

Tripoli Community School District

**Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings**

June 30, 2010

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Independent Auditor's Report

To the Board of Education of
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District, Tripoli, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

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

In my 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 Tripoli Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

The financial statements for the year ended June 30, 2010 and our previously issued report, dated March 8, 2011, should not be relied on because the financial statements did not include all required schedules. Our previously issued report is replaced by this report on the restated financial statements. As discussed in Note 15, the financial statements include Schedule 5, Expenditures of Federal Awards.

In accordance with Government Auditing Standards, I have also issued my report dated March 8, 2011 on my consideration of Tripoli Community School District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan pages 4 through 12 and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tripoli Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by US Office Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

March 8, 2011
Reissued June 10, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tripoli 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, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$4,596,063 in fiscal 2009 to \$4,334,627 in fiscal 2010, and General Fund expenditures increased from \$4,311,626 in fiscal 2009 to \$4,406,543 in fiscal 2010. The District's General Fund balance decreased from \$1,344,429 in fiscal year 2009 to \$1,271,717 in fiscal year 2010, a 5.7% decrease.
- The decrease in General Fund revenues was attributable to a decrease in local and state grant revenue in fiscal year 2010. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures.
- The decrease in the District's General Fund balance resulted in the District's solvency ratio decreasing from 29.3% in 2009 to 27.4 % in fiscal 2010. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Tripoli 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 Tripoli 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 Tripoli Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

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

Other Supplementary Information provides detailed information about the non-major governmental funds.

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

Figure A-1
Tripoli Community School District Annual Financial Report

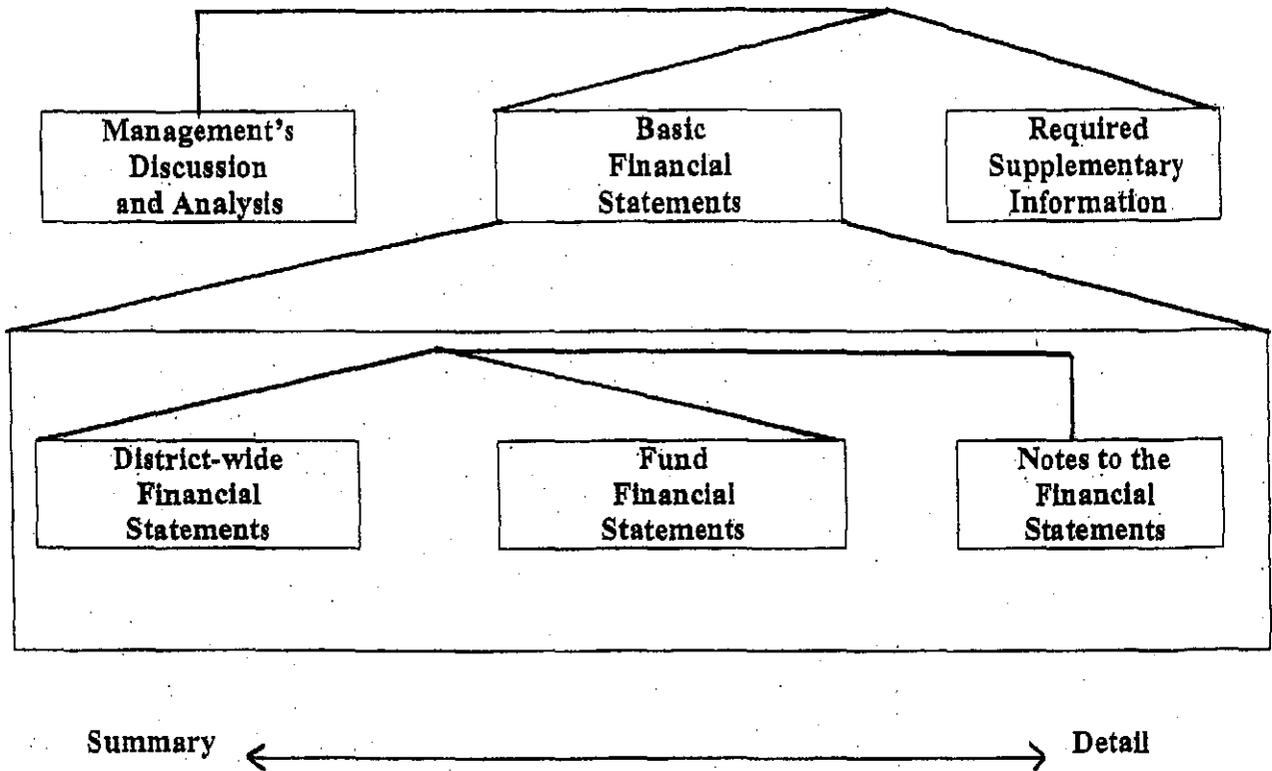


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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 tax 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 program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant 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 two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects 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.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial 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 Before and After School Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District’s net assets at June 30, 2010 compared to June 30, 2009.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	\$4,311,583	\$4,163,258	\$97,365	\$114,718	\$4,408,948	\$4,277,976	3.1%
Capital assets	5,943,161	5,975,015	56,956	47,641	6,000,117	6,022,656	-0.4%
Total assets	\$10,254,744	\$10,138,273	\$154,321	\$162,359	\$10,409,065	\$10,300,632	1.1%
Long-term liabilities	\$1,527,086	\$1,671,015	\$-	\$-	\$1,527,086	\$1,671,015	-8.6%
Other liabilities	2,389,922	2,277,962	2,596	2,796	2,392,518	2,280,758	4.9%
Total liabilities	\$3,917,008	\$3,948,977	\$2,596	\$2,796	\$3,919,604	\$3,951,773	-0.1%
Net assets:							
Invested in capital assets, net of related debt	\$4,690,346	\$4,549,369	\$56,956	\$47,641	\$4,747,302	\$4,597,010	3.3%
Restricted	279,592	169,043	-	-	279,592	169,043	65.4%
Unrestricted	1,367,798	1,470,884	94,769	111,922	1,462,567	1,582,806	-7.6%
Total net assets	\$6,337,736	\$6,189,296	\$151,725	\$159,563	\$6,489,461	\$6,348,859	2.2%

The District’s combined net assets increased by nearly 2.2%, or \$140,602, over the prior year. The largest portion of the District’s net assets is in the “invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt”. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased by \$110,549, or 65.4% over the prior year. The increase was primarily a result of an increase in other general fund reserved assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$120,239, or 7.6%.

Figure A-4 shows the change in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for service	\$391,774	\$396,947	\$144,628	\$147,511	\$536,402	\$544,458	-1.5%
Operating grants, contributions and restricted interest	932,152	711,161	85,553	83,115	1,017,705	794,276	28.1%
Capital grants, contributions and restricted interest	15,502	-	-	-	15,502	-	100%
General revenues:							
Property tax	1,662,299	1,678,844	-	-	1,662,299	1,678,844	-1.0%
Statewide sales, service and use tax	299,489	295,636	-	-	299,489	295,636	1.3%
Unrestricted state grants	1,721,580	2,166,517	-	-	1,721,580	2,166,517	-20.5%
Unrestricted investment earnings	50,598	53,433	1,411	1,858	52,009	55,291	-5.9%
Other	35,168	18,895	-	-	35,168	18,895	86.1%
Total revenues	\$5,108,562	\$5,321,433	\$231,592	\$232,484	\$5,340,154	\$5,553,917	-3.7%
Program expenses:							
Governmental activities:							
Instruction	\$3,561,591	\$3,422,995	\$-	\$-	\$3,561,591	\$3,422,995	4.0%
Support services	1,155,781	1,126,926	-	-	1,155,781	1,126,926	2.6%
Non-instructional programs	-	-	239,219	231,007	239,219	231,007	3.6%
Other expenses	241,954	242,112	-	-	241,954	242,112	-0.1%
Total expenses	\$4,959,326	\$4,792,033	\$239,219	\$231,007	\$5,198,545	\$5,023,040	3.5%
Change in net assets	\$149,236	\$529,400	-\$7,627	\$1,477	\$141,609	\$530,877	-73.3%

In fiscal year 2010, property tax and unrestricted state grants account for 66.2% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.4% of business type activities revenue.

The District's total revenues were approximately \$5.3 million, of which approximately \$5.1 million was for governmental activities and less than \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.7% decrease in revenues and a 3.5% increase in expenses. Property tax decreased approximately \$16,500. The increase in expenses is related to an increase in instruction and support services.

Governmental Activities

Revenues for governmental activities were \$5,108,562 and expenses were \$4,959,326 for the year ended June 30, 2010. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$3,561,591	\$3,422,995	4.0%	\$2,242,817	\$2,319,471	-3.3%
Support services	1,155,781	1,126,926	2.5%	1,150,629	1,122,342	2.5%
Non-instructional programs	-	-	-	-	-	-
Other expenses	241,954	242,112	-	226,452	242,112	-6.4%
Totals	\$4,959,326	\$4,792,033	-0.07%	\$3,619,898	\$3,683,925	-1.7%

- The cost financed by users of the District's programs was \$536,402.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,017,705.
- The net cost of governmental activities was financed with \$1,961,788 in property and other taxes and \$1,721,580 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$231,592 and expenses were \$239,219. The District's business type activities include the School Nutrition Fund, and Before and After School Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Tripoli 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 a combined fund balance of \$1,897,875, above last year's ending fund balances of \$1,890,555.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. Decreases during the year in tax and state grants resulted in a decrease in revenues. The District's increase in General Fund expenditures, required the District to use carryover fund balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$1,343,633 to \$1,271,717, due in part to the negotiated salaries and benefits and existing expenditure commitments of the District.
- The Capital Projects Fund balance increased from \$208,880 to \$226,886 due in part to the decrease in expenditures from \$498,222 in 2009 to \$150,678 in 2010.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$145,429 to \$135,556 at June 30, 2010 due in part to the increased costs of supplies.
- Before and After School Fund Net Assets increased from \$14,134 to \$16,169 due to the revenues increasing more than the increase in expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tripoli Community School District amended its annual budget one time to reflect additional expenditures.

The District's receipts were \$174,450 less than budgeted receipts, a variance of 3.2%.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at anticipated expenditures for the General Fund. The District then manages or controls General Fund spending through its line-item budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$6,000,117, 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 represents a net decrease of 3.8% from last year. More detailed information about the District’s capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$329,482.

The original cost of the District’s capital assets was \$10,368,934. Governmental funds account for \$10,278,203, with the remainder of \$90,731 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in process category. The District’s construction in process totaled \$89,605 at June 30, 2010, due to the elementary school parking lot and driveway replacement project.

**Figure A-6
Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Construction in process	89,605	-	-	-	89,605	-	100%
Buildings	5,412,304	5,502,929	-	-	5,412,304	5,502,929	-1.7%
Improvements other than buildings	78,983	88,451	-	-	78,983	88,451	-10.7%
Furniture and equipment	328,769	350,135	56,956	47,641	385,725	397,776	3.0%
Totals	\$5,943,161	\$5,975,015	\$56,956	\$47,641	\$6,000,117	\$6,022,656	-3.8%

Long-Term Debt

At June 30, 2010, the District had \$1,252,815 in other long-term debt outstanding. This represents a decrease of 12.1% from last year. (See Figure A-7) Additional information about the District’s long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District’s debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District’s outstanding debt is significantly below its constitutional debt limit of approximately \$8 million.

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

	Total District		Total Change
	June 30,		June 30,
	2010	2009	2009-2010
Notes payable	\$1,252,815	\$1,425,646	-12.1%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Enrollment declines are a concern for the School District as total certified enrollment has declined from 506 in 2007-2008 to 479 in 2009-2010. The enrollment decline will mean less state aid in future years.

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 Kassandra Johansen, District Secretary/Business Manager, Tripoli Community School District, 209 8th Avenue SW, Tripoli IA 50676.

Basic Financial Statements

Tripoli Community School District

Statement of Net Assets

June 30, 2010

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
Restricted	\$ 300,000	\$ -	\$ 300,000
Other	2,134,301	79,154	2,213,455
Receivables:			
Property tax:			
Delinquent	17,308	-	17,308
Succeeding year	1,528,911	-	1,528,911
Accounts	29,214	454	29,668
Prepaid expenses	23,173	-	23,173
Prepaid liability OPEB	28,406	-	28,406
Due from other governments	250,270	-	250,270
Inventories	-	17,757	17,757
Capital assets, net of accumulated depreciation	5,943,161	56,956	6,000,117
Total Assets	\$ 10,254,744	\$ 154,321	\$ 10,409,065
Liabilities			
Accounts payable	\$ 116,004	\$ -	\$ 116,004
Salaries and benefits payable	234,272	-	234,272
Accrued interest payable	4,620	-	4,620
Deferred revenue-succeeding year property tax	1,528,911	-	1,528,911
Deferred revenue – other	206,115	2,596	208,711
Bank warrants payable	300,000	-	300,000
Long-term liabilities:			
Portion due within one year:			
Notes payable	179,898	-	179,898
Early retirement	55,118	-	55,118
Portion due after one year:			
Notes payable	1,072,917	-	1,072,917
Early retirement	219,153	-	219,153
Total Liabilities	\$ 3,917,008	\$ 2,596	\$ 3,919,604
Net Assets			
Invested in capital assets, net of related debt	\$ 4,690,346	\$ 56,956	\$ 4,747,302
Restricted for:			
Categorical funding	65,743	-	65,743
Physical plant and equipment levy	106,532	-	106,532
Other special revenue purposes	107,317	-	107,317
Unrestricted	1,367,798	94,769	1,462,567
Total Net Assets	\$ 6,337,736	\$ 151,725	\$ 6,489,461

Tripoli Community School District

Statement of Activities

Year Ended June 30, 2010

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,415,935	\$ 242,696	\$ 794,734	\$ -
Special instruction	571,710	13,346	126,639	-
Other instruction	573,946	135,522	5,837	-
	<u>\$ 3,561,591</u>	<u>\$ 391,564</u>	<u>\$ 927,210</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 64,313	\$ -	\$ 3,381	\$ -
Instructional staff services	130,505	-	-	-
Administration services	438,729	-	-	-
Operation and maintenance of plant services	365,106	210	-	-
Transportation services	157,128	-	1,561	-
	<u>\$ 1,155,781</u>	<u>\$ 210</u>	<u>\$ 4,942</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ -25,910	\$ -	\$ -	\$ 15,502
Long-term debt interest	59,752	-	-	-
AEA flow-through	208,112	-	-	-
	<u>\$ 241,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,502</u>
Total Governmental Activities	<u>\$ 4,959,326</u>	<u>\$ 391,774</u>	<u>\$ 932,152</u>	<u>\$ 15,502</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 224,638	\$ 128,269	\$ 85,553	\$ -
Child care operations	14,581	16,359	-	-
	<u>\$ 239,219</u>	<u>\$ 144,628</u>	<u>\$ 85,553</u>	<u>\$ -</u>
Total	<u>\$ 5,198,545</u>	<u>\$ 536,402</u>	<u>\$ 1,017,705</u>	<u>\$ 15,502</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -1,378,505	\$	\$ -1,378,505
-431,725		-431,725
-432,587		-432,587
\$ -2,242,817	\$	\$ -2,242,817
\$ -60,932	\$	\$ -60,932
-130,505		-130,505
-438,729		-438,729
-364,896		-364,896
-155,567		-155,567
\$ -1,150,629	\$	\$ -1,150,629
\$ 41,412	\$	\$ 41,412
-59,752		-59,752
-208,112		-208,112
\$ -226,452	\$	\$ -226,452
\$ -3,619,898	\$	\$ -3,619,898
\$ -	\$ -10,816	\$ -10,816
-	1,778	1,778
\$ -	\$ -9,038	\$ -9,038
\$ -3,619,889	\$ -9,038	\$ -3,628,936

Tripoli Community School District

Statement of Activities

Year Ended June 30, 2010

	<u>Program Revenues</u>		
	Operating	Capital	
	Grants,	Grants,	
	Contributions	Contributions	
	and	and	
	Restricted	Restricted	
	Interest	Interest	
<u>Expenses</u>	<u>Charges</u>		
	<u>for</u>		
	<u>Services</u>		

General Revenues:

Property Tax Levied For:

General purposes

Capital outlay

Statewide sales, service and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Change in net asset before other financing sources (uses)

Loss on disposal of assets

Change in net assets

Net assets beginning of year

Prior period adjustment

Adjusted beginning of year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 1,487,833	\$ -	\$ 1,487,833
174,466	-	174,466
299,489	-	299,489
1,721,580	-	1,721,580
50,598	1,411	52,009
35,168	-	35,168
<hr/>		
\$ 3,769,134	\$ 1,411	\$ 3,770,545
<hr/>		
\$ 149,236	-7,627	141,609
-	-211	-211
<hr/>		
\$ 149,236	\$ -7,838	\$ 141,398
<hr/>		
\$ 6,189,296	159,563	6,348,859
-796	-	-796
<hr/>		
\$ 6,188,500	159,563	6,348,063
<hr/>		
\$ 6,337,736	\$ 151,725	\$ 6,489,461

Tripoli Community School District

Balance Sheet
Governmental Funds

June 30, 2010

Assets	General	Capital Projects	Non-major Funds	Total
Cash and Pooled Investments:				
Restricted	\$ 300,000	\$ -	\$ -	\$ 300,000
Other	1,494,363	247,903	392,035	2,134,301
Receivables:				
Property Tax:				
Delinquent	13,580	-	3,728	17,308
Succeeding year	1,250,427	-	278,484	1,528,911
Accounts	3,012	25,962	240	29,214
Prepaid expenses	19,366	-	3,807	23,173
Due from other governments	250,270	-	-	250,270
Total Assets	\$ 3,331,018	\$ 273,865	\$ 678,294	\$ 4,283,177
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 68,487	\$ 46,979	\$ 538	\$ 116,004
Salaries and benefits payable	234,272	-	-	234,272
Bank warrants payable	300,000	-	-	300,000
Deferred Revenue:				
Succeeding year property tax	1,250,427	-	278,484	1,528,911
Other	206,115	-	-	206,115
Total Liabilities	\$ 2,059,301	\$ 46,979	\$ 279,022	\$ 2,385,302
Fund Balances:				
Reserved for:				
Categorical funding	\$ 65,743	\$ -	\$ -	\$ 65,743
Unreserved	1,205,974	226,886	399,272	1,832,132
Total Fund Balances	\$ 1,271,717	\$ 226,886	\$ 399,272	\$ 1,897,875
Total Liabilities and Fund Balances	\$ 3,331,018	\$ 273,865	\$ 678,294	\$ 4,283,177

Tripoli Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2010

Total fund balances of governmental funds (page 16)	\$ 1,897,875
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	5,943,161
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds	28,406
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-4,620
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-1,527,086</u>
Net assets of governmental activities (page 13)	<u>\$ 6,337,736</u>

Tripoli Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2010

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,348,210	\$ 299,489	\$ 314,089	\$ 1,961,788
Tuition	242,294	-	-	242,294
Other	90,611	4,465	140,170	235,246
Intermediate sources	2,000	-	-	2,000
State sources	2,235,401	-	220	2,235,621
Federal sources	416,111	-	15,502	431,613
Total Revenues	\$ 4,334,627	\$ 303,954	\$ 469,981	\$ 5,108,562
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,146,735	\$ -	\$ 48,682	\$ 2,195,417
Special instruction	571,710	-	-	571,710
Other instruction	446,617	-	140,410	587,027
Total Instruction	\$ 3,165,062	\$ -	\$ 189,092	\$ 3,354,154
Support Services:				
Student services	\$ 64,313	\$ -	\$ -	\$ 64,313
Instructional staff services	130,505	-	-	130,505
Administration services	395,255	-	37,051	432,306
Operation and maintenance of plant services	331,798	-	24,485	356,283
Transportation services	111,498	18,016	7,085	136,599
Total Support Services	\$ 1,033,369	\$ 18,016	\$ 68,621	\$ 1,120,006
Other Expenditures:				
Facilities acquisition	\$ -	\$ 132,662	\$ 52,290	\$ 184,952
Long-Term Debt:				
Principal	-	-	172,831	172,831
Interest and fiscal charges	-	-	60,391	60,391
AEA flow-through	208,112	-	-	208,112
Total Other Expenditures	\$ 208,112	\$ 132,662	\$ 285,512	\$ 626,286
Total Expenditures	\$ 4,406,543	\$ 150,678	\$ 543,225	\$ 5,100,446
Excess (deficiency) of revenues over (under) expenditures	\$ -71,916	\$ 153,276	\$ -73,244	\$ 8,116
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -	\$ -135,270	\$ 135,270	\$ -
Net change in fund balances	\$ -71,916	\$ 18,006	\$ 62,026	\$ 8,116
Fund balances beginning of year	\$ 1,344,429	\$ 208,880	\$ 337,246	\$ 1,890,555
Prior period adjustment	-796	-	-	-796
Adjusted beginning balance	\$ 1,343,633	\$ 208,880	\$ 337,246	\$ 1,889,759
Fund Balances End of Year	\$ 1,271,717	\$ 226,886	\$ 399,272	\$ 1,897,875

See notes to financial statements.

Tripoli 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, 2010

Net change in fund balances – total governmental funds (page 18) \$ 8,116

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, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 292,335	
Depreciation expense	-324,189	-31,854

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid		172,831
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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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	\$ -28,902	
Other postemployment benefits	28,406	-496

Change in Net Assets of Governmental Activities (page 15)		\$ 149,236
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Tripoli Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2010

	Before & After School	School Nutrition	Total
Assets			
Cash and cash equivalents	\$ 15,934	\$ 63,220	\$ 79,154
Accounts receivable	235	219	454
Inventories	-	17,757	17,757
Capital assets, net of accumulated depreciation	-	56,956	56,956
Total Assets	\$ 16,169	\$ 138,152	\$ 154,321
Liabilities			
Deferred revenue	\$ -	\$ 2,596	\$ 2,596
Net Assets			
Invested in capital assets, net of related debt	\$ -	\$ 56,956	\$ 56,956
Unrestricted	16,169	78,600	94,769
Total Net Assets	\$ 16,169	\$ 135,556	\$ 151,725

Tripoli Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year Ended June 30, 2010

	Before & After School	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 16,359	\$ 128,269	\$ 144,628
Operating expenses:			
Non-instructional programs:			
Food service and child care operations:			
Salaries and benefits	\$ 13,564	\$ 97,251	\$ 110,815
Purchased services	-	1,511	1,511
Supplies	1,017	120,172	121,189
Depreciation	-	5,293	5,293
Other	-	411	411
Total operating expenses	\$ 14,581	\$ 224,638	\$ 239,219
Operating income (loss)	\$ 1,778	\$ -96,369	\$ -94,591
Non-operating revenues:			
State sources	\$ -	\$ 2,598	\$ 2,598
Federal sources	-	82,955	82,955
Interest income	257	1,154	1,411
Total non-operating revenues	\$ 257	\$ 86,707	\$ 86,964
Change in net assets before other financing sources (uses)	\$ 2,035	\$ -9,662	\$ -7,627
Loss on disposal of assets	-	-211	-211
Change in net assets	\$ 2,035	\$ -9,873	\$ -7,838
Net assets beginning of year	14,134	145,429	159,563
Net Assets End of Year	\$ 16,169	\$ 135,556	\$ 151,725

Tripoli Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2010

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 128,271
Cash paid to employees for services	-97,251
Cash paid to suppliers for goods or services	-106,222
Net cash used by operating activities	<u>\$ -75,202</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 2,598
Federal grants received	66,860
Net cash provided by non-capital financing activities	<u>\$ 69,458</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -14,819</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 1,154</u>
Net decrease in cash and cash equivalents	\$ -19,409
Cash and cash equivalents beginning of year	<u>82,629</u>
Cash and Cash Equivalents End of Year	<u>\$ 63,220</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -96,369
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	16,095
Depreciation	5,293
(Increase) in inventories	-223
Decrease in accounts receivable	202
(Decrease) in deferred revenue	-200
Net Cash Used by Operating Activities	<u>\$ 75,202</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$16,095 of federal commodities.

Tripoli Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2010

	Before & After School
Cash flows from operating activities:	
Cash received from services	\$ 16,166
Cash paid to employees for services	-13,564
Cash paid to suppliers for goods or services	-1,017
Net cash provided by operating activities	<u>\$ 1,585</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 257</u>
Net increase in cash and cash equivalents	\$ 1,842
Cash and cash equivalents beginning of year	<u>14,092</u>
Cash and Cash Equivalents End of Year	<u>\$ 15,934</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,778
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	<u>-193</u>
Net Cash Provided by Operating Activities	<u>\$ 1,585</u>

Tripoli Community School District
Notes to the Reissued Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Tripoli Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Tripoli and Frederika, Iowa and portions of the predominately agricultural territories in Bremer and Chickasaw Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Tripoli 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. Tripoli Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does 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 County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, 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 non-major governmental funds.

The District reports the following major governmental fund:

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

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

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Before and After School Fund. These funds are used to account for the food service operations of the District and child care operations of the District.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds 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 non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. 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 District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair 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.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for support staff corresponding to the current school year, which were paid in July, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences 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.

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 97,952
Debt Service	Capital Projects	135,270
		<u>\$ 233,222</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Bank Anticipatory Warrants

The District has entered into an agreement with American Savings Bank for the issuance of anticipatory warrants of \$300,000 with an interest rate of 3.5%. Activity for the year ended June 30, 2010 is as follows:

	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
Total	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>

Cash advanced under these warrants are held in a money management savings account. These funds are only used if the District's regular cash flow is inadequate to meet current needs.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in process	-	89,605	-	89,605
Total capital assets not being depreciated	\$ 33,500	\$ 89,605	\$ -	\$ 123,105
Capital assets being depreciated:				
Buildings	\$ 8,490,162	\$ 96,976	\$ -	\$ 8,587,138
Improvements other than buildings	297,996	2,400	-	300,396
Furniture and equipment	1,164,210	103,354	-	1,267,564
Total capital assets being depreciated	\$ 9,952,368	\$ 202,730	\$ -	\$ 10,155,098
Less accumulated depreciation for:				
Buildings	\$ 2,987,233	\$ 187,601	\$ -	\$ 3,174,834
Improvements other than buildings	209,545	11,868	-	221,413
Furniture and equipment	814,075	124,720	-	938,795
Total accumulated depreciation	\$ 4,010,853	\$ 324,189	\$ -	\$ 4,335,042
Total capital assets being depreciated, net	\$ 5,941,515	\$ -121,459	\$ -	\$ 5,820,056
Governmental Activities Capital Assets, Net	\$ 5,975,015	\$ -31,854	\$ -	\$ 5,943,161
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 76,637	\$ 14,819	\$ 725	\$ 90,731
Less accumulated depreciation	28,996	5,293	514	33,775
Business Type Activities Capital Assets, Net	\$ 47,641	\$ 9,526	\$ 211	\$ 56,956
Depreciation expense was charged to the following functions:				
Governmental Activities:				
Instruction:				
Regular				\$ 259,905
Other				7,554
Support services:				
Administration				9,362
Operation and maintenance of plant				8,823
Transportation				38,545
Total Depreciation Expense – Governmental Activities				\$ 324,189
Business Type Activities:				
Food service operations				\$ 5,293

(6) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 1,425,646	\$ -	\$ 172,831	\$ 1,252,815	\$ 179,898
Early retirement	245,369	73,700	44,798	274,271	55,118
Total	\$ 1,671,015	\$ 73,700	\$ 217,629	\$ 1,527,086	\$ 235,016

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed twenty years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement incentives for eligible employees is composed of:

- 1) The School District shall provide up to five hundred fifty dollars (\$550.00) per month for payment of health insurance premiums of the retired teacher for ninety (90) months. However, the monthly payment shall not exceed, in any event, the actual cost of the monthly health insurance premiums of the retired teacher, and shall end at 90 months or with medicare eligibility whichever comes first.

Early retirement benefits paid during the year ended June 30, 2010 totaled \$44,798. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the Governmental Activities Long-Term Liabilities section representing the District's commitment to fund non-current early retirement.

Note Payable – Science Room Addition

On June 19, 2007, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a science room addition. The note was written for \$900,000. The interest rate on the note is 4.5%. Semi-annual payments will be \$67,634.88 to be paid on December 1 and June 1 of each year, with the note maturing December 1, 2015.

Details of the District's June 30, 2010 note payable – science room addition are as follows:

Year ending June 30,	Principal	Interest
2011	\$ 109,185	\$ 26,085
2012	114,169	21,101
2013	119,491	15,778
2014	125,112	10,157
2015	127,821	4,216
Total	\$ 595,778	\$ 77,337

Note Payable – Preschool

On May 1 2008, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a preschool room addition. The note was written for \$800,000. The interest rate on the note is 4.5%. Semi-annual payments will be \$50,460.25 to be paid on December 1 and June 1 of each year, with the note maturing June 1, 2018.

Details of the Districts June 30, 2010 note payable – preschool are as follows:

<u>Year ending June 30,</u>	<u>Principle</u>	<u>Interest</u>
2011	\$ 70,713	\$ 27,239
2012	73,686	24,266
2013	76,915	21,037
2014	80,219	17,733
2015	83,664	14,288
2016	87,231	10,721
2017	91,005	6,948
2018	93,604	4,249
Total	<u>\$ 657,037</u>	<u>\$ 126,481</u>

During the year ended June 30, 2010, the District made principal and interest payments totaling \$233,222 under the agreements.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010, 2009 and 2008. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$164,596, \$155,906, and \$124,464, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 29 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$ 27,919
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>\$ 27,919</u>
Contributions made	<u>56,325</u>
Increase in net OPEB obligation	\$ -28,406
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>\$ -28,406</u> *
*Prepaid OPEB liability	

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$225,858 to the medical plan. Plan members eligible for benefits contributed \$7,954, or 3% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$27,919	201.7%	-\$28,406

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$354,930, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$354,930. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,465,000 and the ratio of the UAAL to covered payroll was 24.2%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District’s funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$334.17 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) 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 \$208,112 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Construction Commitments

The District has committed to an elementary school parking lot and driveway replacement project totaling \$300,097 at June 30, 2010, \$89,605 of which was in construction in process, with the balance of \$210,492 to be paid as work on the project progresses.

(12) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

Program	Amount
At Risk	\$ 10,974
Gifted and Talented Programs	33,214
Dropout Prevention	4,943
Core Curriculum	10,392
Professional Development	3,950
Market Factor	2,270
Total	<u>\$ 65,743</u>

(13) Subsequent Events

The District has evaluated subsequent events through March 8, 2011 which is the date that the financial statement were available to be issued.

(14) Prior Period Adjustment

A \$796 prior period adjustment to the General Fund was made for the Reserved Fund Non-public Transportation.

(15) Reissue of Financial Statements

The District was subject to the requirements by US Office Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Schedule of Expenditures of Federal Awards and the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 was added to this reissued report.

(16) Approval of the Reissued Financial Statements

The reissued financial statements have been approved by the District on June __, 2011.

Required Supplementary Information

Tripoli Community School District

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

Required Supplementary Information

Year Ended June 30, 2010

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>
Receipts:		
Local sources	\$ 2,439,328	\$ 146,039
Intermediate sources	2,000	-
State sources	2,235,621	2,598
Federal sources	431,613	82,955
Total Receipts	<u>\$ 5,108,562</u>	<u>\$ 231,592</u>
Disbursements:		
Instruction	\$ 3,354,154	\$ -
Support services	1,120,006	-
Non-instructional programs	-	239,219
Other expenditures	626,286	-
Total Disbursements	<u>\$ 5,100,446</u>	<u>\$ 239,219</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 8,116	\$ -7,627
Other financing sources (uses), net	-	-211
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing sources (uses)	<u>\$ 8,116</u>	<u>\$ -7,838</u>
Balances beginning of year	\$ 1,890,555	\$ 159,563
Prior period adjustment	-796	-
Adjusted beginning of year	<u>\$ 1,889,759</u>	<u>\$ 159,563</u>
Balances End of Year	<u>\$ 1,897,875</u>	<u>\$ 151,725</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	2,585,367	\$ 2,541,587	\$ 2,541,587	\$ 43,780
	2,000	-	-	2,000
	2,238,219	2,762,270	2,762,270	-524,051
	514,568	210,747	210,747	303,821
\$	5,340,154	\$ 5,514,604	\$ 5,514,604	\$ -174,450
<hr/>				
\$	3,354,154	\$ 3,515,787	\$ 3,515,787	\$ 161,633
	1,120,006	1,170,108	1,170,108	50,102
	239,219	256,861	275,000	35,781
	626,286	650,245	875,000	248,714
\$	5,339,665	\$ 5,593,001	\$ 5,835,895	\$ 496,230
<hr/>				
\$	489	\$ -78,397	\$ -321,291	\$ 321,780
	-211	-	-	-211
<hr/>				
\$	278	\$ -78,397	\$ -321,291	\$ 321,569
\$	2,050,118	\$ 1,734,436	\$ 1,734,436	\$ 315,682
	-796	-	-	-796
<hr/>				
\$	2,049,322	\$ 1,734,436	\$ 1,734,436	\$ 314,886
<hr/>				
\$	2,049,600	\$ 1,656,039	\$ 1,413,145	\$ 636,455

Tripoli Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2010

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$242,894.

Tripoli Community School District

**Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)**

Required Supplementary Information

June 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$355	\$355	0.0%	\$1,465	24.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Tripoli Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2010

	Special Revenues			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 179,954	\$ 107,615	\$ 104,466	\$ 392,035
Receivables:				
Accounts	-	240	-	240
Property Tax:				
Delinquent	1,662	-	2,066	3,728
Succeeding year	100,000	-	178,484	278,484
Prepaid expenses	3,807	-	-	3,807
Total Assets	\$ 285,423	\$ 107,855	\$ 285,016	\$ 678,294
Liabilities & Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 538	\$ -	\$ 538
Deferred revenue:				
Succeeding year property tax	100,000	-	178,484	278,484
Total Liabilities	\$ 100,000	\$ 538	\$ 178,484	\$ 279,022
Fund Equity:				
Unreserved fund balances	185,423	107,317	106,532	399,272
Total Liabilities and Fund Equity	\$ 285,423	\$ 107,855	\$ 285,016	\$ 678,294

Tripoli Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds**

Year Ended June 30, 2010

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	
Revenues:					
Local Sources:					
Local tax	\$ 139,623	\$ -	\$ 174,466	\$ -	\$ 314,089
Other	10,003	128,787	1,380	-	140,170
State	98	-	122	-	220
Federal	-	-	15,502	-	15,502
Total Revenues	<u>\$ 149,724</u>	<u>\$ 128,787</u>	<u>\$ 191,470</u>	<u>\$ -</u>	<u>\$ 469,981</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 48,682	\$ -	\$ -	\$ -	\$ 48,682
Other instruction	-	140,410	-	-	140,410
Support Services:					
Administration services	37,051	-	-	-	37,051
Operation and maintenance of plant services	24,485	-	-	-	24,485
Transportation services	7,085	-	-	-	7,085
Other Expenditures:					
Facilities acquisition	-	-	52,290	-	52,290
Long-Term Debt:					
Principal	-	-	-	172,831	172,831
Interest and fiscal charges	-	-	-	60,391	60,391
Total Expenditures	<u>\$ 117,303</u>	<u>\$ 140,410</u>	<u>\$ 52,290</u>	<u>\$ 233,222</u>	<u>\$ 543,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 32,421</u>	<u>\$ -11,623</u>	<u>\$ 139,180</u>	<u>\$ -233,222</u>	<u>\$ -73,244</u>
Other Financing Sources (Uses):					
Operating transfers in (out)	\$ -	\$ -	\$ -97,952	\$ 233,222	\$ 135,270
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>\$ 32,421</u>	<u>\$ -11,623</u>	<u>\$ 41,228</u>	<u>\$ -</u>	<u>\$ 62,062</u>
Fund balances beginning of year	153,002	118,940	65,304	-	337,246
Fund Balances End of Year	<u>\$ 185,423</u>	<u>\$ 107,317</u>	<u>\$ 106,532</u>	<u>\$ -</u>	<u>\$ 399,272</u>

See accompanying independent auditor's report.

Tripoli Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2010

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Interest	\$ 6,927	\$ 2,235	\$ 164	\$ -6	\$ 8,992
Vocal	5,560	4,148	4,514	-	5,194
Instrumental	1,010	860	815	-	1,055
Band Trip	3,716	5,030	2,457	-	6,289
Yearbook	5,409	3,524	2,328	-	6,605
Picture	1,996	223	26	-	2,193
Thalians	185	-	64	-	121
High School Student Council	2,457	1,090	896	-	2,651
Home Ec	690	-	-	-	690
National Honor Society	2,507	356	403	-	2,460
Faculty	1,674	175	289	-	1,560
SADD	558	555	560	-	553
Milk Machine	5,678	4,066	6,584	-	3,160
Magazine Sales	-	7,662	4,711	-2,951	-
AEA Social Studies Grant	216	-	-	-	216
Art Resale	111	-	-	-	111
Art Trip	-	5,294	5,224	-	70
Industrial Tech	326	-	53	-273	-
Pencil Resale	1,433	-	1,328	-	105
Manufacturing	65	520	579	273	279
Class of 2009	168	-	-	-168	-
Class of 2010	430	604	1,074	42	2
Class of 2011	3,714	520	2,328	42	1,948
Class of 2012	3,321	-	-	42	3,363
Class of 2013	4,378	-	-	43	4,421
Class of 2014	1,914	27	-	498	2,439
Class of 2015	1,340	-	-	648	1,988
Class of 2016	-	124	-	1,805	1,929
Class of 2017	-	10	-	-	10
Football Fundraiser	2,076	2,884	3,248	-	1,712
Marketing Class	2,083	1,276	574	-200	2,585
FFA	891	8,021	6,924	-	1,988
Senior Class Play	959	552	351	-	1,160
Ecology – Science	101	219	209	-	111
SES	157	-	-	-	157
SCIN	1,547	-	-	-	1,547
SCIN Treat	933	-	-	-	933
Athletics	5,969	56,335	54,925	-	7,379
Cheerleading	402	249	656	5	-
Golf Fundraiser	1	1,050	898	-	153
Boys Basketball	781	360	1,204	200	137
Baseball	160	1,629	1,426	-	363
Boy's Track Fundraising	-	661	660	-	1
Girl's Track Fundraising	-	1,687	1,645	-	42
Bowling Fund	-	1,446	816	-	630

See accompanying independent auditor's report.

Tripoli Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2010

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Girls Basketball	\$ 176	\$ 340	\$ 375	\$ -	\$ 141
Volleyball Fundraiser	2,744	4,911	4,930	-	2,725
Softball Fund	622	552	772	-	402
Athletic Scholarship	-	250	250	-	-
Middle School Student Council	74	69	45	-	98
Elementary Library	1,684	4,080	4,050	-	1,714
Elementary Outdoor Ed - EWALU	4,228	2,092	3,078	-	3,242
Elementary Concessions	4,578	210	74	-	4,714
Elementary Music	42	-	-	-	42
Elementary Carnival	32,909	2,891	18,903	-	16,897
Memorial	40	-	-	-	40
Total	\$ 118,940	\$ 128,787	\$ 140,410	\$ -	\$ 107,317

Tripoli Community School District

**Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds**

For the Last Seven Years

	Modified Accrual Basis			
	2010	2009	2008	2007
Revenues:				
Local Sources:				
Local tax	\$ 1,961,788	\$ 1,974,480	\$ 1,938,473	\$ 1,949,606
Tuition	242,294	195,466	152,698	164,384
Other	235,246	292,324	292,571	273,635
Intermediate sources	2,000	2,000	-	-
State sources	2,235,621	2,655,845	2,516,731	2,325,181
Federal sources	431,613	201,318	126,889	93,228
Total	\$ 5,108,562	\$ 5,321,433	\$ 5,027,362	\$ 4,806,034
Expenditures:				
Instruction:				
Regular instruction	\$ 2,195,417	\$ 2,232,091	\$ 2,046,139	\$ 2,036,312
Special instruction	571,710	561,083	532,152	589,127
Other instruction	587,027	540,394	517,023	486,843
Support services:				
Student services	64,313	38,269	37,983	36,403
Instructional staff services	130,505	122,315	109,986	112,575
Administrative services	432,306	428,332	422,542	359,272
Operation and maintenance of plant services	356,283	353,002	372,659	299,725
Transportation services	136,599	116,008	116,002	176,346
Other expenditures:				
Facilities acquisition	184,952	538,772	1,232,360	472,566
Long-term debt:				
Principal	172,831	256,747	172,780	72,985
Interest and other charges	60,391	63,724	44,900	9,425
AEA flow-through	208,112	180,073	167,796	156,470
Total	\$ 5,100,446	\$ 5,430,810	\$ 5,772,322	\$ 4,808,049

See accompanying independent auditor's report.

Modified Accrual Basis		
2006	2005	2004
\$ 1,577,384	\$ 1,602,580	\$ 1,637,469
185,620	121,599	57,704
532,586	466,523	268,964
245	11,608	-
2,120,365	2,044,677	1,938,984
123,928	121,523	139,871
<u>\$ 4,540,128</u>	<u>\$ 4,368,510</u>	<u>\$ 4,042,992</u>

\$ 1,993,682	\$ 1,902,372	\$ 1,791,175
460,717	565,249	487,491
419,971	300,596	317,935
37,432	42,476	68,474
119,616	127,605	125,457
363,724	338,143	360,456
316,272	300,241	253,433
180,524	157,858	94,712
320,092	114,883	119,923
68,886	65,300	74,756
13,524	17,110	19,383
142,761	139,660	141,547
<u>\$ 4,437,201</u>	<u>\$ 4,071,493</u>	<u>\$ 3,854,742</u>

Tripoli Community School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Grantor/Program	CFDA Number	Grant Number	Expendi tures
Indirect:			
US Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	\$ 7,214
National School Lunch Program	10.555	FY10	75,741 *
			<u>\$ 82,955</u>
US Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	\$ 35,635
ARRA-Title I Grants to Local Education Agencies, Recovery Act	84.389	FY10	10,821
			<u>\$ 46,456</u>
Career and Technical Education – Basic Grants to States	84.048	FY10	\$ 2,957
Safe and Drug-Free Schools and Communities – State Grants	84.186	FY10	\$ 1,144
Iowa Demonstration Construction Grants	84.215	FY10	\$ 15,502
Rural Education Achievement Program	84.358	FY10	\$ 45,590
Improving Teacher Quality State Grants	84.367	FY10	\$ 15,964
Title VI Assessment	84.369	FY10	\$ 3,381
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	84.394	FY10	<u>\$ 222,436</u>
Area Education Agency 267:			
Special Education – Grants to States	84.027	FY10	\$ 24,542 **
ARRA – Special Education Grants to States, Recovery Act	84.391	FY10	<u>\$ 53,641 **</u>
Total			<u>\$ 514,568</u>

*- Includes \$16,095 of non-cash awards.

** - Total for CFDA Number 84.391 is \$53,641 and total for Special Education Cluster (IDEA) is \$78,183.

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

**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**

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

To the Board of Education of
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 8, 2011. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Tripoli Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control over financial reporting I consider to be material weaknesses and other deficiencies I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-B-10 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

Tripoli Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Tripoli Community School District's responses and, accordingly, I express no opinion on them.

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

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Tripoli Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

March 8, 2011
Reissued June 10, 2011

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Tripoli Community School District:

Compliance

I have audited the compliance of Tripoli Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Tripoli Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of law, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Tripoli Community School District's management. My responsibility is to express an opinion on Tripoli Community School District's compliance based on my audit.

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

In my opinion, Tripoli Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

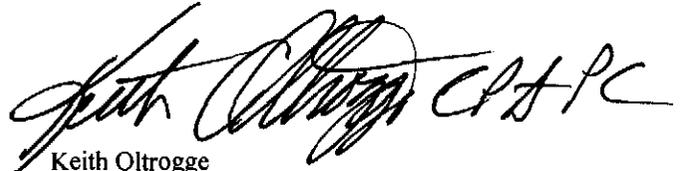
The management of Tripoli Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered Tripoli Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Tripoli Community School District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified a deficiency in internal control over compliance that I consider to be a material weakness.

A deficiency in the District's 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control over compliance in the accompanying Schedule of Findings as item III-A-10 to be a material weakness.

Tripoli Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. While I expressed my conclusions on the District's responses, I did not audit Tripoli Community School District's responses and, accordingly, I express no opinion on them.

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



Keith Oltrogge
Certified Public Accountant

March 8, 2011
Reissued June 10, 2011

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2010

Part I – Summary of the Independent Auditor’s Results:

- a) Unqualified opinions were issued on the financial statements.
- b) A significant deficiency and a material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit finding which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510 (a).
- g) Major programs were as follows:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act.
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Education Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Education Agencies, Recovery Act
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Tripoli Community School District did not qualify as a low-risk auditee.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2010

Part II – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that one person has control over each of the following areas for both the General and Activity Funds: cash receipts – collecting, depositing, journalizing, posting and reconciling.

Recommendation – With the limited number of personnel involved in accounting for District activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstances, the most effective controls lie in (1) the administration's and the Board's knowledge of the District's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions. I believe these controls are being effectively utilized in the District and recommend that diligent efforts be made to maintain their effectiveness.

Response – With the number of staff available to this size of District, we will have to continue operating as in the past. We will, however, continue to monitor and keep the Board aware of the District's financial operations.

Conclusion – Response accepted.

II-B-10 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2010

Part III – Findings For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

MATERIAL WEAKNESSES:

**CFDA Number 84.394: ARRA – State Fiscal Stabilization (SFSF) – Education State Grants, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education**

**CFDA Number 84.010: Title I Grants to Local Educational Agencies
CFDA Number 84.389: ARRA – Title I Grants to Local Education Agencies, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education**

III-A-10 Segregation of Duties – The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition, but it is important the District officials are aware that the condition exists.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion – Response accepted.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2010

Part IV - Other Findings Related to Statutory Reporting:

- IV-A-10 Certified Budget – Disbursements for the year ended June 30, 2010 did not exceed the amended amounts budgeted.
- IV-B-10 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-10 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-10 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-10 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- IV-F-10 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted.
- IV-G-10 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education.
- IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 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-10 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.
- IV-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2010

Part IV - Other Findings Related to Statutory Reporting (continued):

IV-L-10 Statewide Sales, Service and Use Tax – No instances of non-compliance with the use of the statewide sales, service and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, service and use tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, service and use tax are as follows:

Beginning balance		\$	107,548
Statewide sales, service and use tax revenue			299,489
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	26,907	
Other improvements		123,772	
Debt service for school infrastructure:			
Revenue debt		135,270	285,949
Ending balance		\$	<u>121,088</u>

The statewide sales, service and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation		Property Tax Dollars
Debt service levy	\$	-	\$ -
Physical plant and equipment levy		7.90104	299,489
Public educational and recreational levy		-	-