

TRI-CENTER COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

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TRI CENTER COMMUNITY SCHOOL DISTRICT

Tri-Center Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Mike Eikenberry	President	2013
Rob Larsen	Vice President	2011
Duane Barrier	Board Member	2013
Randy Morriss	Board Member	2011
Mike Pettit	Board Member	2011
School Officials		
Brett Nanninga	Superintendent	2011
Rhonda McKenzie	Business Manager/ Board Secretary	2011
Scott Rogers, Peters Law Firm	Attorney	2011
Brett Nitzschke, Gruhn Law Firm	Attorney	2011
Elizabeth Grob, Ahlers & Cooney, P.C.	Attorney	2011

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Tri-Center Community School District:

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

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2012 on our consideration of Tri-Center Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 18 and 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of

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management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tri-Center Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by the U.S. Office of 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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

February 7, 2012

TRI CENTER COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tri-Center 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, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,114,130 in fiscal 2010 to \$7,773,366 in fiscal 2011, while General Fund expenditures increased from \$7,299,869 in fiscal 2010 to \$7,441,571 in fiscal 2011. The increase in revenues was more than enough to outpace the increase in expenditures causing an increase in the District's General Fund balance from \$245,909 in fiscal 2010 to \$577,704 in fiscal 2011, a 134.93% increase from the prior year.
- The increase in General Fund revenues was attributable to increases in state and federal grant moneys received by the District during fiscal 2011. The increase in expenditures was due primarily to increases in salaries and benefits received by District employees.

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 Tri-Center 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 Tri-Center 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 Tri-Center Community School District acts solely as an agent or custodial 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 nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

Figure A-1
Tri Center Community School District Annual Financial Report

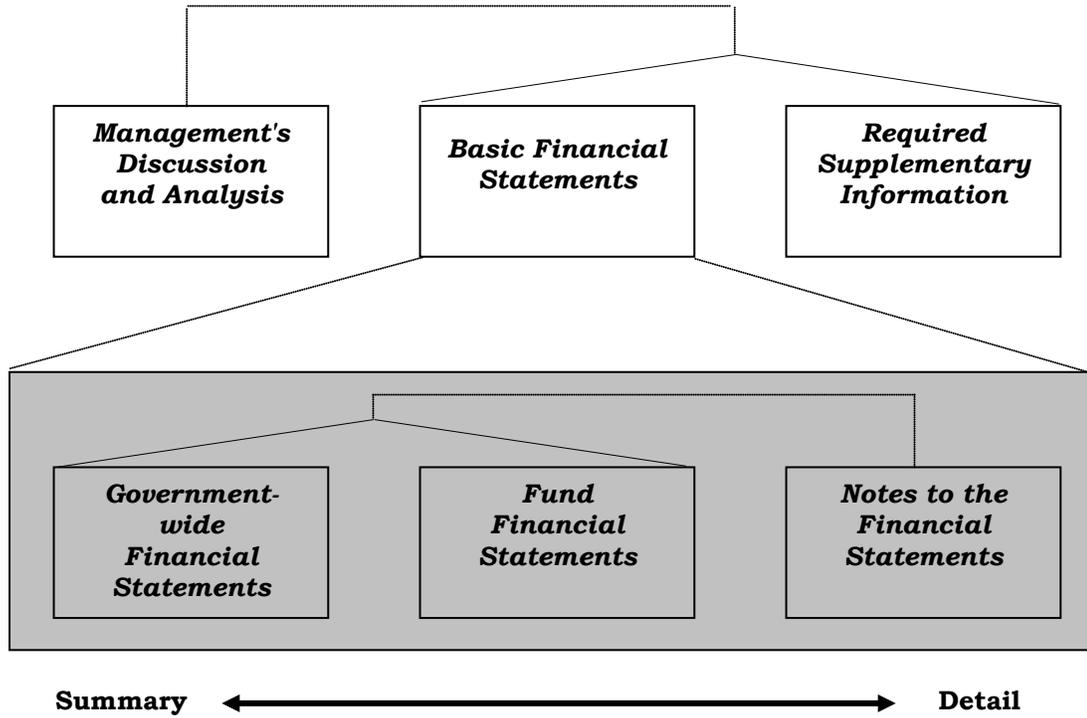


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets. • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during 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 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 three 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, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund.

The required financial statements for the 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 one Enterprise Fund, the School Nutrition Fund.

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust funds.

- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations 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, 2011 compared to June 30, 2010.

Figure A-3 Condensed Statement of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 5,452,825	6,297,536	61,266	60,547	5,514,091	6,358,083	-13.27%
Capital assets	10,278,243	9,687,989	111,115	35,779	10,389,358	9,723,768	6.84%
Total assets	15,731,068	15,985,525	172,381	96,326	15,903,449	16,081,851	-1.11%
Long-term liabilities	6,380,355	6,739,051	2,206	1,092	6,382,561	6,740,143	5.31%
Other liabilities	4,045,282	4,354,385	29,047	22,046	4,074,329	4,376,431	-6.90%
Total liabilities	10,425,637	11,093,436	31,253	23,138	10,456,890	11,116,574	-5.93%
Net assets:							
Invested in capital assets, net of related debt	3,968,243	3,861,940	111,115	35,779	4,079,358	3,897,719	4.66%
Restricted	840,501	856,121	-	-	840,501	856,121	-1.82%
Unrestricted	496,687	174,028	30,013	37,409	526,700	211,437	149.10%
Total net assets	\$ 5,305,431	4,892,089	141,128	73,188	5,446,559	4,965,277	9.69%

The District's combined net assets increased by 9.69%, or \$481,282, over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), net of related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$15,620, or 1.82% from the prior year. The decrease was due primarily to the a decrease in the amount of carryover balance for state categorical funding as compared to the previous year as well as a decrease in fund balance for the Capital Projects: Statewide, Sales, Services and Use Tax Fund and the Management Levy Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$315,263 or 149.10%. The increase in unrestricted net assets is mainly attributable to the increase in fund balance of the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues and transfers:							
Revenues:							
Program revenues:							
Charges for services	\$ 1,009,270	818,334	246,924	246,876	1,256,194	1,065,210	17.93%
Operating grants and contributions and restricted interest	660,484	1,419,245	136,605	136,544	797,089	1,555,789	-48.77%
General revenues:							
Property tax	2,911,652	2,578,814	-	-	2,911,652	2,578,814	12.91%
Income surtax	280,199	266,112	-	-	280,199	266,112	5.29%
Statewide sales, services and use tax	701,546	444,692	-	-	701,546	444,692	57.76%
Unrestricted state grants	3,082,086	2,428,835	-	-	3,082,086	2,428,835	26.90%
Nonspecific program federal grants	311,905	-	-	-	311,905	-	100.00%
Unrestricted investment earnings	14,969	29,650	110	149	15,079	29,799	-49.40%
Other	163,210	189,007	234	-	163,444	189,007	-13.52%
Transfers	(92,428)	-	92,428	-	-	-	0.00%
Total revenues and transfers	9,042,893	8,174,689	476,301	383,569	9,519,194	8,558,258	11.23%
Program expenses:							
Governmental activities:							
Instructional	4,917,441	4,746,350	-	-	4,917,441	4,746,350	3.60%
Support services	2,842,784	2,403,554	-	-	2,842,784	2,403,554	18.27%
Non-instructional programs	4,200	7,654	408,361	388,161	412,561	395,815	4.23%
Other expenses	865,126	762,091	-	-	865,126	762,091	13.52%
Total expenses	8,629,551	7,919,649	408,361	388,161	9,037,912	8,307,810	8.79%
Change in net assets	413,342	255,040	67,940	(4,592)	481,282	250,448	92.17%
Beginning net assets, as restated	4,892,089	4,637,049	73,188	77,780	4,965,277	4,714,829	5.31%
Ending net assets	\$ 5,305,431	4,892,089	141,128	73,188	5,446,559	4,965,277	9.69%

In fiscal 2011, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants account for 77.14% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 80.52% of the revenue from business type activities.

The District's total revenues were approximately \$9.52 million of which approximately \$9.04 million was for governmental activities and approximately \$0.48 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 11.23% increase in revenues and an 8.79% increase in expenses. Property tax increased \$332,838 and income surtax increased \$14,087 to fund increases in expenditures. The increases in expenses related to increases in the negotiated salary and benefits for District employees.

Governmental Activities

Revenues for governmental activities were \$9,042,893 and expenses were \$8,629,551 for the year ended June 30, 2011.

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, 2011 compared to the year ended June 30, 2010.

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 4,917,441	4,746,350	3.60%	3,580,053	2,799,934	27.86%
Support services	2,842,784	2,403,554	18.27%	2,795,242	2,397,654	16.58%
Non-instructional programs	4,200	7,654	-45.13%	4,200	7,654	-45.13%
Other expenses	865,126	762,091	13.52%	580,302	476,828	21.70%
Totals	\$ 8,629,551	7,919,649	8.96%	6,959,797	5,682,070	22.49%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$1,009,270.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$660,484.
- The net cost of governmental activities was financed with \$2,911,652 in property tax, \$280,199 in income surtax, \$701,546 in statewide sales, services and use tax, \$3,082,086 in unrestricted state grants, \$311,905 in nonspecific program federal grants, \$14,969 in interest income, and \$70,782 in other general revenues net of transfers.

Business-Type Activities

Revenues for business-type activities during the year ended June 30, 2011 were \$476,301 representing a 24.18% increase over the prior year, while expenses were \$408,361, a 5.20% increase from the prior year. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,278,604, below last year's ending fund balances of \$1,836,630. However, the primary reason for the decrease in combined fund balance can be attributed to the decrease in the Capital Project accounts balance due to construction costs to finish the high school addition.

Governmental Fund Highlights

- The District's improving General Fund financial position is the product of many factors. Increases in state and federal grant funding led to an increase in General Fund revenues. The increase in fund expenditures can be mainly attributable to the increase in salary and benefits received by District employees. The increase in revenues was more than enough to offset the increase in expenditures thus ensuring the overall increase in General Fund carryover balance.
- The Capital Projects account balances overall decreased from \$1,022,944 in fiscal 2010 to \$146,051 in fiscal 2011. The decrease in overall Capital Project account balance is a result of the District spending remaining bond proceeds in completing the high school addition project. In previous years, the Physical Plant and Equipment Levy was not considered a Capital Project account. Now, due to reclassification as a result of GASB Statement No. 54, the Physical Plant and Equipment Levy is considered a Capital Project account along with the Statewide Sales, Services and Use Tax Fund.
- The Debt Service Fund balance decreased from \$457,980 in fiscal 2010 to \$451,837 in fiscal 2011. The decrease is the result of normal transactions during the year for repayment of bond indebtedness.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$73,188 at June 30, 2010 to \$141,128 at June 30, 2011 representing an increase of 92.83%. The primary reason for the increase in net assets in the School Nutrition Fund is due to capitalization of equipment purchases made and shown as a capital contribution from the Capital Projects: Building Projects Fund.

BUDGETARY HIGHLIGHTS

The District's revenues were \$285,808 more than budgeted revenues, a variance of 3.10%. The most significant variance resulted from the District receiving more in local and federal sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$10,389,358, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents an increase of 6.84% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$505,117.

The original cost of the District's capital assets was approximately \$15.22 million. Governmental funds account for approximately \$15.06 million, with the remainder of approximately \$0.16 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$4,285,062 at June 30, 2010, compared to \$0 reported at June 30, 2011. This significant decrease resulted from the High School addition and renovation project being completed during the year.

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 12,669	12,669	-	-	12,669	12,669	0.00%
Construction in progress	-	4,285,062	-	-	-	4,285,062	-100.00%
Buildings	8,335,006	3,248,234	-	-	8,335,006	3,248,234	61.03%
Land improvements	1,240,635	1,297,527	-	-	1,240,635	1,297,527	-4.59%
Machinery and equipment	689,933	844,497	111,115	35,779	801,048	880,276	-9.89%
Total	\$ 10,278,243	9,687,989	111,115	35,779	10,389,358	9,723,768	6.84%

Long-Term Debt

At June 30, 2011, the District had \$6,382,561 in total long-term debt outstanding. This represents a decrease of 5.31% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

The District had outstanding general obligation bonds of \$790,000 at June 30, 2011.

The District had outstanding revenue bonds of \$5,520,000 at June 30, 2011.

The District had a net OPEB liability of \$72,561 at June 30, 2011. Governmental activities account for \$70,355 and business type activities account for \$2,206.

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
General obligation bonds	\$ 790,000	970,000	-	-	790,000	970,000	-22.78%
Revenue bonds	5,520,000	5,710,000	-	-	5,520,000	5,710,000	-3.44%
Early retirement	-	24,222	-	-	-	24,222	-100.00%
Net OPEB liability	70,355	34,829	2,206	1,092	72,561	35,921	50.50%
Total	\$ 6,380,355	6,739,051	2,206	1,092	6,382,561	6,740,143	-5.31%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- On July 1, 2011, the IPERS increase to 8.07% will increase the Tri-Center Community Schools employer benefit costs during fiscal 2012. An additional increase to 8.67% is anticipated for FY13.
- Ever increasing transportation costs, health insurance premiums and salaries and benefits for the employees are always concerns for the District.

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 Rhonda McKenzie, Business Manager/Board Secretary, Tri-Center Community School District, 33980 310th Street, Neola, Iowa, 51559.

BASIC FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 1,887,276	39,211	1,926,487
Receivables:			
Property tax:			
Delinquent	32,883	-	32,883
Succeeding year	2,964,197	-	2,964,197
Income surtax	248,843	-	248,843
Accounts	-	44	44
Due from other governments	319,626	-	319,626
Inventories	-	22,011	22,011
Capital assets, net of accumulated depreciation	10,278,243	111,115	10,389,358
TOTAL ASSETS	15,731,068	172,381	15,903,449
LIABILITIES			
Accounts payable	232,088	-	232,088
Retainage payable	1,000	-	1,000
Salaries and benefits payable	728,093	23,620	751,713
Accrued interest payable	119,904	-	119,904
Deferred revenue:			
Succeeding year property tax	2,964,197	-	2,964,197
Unearned revenue	-	5,427	5,427
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	190,000	-	190,000
Revenue bonds payable	190,000	-	190,000
Portion due after one year:			
General obligation bonds payable	600,000	-	600,000
Revenue bonds payable	5,330,000	-	5,330,000
Net OPEB liability	70,355	2,206	72,561
TOTAL LIABILITIES	10,425,637	31,253	10,456,890
NET ASSETS			
Invested in capital assets, net of related debt	3,968,243	111,115	4,079,358
Restricted for:			
Categorical funding	139,601	-	139,601
Management levy purposes	58,766	-	58,766
Student activities	44,246	-	44,246
School infrastructure	122,244	-	122,244
Physical plant and equipment	23,807	-	23,807
Debt service	451,837	-	451,837
Unrestricted	496,687	30,013	526,700
TOTAL NET ASSETS	\$ 5,305,431	141,128	5,446,559

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 3,302,535	738,179	132,966	(2,431,390)	-	(2,431,390)
Special	811,939	142,675	108,227	(561,037)	-	(561,037)
Other	802,967	128,416	86,925	(587,626)	-	(587,626)
	<u>4,917,441</u>	<u>1,009,270</u>	<u>328,118</u>	<u>(3,580,053)</u>	<u>-</u>	<u>(3,580,053)</u>
Support services:						
Student	278,037	-	4,778	(273,259)	-	(273,259)
Instructional staff	278,090	-	-	(278,090)	-	(278,090)
Administration	846,388	-	-	(846,388)	-	(846,388)
Operation and maintenance of plant	865,297	-	11,148	(854,149)	-	(854,149)
Transportation	574,972	-	31,616	(543,356)	-	(543,356)
	<u>2,842,784</u>	<u>-</u>	<u>47,542</u>	<u>(2,795,242)</u>	<u>-</u>	<u>(2,795,242)</u>
Non-instructional programs:						
Food service programs	4,200	-	-	(4,200)	-	(4,200)
Other expenses:						
Long-term debt interest	267,005	-	-	(267,005)	-	(267,005)
AEA flowthrough	284,824	-	284,824	-	-	-
Depreciation(unallocated)*	313,297	-	-	(313,297)	-	(313,297)
	<u>865,126</u>	<u>-</u>	<u>284,824</u>	<u>(580,302)</u>	<u>-</u>	<u>(580,302)</u>
Total governmental activities	<u>8,629,551</u>	<u>1,009,270</u>	<u>660,484</u>	<u>(6,959,797)</u>	<u>-</u>	<u>(6,959,797)</u>
Business Type activities:						
Non-instructional programs:						
Nutrition services	408,361	246,924	136,605	-	(24,832)	(24,832)
Total	<u>\$ 9,037,912</u>	<u>1,256,194</u>	<u>797,089</u>	<u>(6,959,797)</u>	<u>(24,832)</u>	<u>(6,984,629)</u>
General Revenues & Transfers:						
Property tax levied for:						
General purposes				\$ 2,662,301	-	2,662,301
Capital outlay				65,660	-	65,660
Debt service				183,691	-	183,691
Income surtax				280,199	-	280,199
Statewide sales, services and use tax				701,546	-	701,546
Unrestricted state grants				3,082,086	-	3,082,086
Nonspecific program federal grants				311,905	-	311,905
Unrestricted investment earnings				14,969	110	15,079
Other				163,210	234	163,444
Transfers				(92,428)	92,428	-
Total general revenues & transfers				<u>7,373,139</u>	<u>92,772</u>	<u>7,465,911</u>
Changes in net assets				413,342	67,940	481,282
Net assets beginning of year				4,892,089	73,188	4,965,277
Net assets end of year				<u>\$ 5,305,431</u>	<u>141,128</u>	<u>5,446,559</u>

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 1,144,937	190,861	449,597	101,881	1,887,276
Receivables:					
Property tax:					
Delinquent	28,832	680	2,240	1,131	32,883
Succeeding year	2,493,673	63,759	206,765	200,000	2,964,197
Income surtax	248,843	-	-	-	248,843
Due from other governments	169,761	149,865	-	-	319,626
TOTAL ASSETS	\$ 4,086,046	405,165	658,602	303,012	5,452,825
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 37,733	194,355	-	-	232,088
Retainage payable	-	1,000	-	-	1,000
Salaries and benefits payable	728,093	-	-	-	728,093
Deferred revenue:					
Succeeding year property tax	2,493,673	63,759	206,765	200,000	2,964,197
Income surtax	248,843	-	-	-	248,843
Total liabilities	3,508,342	259,114	206,765	200,000	4,174,221
Fund balances:					
Restricted for:					
Categorical funding	139,601	-	-	-	139,601
Management levy purposes	-	-	-	58,766	58,766
Student activities	-	-	-	44,246	44,246
School infrastructure	-	122,244	-	-	122,244
Physical plant and equipment	-	23,807	-	-	23,807
Debt service	-	-	451,837	-	451,837
Unassigned	438,103	-	-	-	438,103
Total fund balances	577,704	146,051	451,837	103,012	1,278,604
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,086,046	405,165	658,602	303,012	5,452,825

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances of governmental funds(page 22)		\$ 1,278,604
 <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 in the governmental funds.		10,278,243
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		248,843
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.		(119,904)
Long-term liabilities, including general obligation bonds payable revenue bonds payable and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(6,380,355)</u>
Net assets of governmental activites(page 20)		<u><u>\$ 5,305,431</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 2,806,590	767,206	183,691	111,381	3,868,868
Tuition	857,411	-	-	-	857,411
Other	78,575	654	10,822	263,672	353,723
State sources	3,512,773	-	-	-	3,512,773
Federal sources	518,017	-	-	-	518,017
Total revenues	7,773,366	767,860	194,513	375,053	9,110,792
Expenditures:					
Current:					
Instruction:					
Regular	3,240,487	-	-	64,122	3,304,609
Special	810,352	-	-	-	810,352
Other	500,227	-	-	247,084	747,311
	4,551,066	-	-	311,206	4,862,272
Support services:					
Student	246,667	-	-	-	246,667
Instructional staff	223,701	-	-	-	223,701
Administration	827,463	-	-	5,530	832,993
Operation and maintenance of plant	830,653	1,350	-	39,901	871,904
Transportation	477,197	-	-	21,001	498,198
	2,605,681	1,350	-	66,432	2,673,463
Non-instructional programs:					
Food service programs	-	-	-	4,200	4,200
Other expenditures:					
Facilities acquisitions	-	1,209,165	-	-	1,209,165
Long-term debt:					
Principal	-	-	370,000	-	370,000
Interest and fiscal charges	-	750	264,144	-	264,894
AEA flowthrough	284,824	-	-	-	284,824
	284,824	1,209,915	634,144	-	2,128,883
Total expenditures	7,441,571	1,211,265	634,144	381,838	9,668,818
Excess(Deficiency)of revenues over(under)expenditures	331,795	(443,405)	(439,631)	(6,785)	(558,026)
Other financing sources(uses):					
Transfer in	-	-	433,488	-	433,488
Transfer out	-	(433,488)	-	-	(433,488)
Total other financing sources(uses)	-	(433,488)	433,488	-	-
Net change in fund balances	331,795	(876,893)	(6,143)	(6,785)	(558,026)
Fund balance beginning of year, as restated	245,909	1,022,944	457,980	109,797	1,836,630
Fund balance end of year	\$ 577,704	146,051	451,837	103,012	1,278,604

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER 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, 2011

Net change in fund balances - total governmental funds(page 24) \$ (558,026)

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

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

Capital outlays	\$ 1,084,105	
Depreciation expense	(492,081)	
Loss on disposal	(1,770)	590,254

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. 370,000

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 24,529

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 funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (2,111)

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	\$ 24,222	
Other postemployment benefits	(35,526)	(11,304)

Changes in net assets of governmental activities(page 21) \$ 413,342

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2011

	<u>School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 39,211
Accounts receivable	44
Inventories	22,011
Capital assets, net of accumulated depreciation	111,115
TOTAL ASSETS	<u>172,381</u>
LIABILITIES	
Salaries and benefits payable	23,620
Unearned revenue	5,427
Net OPEB liability	2,206
TOTAL LIABILITIES	<u>31,253</u>
NET ASSETS	
Invested in capital assets	111,115
Unrestricted	30,013
TOTAL NET ASSETS	<u>\$ 141,128</u>

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2011

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 246,924
Miscellaneous	234
TOTAL OPERATING REVENUES	247,158
Operating expenses:	
Non-instructional programs:	
Salaries	165,150
Benefits	37,329
Services	1,748
Supplies	186,207
Depreciation	13,036
Total operating expenses	403,470
Operating loss	(156,312)
Non-operating revenues(expenses):	
State sources	3,209
Federal sources	133,396
Interest on investments	110
Loss on asset disposal	(4,891)
Total non-operating revenues	131,824
Net loss before other financing sources	(24,488)
Other financing sources	
Capital contribution	92,428
Change in net assets	67,940
Net assets beginning of year	73,188
Net assets end of year	\$ 141,128

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 247,425
Cash received from miscellaneous	234
Cash payments to employees for services	(194,798)
Cash payments to suppliers for goods or services	(156,611)
Net cash used in operating activities	(103,750)
Cash flows from non-capital financing activities:	
State grants received	3,209
Federal grants received	106,434
Net cash provided by non-capital financing activities	109,643
Cash flows from capital and related financing activities:	
Purchase of capital assets	(835)
Cash flows from investing activities:	
Interest on investments	110
Net increase in cash and cash equivalents	5,168
Cash and cash equivalents at beginning of year	34,043
Cash and cash equivalents at end of year	\$ 39,211
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (156,312)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	26,962
Depreciation	13,036
Decrease in inventories	4,382
Decrease in accounts receivable	67
Increase in salaries and benefits payable	6,567
Increase in deferred revenue	434
Increase in other postemployment benefits	1,114
Net cash used in operating activities	\$ (103,750)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$26,962.

During the year ended June 30, 2011, the Nutrition Fund received capital contributions of \$92,428 from the Capital Projects: Building Projects Fund.

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Private Purpose Trust
	Scholarship
ASSETS	
Cash and pooled investments	\$ 41,233
LIABILITIES	-
NET ASSETS	
Reserved for scholarships	20,037
Unreserved	21,196
TOTAL NET ASSETS	\$ 41,233

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2011

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 50
Interest income	595
Total additions	<u>645</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,150</u>
Change in net assets	(505)
Net assets beginning of year	<u>41,738</u>
Net assets end of year	<u>\$ 41,233</u>

SEE NOTES TO FINANCIAL STATEMENTS

TRI-CENTER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(1) Summary of Significant Accounting Policies

The Tri-Center Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. 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 Neola, Minden and Persia, Iowa, and the predominate agricultural territory in Harrison, Pottawattamie and Shelby 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, Tri-Center Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Tri-Center Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Harrison, Pottawattamie and Shelby Counties Assessors' 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 not meeting 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 other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted 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 and other capital assets.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports the following proprietary fund.

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

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 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.

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

The proprietary fund of the District applies 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 Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 financial statements:

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

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

Property Tax Receivable - Property tax in the governmental funds are 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 that 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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

Due from Other 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 and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures corresponding to the current school year, which are payable in July and August, 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.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

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 not available for appropriation or legally restricted by outside parties for use for a specific purpose.

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

Unassigned - All amounts not included in other spendable classifications.

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 are imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

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

(2) Cash and Pooled Investments

The District's deposits at June 30, 2011 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.

At June 30, 2011, the District had investments no investments.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 433,488</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District's revenue bond debt.

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 970,000	-	180,000	790,000	190,000
Revenue bonds	5,710,000	-	190,000	5,520,000	190,000
Early Retirement	24,222	-	24,222	-	-
Net OPEB liability	34,829	35,526	-	70,355	-
Total	<u>\$ 6,739,051</u>	<u>35,526</u>	<u>394,222</u>	<u>6,380,355</u>	<u>380,000</u>
Business type activities:					
Net OPEB liability	\$ 1,092	1,114	-	2,206	-

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond Issue of May 5, 2010				
	Interest Rates	Principal	Interest	Total	
2012	1.35 %	\$ 190,000	16,765	206,765	
2013	1.85	190,000	14,200	204,200	
2014	2.35	200,000	10,685	210,685	
2015	2.85	210,000	5,985	215,985	
Total		\$ 790,000	47,635	837,635	

Revenue Bonds Payable

Details of the District's June 30, 2011 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 29, 2007		Bond Issue of July 1, 2009				Total		
	Interest Rates	Principal	Interest Rates	Principal	Interest	Principal	Interest	Total	
2012	4.05 %	\$ 65,000	5,503	3.15 %	\$ 125,000	231,648	190,000	237,151	427,151
2013	4.10	70,000	2,870	3.15	125,000	227,710	195,000	230,580	425,580
2014				3.15	200,000	223,773	200,000	223,773	423,773
2015		-	-	3.20	225,000	217,473	225,000	217,473	442,473
2016		-	-	3.40	225,000	210,273	225,000	210,273	435,273
2017-2021		-	-	3.60-4.30	1,305,000	917,840	1,305,000	917,840	2,222,840
2022-2026		-	-	4.45-4.80	1,600,000	613,138	1,600,000	613,138	2,213,138
2027-2030		-	-	4.75-4.90	1,580,000	196,035	1,580,000	196,035	1,776,035
Total		\$ 135,000	8,373		\$ 5,385,000	2,837,889	5,520,000	2,846,262	8,366,262

The District has pledged future statewide sales, services and use tax revenues to repay the \$390,000 bonds issued in May 2007 and the \$5,510,000 bonds issued July 2009. The 2007 bonds were issued for the purpose of calling revenue bond anticipation notes. The bonds are payable solely from the proceeds of the statewide sales, services use tax received by the District and are payable through 2013. The 2009 bonds were issued for the purpose of constructing an addition and renovation to the high school building. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require nearly 61% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$8,366,262. For the current year, principal of \$190,000 and interest of \$243,688 was paid on the bonds and the total statewide sales, services and use tax revenues were \$701,546.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.

- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to use for any lawful purpose.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,669	-	-	12,669
Construction in progress	4,285,062	1,021,265	5,306,327	-
Total capital assets not being depreciated	<u>4,297,731</u>	<u>1,021,265</u>	<u>5,306,327</u>	<u>12,669</u>
Capital assets being depreciated:				
Buildings	5,655,209	5,306,327	-	10,961,536
Land improvements	1,839,085	36,850	-	1,875,935
Machinery and equipment	2,250,203	25,990	66,365	2,209,828
Total capital assets being depreciated	<u>9,744,497</u>	<u>5,369,167</u>	<u>66,365</u>	<u>15,047,299</u>
Less accumulated depreciation for:				
Buildings	2,406,975	219,555	-	2,626,530
Land improvements	541,558	93,742	-	635,300
Machinery and equipment	1,405,706	178,784	64,595	1,519,895
Total accumulated depreciation	<u>4,354,239</u>	<u>492,081</u>	<u>64,595</u>	<u>4,781,725</u>
Total capital assets being depreciated, net	<u>5,390,258</u>	<u>4,877,086</u>	<u>1,770</u>	<u>10,265,574</u>
Governmental activities capital assets, net	<u>\$ 9,687,989</u>	<u>5,898,351</u>	<u>5,308,097</u>	<u>10,278,243</u>
Business type activities:				
Machinery and equipment	\$ 96,229	93,263	29,913	159,579
Less accumulated depreciation	60,450	13,036	25,022	48,464
Business type activities capital assets, net	<u>\$ 35,779</u>	<u>80,227</u>	<u>4,891</u>	<u>111,115</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 21,247
Other		15,326
Support services:		
Instructional staff		47,480
Administration		9,376
Operation and maintenance of plant		10,164
Transportation		75,191
		<u>178,784</u>
Unallocated depreciation		<u>313,297</u>
Total governmental activities depreciation expense		<u>\$ 492,081</u>
Business type activities:		
Food service operations		<u>\$ 13,036</u>

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$305,345, \$287,719, and \$268,420, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 82 active and 10 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, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 49,703
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>49,703</u>
Contributions made	<u>(13,063)</u>
Increase in net OPEB obligation	36,640
Net OPEB obligation beginning of year	<u>35,921</u>
Net OPEB obligation end of year	<u>\$ 72,561</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$13,063 to the medical plan.

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, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$46,255	22.3%	\$35,921
2011	\$49,703	26.3%	\$72,561

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$389,995, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$389,995. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,835,516 and the ratio of the UAAL to covered payroll was 10.17%.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates 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 includes 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, 2008 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2008.

Projected claim costs of the medical plan are \$342 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.

(8) Risk Management

Tri-Center Community School 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.

(9) 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 \$284,824 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's ending restricted balances for categorical funding at June 30, 2011 is comprised of the following projects:

Project	Amount
Talented and gifted	\$ 63,087
Teacher salary supplement	42,570
Professional development, model core curriculum	30,476
Professional development	3,468
Total	<u>\$ 139,601</u>

(11) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Statewide Sales Services and Use Tax	Building Projects	Total Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	162,659	853,951	1,016,610	6,334
Change in fund type classification per implementation of GASB Statement No. 54	-	-	6,334	(6,334)
Balances July 1, 2010, as restated			<u>\$ 1,022,944</u>	-

REQUIRED SUPPLEMENTARY INFORMATION

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES
 AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2011

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 5,080,002	247,268	5,327,270	5,099,880	5,099,880	227,390
State sources	3,512,773	3,209	3,515,982	3,788,977	3,788,977	(272,995)
Federal sources	518,017	133,396	651,413	320,000	320,000	331,413
Total revenues	9,110,792	383,873	9,494,665	9,208,857	9,208,857	285,808
Expenditures/Expenses:						
Instruction	4,862,272	-	4,862,272	5,814,378	5,814,378	952,106
Support services	2,673,463	-	2,673,463	2,820,000	2,820,000	146,537
Non-instructional programs	4,200	408,361	412,561	459,000	459,000	46,439
Other expenditures	2,128,883	-	2,128,883	3,744,445	3,744,445	1,615,562
Total expenditures/expenses	9,668,818	408,361	10,077,179	12,837,823	12,837,823	2,760,644
Excess(Deficiency)of revenues over(under)expenditures/expenses	(558,026)	(24,488)	(582,514)	(3,628,966)	(3,628,966)	3,046,452
Other financing sources, net	-	92,428	92,428	500	500	(91,928)
Excess(Deficiency)of revenues over(under)expenditures/expenses	(558,026)	67,940	(490,086)	(3,628,466)	(3,628,466)	3,138,380
Balance beginning of year	1,836,630	73,188	1,909,818	3,584,500	3,584,500	1,674,682
Balance end of year	\$ 1,278,604	141,128	1,419,732	(43,966)	(43,966)	1,463,698

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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 comparison 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 the 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 function level, 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.

TRI-CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

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	-	\$ 390	390	0.0%	\$ 2,390	16.32%
2011	July 1, 2009	-	\$ 390	390	0.0%	\$ 3,836	10.17%

See Note 7 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

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue		
	Manage-	Student	Total
	ment Levy	Activity	
ASSETS			
Cash and pooled investments	\$ 57,635	44,246	101,881
Receivables:			
Property tax:			
Delinquent	1,131	-	1,131
Succeeding year	200,000	-	200,000
TOTAL ASSETS	<u>\$ 258,766</u>	<u>44,246</u>	<u>303,012</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	200,000	-	200,000
Total liabilities	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Fund balances:			
Restricted for:			
Management levy purposes	58,766		58,766
Student activities	-	44,246	44,246
Total fund balances	<u>58,766</u>	<u>44,246</u>	<u>103,012</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 258,766</u>	<u>44,246</u>	<u>303,012</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 111,381	-	111,381
Other	12,114	251,558	263,672
Total revenues	123,495	251,558	375,053
Expenditures:			
Current:			
Instruction:			
Regular	64,122	-	64,122
Other	-	247,084	247,084
Support services:			
Administration	5,530	-	5,530
Operation and maintenance of plant	39,901	-	39,901
Transportation	21,001	-	21,001
Non-instructional programs:			
Food service operations	4,200	-	4,200
Total expenditures	134,754	247,084	381,838
Excess(Deficiency) of revenues over(under) expenditures	(11,259)	4,474	(6,785)
Fund balance beginning of year, as restated	70,025	39,772	109,797
Fund balance end of year	\$ 58,766	44,246	103,012

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 167,734	23,127	190,861
Receivables:			
Property tax:			
Delinquent	-	680	680
Succeeding year	-	63,759	63,759
Due from other governments	149,865	-	149,865
TOTAL ASSETS	\$ 317,599	87,566	405,165
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 194,355	-	194,355
Retainage payable	1,000	-	1,000
Deferred revenue:			
Succeeding year property tax	-	63,759	63,759
Total liabilities	195,355	63,759	259,114
Fund balances:			
Restricted for:			
School infrastructure	122,244	-	122,244
Physical plant and equipment	-	23,807	23,807
Total fund balances	122,244	23,807	146,051
TOTAL LIABILITIES AND FUND BALANCES	\$ 122,244	87,566	405,165

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNIT SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2011

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Building Projects	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 701,546	-	65,660	767,206
Other	226	390	38	654
Total revenues	<u>701,772</u>	<u>390</u>	<u>65,698</u>	<u>767,860</u>
Expenditures:				
Current:				
Support services:				
Operation and maintenance of plant	-	-	1,350	1,350
Other expenditures:				
Facilities acquisitions	307,949	854,341	46,875	1,209,165
Long-term debt:				
Interest and fiscal charges	750	-	-	750
Total expenditures	<u>308,699</u>	<u>854,341</u>	<u>48,225</u>	<u>1,211,265</u>
Excess(Deficiency) of revenues over(under) expenditures	393,073	(853,951)	17,473	(443,405)
Other financing uses:				
Transfer out	(433,488)	-	-	(433,488)
Excess(Deficiency) of revenues and other financing uses over(under) expenditures	(40,415)	(853,951)	17,473	(876,893)
Fund balance beginning of year, as restated	<u>162,659</u>	<u>853,951</u>	<u>6,334</u>	<u>1,022,944</u>
Fund balance end of year	<u>\$ 122,244</u>	<u>-</u>	<u>23,807</u>	<u>146,051</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama	\$ 778	1,486	1,252	1,012
Cross Country	742	7,320	8,017	45
Boys Basketball	269	8,420	5,831	2,858
Football	988	7,749	8,215	522
Soccer	301	5,112	3,579	1,834
Baseball	1,845	6,507	5,782	2,570
Boys Track	375	2,973	2,469	879
Golf	192	1,665	1,857	-
Wrestling	126	6,987	6,419	694
Girls Basketball	1,996	7,374	5,785	3,585
Volleyball	2,060	8,527	9,291	1,296
Summer Softball	1,368	3,126	2,446	2,048
Girls Track	458	5,696	6,124	30
Misc Athletics	1,848	5,725	7,011	562
General Activity	771	4,540	4,694	617
Class of 2010	-	1,783	1,782	1
Weights	54	86	140	-
Book Fair	328	1,375	1,617	86
Flags	583	732	1,308	7
Leadership	2,262	4,472	6,007	727
Class of 2012	876	14,333	13,642	1,567
Bowling	21	1,025	1,036	10
Yearbook	4,785	7,235	9,439	2,581
Student Council-Persia	-	850	751	99
Student Council	(2,075)	8,310	6,161	74
Elementary Student Council	1,217	4,969	4,671	1,515
Musicals	1,064	8,972	9,409	627
TC Store	(2,633)	2,783	-	150
Elementary Yearbook	234	1,770	1,373	631
Special Education Athletics	1,700	-	1,399	301
High School Cheerleaders	1,945	3,812	4,959	798
Drill Team	196	7,268	6,045	1,419
Suess Reading	1,153	602	793	962
Elementary Art Club	2,175	2,264	3,004	1,435
National Honor Society	179	650	486	343
Astra	440	1,227	1,105	562
FFA	6,178	30,339	27,685	8,832
Vending	(607)	8,913	7,439	867
Band Resale	796	7,651	6,481	1,966
Trojan Fit Club	134	-	-	134
Trip	4,650	46,930	51,580	-
Total	\$ 39,772	251,558	247,084	44,246

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2011

	Private Purpose Trust - Scholarship			
	Hamann Scholarship	Welbourene Scholarship	Pieper Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 30,334	515	10,384	41,233
LIABILITIES	-	-	-	-
NET ASSETS				
Reserved for scholarships	10,037	-	10,000	20,037
Unreserved	20,297	515	384	21,196
TOTAL NET ASSETS	\$ 30,334	515	10,384	41,233

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust - Scholarship			
	Hamann Scholarship	Welbourene Foundation	Pieper Scholarship	Total
Additions:				
Local sources:				
Gifts and contributions	\$ -	-	50	50
Interest income	113	231	251	595
Total additions	113	231	301	645
Deductions:				
Instruction:				
Regular:				
Scholarships awarded	203	647	300	1,150
Change in net assets	(90)	(416)	1	(505)
Net assets beginning of year	30,424	931	10,383	41,738
Net assets end of year	\$ 30,334	515	10,384	41,233

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST EIGHT YEARS

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 3,868,868	3,280,365	3,261,605	2,782,176	2,423,778	2,398,369	2,285,136	2,398,384
Tuition	857,411	654,007	597,224	645,367	536,115	498,842	526,330	471,937
Other	353,723	550,408	506,560	413,074	443,285	357,153	333,558	334,713
Intermediate sources	-	-	-	-	-	-	18,862	-
State sources	3,512,773	3,192,111	3,794,638	3,941,911	3,611,309	3,373,903	3,099,837	2,945,893
Federal sources	518,017	488,544	220,280	175,522	186,544	179,102	314,822	397,216
Total	\$ 9,110,792	8,165,435	8,380,307	7,958,050	7,201,031	6,807,369	6,578,545	6,548,143
Expenditures:								
Current:								
Instruction:								
Regular	\$ 3,304,609	3,187,135	3,899,837	3,036,371	2,981,854	2,670,044	2,582,164	2,506,651
Special	810,352	781,259	48,258	683,419	632,454	600,306	695,169	606,173
Other	747,311	749,792	594,809	718,634	648,224	618,370	520,746	564,314
Support services:								
Student	246,667	242,324	222,809	237,700	223,160	221,364	215,521	272,872
Instructional staff	223,701	357,346	150,760	142,267	176,587	219,886	188,093	158,631
Administration	832,993	772,575	795,844	782,199	844,635	667,394	631,440	576,396
Operation and maintenance of plant	871,904	815,439	731,850	741,138	718,495	743,051	578,909	553,285
Transportation	498,198	581,469	564,420	490,226	527,941	535,955	386,175	418,434
Non-instructional programs	4,200	7,654	6,466	6,564	13,536	5,815	8,907	11,095
Other expenditures:								
Facilities acquisitions	1,209,165	4,202,097	382,007	442,003	159,016	934,601	240,274	168,144
Long-term debt:								
Principal	370,000	235,000	225,000	295,599	437,550	240,000	287,498	273,521
Interest and fiscal charges	264,894	156,888	69,835	65,227	78,178	77,545	114,560	127,779
AEA flow-through	284,824	285,263	263,375	256,930	238,260	219,625	204,512	206,915
Total	\$ 9,668,818	12,374,241	7,955,270	7,898,277	7,679,890	7,753,956	6,653,968	6,444,210

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

TRI-CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	\$ 13,566
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	119,830 *
			<u>133,396</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6460-G	43,201
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 11	13,702
			<u>56,903</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 11	<u>2,376</u>
IMPROVING TEACHER QUALITY STATE GRANTS(TITLE IIA)	84.367	FY 11	<u>22,680</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VIA)	84.369	FY 11	<u>4,778</u>
STATE FISCAL STABILIZATION CLUSTER PROGRAMS:			
STATE FISCAL STABILIZATION FUND(SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	106,322
STATE FISCAL STABILIZATION FUND(SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	36,120
STATE FISCAL STABILIZATION FUND(SFSF) - GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	32,217
			<u>174,659</u>
EDUCATION JOBS FUND	84.410	FY 11	<u>137,246</u>
AREA EDUCATION AGENCY:			
IOWA DEPARTMENT OF EDUCATION:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION GRANTS TO STATES(PART B)	84.027	FY 11	<u>35,513</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
IOWA DEPARTMENT OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT:			
DISASTER GRANTS - PUBLIC ASSISTANCE(PRESIDENTIALLY DECLARED DISASTERS)	97.036	FY 11	<u>11,148</u>
TOTAL			<u>\$ 578,699</u>

* - Includes \$26,962 in non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Tri-Center 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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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 the
Tri-Center Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tri-Center Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 7, 2012. We conducted our 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 our audit, we considered Tri-Center Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-Center Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tri-Center Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily 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 discussed in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 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. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-Center Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tri-Center Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Tri-Center Community School District's responses and, accordingly, we 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 Tri-Center Community School District and other parties to whom Tri-Center 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Tri-Center Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

February 7, 2012

CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of the
Tri-Center Community School District:

Compliance

We have audited the compliance of Tri-Center Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Tri-Center Community School District's major federal programs for the year ended June 30, 2011. Tri-Center Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Tri-Center Community School District's management. Our responsibility is to express an opinion on Tri-Center Community School District's compliance based on our audit.

We conducted our 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 we 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 and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tri-Center Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Tri-Center Community School District's compliance with those requirements.

In our opinion, Tri-Center Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Tri-Center 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 our audit, we considered Tri-Center 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tri-Center Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified a deficiency in internal control over compliance we 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

Tri-Center Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Tri-Center Community School District's responses and, accordingly, we 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 Tri-Center Community School District and other parties to whom Tri-Center Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.



NOLTE, CORNMAN & JOHNSON, P.C.

February 7, 2012

TRI-CENTER COMMUNIT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were 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 the 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 findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered:**
 - CFDA Number 84.394 - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
 - CFDA Number 84.397 - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act
 - Individual:**
 - CFDA Number 84.410 - Education Jobs Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Tri-Center Community School District did not qualify as a low-risk auditee.

TRI-CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We 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 will investigate alternatives and implement if possible.

Conclusion - Response accepted.

II-B-11 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - The District will review procedures in place and work towards maintaining records of hours worked.

Conclusion - Response accepted.

TRI-CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 84.394: State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act

CFDA Number 84.397: State Fiscal Stabilization Fund(SFSF) - Government Services, Recovery Act

Federal Award Year: 2010 & 2011

U.S. Department of Education

Passed through the Iowa Department of Education

CFDA Number 84.410: Education Jobs Fund

Federal Award Year: 2011

U.S. Department of Education

Passed through the Iowa Department of Education

III-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We 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 will investigate alternatives and implement if possible.

Conclusion - Response accepted.

TRI-CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.
- IV-B-11 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions - No business transactions between the District and District officials were noted.
- IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-11 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments - We noted no instances of 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.
- IV-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement funds.
- IV-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.5 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. District are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	162,659
Revenues:			
Sales tax revenues	\$	701,546	
Other local revenues		226	701,772
		<u> </u>	<u>864,431</u>
Expenditures/Transfer out:			
School infrastructure construction	\$	284,753	
Equipment		23,196	
Other		750	
Transfer to other funds:			
Debt service fund		433,488	742,187
		<u> </u>	<u>742,187</u>
Ending balance			<u><u>\$ 122,244</u></u>

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