<u>69,849,529</u>	<u>8.6%</u>
Total	<u>\$ 76,362,261</u>	<u>\$ 70,598,921</u>	<u>8.2%</u>

**Bond Ratings**

The District received an A1 General Obligation Bond rating from Moody's in fiscal year 2002. Early in fiscal year 2007, Standard and Poor's raised its rating to A+ from A on outstanding defeased Revenue Bonds. The Revenue Bonds issued in fiscal year 2007 and fiscal year 2009 carry an A+ rating from Standard and Poor's. These ratings were reaffirmed in fiscal year 2012.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Each year the Iowa Legislature provides for growth in the Iowa School Foundation Funding Formula. Fiscal years 2002 through 2005 experienced net annual allowable growth of 2% or less. Fiscal years 2006, 2007, 2008, and 2009 received 4% allowable growth before the adjustment for changes in enrollment. Fiscal year 2010 also received 4% allowable growth, but the Governor ordered an across the board cut of 10% which resulted in a mid-year reduction in state aid of \$6.7 million. Fiscal year 2011 allowable growth was 2%, but was significantly underfunded. Fiscal year 2012 was 0% and fiscal year 2013 is 2%. The legislature has yet to set an allowable growth rate for fiscal year 2014 and beyond. As a result the District is unable to determine the level of funding for fiscal year 2014. This is significant because the ability of the District to make future budget decisions and to negotiate salary and benefit settlements, which comprise 80 percent of the General Fund's expenditures, is dependent on determining the funding levels for future years.
- The District experienced a slight enrollment increase of 1.2% this year. In previous years the District has experienced slight decreases in enrollment. Since enrollment is a major factor in school foundation formula funding, along with allowable growth, the District needs to continue to increase its enrollment.
- At the present time certain federal revenues are subject to "sequestration" – a possible reduction of between \$500,000 and \$1,000,000 in these federal funds. The District is dependent on upcoming federal legislation to determine the outcome of the possible loss of these funds.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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



Sioux City  
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# **BASIC FINANCIAL STATEMENTS**



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SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<u>ASSETS</u>			
Current assets:			
Cash and pooled investments	\$ 44,653,156	\$ 652,567	\$ 45,305,723
Receivables:			
Property taxes	561,294	-	561,294
Succeeding year property taxes	37,501,643	-	37,501,643
Accounts	26,778	80,167	106,945
Internal balances	(28,499)	28,499	-
Due from other governmental agencies	10,768,021	-	10,768,021
Inventories	60,064	310,737	370,801
Total current assets	<u>\$ 93,542,457</u>	<u>\$ 1,071,970</u>	<u>\$ 94,614,427</u>
Noncurrent assets:			
Restricted cash and investments	\$ 16,185,543	\$ -	\$ 16,185,543
Deferred charges	1,005,791	-	1,005,791
Land and construction in progress	26,381,386	-	26,381,386
Property and equipment, net	142,385,975	1,838,218	144,224,193
Total noncurrent assets	<u>\$ 185,958,695</u>	<u>\$ 1,838,218</u>	<u>\$ 187,796,913</u>
 Total assets	 <u>\$ 279,501,152</u>	 <u>\$ 2,910,188</u>	 <u>\$ 282,411,340</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 8,643,224	\$ 45,229	\$ 8,688,453
Unearned revenue - succeeding year property tax	37,501,643	-	37,501,643
Unearned revenue	1,567,293	-	1,567,293
Accrued wages	11,104,808	29,619	11,134,427
Self insurance claim	2,200,000	-	2,200,000
Accrued interest payable	699,382	-	699,382
Compensated absences	601,238	-	601,238
Long-term debt due within one year	4,815,000	-	4,815,000
Total current liabilities	<u>\$ 67,132,588</u>	<u>\$ 74,848</u>	<u>\$ 67,207,436</u>
Noncurrent liabilities:			
Net OPEB obligation	\$ 11,190,000	\$ -	\$ 11,190,000
Long-term debt due in more than one year	71,547,261	-	71,547,261
Total noncurrent liabilities	<u>\$ 82,737,261</u>	<u>\$ -</u>	<u>\$ 82,737,261</u>
 Total liabilities	 <u>\$ 149,869,849</u>	 <u>\$ 74,848</u>	 <u>\$ 149,944,697</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 106,641,313	\$ 1,838,218	\$ 108,479,531
Restricted for:			
Categorical funding	2,917,182	-	2,917,182
Special education	371,990	-	371,990
Management levy purposes	1,329,772	-	1,329,772
Physical plant and equipment	1,356,616	-	1,356,616
School infrastructure	6,236,000	-	6,236,000
Debt service	2,516,481	-	2,516,481
Student activities	539,035	-	539,035
Unrestricted	7,722,914	997,122	8,720,036
 Total net assets	 <u>\$ 129,631,303</u>	 <u>\$ 2,835,340</u>	 <u>\$ 132,466,643</u>

See accompanying notes to the basic financial statements.

SIoux CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 71,137,153	\$ 1,977,381	\$ 18,883,694	\$ 600,000
Special programs	35,454,405	1,094,664	8,469,825	-
Other	6,231,439	503,046	23,405	-
<b>Support Services:</b>				
Student support	3,812,807	-	-	-
Instructional staff	8,965,677	-	910,073	-
Administration	11,380,611	-	-	-
Operations and maintenance	10,703,379	-	-	-
Student transportation	4,265,739	162,969	206,639	-
<b>Debt Service:</b>				
Interest and other charges	2,840,907	-	-	-
<b>Other:</b>				
Depreciation (unallocated)*	80,159	-	-	-
<b>Total governmental activities</b>	<u>\$ 154,872,276</u>	<u>\$ 3,738,060</u>	<u>\$ 28,493,636</u>	<u>\$ 600,000</u>
<b>Business-type activities:</b>				
School Nutrition Fund	\$ 7,442,807	\$ 2,247,047	\$ 5,060,432	\$ -
<b>Total business-type activities</b>	<u>\$ 7,442,807</u>	<u>\$ 2,247,047</u>	<u>\$ 5,060,432</u>	<u>\$ -</u>
<b>Total school district</b>	<u>\$ 162,315,083</u>	<u>\$ 5,985,107</u>	<u>\$ 33,554,068</u>	<u>\$ 600,000</u>
<b>General revenues:</b>				
Property taxes				
Income surtaxes				
Statewide sales, services and use tax				
Interest				
State aid not restricted to specific programs				
Miscellaneous				
<b>Total general revenues</b>				
Change in net assets				
Net assets - beginning of year				
Net assets - end of year				

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

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (49,676,078)	\$ -	\$ (49,676,078)
(25,889,916)	-	(25,889,916)
(5,704,988)	-	(5,704,988)
(3,812,807)	-	(3,812,807)
(8,055,604)	-	(8,055,604)
(11,380,611)	-	(11,380,611)
(10,703,379)	-	(10,703,379)
(3,896,131)	-	(3,896,131)
(2,840,907)	-	(2,840,907)
<u>(80,159)</u>	<u>-</u>	<u>(80,159)</u>
\$ <u>(122,040,580)</u>	\$ <u>-</u>	\$ <u>(122,040,580)</u>
\$ -	\$ (135,328)	\$ (135,328)
\$ -	\$ (135,328)	\$ (135,328)
\$ <u>(122,040,580)</u>	\$ <u>(135,328)</u>	\$ <u>(122,175,908)</u>
\$ 35,357,124	\$ -	\$ 35,357,124
3,450,681	-	3,450,681
11,654,660	-	11,654,660
220,820	4,528	225,348
74,451,071	-	74,451,071
<u>6,775,657</u>	<u>25,035</u>	<u>6,800,692</u>
\$ <u>131,910,013</u>	\$ <u>29,563</u>	\$ <u>131,939,576</u>
\$ 9,869,433	\$ (105,765)	\$ 9,763,668
<u>119,761,870</u>	<u>2,941,105</u>	<u>122,702,975</u>
\$ <u>129,631,303</u>	\$ <u>2,835,340</u>	\$ <u>132,466,643</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Management Fund</u>	<u>PPEL Fund</u>	<u>Sales Tax Fund</u>
<b><u>ASSETS</u></b>				
Cash and pooled investments	\$ 33,448,551	\$ 1,340,009	\$ 1,173,248	\$ 6,459,548
Restricted cash and investments	-	-	-	14,813,925
Receivables:				
Property taxes	530,221	18,995	12,078	-
Succeeding year property taxes	34,703,205	2,000,000	798,438	-
Accounts	26,778	-	-	-
Interfund balance	620,535	-	313,418	152,427
Due from other governmental agencies	8,340,073	-	-	2,427,948
Inventory	<u>60,064</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 77,729,427</u></b>	<b><u>\$ 3,359,004</u></b>	<b><u>\$ 2,297,182</u></b>	<b><u>\$ 23,853,848</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Accounts payable and accrued liabilities	\$ 8,041,719	\$ 29,232	\$ 65,834	\$ 1,498,732
Interfund balance *	978,100	-	76,294	82,342
Deferred revenue - succeeding year property tax	34,703,205	2,000,000	798,438	-
Deferred revenue - other	5,943,250	-	-	585,740
Accrued wages	<u>11,104,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>\$ 60,771,082</u></b>	<b><u>\$ 2,029,232</u></b>	<b><u>\$ 940,566</u></b>	<b><u>\$ 2,166,814</u></b>
Fund balances:				
Nonspendable:				
Inventory	\$ 60,064	\$ -	\$ -	\$ -
Restricted:				
Categorical funding	2,917,182	-	-	-
Special education	371,990	-	-	-
Management levy purposes	-	1,329,772	-	-
Physical plant and equipment	-	-	1,356,616	-
School infrastructure	-	-	-	19,886,473
Debt service	-	-	-	1,800,561
Student activities	-	-	-	-
Unassigned	<u>13,609,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<b><u>\$ 16,958,345</u></b>	<b><u>\$ 1,329,772</u></b>	<b><u>\$ 1,356,616</u></b>	<b><u>\$ 21,687,034</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 77,729,427</u></b>	<b><u>\$ 3,359,004</u></b>	<b><u>\$ 2,297,182</u></b>	<b><u>\$ 23,853,848</u></b>

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

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

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

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

Assets and liabilities of the internal service fund of \$491,398 are included in governmental activities in the statement of net assets, net of \$28,167 allocated to business-type activities.

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

Net OPEB obligation

Compensated absences

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

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

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

Net assets of governmental activities (page 14)

See accompanying notes to the basic financial statements.

<u>Debt Service</u>	<u>Nonmajor Activity Fund</u>	<u>Total Governmental Funds</u>
\$ 65,444	\$ 819,306	\$ 43,306,106
1,371,618	-	16,185,543
-	-	561,294
-	-	37,501,643
-	-	26,778
8,720	124,031	1,219,131
-	-	10,768,021
-	-	60,064
<u>\$ 1,445,782</u>	<u>\$ 943,337</u>	<u>\$ 109,628,580</u>

\$ -	\$ 108,598	\$ 9,744,115
30,480	295,704	1,462,920
-	-	37,501,643
-	-	6,528,990
-	-	11,104,808
<u>\$ 30,480</u>	<u>\$ 404,302</u>	<u>\$ 66,342,476</u>

\$ -	\$ -	\$ 60,064
-	-	2,917,182
-	-	371,990
-	-	1,329,772
-	-	1,356,616
-	-	19,886,473
1,415,302	-	3,215,863
-	539,035	539,035
-	-	13,609,109
<u>\$ 1,415,302</u>	<u>\$ 539,035</u>	<u>\$ 43,286,104</u>
<u>\$ 1,445,782</u>	<u>\$ 943,337</u>	

168,767,361  
(699,382)

463,231

(11,190,000)

(601,238)

4,961,697

1,005,791

(76,362,261)

\$ 129,631,303

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Management Fund</u>	<u>PPEL Fund</u>
Revenues:			
Local sources	\$ 41,836,285	\$ 1,268,569	\$ 753,043
State sources	91,391,402	751	448
Federal sources	11,675,517	-	-
Total revenues	<u>\$ 144,903,204</u>	<u>\$ 1,269,320</u>	<u>\$ 753,491</u>
Expenditures:			
Current:			
Instruction:			
Regular	\$ 64,571,316	\$ 984,452	\$ -
Special programs	31,086,261	-	-
Other	4,531,097	-	-
Support services:			
Student support	3,712,113	-	-
Instructional staff	7,633,420	-	247,535
Administration	10,193,616	963,486	-
Operations and maintenance	10,612,643	-	179,777
Student transportation	4,213,454	-	84,922
Capital outlay:			
Site and site improvements	-	-	-
Buildings and improvements	-	-	299,073
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Intergovernmental:			
AEA flow through	5,428,584	-	-
Total expenditures	<u>\$ 141,982,504</u>	<u>\$ 1,947,938</u>	<u>\$ 811,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,920,700</u>	<u>\$ (678,618)</u>	<u>\$ (57,816)</u>
Other financing sources (uses):			
Bonds issued	\$ -	\$ -	\$ -
Proceeds from sale of capital assets	-	-	2,539
Transfers in	-	-	-
Transfers out	(263,564)	-	-
Total other financing sources (uses)	<u>\$ (263,564)</u>	<u>\$ -</u>	<u>\$ 2,539</u>
Net change in fund balances	\$ 2,657,136	\$ (678,618)	\$ (55,277)
Fund balances - beginning of year	<u>14,301,209</u>	<u>2,008,390</u>	<u>1,411,893</u>
Fund balances - end of year	<u>\$ 16,958,345</u>	<u>\$ 1,329,772</u>	<u>\$ 1,356,616</u>

<u>Sales Tax Fund</u>	<u>Debt Service</u>	<u>Nonmajor Activity Funds</u>	<u>Total Governmental Funds</u>
\$ 12,303,962	\$ 36,204	\$ 1,488,885	\$ 57,686,948
-	-	-	91,392,601
-	-	-	11,675,517
<u>\$ 12,303,962</u>	<u>\$ 36,204</u>	<u>\$ 1,488,885</u>	<u>\$ 160,755,066</u>

\$ -	\$ -	\$ -	\$ 65,555,768
-	-	-	31,086,261
-	-	1,560,078	6,091,175
-	-	-	3,712,113
-	-	-	7,880,955
-	-	-	11,157,102
-	-	-	10,792,420
-	-	-	4,298,376
2,690,613	-	-	2,690,613
10,591,495	-	-	10,890,568
-	4,209,392	-	4,209,392
182,065	2,764,810	-	2,946,875
-	-	-	5,428,584
<u>\$ 13,464,173</u>	<u>\$ 6,974,202</u>	<u>\$ 1,560,078</u>	<u>\$ 166,740,202</u>

\$ (1,160,211)   \$ (6,937,998)   \$ (71,193)   \$ (5,985,136)

\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
-	-	-	2,539
-	7,416,743	-	7,416,743
(7,153,179)	-	-	(7,416,743)
<u>\$ 2,846,821</u>	<u>\$ 7,416,743</u>	<u>\$ -</u>	<u>\$ 10,002,539</u>

\$ 1,686,610   \$ 478,745   \$ (71,193)   \$ 4,017,403

20,000,424   936,557   610,228   39,268,701

\$ 21,687,034   \$ 1,415,302   \$ 539,035   \$ 43,286,104

SIoux CITY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds (page 20) \$ 4,017,403

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

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

Expenditures for capital assets	\$ 14,869,529	
Depreciation	(5,830,399)	
Proceeds from sale of capital assets	(12,283)	
Loss on sale of capital assets	<u>(236,119)</u>	8,790,728

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenue. 4,327,538

Interest on long term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due. In the statement of activities interest expense is recognized as the interest accrues, regardless of when it is due. (13,186)

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

Increase in other post employment benefits obligation	\$ (1,275,000)	
Decrease in compensated absences	<u>9,491</u>	(1,265,509)

Internal service funds are used by management to charge the costs of the self-insured health insurance program to the individual funds. Net loss of the internal service fund of \$320,968 is reported with governmental activities, net of \$4,881 allocated to business-type activities. (316,087)

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

Bonds issued	\$ (10,000,000)	
Bond issuance cost	182,065	
Bond principal retirement	4,209,392	
Amortization of deferred charges	(90,179)	
Amortization of bond premiums	<u>27,268</u>	(5,671,454)

Change in net assets of governmental activities (page 16) \$ 9,869,433

See accompanying notes to the basic financial statements.

SIoux CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2012

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	School Nutrition Fund	Internal Service Fund
<u>ASSETS</u>		
Current assets:		
Cash and pooled investments	\$ 652,567	\$ 1,347,050
Receivables:		
Other	80,167	1,275,630
Interfund balance	332	418,704
Inventory	<u>310,737</u>	<u>-</u>
Total current assets	\$ 1,043,803	\$ 3,041,384
Non-current assets:		
Machinery and equipment net of accumulated depreciation	<u>1,838,218</u>	<u>-</u>
Total assets	\$ <u>2,882,021</u>	\$ <u>3,041,384</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 45,229	\$ 174,739
Interfund balance	-	175,247
Accrued wages	29,619	-
Self insurance claims payable	<u>-</u>	<u>2,200,000</u>
Total current liabilities	\$ <u>74,848</u>	\$ <u>2,549,986</u>
<u>NET ASSETS</u>		
Invested in capital assets	\$ 1,838,218	\$ -
Unrestricted	<u>968,955</u>	<u>491,398</u>
Total net assets	\$ 2,807,173	\$ <u>491,398</u>
Reconciliation to government-wide statement of net assets:		
Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds	<u>28,167</u>	
Net assets of business-type activities (page 14)	\$ <u>2,835,340</u>	

SIOUX CITY COMMUNITY SCHOOL DISTRICT

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

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Business-Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
	School Nutrition <u>Fund</u>	Internal Service <u>Fund</u>
Operating revenues:		
Charges for services	\$ 2,247,047	\$ 16,815,331
Miscellaneous	25,035	-
Total operating revenue	<u>\$ 2,272,082</u>	<u>\$ 16,815,331</u>
 Operating expenses:		
Non-instructional programs:		
Salaries	\$ 2,097,038	\$ 47,353
Employee benefits	549,834	15,928,292
Supplies	4,083,323	-
Purchased services	183,656	1,164,094
Depreciation	213,694	-
Other	263,837	-
Total operating expenses	<u>\$ 7,391,382</u>	<u>\$ 17,139,739</u>
 Operating loss	\$ (5,119,300)	\$ (324,408)
 Non-operating revenues and expenses:		
Federal food commodities	\$ 383,502	\$ -
State sources	58,191	-
Federal sources	4,618,739	-
Interest income	4,528	3,440
Loss on sale of capital assets	(46,544)	-
Total non-operating revenues	<u>\$ 5,018,416</u>	<u>\$ 3,440</u>
 Change in net assets	\$ (100,884)	\$ (320,968)
 Net assets - beginning	<u>2,908,057</u>	<u>812,366</u>
 Net assets - ending	<u>\$ 2,807,173</u>	<u>\$ 491,398</u>
 Reconciliation to government-wide statement of activities:		
Change in net assets	\$ (100,884)	
 Adjustment to reflect the consolidation of applicable internal service fund activities to enterprise funds	<u>(4,881)</u>	
 Change in net assets of business-type activities (page 16)	<u>\$ (105,765)</u>	

SIOUX CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Business-Type Activities School Nutrition Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Cash flows from operating activities:		
Cash received from customers or premiums	\$ 2,280,835	\$ 16,803,706
Cash payments for salaries and benefits	(2,649,461)	(47,353)
Cash payments for insurance premiums and services	(4,098,142)	(17,212,565)
Net cash used by operating activities	<u>\$ (4,466,768)</u>	<u>\$ (456,212)</u>
Cash flows from non-capital financing activities:		
Due to other funds	\$ 21,674	\$ (171,056)
Federal and state grants received	4,654,460	-
Net cash provided by (used by) non-capital financing activities	<u>\$ 4,676,134</u>	<u>\$ (171,056)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>\$ (614,278)</u>	<u>\$ -</u>
Net cash used by capital and related financing activities	<u>\$ (614,278)</u>	<u>\$ -</u>
Cash flows from investing activities:		
Interest on investments	<u>\$ 4,528</u>	<u>\$ 3,440</u>
Net decrease in cash and pooled investments	\$ (400,384)	\$ (623,828)
Cash and pooled investments - beginning of year	<u>1,052,951</u>	<u>1,970,878</u>
Cash and pooled investments - end of year	<u>\$ 652,567</u>	<u>\$ 1,347,050</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (5,119,300)	\$ (324,408)
Depreciation	213,694	-
Commodities used	457,259	-
Changes in assets and liabilities:		
Accounts receivable	8,753	(11,625)
Inventory	(31,149)	-
Accrued wages	(2,589)	-
Accounts payable	6,564	(177,256)
Claims payable	-	57,077
Net cash used by operating activities	<u>\$ (4,466,768)</u>	<u>\$ (456,212)</u>
Supplemental schedule of non-cash items; non-capital financing activities:		
Federal food commodities received	<u>\$ 383,502</u>	

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

The Statement of Net Assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

Net assets restricted through enabling legislation as of June 30, 2012 consists of \$1,329,772 for management levy, \$1,356,616 for physical plant and equipment levy, and \$6,236,000 for statewide sales tax.

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

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

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

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

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

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

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

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

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

Proprietary Fund Types - Proprietary funds are used to account for the District's ongoing activities which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. The funds included in this category and their purposes are as follows:

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

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

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

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

D. Assets, Liabilities, and Fund Equity

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

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

Property Taxes Receivable - Property taxes in governmental fund types are accounted for using the modified accrual basis of accounting. Property taxes receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes for the current year. The succeeding year property taxes receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property taxes receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

Interfund Balances - During the course of its operations, the District has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts payable or receivable have been recorded.

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

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

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

Salaries and Benefits Payable - Payroll and the related payroll taxes and benefits which are payable in July and August 2012 for teachers with annual contracts corresponding to the school year just ended have been accrued as a liability for the year ended June 30, 2012.

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures in the support services and non-instructional programs functional areas exceeded the amounts budgeted.

NOTE 2 - CASH AND INVESTMENTS:

The District's deposits in banks at June 30, 2012, were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

As of June 30, 2012, the District's cash and investments were as follows:

	<u>Cash and Pooled Investments</u>	<u>Restricted Cash and Investments</u>
Cash	\$ 45,171,698	\$ 14,813,925
Certificates of deposits	133,052	-
Iowa School Joint Investment Trust - Diversified Portfolio	973	-
U.S. Treasury Notes	-	<u>1,371,618</u>
Total	<u>\$ 45,305,723</u>	<u>\$ 16,185,543</u>

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

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy does not formally address credit risk. Standard & Poor's assigned its AAAm principal stability fund rating to the Iowa Schools Joint Investment Trust - Diversified Portfolio. The U.S. Treasury Notes were rated AA+ as of June 30, 2012 by Standard & Poor's.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL AGENCIES:

The detail of due from other governmental agencies for the year ended June 30, 2012 is as follows:

Due from the State of Iowa - Federal sources	\$ 2,287,008
Due from the State of Iowa - State sources	570,143
Due from the State of Iowa - Local sources	5,872,048
Due from other districts	1,123,564
Due from other sources	<u>915,258</u>
	<u>\$ 10,768,021</u>

NOTE 4 - CAPITAL ASSETS:

A summary of changes in the capital assets for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated/amortized:</b>					
Construction in progress	\$ 22,755,344	\$ 12,385,394	\$ (17,606,822)	\$ -	\$ 17,533,916
Land	<u>8,605,429</u>	<u>155,251</u>	<u>115,478</u>	<u>(28,688)</u>	<u>8,847,470</u>
Total capital assets not being depreciated/amortized	<u>\$ 31,360,773</u>	<u>\$ 12,540,645</u>	<u>\$ (17,491,344)</u>	<u>\$ (28,688)</u>	<u>\$ 26,381,386</u>
<b>Capital assets being depreciated/amortized:</b>					
Sites and site improvements	\$ 9,132,131	\$ 12,221	\$ 487,447	\$ (58,851)	\$ 9,572,948
Buildings	146,688,951	77,508	16,936,612	(306,831)	163,396,240
Library holdings	10,734,866	184,093	-	-	10,918,959
Textbooks	9,450,747	1,026,357	-	-	10,477,104
Machinery and equipment	22,059,453	867,239	67,285	(204,036)	22,789,941
Intangible assets	<u>714,496</u>	<u>74,677</u>	<u>-</u>	<u>-</u>	<u>789,173</u>
Total capital assets being depreciated/amortized	<u>\$ 198,780,644</u>	<u>\$ 2,242,095</u>	<u>\$ 17,491,344</u>	<u>\$ (569,718)</u>	<u>\$ 217,944,365</u>
<b>Less accumulated depreciation/amortization:</b>					
Sites and site improvements	\$ (3,670,763)	\$ (418,164)	\$ -	\$ 32,568	\$ (4,056,359)
Buildings	(33,876,351)	(3,181,664)	-	119,267	(36,938,748)
Library holdings	(10,347,518)	(160,966)	-	-	(10,508,484)
Textbooks	(8,200,209)	(664,818)	-	-	(8,865,027)
Machinery and equipment	(13,809,868)	(1,262,487)	-	198,169	(14,874,186)
Intangible assets	<u>(173,286)</u>	<u>(142,300)</u>	<u>-</u>	<u>-</u>	<u>(315,586)</u>
Total accumulated depreciation/amortization	<u>\$ (70,077,995)</u>	<u>\$ (5,830,399)</u>	<u>\$ -</u>	<u>\$ 350,004</u>	<u>\$ (75,558,390)</u>
Total net capital assets being depreciated/amortized	<u>\$ 128,702,649</u>	<u>\$ (3,588,304)</u>	<u>\$ 17,491,344</u>	<u>\$ (219,714)</u>	<u>\$ 142,385,975</u>
Governmental activities capital assets, net	<u>\$ 160,063,422</u>	<u>\$ 8,952,341</u>	<u>\$ -</u>	<u>\$ (248,402)</u>	<u>\$ 168,767,361</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS (CONTINUED):

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Business-type activities:					
Capital assets being depreciated:					
Buildings and improvements	\$ 148,374	\$ -	\$ -	\$ -	\$ 148,374
Machinery and equipment	<u>3,289,887</u>	<u>536,228</u>	<u>-</u>	<u>(1,126,814)</u>	<u>2,699,301</u>
Total capital assets being depreciated	<u>\$ 3,438,261</u>	<u>\$ 536,228</u>	<u>\$ -</u>	<u>\$ (1,126,814)</u>	<u>\$ 2,847,675</u>
Less accumulated depreciation:					
Buildings and improvements	\$ (148,374)	\$ -	\$ -	\$ -	\$ (148,374)
Machinery and equipment	<u>(1,727,659)</u>	<u>(213,694)</u>	<u>-</u>	<u>1,080,270</u>	<u>(861,083)</u>
Total accumulated depreciation	<u>\$ (1,876,033)</u>	<u>\$ (213,694)</u>	<u>\$ -</u>	<u>\$ 1,080,270</u>	<u>\$ (1,009,457)</u>
Business-type activities capital assets, net	<u>\$ 1,562,228</u>	<u>\$ 322,534</u>	<u>\$ -</u>	<u>\$ (46,544)</u>	<u>\$ 1,838,218</u>

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

Governmental activities:	
Instruction:	
Regular	\$ 4,757,469
Special programs	14,627
Other	138,158
Support services:	
Student support	60,487
Instructional staff	107,530
Administration	92,222
Operations and maintenance	172,465
Transportation	407,282
Unallocated	80,159
Total	<u>\$ 5,830,399</u>
Business-type activities, school nutrition	<u>\$ 213,694</u>

NOTE 5 - BONDED AND OTHER LONG-TERM DEBT:

During the year ended June 30, 2012 the following changes occurred in long-term debt:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Sales tax revenue bonds	\$ 69,710,000	\$ 10,000,000	\$ 3,970,000	\$ 75,740,000	\$ 4,650,000
Asbestos abatement loans	84,392	-	84,392	-	-
General obligation capital loan notes	665,000	-	155,000	510,000	165,000
Unamortized premiums	<u>139,529</u>	<u>-</u>	<u>27,268</u>	<u>112,261</u>	<u>-</u>
	<u>\$ 70,598,921</u>	<u>\$ 10,000,000</u>	<u>\$ 4,236,660</u>	<u>\$ 76,362,261</u>	<u>\$ 4,815,000</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

Sales Tax Revenue Bonds - In December 2006 the District issued \$22,210,000 School Infrastructure Local Option Sales and Service Tax Revenue Bonds, Series 2006B for the purpose of providing funds to finance various construction projects for District facilities. The proceeds of \$22,356,360 exceeded the face amount \$22,210,000 by \$146,360. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable semi-annually on each October 1 and April 1 beginning October 1, 2011 and interest payable semi-annually carrying rates from 3.75 to 4.00 percent beginning April 1, 2007. The Bonds will mature on April 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance including the unamortized premium at June 30, 2012 is \$18,297,674.

In March 2007 the District issued \$15,000,000 School Infrastructure Local Option Sales and Service Tax Revenue Bonds, Series 2007 for the purpose of providing funds to finance various construction projects for District facilities. The proceeds of \$15,100,995 exceeded the face amount \$15,000,000 by \$100,995. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable semi-annually on each April 1 and October 1 beginning April 1, 2016 and interest payable semi-annually carrying a rate of 4.00 percent beginning April 1, 2007. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance including the unamortized premium at June 30, 2012 is \$15,054,587.

In December 2008 the District issued \$10,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2008 for the purpose of providing funds to finance various construction projects for District facilities. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable annually on each October 1 beginning October 1, 2019 and interest payable semi-annually carrying rates from 4.55 to 5.50 percent beginning April 1, 2009. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2012 is \$10,000,000.

In November 2009 the District issued \$7,500,000 Taxable School Infrastructure Sales, Services and Use Tax Revenue Bonds (Qualified School Construction Bonds), Series 2009 for the purpose of providing funds to equip, rehabilitate and repair schools. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by certain other amounts held under the Bond Resolution. The Bonds mature on October 1, 2025 and bear interest at the rate of 2.68 percent payable beginning April 1, 2010 and semiannually thereafter on the first day of January and July. The outstanding principal balance at June 30, 2012 is \$7,500,000.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

In September 2010 the District issued \$15,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2010 for the purpose of providing funds to finance various construction projects for District facilities. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable semi-annually on each April 1 and October 1 beginning April 1, 2028 and interest payable semi-annually carrying a rate of 4.00 percent beginning April 1, 2011. The Bonds will mature on October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2012 is \$15,000,000.

In May 2012 the District issued \$10,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2012 for the purpose of providing funds to finance various construction projects for District facilities. The Bonds are special limited revenue obligations of the District. Payment of principal and interest on the Bonds are secured solely by a pledge of the statewide sales, services and use tax revenues and by the Reserve Fund and certain other amounts held under the Bond Resolution. Principal will be payable semi-annually on each April 1 and October 1 beginning October 1, 2026 and interest payable semi-annually carrying rates of 3.00 to 3.25 percent beginning October 1, 2012. The Bonds will mature April 1 and October 1 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2012 is \$10,000,000.

Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues and are payable through 2030. The total principal and interest remaining to be paid on the bonds is \$104,412,468. For the current year, principal payments were \$3,970,000 and total interest paid on the bonds was \$2,740,638. Total statewide sales, services and use tax revenues were \$11,654,660.

Asbestos Abatement Loans - During 1992 and 1993 the District entered into two interest free loans not to exceed \$2,543,875 and \$3,038,115 with the Environmental Protection Agency (EPA) for the purpose of asbestos abatement. The Asbestos Abatement Loans were paid in full during June 30, 2012.

General Obligation Capital Loan Notes - In May 2005 the District issued \$1,500,000 General Obligation Capital Loan Notes for the purpose of providing funds to finance the implementation of energy conservation and management measures pursuant to Iowa Code Section 473.13A. The notes are general obligations of the District and payments of interest and principal will be paid from monies budgeted annually and on hand in the General Fund. Principal will be payable annually on each June 1 and interest payable semi-annually beginning December 1, 2005. The note will mature on June 1, 2015 in the years and amounts disclosed in the schedule following. The outstanding principal balance at June 30, 2012 is \$510,000.

Bond and Debt Maturities:

Year Ended	Sales Tax 2006B				
	<u>June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013		3.750%	\$ 4,650,000	\$ 668,419	\$ 5,318,419
2014		3.750%-4.000%	4,785,000	492,919	5,277,919
2015		4.000%	4,975,000	302,700	5,277,700
2016		4.000%	3,830,000	102,200	3,932,200
Total			<u>\$ 18,240,000</u>	<u>\$ 1,566,238</u>	<u>\$ 19,806,238</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

Sales Tax 2007

<u>Year Ended</u> <u>June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	4.000%	\$ -	\$ 600,000	\$ 600,000
2014	4.000%	-	600,000	600,000
2015	4.000%	-	600,000	600,000
2016	4.000%	1,300,000	600,000	1,900,000
2017	4.000%	5,330,000	495,100	5,825,100
2018-2019	4.000%	<u>8,370,000</u>	<u>336,800</u>	<u>8,706,800</u>
Total		<u>\$ 15,000,000</u>	<u>\$ 3,231,900</u>	<u>\$ 18,231,900</u>

Sales Tax 2008

<u>Year Ended</u> <u>June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	4.550%	\$ -	\$ 510,625	\$ 510,625
2014	4.550%	-	510,625	510,625
2015	4.550%	-	510,625	510,625
2016	4.550%	-	510,625	510,625
2017	4.550%	-	510,625	510,625
2018-2022	4.550-4.750%	2,490,000	2,383,028	4,873,028
2023-2027	4.850-5.250%	5,080,000	1,350,389	6,430,389
2028-2029	5.300-5.500%	<u>2,430,000</u>	<u>134,708</u>	<u>2,564,708</u>
Total		<u>\$ 10,000,000</u>	<u>\$ 6,421,250</u>	<u>\$ 16,421,250</u>

Qualified School Construction Bonds, Series 2009

<u>Year Ended</u> <u>June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	2.680%	\$ -	\$ 201,000	\$ 201,000
2014	2.680%	-	201,000	201,000
2015	2.680%	-	201,000	201,000
2016	2.680%	-	201,000	201,000
2017	2.680%	-	201,000	201,000
2018-2022	2.680%	-	1,005,000	1,005,000
2023-2026	2.680%	<u>7,500,000</u>	<u>703,500</u>	<u>8,203,500</u>
Total		<u>\$ 7,500,000</u>	<u>\$ 2,713,500</u>	<u>\$ 10,213,500</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

Sales Tax 2010

<u>Year Ended</u> <u>June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	4.000%	\$ -	\$ 600,000	\$ 600,000
2014	4.000%	-	600,000	600,000
2015	4.000%	-	600,000	600,000
2016	4.000%	-	600,000	600,000
2017	4.000%	-	600,000	600,000
2018-2022	4.000%	-	3,000,000	3,000,000
2023-2027	4.000%	-	3,000,000	3,000,000
2028-2030	4.000%	<u>15,000,000</u>	<u>1,082,000</u>	<u>16,082,000</u>
<b>Total</b>		<b><u>\$ 15,000,000</u></b>	<b><u>\$ 10,082,000</u></b>	<b><u>\$ 25,082,000</u></b>

Sales Tax 2012

<u>Year Ended</u> <u>June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3.00%	\$ -	\$ 282,835	\$ 282,835
2014	3.00%	-	308,548	308,548
2015	3.00%	-	308,548	308,548
2016	3.00%	-	308,548	308,548
2017	3.00%	-	308,548	308,548
2018-2022	3.00%	-	1,542,740	1,542,740
2023-2027	3.00%	5,895,000	1,505,315	7,400,315
2028-2030	3.10% - 3.25%	<u>4,105,000</u>	<u>92,498</u>	<u>4,197,498</u>
<b>Total</b>		<b><u>\$ 10,000,000</u></b>	<b><u>\$ 4,657,580</u></b>	<b><u>\$ 14,657,580</u></b>

General Obligation Capital Loan Notes

<u>Year Ended</u> <u>June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3.570%	\$ 165,000	\$ 18,207	\$ 183,207
2014	3.570%	170,000	12,316	182,316
2015	3.570%	<u>175,000</u>	<u>6,247</u>	<u>181,247</u>
<b>Total</b>		<b><u>\$ 510,000</u></b>	<b><u>\$ 36,770</u></b>	<b><u>\$ 546,770</u></b>

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

Summary of debt service requirements to maturity on the outstanding bonded indebtedness and loans as of June 30, 2012 is as follows:

<u>Summary - Debt Service Requirements to Maturity</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,815,000	\$ 2,881,086	\$ 7,696,086
2014	4,955,000	2,725,408	7,680,408
2015	5,150,000	2,529,120	7,679,120
2016	5,130,000	2,322,373	7,452,373
2017	5,330,000	2,115,273	7,445,273
2018-2022	10,860,000	8,267,568	19,127,568
2023-2027	18,475,000	6,559,204	25,034,204
2028-2030	<u>21,535,000</u>	<u>1,309,206</u>	<u>22,844,206</u>
Totals	<u>\$ 76,250,000</u>	<u>\$ 28,709,238</u>	<u>\$ 104,959,238</u>

As of June 30, 2012, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 3,644,797,531</u>
Debt limit, 5.0 percent of total assessed valuation	\$ 182,239,877
Amount of debt applicable to debt limitation	<u>510,000</u>
Excess of debt limit over debt outstanding, legal debt margin	<u>\$ 181,729,877</u>

NOTE 6 - PENSION AND RETIREMENT BENEFITS:

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

Plan members are required to contribute 5.38 percent of their annual covered salary and the District is required to contribute 8.07 percent of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$7,221,069, \$5,984,375, and \$5,648,749, respectively, equal to the required contributions for each year.

NOTE 7 - AREA EDUCATION AGENCY:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area educational agency. The District's actual amount for this purpose totaled \$5,428,584 for the year ended June 30, 2012. This amount is recorded in the General Fund by making an adjusting entry to the State revenue appropriations and to other expenditures, since the amount is deducted from the State foundation aid due to the District and is remitted directly to the area education agency.

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 8 - RISK MANAGEMENT:

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

The District maintains a self-insured health care coverage program for its employees. Claims in excess of a self-insured retention amount are covered through third party specific stop-loss insurance. The liability for claims incurred but unpaid as of June 30, 2012 and 2011 was actuarially estimated using actual covered employees, a historical average loss rate per employee, and a historically developed percentage of claims completed by month. A reconciliation of changes in the aggregate liability for claims during the years ended June 30, 2012 and 2011 is as follows:

	<u>Year Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 2,142,923	\$ 2,174,354
Incurred claims	16,510,381	16,015,236
Claims paid	<u>(16,453,304)</u>	<u>(16,046,667)</u>
Unpaid claims, end of year	<u>\$ 2,200,000</u>	<u>\$ 2,142,923</u>

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

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS:

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

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

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

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

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

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

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

For post July 1, 2012 retirees the District provides no subsidy to be used toward retiree premiums; therefore, coverage will be access only for both the retiree and dependents.

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2012, the District contributed \$1,485,303 to the plan. Plan members receiving benefits contributed approximately \$690,622 or approximately 32 percent of the total premiums, through their required contributions as follows:

	<u>2011-2012 Monthly Contributions</u>		
<u>Plan</u>	<u>EE only</u>	<u>EE + 1</u>	<u>Family</u>
Plan B	\$759	2059	\$2,059
Value Plan	\$467	\$912	\$1,265

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

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

Annual required contribution	\$	2,709,800
Interest on net OPEB obligation		446,175
Adjustment to annual required contribution		<u>(395,672)</u>
Annual OPEB cost (expense)	\$	2,760,303
Contributions and payments made		<u>(1,485,303)</u>
Increase in net OPEB obligation	\$	1,275,000
Net OPEB obligation - June 30, 2011		<u>9,915,000</u>
Net OPEB obligation - June 30, 2012	\$	<u>11,190,000</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows.

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2010	\$ 3,313,000	44.8%	\$ 7,603,000
6/30/2011	\$ 3,324,944	30.5%	\$ 9,915,000
6/30/2012	\$ 2,760,303	53.8%	\$ 11,190,000

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$27.8 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$27.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$71.5 million and the ratio of the UAAL to the covered payroll was 38.9 percent.

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

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

The July 1, 2011 actuarial valuation used the projected unit credit cost method. The actuarial assumptions included a 4.5 percent discount rate, annual health care cost trend rate of 10.0 percent initially decreasing to a rate of 5 percent after 10 years, salary increase assumption of 3.5 percent, and a plan participation percentage of 93 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

NOTE 10 - INTERFUND TRANSFERS AND BALANCES:

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	General	\$ 263,564
	Sales Tax	<u>7,153,179</u>
		<u>\$ 7,416,743</u>

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

The detail of interfund balances at June 30, 2012 is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Health Insurance	\$ 175,247	\$ 418,704
Sales Tax	73,622	121,947
Student Activity	295,704	124,031
PPEL	<u>75,962</u>	<u>313,418</u>
	<u>\$ 620,535</u>	<u>\$ 978,100</u>
PPEL Fund:		
School Nutrition	\$ -	\$ 332
General	<u>313,418</u>	<u>75,962</u>
	<u>\$ 313,418</u>	<u>\$ 76,294</u>
Sales Tax Fund:		
General	\$ 121,947	\$ 73,622
Debt Service	<u>30,480</u>	<u>8,720</u>
	<u>\$ 152,427</u>	<u>\$ 82,342</u>
Student Activity Fund:		
General	<u>\$ 124,031</u>	<u>\$ 295,704</u>
Debt Service Fund:		
Sales Tax	<u>\$ 8,720</u>	<u>\$ 30,480</u>
Total Governmental Funds	<u>\$ 1,219,131</u>	<u>\$ 1,462,920</u>
School Nutrition Fund:		
PPEL	<u>\$ 332</u>	<u>\$ -</u>
Health Insurance Fund:		
General	<u>\$ 418,704</u>	<u>\$ 175,247</u>
	<u>\$ 1,638,167</u>	<u>\$ 1,638,167</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 10 - INTERFUND TRANSFERS AND BALANCES (CONTINUED):

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

NOTE 11 - CONSTRUCTION AND OTHER COMMITMENTS:

The District has entered into various contracts totaling approximately \$30,000,000 for the construction of Spalding Park Elementary School and a new Roosevelt/Emerson Elementary School and various other projects. The Spalding Park Elementary School was opened in August, 2012. At June 30, 2012, approximately \$16,600,000 of the contracts were completed. The remaining amounts of the contracts will be paid as work on the projects progresses.

NOTE 12 - CONTINGENCIES:

At June 30, 2012 the District is involved in various litigation concerning employment and work place issues, contract performance, and other matters arising in the normal course of the District's operations. The probability and amount of loss, if any, is indeterminable; however, in the opinion of the District, the outcome of these matters will not have a material impact on the District's financial position.



# **REQUIRED SUPPLEMENTARY INFORMATION**



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SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS

SIOUX CITY COMMUNITY SCHOOL DISTRICT, RETIREE HEALTH BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2012

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7/1/2008	\$ -	\$ 47,961,000	\$ 47,961,000	0%	\$ 72,718,285	66.0%
2010	7/1/2009	\$ -	\$ 36,520,000	\$ 36,520,000	0%	\$ 75,092,915	48.6%
2012	7/1/2011	\$ -	\$ 27,833,223	\$ 27,833,223	0%	\$ 71,538,017	38.9%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2011. Additional information follows:

- a. The actuarial method used to determine the ARC is the projected unit credit method.
- b. There are no plan assets.
- c. The actuarial assumptions included; 4.5 percent discount rate, a health care cost trend rate of 10 percent initially, grading down to 5 percent in 10 years, and a salary increase assumption of 3.5 percent.
- d. The amortization method is level percentage of pay on an open basis.

SIoux CITY COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES.  
BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total Actual</u>
Revenue:			
Local sources	\$ 57,686,948	\$ 2,276,610	\$ 59,963,558
State sources	91,392,601	58,191	91,450,792
Federal sources	11,675,517	5,002,241	16,677,758
Total revenue	<u>\$ 160,755,066</u>	<u>\$ 7,337,042</u>	<u>\$ 168,092,108</u>
Expenditures:			
Instruction	\$ 102,733,204	\$ -	\$ 102,733,204
Support services:			
Student support	3,712,113	-	3,712,113
Instructional staff support	7,880,955	-	7,880,955
Administration	11,157,102	-	11,157,102
Plant operation and maintenance	10,792,420	-	10,792,420
Student transportation	4,298,376	-	4,298,376
Non-instructional programs	-	7,437,926	7,437,926
Other expenditures:			
Facilities acquisition and construction	13,581,181	-	13,581,181
Debt service	7,156,267	-	7,156,267
AEA support	5,428,584	-	5,428,584
Total expenditures	<u>\$ 166,740,202</u>	<u>\$ 7,437,926</u>	<u>\$ 174,178,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,985,136)</u>	<u>\$ (100,884)</u>	<u>\$ (6,086,020)</u>
Other financing sources (uses):			
Bonds issued	\$ 10,000,000	\$ -	\$ 10,000,000
Proceeds from sale of capital assets	2,539	-	2,539
Transfers in	7,416,743	-	7,416,743
Transfers out	(7,416,743)	-	(7,416,743)
Total other financing sources (uses)	<u>\$ 10,002,539</u>	<u>\$ -</u>	<u>\$ 10,002,539</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 4,017,403</u>	<u>\$ (100,884)</u>	<u>\$ 3,916,519</u>
Fund balances - beginning of year	<u>39,268,701</u>	<u>2,908,057</u>	<u>42,176,758</u>
Fund balances - end of year	<u>\$ 43,286,104</u>	<u>\$ 2,807,173</u>	<u>\$ 46,093,277</u>

<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 60,096,395	\$ 60,096,395	\$ (132,837)
93,659,205	93,659,205	(2,208,413)
<u>14,107,107</u>	<u>14,107,107</u>	<u>2,570,651</u>
<u>\$ 167,862,707</u>	<u>\$ 167,862,707</u>	<u>\$ 229,401</u>
\$ 105,645,929	\$ 105,645,929	\$ 2,912,725
3,868,539	3,868,539	156,426
4,710,920	4,710,920	(3,170,035)
14,494,301	14,494,301	3,337,199
10,182,136	10,182,136	(610,284)
3,157,012	3,157,012	(1,141,364)
7,225,684	7,225,684	(212,242)
13,390,823	13,390,823	(190,358)
7,443,059	7,443,059	286,792
<u>6,029,825</u>	<u>6,029,825</u>	<u>601,241</u>
<u>\$ 176,148,228</u>	<u>\$ 176,148,228</u>	<u>\$ 1,970,100</u>
<u>\$ (8,285,521)</u>	<u>\$ (8,285,521)</u>	<u>\$ 2,199,501</u>
\$ -	\$ -	\$ 10,000,000
-	-	2,539
7,443,059	7,443,059	(26,316)
<u>(7,443,059)</u>	<u>(7,443,059)</u>	<u>26,316</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,002,539</u>
\$ (8,285,521)	\$ (8,285,521)	\$ 12,202,040
<u>42,176,758</u>	<u>42,176,758</u>	<u>-</u>
<u>\$ 33,891,237</u>	<u>\$ 33,891,237</u>	<u>\$ 12,202,040</u>

SIoux CITY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

JUNE 30, 2012

**Budgets and Budgetary Accounting**

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

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

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

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

During the year ended June 30, 2012, disbursements in the support services and non-instructional programs functions exceeded the amounts budgeted.



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STATISTICAL SECTION

NARRATIVE EXPLANATIONS

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

**Contents**

**Schedules**

**Financial Trends**

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

1-4

**Revenue Capacity**

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

5-8

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

9-13

**Demographic and Economic Information**

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

14-15

**Operating Information**

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

16-19

**Continuing Disclosure Information**

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

20-24

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 37,280,569	\$ 51,211,286	\$ 52,714,522	\$ 66,620,403	\$ 44,768,019	\$ 67,910,508	\$ 80,716,587	\$ 86,479,232	\$ 95,203,875	\$ 106,641,313
Restricted	20,073,308	3,291,636	20,590,354	17,368,350	46,341,271	28,919,206	23,034,893	25,984,789	24,030,102	15,267,076
Unrestricted	<u>(2,460,792)</u>	<u>(542,457)</u>	<u>2,577,343</u>	<u>3,528,964</u>	<u>5,865,723</u>	<u>7,892,868</u>	<u>6,890,424</u>	<u>1,534,096</u>	<u>527,893</u>	<u>7,722,914</u>
Total governmental activities net assets	<u>\$ 54,893,085</u>	<u>\$ 53,960,465</u>	<u>\$ 75,882,219</u>	<u>\$ 87,517,717</u>	<u>\$ 96,975,013</u>	<u>\$ 104,722,582</u>	<u>\$ 110,641,904</u>	<u>\$ 113,998,117</u>	<u>\$ 119,761,870</u>	<u>\$ 129,631,303</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 286,060	\$ 401,040	\$ 524,491	\$ 633,127	\$ 659,302	\$ 756,945	\$ 764,747	\$ 780,319	\$ 1,562,228	\$ 1,838,218
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>1,139,057</u>	<u>1,428,521</u>	<u>1,680,572</u>	<u>1,820,427</u>	<u>2,006,213</u>	<u>1,640,616</u>	<u>1,573,227</u>	<u>2,010,930</u>	<u>1,378,877</u>	<u>997,122</u>
Total business-type activities net assets	<u>\$ 1,425,117</u>	<u>\$ 1,829,561</u>	<u>\$ 2,205,063</u>	<u>\$ 2,453,554</u>	<u>\$ 2,665,515</u>	<u>\$ 2,397,561</u>	<u>\$ 2,337,974</u>	<u>\$ 2,791,249</u>	<u>\$ 2,941,105</u>	<u>\$ 2,835,340</u>
Primary government										
Invested in capital assets, net of related debt	\$ 37,566,629	\$ 51,612,326	\$ 53,239,013	\$ 67,253,530	\$ 45,427,321	\$ 68,667,453	\$ 81,481,334	\$ 87,259,551	\$ 96,766,103	\$ 108,479,531
Restricted	20,073,308	13,291,636	20,590,354	17,368,350	46,341,271	28,919,206	23,034,893	25,984,789	24,030,102	15,267,076
Unrestricted	<u>(1,321,735)</u>	<u>886,064</u>	<u>4,257,915</u>	<u>5,349,391</u>	<u>7,871,936</u>	<u>9,533,484</u>	<u>8,463,651</u>	<u>3,545,026</u>	<u>1,906,770</u>	<u>8,720,036</u>
Total primary government net assets	<u>\$ 56,318,202</u>	<u>\$ 65,790,026</u>	<u>\$ 78,087,282</u>	<u>\$ 89,971,271</u>	<u>\$ 99,640,528</u>	<u>\$ 107,120,143</u>	<u>\$ 112,979,878</u>	<u>\$ 116,789,366</u>	<u>\$ 122,702,975</u>	<u>\$ 132,466,643</u>

Source: School District financial records.

SIoux CITY COMMUNITY SCHOOL DISTRICT  
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE) REVENUE

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses:</b>					
Governmental activities:					
Instruction	\$ 76,183,474	\$ 77,915,645	\$ 79,926,672	\$ 82,284,228	\$ 85,981,642
Student support	2,755,278	2,976,773	3,414,425	3,607,003	3,909,621
Instructional staff services	18,306,157	4,571,230	5,202,717	6,105,564	6,747,979
Administration services	8,526,811	9,102,230	9,346,265	9,866,575	10,627,510
Operation and maintenance of plant services	9,980,324	8,115,235	8,840,172	9,048,037	9,730,519
Transportation services	1,463,802	1,415,513	2,153,485	2,610,599	2,707,472
Interest on long-term debt	1,433,941	1,282,790	1,134,514	1,171,049	1,569,618
AEA flow through	4,418,663	4,146,957	4,211,176	4,342,883	4,672,591
Depreciation (unallocated)	-	-	-	-	-
Total governmental activities expenses	<u>\$ 123,068,450</u>	<u>\$ 109,526,373</u>	<u>\$ 114,229,426</u>	<u>\$ 119,035,938</u>	<u>\$ 125,946,952</u>
Business-type activities:					
Nutrition services	\$ 3,615,006	\$ 3,954,729	\$ 4,315,580	\$ 4,681,482	\$ 4,977,225
Student home construction	14,364	4,802	113,044	271,794	165,010
Stadium	-	111,361	112,323	139,415	112,934
Total business-type activities	<u>\$ 3,629,370</u>	<u>\$ 4,070,892</u>	<u>\$ 4,540,947</u>	<u>\$ 5,092,691</u>	<u>\$ 5,255,169</u>
Total primary government expenses	<u>\$ 126,697,820</u>	<u>\$ 113,597,265</u>	<u>\$ 118,770,373</u>	<u>\$ 124,128,629</u>	<u>\$ 131,202,121</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
Instruction	\$ 5,343,766	\$ 4,979,835	\$ 4,625,093	\$ 4,348,361	\$ 3,336,196
Support services	11,995,266	135,552	140,924	154,176	139,447
Operating grants and contributions	15,773,043	16,110,257	17,441,207	15,882,959	16,752,466
Capital grants and contributions	-	-	-	999,372	548,231
Total governmental activities program revenues	<u>\$ 33,112,075</u>	<u>\$ 21,225,644</u>	<u>\$ 22,207,224</u>	<u>\$ 21,384,868</u>	<u>\$ 20,776,340</u>
Business-type activities:					
Charges for services:					
Nutrition	\$ 1,584,206	\$ 1,520,506	\$ 1,608,033	\$ 1,618,793	\$ 1,739,605
Student home construction	-	-	116,928	292,675	161,377
Stadium	-	95,178	83,619	133,155	104,457
Operating grants and contributions	2,422,158	2,651,355	2,965,490	3,136,689	3,333,737
Capital grants and contributions	-	-	-	-	-
Total business-type program revenues	<u>\$ 4,006,364</u>	<u>\$ 4,267,039</u>	<u>\$ 4,774,070</u>	<u>\$ 5,181,312</u>	<u>\$ 5,339,176</u>
Total primary government program revenues	<u>\$ 37,118,439</u>	<u>\$ 25,492,683</u>	<u>\$ 26,981,294</u>	<u>\$ 26,566,180</u>	<u>\$ 26,115,516</u>
<b>Net (expense) revenue:</b>					
Governmental activities	\$ (89,956,375)	\$ (88,300,729)	\$ (92,022,202)	\$ (97,651,070)	\$ (105,170,612)
Business-type activities	376,994	196,147	233,123	88,621	84,007
Total primary government net expense	<u>\$ (89,579,381)</u>	<u>\$ (88,104,582)</u>	<u>\$ (91,789,079)</u>	<u>\$ (97,562,449)</u>	<u>\$ (105,086,605)</u>
<b>General revenues and other changes in net assets:</b>					
Governmental activities:					
Property taxes	\$ 27,674,732	\$ 29,419,291	\$ 30,295,783	\$ 31,703,853	\$ 31,309,312
Income surtaxes	2,806,228	2,716,725	2,865,472	2,970,163	3,180,244
Local option sales taxes	9,132,608	9,227,125	9,343,994	10,074,839	10,568,822
Interest	611,878	594,234	962,935	1,715,844	2,788,864
State aid not restricted to specific programs	56,175,179	55,751,752	59,109,639	60,806,931	64,155,617
Miscellaneous	391,049	101,760	1,366,133	1,688,644	2,592,049
Transfers	-	-	-	-	33,000
Total governmental activities	<u>\$ 96,791,674</u>	<u>\$ 97,810,887</u>	<u>\$ 103,943,956</u>	<u>\$ 108,960,274</u>	<u>\$ 114,627,908</u>
Business-type activities:					
Interest	\$ 6,404	\$ 12,363	\$ 32,583	\$ 53,045	\$ 73,954
Miscellaneous	242,196	(246,844)	109,796	106,825	87,000
Transfers	-	-	-	-	(33,000)
Total business-type activities	<u>\$ 248,600</u>	<u>\$ (234,481)</u>	<u>\$ 142,379</u>	<u>\$ 159,870</u>	<u>\$ 127,954</u>
Total primary government	<u>\$ 97,040,274</u>	<u>\$ 97,576,406</u>	<u>\$ 104,086,335</u>	<u>\$ 109,120,144</u>	<u>\$ 114,755,862</u>
<b>Changes in net assets:</b>					
Governmental activities	\$ 6,835,299	\$ 9,510,158	\$ 11,921,754	\$ 11,309,204	\$ 9,457,296
Prior period adjustment	(988,652)	-	-	-	-
Business-type activities	625,594	(38,334)	375,502	248,491	211,961
Total primary government	<u>\$ 6,472,241</u>	<u>\$ 9,471,824</u>	<u>\$ 12,297,256</u>	<u>\$ 11,557,695</u>	<u>\$ 9,669,257</u>

SCHEDULE 2

Fiscal Year				
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 93,861,620	\$ 99,714,959	\$ 101,322,606	\$ 107,183,019	\$ 112,822,997
4,362,419	4,379,284	4,532,921	3,861,499	3,812,807
7,126,498	6,752,941	6,276,972	6,604,464	8,965,677
11,471,660	11,754,652	11,521,173	11,717,578	11,380,611
10,354,901	10,004,861	10,060,566	10,151,912	10,703,379
2,967,982	3,279,278	3,637,198	3,959,812	4,265,739
2,053,779	2,198,668	2,238,996	2,744,525	2,840,907
4,930,147	5,146,840	5,729,737	5,943,462	-
-	-	-	45,299	80,159
<u>\$ 137,129,006</u>	<u>\$ 143,231,483</u>	<u>\$ 145,320,169</u>	<u>\$ 152,211,570</u>	<u>\$ 154,872,276</u>
\$ 5,848,797	\$ 6,145,255	\$ 6,458,725	\$ 6,882,773	\$ 7,442,807
127,201	31,067	-	-	-
102,003	1,349	-	-	-
<u>\$ 6,078,001</u>	<u>\$ 6,177,671</u>	<u>\$ 6,458,725</u>	<u>\$ 6,882,773</u>	<u>\$ 7,442,807</u>
<u>\$ 143,207,007</u>	<u>\$ 149,409,154</u>	<u>\$ 151,778,894</u>	<u>\$ 159,094,343</u>	<u>\$ 162,315,083</u>
\$ 3,373,006	\$ 3,281,074	\$ 3,447,988	\$ 3,373,702	\$ 3,575,091
184,737	214,189	156,233	161,892	162,969
21,141,831	24,195,100	34,186,844	30,077,101	28,493,636
-	7,691	532,180	50,000	600,000
<u>\$ 24,699,574</u>	<u>\$ 27,698,054</u>	<u>\$ 38,323,245</u>	<u>\$ 33,662,695</u>	<u>\$ 32,831,696</u>
\$ 1,964,446	\$ 2,361,275	\$ 2,408,077	\$ 2,257,566	\$ 2,247,047
128,355	-	-	-	-
95,134	-	-	-	-
3,516,416	3,883,085	4,401,892	4,717,421	5,060,432
-	-	60,090	-	-
<u>\$ 5,704,351</u>	<u>\$ 6,244,360</u>	<u>\$ 6,870,059</u>	<u>\$ 6,974,987</u>	<u>\$ 7,307,479</u>
<u>\$ 30,403,925</u>	<u>\$ 33,942,414</u>	<u>\$ 45,193,304</u>	<u>\$ 40,637,682</u>	<u>\$ 40,139,175</u>
\$ (112,429,432)	\$ (115,533,429)	\$ (106,996,924)	\$ (118,548,875)	\$ (122,040,580)
(373,650)	66,689	411,334	92,214	(135,328)
<u>\$ (112,803,082)</u>	<u>\$ (115,466,740)</u>	<u>\$ (106,585,590)</u>	<u>\$ (118,456,661)</u>	<u>\$ (122,175,908)</u>
\$ 32,996,821	\$ 33,394,847	\$ 33,927,973	\$ 35,370,649	\$ 35,357,124
3,217,188	3,489,215	3,526,115	3,442,960	3,450,681
10,917,911	11,340,639	10,381,619	11,096,938	11,654,660
2,734,620	928,454	256,958	216,836	220,820
67,539,878	68,620,130	58,899,627	70,343,838	74,451,071
2,770,583	2,831,308	3,360,845	3,841,407	6,775,657
-	181,924	-	-	-
<u>\$ 120,177,001</u>	<u>\$ 120,786,517</u>	<u>\$ 110,353,137</u>	<u>\$ 124,312,628</u>	<u>\$ 131,910,013</u>
\$ 54,136	\$ 14,466	\$ 4,449	\$ 3,399	\$ 4,528
51,560	41,182	37,492	54,243	25,035
-	(181,924)	-	-	-
<u>\$ 105,696</u>	<u>\$ (126,276)</u>	<u>\$ 41,941</u>	<u>\$ 57,642</u>	<u>\$ 29,563</u>
<u>\$ 120,282,697</u>	<u>\$ 120,660,241</u>	<u>\$ 110,395,078</u>	<u>\$ 124,370,270</u>	<u>\$ 131,939,576</u>
\$ 7,747,569	\$ 5,253,088	\$ 3,356,213	\$ 5,763,753	\$ 9,869,433
-	-	-	-	-
(267,954)	(59,587)	453,275	149,856	(105,765)
<u>\$ 7,479,615</u>	<u>\$ 5,193,501</u>	<u>\$ 3,809,488</u>	<u>\$ 5,913,609</u>	<u>\$ 9,763,668</u>

SIOUX CITY COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,958	\$ 60,064
Restricted	-	-	-	-	-	-	-	-	5,018,506	3,289,172
Unassigned	-	-	-	-	-	-	-	-	9,152,745	13,609,109
Reserved	615,726	676,857	466,908	477,287	626,839	-	1,110,394	2,240,341	-	-
Unreserved	8,419,567	9,064,845	9,508,082	9,638,949	10,408,935	12,626,341	11,762,992	7,575,437	-	-
Total general fund	<u>\$ 9,035,293</u>	<u>\$ 9,741,702</u>	<u>\$ 9,974,990</u>	<u>\$ 10,116,236</u>	<u>\$ 11,035,774</u>	<u>\$ 12,626,341</u>	<u>\$ 12,873,386</u>	<u>\$ 9,815,778</u>	<u>\$ 14,301,209</u>	<u>\$ 16,958,345</u>
All other governmental funds:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,967,492	\$ 26,327,759
Reserved	436,785	433,773	428,351	57,356	62,234	60,943	5,856,965	6,339,249	-	-
Unreserved, reported in:										
Capital projects funds	17,913,480	8,715,836	15,670,705	10,201,268	41,069,514	26,042,841	20,574,125	15,978,493	-	-
Special revenue funds	1,132,411	3,357,328	3,827,376	5,477,305	4,582,684	1,871,473	1,951,474	4,473,677	-	-
Total all other governmental funds	<u>\$ 19,482,676</u>	<u>\$ 12,506,937</u>	<u>\$ 19,926,432</u>	<u>\$ 15,735,929</u>	<u>\$ 45,714,432</u>	<u>\$ 27,975,257</u>	<u>\$ 28,382,564</u>	<u>\$ 26,791,419</u>	<u>\$ 24,967,492</u>	<u>\$ 26,327,759</u>

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

Source: School District financial records.

SIoux CITY COMMUNITY SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Local sources	\$ 46,081,170	\$ 47,179,830	\$ 48,865,969	\$ 51,455,725	\$ 54,189,180	\$ 55,903,557	\$ 55,004,414	\$ 55,478,463	\$ 57,569,786	\$ 57,686,948
State appropriations	64,790,768	63,754,874	67,507,932	70,118,988	75,082,151	81,233,102	84,189,633	75,748,017	87,654,905	91,392,601
Federal appropriations	7,157,439	8,000,728	8,402,053	8,021,534	6,435,484	7,496,678	8,244,366	18,338,511	12,856,308	11,675,517
<b>Total revenue</b>	<b>\$ 118,029,377</b>	<b>\$ 118,935,432</b>	<b>\$ 124,775,954</b>	<b>\$ 129,596,247</b>	<b>\$ 135,706,815</b>	<b>\$ 144,633,337</b>	<b>\$ 147,438,413</b>	<b>\$ 149,564,991</b>	<b>\$ 158,080,999</b>	<b>\$ 160,755,066</b>
<b>Expenditures:</b>										
Instruction	\$ 74,914,949	\$ 75,153,383	\$ 77,350,380	\$ 79,135,345	\$ 82,645,704	\$ 90,251,215	\$ 93,020,664	\$ 95,423,501	\$ 99,513,413	\$ 102,733,204
Student support services	4,915,635	5,583,632	6,473,629	6,625,175	7,353,889	7,748,310	7,636,744	7,556,308	3,717,185	3,712,113
Instructional staff services	2,429,798	2,174,059	2,398,812	3,196,353	3,289,286	3,759,641	3,519,328	3,508,500	6,799,105	7,880,955
Administrative services	8,475,459	9,192,194	9,494,783	10,045,553	10,477,593	11,388,111	11,448,971	11,185,524	11,257,330	11,157,102
Operations and maintenance	8,109,153	8,414,964	9,283,811	9,214,875	10,125,822	10,445,071	9,886,549	9,882,696	10,047,582	10,792,420
Transportation services	1,662,255	1,513,990	2,511,787	2,674,820	3,003,819	3,204,579	3,422,127	3,587,380	3,922,523	4,298,376
AEA flow through	4,418,663	4,146,957	4,211,176	4,342,883	4,672,591	4,930,147	5,146,840	5,729,737	5,943,462	5,428,584
Capital outlay	9,643,672	13,391,554	7,806,878	11,955,027	9,836,862	25,484,779	6,267,261	21,103,809	25,097,495	13,581,181
<b>Debt service:</b>										
Principal	4,462,246	4,760,110	4,940,111	5,250,111	5,490,111	1,370,111	14,360,111	1,460,111	1,370,285	4,209,392
Interest	1,537,736	1,341,378	1,104,658	1,205,362	1,745,151	2,199,981	2,303,945	2,370,589	2,857,424	2,946,875
Payments to refunded bonds escrow agent	-	-	-	-	3,902,366	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 120,569,566</b>	<b>\$ 125,672,221</b>	<b>\$ 125,576,025</b>	<b>\$ 133,645,504</b>	<b>\$ 142,543,194</b>	<b>\$ 160,781,945</b>	<b>\$ 157,012,540</b>	<b>\$ 161,808,155</b>	<b>\$ 170,525,804</b>	<b>\$ 166,740,202</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (2,540,189)</b>	<b>\$ (6,736,789)</b>	<b>\$ (800,071)</b>	<b>\$ (4,049,257)</b>	<b>\$ (6,836,379)</b>	<b>\$ (16,148,608)</b>	<b>\$ (9,574,127)</b>	<b>\$ (12,243,164)</b>	<b>\$ (12,444,805)</b>	<b>\$ (5,985,136)</b>
<b>Other financing sources (uses):</b>										
Bond/note issued	\$ -	\$ -	\$ 8,500,000	\$ -	\$ 37,210,000	\$ -	\$ 10,000,000	\$ 7,500,000	\$ 15,000,000	\$ 10,000,000
Refunding bonds issued	-	-	-	-	12,945,000	-	-	-	-	-
Premium on bonds issued	-	-	-	-	247,355	-	-	-	-	-
Discount on bonds issued	-	-	-	-	(31,068)	-	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	-	(12,861,182)	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	191,315	-	46,555	94,411	106,309	2,539
Transfers in	4,932,655	5,091,140	5,029,773	5,394,088	9,704,153	2,526,444	15,542,946	2,552,183	3,719,775	7,416,743
Transfers out	(5,568,539)	(5,144,658)	(5,076,919)	(5,394,088)	(9,671,153)	(2,526,444)	(15,361,022)	(2,552,183)	(3,719,775)	(7,416,743)
<b>Total other financing sources (uses)</b>	<b>\$ (635,884)</b>	<b>\$ (53,518)</b>	<b>\$ 8,452,854</b>	<b>\$ -</b>	<b>\$ 37,734,420</b>	<b>\$ -</b>	<b>\$ 10,228,479</b>	<b>\$ 7,594,411</b>	<b>\$ 15,106,309</b>	<b>\$ 10,002,539</b>
<b>Net change in fund balances</b>	<b>\$ (3,176,073)</b>	<b>\$ (6,790,307)</b>	<b>\$ 7,652,783</b>	<b>\$ (4,049,257)</b>	<b>\$ 30,898,041</b>	<b>\$ (16,148,608)</b>	<b>\$ 654,352</b>	<b>\$ (4,648,753)</b>	<b>\$ 2,661,504</b>	<b>\$ 4,017,403</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.41%</b>	<b>5.43%</b>	<b>5.13%</b>	<b>5.30%</b>	<b>8.39%</b>	<b>2.69%</b>	<b>11.00%</b>	<b>2.72%</b>	<b>2.90%</b>	<b>4.90%</b>

Source: School District financial records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

Fiscal Year	Real Property		Utilities		Total		Total Direct Rate
	Taxable Value	Assessed Value	Taxable Value	Assessed Value	Taxable Value	Assessed Value	
2003	\$ 1,852,128,334	\$ 2,739,834,814	\$ 131,169,795	\$ 194,038,158	\$ 1,983,298,129	\$ 2,933,872,972	\$ 15.77
2004	1,654,774,185	2,854,340,891	163,036,726	163,036,726	1,817,810,911	3,017,377,617	16.15
2005	1,842,151,819	2,840,214,896	153,862,116	152,260,311	1,996,013,935	2,992,475,207	17.02
2006	1,852,515,843	2,940,704,508	156,807,722	168,313,875	2,009,323,565	3,109,018,383	17.50
2007	1,945,830,330	3,115,061,062	149,980,227	184,722,738	2,095,810,557	3,299,783,800	16.77
2008	1,902,808,677	3,099,332,375	144,194,132	176,624,786	2,047,002,809	3,275,957,161	17.52
2009	1,996,173,947	3,233,990,343	153,716,528	181,241,459	2,149,890,475	3,415,231,802	17.76
2010	2,081,006,342	3,280,087,650	147,771,255	203,495,425	2,228,777,597	3,483,583,075	17.61
2011	2,136,668,718	3,414,121,396	117,002,438	173,158,823	2,253,671,156	3,587,280,219	17.75
2012	1,913,569,349	3,435,164,120	156,456,793	209,633,411	2,070,026,142	3,644,797,531	17.12

Sources: Woodbury and Plymouth County auditors.

Notes: Assessed value equals estimated actual value.

Tax rates expressed in dollars per thousand of assessed valuation.

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

SIoux CITY COMMUNITY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

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

Fiscal Year	District Direct Rates					Overlapping Rates								
	Operating Levy	Management Levy	Regular PPEL	Debt Service	Total	City of Sioux City	Plymouth County Perry Twp	Plymouth County Hancock Twp	Western Iowa Tech Comm. College	Woodbury County	State of Iowa	Ag Extension	City Assessor	
2003	\$ 14.11	\$ 0.79	\$ 0.33	\$ 0.54	\$ 15.77	\$ 16.00	\$ 0.22	\$ 0.64	\$ 0.94	\$ 6.92	\$ 0.004	\$ 0.05	\$ 0.52	
2004	14.00	1.29	0.33	0.53	16.15	16.43	0.20	0.62	0.54	7.11	0.004	0.05	0.58	
2005	15.08	1.07	0.33	0.54	17.02	17.79	0.43	0.61	0.57	7.66	0.004	0.05	0.43	
2006	15.70	0.94	0.33	0.53	17.50	17.97	0.43	0.61	0.70	7.69	0.004	0.05	0.43	
2007	15.65	0.27	0.33	0.52	16.77	18.25	0.45	0.44	0.74	7.78	0.004	0.18	0.48	
2008	16.62	0.05	0.33	0.52	17.52	18.47	0.44	0.67	0.83	8.00	0.004	0.12	0.48	
2009	15.98	0.94	0.33	0.51	17.76	18.71	0.50	0.67	0.83	7.95	0.004	0.13	0.49	
2010	14.60	2.18	0.33	0.50	17.61	17.85	0.49	0.67	0.82	7.93	0.003	0.13	0.49	
2011	15.83	1.10	0.33	0.49	17.75	17.30	0.49	0.67	0.82	7.98	0.003	0.13	0.44	
2012	16.21	0.58	0.33	-	17.12	16.66	0.53	0.63	0.78	7.74	0.003	0.12	0.43	

Notes: Assessed value equals estimated actual value.  
 Tax rates expressed in dollars per thousand of assessed valuation.

Sources: Woodbury and Plymouth County auditors.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012			2003		
	Assessed Value	Rank	% of Total Taxable Assessed Value	Assessed Value	Rank	% of Total Taxable Assessed Value
MidAmerican Energy	\$ 186,279,038	1	9.00%	\$ 121,869,698	1	4.66%
Sm Southern Hills Mall LLC	61,360,600	2	2.96%	-		
Lakeport Commons LLC	33,912,700	3	1.64%	-		
John Morrell & Co.	22,596,200	4	1.09%	-		
Wal-Mart Real Estate	13,787,300	5	0.67%	-		
Market Place LLC	13,476,900	6	0.65%	-		
Handy LC	11,674,200	7	0.56%	8,368,500	9	0.49%
Lowe's Home Centers	11,670,600	8	0.56%	-		
Target Corporation	11,539,000	9	0.56%	-		
Century Link/Qwest Telephone	11,383,720	10	0.55%	15,724,257	4	0.72%
SDG Macralch Prop				49,392,000	2	2.22%
Klinger Properties Inc				16,239,400	3	1.21%
St. Luke's Health Resources				13,607,300	5	0.68%
Menards				9,447,700	6	0.68%
ILL, Inc.				9,107,800	7	0.60%
Prestwick Apts.				8,739,500	8	0.50%
Cable One				8,287,000	10	0.47%
	<u>\$ 377,680,258</u>		<u>18.25%</u>	<u>\$ 260,783,155</u>		<u>12.23%</u>

Source: Woodbury County auditor (2012 Auditor's Top Valuations by School).

SIoux CITY COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Property Tax Collections*</u>	<u>Percentage of Levy</u>
2003	\$ 27,803,978	\$ 27,600,495	99.27%
2004	29,533,636	29,323,861	99.29%
2005	30,457,523	30,203,599	99.17%
2006	31,885,170	31,612,502	99.14%
2007	31,500,773	31,231,128	99.14%
2008	33,029,207	32,915,206	99.65%
2009	33,605,384	33,312,200	99.13%
2010	34,065,563	33,843,873	99.35%
2011	35,526,588	35,289,318	99.33%
2012	35,450,867	35,270,790	99.49%

Source: District records.

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Assessed Value</u>	<u>Percent of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2003	\$ 7,300,000	\$ 2,933,872,972	0.25%	\$ 87.11
2004	6,505,000	3,017,377,617	0.22%	77.63
2005	5,680,000	2,992,475,207	0.19%	68.31
2006	4,830,000	3,109,018,383	0.16%	56.81
2007	3,945,000	3,299,783,800	0.12%	47.38
2008	3,020,000	3,274,957,161	0.09%	36.52
2009	2,055,000	3,382,250,894	0.06%	24.82
2010	1,050,000	3,483,583,075	0.03%	12.67
2011	-	3,587,280,219	0.00%	-
2012	-	3,589,078,631	0.00%	-

Source: District financial records and Woodbury County auditor.

SIoux CITY COMMUNITY SCHOOL DISTRICTOUTSTANDING DEBT BY TYPELAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Sales Tax Revenue Bonds</u>	<u>Asbestos Abatement Notes</u>	<u>Capital Equipment Notes</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2003	\$ 7,300,000	\$ 25,480,000	\$ 2,425,451	\$ -	\$ 35,205,451	2.76%	\$ 420.09
2004	6,505,000	21,825,000	2,115,342	-	30,445,342	2.36%	363.32
2005	5,680,000	25,020,000	1,805,231	1,500,000	34,005,231	2.58%	408.97
2006	4,830,000	21,060,000	1,495,121	1,370,000	28,755,121	N/A	338.24
2007	3,945,000	50,454,000	1,185,010	1,235,000	56,819,010	N/A	682.41
2008	3,020,000	50,380,959	874,899	1,100,000	55,375,858	N/A	669.73
2009	2,055,000	47,399,766	564,788	960,000	50,979,554	N/A	615.64
2010	1,050,000	54,875,124	254,677	815,000	56,994,801	N/A	687.49
2011	-	69,710,000	84,392	665,000	70,459,392	N/A	852.15
2012	-	75,740,000	-	510,000	76,250,000	N/A	919.04

**Source:** District financial records.

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Sioux City	\$ 100,337,654	89.23%	\$ 89,531,289
Woodbury County	2,148,000	62.21%	1,336,271
Plymouth County	9,305,000	19.00%	1,767,950
Western Iowa Tech Community College	21,410,000	18.17%	<u>3,890,197</u>
Subtotal overlapping debt			\$ 96,525,706
District direct debt			<u>76,362,261</u>
Total direct and overlapping debt			<u>\$ 172,887,967</u>

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

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

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

**Legal Debt Margin Calculation - FY2012**

Actual assessed value*	<u>\$ 3,644,797,531</u>
Debt limit (5% of assessed value)**	\$ 182,239,877
Debt applicable to limit	<u>510,000</u>
Legal debt margin	<u>\$ 181,729,877</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 150,868,881	\$ 150,551,084	\$ 151,573,644	\$ 153,756,418	\$ 164,989,190	\$ 163,747,858	\$ 169,112,545	\$ 174,179,154	\$ 176,693,945	\$ 182,239,877
Total net debt applicable to limit	<u>9,663,696</u>	<u>8,561,571</u>	<u>8,931,880</u>	<u>7,695,121</u>	<u>6,311,496</u>	<u>4,994,900</u>	<u>3,579,788</u>	<u>2,119,677</u>	<u>749,392</u>	<u>510,000</u>
Legal debt margin	<u>\$ 141,205,185</u>	<u>\$ 141,989,513</u>	<u>\$ 142,641,764</u>	<u>\$ 146,061,297</u>	<u>\$ 158,677,694</u>	<u>\$ 158,752,958</u>	<u>\$ 165,532,757</u>	<u>\$ 172,059,477</u>	<u>\$ 175,944,553</u>	<u>\$ 181,729,877</u>
Total net debt applicable to limit as a percentage of debt limit	<u>6.41%</u>	<u>5.69%</u>	<u>5.89%</u>	<u>5.00%</u>	<u>3.83%</u>	<u>3.05%</u>	<u>2.12%</u>	<u>1.22%</u>	<u>0.42%</u>	<u>0.28%</u>

Source: School District financial records and Woodbury County auditor.

**Notes:**

\* Actual assessed value includes Tax Increment Financing Districts.

\*\* Code of Iowa Section 296.1.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Sales Tax Revenue Bonds				Coverage
	Revenue	Debt Service			
		Principal	Interest		
2003	\$ 9,132,607	\$ 3,315,000	\$ 1,190,541	\$	2.03
2004	8,744,283	3,655,000	1,032,252		1.87
2005	9,254,822	3,805,000	862,740		1.98
2006	9,491,719	3,960,000	926,612		1.94
2007	11,083,850	4,160,000 *	1,063,090		2.12
2008	10,917,911	-	1,998,105		5.46
2009	11,340,639	- **	1,899,705		5.97
2010	10,381,619	-	2,042,979		5.08
2011	11,096,938	-	2,477,513		4.48
2012	11,654,660	3,970,000	2,740,638		1.74

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

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

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

SIOUX CITY COMMUNITY SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Population*</u>	<u>Personal Income**</u>	<u>Adjusted Gross Income Per Tax Return**</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate***</u>
2003	83,804	\$ 1,277,273,847	\$ 28,806	\$ 15,241	5.00%
2004	83,798	1,290,620,820	29,600	15,402	5.40%
2005	83,148	1,317,533,361	30,361	15,846	4.50%
2006	85,013	N/A	N/A	N/A	3.80%
2007	83,262	N/A	N/A	N/A	3.90%
2008	82,684	N/A	N/A	N/A	3.80%
2009	82,807	N/A	N/A	N/A	5.10%
2010	82,903	N/A	N/A	N/A	7.10%
2011	82,684	N/A	N/A	N/A	5.90%
2012	82,967	N/A	N/A	N/A	5.10%

**Notes:**

N/A = Not available

\* Iowa Data Center-SIMCO

\*\* Iowa Department of Revenue

\*\*\* Iowa Workforce Development

SIOUX CITY COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2012</u>		<u>Percentage of Total Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Tyson Fresh Meats, Inc.	3,348	1	25.28%
Sioux City Comm. School District	1,487	2	11.23%
Mercy Medical Center	1,413	3	10.67%
St. Luke's Regional Medical Center	1,266	4	9.56%
Alcora	1,100	5	8.31%
STREAM	950	6	7.17%
City of Sioux City	750	7	5.66%
Tur-Pak Foods	700	8	5.29%
Mid American Energy Company	550	9	4.15%
Interbake Foods	530	10	4.00%
Goodwill Industries	500	11	3.78%
185th Iowa Air National Guard	351	12	2.65%
Western Iowa Tech Community College	300	13	2.27%
Totals	<u>13,245</u>		<u>100.00%</u>

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

**Note:** Comparative data for nine years ago not currently available.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	Full Time Equivalent Employees as of Fiscal Year Ended									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Administration:										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	21.0	20.0	20.0	21.0	24.0	25.0	26.0	26.0	25.0	26.5
Assistant Principals	15.0	15.0	15.0	15.0	15.0	15.0	15.0	13.5	10.0	10.5
Other Officials/Admin	33.0	32.0	31.5	32.5	33.5	32.0	32.0	28.0	28.0	27.0
Subtotal	<u>71.0</u>	<u>69.0</u>	<u>68.5</u>	<u>70.5</u>	<u>74.5</u>	<u>74.0</u>	<u>75.0</u>	<u>69.5</u>	<u>65.0</u>	<u>66.0</u>
Teachers & Other:										
Regular	774.8	774.5	773.2	781.3	792.8	778.9	767.7	758.5	760.5	786.9
Special Programs	167.8	164.6	166.1	168.9	170.7	167.4	168.4	166.5	153.5	156.6
Counselors	27.0	27.0	27.0	27.5	27.5	27.5	27.5	27.5	27.5	28.0
Media Specialists	9.0	9.0	9.0	9.0	9.6	9.6	9.5	9.5	9.5	11.5
Subtotal	<u>978.6</u>	<u>975.1</u>	<u>975.3</u>	<u>986.7</u>	<u>1,000.6</u>	<u>983.4</u>	<u>973.1</u>	<u>962.0</u>	<u>951.0</u>	<u>983.0</u>
Support Personnel:										
Nurse (RN)	9.0	9.0	8.0	8.0	8.6	8.6	8.6	8.6	8.6	8.5
Finance Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Professionals	25.9	26.5	26.1	28.7	29.1	26.6	24.4	21.4	22.5	19.0
Instructional Assistants	251.5	244.3	229.2	222.2	216.9	207.2	200.9	199.1	179.6	177.0
Office/Clerical Personnel	114.1	113.5	115.6	118.9	120.0	120.1	115.3	118.5	121.2	127.0
Crafts & Trades Personnel	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	24.0	25.0
Operative Personnel	36.9	34.6	33.1	35.4	36.8	35.4	32.7	29.1	22.0	20.0
Laborers	13.0	13.0	13.0	13.0	13.0	13.0	13.0	14.0	13.0	14.0
Service Workers	76.5	77.5	77.5	79.9	80.0	80.9	78.8	78.1	77.1	80.3
Subtotal	<u>549.9</u>	<u>541.4</u>	<u>525.5</u>	<u>529.1</u>	<u>527.4</u>	<u>514.8</u>	<u>496.7</u>	<u>491.8</u>	<u>469.0</u>	<u>471.8</u>
 Total	 <u>1,599.50</u>	 <u>1,585.50</u>	 <u>1,569.30</u>	 <u>1,586.30</u>	 <u>1,602.5</u>	 <u>1,572.2</u>	 <u>1,544.8</u>	 <u>1,523.3</u>	 <u>1,485.0</u>	 <u>1,520.8</u>

Source: District records

SIoux CITY COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures*</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenses**</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>% of Students Receiving Free or Reduced Price Meals</u>
2003	14,261	\$ 104,925,912	\$ 7,358	5.57%	\$ 126,697,820	\$ 8,884	6.96%	944	15.11	N/A
2004	14,405	106,179,179	7,371	0.18%	113,597,265	7,886	-11.24%	913	15.78	N/A
2005	14,276	111,724,378	7,826	6.17%	118,770,373	8,320	5.50%	911	15.67	N/A
2006	14,139	115,235,004	8,150	4.14%	124,128,629	8,779	5.52%	936	15.11	N/A
2007	14,049	121,568,704	8,653	6.17%	131,202,121	9,339	6.38%	946	14.85	48.27%
2008	13,898	131,727,074	9,478	9.53%	143,207,007	10,304	10.34%	964	14.42	50.37%
2009	13,735	134,081,223	9,762	3.00%	149,409,154	10,878	5.57%	950	14.46	51.03%
2010	13,873	136,873,646	9,866	1.07%	151,778,894	10,941	0.58%	939	14.77	52.60%
2011	13,823	141,200,600	10,215	3.54%	159,094,343	11,509	5.19%	939	14.72	58.73%
2012	13,529	146,002,754	10,792	5.66%	162,315,083	11,998	4.23%	943	14.35	60.77%

Source: District financial records.

Notes:

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

\*\* Expenses are total school district expenses from the Statement of Activities.

N/A: Information not available.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

CERTIFIED TEACHING STAFF SALARIES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
2003	\$ 26,180	\$ 53,684	\$ 42,759
2004	26,755	54,845	44,145
2005	27,055	55,501	44,363
2006	27,712	56,878	45,380
2007	28,534	58,539	48,826
2008	29,409	62,481	51,753
2009	30,249	64,403	55,199
2010	30,739	65,393	55,871
2011	30,739	66,018	56,315
2012	30,984	66,513	56,900

**Source:** District financial records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Elementary:</b>										
Bryant (1890)										
Square Feet	43,251	43,251	43,251	43,251	43,251	43,251	43,251	43,251	38,275	38,275
Enrollment	416	431	468	453	453	441	433	433	450	455
Clark (1957)										
Square Feet	27,079	27,079	27,079	27,079	27,079	27,079	27,079	27,079	23,980	23,980
Enrollment	246	237	223	240	240	231	238	238	272	276
Crescent Park (1920)										
Square Feet	52,563	52,563	52,563	52,563	52,563	52,563	52,563	52,563	39,205	39,205
Enrollment	320	340	302	236	236	262	255	255	254	234
Emerson (1921)										
Square Feet	27,964	27,964	27,964	27,964	27,964	27,964	27,964	27,964	25,622	25,622
Enrollment	270	272	260	226	226	227	231	231	193	211
Everett (1888)										
Square Feet	24,071	24,071	24,071	24,071	24,071	24,071	24,071	24,071	30,021	30,021
Enrollment	337	351	328	300	300	297	324	324	307	-
Grant (1925)										
Square Feet	21,238									
Enrollment	116	closed								
Hawthorne (1891)										
Square Feet	42,411	42,411	42,411	42,411	42,411	42,411	42,411			
Enrollment	264	256	244	225	225	196	closed			
Hunt (1906)										
Square Feet	29,596	29,596	29,596	29,596	29,596	29,596	29,596	29,596	33,618	33,618
Enrollment	290	272	269	221	221	234	240	240	280	280
Irving (2005)										
Square Feet	26,861	26,861	26,861	88,000	88,000	88,000	88,000	88,000	92,567	92,567
Enrollment	365	362	337	621	621	607	659	659	706	635
Joy (1912)										
Square Feet	25,481	25,481	25,481	25,481	25,481	25,481	25,481	25,481	27,499	27,499
Enrollment	239	266	275	264	264	256	264	264	257	255
Leeds (1938)										
Square Feet	48,374	48,374	48,374	48,374	48,374	48,374	96,000	96,000	96,677	96,677
Enrollment	245	236	225	232	232	230	565	565	580	602
Liberty (2012)										
Square Feet										114,392
Enrollment										711

Source: District records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(CONTINUED)

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Elementary:</b>										
Lincoln (1953)										
Square Feet	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	27,254	27,254
Enrollment	268	267	265	269	269	286	243	243	289	307
Longfellow (1893)										
Square Feet	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	33,159	33,159
Enrollment	285	273	265	291	291	288	312	312	292	287
Lowell (1910)										
Square Feet	23,240	23,240	23,240	23,240	23,240	23,240				
Enrollment	257	263	252	231	231	213	closed			
McKinley (1921)										
Square Feet	19,820	19,820	19,820	19,820	19,820	19,820				
Enrollment	210	244	217	222	222	222	closed			
Nodland (1969)										
Square Feet	29,391	29,391	29,391	29,391	29,391	29,391	29,391	29,391	30,080	30,080
Enrollment	199	198	191	187	187	218	213	213	249	244
Riverside (1958)										
Square Feet	59,518	59,518	59,518	59,518	59,518	59,518	59,518	59,518	61,314	61,314
Enrollment	470	496	474	388	388	412	382	382	390	314
Roosevelt (1920)										
Square Feet	22,697	22,697	22,697	22,697	22,697	22,697	22,697	22,697	25,270	25,270
Enrollment	231	217	226	196	196	229	242	242	250	243
Smith (1899)										
Square Feet	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462	35,462	-
Enrollment	347	390	405	361	361	337	365	365	354	Closed
Sunnyside (1957)										
Square Feet	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771	22,765	22,765
Enrollment	193	190	199	210	210	203	196	196	212	198
Unity (2008)										
Square Feet							92,000	92,000	92,000	92,000
Enrollment							408	408	474	479
Washington (1921)										
Square Feet	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	34,154	34,154
Enrollment	396	399	407	403	403	417	410	410	381	378
Whittier (1902)										
Square Feet	33,693	33,693	33,693	33,693	33,693	33,693	33,693	33,693	41,606	41,606
Enrollment	315	387	373	380	380	405	343	343	355	365

Source: District records.

SIoux CITY COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(CONTINUED)

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Middle Schools:</b>										
East Middle School (2002)										
Square Feet	198,000	198,000	198,000	198,000	198,000	198,000	198,000	198,000	198,000	198,000
Enrollment	1,021	965	960	938	938	956	944	944	1,041	1,042
North Middle School (2005)										
Square Feet			198,000	198,000	198,000	198,000	198,000	198,000	198,000	198,000
Enrollment			1,197	1,158	1,158	1,118	1,080	1,080	1,040	986
West Middle School (2001)										
Square Feet	168,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Enrollment	859	980	1,063	965	965	925	886	886	859	884
Hoover Middle School (1964)										
Square Feet	59,092	59,092								
Enrollment	522	499	closed							
Woodrow Wilson Middle (1925)										
Square Feet	115,811	115,811								
Enrollment	748	776	closed							
<b>High Schools:</b>										
East High School (1972)										
Square Feet	209,876	209,876	209,876	209,876	209,876	209,876	209,876	209,876	239,876	239,876
Enrollment	1,271	1,273	1,272	1,259	1,259	1,261	1,264	1,264	1,294	1,199
North High School (1972)										
Square Feet	210,954	210,954	210,954	210,954	210,954	210,954	210,954	210,954	240,954	240,954
Enrollment	1,341	1,391	1,463	1,438	1,438	1,488	1,369	1,369	1,439	1,305
West High School (1972)										
Square Feet	213,966	213,966	213,966	213,966	213,966	213,966	213,966	213,966	243,966	243,966
Enrollment	1,307	1,325	1,279	1,287	1,287	1,228	1,176	1,176	1,248	1,174
Central Campus (1951)										
Square Feet	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612	119,612	-
Enrollment	429	357	355	329	329	228	277	277	Closed	
Harry Hopkins Center (2011) Career Academy										
Square Feet									15,000	15,000

Source: District records.

SIOUX CITY COMMUNITY SCHOOL DISTRICT

HISTORICAL RETAIL SALES IN WOODBURY COUNTY

<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>March 31</u>	<u>Sales</u>
2003	\$ 1,143,254,465
2004	1,166,768,177
2005	1,193,115,717
2006	1,239,908,750
2007	1,255,481,141
2008	1,389,519,496
2009	1,435,082,705
2010	1,412,347,496
2011	1,450,964,146
2012	1,504,848,899

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

SIoux CITY COMMUNITY SCHOOL DISTRICT

SALES TAX REVENUE

<u>Fiscal Year</u>		<u>Revenue</u>
2003	\$	9,132,607
2004		8,744,283
2005		9,254,822
2006		9,491,719
2007		11,083,850
2008		10,917,911
2009		11,340,639
2010		10,381,619
2011		11,096,938
2012		11,654,660

SIOUX CITY COMMUNITY SCHOOL DISTRICT

OUTSTANDING GENERAL OBLIGATION DEBT (PRINCIPAL AND INTEREST)

<u>Fiscal</u> <u>Year</u>	<u>Capital</u> <u>Loan Notes</u>	<u>Total</u>
2013	\$ 183,207	\$ 183,207
2014	182,316	182,316
2015	181,247	181,247
Totals	<u>\$ 546,770</u>	<u>\$ 546,770</u>

## SIOUX CITY COMMUNITY SCHOOL DISTRICT

## DEBT ANNUAL MATURITY SCHEDULE

Sales Tax 2006B			
Fiscal Year	Principal	Interest	Total
2013	\$ 4,650,000	\$ 668,419	\$ 5,318,419
2014	4,785,000	492,919	5,277,919
2015	4,975,000	302,700	5,277,700
2016	3,830,000	102,200	3,932,200
Totals	\$ 18,240,000	\$ 1,566,238	\$ 19,806,238

Sales Tax 2007			
Fiscal Year	Principal	Interest	Total
2013	\$ -	\$ 600,000	\$ 600,000
2014	-	600,000	600,000
2015	-	600,000	600,000
2016	1,300,000	600,000	1,900,000
2017	5,330,000	495,100	5,825,100
2018-2019	8,370,000	336,800	8,706,800
Totals	\$ 15,000,000	\$ 3,231,900	\$ 18,231,900

Sales Tax 2008			
Fiscal Year	Principal	Interest	Total
2013	\$ -	\$ 510,625	\$ 510,625
2014	-	510,625	510,625
2015	-	510,625	510,625
2016	-	510,625	510,625
2017	-	510,625	510,625
2018-2022	2,490,000	2,383,028	4,873,028
2023-2027	5,080,000	1,350,389	6,430,389
2028-2029	2,430,000	134,708	2,564,708
Totals	\$ 10,000,000	\$ 6,421,250	\$ 16,421,250

Qualified School Construction Bonds, Series 2009			
Fiscal Year	Principal	Interest	Total
2013	\$ -	\$ 201,000	\$ 201,000
2014	-	201,000	201,000
2015	-	201,000	201,000
2016	-	201,000	201,000
2017	-	201,000	201,000
2018-2022	-	1,005,000	1,005,000
2023-2026	7,500,000	703,500	8,203,500
Totals	\$ 7,500,000	\$ 2,713,500	\$ 10,213,500

Sales Tax 2010			
Fiscal Year	Principal	Interest	Total
2013	\$ -	\$ 600,000	\$ 600,000
2014	-	600,000	600,000
2015	-	600,000	600,000
2016	-	600,000	600,000
2017	-	600,000	600,000
2018-2022	-	3,000,000	3,000,000
2023-2027	-	3,000,000	3,000,000
2028-2030	15,000,000	1,082,000	16,082,000
Totals	\$ 15,000,000	\$ 10,082,000	\$ 25,082,000

Sales Tax 2012			
Fiscal Year	Principal	Interest	Total
2013	\$ -	\$ 282,835	\$ 282,835
2014	-	308,548	308,548
2015	-	308,548	308,548
2016	-	308,548	308,548
2017	-	308,548	308,548
2018-2022	-	1,542,740	1,542,740
2023-2027	5,895,000	1,505,315	7,400,315
2028-2030	4,105,000	92,498	4,197,498
Totals	\$ 10,000,000	\$ 4,657,580	\$ 14,657,580

General Obligation Capital Loan Notes			
Fiscal Year	Principal	Interest	Total
2013	\$ 165,000	\$ 18,207	\$ 183,207
2014	170,000	12,316	182,316
2015	175,000	6,247	181,247
Totals	\$ 510,000	\$ 36,770	\$ 546,770

Summary - Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2013	\$ 4,815,000	\$ 2,881,086	\$ 7,696,086
2014	4,955,000	2,725,408	7,680,408
2015	5,150,000	2,529,120	7,679,120
2016	5,130,000	2,322,373	7,452,373
2017	5,330,000	2,115,273	7,445,273
2018-2022	10,860,000	8,267,568	19,127,568
2023-2027	18,475,000	6,559,204	25,034,204
2028-2030	21,535,000	1,309,206	22,844,206
Totals	\$ 76,250,000	\$ 28,709,238	\$ 104,959,238

## SIOUX CITY COMMUNITY SCHOOL DISTRICT

## ESTIMATED DEBT SERVICE AND COVERAGE ON THE BONDS

Fiscal Year	Without Revenue Growth			
	Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2012	\$ 11,625,383	\$ 4,443,020	\$ 2,740,639	\$ 1.62
2013	11,614,523	5,123,020	2,862,880	1.45
2014	11,615,874	5,258,020	2,713,093	1.46
2015	11,615,874	5,448,020	2,522,874	1.46
2016	11,615,874	5,603,020	2,322,374	1.47
2017	11,615,874	5,803,020	2,115,274	1.47
2018	11,615,874	5,998,020	1,900,074	1.47
2019	11,615,874	3,318,020	1,677,074	2.33
2020	11,615,874	1,263,020	1,602,201	4.05
2021	11,615,874	1,303,020	1,564,516	4.05
2022	11,615,874	1,343,020	1,523,706	4.05
2023	11,615,874	1,388,020	1,479,962	4.05
2024	11,615,874	1,433,020	1,433,316	4.05
2025	11,615,874	1,488,020	1,383,433	4.05
2026	11,615,874	1,065,000	1,229,094	5.06
2027	11,615,874	7,020,000	1,033,401	1.44
2028	11,615,874	8,115,000	775,914	1.31
2029	11,615,874	9,095,000	447,456	1.22

Fiscal Year	With 2 Percent Revenue Growth			
	Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2012	\$ 11,625,383	\$ 4,443,020	\$ 2,740,639	\$ 1.62
2013	11,835,465	5,123,020	2,862,880	1.48
2014	11,986,868	5,258,020	2,713,093	1.50
2015	12,103,806	5,448,020	2,522,874	1.52
2016	12,289,844	5,603,020	2,322,374	1.55
2017	12,549,369	5,803,020	2,115,274	1.58
2018	12,801,432	5,998,020	1,900,074	1.62
2019	13,057,461	3,318,020	1,677,074	2.61
2020	13,318,610	1,263,020	1,602,201	4.65
2021	13,584,982	1,303,020	1,564,516	4.74
2022	13,856,682	1,343,020	1,523,706	4.83
2023	14,133,815	1,388,020	1,479,962	4.93
2024	14,416,492	1,433,020	1,433,316	5.03
2025	14,704,821	1,488,020	1,383,433	5.12
2026	14,998,918	1,065,000	1,229,094	6.54
2027	15,298,896	7,020,000	1,033,401	1.90
2028	15,604,874	8,115,000	775,914	1.76
2029	15,916,972	9,095,000	447,456	1.67

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



Sioux City  
Community  
Schools

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SIOUX CITY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Direct:			
U.S. Department of Education:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		\$ 54,126
Total Direct			<u>\$ 54,126</u>
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY12	\$ 847,657
National School Lunch Program	10.555	FY12	<u>3,918,384</u> *
Total Child Nutrition Cluster			\$ 4,766,041
Fresh Fruit and Vegetable Program	10.582	FY12	<u>236,200</u>
Total U.S. Department of Agriculture			<u>\$ 5,002,241</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY12	\$ 5,239,059
ARRA - Title I Grants to Local Educational Agencies	84.389	FY12	<u>604,203</u>
Total Title I, Part A Cluster			<u>\$ 5,843,262</u>
Career and Technical Education - Basic Grants to States	84.048	FY12	211,860
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY12	84,995
Safe and Drug-Free Schools and Communities - National Programs	84.184	FY12	27,332
Education of Homeless Children and Youth	84.196	FY12	21,964
Even Start-State Educational Agencies	84.213	FY12	10,600
Educational Technology State Grants	84.318	FY12	97,053
Advanced Placement Program	84.330	FY12	3,393
English Language Acquisition Grants	84.365	FY12	196,862
Improving Teacher Quality State Grants	84.367	FY12	641,865
Grants for State Assessments and Related Activities	84.369	FY12	70,096
ARRA - Education Jobs Fund	84.410	FY12	2,092,105
Special Education Cluster (IDEA):			
Passed through Iowa Department of Education:			
Special Education - Grants to States	84.027	FY12	\$ 357,066
Passed through Northwest Area Education Agency:			
Special Education - Grants to States	84.027	FY12	<u>822,277</u>
Total Special Education Cluster (IDEA)			<u>\$ 1,179,343</u>
Total Department of Education			<u>\$ 10,480,730</u>
Total Indirect			<u>\$ 15,482,971</u>
Total Federal Expenditures			<u>\$ 15,537,097</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation:

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

\* - includes \$383,502 of non-cash awards.

SIOUX CITY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance that is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Child Nutrition Cluster:
    - CFDA Number 10.553 School Breakfast Program
    - CFDA Number 10.555 National School Lunch Program
  - Special Education Cluster (IDEA):
    - CFDA Number 84.027 Special Education - Grants to States
    - CFDA Number 84.410 ARRA - Education Jobs Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$466,113.
- (i) The Sioux City Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Material Weakness:

II-A-12 Criteria - Monthly bank reconciliations should be prepared for all District bank accounts.

Condition - During the year, the District prepared monthly bank reconciliations timely for all of the District's accounts except for the main sweep account. The main sweep account was reconciled through December 31, 2011 and a year end reconciliation was prepared.

Context - Per inquiries it was noted that the sweep account was not reconciled to the monthly bank statement consistently and/or timely.

Effect - The sweep account balance in the general ledger was not consistently and/or timely reconciled to the bank balance monthly.

Cause - The sweep account bank reconciliation was not performed monthly due to time constraints.

SIoux CITY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

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

Recommendation - We recommend the accounting department review their responsibilities and the adequacy of their resources in order to assign the sweep account bank reconciliation responsibility to the appropriate personnel.

Views of Responsible Officials and Planned Corrective Actions - The accounting department will review their workloads and reallocate resources accordingly.

Instances of Non-Compliance:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

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 exceeded the certified budget amount in the support services and non-instructional programs functions.

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

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

Conclusion - Response accepted.

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

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

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

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

Conclusion - Response accepted.

SIoux CITY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

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

IV-G-12 Certified Enrollment - The Iowa Department of Education identified variances in the 2011-2012 Certified Enrollment.

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

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

IV-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

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

IV-J-12 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-12 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-12 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2012 audit.

Beginning balance	\$	14,498,830
Statewide sales, services and use tax		11,625,383
Expenditures/transfers out:		
School infrastructure:		
Buildings, equipment and other improvements	\$	(11,143,604)
Debt service for school infrastructure:		
Revenue debt		(7,153,179)
		(18,296,783)
Ending balance	\$	7,827,430

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.



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

To the Board of Education  
Sioux City Community School District

Compliance

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

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

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

Internal Control Over Compliance

Management of the Sioux City Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sioux City Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-33, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sioux City Community School District's internal control over compliance.



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

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

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the Sioux City Community School District's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Sioux City Community School District's compliance but not to provide an opinion on the effectiveness of the Sioux City Community School District's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sioux City Community School District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Sioux City, Iowa  
February 12, 2013

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



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

To the Board of Education  
Sioux City Community School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux City Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 12, 2013. 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 the Sioux City Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sioux City Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sioux City Community School District's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Item II-A-12).

Compliance and Other Matters

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



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

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

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

Sioux City, Iowa  
February 12, 2013

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