

**NORTH SCOTT  
COMMUNITY  
SCHOOL DISTRICT**

Eldridge, Iowa



**Comprehensive Annual  
Financial Report  
For The Fiscal Year  
Ended June 30, 2018**



Comprehensive Annual Financial Report of the

North Scott Community School District  
Eldridge, Iowa

For the Fiscal Year Ended June 30, 2018

Official Issuing Report  
Jill Van Roekel – Director of Business Affairs

Office Issuing Report  
Business Office

**Notice**

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

*Kelly Rohlif, Equity Coordinator*

*308 North Main Street  
Donahue, Iowa 52746*

*563-282-9627*



INTRODUCTORY SECTION



# North Scott Community Schools

**THIS PAGE INTENTIONALLY LEFT BLANK**

## Table of Contents

---

### INTRODUCTORY SECTION (UNAUDITED)

---

Letter of transmittal	i - vii
Certificate of excellence	viii
Certificate of achievement for excellence	ix
Organizational chart	x
Board of Education and School District Administration	xi
Consultants and advisors	xii

---

### FINANCIAL SECTION

---

Independent auditor's report	1 - 3
Management's discussion and analysis	4 - 15
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	16 - 17
Statement of activities	18 - 19
Governmental fund financial statements:	
Balance sheet governmental funds	20
Reconciliation of the balance sheet – governmental funds to statement of net position	21
Statement of revenues, expenditures and changes in fund balances - governmental funds	22
Reconciliation of the statement of revenues, expenditures and changes in fund balances – governmental funds to the statement of activities	23
Proprietary fund financial statements:	
Statement of net position proprietary funds	24
Statement of revenues, expenses and changes in net position proprietary funds	25
Statement of cash flows proprietary funds	26 - 27
Fiduciary fund financial statements:	
Statement of assets and liabilities fiduciary fund	28
Notes to basic financial statements	29 - 56
Required supplementary information:	
Budgetary comparison schedule of revenues, expenditures/expenses and Changes in balances – actual to budget – all governmental funds and enterprise funds	57 - 58
Schedule of changes in the District's total OPEB liability and related ratios	59
Iowa Public Employees' Retirement System:	
Schedule of the District's proportionate share of the net pension liability	60
Schedule of District contributions	61 - 62
Notes to required supplementary information	63 - 64
Other supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	65
Combining statement of revenues, expenditures and changes in fund balances	66
Capital projects funds:	
Schedule of combining balance sheet, by account	67
Schedule of combining statement of revenues, expenditures and changes in fund balances, by account	68
Agency fund:	
Statement of changes in assets and liabilities	69

---

---

**STATISTICAL SECTION (UNAUDITED)**

---

Statistical section contents	70
Net position by component	71 - 72
Expenses, program revenues and net (expense) revenue	73 - 74
General revenues and total change in net position	75 - 76
Fund balances, governmental funds	77 - 78
Governmental funds revenues	79 - 80
Governmental funds expenditures and debt service ratio	81 - 82
Other financing sources and uses and net change in fund balances, governmental funds	83 - 84
Assessed value and actual value of taxable property	85
Direct and overlapping property tax rates	86 - 87
Principal property tax payers	88
Property tax levies and collections	89
Outstanding debt by type	90
Ratio of net bonded debt to assessed values	91
Ratio of annual debt service principal and interest for general bonded debt to total general expenditures	92
Legal debt margin information	93 - 94
Direct and overlapping governmental activities debt	95
Pledged revenue coverage	96
Demographic and economic statistics	97
Principal employers	98
Full-time equivalent district employees by type	99 - 100
Operating statistics	101 - 102
Free and reduced students	103
School building information	104 - 105
Capital asset information	106 - 107
Miscellaneous demographic statistics	108 - 113
Property values, construction and bank deposits	114
Enrollment by grade and certified enrollment	115 - 116
Schedule of insurance coverage	117 - 118
History of state aid payments	119
Local regular program budget vs. teacher settlements, new money	120
Average salary by education level	121 - 122
Total package settlement	123 - 124
Financial solvency ratio	125

---

**COMPLIANCE SECTION**

---

Schedule of expenditures of federal awards	126
Notes to schedule of expenditures of federal awards	127
Summary schedule of prior audit findings	128
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	129 - 130
Independent auditor's report on compliance for each major federal program and report on Internal control over compliance required by the Uniform Guidance	131 - 132
Schedule of findings and questioned costs	133 - 136
Corrective action plan	137



. . . . a commitment to the community.

December 19, 2018

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

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the North Scott Community School District, (the "District") for the year ending June 30, 2018. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

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

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

#### Management Responsibility

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

### Basis of Accounting and Accounting System

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

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

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

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

### Profile of the Government

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

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

The District provides a full range of educational services for residents of the North Scott Community School District appropriate to students in early childhood and grades kindergarten through twelve. The District serves approximately 3,100 students. These services include basic, regular and enriched academic education, specialized education for handicapped children, vocational education and many individualized programs such as specialized instruction for students at-risk.

### Debt Administration

As of June 30, 2018 the District had \$12,605,000 of debt applicable to its legal debt margin. This amount is well below the District's bonding capacity of \$53,090,824.

## Financial Policies

The District invests in only those securities allowed by the Code of Iowa, Chapter 12C. Because of the timing of the state aid payments, a portion of the available cash must be kept in very liquid accounts. To maximize investment return, the District invests in a bank Sweep Account with an average rate of 2.01%, a Savings Account with an average rate of 1.96%, TELF with an average rate of 1.03% and TELF Plus with a year-end rate of 2.03%. Interest revenue of \$371,986 was earned on all investments for the fiscal year ending June 30, 2018. This represents an increase of \$228,259 or 106%. The increase in revenue is attributed to higher interest rates.

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

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

## Budgeting

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

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

## Enrollment Projections

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

## Age of School Buildings

The District was incorporated in 1956. A high school was completed in 1958, followed by the construction of five elementary buildings and a Jr. High building between 1967 and 1976. Major building additions were completed on all seven educational buildings between 1998 and 2000. Major building additions and improvements took place during 2013-2017 at Edward White, Alan Shepard Elementary, John Glenn Elementary, the Jr. High and High School. In 2017-2018 the Lancer Athletic Building was completed, the High School kitchen and cafeteria was remodeled and renovations began on the High School auditorium.

## Major Initiatives and Achievements

Despite pressures from financial challenges, the 2017-2018 school year was a year of growth, achievement and change. Following are some of the major accomplishments or initiatives from the 2017-2018 year.

- The District continues with a partnership with the Mississippi Bend AEA and University of Northern Iowa's Jacobsen Center for Literacy to train K-6 building literacy coaches. Coaches' responsibilities include coaching, modeling and providing professional development for teachers to improve their instructional expertise. The fifth cohort of teachers started their training in Reading interventions through this program this year.
- Secondary coaches completed Cognitive Coaching training to enhance their coaching conversation skills.
- The District is involved with professional development opportunities focusing on the Iowa Core and Common Core, especially in the core areas of Literacy, Math, and Science. Social Studies was added this year with the release of the state standards. Many non-core areas have been added to this work.
- Professional Learning Communities have been established district-wide and continue to be a focus for our staff.
- The District assessed students in grades 3-10 on the Measures of Academic Progress assessment. This is a computerized individual growth assessment in Reading and Math. We use this data in grades 5-10 to look at projections for college and career readiness.
- The 2018 National History Day theme was "Conflict and Compromise." Thirty-seven students presented at the state level and five students represented North Scott at the 39th National History Day competition in June 2018. Over 3,000 students from around the world are represented at the National History Day competition.
- Spanish I is now being offered as an elective at the Junior High. Students can earn the opportunity to take Spanish II when they enter the High School.
- Every school faculty is in the process of fully implementing Multi-Tiered System of Supports (MTSS) to respond to individual student's needs in an organized, systematic manner using the multiple resources available within the school, District, and community.
- Every school building has reading specialists to assist with literacy remediation. Each receives on-going professional development.
- Continuation of a web-based student records/management system allows parents to view student assignments, grades and progress.
- 1:1 has been extended down to the 6<sup>th</sup> grade level. All 5<sup>th</sup>-12<sup>th</sup> graders now have a device.
- Apex, a credit recovery program, is offered to students at the high school.

District efforts are focused on supporting and increasing student learning. Listed below is information on student achievement for 2017-18:

- 80% of 4th grade students were proficient in reading.
- 86% of 4th grade students were proficient in math.
- 86% of the 8th grade students were proficient in reading.
- 80% of the 8th grade students were proficient in math.
- 11th grade had 78% of students proficient in reading, and 88% proficient in math.
- The dropout rate of students in grades 7-12 in 2016-2017 was 1.06% (latest data available).
- 100% of 2016-2017 North Scott graduates completed a core program of 4 years of English, and 3 years each of math, science, and social studies.
- The North Scott 2017-2018 grades K-8 Average Daily Attendance rate was 96%.
- The 2017 graduation rate for the North Scott Community School District was 89.8% (latest data available.)
- 88.7% of 2018 graduating seniors indicated they intended to pursue post-secondary education or training.

#### Economic Condition and Outlook

The District's General Fund Balance increased by \$894,769, and the Unassigned Fund Balance increased by \$756,201. This change in the Unassigned Fund Balance is due primarily to a \$700,000 cash reserve levy.

The District's solvency ratio for 2017-2018 is 17.66%, compared to 15.37% in 2016-2017. It is recommended the District have a solvency ratio of no more than 25%.

A revenue purpose statement was approved in September 2012. This will allow the District to plan and improve District facilities over the next 10 to 15 years.

The Iowa school funding formula is a complex formula that is pupil driven and increasing total spending authority occurs by increasing the number of pupils or increasing the cost per pupil. Enrollment decreased 0.9% from 3,062.05 in 2017-2018 to 3,035.10 in 2018-2019. The October 2018 certified count increased slightly to 3,077.3. The cost per pupil for 2017-18 was \$6,664 and the cost per pupil for 2018-19 is \$6,736. The cost per pupil for 2019-20 is currently unknown.

Division VII of House File 215 established the Teacher Leadership and Compensation System, as well as the Teacher Leadership Supplement (TLS) of categorical funding. There was \$3.5 million of planning grants available for the 2013-2014 school year as well as \$50 million available per year for the 2014-15 through 2016-17 school years for phased-in entry to the program. The district was awarded this grant beginning in 2015-16. The cost per pupil for 2018-19 is \$326.50. The cost per pupil for 2019-20 is currently unknown.

During the 2018 Legislative session, Supplemental State Aid was set at 1.00 percent for 2018-2019, school districts were given more flexibility to use specific categorical funds, and operational sharing incentives were extended until FY25. Due to the continued low Supplemental State Aid and to balance the District budget, the District closed its print shop and moved to decentralized printing, applied for an operational sharing incentive for 2019-2020, and offered an early retirement incentive.

## Independent Audit

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

## Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials of the United States and Canada (ASBO) awarded a Certificate of Excellence in Financial Reporting to the North Scott Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The North Scott Community School District received these awards for the first time for its fiscal year 1983 ASBO Comprehensive Annual Financial Report and the 1985 GFOA Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded the Certificates, a governmental must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet program requirements for both awards and we are submitting it to ASBO and GFOA to determine its eligibility for each certificate.

## Other Matters

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

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

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

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

Very truly yours,



Jill Van Roekel  
Director of Business Affairs



Joe Stutting  
Superintendent of Schools



---

**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

---

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

**North Scott Community School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**



*Charles Peterson, Jr.*

*John D. Mueso*



Government Finance Officers Association

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

Presented to

**North Scott Community School District  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

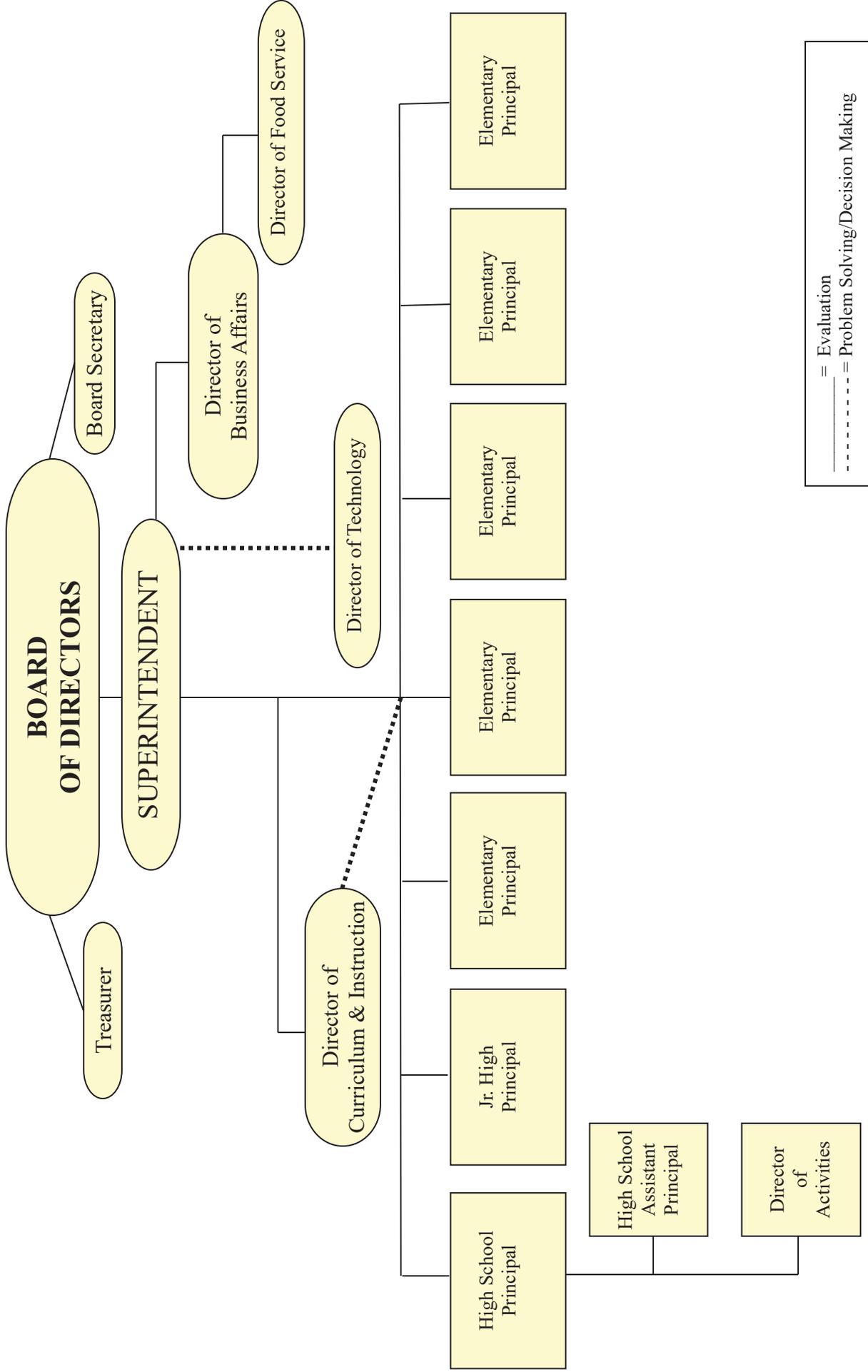
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# NORTH SCOTT COMMUNITY SCHOOL DISTRICT

## Organizational Chart



**North Scott Community School District**

**Board of Education and School District Administration  
Year Ended June 30, 2018**

---

Board of Education

---

	Title	Term Expires
Prior to September 2018		
John Maxwell	President	2019
Molly Bergfeld	Vice President	2019
Joni Dittmer	Director	2019
Glen Keppy	Director	2019
Tracy Lindaman	Director	2021
Mark Pratt	Director	2021
Don Wilmott	Director	2021
After September 2018		
Glen Keppy	President	2019
Tracy Lindaman	Vice President	2021
Joni Dittmer	Director	2019
Molly Bergfeld	Director	2019
John Maxwell	Director	2019
Mark Pratt	Director	2021
Donn Wilmott	Director	2021

School District Administration

---

Joe Stutting	Superintendent
Kristy Looney	Board Secretary
Steven Fahrenkrog	Treasurer
Jill Van Roekel	Director of Business Affairs
Sue Kane	Director of Curriculum & Instruction
Amy Guerrero	Director of Food Service
Shane Knoche	Principal
John Hawley	Principal
Bernadette Brustkern	Principal
Chad Ruth	Principal
Michael Kline	Principal
Tim Green	Principal
Kelly Rohlf	Principal
Frank Wood	Associate Principal
Jason Schroeder	Associate Principal

**North Scott Community School District**

**Consultants and Advisors**

**Year Ended June 30, 2018**

---

**Certified Public Accountants**

Bohnsack & Frommelt LLP  
1500 River Drive, Suite 200  
Moline, Illinois 61265

**Financial Consultants**

Public Financial Management, Inc.  
801 Grand Avenue, Suite 3300  
Des Moines, Iowa 50309

**Personnel Services**

Lynch Dallas, PC  
526 Second Avenue SE  
Cedar Rapids, Iowa 52406

**Official Depositories**

US Bank  
PO Box 940  
Davenport, Iowa 52805-0940

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

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

**Bond Attorneys**

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

**General Counsel**

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

**Insurance Consultants**

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

**Official Depositories**

First Central State Bank  
PO Box 119  
DeWitt, Iowa 52742

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

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

FINANCIAL SECTION



# North Scott Community Schools

**THIS PAGE INTENTIONALLY LEFT BLANK**



## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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 North Scott Community School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the District's net positions for governmental activities and business-type activities has been restated. Our opinions are not modified with respect to this matter.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's total OPEB liability and related ratios, budgetary comparison information, schedule of the District's proportionate share of the net pension liability for the pension retirement system and schedule of the District contributions for the pension retirement system on pages 4–15 and 57-64 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.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information, including the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bohnsack & Frommelt LLP*

Moline, Illinois  
December 19, 2018

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **North Scott Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2018**

---

North Scott Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

#### **2018 FINANCIAL HIGHLIGHTS**

- The District showed an increase in net position of \$2,752,090 during the year ended June 30, 2018.
- The District's General Fund balance increased by \$894,769, the unassigned fund balance increased by \$888,143 and the nonspendable/restricted/assigned fund balance increased by \$6,626. The increase in the unassigned fund balance is primarily due to the increase in unrestricted state and federal grants.

#### **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 position and a statement of activities. These provide information about the activities of North Scott Community School District as a whole and present an overall view of the District's finances.
- The fund financial statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report North Scott Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which North Scott Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.
- Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of the District's total OPEB liability and related ratios, and the District's proportionate share of net pension liability and related pension contributions.
- Other supplementary information provides detailed information about the nonmajor funds.

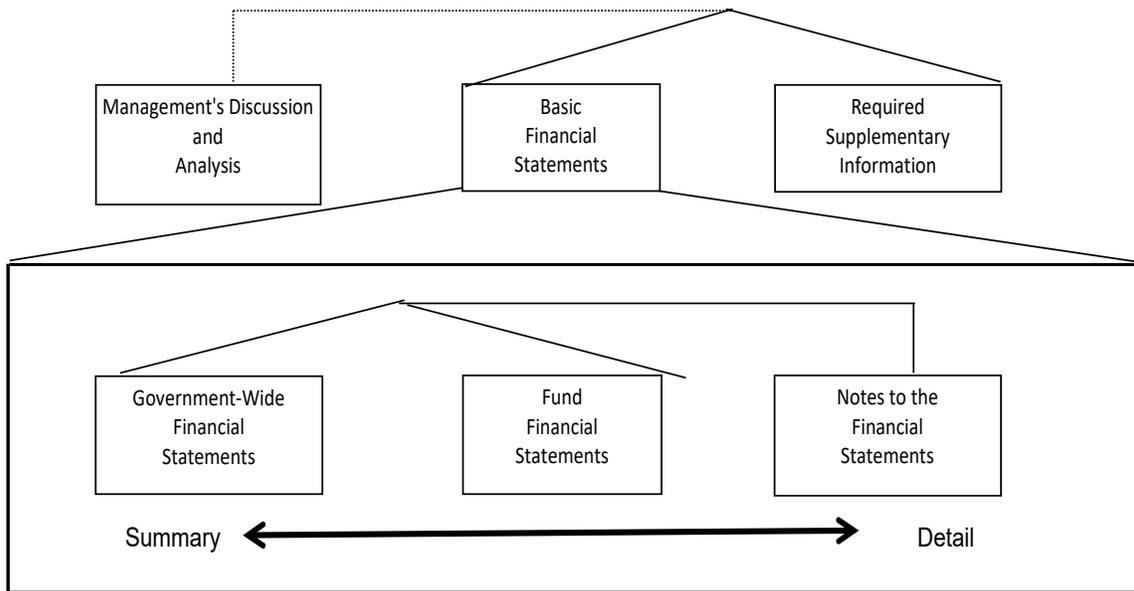
**North Scott Community School District**

**Management's Discussion and Analysis  
Year Ended June 30, 2018**

---

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

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



**North Scott Community School District**

**Management’s Discussion and Analysis  
Year Ended June 30, 2018**

---

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

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

## North Scott Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

---

#### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

##### Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources. 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 position and how they have changed. Net position is one way to measure the District's financial position. Over time, increases or decreases in the District's net position is an indicator of whether the financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

##### Fund Financial Statements

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

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

The District has three kinds of funds:

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

## North Scott Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

---

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

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

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

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

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

*Agency fund*—These are funds for which the District accounts for revenues and expenditures of other various club accounts.

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

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

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

# North Scott Community School District

## Management's Discussion and Analysis Year Ended June 30, 2018

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position – Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2018 compared to June 30, 2017.

**Figure A-3 Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total District		Total
	Restated		Restated		Restated		Percentage Change 2017-18
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
Current and other assets	\$ 41,930,292	\$ 40,963,779	\$ 734,974	\$ 1,230,837	\$ 42,665,266	\$ 42,194,616	1.1%
Capital assets	44,282,606	40,676,677	760,303	209,174	45,042,909	40,885,851	10.2%
<b>Total assets</b>	<b>86,212,898</b>	<b>81,640,456</b>	<b>1,495,277</b>	<b>1,440,011</b>	<b>87,708,175</b>	<b>83,080,467</b>	<b>5.6%</b>
Deferred outflows of resources	5,772,637	5,400,174	182,316	164,102	5,954,953	5,564,276	7.0%
Long-term liabilities	32,713,729	32,319,098	664,070	630,422	33,377,799	32,949,520	1.3%
Other liabilities	5,497,400	5,478,236	62,194	66,415	5,559,594	5,544,651	0.3%
<b>Total liabilities</b>	<b>38,211,129</b>	<b>37,797,334</b>	<b>726,264</b>	<b>696,837</b>	<b>38,937,393</b>	<b>38,494,171</b>	<b>1.2%</b>
Deferred inflows of resources	15,999,922	14,186,512	25,596	15,933	16,025,518	14,202,445	12.8%
Net position:							
Net investment in capital assets	31,471,058	26,866,583	760,303	209,174	32,231,361	27,075,757	19.0%
Restricted	10,693,400	13,011,813	-	-	10,693,400	13,011,813	-17.8%
Unrestricted	(4,389,974)	(4,821,612)	165,430	682,169	(4,224,544)	(4,139,443)	2.1%
<b>Total net position</b>	<b>\$ 37,774,484</b>	<b>\$ 35,056,784</b>	<b>\$ 925,733</b>	<b>\$ 891,343</b>	<b>\$ 38,700,217</b>	<b>\$ 35,948,127</b>	<b>7.7%</b>

The District's combined net position increased by 7.7 percent or \$2,752,090 from the prior year net position as restated. The increase in net position was due primarily to the increase in capital assets from projects in progress and completed with the proceeds of the revenue bonds issued at the beginning of fiscal year 2014.

The net investment in capital assets (e.g., land, construction in progress, infrastructure, buildings and equipment), less the related debt increased \$5,155,604 or 19.0 percent. The District's capital assets increased by \$4,157,058 which is net of accumulated depreciation expense totaling \$35,367,809. The District's capital related debt decreased \$980,000 from payments and \$18,546 from amortization of the premium on the revenue bonds.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$2,318,413 from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of \$4,139,443 to a deficit of \$4,224,544. The deficit in unrestricted net position is due to the net pension liability.

# North Scott Community School District

## Management's Discussion and Analysis Year Ended June 30, 2018

Figure A-4 shows the changes in net position for the year ended June 30, 2018 compared to June 30, 2017.

**Figure A-4 Changes in Net Position From Operating Results**

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2017-18
	Not Restated		Not Restated		Not Restated		
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 1,937,526	\$ 1,878,394	\$ 1,292,562	\$ 1,183,145	\$ 3,230,088	\$ 3,061,539	5.5%
Operating grants and contributions and restricted interest	5,466,292	5,461,241	692,284	726,895	6,158,576	6,188,136	-0.5%
Capital grants	114,209	-	-	-	114,209	-	0.0%
<b>General revenues:</b>							
Local tax	17,195,930	16,925,756	-	-	17,195,930	16,925,756	1.6%
Unrestricted state and federal revenues	15,196,967	15,188,270	-	-	15,196,967	15,188,270	0.1%
Other	382,467	277,721	33,256	33,034	415,723	310,755	33.8%
<b>Total revenues</b>	<b>40,293,391</b>	<b>39,731,382</b>	<b>2,018,102</b>	<b>1,943,074</b>	<b>42,311,493</b>	<b>41,674,456</b>	<b>1.5%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instruction	23,888,358	23,542,264	10,770	3,478	23,899,128	23,545,742	1.5%
Support services	12,064,093	12,701,659	161,904	159,176	12,225,997	12,860,835	-4.9%
Noninstructional	7,253	7,322	1,763,921	1,663,760	1,771,174	1,671,082	6.0%
Other expenditures	1,663,104	1,643,680	-	-	1,663,104	1,643,680	1.2%
<b>Total expenses</b>	<b>37,622,808</b>	<b>37,894,925</b>	<b>1,936,595</b>	<b>1,826,414</b>	<b>39,559,403</b>	<b>39,721,339</b>	<b>-0.4%</b>
<b>Excess of revenues over expenses before transfers</b>	<b>2,670,583</b>	<b>1,836,457</b>	<b>81,507</b>	<b>116,660</b>	<b>2,752,090</b>	<b>1,953,117</b>	<b>40.9%</b>
Transfers	47,117	51,717	(47,117)	(51,717)	-	-	0.0%
<b>Change in net position</b>	<b>2,717,700</b>	<b>1,888,174</b>	<b>34,390</b>	<b>64,943</b>	<b>2,752,090</b>	<b>1,953,117</b>	<b>40.9%</b>
Beginning net position, as restated	35,056,784	32,571,794	891,343	809,245	35,948,127	33,381,039	7.7%
Ending net position	\$ 37,774,484	\$ 34,459,968	\$ 925,733	\$ 874,188	\$ 38,700,217	\$ 35,334,156	9.5%

### Governmental activities:

Local tax and unrestricted state grants account for 80 percent of the total governmental activities revenue. The District's expenses primarily relate to instructional and support services which account for 96 percent of the total governmental activities expenses.

The increase in total revenue is primarily due to the increase in local taxes and charges for services.

Total expenses for governmental activities decreased by \$272,117. The decrease is primarily reflected in support services.

## North Scott Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

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

**Figure A-5 Net Cost of Governmental Activities**

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	Not Restated		Change	Not Restated		Change
	June 30, 2018	June 30, 2017	2017-2018	June 30, 2018	June 30, 2017	2017-2018
Instruction	\$ 23,888,358	\$ 23,542,264	1.45%	\$ 17,874,200	\$ 17,655,522	1.2%
Support services	12,064,093	12,701,659	-5.28%	11,878,369	12,528,086	-5.2%
Noninstructional	7,253	7,322	-0.95%	7,253	7,322	-0.9%
Other expenses	1,663,104	1,643,680	1.17%	344,959	364,360	-5.3%
<b>Total</b>	<b>\$ 37,622,808</b>	<b>\$ 37,894,925</b>	<b>-0.72%</b>	<b>\$ 30,104,781</b>	<b>\$ 30,555,290</b>	<b>-1.5%</b>

The cost financed by users of the District's programs for the year ended June 30, 2018 was \$1,937,526 compared to year ended June 30, 2017 \$1,878,394.

Federal and state governments subsidized certain programs with grants and contributions totaling \$5,580,501 for the year ended June 30, 2018 compared to year ended June 30, 2017 \$5,461,241.

The net cost of governmental activities was financed respectively for the years ended June 30, 2018 and 2017 with \$17,195,930 and \$16,925,756 in property tax, income surtax and statewide sales, services and use tax, \$15,196,967 and \$15,188,270 in unrestricted state and federal revenue, \$302,943 and \$141,958 in unrestricted investment earnings and \$79,524 and \$76,171 in other general revenues.

#### Business-Type Activities

Revenues of the District's business-type activities were \$2,018,102 and expenses were \$1,936,595. The District's business-type activities include the School Nutrition Fund and the nonmajor Child Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income.

The School Nutrition Fund revenues increased slightly due to an increase in federal revenue and charges for services. Operating expenses reflected an increase of \$110,181 over 2017. After nonoperating revenues and expenses, which include federal nutrition grants and an operating transfer to the General Fund, the School Nutrition Fund increased net position by \$34,390.

## **North Scott Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2018**

---

#### **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$16,839,820; a decrease of \$1,435,999 from last year's ending fund balances of \$18,275,819. The District spent approximately \$4,763,834 for facilities acquisition in 2018 compared to approximately \$4,421,410 in 2017.

#### **Governmental Fund Highlights**

The District's General Fund financial position increased by \$894,769. The District's General Fund revenues of \$34,422,847 reflect a \$634,621 increase from prior year revenue of \$33,788,226. The increase is primarily due to an increase in local taxes. Expenditures reflected an increase of approximately 1% from \$33,258,870 in 2017 to \$33,596,992 in 2018.

The General Fund balance increased from \$6,071,347 to \$6,966,116.

The Capital Projects Fund balance decreased from \$10,278,671 in fiscal year 2017 to \$7,754,281 in fiscal year 2018. The District expended \$4,763,834 for facilities purchases and improvements in 2018 compared to \$4,421,410 in 2017.

#### **Proprietary Fund Highlights**

The enterprise fund net position increased slightly from \$891,343 as restated in 2017 to \$925,733 in 2018. The school nutrition net position increased from \$706,395 in 2017 to \$740,583 in fiscal 2018. The net pension liability for the school nutrition fund as of June 30, 2018 was \$435,621.

## **North Scott Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2018**

---

#### **BUDGETARY HIGHLIGHTS**

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

The District had one budget amendment on May 22, 2018, which increased budgeted expenditures in total by \$3,673,500.

The District's total actual revenues were \$581,980 more than the total budgeted revenues, a variance of 1.4%.

Total expenditures were less than budgeted by \$4,676,105 due primarily to the District expending less than budgeted in other expenditures function for capital outlay.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

As of June 30, 2018, the District had invested \$45,042,909, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. See Figure A-6. This amount represents a net increase of \$4,157,058 from last year. More detailed information about capital assets is available in Note 6 for the financial statements. Depreciation expense for the year was \$1,774,463.

The original cost of the District's capital assets was \$80,410,718. Governmental funds account for \$79,158,844 with the remainder of \$1,251,874 the proprietary school nutrition fund.

## North Scott Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

The largest change in capital asset activity during the year occurred with the construction of the High School Fitness Center.

**Figure A-6 Capital Assets (Net of Depreciation)**

	Figure A-6 Capital Assets (Net of Depreciation)						Total Percentage
	Governmental Activities		Business-Type Activities		Total District		Change 2017-18
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
Land and construction in progress	\$ 3,603,028	\$ 1,259,057	\$ -	\$ 39,250	\$ 3,603,028	\$ 1,298,307	177.5%
Buildings	36,178,987	35,444,338	-	-	36,178,987	35,444,338	2.1%
Land improvements	1,891,848	1,765,842	-	-	1,891,848	1,765,842	7.1%
Machinery and equipment	2,608,743	2,207,440	760,303	169,924	3,369,046	2,377,364	41.7%
<b>Total</b>	<b>\$ 44,282,606</b>	<b>\$ 40,676,677</b>	<b>\$ 760,303</b>	<b>\$ 209,174</b>	<b>\$ 45,042,909</b>	<b>\$ 40,885,851</b>	<b>10.2%</b>

### Long-Term Debt

As of June 30, 2018, the District had \$33,377,799 in long-term obligations outstanding. See Figure A-7.

**Figure A-7 Outstanding Long-Term Obligations**

	Figure A-7 Outstanding Long-Term Obligations						Total Percentage
	Governmental Activities		Business-Type Activities		Total District		Change 2017-18
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
Revenue bonds	\$ 12,811,548	\$ 13,810,094	\$ -	\$ -	\$ 12,811,548	\$ 13,810,094	100.0%
Early retirement	305,490	-	-	-	305,490	-	100.0%
Compensated absences	110,785	60,076	5,254	3,526	116,039	63,602	82.4%
Net OPEB liability	1,212,190	1,166,688	34,791	33,535	1,246,981	1,200,223	3.9%
Net pension liability	18,273,716	17,282,240	624,025	593,361	18,897,741	17,875,601	5.7%
<b>Total</b>	<b>\$ 32,713,729</b>	<b>\$ 32,915,914</b>	<b>\$ 664,070</b>	<b>\$ 647,577</b>	<b>\$ 33,377,799</b>	<b>\$ 32,949,520</b>	<b>1.3%</b>

More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District issued two series of School Infrastructure Sales, Services and Use Tax Revenue Bonds which are to be repaid using statewide sales, services and use tax collected in the Capital Project Fund.

The District had net OPEB liability of \$1,246,981 as of June 30, 2018.

The District also had compensated absences payable of \$116,039 as of June 30, 2018, which will be paid primarily out of the General Fund.

## **North Scott Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2018**

---

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

The economic condition and outlook of the District have remained consistent during the last 10 years. Enrollment has ranged from 2,948.9 to 3,078.2 and the District's taxable valuation has increased on average 3% per year. However, the Iowa Legislature set the funding growth rate for 2018-2019 at 1.00% and the funding growth rate for 2019-2020 is currently unknown.

The Iowa school funding formula is a complex formula that is pupil driven and increasing total spending authority occurs by increasing the number of pupils or increasing the cost per pupil. Enrollment decreased 0.9% from 3,062.05 in 2017-2018 to 3,035.10 in 2018-2019. The October 2018 certified count increased slightly to 3,077.3. The cost per pupil for 2017-18 was \$6,664 and the cost per pupil for 2018-19 is \$6,736. The cost per pupil for 2019-20 is currently unknown.

Division VII of House File 215 established the Teacher Leadership and Compensation System, as well as the Teacher Leadership Supplement (TLS) of categorical funding. There was \$3.5 million of planning grants available for the 2013-2014 school year as well as \$50 million available per year for the 2014-15 through 2016-17 school years for phased-in entry to the program. The District was awarded this grant beginning in 2015-16. The cost per pupil for 2018-19 is \$326.50. The cost per pupil for 2019-20 is currently unknown.

During the 2018 Legislative session, Supplemental State Aid was set at 1.00 percent for 2018-2019, school districts were given more flexibility to use specific categorical funds, and operational sharing incentives were extended until FY25. Due to the continued low Supplemental State Aid and to balance the District budget, the District closed its print shop and moved to decentralized printing, applied for an operational sharing incentive for 2019-2020, and offered an early retirement incentive.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**North Scott Community School District**

**Statement of Net Position**

**June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 23,165,451	\$ 690,091	\$ 23,855,542
Restricted cash equivalents	1,382,449	-	1,382,449
Receivables:			
Property tax:			
Delinquent	81,609	-	81,609
Succeeding year	15,445,368	-	15,445,368
Income surtax	199,478	-	199,478
Accounts	115,191	3,290	118,481
Due from other governments	1,367,825	-	1,367,825
Inventories	57,051	41,060	98,111
Prepaid items	115,870	533	116,403
<b>Total current assets</b>	<b>41,930,292</b>	<b>734,974</b>	<b>42,665,266</b>
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated:			
Land and construction in progress	3,603,028	-	3,603,028
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	36,178,987	-	36,178,987
Land improvements	1,891,848	-	1,891,848
Machinery and equipment	2,608,743	760,303	3,369,046
<b>Total noncurrent assets</b>	<b>44,282,606</b>	<b>760,303</b>	<b>45,042,909</b>
<b>Total assets</b>	<b>86,212,898</b>	<b>1,495,277</b>	<b>87,708,175</b>
<b>Deferred Outflows of Resources:</b>			
OPEB related deferred outflows	63,276	1,816	65,092
Pension related deferred outflows	5,709,361	180,500	5,889,861
<b>Total deferred outflows of resources</b>	<b>5,772,637</b>	<b>182,316</b>	<b>5,954,953</b>

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	2,133,044	3,591	2,136,635
Salaries and benefits payable	3,364,356	6,665	3,371,021
Deposits	-	51,938	51,938
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	110,785	5,254	116,039
Revenue bonds	995,000	-	995,000
Early retirement	101,830	-	101,830
Portion due after one year:			
Revenue bonds	11,816,548	-	11,816,548
Early retirement	203,660	-	203,660
Net OPEB liability	1,212,190	34,791	1,246,981
Net pension liability	18,273,716	624,025	18,897,741
<b>Total liabilities</b>	<b>38,211,129</b>	<b>726,264</b>	<b>38,937,393</b>
Deferred inflows of resources, deferred revenue:			
Succeeding year property tax	15,445,368	-	15,445,368
OPEB related deferred inflows	55,812	1,602	57,414
Pension related deferred inflows	498,742	23,994	522,736
<b>Total deferred inflows of resources</b>	<b>15,999,922</b>	<b>25,596</b>	<b>16,025,518</b>
<b>Net Position:</b>			
Net investment in capital assets	31,471,058	760,303	32,231,361
Restricted for:			
Categorical funding	757,288	-	757,288
Debt service	1,522,845	-	1,522,845
School infrastructure	4,913,187	-	4,913,187
Management levy	1,617,999	-	1,617,999
Physical plant and equipment levy	1,531,528	-	1,531,528
Student activities	350,553	-	350,553
Unrestricted	(4,389,974)	165,430	(4,224,544)
<b>Total net position</b>	<b>\$ 37,774,484</b>	<b>\$ 925,733</b>	<b>\$ 38,700,217</b>

North Scott Community School District

Statement of Activities  
Year Ended June 30, 2018

Functions/Programs	Expenses
Governmental activities:	
Instruction:	
Regular	\$ 15,208,231
Special	3,997,791
Other	4,682,336
	<u>23,888,358</u>
Support services:	
Student	1,574,595
Instructional staff	2,441,964
Administration	3,790,929
Operation of plant	2,609,387
Transportation	1,647,218
	<u>12,064,093</u>
Noninstructional programs	
Other expenditures:	
AEA flowthrough	1,318,145
Debt Service	344,959
	<u>1,663,104</u>
<b>Total governmental activities</b>	<u><u>37,622,808</u></u>
Business-type activities:	
Instruction, regular, child care	10,770
Support services:	
Administration:	
Nutrition	158,233
Child care	1,032
Operation of plant:	
Child care	754
Transportation, child care	1,885
Noninstructional programs:	
Nutrition	1,456,664
Child care	307,257
<b>Total business-type activities</b>	<u>1,936,595</u>
<b>Total</b>	<u><u>\$ 39,559,403</u></u>
General revenues and transfers:	
General revenues:	
Property tax levied for:	
General purposes	
Capital outlay	
Other	
Unrestricted intergovernmental revenues	
Unrestricted state and federal grants	
Unrestricted investment earnings	
Other	
Transfers	
<b>Total general revenues and transfers</b>	
<b>Change in net position</b>	
Net position, beginning of year, as restated	
Net position, end of year	

See Notes to Basic Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 1,172,062	\$ 2,702,021	\$ -	\$ (11,334,148)	\$ -	\$ (11,334,148)
262,594	423,742	-	(3,311,455)	-	(3,311,455)
418,657	920,873	114,209	(3,228,597)	-	(3,228,597)
1,853,313	4,046,636	114,209	(17,874,200)	-	(17,874,200)
12,080	25,228	-	(1,537,287)	-	(1,537,287)
34,010	1,147	-	(2,406,807)	-	(2,406,807)
12,622	7,875	-	(3,770,432)	-	(3,770,432)
25,501	48,485	-	(2,535,401)	-	(2,535,401)
-	18,776	-	(1,628,442)	-	(1,628,442)
84,213	101,511	-	(11,878,369)	-	(11,878,369)
-	-	-	(7,253)	-	(7,253)
-	1,318,145	-	-	-	-
-	-	-	(344,959)	-	(344,959)
-	1,318,145	-	(344,959)	-	(344,959)
1,937,526	5,466,292	114,209	(30,104,781)	-	(30,104,781)
-	-	-	-	(10,770)	(10,770)
-	-	-	-	(158,233)	(158,233)
-	-	-	-	(1,032)	(1,032)
-	-	-	-	(754)	(754)
-	-	-	-	(1,885)	(1,885)
975,751	691,408	-	-	210,495	210,495
316,811	876	-	-	10,430	10,430
1,292,562	692,284	-	-	48,251	48,251
\$ 3,230,088	\$ 6,158,576	\$ 114,209	(30,104,781)	48,251	(30,056,530)

10,109,458	-	10,109,458
1,381,514	-	1,381,514
2,452,994	-	2,452,994
3,251,964	-	3,251,964
15,196,967	-	15,196,967
302,943	10,575	313,518
79,524	22,681	102,205
47,117	(47,117)	-
32,822,481	(13,861)	32,808,620
2,717,700	34,390	2,752,090
35,056,784	891,343	35,948,127
\$ 37,774,484	\$ 925,733	\$ 38,700,217

**North Scott Community School District**

**Balance Sheet  
Governmental Funds  
June 30, 2018**

	General	Capital Projects	Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and pooled investments	\$ 9,761,604	\$ 6,954,822	\$ 2,153,233	\$ 18,869,659
Restricted cash equivalents	-	1,382,449	-	1,382,449
Receivables:				
Property tax:				
Delinquent	70,238	8,516	2,855	81,609
Succeeding year	13,003,945	1,500,256	941,167	15,445,368
Income surtax	199,478	-	-	199,478
Accounts	30,912	10,882	1,109	42,903
Due from other governments	1,009,078	358,712	35	1,367,825
Inventories	57,051	-	-	57,051
Prepaid items	60,230	44,117	10,475	114,822
<b>Total assets</b>	<b>\$ 24,192,536</b>	<b>\$ 10,259,754</b>	<b>\$ 3,108,874</b>	<b>\$ 37,561,164</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 665,398	\$ 888,217	\$ 41,527	\$ 1,595,142
Accrued liabilities	3,357,599	-	6,757	3,364,356
<b>Total liabilities</b>	<b>4,022,997</b>	<b>888,217</b>	<b>48,284</b>	<b>4,959,498</b>
Deferred inflows of resources, unavailability revenue:				
Succeeding year property tax	13,003,945	1,500,256	941,167	15,445,368
Income surtax	199,478	-	-	199,478
Statewide sales and services tax	-	117,000	-	117,000
<b>Total deferred inflows of resources</b>	<b>13,203,423</b>	<b>1,617,256</b>	<b>941,167</b>	<b>15,761,846</b>
Fund balances:				
Nonspendable:				
Inventories	57,051	-	-	57,051
Prepaid items	60,230	44,117	10,475	114,822
Restricted for:				
Categorical funding	757,288	-	-	757,288
Debt service	-	1,382,449	140,396	1,522,845
Management levy purposes	-	-	1,617,999	1,617,999
Student activities	-	-	350,553	350,553
School infrastructure	-	4,796,187	-	4,796,187
Physical plant and equipment levy	-	1,531,528	-	1,531,528
Assigned for special purposes	292,056	-	-	292,056
Unassigned	5,799,491	-	-	5,799,491
<b>Total fund balances</b>	<b>6,966,116</b>	<b>7,754,281</b>	<b>2,119,423</b>	<b>16,839,820</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 24,192,536</b>	<b>\$ 10,259,754</b>	<b>\$ 3,108,874</b>	<b>\$ 37,561,164</b>

See Notes to Basic Financial Statements.

**North Scott Community School District**

**Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position  
June 30, 2018**

---

Total fund balances of governmental funds	\$ 16,839,820
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	44,282,606
The Internal Service Fund is used to charge costs of the District's self-funded insurance plan to the governmental funds. The net position of the Internal Service Fund is therefore included under governmental activities.	3,831,226
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	316,478
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:	
OPEB related deferred outflows of resources	63,276
OPEB related deferred inflows of resources	(55,812)
Pension related deferred outflows of resources	5,709,361
Pension related deferred inflows of resources	(498,742)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Revenue bonds, current	(995,000)
Revenue bonds, noncurrent	(11,610,000)
Premium on revenue bonds	(206,548)
Early retirement	(305,490)
Compensated absences, current	(110,785)
Net OPEB liability	(1,212,190)
Net pension liability	(18,273,716)
<b>Net position of governmental activities</b>	<u><u>\$ 37,774,484</u></u>

See Notes to Basic Financial Statements.

North Scott Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2018

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 12,077,324	\$ 1,381,514	\$ 485,128	\$ 13,943,966
Tuition	1,256,440	-	-	1,256,440
Other	508,568	290,834	753,124	1,552,526
State appropriations	19,648,756	2,891,075	14,756	22,554,587
Federal appropriations	931,759	-	-	931,759
<b>Total revenues</b>	<b>34,422,847</b>	<b>4,563,423</b>	<b>1,253,008</b>	<b>40,239,278</b>
Expenditures:				
Current:				
Instruction:				
Regular	13,936,208	-	131,973	14,068,181
Special	4,025,833	-	-	4,025,833
Other	3,802,196	-	633,020	4,435,216
	<b>21,764,237</b>	<b>-</b>	<b>764,993</b>	<b>22,529,230</b>
Support services:				
Student	1,544,815	-	10,085	1,554,900
Instructional staff	2,406,535	-	10,034	2,416,569
Administration	3,015,554	584,736	25,400	3,625,690
Operation and maintenance of plant	2,596,616	57,167	197,198	2,850,981
Transportation	944,413	340,077	48,793	1,333,283
	<b>10,507,933</b>	<b>981,980</b>	<b>291,510</b>	<b>11,781,423</b>
Noninstructional programs	6,677	-	576	7,253
Other expenditures:				
Capital outlay facilities acquisition	-	4,763,834	-	4,763,834
Current, AEA flowthrough	1,318,145	-	-	1,318,145
Debt service:				
Principal	-	-	980,000	980,000
Interest	-	-	363,505	363,505
	<b>1,318,145</b>	<b>4,763,834</b>	<b>1,343,505</b>	<b>7,425,484</b>
<b>Total expenditures</b>	<b>33,596,992</b>	<b>5,745,814</b>	<b>2,400,584</b>	<b>41,743,390</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>825,855</b>	<b>(1,182,391)</b>	<b>(1,147,576)</b>	<b>(1,504,112)</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	20,490	506	-	20,996
Transfers in	48,424	-	1,342,505	1,390,929
Transfers out	-	(1,342,505)	(1,307)	(1,343,812)
<b>Total other financing sources (uses)</b>	<b>68,914</b>	<b>(1,341,999)</b>	<b>1,341,198</b>	<b>68,113</b>
<b>Net change in fund balances</b>	<b>894,769</b>	<b>(2,524,390)</b>	<b>193,622</b>	<b>(1,435,999)</b>
Fund balances, beginning of year	6,071,347	10,278,671	1,925,801	18,275,819
Fund balances, end of year	\$ 6,966,116	\$ 7,754,281	\$ 2,119,423	\$ 16,839,820

See Notes to Basic Financial Statements.

**North Scott Community School District**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year Ended June, 30 2018**

---

Net change in fund balances - total governmental funds \$ (1,435,999)

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

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

Capital outlay	\$ 5,342,777	
Depreciation expense	(1,700,713)	3,642,064
Loss on disposal of capital assets	(15,139)	
Proceeds from the sale of capital assets	(20,996)	(36,135)

The increase in net position of the Internal Service Fund represents an overcharge to the governmental funds and is incorporated into the change in net position of governmental activities. 677,224

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in unavailable revenues (11,924)

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. The issuance of long-term debt increases liabilities in the statement of net position, while the repayment of long-term debt reduces long-term liabilities. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Payment of principal on revenue bonds		980,000
Amortization of premium on issuance of revenue bonds		18,546

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

Early retirement		(305,490)
Compensated absences		(50,709)
Net OPEB liability		(38,038)
Pension expense		(721,839)

**Change in net position of governmental activities \$ 2,717,700**

---

See Notes to Basic Financial Statements.

North Scott Community School District

Statement of Net Position  
 Proprietary Funds  
 June 30, 2018

	Business-Type Activities, Enterprise Funds			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
<b>Assets</b>				
Current assets:				
Cash and pooled investments	\$ 355,570	\$ 334,521	\$ 690,091	\$ 4,295,792
Receivables, accounts	287	3,003	3,290	72,288
Inventories	41,060	-	41,060	-
Prepaid expenses	533	-	533	1,048
<b>Total current assets</b>	<b>397,450</b>	<b>337,524</b>	<b>734,974</b>	<b>4,369,128</b>
Noncurrent assets:				
Capital assets being depreciated, net of accumulated depreciation:				
Machinery and equipment	760,303	-	760,303	-
<b>Total noncurrent assets</b>	<b>760,303</b>	<b>-</b>	<b>760,303</b>	<b>-</b>
<b>Total assets</b>	<b>1,157,753</b>	<b>337,524</b>	<b>1,495,277</b>	<b>4,369,128</b>
<b>Deferred Outflows of Resources:</b>				
OPEB related deferred outflows	1,621	195	1,816	-
Pension related deferred outflows	121,669	58,831	180,500	-
<b>Total deferred outflows of resources</b>	<b>123,290</b>	<b>59,026</b>	<b>182,316</b>	<b>-</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	757	2,834	3,591	537,902
Salaries and benefits payable	1,007	5,658	6,665	-
Deposits	51,938	-	51,938	-
Compensated absences	513	4,741	5,254	-
<b>Total current liabilities</b>	<b>54,215</b>	<b>13,233</b>	<b>67,448</b>	<b>537,902</b>
Noncurrent liabilities:				
Net OPEB liability	31,050	3,741	34,791	-
Net pension liability	435,621	188,404	624,025	-
<b>Total noncurrent liabilities</b>	<b>466,671</b>	<b>192,145</b>	<b>658,816</b>	<b>-</b>
<b>Total liabilities</b>	<b>520,886</b>	<b>205,378</b>	<b>726,264</b>	<b>537,902</b>
<b>Deferred Inflows of Resources:</b>				
OPEB related deferred inflows	1,430	172	1,602	-
Pension related deferred inflows	18,144	5,850	23,994	-
<b>Total deferred inflows of resources</b>	<b>19,574</b>	<b>6,022</b>	<b>25,596</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	760,303	-	760,303	-
Unrestricted	(19,720)	185,150	165,430	3,831,226
<b>Total net position</b>	<b>\$ 740,583</b>	<b>\$ 185,150</b>	<b>\$ 925,733</b>	<b>\$ 3,831,226</b>

See Notes to Basic Financial Statements.

North Scott Community School District

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2018

	Business-Type Activities, Enterprise Funds			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Child Care	Total	
Operating revenues:				
Local sources:				
Charges for service	\$ 975,751	\$ 316,811	\$ 1,292,562	\$ 5,373,319
Miscellaneous	18,755	-	18,755	-
<b>Total operating revenues</b>	<b>994,506</b>	<b>316,811</b>	<b>1,311,317</b>	<b>5,373,319</b>
Operating expenses:				
Instruction, regular, other				
Supplies	-	8,755	8,755	-
Other	-	2,015	2,015	-
Support services:				
Administration:				
Salaries	91,635	-	91,635	-
Benefits	37,198	-	37,198	-
Services	2,148	1,032	3,180	4,762,132
Other	27,252	-	27,252	-
Operation and maintenance of plant:				
Services	-	754	754	-
Transportation:				
Salaries	-	1,616	1,616	-
Benefits	-	269	269	-
Noninstructional programs:				
Salaries	434,583	225,819	660,402	-
Benefits	163,454	62,075	225,529	-
Services	503	412	915	-
Supplies	784,374	18,876	803,250	-
Other	-	75	75	-
Depreciation	73,750	-	73,750	-
<b>Total operating expenses</b>	<b>1,614,897</b>	<b>321,698</b>	<b>1,936,595</b>	<b>4,762,132</b>
<b>Operating income (loss)</b>	<b>(620,391)</b>	<b>(4,887)</b>	<b>(625,278)</b>	<b>611,187</b>
Nonoperating revenues:				
State sources	11,036	-	11,036	-
Federal sources	680,372	876	681,248	-
Interest on investments	6,362	4,213	10,575	66,037
Gain on sale of capital assets	3,926	-	3,926	-
<b>Total nonoperating revenues</b>	<b>701,696</b>	<b>5,089</b>	<b>706,785</b>	<b>66,037</b>
<b>Income before transfers</b>	<b>81,305</b>	<b>202</b>	<b>81,507</b>	<b>677,224</b>
Transfers (out)	(47,117)	-	(47,117)	-
<b>Change in net position</b>	<b>34,188</b>	<b>202</b>	<b>34,390</b>	<b>677,224</b>
Net position, beginning of year, as restated	706,395	184,948	891,343	3,154,002
Net position, end of year	\$ 740,583	\$ 185,150	\$ 925,733	\$ 3,831,226

See Notes to Basic Financial Statements.

North Scott Community School District

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2018

	Business-Type Activities, Enterprise Fund			Governmental
	School Nutrition	Nonmajor Child Care	Total	Activities, Internal Service Fund
Cash flows from operating activities:				
Cash received from:				
Charges for services	\$ 974,227	\$ 318,158	\$ 1,292,385	\$ -
Miscellaneous services	18,755	-	18,755	5,326,988
Cash payments to:				
Employees for services	(713,481)	(277,114)	(990,595)	-
Suppliers for goods and services	(619,434)	(30,677)	(650,111)	(4,783,170)
<b>Net cash provided by (used in) operating activities</b>	<b>(339,933)</b>	<b>10,367</b>	<b>(329,566)</b>	<b>543,818</b>
Cash flows from noncapital financing activities:				
Transfers out	(47,117)	-	(47,117)	-
State grants received	11,036	-	11,036	-
Federal grants received	483,873	5,940	489,813	-
<b>Net cash provided by noncapital financing activities</b>	<b>447,792</b>	<b>5,940</b>	<b>453,732</b>	<b>-</b>
Cash flows from capital financing activities and related activities,				
Proceeds from sale	3,934	-	3,934	-
Acquisition of capital assets	(624,887)	-	(624,887)	-
<b>Net cash (used in) capital financing activities</b>	<b>(620,953)</b>	<b>-</b>	<b>(620,953)</b>	<b>-</b>
Cash flows from investing activities,				
interest on investments	6,362	4,213	10,575	66,037
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(506,732)</b>	<b>20,520</b>	<b>(486,212)</b>	<b>609,855</b>
Cash and cash equivalents:				
Beginning of year	862,302	314,001	1,176,303	3,685,937
End of year	\$ 355,570	\$ 334,521	\$ 690,091	\$ 4,295,792

(Continued)

**North Scott Community School District**

**Statement of Cash Flows (Continued)**

**Proprietary Funds**

**Year Ended June 30, 2018**

	Business-Type Activities, Enterprise Funds			Governmental
	School Nutrition	Nonmajor Child Care	Total	Activities, Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (620,391)	\$ (4,887)	\$ (625,278)	\$ 611,187
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Commodities consumed	196,584	-	196,584	-
Depreciation	73,750	-	73,750	-
(Increase) decrease in:				
Inventories	3,907	-	3,907	-
Accounts receivable	(219)	1,347	1,128	(46,331)
Prepaid expenses	(533)	-	(533)	26
Increase (decrease) in:				
Accounts payable	(5,115)	1,242	(3,873)	(21,064)
Salaries and benefits payable	(312)	1,269	957	-
Net OPEB benefits	917	125	1,042	-
Net pension liability	14,884	7,443	22,327	-
Compensated absences payable	(2,100)	3,828	1,728	-
Deposits	(1,305)	-	(1,305)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (339,933)</b>	<b>\$ 10,367</b>	<b>\$ (329,566)</b>	<b>\$ 543,818</b>
Noncash investing, capital and financing activities:				
Federal commodities	\$ 196,584	\$ -	\$ 196,584	\$ -

See Notes to Basic Financial Statements.

**North Scott Community School District**

**Statement of Assets and Liabilities**

**Fiduciary Fund**

**June 30, 2018**

---

	<u>Agency</u>
<b>Assets</b>	
Cash and pooled investments	\$ 14,579
Accounts receivable	405
<b>Total assets</b>	<u>\$ 14,984</u>
<b>Liabilities</b>	
Due to other groups	\$ 14,984
<b>Total liabilities</b>	<u>\$ 14,984</u>

See Notes to Basic Financial Statements.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 1. Significant Accounting Policies

##### Reporting entity:

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

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

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

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

##### Basis of presentation:

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

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

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

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

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

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 1. Significant Accounting Policies (Continued)

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

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

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor governmental funds:

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

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

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of statewide sales, services and use tax.

The District reports the following major and nonmajor proprietary funds:

The District's proprietary funds are the Enterprise Funds, School Nutrition Fund and Child Care Fund and the Internal Service Fund.

The School Nutrition Fund is considered a major fund due to public interest. The School Nutrition Fund is used to account for the food service operations of the District.

The Child Care Fund is a nonmajor fund used to account for the child care service operations of the District.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 1. Significant Accounting Policies (Continued)

The Internal Service Fund is used to account for the self-funded health insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the statement of net position and statement of activities. This chargeback is based on a percentage of total employees by the participants' various functional areas.

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. Specifically, these are funds for which the District accounts for revenue collected for faculty accounts such as purchase of pop and related expenditures, and for funds collected for other various special group accounts. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

#### Measurement focus and basis of accounting:

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

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

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

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

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

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 1. Significant Accounting Policies (Continued)

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

The District maintains its financial records on the accrual basis.

#### Cash, pooled investments and cash equivalents:

The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investments in The Education Liquidity Fund (TELF) and The Education Liquidity Fund (TELF) Diversified Portfolio which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

#### Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Property taxes:

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½ percent per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2017.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

---

**Note 1. Significant Accounting Policies (Continued)**

**Inventories:**

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

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

**Prepaid items:**

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

**Capital assets:**

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

Assets	Amount
Land	\$ 1
Buildings	3,000
Land improvements	3,000
Intangibles	100,000
Machinery and equipment	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

---

**Note 1. Significant Accounting Policies (Continued)**

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

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

**Salaries and benefits payable:**

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2018, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2018.

**Deposits:**

Deposits consist primarily of monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the statement of net position in the proprietary, school nutrition fund.

**Compensated absences:**

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees that are generally liquidated within one year. Vacation pay is payable to employees upon retirement or termination. Sick leave does not vest. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net position and will be paid in the future primarily from the General Fund. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2018. The full balance is shown as due within a year using first-in, first-out basis.

**Cash flows:**

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

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 1. Significant Accounting Policies (Continued)

##### Fund balances:

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

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

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

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The authority to assign fund balances has been delegated to the Director of Business Affairs by the Board of Education. The District has assigned balances received from donations and parent organizations; that are not specifically restricted, for supplies and other purposes. Unlike commitments, assignments only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.

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

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less restrictive classifications – assigned and then unassigned fund balances.

##### Deferred outflows/inflows of resources:

In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has pension and other post-employment benefit related deferred outflows that qualify for reporting in this category.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### **Note 1. Significant Accounting Policies (Continued)**

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue in the governmental funds balance sheet from the statewide sales and services tax, property tax and income surtax. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the succeeding year property tax revenues remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which levied. The District also reports pension and other post-employment benefit related deferred inflows in the government-wide statements and the proprietary fund statements.

#### **Net Position:**

In the government-wide statement of net position and the proprietary funds, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted through enabling legislation consists of \$757,288 for categorical funding, \$4,913,187 for school infrastructure, \$1,617,999 for management levy, \$1,531,528 for physical plant and equipment levy and \$350,553 for student activities.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### **Note 2. Budgets and Budgetary Accounting**

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

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

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

- In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expense and the means of financing them for the upcoming year, along with estimates for the current and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
- Public hearings are required to be conducted to obtain taxpayer comment.
- Prior to April 15, the budget is legally enacted through certification from the County Auditor.
- Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
- The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
- Appropriations lapse at the end of each fiscal year.
- The budget cannot be amended without the approval of the Board of Education.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 3. Deposits and Pooled Investments

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

As of June 30, 2018, the District had the following investments:

Investment Type	Amortized Cost	Maturity (in Years) Less Than 1
TELF Diversified portfolio	\$ 3,729,938	\$ 3,729,938
TELF Plus Diversified portfolio	7,607,324	7,607,324
	<u>\$ 11,337,262</u>	<u>\$ 11,337,262</u>

The District's investments are The Education Liquidity Fund Institutional Money Market Fund (TELF) and The Education Liquidity Fund Plus (TELF Plus) for Iowa School Districts. Both funds are valued at an amortized cost pursuant to Rule 21-7 under the Investment Company Act of 1940. There are no limitations or restrictions on withdrawals from these investments.

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

**Credit risk:** The investments in The Education Liquidity Fund are registered and not subject to rating. The District's policy relating to credit risk of investments is to have the majority of the District's bank deposits with an AAA/Aaa rated national banking company (by Standard & Poors and Moody's Investors Services). The District does not have a separate policy from state statutes in regard to concentration risk.

**Custodial credit risk:** The risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2018, none of the District's investments were exposed to custodial credit risk and deposits in banks were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

---

**Note 4. Due from Other Governments**

The detail of due from other governments for the year ended June 30, 2018 is as follows:

**Governmental activities:**

Local appropriation:

Tuition	\$ 744,957
Statewide sales, services and use tax	358,630
Other	13,217
<b>Total local appropriations</b>	<u>1,116,804</u>
State grants	74,651
Federal grants	176,370
<b>Total</b>	<u><u>\$ 1,367,825</u></u>

**Note 5. Transfers**

The detail of transfers for the year ended June 30, 2018 is as follows:

Transfer To	Transfer From	Amount
Major fund, General	Major fund, School Nutrition	\$ 47,117
Nonmajor Governmental Funds:	Major funds:	
Student Activity	General	1,307
Debt Service	Capital Projects	1,342,505
<b>Total</b>		<u><u>\$ 1,390,929</u></u>

The Capital Projects Fund transferred statewide sales, services and use tax to the Debt Service Fund for payment of principal and interest on the bonds. The School Nutrition Fund transfer is to record indirect costs as required by the State of Iowa.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

**Note 6. Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 870,631	\$ 508,289	\$ -	\$ 1,378,920
Construction in progress	388,426	2,224,108	388,426	2,224,108
<b>Total capital assets not being depreciated</b>	<b>1,259,057</b>	<b>2,732,397</b>	<b>388,426</b>	<b>3,603,028</b>
Capital assets being depreciated:				
Buildings	59,933,573	1,718,114	-	61,651,687
Land improvements	6,540,901	364,463	-	6,905,364
Machinery and equipment	6,598,143	916,229	515,607	6,998,765
<b>Total capital assets being depreciated</b>	<b>73,072,617</b>	<b>2,998,806</b>	<b>515,607</b>	<b>75,555,816</b>
Less accumulated depreciation for:				
Buildings	24,489,235	983,465	-	25,472,700
Land improvements	4,775,059	238,457	-	5,013,516
Machinery and equipment	4,390,703	478,791	479,472	4,390,022
<b>Total accumulated depreciation</b>	<b>33,654,997</b>	<b>1,700,713</b>	<b>479,472</b>	<b>34,876,238</b>
<b>Total capital assets being depreciated, net</b>	<b>39,417,620</b>	<b>1,298,093</b>	<b>36,135</b>	<b>40,679,578</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 40,676,677</b>	<b>\$ 4,030,490</b>	<b>\$ 424,561</b>	<b>\$ 44,282,606</b>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 39,250	\$ -	\$ 39,250	\$ -
Capital assets being depreciated:				
Machinery and equipment	723,204	664,137	135,467	1,251,874
Less accumulated depreciation	553,280	73,750	135,459	491,571
<b>Total capital assets being depreciated, net</b>	<b>169,924</b>	<b>590,387</b>	<b>8</b>	<b>760,303</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 209,174</b>	<b>\$ 590,387</b>	<b>\$ 39,258</b>	<b>\$ 760,303</b>

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

**Note 6. Capital Assets (Continued)**

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$	713,559
Other		278,014

Support services:

Administration	86,140
Operation and maintenance of plant	311,074
Transportation	311,926

<b>Total governmental activities depreciation expense</b>	<b>\$</b>	<b>1,700,713</b>
---	-----------	------------------

Business-type activities:

Food services	73,750
---------------	--------

<b>Total business-type activities depreciation expense</b>	<b>\$</b>	<b>73,750</b>
--	-----------	---------------

**Note 7. General Long-Term Debt**

A summary of changes in general long-term debt for the year ended June 30, 2018:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds, Series 2013	\$ 7,805,000	\$ -	\$ 565,000	\$ 7,240,000	\$ 575,000
Revenue bonds, Series 2014	5,780,000	-	415,000	5,365,000	420,000
Premium on revenue bonds	225,094	-	18,546	206,548	-
Early retirement	-	305,490	-	305,490	101,830
Compensated absences	60,076	110,785	60,076	110,785	110,785
<b>Total</b>	<b>\$ 15,633,674</b>	<b>\$ 416,275</b>	<b>\$ 1,058,622</b>	<b>\$ 13,227,823</b>	<b>\$ 1,207,615</b>
Business-type activities:					
Compensated absences	\$ 3,526	\$ 5,254	\$ 3,526	\$ 5,254	\$ 5,254
<b>Total</b>	<b>\$ 54,216</b>	<b>\$ 5,254</b>	<b>\$ 3,526</b>	<b>\$ 5,254</b>	<b>\$ 5,254</b>

Compensated absences are generally liquidated by the General Fund.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 7. General Long-Term Debt (Continued)

##### Revenue bonds:

- On June 25, 2013, the District issued \$10,000,000 in School Infrastructure Sales, Services and Use Tax Revenue Bonds to finance school infrastructure projects. The bonds bear interest at rates ranging from 2.00 percent to 3.20 percent and had an unpaid balance of \$7,240,000.
- On September 23, 2014, The District issued \$7,000,000 in School Infrastructure Sale, Services and Use Tax Revenue Bonds to finance school infrastructure projects. The bonds bear interest at rates ranging from 2.00 percent to 3.125 percent and had an unpaid balance of \$5,365,000.

The Series 2013 and Series 2014 revenue bonds will be repaid using statewide sales, services and use tax collected in the Capital Projects Fund. The bonds have a first priority lien and are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District through their maturity in 2029. The bonds are not general obligations of the District. The pledge of statewide sales, service and use tax revenues constitutes approximately 47% of annual statewide sales, service and use tax revenues of the District.

The total principal and interest remaining to be paid on the bonds is \$14,841,100. During the year ended June 30, 2018, principal of \$980,000 and interest of \$362,505 was paid on the bonds. Statewide sales, services and use tax revenues were \$2,852,267.

The resolution providing for the issuance of the revenue bonds included the following provisions:

- All proceeds from the statewide sales, service and use tax shall be deposited into the revenue account.
- Monies in the revenue account shall first be disbursed to make deposits into the sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year. At June 30, 2018, there was \$140,396 deposited in the sinking fund account.
- Monies in the revenue account shall next be disbursed to maintain a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. At June 30, 2018, there was \$1,382,449 deposited in the revenue account.
- If monies in the sinking fund exceed the required amount, the excess shall be transferred to the revenue account.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

**Note 7. General Long-Term Debt (Continued)**

Annual debt service requirement on the outstanding indebtedness as of June 30, 2018, are as follows:

**Series 2013:**

Year ending June 30:	Rate	Principal	Interest	Total
2019	2.00%	\$ 575,000	\$ 191,180	\$ 766,180
2020	2.00%	590,000	179,680	769,680
2021	2.00%	600,000	167,880	767,880
2022	2.00%	615,000	155,880	770,880
2023	2.35%	630,000	142,350	772,350
2024-2028	2.75-3.10%	3,465,000	443,075	3,908,075
2029	3.20%	765,000	24,480	789,480
<b>Total</b>		<b>\$ 7,240,000</b>	<b>\$ 1,304,525</b>	<b>\$ 8,544,525</b>

**Series 2014:**

Year ending June 30:	Rate	Principal	Interest	Total
2019	3.00%	\$ 420,000	\$ 147,575	\$ 567,575
2020	3.00%	430,000	134,975	564,975
2021	3.00%	440,000	122,075	562,075
2022	3.00%	455,000	108,875	563,875
2023	2.25%	465,000	95,225	560,225
2024-2028	2.25-3.00%	2,580,000	304,881	2,884,881
2029	3.13%	575,000	17,969	592,969
<b>Total</b>		<b>\$ 5,365,000</b>	<b>\$ 931,575</b>	<b>\$ 6,296,575</b>

The June 30, 2018 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 1,061,816,489</u>
Debt limit, 5% of total assessed valuation	\$ 53,090,824
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>12,605,000</u>
<b>Excess of debt limit over bonded debt outstanding, legal debt margin</b>	<b><u>\$ 40,485,824</u></b>

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

---

**Note 7. General Long-Term Debt (Continued)**

**Early retirement:** The District offered a voluntary early retirement plan to selected employee classifications in 2014. Eligible employees had to be at least age 55 and have completed at least 10 years of consecutive service to the District. Employees were required complete an application which was approved by the Board of Education. The retirement benefit was 40 percent of the retiree’s base wage at the time of their retirement. This amount was deposited into a Health Reimbursement Account and was intended to be used on a pretax basis for the retired employee’s eligible medical expenses and/or health insurance premiums. The benefit to the Premium Plan was be paid in three equal installments in January 2019, 2020 and 2021. As of June 30, 2018, the District had outstanding obligations of \$305,490 under the plan. The early retirement program was funded through a property tax assessment. Early retirement incentives are paid primarily out of the nonmajor special revenue, Management Levy Fund.

**Note 8. Postemployment Benefits Other Than Pensions (OPEB)**

**General Information about the OPEB Plan**

Plan description: The District’s defined benefit OPEB plan, the North Scott Community School District Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. The medical/prescription drug coverage is provided through a self-funded plan with stop-loss limits from First Administrators. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical and prescription drug benefits for retirees and their dependents. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees. The full monthly premium rates as of January 1, 2017 for each plan are as shown below:

	Rate Tier	Medical
Single		\$ 632
Family		1,315

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	341
	<u>361</u>

**Total OPEB Liability**

The District’s total OPEB liability of \$1,246,981 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

**Note 8. Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.75% per annum
Salary increases	3.25% per annum
Discount rate	3.56% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.80% with an ultimate health care cost trend rate of 4.40% The trend rate is reduced by an average of 0.37% per year until reaching the ultimate trend rate of 4.40%

The discount rate was based on the Bond Buyer 20-Bond GO index. Mortality rates were based on the RP-2010 generational table scaled using AA and applied on a gender-specific basis. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 2010– 2017.

**Changes in the Total OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2017	\$ 1,200,223	\$ -	\$ 1,200,223
Changes for the year:			
Service cost	111,509	-	111,509
Interest	37,740	-	37,740
Changes of benefit terms	-	-	-
Differences between expected and actual experien	-	-	-
Changes in assumptions or other inputs	(63,968)	-	(63,968)
Benefit payments	(38,523)	-	(38,523)
Net changes	46,758	-	46,758
Balance at June 30, 2018	<u>\$ 1,246,981</u>	<u>\$ -</u>	<u>\$ 1,246,981</u>

There were no changes as a result of changes in benefit terms or differences between expected and actual experience. Changes of assumptions or other inputs reflect a change in the discount rate from 2.92% per annum in 2017 to 3.56% per annum in 2018.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

**Note 8. Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	2.56%	3.56%	4.56%
Total OPEB liability	\$ 1,348,082	\$ 1,246,981	\$ 1,152,527

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	5.80%	6.80%	7.80%
Total OPEB liability	\$ 1,100,632	\$ 1,246,981	\$ 1,421,770

For the year ended June 30, 2018, the District recognized OPEB expense of \$142,695. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	57,414
Net difference between projected and actual investments	-	-
Contributions between measurement date and reporting date	65,092	-
<b>Total</b>	<b>\$ 65,092</b>	<b>\$ 57,414</b>

Deferred outflows of resources of \$65,092 related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ 6,554
2020	6,554
2021	6,554
2022	6,554
2023	6,554
Thereafter	24,644
	<b>\$ 57,414</b>

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 9. Risk Management

The District has a self-funded health insurance plan, reported as an internal service fund. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125 percent of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$100,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar plan years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The change in the unpaid claims liability for the two years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Balance, beginning of year	\$ 557,000	\$ 522,000
Incurred claims and claim adjustments	2,985,887	4,190,707
Payment of claims	3,008,887	4,155,707
Balance, end of year	<u>\$ 534,000</u>	<u>\$ 557,000</u>

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

#### Note 10. Pension and Retirement Benefits

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 10. Pension and Retirement Benefits (Continued)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the District contributed 8.93 percent of covered payroll for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2018 were \$1,918,167.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$18,897,741 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2017, the District's proportion was .283696 percent, which was an increase of .000304 from its proportion measured as of June 30, 2016.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

---

**Note 10. Pension and Retirement Benefits (Continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$2,662,335. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 173,499	\$ 163,734
Changes of assumptions	3,283,556	-
Net difference between projected and actual earnings on pension plan investments	-	197,380
Changes in proportion and differences between District contributions and proportionate share of contributions	514,639	161,622
District contributions subsequent to the measurement date	1,918,167	-
<b>Total</b>	<b>\$ 5,889,861</b>	<b>\$ 522,736</b>

Deferred outflows of resources of \$1,918,167 related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ 520,947
2020	1,600,975
2021	977,954
2022	126,595
2023	222,487
<b>Total</b>	<b>\$ 3,448,958</b>

There were no non-employer contributing entities to IPERS.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

**Note 10. Pension and Retirement Benefits (Continued)**

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan, investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017. Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	27.0%	2.25%
Domestic equity	24.0%	6.25%
International equity	16.0%	6.71%
Private equity	11.0%	11.15%
Private real assets	7.5%	4.18%
Public real assets	7.0%	3.27%
Public credit	3.5%	3.46%
Private credit	3.0%	4.25%
Cash	1.0%	-0.31%
<b>Total</b>	<b>100%</b>	

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

---

**Note 10. Pension and Retirement Benefits (Continued)**

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the net pension liability	\$ 31,135,895	\$ 18,897,741	\$ 8,615,340

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan – At June 30, 2018, the District reported payables to the defined benefit pension plan of \$142,190 for legally required employer contributions and \$94,741 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**Note 11. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$1,318,145 for the year ended June 30, 2018 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

**Note 12. Categorical Funding**

The District's restricted fund balance for categorical funding as of June 30, 2018 is comprised of the following programs:

Program	Amount
Gifted and talented	\$ 55,656
Early intervention	48,059
Teacher salary supplement	112,114
Professional development for model core curriculum	49,807
Professional development	99,945
Four-year old preschool	269,474
Successful progression for early readers	20,122
Home school assistance program	23,381
Teacher leadership	75,542
Career and technical education	2,500
Other	688
<b>Total restricted for categorical funding</b>	<b>\$ 757,288</b>

**Note 13. Commitments and Contingencies and Subsequent Events**

The District has financial commitments relating to remodeling projects of approximately \$4,504,079 as of June 30, 2018 of which, approximately \$2,114,067 of costs have been incurred. Sales tax proceeds will fund the majority of these commitments.

**Note 14. Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2018 under tax abatement agreements of other entities.

Entity	Tax Abatement Program	Amount of Tax Abated
City of Princeton, Iowa	Urban renewal and economic development projects	\$ 51,323
City of Eldridge, Iowa	Urban renewal and economic development projects	116,771
City of Davenport, Iowa	Urban renewal and economic development projects	295,583

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2018, this reimbursement amounted to \$222,055.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 15. New Governmental Accounting Standards Board (GASB) Statements

The District adopted the following statements during the year ended June 30, 2018:

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

*GASB Statement No. 81, Irrevocable Split-Interest Agreements:* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

*GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73:* This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

*GASB Statement No. 85, Omnibus 2017:* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

*GASB Statement No. 86, Certain Debt Extinguishment Issues:* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The implementation of the above statements did not have a material impact to the District's financial statements except for GASB Statement No. 75 which required the District to change the accounting and reporting of OPEB benefit expense, total OPEB liability, and the related deferred inflows of resources and deferred outflows of resources. As a result, the District's financial statements required a restatement as stated in Note 16. In addition, the new standards required new note disclosures and new required supplementary information schedules.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### Note 15. New Governmental Accounting Standards Board (GASB) Statements (continued)

As of June 30, 2018, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the District beginning with its fiscal year ending June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, will be effective for the District beginning with its fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

## North Scott Community School District

### Notes to Financial Statements Year Ended June 30, 2018

---

#### **Note 15. New Governmental Accounting Standards Board (GASB) Statements (continued)**

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the District beginning with its fiscal year ending June 30, 2021. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the District beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

**North Scott Community School District**

**Notes to Financial Statements  
Year Ended June 30, 2018**

---

**Note 16. Restatement**

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented as of the beginning of the year ended June 30, 2018. The revised requirements establish new financial reporting requirements for state and local government employers that provide postemployment benefits other than pensions, including additional note disclosures and required supplementary information. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Beginning net position for governmental, business-type activities and enterprise funds were restated to retroactively report the beginning net OPEB liability and, if applicable, deferred outflows of resources related to contributions made after the measurement date of the beginning total OPEB liability but before the beginning of the District's fiscal year.

	Governmental Activities	Business-type Activities	Enterprise Fund Nutrition	Enterprise Fund Child Care
Net position June 30, 2017, as previously reported	\$ 34,459,968	\$ 874,188	\$ 691,078	\$ 183,110
Net OPEB obligation	1,763,504	50,690	45,259	5,431
Total OPEB liability	(1,166,688)	(33,535)	(29,942)	(3,593)
Net position June 30, 2017, as restated	<u>\$ 35,056,784</u>	<u>\$ 891,343</u>	<u>\$ 706,395</u>	<u>\$ 184,948</u>

## Required Supplementary Information

North Scott Community School District

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

**Required Supplementary Information**

**Year Ended June 30, 2018**

	Governmental Funds - Actual	Enterprise Funds - Actual
Revenues:		
Local sources	\$ 16,752,932	\$ 1,325,818
State sources	22,554,587	11,036
Federal sources	931,759	681,248
<b>Total revenues</b>	<b>40,239,278</b>	<b>2,018,102</b>
Expenditures/expenses:		
Instruction	22,529,230	10,770
Support services	11,781,423	161,904
Noninstructional programs	7,253	1,763,921
Other expenditures	7,425,484	-
<b>Total expenditures/expenses</b>	<b>41,743,390</b>	<b>1,936,595</b>
<b>Excess (deficiency) of revenues over     (under) expenditures/expenses</b>	<b>(1,504,112)</b>	<b>81,507</b>
Other financing sources (uses):		
Sale of capital assets	20,996	-
Interfund transfers in	1,390,929	-
Interfund transfers out	(1,343,812)	(47,117)
<b>Total other financing sources (uses)</b>	<b>68,113</b>	<b>(47,117)</b>
<b>Net change in fund balance/net position</b>	<b>(1,435,999)</b>	<b>34,390</b>
Fund balance/net position, beginning of year	18,275,819	891,343
Fund balance/net position, end of year	<b>\$ 16,839,820</b>	<b>\$ 925,733</b>

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 18,078,750	\$ 17,463,089	\$ 17,463,089	\$ 615,661
22,565,623	22,708,113	22,708,113	(142,490)
1,613,007	1,504,198	1,504,198	108,809
<u>42,257,380</u>	<u>41,675,400</u>	<u>41,675,400</u>	<u>581,980</u>
22,540,000	23,279,608	22,988,648	448,648
11,943,327	11,176,582	12,567,542	624,215
1,771,174	1,677,600	2,393,600	622,426
7,425,484	8,548,800	10,406,300	2,980,816
<u>43,679,985</u>	<u>44,682,590</u>	<u>48,356,090</u>	<u>4,676,105</u>
<u>(1,422,605)</u>	<u>(3,007,190)</u>	<u>(6,680,690)</u>	<u>5,258,085</u>
20,996	-	-	20,996
1,395,529	1,586,456	1,586,456	(190,927)
<u>(1,395,529)</u>	<u>(1,586,456)</u>	<u>(1,586,456)</u>	<u>190,927</u>
<u>20,996</u>	<u>-</u>	<u>-</u>	<u>20,996</u>
<u>(1,401,609)</u>	<u>\$ (3,007,190)</u>	<u>\$ (6,680,690)</u>	<u>\$ 5,279,081</u>
<u>19,167,162</u>			
<u>\$ 17,765,553</u>			

**North Scott Community School District**

**Required Supplementary Information  
Schedule of Changes in the District's Total OPEB  
Liability and Related Ratios  
Year ending June 30, 2018**

---

	<u>2018</u>
Total OPEB liability	
Changes for the year:	
Service cost	\$ 111,509
Interest	37,740
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(63,968)
Benefit payments	(38,523)
Net changes in total OPEB liability	<u>46,758</u>
Total OPEB liability - beginning	1,200,223
Total OPEB liability - ending	<u>\$ 1,246,981</u>
Covered employee payroll	\$ 17,601,302
Total OPEB liability as a percentage of covered employee payroll	7.08%

**Notes to Schedule:**

Changes of benefit terms:

There were no changes as a result of changes in benefit terms.

Differences between expected and actual experience:

There were no changes between expected and actual experience.

Changes of assumption:

Changes in assumptions were as follows:

Discount rate 2017: 2.92%

Discount rate 2018: 3.56%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Note: The schedule is intended to present information for ten years.  
Information prior to 2018 is not available.

See Notes to Required Supplementary Information.

**North Scott Community School District**

**Required Supplementary Information**

**Schedule of the District's Proportionate Share of the Net Pension Liability**

**Iowa Public Employees' Retirement System**

**Last Four Fiscal Years**

	2018*	2017*	2016*	2015*
District's proportion of the net pension liability	0.283696%	0.284000%	0.277835%	0.273656%
District's proportionate share of the net pension liability	\$ 18,897,741	\$ 17,875,601	\$ 13,726,395	\$ 10,852,948
District's covered-employee payroll	\$ 21,176,537	\$ 20,384,011	\$ 19,030,701	\$ 17,906,895
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.24%	87.69%	72.13%	60.61%
Plan fiduciary net pension as a percentage of the total pension liability	82.21%	85.19%	85.19%	87.61%

\*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

Note: The schedule is intended to present information for ten years. Information prior to 2015 is not available.

See Notes to Required Supplementary Information.

**North Scott Community School District**

**Required Supplementary Information  
Schedule of District Contributions  
Iowa Public Employees' Retirement System  
Last Ten Fiscal Years**

---

	2018	2017	2016	2015
Statutorily required contribution	\$ 1,918	\$ 1,891	\$ 1,820	\$ 1,710
Contributions in relation to the statutorily required contribution	\$ (1,918)	\$ (1,891)	\$ (1,820)	\$ (1,710)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 21,480	\$ 21,177	\$ 20,384	\$ 19,031
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.99%

Note: Amounts reported in thousands

See Notes to Required Supplementary Information.

---

	2014		2013		2012		2011		2010		2009
\$	1,599	\$	1,564	\$	1,398	\$	1,177	\$	1,148	\$	1,092
\$	(1,599)	\$	(1,564)	\$	(1,398)	\$	(1,177)	\$	(1,148)	\$	(1,092)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	17,907	\$	17,326	\$	17,326	\$	17,303	\$	17,510	\$	17,447
	8.93%		9.03%		8.07%		6.80%		6.56%		6.26%

## North Scott Community School District

### Notes to Required Supplementary Information Year Ended June 30, 2018

---

#### Note 1. Budgets and Budgetary Accounting

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

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

The District had one budget amendment on May 22, 2018, which increased budgeted expenditures \$3,673,500 in total.

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

#### Note 2. Iowa Public Employees' Retirement System Pension Liability

##### Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

##### Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

## North Scott Community School District

### Notes to Required Supplementary Information Year Ended June 30, 2018

---

#### **Note 2. Iowa Public Employees' Retirement System Pension Liability (continued)**

The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increased assumptions based on various service duration.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## Other Supplementary Information

**North Scott Community School District**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	Special Revenue			Total
	Management Fund	Student Activity	Debt Service	
<b>Assets</b>				
Cash and pooled investments	\$ 1,618,126	\$ 394,711	\$ 140,396	\$ 2,153,233
Receivables:				
Property tax:				
Delinquent	2,855	-	-	2,855
Succeeding year	941,167	-	-	941,167
Accounts	904	205	-	1,109
Due from other governments	35	-	-	35
Prepaid items	-	10,475	-	10,475
<b>Total assets</b>	<b>\$ 2,563,087</b>	<b>\$ 405,391</b>	<b>\$ 140,396</b>	<b>\$ 3,108,874</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 3,921	\$ 37,606	\$ -	\$ 41,527
Accrued liabilities	-	6,757	-	6,757
<b>Total liabilities</b>	<b>3,921</b>	<b>44,363</b>	<b>-</b>	<b>48,284</b>
Deferred inflows of resources, unavailable revenue:				
Succeeding year property tax	941,167	-	-	941,167
<b>Fund balances</b>				
Nonspendable, prepaid items	-	10,475	-	10,475
Restricted for:				
Debt service	-	-	140,396	140,396
Management levy purposes	1,617,999	-	-	1,617,999
Student activities	-	350,553	-	350,553
<b>Total fund balances</b>	<b>1,617,999</b>	<b>361,028</b>	<b>140,396</b>	<b>2,119,423</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,563,087</b>	<b>\$ 405,391</b>	<b>\$ 140,396</b>	<b>\$ 3,108,874</b>

North Scott Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2018

	Special Revenue		Debt Service	Total
	Management Fund	Student Activity		
Revenues:				
Local sources:				
Local tax	\$ 485,128	\$ -	\$ -	\$ 485,128
Other	41,451	698,683	12,990	753,124
State appropriation	14,756	-	-	14,756
<b>Total revenues</b>	<b>541,335</b>	<b>698,683</b>	<b>12,990</b>	<b>1,253,008</b>
Expenditures:				
Current:				
Instruction:				
Regular	131,973	-	-	131,973
Other	-	633,020	-	633,020
Support services:				
Student	9,755	330	-	10,085
Instructional staff	9,258	776	-	10,034
Administration	20,197	5,203	-	25,400
Operations and maintenance of plant	178,684	18,514	-	197,198
Transportation	31,921	16,872	-	48,793
Noninstructional programs	576	-	-	576
Debt service:				
Principal	-	-	980,000	980,000
Interest and fees	-	-	363,505	363,505
<b>Total expenditures</b>	<b>382,364</b>	<b>674,715</b>	<b>1,343,505</b>	<b>2,400,584</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>158,971</b>	<b>23,968</b>	<b>(1,330,515)</b>	<b>(1,147,576)</b>
Other financing sources (uses),				
Transfers in	-	-	1,342,505	1,342,505
Transfers out	-	(1,307)	-	(1,307)
Total other financing sources (uses)	-	(1,307)	1,342,505	1,341,198
<b>Net change in fund balances</b>	<b>158,971</b>	<b>22,661</b>	<b>11,990</b>	<b>193,622</b>
Fund balances, beginning of year	1,459,028	338,367	128,406	1,925,801
Fund balances, end of year	\$ 1,617,999	\$ 361,028	\$ 140,396	\$ 2,119,423

**North Scott Community School District**

**Schedule of Combining Balance Sheet  
Capital Projects Fund - By Account  
June 30, 2018**

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 5,297,060	\$ 1,657,762	\$ 6,954,822
Restricted cash and equivalents	1,382,449	-	1,382,449
Receivables:			
Property tax:			
Delinquent	-	8,516	8,516
Succeeding year	-	1,500,256	1,500,256
Accounts	10,882	-	10,882
Due from other governments	358,630	82	358,712
Prepaid items	-	44,117	44,117
<b>Total assets</b>	<b>\$ 7,049,021</b>	<b>\$ 3,210,733</b>	<b>\$ 10,259,754</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities, accounts payable	\$ 753,385	\$ 134,832	\$ 888,217
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	-	1,500,256	1,500,256
Statewide sales and services tax	117,000	-	117,000
<b>Total deferred inflows of resources</b>	<b>117,000</b>	<b>1,500,256</b>	<b>1,617,256</b>
Fund Balances:			
Nonspendable, prepaid items	-	44,117	44,117
Restricted for:			
School infrastructure	4,796,187	-	4,796,187
Debt service	1,382,449	-	1,382,449
Physical plant and equipment	-	1,531,528	1,531,528
<b>Total fund balances</b>	<b>6,178,636</b>	<b>1,575,645</b>	<b>7,754,281</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,049,021</b>	<b>\$ 3,210,733</b>	<b>\$ 10,259,754</b>

North Scott Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Capital Projects Fund - By Account  
 Year Ended June 30, 2018

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 1,381,514	\$ 1,381,514
Other	149,859	140,975	290,834
State appropriations	2,852,267	38,808	2,891,075
<b>Total revenues</b>	<b>3,002,126</b>	<b>1,561,297</b>	<b>4,563,423</b>
Expenditures:			
Current:			
Support services:			
Administration	132,617	452,119	584,736
Operation and maintenance of plant	-	57,167	57,167
Transportation	-	340,077	340,077
Other expenditures:			
Facilities acquisition	3,489,923	1,273,911	4,763,834
<b>Total expenditures</b>	<b>3,622,540</b>	<b>2,123,274</b>	<b>5,745,814</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(620,414)</b>	<b>(561,977)</b>	<b>(1,182,391)</b>
Other financing sources (uses):			
Transfers out	(1,342,505)	-	(1,342,505)
Proceeds from sale of capital assets	-	506	506
<b>Total other financing sources (uses)</b>	<b>(1,342,505)</b>	<b>506</b>	<b>(1,341,999)</b>
<b>Net change in fund balance</b>	<b>(1,962,919)</b>	<b>(561,471)</b>	<b>(2,524,390)</b>
Fund balance, beginning of year	8,141,555	2,137,116	10,278,671
Fund balance, end of year	\$ 6,178,636	\$ 1,575,645	\$ 7,754,281

North Scott Community School District

Statement of Changes in Assets and Liabilities  
Agency Fund  
Year Ended June 30, 2018

---

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash and pooled investments	\$ 15,196	\$ 41,883	\$ 42,500	\$ 14,579
Accounts receivable	405	-	-	405
<b>Total assets</b>	<b>\$ 15,601</b>	<b>\$ 41,883</b>	<b>\$ 42,500</b>	<b>\$ 14,984</b>
<b>Liabilities</b>				
Due to other groups	\$ 15,601	\$ 66,785	\$ 67,402	\$ 14,984
<b>Total liabilities</b>	<b>\$ 15,601</b>	<b>\$ 66,785</b>	<b>\$ 67,402</b>	<b>\$ 14,984</b>

STATISTICAL SECTION



# North Scott Community Schools

**THIS PAGE INTENTIONALLY LEFT BLANK**

# North Scott Community School District

## Statistical Section Contents

---

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

Contents	Page
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	71 - 84
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	85 - 89
<b>Debt Capacity</b> These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	90 - 96
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments	97 - 98
<b>Operating Information</b> These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	99 - 107
<b>Miscellaneous Information</b> These schedules offer additional insight to pertinent District data to inform the reader about the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	108 - 125

**North Scott Community School District**

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

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	\$ 21,698,241	\$ 21,381,552	\$ 20,646,639	\$ 19,839,922
Restricted	5,091,379	5,632,202	6,435,472	8,665,073
Unrestricted	4,651,368	3,311,949	4,418,125	5,665,890
Business-type activities				
Net investment in capital assets	172,715	298,759	278,305	253,472
Unrestricted	684,130	533,078	625,563	806,348
<b>Total primary government net position</b>	<b>\$ 32,297,833</b>	<b>\$ 31,157,540</b>	<b>\$ 32,404,104</b>	<b>\$ 35,230,705</b>

\* Implemented GASB Statement No. 68  
Source: District financial records

							Fiscal Year					
2013		2014		2015 *		2016		2017		2018		
\$	21,204,665	\$	23,850,888	\$	23,061,587	\$	24,761,641	\$	26,866,583	\$	<b>31,471,058</b>	
	9,471,712		8,408,872		11,189,617		13,484,499		13,011,813		<b>10,693,400</b>	
	5,615,466		6,859,375		(5,877,760)		(5,674,346)		(5,418,428)		<b>(4,389,974)</b>	
	242,862		218,572		207,054		188,246		209,174		<b>760,303</b>	
	791,139		835,464		534,134		620,999		665,014		<b>165,430</b>	
<b>\$</b>	<b>37,325,844</b>	<b>\$</b>	<b>40,173,171</b>	<b>\$</b>	<b>29,114,632</b>	<b>\$</b>	<b>33,381,039</b>	<b>\$</b>	<b>35,334,156</b>	<b>\$</b>	<b>38,700,217</b>	

**North Scott Community School District**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses:</b>				
Governmental activities:				
Regular instruction	\$ 11,620,059	\$ 11,921,193	\$ 11,333,300	\$ 12,962,232
Special instruction	4,195,848	3,769,151	3,427,940	2,752,196
Other instruction	3,370,952	3,812,434	3,800,547	3,773,994
Student services	1,215,673	1,201,957	1,256,107	1,245,261
Instructional staff services	1,048,118	1,039,929	922,396	995,987
Administration services	3,366,550	3,210,646	3,296,030	3,323,786
Operation and maintenance of plant services	3,862,589	3,744,279	3,839,322	3,632,525
Transportation services	1,107,742	1,059,243	1,080,198	1,033,272
Food service operations	226	8,546	-	-
Noninstructional	-	-	-	-
Interest on long-term debt	-	-	-	-
AEA flowthrough	1,046,272	1,139,829	1,172,973	1,070,395
Debt service	-	-	-	-
Depreciation (unallocated)	1,130,158	1,259,236	1,168,591	1,176,212
<b>Total governmental activities</b>	<b>31,964,187</b>	<b>32,166,443</b>	<b>31,297,404</b>	<b>31,965,860</b>
Business-type activities:				
Nutrition services	1,422,093	1,455,862	1,401,846	1,395,843
Child care services	252,096	292,580	290,628	273,992
<b>Total business-type activities</b>	<b>1,674,189</b>	<b>1,748,442</b>	<b>1,692,474</b>	<b>1,669,835</b>
<b>Total primary government expenses</b>	<b>33,638,376</b>	<b>33,914,885</b>	<b>32,989,878</b>	<b>33,635,695</b>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Instruction:				
Regular instruction	905,111	808,902	810,688	823,426
Special instruction	311,204	249,992	285,627	207,798
Other instruction	773,922	690,228	778,201	324,945
Support services	3,698	4,682	4,701	66,905
Operating grants and contributions	4,349,626	5,832,697	4,159,219	5,279,988
Capital grants and contributions	67,500	-	-	228,823
<b>Total governmental activities</b>	<b>6,411,061</b>	<b>7,586,501</b>	<b>6,038,436</b>	<b>6,931,885</b>
Business-type activities:				
Charges for services:				
Nutrition	863,464	890,407	862,141	935,785
Child care	271,354	304,391	301,696	285,813
Operating grants and contributions	483,117	549,257	580,797	600,575
<b>Total business-type activities</b>	<b>1,617,935</b>	<b>1,744,055</b>	<b>1,744,634</b>	<b>1,822,173</b>
<b>Total primary government revenues</b>	<b>8,028,996</b>	<b>9,330,556</b>	<b>7,783,070</b>	<b>8,754,058</b>
<b>Net (expense) revenues:</b>				
Total governmental activities	(25,553,126)	(24,579,942)	(25,258,968)	(25,033,975)
Total business-type activities	(56,254)	(4,387)	52,160	152,338
<b>Total primary government revenues</b>	<b>\$ (25,609,380)</b>	<b>\$ (24,584,329)</b>	<b>\$ (25,206,808)</b>	<b>\$ (24,881,637)</b>

Source: District financial records

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	11,841,523	\$	12,347,410	\$	12,933,778	\$	15,018,027	\$	15,226,755	\$	15,208,231
	3,275,964		3,355,562		3,319,612		5,117,267		3,722,635		3,997,791
	3,886,832		4,005,352		4,283,392		2,688,013		4,592,874		4,682,336
	1,246,859		1,365,477		1,392,966		1,490,651		1,557,232		1,574,595
	1,157,680		1,196,797		1,344,541		1,536,639		2,508,038		2,441,964
	3,366,816		3,306,897		3,536,908		3,570,064		3,537,991		3,790,929
	2,523,529		2,705,040		2,994,502		1,939,011		3,416,517		2,609,387
	1,007,972		1,332,620		1,634,400		1,492,815		1,681,881		1,647,218
	-		-		-		-		-		-
	-		5,172		5,674		14,158		7,322		7,253
	-		-		-		-		-		-
	1,100,135		1,155,323		1,193,582		1,247,226		1,279,320		1,318,145
	221,458		222,192		347,589		383,459		364,360		344,959
	1,704,026		896,676		-		-		-		-
	31,332,794		31,894,518		32,986,944		34,497,329		37,894,925		37,622,808
	1,444,983		1,462,230		1,433,211		1,565,582		1,545,279		1,614,897
	240,509		237,601		260,308		288,059		281,135		321,698
	1,685,492		1,699,831		1,693,519		1,853,641		1,826,414		1,936,595
	33,018,286		33,594,349		34,680,463		36,350,970		39,721,339		39,559,403
	790,471		790,699		888,593		1,019,052		1,154,046		1,172,062
	261,957		166,834		205,357		152,817		183,978		262,594
	357,427		352,856		394,751		343,472		437,055		418,657
	60,017		68,280		86,862		95,139		103,315		84,213
	4,743,405		4,854,185		5,290,274		6,541,950		5,461,241		5,466,292
	11,986		37,619		62,054		47,509		-		114,209
	6,225,263		6,270,473		6,927,891		8,199,939		7,339,635		7,518,027
	872,889		890,420		933,039		916,142		925,751		975,751
	213,717		249,991		289,785		292,231		257,394		316,811
	571,497		570,840		633,592		700,926		726,895		692,284
	1,658,103		1,711,251		1,856,416		1,909,299		1,910,040		1,984,846
	7,883,366		7,981,724		8,784,307		10,109,238		9,249,675		9,502,873
	(25,107,531)		(25,624,045)		(26,059,053)		(26,297,390)		(30,555,290)		(30,104,781)
	(27,389)		11,420		162,897		55,658		83,626		48,251
\$	(25,134,920)	\$	(25,612,625)	\$	(25,896,156)	\$	(26,241,732)	\$	(30,471,664)	\$	(30,056,530)

**North Scott Community School District**

**General Revenues and Total Change in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)**

	Fiscal Year			
	2009	2010	2011	2012
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes levied for general and other purposes*	\$ 10,197,282	\$ 10,396,804	\$ 10,834,882	\$ 11,091,158
Property taxes levied for capital projects	1,034,846	1,075,899	1,108,639	1,152,677
Unrestricted intergovernmental	168,821	168,421	153,782	165,387
Sales tax	2,676,227	2,145,184	2,375,804	2,997,352
Unrestricted grants and contributions	11,516,615	9,495,352	11,788,613	12,157,291
Miscellaneous	105,997	130,007	143,944	108,858
Investment earnings	241,577	29,932	40,891	32,014
Transfers	22,050	23,058	(13,054)	(113)
<b>Total governmental activities</b>	<b>25,963,415</b>	<b>23,464,657</b>	<b>26,433,501</b>	<b>27,704,624</b>
Business-type activities:				
Miscellaneous	-	-	4,307	1,629
Investment earnings	12,153	2,437	2,510	1,872
Transfers	(22,050)	(23,058)	13,054	113
<b>Total business-type activities</b>	<b>(9,897)</b>	<b>(20,621)</b>	<b>19,871</b>	<b>3,614</b>
<b>Total primary government</b>	<b>25,953,518</b>	<b>23,444,036</b>	<b>26,453,372</b>	<b>27,708,238</b>
Change in net position:				
Total governmental activities	1,383,473	(1,794,311)	1,399,526	2,597,093
Total business-type activities	(14,284)	31,539	172,209	(23,775)
<b>Total primary government</b>	<b>\$ 1,369,189</b>	<b>\$ (1,762,772)</b>	<b>\$ 1,571,735</b>	<b>\$ 2,573,318</b>

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

Source: District financial records

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 11,342,208	\$ 11,423,988	\$ 11,606,668	\$ 11,695,160	\$ 11,831,951	\$ 12,562,452	
1,152,677	1,181,288	1,239,110	1,292,849	1,316,439	1,381,514	
175,898	190,686	205,240	309,807	627,197	411,621	
2,220,523	2,597,792	2,802,179	2,903,548	3,150,169	2,840,343	
12,214,669	12,944,956	13,035,041	14,076,931	15,188,270	15,196,967	
85,078	84,731	44,617	128,211	135,763	79,524	
32,187	27,896	83,046	89,234	141,958	302,943	
5,248	-	-	-	51,717	47,117	
27,228,488	28,451,337	29,015,901	30,495,740	32,443,464	32,822,481	
5,023	5,834	9,627	10,528	28,120	22,681	
1,795	2,781	1,040	1,871	4,914	10,575	
(5,248)	-	-	-	(51,717)	(47,117)	
1,570	8,615	10,667	12,399	(18,683)	(13,861)	
27,230,058	28,459,952	29,026,568	30,508,139	32,424,781	32,808,620	
1,604,443	2,392,284	2,718,511	4,198,350	1,888,174	2,717,700	
12,990	171,512	66,325	68,057	64,943	34,390	
\$ 1,617,433	\$ 2,563,796	\$ 2,784,836	\$ 4,266,407	\$ 1,953,117	\$ 2,752,090	

**North Scott Community School District**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>General Fund:</b>				
Nonspendable	\$ -	\$ -	\$ 124,788	\$ 117,332
Restricted	-	-	353,255	389,986
Assigned	-	-	106,733	115,597
Unassigned	-	-	3,343,328	4,357,182
Reserved	221,275	301,975	-	-
Unreserved	3,686,423	2,820,900	-	-
<b>Total General Fund</b>	<b>3,907,698</b>	<b>3,122,875</b>	<b>3,928,104</b>	<b>4,980,097</b>
<b>All other governmental funds:</b>				
Nonspendable	-	-	13,428	19,222
Restricted for:				
Capital projects funds	-	-	5,336,481	6,698,709
Debt service	-	-	-	-
Special revenue funds	-	-	940,806	1,055,156
Reserved	250,960	1,522	-	-
Unreserved, reported in:				
Capital projects funds	2,638,503	3,094,362	-	-
Special revenue funds	2,086,400	2,518,877	-	-
<b>Total all other governmental funds</b>	<b>4,975,863</b>	<b>5,614,761</b>	<b>6,290,715</b>	<b>7,773,087</b>
<b>Total governmental funds</b>	<b>\$ 8,883,561</b>	<b>\$ 8,737,636</b>	<b>\$ 10,218,819</b>	<b>\$ 12,753,184</b>

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

Source: District financial records

							Fiscal Year					
2013		2014		2015		2016		2017		2018		
\$	107,467	\$	145,574	\$	177,995	\$	172,358	\$	178,036	\$	<b>117,281</b>	
	420,529		334,255		466,930		635,402		689,907		<b>757,288</b>	
	123,083		160,043		188,588		188,588		292,056		<b>292,056</b>	
	4,459,089		5,039,443		4,810,427		4,508,003		4,911,348		<b>5,799,491</b>	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	<b>5,110,168</b>		<b>5,679,315</b>		<b>5,643,940</b>		<b>5,504,351</b>		<b>6,071,347</b>		<b>6,966,116</b>	
	6,412		13,877		4,550		630		12,566		<b>54,592</b>	
	16,631,098		9,888,243		10,811,564		11,036,798		8,890,096		<b>6,327,715</b>	
	64,163		854,725		1,499,510		1,504,282		1,510,855		<b>1,522,845</b>	
	1,055,183		1,116,659		1,197,185		1,575,251		1,790,955		<b>1,968,552</b>	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	<b>17,756,856</b>		<b>11,873,504</b>		<b>13,512,809</b>		<b>14,116,961</b>		<b>12,204,472</b>		<b>9,873,704</b>	
\$	<b>22,867,024</b>	\$	<b>17,552,819</b>	\$	<b>19,156,749</b>	\$	<b>19,621,312</b>	\$	<b>18,275,819</b>	\$	<b>16,839,820</b>	

**North Scott Community School District**

**Governmental Funds Revenues**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2009	2010	2011	2012
Local sources:				
Property taxes	\$ 11,232,128	\$ 11,472,703	\$ 11,943,521	\$ 12,016,744
Income surtax	150,476	150,847	153,136	163,183
Local option sales and services taxes	2,676,227	2,145,184	2,375,804	2,495,351
Interest income	105,997	29,932	40,891	32,014
Other revenues	2,430,793	2,248,226	2,296,268	2,675,815
<b>Total local sources</b>	<b>16,595,621</b>	<b>16,046,892</b>	<b>16,809,620</b>	<b>17,383,107</b>
Intermediate sources, other revenues	-	-	-	-
State sources:				
State education finance program	11,516,615	11,249,874	13,138,014	11,955,282
Statewide sales, services and use tax	-	-	-	-
Other state grants	2,998,035	1,317,854	1,352,764	3,509,495
<b>Total state sources</b>	<b>14,514,650</b>	<b>12,567,728</b>	<b>14,490,778</b>	<b>15,464,777</b>
Federal sources, federal grants	1,108,142	2,383,405	1,168,598	1,166,881
<b>Total revenues</b>	<b>\$ 32,218,413</b>	<b>\$ 30,998,025</b>	<b>\$ 32,468,996</b>	<b>\$ 34,014,765</b>

Source: District financial records

		Fiscal Year									
		2013	2014	2015	2016	2107	2018				
\$	12,312,301	\$	12,605,276	\$	12,430,224	\$	12,988,009	\$	13,148,390	\$	<b>13,943,966</b>
	165,864		188,005		183,609		203,230		199,503		<b>204,267</b>
	2,592,523		-		-		-		-		-
	32,187		23,690		72,733		76,503		119,134		<b>302,943</b>
	2,308,130		2,011,333		2,433,296		2,047,102		2,689,164		<b>2,301,756</b>
	17,411,005		14,828,304		15,119,862		15,314,844		16,156,191		<b>16,752,932</b>
	-		-		-		-		-		-
	12,164,429		12,944,956		13,024,392		14,076,931		15,188,270		<b>15,196,967</b>
	-		2,591,792		2,802,180		2,903,548		3,150,169		<b>2,840,343</b>
	3,449,914		3,524,985		4,023,817		4,830,872		4,241,517		<b>4,517,277</b>
	15,614,343		19,061,733		19,850,389		21,811,351		22,579,956		<b>22,554,587</b>
	870,266		784,160		926,775		1,491,761		908,484		<b>931,759</b>
\$	33,895,614	\$	34,674,197	\$	35,897,026	\$	38,617,956	\$	39,644,631	\$	<b>40,239,278</b>

**North Scott Community School District**

**Governmental Funds Expenditures and Debt Service Ratio**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2009	2010	2011	2012
Regular instruction	\$ 11,208,853	\$ 11,563,369	\$ 11,474,729	\$ 13,000,074
Special instruction	3,971,755	3,643,387	3,529,914	2,823,007
Other instruction	3,377,600	3,785,481	3,817,797	3,843,811
Student services	1,167,667	1,175,015	1,256,477	1,278,688
Instructional staff services	993,594	1,003,039	960,571	1,013,092
Administration services	3,092,005	3,061,198	3,181,411	3,168,979
Operation and maintenance of plant	2,400,995	2,338,122	2,580,887	2,646,448
Transportation services	1,341,413	1,280,324	1,344,075	1,023,349
Noninstructional programs	226	2,966	10,871	781
Capital outlay, facilities acquisition	2,432,222	1,821,779	1,683,577	1,625,806
AEA flowthrough	1,046,272	1,139,829	1,172,973	1,070,395
Debt service:				
Principal	350,000	365,000	-	-
Interest and fiscal charges	-	-	-	-
Issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>\$ 31,382,602</b>	<b>\$ 31,179,509</b>	<b>\$ 31,013,282</b>	<b>\$ 31,494,430</b>
Debt service as a percentage of noncapital expenditures	1.17%	1.20%	0.00%	0.00%

Source: District financial records

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	12,624,134	\$	12,495,422	\$	13,006,232	\$	14,810,509	\$	14,242,364	\$	<b>14,068,181</b>
	3,437,643		3,399,108		3,459,513		5,220,416		3,706,249		<b>4,025,833</b>
	4,067,536		4,045,107		4,249,107		2,531,419		4,363,770		<b>4,435,216</b>
	1,320,096		1,380,733		1,444,916		1,514,943		1,534,895		<b>1,554,900</b>
	1,225,679		1,210,167		1,394,685		1,561,680		2,484,224		<b>2,416,569</b>
	3,420,065		3,251,108		3,608,066		3,566,564		3,392,127		<b>3,625,690</b>
	2,518,287		2,565,999		2,626,922		2,830,472		2,955,046		<b>2,850,981</b>
	1,317,422		1,327,172		1,401,920		1,219,237		1,361,800		<b>1,333,283</b>
	276		5,172		5,674		14,158		7,322		<b>7,253</b>
	2,673,326		8,417,223		7,758,237		2,356,208		4,421,410		<b>4,763,834</b>
	1,100,135		1,155,323		1,193,582		1,247,226		1,279,320		<b>1,318,145</b>
	-		540,000		950,000		955,000		970,000		<b>980,000</b>
	-		230,704		363,628		402,005		382,906		<b>363,505</b>
	221,458		-		-		-		-		<b>-</b>
<b>\$</b>	<b>33,926,057</b>	<b>\$</b>	<b>40,023,238</b>	<b>\$</b>	<b>41,462,482</b>	<b>\$</b>	<b>38,229,837</b>	<b>\$</b>	<b>41,101,433</b>	<b>\$</b>	<b>41,743,390</b>
	76.00%		2.44%		3.88%		3.91%		3.68%		<b>3.69%</b>

**North Scott Community School District**

**Other Financing Sources and Uses and Net Change in Fund Balances**

**Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2009	2010	2011	2012
Excess (deficiency) of revenues over (under) expenditures	\$ 835,811	\$ (181,484)	\$ 1,455,714	\$ (30,443)
Other financing sources (uses):				
Sale of capital assets	-	8,721	7,524	14,143
Insurance proceeds	115,668	3,780	7,825	-
Issuance of bonds	-	-	-	-
Premium on issuance	-	-	-	-
Transfers in	454,898	420,199	32,328	15,183
Transfers out	(432,848)	(397,141)	(22,208)	(15,296)
<b>Total other financing sources     (uses)</b>	<b>137,718</b>	<b>35,559</b>	<b>25,469</b>	<b>14,030</b>
<b>Net change in fund balances</b>	<b>\$ 973,529</b>	<b>\$ (145,925)</b>	<b>\$ 1,481,183</b>	<b>\$ (16,413)</b>

Source: District financial records

Fiscal Year						
2013	2014	2015	2016	2017	<b>2018</b>	
\$ (5,349,041)	\$ (5,349,041)	\$ 388,119	\$ 388,119	\$ (1,456,802)	<b>\$ (1,504,112)</b>	
2,838	34,836	18,846	76,444	59,592	<b>20,996</b>	
-	-	-	-	-	-	
10,000,000	-	7,000,000	-	-	-	
136,197	-	150,540	-	-	-	
79,116	770,840	1,360,580	1,355,663	1,427,839	<b>1,390,929</b>	
(73,868)	(770,840)	(1,360,580)	(1,355,663)	(1,376,122)	<b>(1,343,812)</b>	
10,144,283	34,836	7,169,386	76,444	111,309	<b>68,113</b>	
\$ 4,795,242	\$ (5,314,205)	\$ 7,557,505	\$ 464,563	\$ (1,345,493)	<b>\$ (1,435,999)</b>	

**THIS PAGE INTENTIONALLY LEFT BLANK**

**North Scott Community School District**

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

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value - Actual	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2009	\$ 349,808,854	\$ 254,925,672	\$ 138,682,265	\$ 1,635,312	\$ 741,781,479	\$ 14.76476
2010	374,361,097	256,196,590	145,752,234	1,640,868	774,669,053	14.51584
2011	395,248,768	256,029,785	140,927,148	1,666,796	790,538,905	14.75964
2012	416,974,917	255,224,493	143,458,280	1,674,204	813,983,486	14.75525
2013	456,576,305	253,216,138	137,398,822	1,668,648	845,522,617	14.50592
2014	483,951,457	237,210,994	140,561,772	1,661,240	860,062,745	14.18910
2015	503,306,152	222,893,531	139,085,750	1,655,688	863,629,745	14.19507
2016	529,972,762	213,453,591	140,725,732	1,655,688	882,496,397	14.01459
2017	573,867,704	195,492,425	16,708,701	1,611,240	934,830,590	13.85580
<b>2018</b>	<b>597,969,228</b>	<b>199,841,640</b>	<b>166,356,616</b>	<b>1,585,312</b>	<b>962,582,172</b>	<b>13.82050</b>

Source: Iowa Department of Management and Scott County Auditor.

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

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

**North Scott Community School District**

**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**

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

**(Unaudited)**

Fiscal Year	District Direct Rates				Overlapping Rates		
	General Purposes	Capital Purposes	Debt Service	Total	Scott County	College Area IX	City of Bettendorf
2009	\$ 13.46476	\$ 1.30000	\$ -	\$ 14.76476	\$ 5.33791	\$ 0.60635	\$ 12.85000
2010	13.21584	1.30000	-	14.51584	5.47607	0.87714	12.85000
2011	13.45964	1.30000	-	14.75964	6.37607	0.92444	12.60000
2012	13.45525	1.30000	-	14.75525	6.37759	1.01724	12.60000
2013	13.20592	1.30000	-	14.50592	6.30156	0.91511	12.55000
2014	12.88910	1.30000	-	14.18910	6.23534	0.92043	12.55000
2015	12.89507	1.30000	-	14.19507	6.13204	0.92782	12.55000
2016	12.71459	1.30000	-	14.01459	6.00377	0.96863	12.55000
2017	12.55580	1.30000	-	13.85580	5.82228	1.00909	12.55000
<b>2018</b>	<b>12.52050</b>	<b>1.30000</b>	<b>-</b>	<b>13.82050</b>	<b>5.82167</b>	<b>1.03000</b>	<b>12.50000</b>

Source: Iowa Department of Management and Scott County Auditor.

**Note:**

\* Includes levies for operating and debt service costs.

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

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

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

---

Overlapping Rates							
City of Davenport	City of Dixon	City of Donahue	City of Eldridge	City of Long Grove	City of Maysville	City of McCausland	City of Princeton
\$ 15.57584	\$ 8.10000	\$ 5.96370	\$ 6.64880	\$ 9.76863	\$ 5.16100	\$ 8.10000	\$ 8.94763
15.58000	8.10000	5.96079	6.64916	11.15854	5.16094	8.10000	9.58243
15.53000	8.10000	7.21883	6.74852	11.03125	5.16962	9.25982	9.58242
15.53000	8.10000	7.22080	6.75418	10.90085	5.16951	9.21668	9.58242
16.78000	8.10000	7.22267	6.75396	10.74199	5.16957	9.22504	10.26832
16.78000	8.10000	7.22420	6.75436	10.60442	5.57674	8.10000	10.27159
16.78000	8.09989	7.22152	6.75442	10.52099	5.99993	8.10000	10.27158
16.78000	8.10000	7.22036	6.82817	10.45768	5.99988	8.10000	10.27158
16.78000	8.37000	7.22091	6.74841	10.29541	5.99003	8.10000	10.25069
<b>16.78000</b>	<b>8.47000</b>	<b>7.21575</b>	<b>6.74820</b>	<b>10.21368</b>	<b>6.00002</b>	<b>8.10000</b>	<b>10.02797</b>

**North Scott Community School District**

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

Name of Taxpayer	2018			2009		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
John Deere Construction Co.	28,918,473	1	3.09345%			
Deere & Company Inc	20,184,579	2	2.15917%	22,330,004	1	
Mid American Energy	12,731,802	3	1.36194%	8,815,667	5	1.28235%
Petersen Properties L C	12,490,351	4	1.33611%	12,110,203	4	1.76158%
Alliance Pipeline	10,789,758	5	1.15419%	17,177,075	3	2.49861%
Kraft Heinz Foods Company	7,940,196	6	0.84937%			0.00000%
Murray Enterprises LTD	7,790,724	7	0.83338%	6,024,015	9	0.87627%
Northern Border Pipeline Company	7,288,392	8	0.77965%	9,181,484	6	1.33556%
ILPT Trails Road LLC	6,404,634	9	0.68511%			
Oneok North System LLC	6,014,442	10	0.64337%			
Deere & Company Inc						0.00000%
Davenport-Durler Family Trust				20,554,200	2	2.98986%
Blue Dog LLC				7,228,490	7	1.05147%
The Bawden Corp.				6,786,570	8	0.98719%
Central Scott Telephone Co				5,959,740	10	0.86692%
Total	<u>\$ 120,553,351</u>		<u>12.89574%</u>	<u>\$ 116,167,448</u>		<u>12.42658%</u>

Source: Scott County Auditor

**North Scott Community School District**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 11,239,357	\$ 11,231,395	99.93%	\$ 7,962	\$ 11,239,357	100.00%
2010	11,520,353	11,472,412	99.58	7,559	11,472,412	99.65
2011	11,942,957	11,935,962	99.94	4,267	11,940,229	99.98
2012	12,307,354	12,251,578	99.55	2,484	12,254,062	99.57
2013	12,559,559	12,551,092	99.93	2,415	12,553,507	99.95
2014	12,600,240	12,600,240	100.00	3,990	12,600,240	100.00
2015	12,672,844	12,672,844	100.00	2,853	12,672,844	100.00
2016	12,783,686	12,783,686	100.00	3,595	12,783,686	100.00
2017	13,356,867	13,356,867	100.00	N/A	13,356,867	100.00
<b>2018</b>	<b>13,727,323</b>	<b>13,726,635</b>	<b>99.99</b>	<b>N/A</b>	<b>13,726,635</b>	<b>99.99</b>

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

Note: N/A = not available.

**North Scott Community School District**

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

Fiscal Year	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income*	Per Capita*
2009	\$ -	\$ 365,000	\$ 365,000	N/A	\$ 27
2010	-	-	-	N/A	-
2011	-	-	-	N/A	-
2012	-	-	-	N/A	-
2013	-	10,000,000	10,000,000	N/A	N/A
2014	-	9,587,685	9,587,685	N/A	N/A
2015	-	15,772,186	15,772,186	N/A	N/A
2016	-	14,798,640	14,798,640	N/A	N/A
2017	-	13,810,094	13,810,094	N/A	N/A
<b>2018</b>	-	<b>12,811,548</b>	<b>12,811,548</b>	<b>N/A</b>	<b>N/A</b>

Source: District financial records

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

\* See page 97 for personal income and population data. These rates are calculated using personal income and population for the prior calendar year.

N/A = not available.

**North Scott Community School District**

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

Year of Collection	Estimated Actual Value of Taxable Property	Total Primary Government Outstanding Debt	Net Bonded Debt	Amount Restricted for Repayment of Outstanding Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita*
2009-10	\$ 795,215,860	\$ 746,264	\$ 365,000	\$ 250,000	5.00%	\$ 27
2010-11	831,024,323	896,474	-	-	-	-
2011-12	852,712,206	1,096,658	-	-	-	-
2012-13	891,184,204	1,325,993	-	-	-	-
2013-14	925,643,543	12,014,519	-	853,643	-	-
2014-15	950,539,289	11,544,681	-	854,725	-	-
2015-16	954,105,513	15,772,186	-	1,499,510	-	-
2016-17	975,457,521	14,798,640	-	1,504,282	-	-
2017-18	1,027,794,598	13,810,094	-	1,510,855	-	-
<b>2018-19</b>	<b>1,061,816,489</b>	<b>12,811,548</b>	-	<b>1,522,845</b>	-	-

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

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

\* See page 97 for personal income and population data. These rates are calculated using personal income and population for the prior calendar year.

N/A = not available.

**THIS PAGE INTENTIONALLY LEFT BLANK**

North Scott Community School District

Ratio of Annual Debt Service Principal and Interest for General Bonded Debt  
to Total General Expenditures

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service Principal and Interest	Total General Fund Expenditures	Ratio of Debt Service to Total General Expenditures
2009	\$ 350,000	\$ 25,213	\$ 375,213	\$ 26,847,088	1.40
2010	365,000	8,669	373,669	27,240,869	1.37
2011	-	-	-	27,303,824	-
2012	-	-	-	27,936,637	-
2013	-	-	-	28,725,487	-
2014	-	-	-	28,894,503	-
2015	-	-	-	30,154,436	-
2016	-	-	-	32,308,297	-
2017	-	-	-	33,283,869	-
<b>2018</b>	-	-	-	<b>33,596,992</b>	-

Source: District financial records.

**North Scott Community School District**

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

---

	2009	2010	2011	2012
Debt limit	\$ 39,760,793	\$ 41,551,216	\$ 42,635,610	\$ 44,559,210
Total net debt applicable to limit	365,000	-	-	-
Legal debt margin	<u>\$ 39,395,793</u>	<u>\$ 41,551,216</u>	<u>\$ 42,635,610</u>	<u>\$ 44,559,210</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	0.92%	0.00%	0.00%	0.00%

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

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	<b>\$ 1,061,816,489</b>
Debt limit (5% of assessed value)	<b>\$ 53,090,824</b>
Debt applicable to limit	<b>12,605,000</b>
Legal debt margin	<b>\$ 40,485,824</b>

	2013	2014	2015	2016	2017	2018
\$	46,282,177	\$ 47,526,964	\$ 47,705,276	\$ 48,772,876	\$ 51,389,730	\$ 53,090,824
	10,000,000	9,460,000	15,510,000	14,555,000	13,585,000	12,605,000
\$	<u>36,282,177</u>	\$ <u>38,066,964</u>	\$ <u>32,195,276</u>	\$ <u>34,217,876</u>	\$ <u>37,804,730</u>	\$ <u>40,485,824</u>
	21.61%	19.90%	32.51%	29.84%	26.44%	23.74%

**North Scott Community School District**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018  
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 34,086,612	12.84%	\$ 4,377,254
Eastern Iowa Community College	42,990,000	7.63	3,280,885
City of Bettendorf	118,700,000	0.20	235,853
City of Davenport	211,165,000	3.98	8,400,316
City of Eldridge	2,285,000	100.00	2,285,000
City of Princeton	510,000	100.00	510,000
City of Donahue	130,000	100.00	130,000
City of Long Grove	623,000	100.00	623,000
City of Maysville	-	-	-
City of McCausland	-	-	-
<b>Subtotal, overlapping debt</b>			<b>19,842,308</b>
District direct debt			<b>12,811,548</b>
<b>Total direct and overlapping debt</b>			<b>\$ 32,653,856</b>

Source: Scott County Auditor.

Notes:

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

\* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value. (Calculated by dividing the amount of the value applicable to the North Scott School District by the total value for that taxing authority; 2016 assessed values are used.)

**North Scott Community School District**

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

Fiscal Year	Revenue Bonds*			Coverage
	Revenue	Debt Service		
		Principal	Interest	
2009	\$ 2,676,227	\$ 350,000	\$ 25,213	7.13%
2010	2,145,184	365,000	8,669	5.74
2011	2,375,804	-	-	-
2012	2,495,352	-	-	-
2013	2,592,523	-	-	-
2014	2,591,792	540,000	229,955	29.71
2015	2,802,180	950,000	362,628	46.84
2016	2,903,548	955,000	401,005	46.70
2017	2,945,799	970,000	381,905	45.89
<b>2018</b>	<b>2,852,367</b>	<b>980,000</b>	<b>362,505</b>	<b>47.07</b>

Source: District financial records

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

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

**North Scott Community School District**

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

Calendar Year	Population (a)	Personal Income (b) (Thousands of Dollars)	Per Capita Personal Income (a)	Scott County Area Unemployment Rate (c) *
2009	13,372	\$ 375,188,378	\$ 28,058	7.3%
2010	13,372	361,712,600	27,050	7.5
2011	15,203	411,241,150	27,050	6.9
2012	15,203	414,889,870	27,290	6.7
2013	15,203	429,135,081	28,227	6.1
2014	15,203	431,673,982	28,394	5.9
2015	15,203	435,231,484	28,628	4.6
2016	15,203	N/A	30,047	4.7
2017	15,203	N/A	N/A	N/A
<b>2018</b>	-	<b>N/A</b>	<b>N/A</b>	<b>3.1</b>

Source:

(a) U.S. Census Bureau

(b) Iowa Department of Revenue

(c) Iowa Workforce Development

Notes: N/A = not available.

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

**North Scott Community School District**

**Principal Employers - Regional\*  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Deere & Company *	7,625	1	3.32 %			
Rock Island Arsenal *	5,602	2	2.44	6,300	1	3.71
Genesis Health System	4,805	3	2.10	2,000	4	1.18
Unity Point *	4,468	4	1.95			
HyVee 1106	4,378	5	1.91			
HNI Corporation/The Hon Company	3,700	6	1.61			
Walmart	2,821	7	1.23			
Tyson Fresh Meats *	2,400	8	1.05	2,500	2	1.47
Davenport CSD	2,279	9	0.99			
Arconic	2,194	10	0.96			
John Deere				2,400	3	1.41
John Deere Davenport Works				1,800	5	1.06
US Dept of Army				1,800	6	1.06
Kraft Foods/Oscar Mayer				1,500	7	0.88
Trinity Medical Center				1,500	8	0.88 %
Mid American Energy				1,200	9	0.71
Xpac				1,200	10	0.71
<b>Total</b>	<u>40,272</u>		<u>17.56 %</u>	<u>22,200</u>		<u>13.08</u>
<b>Total Regional Employees</b>	229,331			169,776		

Source: Bi-State Regional Commission, Infogroup, Reference USA Gov, and individual employers. U.S. Census

\*Quad Cities Chamber Region includes Clinton, Muscatine, and Scott Counties in Iowa, and Henry, Mercer, and Rock

Note: "Percent of Total Employment" is derived from the proportion of a firm's employees divided by the total employees in the region. These employees may represent workers who commute outside of the study region, and are estimates reported by the Census Bureau, not the individual firms.

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

**North Scott Community School District**

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

	Full-Time Equivalent Employees as of June 30			
	2009	2010	2011	2012
<b>Supervisory:</b>				
Superintendent	1.0	1.0	1.0	1.0
Principals	7.0	7.0	6.9	6.9
Assistant principals	2.0	2.0	2.0	2.0
District secretary	0.3	0.3	0.3	0.3
Business Manager	1.0	1.0	1.0	1.0
Other officials/administrators	-	-	2.0	2.0
<b>Total supervisory</b>	<b>11.3</b>	<b>11.3</b>	<b>13.2</b>	<b>13.2</b>
<b>Instruction:</b>				
Classroom teachers	150.3	151.5	147.3	149.6
Special education teachers	30.8	29.8	28.0	26.0
Special programs	14.4	15.9	16.4	15.8
Vocational teachers	10.9	10.2	10.8	11.3
Teacher aides	69.0	70.4	64.8	61.2
Instructional technology technicians	3.0	2.5	3.0	3.0
Other instruction programs*	1.0	1.4	1.5	1.5
<b>Total instruction</b>	<b>279.4</b>	<b>281.7</b>	<b>271.8</b>	<b>268.5</b>
<b>Student services:</b>				
Social workers	1.0	1.0	1.0	1.0
Counselors	11.0	10.0	10.0	10.0
Library/media specialists	4.3	4.3	5.1	4.8
Nurses	5.6	5.5	5.5	5.5
<b>Total student services</b>	<b>21.9</b>	<b>20.8</b>	<b>21.6</b>	<b>21.2</b>
<b>Support and administration:</b>				
Other support services	1.0	1.0	2.2	1.2
Office/clerical personnel	26.6	25.5	22.7	24.4
Other professional employees	-	-	-	-
Technology specialist	1.0	1.0	1.0	1.0
Other technical personnel	2.5	3.0	2.0	2.0
Crafts and trades personnel	5.5	6.5	5.5	6.5
Laborers	3.0	3.0	3.0	3.0
Service workers	56.3	56.6	53.9	54.8
Operative personnel	17.2	16.5	15.5	15.5
<b>Total support and administration</b>	<b>113.1</b>	<b>113.1</b>	<b>105.8</b>	<b>108.3</b>
<b>Total</b>	<b>425.7</b>	<b>426.9</b>	<b>412.4</b>	<b>411.1</b>

Source: District financial records

Notes:

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

Full-Time Equivalent Employees as of June 30							Percentage Change
2013	2014	2015	2016	2017	2018	2009 - 2018	
1.0	1.0	1.0	1.0	1.0	1.0	- %	
6.9	6.9	6.9	6.9	6.8	7.0	-	
2.0	1.0	3.0	3.0	2.6	3.0	50.00	
0.3	0.3	0.3	0.3	0.3	0.3	-	
1.0	1.0	1.0	1.0	1.0	1.0	-	
2.0	2.0	2.0	1.0	1.5	1.0	100.00	
13.2	12.2	14.2	13.2	13.2	13.3	17.70	
151.6	153.6	157.9	172.0	170.0	164.4	9.38	
24.0	24.6	24.5	24.8	25.8	26.0	(15.58)	
14.9	14.9	14.5	13.5	17.2	19.5	35.42	
11.2	9.8	12.8	11.8	11.0	11.0	0.92	
57.9	59.4	60.8	65.3	66.7	66.9	(3.04)	
3.0	5.0	4.4	3.0	3.0	3.0	-	
2.9	4.0	3.7	3.0	8.4	9.0	800.00	
265.4	271.3	278.6	293.4	302.1	299.8	7.30	
1.0	1.0	1.0	1.0	1.0	1.0	100.00	
10.0	10.0	10.5	10.5	10.5	10.5	(4.55)	
5.1	4.5	4.5	5.8	4.9	5.0	16.28	
5.3	5.5	6.6	5.8	6.0	6.1	8.93	
21.4	21.0	22.6	23.1	22.4	22.6	3.20	
1.2	1.8	1.2	1.2	1.2	1.2	20.00	
25.3	27.8	23.7	23.5	22.3	22.3	(16.17)	
-	-	-	1.0	1.0	1.0	100.00	
1.0	1.0	1.0	1.0	1.0	1.0	-	
2.0	-	-	2.0	2.0	2.0	(20.00)	
5.5	4.5	4.5	6.5	5.5	5.5	-	
3.0	28.8	31.6	3.0	3.0	3.0	-	
54.7	28.7	31.4	56.5	55.8	51.1	(9.24)	
13.2	13.0	12.8	13.8	13.0	12.6	(26.74)	
105.9	105.6	106.2	108.5	104.8	99.7	(11.85)	
405.9	410.1	421.5	438.2	442.5	435.4	2.28 %	

**North Scott Community School District**

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

---

Fiscal Year	Daily Average Attendance	Operating Expenditures	Cost Per Pupil	Percentage Change
2009	2,941	\$ 26,847,088	\$ 9,129	(5.58)
2010	2,910	27,240,869	9,361	(2.55)
2011	2,900	27,303,824	9,415	(0.58)
2012	3,004	27,936,637	9,300	(1.22)
2013	2,952	28,725,487	9,731	3.35
2014	3,034	28,894,503	9,524	2.41
2015	3,088	30,154,436	9,765	2.53
2016	3,158	32,308,297	10,230	4.76
2017	3,170	33,258,870	10,492	2.56
<b>2018</b>	<b>3,154</b>	<b>33,596,992</b>	10,652	1.53

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

Notes: Operating expenditures are total expenditures in the General Fund.

---

Governmental Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
\$ 31,964,187	\$ 10,868	(7.49)	222.6	13.21
32,166,443	11,054	1.70	218.7	13.31
31,297,404	10,792	(2.37)	219.3	13.22
31,494,430	10,484	(2.85)	216.0	13.91
33,926,057	11,493	6.49	219.6	13.44
40,023,238	13,192	25.82	218.5	13.89
41,462,482	13,427	1.78	226.4	13.64
38,229,837	13,014	(3.07)	240.5	13.13
41,101,433	12,966	(0.37)	240.3	13.19
<b>41,743,390</b>	<b>13,235</b>	<b>2.08</b>	<b>243.8</b>	<b>12.94</b>

**THIS PAGE INTENTIONALLY LEFT BLANK**

**North Scott Community School District**

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

---

Fiscal Year	Reduced Students	Reduced Percentage	Free Students	Free Percentage	Total Free and Reduced Students	Total Free and Reduced Percentage
2009	212	6.93%	531	17.35%	743	24.28%
2010	220	7.23	582	19.12	802	26.35
2011	164	5.38	598	19.62	762	25.00
2012	135	4.47	610	20.18	745	24.64
2013	145	4.81	539	17.88	684	22.68
2014	145	4.79	553	18.25	698	23.04
2015	139	4.68	583	20.45	722	25.13
2016	112	3.54	580	18.35	692	21.89
2017	150	4.60	547	16.77	697	21.37
<b>2018</b>	<b>145</b>	<b>4.46</b>	<b>630</b>	<b>19.37</b>	<b>775</b>	<b>23.82</b>

Source: District financial records.

**North Scott Community School District**

**School Building Information  
Last Ten Fiscal Years  
(Unaudited)**

School	Fiscal Year			
	2009	2010	2011	2012
Armstrong				
Square feet	41,095	41,095	41,095	41,095
Capacity*	720	720	720	720
Enrollment	325	343	329	326
Playgrounds	2	2	2	2
Glenn				
Square feet	26,297	26,297	26,297	26,297
Capacity*	480	480	480	480
Enrollment	234	248	277	256
Playgrounds	2	2	2	2
Grissom				
Square feet	29,209	29,209	29,209	29,209
Capacity*	480	480	480	480
Enrollment	229	222	222	207
Playgrounds	2	2	2	2
Shepard				
Square feet	39,609	39,609	39,609	39,609
Capacity*	720	720	720	720
Enrollment	306	326	338	355
Playgrounds	2	2	2	2
White				
Square feet	42,546	42,546	42,546	42,546
Capacity*	780	780	780	780
Enrollment	486	490	498	446
Playgrounds	2	2	2	2
Jr. High				
Square feet	104,270	105,714	105,714	105,714
Capacity*	960	960	960	960
Enrollment	445	472	484	475
Playgrounds	-	-	-	-
High School				
Square feet	199,143	199,143	199,143	199,143
Capacity*	1,740	1,740	1,740	1,740
Enrollment	990	985	940	971
Playgrounds	-	-	-	-

Source: District records.

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

Fiscal Year						
2013	2014	2015	2016	2017	2018	
41,095	41,095	41,095	41,095	41,095	<b>41,095</b>	
720	720	720	720	720	<b>720</b>	
316	314	329	351	370	<b>368</b>	
2	2	2	2	2	<b>2</b>	
26,297	26,297	26,297	30,177	30,177	<b>30,177</b>	
480	480	480	528	528	<b>528</b>	
239	271	253	249	258	<b>252</b>	
2	2	2	2	2	<b>2</b>	
29,209	29,209	29,209	29,209	29,209	<b>29,209</b>	
480	480	480	480	480	<b>480</b>	
194	186	187	194	185	<b>203</b>	
2	2	2	2	2	<b>2</b>	
39,609	46,900	46,900	46,900	46,900	<b>46,900</b>	
720	720	870	870	870	<b>870</b>	
366	357	412	422	422	<b>422</b>	
2	2	2	2	2	<b>2</b>	
42,546	42,546	67,546	67,546	67,546	<b>67,546</b>	
780	780	990	990	990	<b>990</b>	
452	463	476	588	561	<b>526</b>	
2	2	2	2	2	<b>2</b>	
105,714	105,714	105,714	105,714	105,714	<b>105,714</b>	
960	960	960	960	960	<b>960</b>	
478	478	480	489	483	<b>487</b>	
-	-	-	-	-	<b>-</b>	
199,143	205,000	205,000	205,000	205,000	<b>205,000</b>	
1,740	1,740	1,740	1,740	1,740	<b>1,740</b>	
942	942	973	962	956	<b>985</b>	
-	-	-	-	-	<b>-</b>	

**North Scott Community School District**

**Capital Asset Information  
Last Ten Fiscal Years  
(Unaudited)**

School	Fiscal Year			
	2009	2010	2011	2012
Elementary				
Buildings	5	5	5	5
Square feet	178,756	178,756	178,756	178,756
Capacity	3,180	3,180	3,180	3,180
Enrollment	1,580	1,627	1,664	1,753
Playgrounds	10	10	10	10
Junior High				
Buildings	1	1	1	1
Square feet	104,270	105,714	105,714	105,714
Capacity	960	960	960	960
Enrollment	445	472	484	469
High School				
Buildings	2	2	2	2
Square feet	199,143	199,143	199,143	199,143
Capacity	1,740	1,740	1,740	1,740
Enrollment	990	985	940	962
Administrative				
Admin building	1	1	1	1
Square feet	5,188	5,188	5,188	5,188
Warehouse/prints shop	1	1	1	1
Square feet	9,900	9,900	9,900	9,900
Service buildings	19	19	19	19
Transportation				
Bus garage	1	1	1	1
Square feet	5,250	5,250	5,250	5,250
Buses	38	38	38	38
Athletics				
Lancer Athletic Building	-	-	-	-
Square feet	-	-	-	-
Football fields	1	1	1	1
Soccer fields	1	1	1	1
Running tracks	1	1	1	1
Baseball/softball	2	2	2	2
Tennis courts	1	1	1	1

Source: District records.

Fiscal Year					
2013	2014	2015	2016	2017	2018
5	5	5	5	5	<b>5</b>
178,756	186,047	211,047	245,104	245,104	<b>245,104</b>
3,180	3,180	3,540	3,588	2,588	<b>3,588</b>
1,759	1,759	1,759	1,887	1,885	
10	10	10	10	10	<b>10</b>
1	1	1	1	1	<b>1</b>
105,714	105,714	105,714	105,714	105,714	<b>105,714</b>
960	960	960	960	960	<b>960</b>
478	480	489	483	483	
2	2	2	2	2	<b>2</b>
199,143	205,000	205,000	205,000	205,000	<b>205,000</b>
1,740	1,740	1,740	1,740	1,740	<b>1,740</b>
942	973	962	956	956	
1	1	1	1	1	<b>1</b>
5,188	5,188	5,188	5,188	5,188	<b>5,188</b>
1	1	1	1	1	<b>1</b>
9,900	9,900	9,900	9,900	9,900	<b>9,900</b>
19	19	19	19	19	<b>19</b>
1	1	1	1	1	<b>1</b>
5,250	5,250	5,250	5,250	5,250	<b>5,250</b>
38	38	38	38	38	<b>38</b>
-	-	-	-	1	<b>1</b>
-	-	-	-	24,000	<b>24,000</b>
1	1	1	1	1	<b>1</b>
1	1	1	1	1	<b>1</b>
1	1	1	1	1	<b>1</b>
2	2	2	2	2	<b>2</b>
1	1	1	1	1	<b>1</b>

## North Scott Community School District Miscellaneous Demographic Statistics

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

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

<b>SCHOOLS</b>	<b>17-18</b>	<b>16-17</b>	<b>15-16</b>	<b>14-15</b>	<b>13-14</b>	<b>12-13</b>	<b>11-12</b>	<b>10-11</b>	<b>09-10</b>	<b>08-09</b>
Alan Shepard Elem.	K-6	K-7	K-8	K-9						
Alan Shepard Elem.	PS									
Edward White Elem.	K-6	K-6	K-6	K-6	K-5	K-5	K-5	K-5	K-5	K-6
Edward White Elem.									PS	PS
John Glenn Elem.	PreK-6	K-6	K-6							
Neil Armstrong Elem.	K-6									
Neil Armstrong Elem.	PS									
Virgil Grissom Elem.	PreK-6									
Junior High	7-8	7-8	7-8	7-8	*6-8	*6-8	*6-8	*6-8	*6-8	*7-8
High School	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12

\*Approximately 58 sixth graders 07-08; approximately 71 sixth graders 08-09; approximately 73 sixth graders 09-10; approximately 63 sixth graders 10-11; approximately 63 sixth graders 11-12; approximately 78 sixth graders 12-13; approximately 72 sixth graders 13-14; approximately 81 sixth graders(Aug-Dec)

### Schools

North Scott High School, located in Eldridge, was opened in the fall of 1958. Major additions to this building were completed in 1980, 1982 and 2000 that included an 800-seat performing arts auditorium, six fully equipped science classrooms and a modernized and expanded vocal and instrumental music complex. Major interior renovation and enlargement of the girls' locker room was completed in October 2006, as well as the replacement of the original gymnasium floor. In 2008, a major renovation and enlargement of the high school nurse's office and other support offices was completed. An 864-square foot free-standing greenhouse was added to support the vocational agriculture and science departments. In 2009, a major track and football field renovation was completed. In 2014 major improvements and expansions were completed to the boys' locker room and wrestling room. In 2015 the High School was updated with renovations to the front school entrances, office area, and library/media center. The new 26,000 square foot fitness center at the high school, Lancer Athletic Building (LAB), was completed in 2017 and houses a 12,000 square foot weight room and two practice courts. In 2018 the High School Kitchen was renovated and improvements began on the auditorium.

The North Scott Junior High School, for grades seven and eight, was completed for occupancy January 3, 1976. Major interior remodeling was completed in 1991 and 2000 that included two fully equipped science classrooms and a second full-sized gymnasium. A major kitchen/cafeteria renovation and 1,444-square foot addition was completed in September 2009. A security camera system was added in 2009. In 2014 improvements and expansions were completed to the restrooms.

The John Glenn Elementary School at Donahue, the Virgil Grissom Elementary School at Princeton, the Alan Shepard Elementary School at Long Grove and the Edward White Elementary School at Eldridge were opened in 1967. These buildings replaced 32 buildings, which were mostly one-room, rural schools. Major additions to these elementary buildings were finished in 1967, 1969, 1971, 1993 and 2000. The Neil Armstrong Elementary School at Park View was opened on August 30, 1976 with a major addition completed in 2000. A major interior renovation project was completed in two phases. The District started on a playground safety program, replacing existing playground equipment and adding rubber tile fall protection surfaces at four of the District's elementary buildings. A large addition was completed at Alan Shepard Elementary in 2014 which added multiple classrooms and breakout rooms. A large addition was completed at Ed White Elementary in 2015, which added a gym, multiple classrooms, and office area. The library was expanded and updated as well. In 2016, John Glenn Elementary add a SAFE room that also holds two classrooms for the building.

A major sports complex was completed in the fall of 2002, which includes 12 lighted tennis courts and a lighted soccer complex. A District-wide web-based HVAC control system upgrade was started in the spring of 2009.

### **Staff and Curriculum**

The North Scott Schools take pride in their excellent workforce. The seven buildings and central office are staffed by 14.00 FTE administrators, 243.5 FTE certified staff and 177.8 FTE support staff. The teaching staff includes classroom teachers, media specialists, nurses and teacher specialists in the areas of reading, art, music, physical education and guidance. The support staff of teacher aides, secretarial and clerical staff, bus drivers and mechanics, custodial/maintenance, child care, food service, print shop and grounds staff all contributes to creating a positive, safe learning environment for students.

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

- All teachers and administrators are involved in grade level and content area meetings to align curriculum, assessment and instruction.
- The District completed the CASA document to report on 2017-18 school year and document plans for the upcoming year in implementing the Iowa Common Core.
- The District completed the 2017-18 K-12 Department of Education Desk Audit, Preschool Desk Audit and all other required reports for the State.
- The District received the Teacher Leadership Compensation funding for 2015-16. We have completed three years of the leadership programming.
- The District has identified long-range goals and annual improvement goals with specific action plans to meet the identified needs of students and staff within the District using a School Strategic plan which is reviewed annually with members of the administration and Board of Directors.
- The District employs reading specialists who provide academic support in reading for students in grades K-12.
- The Comprehensive Intervention Model is used by reading specialists and special education teachers in grades K-12.
- Curriculum reports are made during the school year to the Board of Directors.

- The District has a Curriculum Cabinet, which meets once a month to discuss issues directly related to curriculum, instruction and assessment. Members of the Cabinet include the Superintendent, Curriculum Director, a board member and all elementary principals, JH and HS principal, the 7-12 Teacher Leader Coordinator and all teacher leader instructional coaches. Minutes of the Curriculum Cabinet are shared after each meeting at School Board meetings.
- Each building annually identifies building improvement goals based upon student data. Action plans are developed at the building level to make improvements at the site level.
- Parent/teacher conferences are held in grades kindergarten through twelve twice a year with a high parent participation rate. The junior high conducts student led conferences.
- The District provides a well-articulated K-12 counseling program to address the needs of students. All elementary buildings have full time guidance personnel.
- The District continues to provide regular professional development opportunities to all staff in the areas of reading, math, science, technology, and meeting the needs of diverse learners. In 2017-18, an emphasis was placed on Professional Learning Communities, Partnership in Comprehensive Literacy and MTSS. Training was provided by AEA consultants and teacher coaches within the District.
- The District has been involved with staff development on the Social Studies standards.
- A full-time technology director and three computer technicians are employed by the District to assist in the placement of technology in all classrooms. 100 percent of the District's classrooms are connected to the Internet. All staff members have e-mail addresses. There are more than 3,000 computers across the District. The District has a 1:1 initiative at the secondary level using Chromebooks as the primary devices for students. This 1:1 will extend into the 5<sup>th</sup> grade in the 2017-18 school year. The District maintains a web page.
- The District utilizes interactive white boards into elementary, junior high and high school classrooms.
- The Central Office and administrative staff use a web-based personnel software system for hiring new staff.
- The District has an active mentoring program for beginning teachers. "Journey to Excellence" provides each beginning teacher with a trained mentor for a two-year period. Training teachers is on-going to enlarge the pool of mentors supporting beginning educators starting their careers in the District.
- Both the junior high and high school provide a student academic intervention time each school day.

## **Population**

The population of the North Scott Community School District is estimated at approximately 15,000. The enrollment in October 2018 was 3,328 students – 956 senior high students, 523 junior high students, 1,849 elementary students, 151 4-year-olds. These numbers include students who are open-enrolled or tuitioned into the District.

A fleet of 38 buses is owned by the District to serve its transportation needs. A total of 24 regular bus routes operate daily, with 3 activity routes operating in the evening. The District also has 3 special education routes operating daily.

Student lunches are prepared at two central locations, North Scott High School and North Scott Junior High and number approximately 61,886 breakfasts and 348,232 lunches annually.

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

### **District Awards Over the Last Several Years**

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

#### Individuals

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

- Presenters, University of Northern Iowa Literacy Spring Conference & Summer Academy, 2013, 2014, 2015, and 2016
- Presenter – 2017 Visible Learning Conference
- Presenter – Association for Middle Level Educators
- Presenters – 2018 National Reading Recovery Council Conference
- 1<sup>st</sup> place in the state for Sr. Division National History Day, 2014
- 2013 National Merit Finalist/Recipient
- Teacher of the Year Finalist, 2012
- Teacher National Board Certification, 2012
- State of Iowa Governor’s Volunteer Award for Individual Volunteerism
- Big Brothers/Big Sisters of America Big Impact Award Winner
- Teacher National Board Certification, 2012
- National Merit Finalist/Recipient, 2013
- Member of MBAEA and School Administrators of Iowa’s Professional Development Committee, 2013-15
- Member of SAI Elementary Principal of the Year Selection Committee, 2013-14
- Serve on SAI Fall Conference Planning Committee, 2012-13
- Edward White Elementary Model PCL School, 2013-14, 2014-15, 2015-16
- Member of North Scott Rotary
- Member of State’s C4K Committee
- Iowa State Representative
- Iowa State Senator
- Committee member, Leadership Committee, IASBO
- AEA IX Elementary Principal of the Year, 2008/09
- “Teacher of the Year – Senior Division” award from Iowa History Day, 2009
- Presenter – School Administrators of Iowa 2009 Fall Activity Fund Workshop

- Presenter – School Administrators of Iowa 2011 Fall Activity Fund Workshop
- Iowa State Distribution Advisory Council
- Presenter at Middle Level Education Southeast Sectional Conference
- National PBS Teacher of Merit Award, 2009
- Instructor – Iowa Superintendent and Leadership Consortium 2009 – Facility Construction: Planning to Finish
- Instructor – Iowa Superintendent and Leadership Consortium 2010 – Understanding & Managing Special Revenue Funds
- Southeast District High School Athletic Director of the Year, 2015
- Wrestling Coach of the Year, 2015
- Boys Class 4A Basketball Coach of the Year, 2015
- Iowa School Counselor-of-the-Year Semi-Finalist, 2017
- Iowa State Bar Mock Trial Coach Educator Hall of Fame Induction, 2017

#### Building Awards

- Five Elementary Schools Received the 2012-2014 USDA Healthier US School Challenge Award
- Junior High Educational Equity Recognition Award – Iowa State Board of Education
- Junior High “Employer Support of the Guard and Reserve” ESGR Award

#### Grounds Awards

- Presenter at Sports Manager’s Regional Conference, 2009
- Presenter at National Sports Turf Manager’s Conference, 2009 and 2012
- Hosted & Presented Turf & Technology Workshop, 2010
- 2010 National Sports Turf Manager’s Association High School & Parks Football Field of the Year
- 2015 Tennis Courts of the Year

#### Grants

- Scott County Regional Authority Grant, \$12,437 North Scott CSD – Swivel Robots for videotaping
- Scott County Regional Authority Grant, \$8,160 Elementary Schools – Microscopes for Science
- Scott County Regional Authority Grant, \$6,955 Junior High – Therapy Dog
- Scott County Regional Authority Grant, \$6,147 – iPads with Communication Apps for Special Needs Students

**Statistical Review**

Area – 220 square miles                      Altitude – 793 feet above sea level

Parks & Lakes – Scott County Park, a total of 1,450 acres. Each small town in the District has their own small park. Lost Grove Lake is a 400-acre lake located six miles east of Eldridge near Scott County Park where you can fish, kayak, canoe and hike.

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

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

Churches – 13, representing five denominations.

Fitness Center, Roller Skating Rink, Golf Course, Pickle Ball Court, Bike/Walking Trail (in City of Eldridge).

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

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

**Climate:**

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

**Municipal Services**

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

**Notice of Nondiscrimination**

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

Kelly Rohlf, Equity Coordinator  
John Glenn Elementary  
308 N Main Street  
Donahue, Iowa 52746  
Phone 563.282.9862

**THIS PAGE INTENTIONALLY LEFT BLANK**

**North Scott Community School District**

**Property Values, Construction and Bank Deposits  
Last Ten Fiscal Years  
(Unaudited)**

---

Year	Insured Property Values	Expenditures for Construction	Bank Deposit*
<b>2017-18</b>	<b>\$ 124,662,825</b>	<b>\$ 4,286,334</b>	<b>\$ 15,765,345</b>
2016-17	119,576,825	6,615,029	5,415,715
2015-16	117,555,405	15,649,202	6,599,043
2014-15	110,037,643	7,469,839	7,261,512
2013-14	99,516,364	11,223,369	2,439,275
2012-13	97,224,430	3,480,508	2,907,201
2011-12	91,387,744	1,625,806	2,109,219
2010-11	91,387,744	1,683,577	4,962,663
2009-10	91,003,994	1,821,779	7,038,116
2008-09	85,451,876	2,432,222	2,043,635

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

Sources: District financial and insurance records.

**North Scott Community School District**

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

Grade	2017-18	2016-17	2015-16	2014-15
Enrollment by Grade				
Kindergarten	<b>250.0</b>	266.0	278.0	285.0
1	<b>230.0</b>	236.0	237.0	217.0
2	<b>238.0</b>	241.0	227.0	228.0
3	<b>237.0</b>	228.0	231.0	229.0
4	<b>238.0</b>	229.0	238.0	237.0
5	<b>235.0</b>	245.0	247.0	227.0
6	<b>242.0</b>	253.0	228.0	235.0
7	<b>251.0</b>	235.0	244.0	237.0
8	<b>227.0</b>	243.0	240.0	239.0
9	<b>245.0</b>	235.0	241.0	236.0
10	<b>238.0</b>	238.0	243.0	225.0
11	<b>234.0</b>	238.0	229.0	229.0
12	<b>261.0</b>	240.0	242.0	272.0
	<b>3,126.0</b>	3,127.0	3,125.0	3,096.0
Certified enrollment	<b>3,035.1</b>	3,062.1	3,078.2	3,046.3

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

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
247.0	237.0	236.0	265.0	231.0	239.0
205.0	218.0	240.0	210.0	214.0	205.0
219.0	234.0	211.0	216.0	209.0	230.0
237.0	206.0	218.0	217.0	230.0	228.0
213.0	224.0	225.0	231.0	230.0	206.0
224.0	226.0	238.0	233.0	213.0	232.0
222.0	237.0	238.0	219.0	235.0	233.0
237.0	245.0	228.0	235.0	245.0	221.0
237.0	226.0	236.0	245.0	227.0	224.0
227.0	238.0	267.0	236.0	242.0	220.0
230.0	260.0	228.0	239.0	223.0	244.0
256.0	215.0	236.0	212.0	234.0	267.0
222.0	248.0	221.0	245.0	286.0	251.0
2,976.0	3,014.0	3,022.0	3,003.0	3,019.0	3,000.0
2,948.9	2,978.5	2,986.6	2,964.5	2,978.0	2,968.0

**North Scott Community School District**

**Schedule of Insurance Coverage**

**July 1, 2017 - June 30, 2018**

**(Unaudited)**

Detail of Coverage	Number	From	To
<b>PROPERTY</b>			
Coverage A - Buildings	5A1-37-59-17	7/1/2017	7/1/2018
Coverage B - Personal property			
Coverage C - Extra expense			
<b>LIABILITY</b>			
Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefits, additional insured.	75D1-37-59-18	7/1/2017	7/1/2018
<b>FLEET</b>			
Bodily injury, property damage, medical uninsured motorist, comprehensive, collision. Includes non-owned.	5E1-37-59-17	7/1/2017	7/1/2018
<b>WORKERS' COMPENSATION</b>			
	180-000-6224	7/1/2017	7/1/2018
<b>INLAND MARINE</b>			
All risk coverage based on statement of values.	5C1-37-59-17	7/1/2017	7/1/2018
<b>COMMERCIAL UMBRELLA (EXCESS LIABILITY)</b>			
	5J1-37-59-17	7/1/2017	7/1/2018
<b>SCHOOL DISTRICT LEGAL LIABILITY</b>			
Includes prior acts, 36-month discovery period extension, teacher negotiation-covers school board and all employees.	5K1-37-59-17	7/1/2017	7/1/2018
<b>PUBLIC SCHOOL EMPLOYEES BLANKET BOND</b>			
	5F1-37-59-17	7/1/2017	7/1/2018
<b>POLLUTION</b>			
	5P1-37-59-17	7/1/2017	7/1/2018
<b>GROUP EXCESS LIABILITY</b>			
	5Y1-37-59-17	7/1/2017	7/1/2018
<b>DATA COMPROMISE</b>			
	5Q1-37-59-17	7/1/2017	7/1/2018

Source: School District insurance records.

Liability Limits	Premium
Coverages A and B - 90% of full replacement cost as per statement of values - \$25,000 deductible. Coverage C - As per schedule.	\$ 100,317
\$2,000,000 bodily injury and property damage each occurrence, \$4,000,000 aggregate.	17,357
\$1,000,000 combined single limit liability, \$5,000 medical payment, ACV comprehensive no deductible, buses \$250 deductible, small vehicles \$100 deductible and automobiles uninsured and underinsured motorist \$1,000,000	36,206
Statutory.	179,175
As per schedule.	258
\$9,000,000 occurrence and aggregate.	11,429
\$2,000 deductible, \$2,000,000 each loss, \$2,000,000 aggregate.	11,344
Blanket coverage \$1,000,000 all employees w/ \$10,000 deductible	3,488
\$1,000,000 each incident, \$1,000,000 aggregate	1,350
\$15,000,000 occurrence limit and \$15,000,000 aggregate limit	5,785
As per schedule.	4,495

**North Scott Community School District**

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

Fiscal Year	Budgeted State Aid	Actual Revenue	Difference State Aid to Actual	Difference % of Budget Variance**
<b>2018</b>	<b>\$ 19,033,612</b>	<b>\$ 18,956,147</b>	<b>\$ 77,465</b>	<b>0.41%</b>
2017	18,978,935	18,902,895	76,040	0.40
2016	17,230,352	17,150,827	79,525	0.46
2015	16,592,001	16,513,565	78,436	0.47
2014	15,876,358	15,793,642	82,716	0.52
2013	15,395,627	15,308,497	87,130	0.57
2012	15,904,254	14,321,192	1,583,062	9.95
2011	14,597,704	14,508,670	89,034	0.61
2010	14,959,728	13,359,462	1,600,266	10.70
2009	12,933,164	12,424,224	508,940	3.94
Average	\$ 16,150,174	\$ 15,723,912	\$ 426,261	2.64%

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

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

Source: District Budget Documents and Financial Records.

**North Scott Community School District**

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

Budget Year	Enrollment	(A) North Scott New Money	(B) North Scott Settlement	(C) New Money State Trend	(D) Settlement State Trend	(E) Certified Teaching Staff (FTE)
<b>2018-19</b>	<b>3,062.1</b>	<b>1.00%</b>	<b>0.00%</b>	<b>1.34%</b>	<b>2.16%</b>	<b>-</b>
2017-18	3,078.2	3.32	2.76	1.79	3.33	240.30
2016-17	3,078.2	3.32	2.76	1.79	3.33	240.30
2015-16	3,046.3	4.60	2.76	1.87	3.15	240.48
2014-15	2,948.9	2.97	3.51	3.00	3.65	226.42
2013-14	2,978.5	1.72	3.86	2.42	3.70	218.48
2012-13	2,986.6	1.70	3.86	1.28	3.70	219.60
2011-12	2,964.5	1.30	3.76	0.13	3.70	216.68
2010-11	2,977.5	(0.40)	3.60	(0.60)	3.33	223.46
2009-10	2,967.5	2.34	3.80	1.38	2.84	218.69
2008-09	2,999.7	2.89%	4.69	3.23	2.19	222.44
Ten-year average						
Percent variance (B-A)/B		29.98%		(D-C)/C		98.98%

\* Source IASB reports.

**North Scott Community School District**

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

Education Level	Fiscal Year			
	2009	2010	2011	2012
<b>BA</b>				
Total FTE	61.00	62.69	59.75	55.96
Average salary	32,464.02	33,827.71	34,792.46	37,148.84
<b>BA + 15</b>				
Total FTE	16.96	21.94	27.34	26.40
Average salary	42,031.11	40,838.74	39,644.48	41,056.06
<b>BA + 30</b>				
Total FTE	37.50	31.50	32.50	24.00
Average salary	45,646.35	46,324.83	46,096.71	62,422.63
<b>MA</b>				
Total FTE	53.00	54.00	51.00	56.66
Average salary	43,351.94	44,548.39	45,159.83	40,648.62
<b>MA + 15</b>				
Total FTE	21.00	22.00	21.00	22.00
Average salary	49,191.67	49,541.36	48,823.05	46,603.82
<b>MA + 30</b>				
Total FTE	33.00	28.00	26.00	31.00
Average salary	55,641.73	56,087.14	55,181.70	46,281.42
<b>Grand total FTE</b>	222.46	220.13	217.59	216.02
<b>Total average salary</b>	43,026.91	43,346.46	43,310.96	43,625.73

Source: District personnel records.

Notes:

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
55.63	60.00	66.50	67.98	59.60	<b>65.60</b>
36,955.78	37,731.38	38,755.05	39,488.71	40,397.58	<b>41,353.20</b>
25.40	22.69	21.44	23.50	22.06	<b>20.31</b>
42,295.08	44,143.98	44,872.77	45,889.45	45,935.03	<b>46,724.58</b>
24.00	25.00	22.00	19.50	21.63	<b>22.63</b>
48,339.25	48,766.80	49,253.55	51,200.49	51,875.36	<b>52,518.64</b>
61.07	60.29	62.98	64.00	64.01	<b>65.38</b>
47,017.08	48,716.42	48,786.39	50,090.38	50,838.55	<b>51,995.18</b>
22.00	21.50	20.50	25.50	30.50	<b>29.00</b>
50,887.18	51,992.14	54,365.80	55,701.45	56,109.54	<b>57,194.41</b>
32.00	29.00	33.00	40.00	42.50	<b>40.88</b>
56,768.81	59,249.59	60,275.91	60,837.10	61,585.58	<b>62,612.50</b>
220.10	218.48	226.42	240.48	240.30	<b>243.80</b>
45,877.97	46,951.03	47,606.36	49,155.48	51,514.43	<b>51,139.97</b>

**North Scott Community School District**

**Total Package Settlement  
Last Ten Fiscal Years  
(Unaudited)**

---

	Fiscal Year			
	2018-19	2017-18	2016-17	2015-16
Certified	<b>2.12%</b>	3.45%	2.76%	3.51%
Classified	<b>1.20</b>	1.65	2.75	3.35
Bus drivers	<b>1.26</b>	1.00	2.76	3.35
Administrators	<b>1.73</b>	2.20	2.76	3.00
Midmanagement	<b>1.63</b>	2.50	2.76	3.00
Print shop	<b>N/A</b>	2.50	2.76	3.00
Exempt	<b>1.88</b>	2.50	2.76	3.00

Source: District records.

---

Fiscal Year							10-Year Average
2014-15	2013-14	2012-13	2011-12	2010-11	2009-10		
3.86%	3.85%	3.76%	3.60%	3.60%	3.80%	3.07%	
3.86	3.06	3.38	3.60	3.60	3.85	2.67	
3.86	3.12	3.52	2.50	2.50	1.60	2.30	
3.25	3.78	3.38	3.30	3.30	1.80	2.52	
3.86	3.00	3.38	3.60	3.60	3.80	2.75	
3.86	3.00	3.38	3.60	3.60	3.88	2.60	
3.86	3.00	3.38	3.60	3.60	3.88	2.79	

**North Scott Community School District**

**Financial Solvency Ratio  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Unassigned/ Assigned General Fund Balance	Actual Revenues	Financial Solvency Ratio
<b>2018</b>	<b>\$ 6,091,547</b>	<b>\$ 34,422,847</b>	<b>17.66%</b>
2017	5,203,385	33,850,867	15.37
2016	4,696,591	30,914,743	15.19
2015	4,999,015	30,113,559	16.60
2014	5,199,486	29,463,500	17.65
2013	4,582,172	28,838,374	15.89
2012	4,472,779	28,960,008	15.44
2011	3,450,061	26,940,253	12.81
2010	2,714,737	24,460,186	10.26
2009	3,629,572	27,190,797	13.35

Source: District financial records.

2008-2010 financial solvency =  $\frac{\text{unreserved undesignated general fund balance}}{\text{actual revenues}}$

2011-2017 financial solvency =  $\frac{\text{assigned + (plus) unassigned general fund balances (numerator)}}{\text{actual general fund revenues}}$

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

COMPLIANCE SECTION



**North Scott**  
Community Schools

**THIS PAGE INTENTIONALLY LEFT BLANK**

**North Scott Community School District**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Indirect:				
U.S. Department of Agriculture:				
Iowa Department of Education:				
Child Nutrition Cluster Program:				
School Breakfast Program	10.553	FY18 4552	\$ -	\$ 80,427
National School Lunch Program	10.555	FY18 4553	-	403,361
Commodities -DOD (Noncash)	10.555	FY18 4951	-	63,992
Commodities (Noncash)	10.555	FY18 4951	-	132,592
Child Nutrition Cluster Program Total			-	680,372
Child and Adult Food Care Program	10.558	FY 18 4554	-	876
<b>Total U.S. Department of Agriculture</b>			-	681,248
U.S. Department of Education:				
Iowa Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	FY18 4501	-	265,958
Title IIA Federal Teacher Quality Program	84.367	FY18 4643	-	77,599
Mississippi Bend Area Education Agency:				
Special Education - Grants to States				
IDEA, Part B	84.027	FY18 4521	-	135,438
Career and Technical Education -				
Basic Grants to States	84.048	FY18 4531	-	6,500
<b>Total U.S. Department of Education</b>			-	485,495
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,166,743

See notes to schedule of expenditures of federal awards.

## North Scott Community School District

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2018

---

#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Scott Community School District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of North Scott Community School District, it is not intended to and does not present the financial position, changes in net position or cash flows of North Scott Community School District.

#### **Note 2. Summary of significant accounting policies**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual or accrual basis of accounting based on the fund-type of the program. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal awards is recognized when it is both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

#### **Note 3. Indirect Cost Rate**

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**North Scott Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2018**

---

Finding	Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
<b>Findings Related to Federal Awards</b>		
<b>2017-001:</b> The District does not have a sufficient process in place to ensure compliance with procurement and suspension and debarment requirements.	Corrected	
<b>Other Findings Related to Required Statutory Reporting</b>		
<b>IV-H-17:</b> Variances regarding supplementary weighting were identified.	Corrected	

**THIS PAGE INTENTIONALLY LEFT BLANK**



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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Scott Community School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2018.

Our report included an emphasis of matter paragraph for the implementation of Governmental Accounting Standards Board Statement No. 75.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Scott Community School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2018 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.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bohnsack & Frommelt LLP*

Moline, Illinois  
December 19, 2018



**Independent Auditor's Report on Compliance For  
Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

We have audited North Scott Community School District's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of 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, 2018.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bohnsack & Frommelt LLP*

Moline, Illinois  
December 19, 2018

**North Scott Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

**I. Summary of the Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

**Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency identified?
- Noncompliance material to financial statements noted?

- Yes  No  
 Yes  None Reported  
 Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency identified?

- Yes  No  
 Yes  None Reported

Type of auditor's report issued on compliance for major programs:

- Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)?

**Unmodified**

- Yes  No

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Child Nutrition Cluster Program:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Commodities -DOD (Noncash)
10.555	Commodities (Noncash)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

- Yes  No

(Continued)

**North Scott Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

**Part II: Findings Related to the Basic Financial Statements**

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

**Part III: Findings and Questioned Costs for Federal Awards**

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

**Part IV: Other Findings Related to Statutory Reporting**

**IV-A-18**

Certified Budget: Expenditures for the year ended June 30, 2018 did not exceed the certified budget amounts.

**IV-B-18**

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-18**

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-18**

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

Name, Title, and Business Connection	Transaction Description	Amount
Central Scott Telephone, CEO & General MGR, Donn Wilmott, Board Member	Services	\$ 64,713

In accordance with the Attorney General's opinion dated November 9, 1976, the above transaction does not appear to represent a conflict of interest.

**IV-E-18**

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 ensure that the coverage is adequate for current operations.

(Continued)

**North Scott Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

**IV-F-18**

Board Minutes: No transactions requiring Board approval which had not been approved by the Board were noted.

**IV-G-18**

Certified Enrollment:

Finding: Variances regarding the October 2017 certified enrollment certified to the Iowa Department of Education were noted.

Recommendation: We recommend the District review current processes to ensure data is accurate.

Response: The District will review current processes to ensure data submitted for certified enrollment is accurately reported.

Conclusion: Response accepted.

**IV-H-18**

Supplementary Weighting: No variances in the supplementary weighting data certified to the Iowa Department of Education were noted.

**IV-I-18**

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

**IV-J-18**

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

**IV-K-18**

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

(Continued)

**North Scott Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

**IV-L-18**

**Statewide Sales and Services Tax:** No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2018, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$	8,141,555
Revenue / transfers in:			
Statewide sales and services tax revenue	\$	2,852,267	
Other		149,859	3,002,126
			<hr/>
Expenditures/transfers out:			
Administration		132,617	
School infrastructure:			
Buildings and improvements		3,489,923	
Transfers out		1,342,505	4,965,045
			<hr/>
Ending balance		\$	<u>6,178,636</u>

For the year ended June 30, 2018, the District reduced the tax levy by not having a debt service levy of \$2.69 per \$1,000 of taxable valuation as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.



---

... a commitment to the community.

**North Scott Community School District**

**Corrective Action Plan  
Year Ended June 30, 2018**

---

Findings	Corrective Action Plan	Anticipated Date of Completion
<b>Other Findings Related to Required Statutory Reporting:</b>		
<b>IV-G-18:</b> Variances regarding certified enrollment were identified.	See corrective action plan and response at IV-G-18	Fiscal Year 2019 Jill Van Roekel