

Tripoli Community School District

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

June 30, 2012

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 13
Statement of Activities	B 14-15
Governmental Fund Financial Statements:	
Balance Sheet	C 16
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	D 17
Statement of Revenues, Expenditures and Changes in Fund Balances	E 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities	F 19
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 20
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 21
Statement of Cash Flows-School Nutrition Fund	I 22
Statement of Cash Flows-Before & After School Fund	J 23
Notes to Financial Statements	24-33
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses And Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Funds	34
Notes to Required Supplementary Information-Budgetary Reporting	35
Schedule of Funding Progress for the Retiree Health Plan	36
Other Supplementary Information:	<u>Schedule</u>
Non-major Funds:	
Combining Balance Sheet	1 37
Combining Schedule of Revenues, Expenditures and Changes In Fund Balances	2 38
Capital Project Accounts:	
Combining Balance Sheet	3 39
Combining Schedule of Revenues, Expenditures and Changes in Balances	4 40
Schedule of Changes in Special Revenue Fund-Student Activity Accounts	5 41-42
Schedule of Revenues by Source and Expenditures by Function-All Governmental Funds	6 43
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 <u>Government Auditing Standards</u>	44-45
Schedule of Findings	46-48

Independent Auditor's Report

To the Board of Education of
Tripoli Community School District:

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

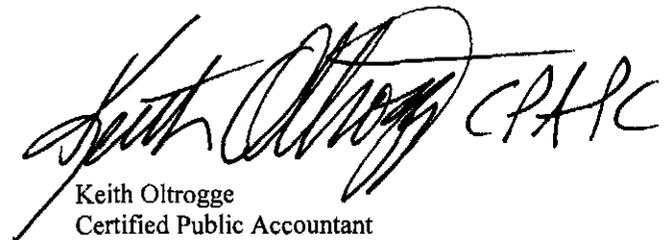
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 20, 2013 on my consideration of Tripoli Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tripoli Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

March 20, 2013

Tripoli Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

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

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,468,134 in fiscal 2011 to \$4,734,150 in fiscal 2012, and General Fund expenditures increased from \$4,534,968 in fiscal 2011 to \$4,693,703 in fiscal 2012. The District's General Fund balance increased from \$1,215,485 in fiscal year 2011 to \$1,255,932 in fiscal year 2012, a 3.3% increase.
- The increase in General Fund revenues was attributable to an increase in local and state grant revenue in fiscal year 2012. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits.
- The District's solvency ratio decreased from 21.7% in 2011 to 20.5 % in fiscal 2012. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Tripoli Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tripoli Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Tripoli Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

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

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

Figure A-1
Tripoli Community School District Annual Financial Report

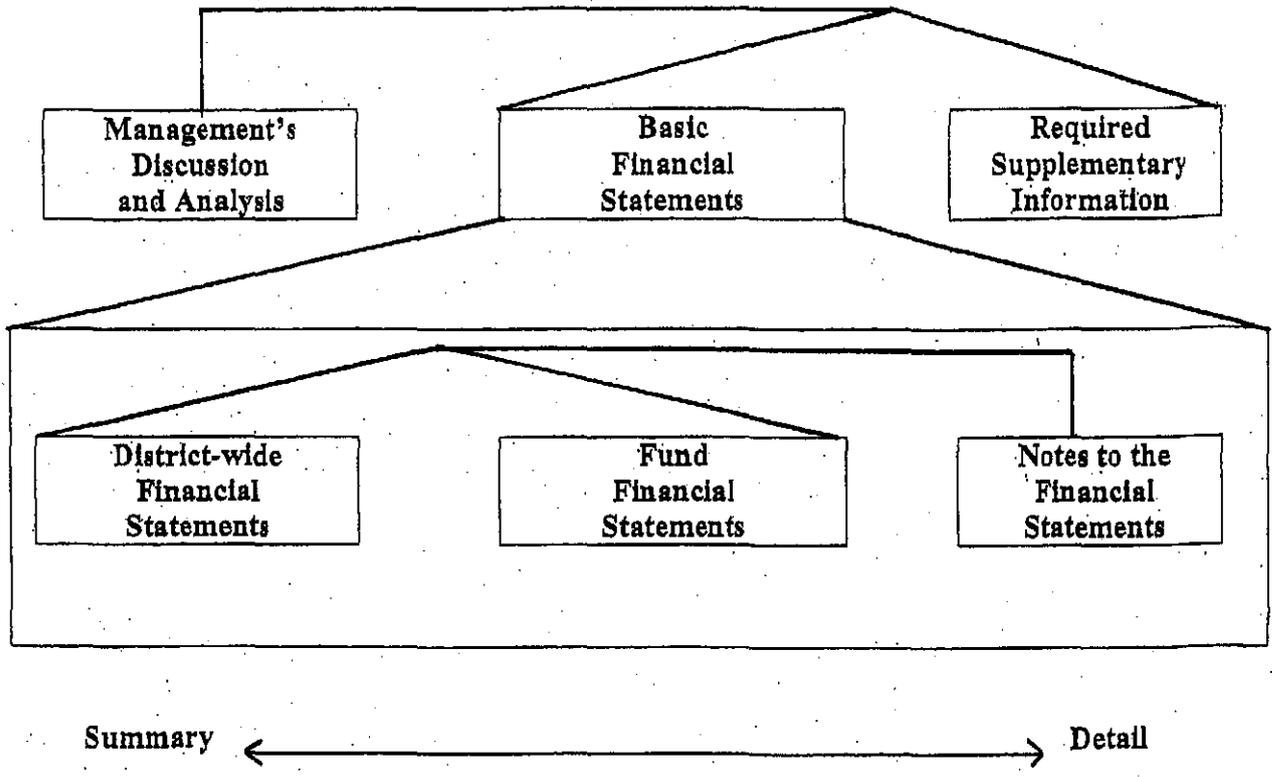


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Before and After School Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	\$7,459,934	\$4,264,653	\$66,236	\$77,905	\$7,526,170	\$4,342,558	73.3%
Capital assets	6,225,244	6,120,763	33,880	40,646	6,259,124	6,161,409	1.6%
Total assets	<u>\$13,685,178</u>	<u>\$10,385,416</u>	<u>\$100,116</u>	<u>\$118,551</u>	<u>\$13,785,294</u>	<u>\$10,503,967</u>	<u>31.2%</u>
Long-term liabilities	\$4,167,308	\$1,317,840	\$-	\$-	\$4,167,308	\$1,317,840	216.2%
Other liabilities	2,604,741	2,483,129	2,673	2,987	2,607,414	2,486,116	4.8%
Total liabilities	<u>\$6,772,049</u>	<u>\$3,800,969</u>	<u>\$2,673</u>	<u>\$2,987</u>	<u>\$6,774,722</u>	<u>\$3,803,956</u>	<u>78.1%</u>
Net assets:							
Invested in capital assets, net of related debt	\$2,240,490	\$5,048,456	\$33,880	\$40,646	\$2,274,370	\$5,089,192	-55.3%
Restricted	3,721,781	569,496	-	-	3,721,781	569,496	553.5%
Unrestricted	950,858	966,405	63,563	74,918	1,014,421	1,041,323	-2.6%
Total net assets	<u>\$6,913,129</u>	<u>\$6,584,447</u>	<u>\$97,443</u>	<u>\$115,564</u>	<u>\$7,010,572</u>	<u>\$6,700,011</u>	<u>4.6%</u>

The District's combined net assets increased by nearly 4.6%, or \$310,561, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by \$3,152,285, or 553.5% over the prior year. The increase was primarily a result of unexpended general obligation bonds of \$3,100,000.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$26,902, or 2.6%.

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

Figure A-4
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues:							
Program revenues:							
Charges for service	\$492,995	\$435,143	\$135,088	\$142,297	\$628,083	\$577,440	8.8%
Operating grants, contributions and restricted interest	748,586	798,251	92,382	85,948	840,968	884,199	-4.9%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,717,452	1,730,902	-	-	1,717,452	1,730,902	-0.8%
Statewide sales, service and use tax	354,980	353,756	-	-	354,980	353,756	0.3%
Unrestricted state grants	2,163,200	1,913,860	-	-	2,163,200	1,913,860	13.0%
Unrestricted investment earnings	36,144	44,794	700	849	36,844	45,643	-19.3%
Other	46,762	24,114	-	-	46,762	24,114	93.9%
Total revenues	\$5,560,119	\$5,300,820	\$228,170	\$229,094	\$5,788,289	\$5,529,914	4.7%
Program expenses:							
Governmental activities:							
Instruction	\$3,750,129	\$3,630,976	\$-	\$-	\$3,750,129	\$3,630,976	3.3%
Support services	1,224,629	1,170,111	-	-	1,224,629	1,170,111	4.7%
Non-instructional programs	-	-	246,291	265,255	246,291	265,255	-7.2%
Other expenses	256,628	263,451	-	-	256,628	263,451	-2.6%
Total expenses	\$5,231,386	\$5,064,538	\$246,291	\$265,255	\$5,477,677	\$5,329,793	2.8%
Change in net assets	\$328,733	\$236,282	-\$18,121	-\$36,161	\$310,612	\$200,121	55.2%

In fiscal year 2012, property tax and unrestricted state grants account for 69.8% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.7% of business type activities revenue.

The District's total revenues were approximately \$5.8 million, of which approximately \$5.6 million was for governmental activities and less than \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.7% increase in revenues and a 2.8% increase in expenses. Property tax decreased approximately \$13,450. The increase in expenses is related to an increase in instruction and support services.

Governmental Activities

Revenues for governmental activities were \$5,560,119 and expenses were \$5,231,386 for the year ended June 30, 2012. In a difficult budget year, the District used a portion of its carryover fund balance.

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, 2012 compared to the year ended June 30, 2011.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-2012	2012	2011	Change 2011-2012
Instruction	\$3,750,129	\$3,630,976	3.3%	\$2,512,665	\$2,402,222	4.6%
Support services	1,224,629	1,170,111	4.7%	1,220,512	1,165,471	4.7%
Non-instructional programs	-	-	-	-	-	-
Other expenses	256,628	263,451	-2.6%	256,628	263,451	-2.6%
Totals	\$5,231,386	\$5,064,538	3.3%	\$3,989,805	\$3,831,144	4.1%

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$628,083.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$840,968.
- The net cost of governmental activities was financed with \$2,072,432 in property and other taxes and \$2,163,200 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$228,170 and expenses were \$246,291. The District's business type activities include the School Nutrition Fund, and Before and After School Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,757,296, above last year's adjusted ending fund balances of \$1,722,950.

However, the primary reason for the increase in combined fund balance at the end of the fiscal year 2012 is due to the \$3,100,000 of unexpended general obligation bond proceeds received in fiscal year 2012.

Governmental Fund Highlights

- The District's increased General Fund financial position is the result of many factors. Increases during the year in state grants resulted in an increase in revenues. The District's increase in General Fund expenditures was due to the negotiated salaries and benefits.
- The General Fund balance increased from \$1,215,312 to \$1,255,932, due in part to the increase in revenues over expenditures.
- The Capital Projects Fund balance increased from \$213,056 to \$3,298,554 due in part to the unexpended issued \$3,100,000 general obligation bonds.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$99,605 to \$81,287 at June 30, 2012 due in part to the increased costs of supplies and depreciation.
- Before and After School Fund Net Assets increased from \$15,959 to \$16,156 due to the increase in receipts.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tripoli Community School District amended its budget one time to reflect additional expenditures for the non-instructional programs and other expenditure functions.

The District's receipts were \$177,439 more than budgeted receipts, a variance of 3.2%.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$6,259,124, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 1.6% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$348,433.

The original cost of the District's capital assets was \$11,296,617. Governmental funds account for \$11,215,431, with the remainder of \$81,186 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in process category.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Construction in process	222,977	75,646	-	-	222,977	75,646	194.8%
Buildings	5,200,083	5,263,636	-	-	5,200,083	5,263,636	-1.2%
Improvements other than buildings	362,915	378,178	-	-	362,915	378,178	-4.0%
Furniture and equipment	405,769	369,803	33,880	40,646	439,649	410,449	7.1%
Totals	\$6,225,244	\$6,120,763	\$33,880	\$40,646	\$6,259,124	\$6,161,409	1.6%

Long-Term Debt

At June 30, 2012, the District had \$3,984,754 in other long-term debt outstanding. This represents an increase of 271.6% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$9.5 million.

In June 2012, the District issued \$3,100,000 of general obligation bonds to pay the costs to construct, improve, furnish and equip an addition to the existing school building to include a gymnasium and locker rooms, and related remodeling; and to improve, remodel, reconstruct, furnish and equip the area of the existing school building, including the shop area, the weight room and current locker rooms; and to improve the site.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2012	2011	2011-2012
General obligation bonds	\$3,100,000	\$-	100%
Notes payable	884,754	1,072,217	-17.5%
	\$3,984,754	\$1,072,217	271.6%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Enrollment declines are a concern for the School District as total certified enrollment has declined 11 students during the last year. The enrollment decline will mean less state aid in future years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brittany Franzen, District Secretary/Business Manager, Tripoli Community School District, 209 8th Avenue SW, Tripoli IA 50676.

Basic Financial Statements

Tripoli Community School District

Statement of Net Assets

June 30, 2012

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
Restricted	\$ 300,000	\$ -	\$ 300,000
Other	4,986,350	48,095	5,034,445
Receivables:			
Property tax:			
Delinquent	15,572	-	15,572
Succeeding year	1,596,408	-	1,596,408
Accounts	95,195	879	96,074
Prepaid expenses	35,889	-	35,889
Prepaid liability OPEB	101,280	-	101,280
Due from other governments	329,240	-	329,240
Inventories	-	17,262	17,262
Capital assets, net of accumulated depreciation	6,225,244	33,880	6,259,124
Total Assets	\$ 13,685,178	\$ 100,116	\$ 13,785,294
Liabilities			
Due to other governments	\$ 38,989	\$ -	\$ 38,989
Accounts payable	140,307	-	140,307
Salaries and benefits payable	341,291	26	341,317
Accrued interest payable	3,383	-	3,383
Deferred revenue-succeeding year property tax	1,596,408	-	1,596,408
Deferred revenue – other	184,363	2,647	187,010
Bank warrants payable	300,000	-	300,000
Long-term liabilities:			
Portion due within one year:			
Notes payable	196,406	-	196,406
Early retirement	47,905	-	47,905
Portion due after one year:			
General obligation bonds	3,100,000	-	3,100,000
Notes payable	688,348	-	688,348
Early retirement	134,649	-	134,649
Total Liabilities	\$ 6,772,049	\$ 2,673	\$ 6,774,722
Net Assets			
Invested in capital assets, net of related debt	\$ 2,240,490	\$ 33,880	\$ 2,274,370
Restricted for:			
Categorical funding	294,840	-	294,840
Physical plant and equipment	121,299	-	121,299
Student activities	128,387	-	128,387
Capital projects	3,177,255	-	3,177,255
Unrestricted	950,858	63,563	1,014,421
Total Net Assets	\$ 6,913,129	\$ 97,443	\$ 7,010,572

See notes to financial statements.

Tripoli Community School District

Statement of Activities

Year Ended June 30, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,579,652	\$ 213,175	\$ 664,862	\$ -
Special instruction	562,685	99,084	73,909	-
Other instruction	607,792	180,736	5,698	-
	\$ 3,750,129	\$ 492,995	\$ 744,469	\$ -
Support Services:				
Student services	\$ 68,562	\$ -	\$ 2,938	\$ -
Instructional staff services	81,605	-	-	-
Administration services	509,238	-	-	-
Operation and maintenance of plant services	396,565	-	-	-
Transportation services	168,659	-	1,179	-
	\$ 1,224,629	\$ -	\$ 4,117	\$ -
Other Expenditures:				
Facilities acquisition	\$ 35,908	\$ -	\$ -	\$ -
Long-term debt interest	30,782	-	-	-
AEA flow-through	189,938	-	-	-
	\$ 256,628	\$ -	\$ -	\$ -
Total Governmental Activities	\$ 5,231,386	\$ 492,995	\$ 748,586	\$ -
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 232,082	\$ 120,871	\$ 92,382	\$ -
Child care operations	14,209	14,217	-	-
	\$ 246,291	\$ 135,088	\$ 92,382	\$ -
Total	\$ 5,477,677	\$ 628,083	\$ 840,968	\$ -

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -1,701,615	\$ -	\$ -1,701,615
-389,692	-	-389,692
-421,358	-	-421,358
<u>\$ -2,512,665</u>	<u>\$ -</u>	<u>\$ -2,512,665</u>
\$ -65,624	\$ -	\$ -65,624
-81,605	-	-81,605
-509,238	-	-509,238
-396,565	-	-396,565
-167,480	-	-167,480
<u>\$ -1,220,512</u>	<u>\$ -</u>	<u>\$ -1,220,512</u>
\$ -35,908	\$ -	\$ -35,908
-30,782	-	-30,782
-189,938	-	-189,938
<u>\$ -256,628</u>	<u>\$ -</u>	<u>\$ -256,628</u>
<u>\$ -3,989,805</u>	<u>\$ -</u>	<u>\$ -3,989,805</u>
\$ -	\$ -18,829	\$ -18,829
-	8	8
<u>\$ -</u>	<u>\$ -18,821</u>	<u>\$ -18,821</u>
<u>\$ -3,989,805</u>	<u>\$ -18,821</u>	<u>\$ -4,008,626</u>

Tripoli Community School District

Statement of Activities

Year Ended June 30, 2012

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

General Revenues:

Property Tax Levied For:
 General purposes
 Capital outlay
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total General Revenues

Change in net assets
Net assets beginning of year
Prior period adjustment

Adjusted net assets beginning of year

Net Assets End of Year

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities	Total
\$ 1,531,858	\$ -	\$ 1,531,858	
185,594	-	185,594	
354,980	-	354,980	
2,163,200	-	2,163,200	
36,144	700	36,844	
46,762	-	46,762	
<u>\$ 4,318,538</u>	<u>\$ 700</u>	<u>\$ 4,319,238</u>	
\$ 328,733	\$ -18,121	\$ 310,612	
\$ 6,584,447	\$ 115,564	\$ 6,700,011	
-51	-	-51	
<u>\$ 6,584,396</u>	<u>\$ 115,564</u>	<u>\$ 6,699,960</u>	
<u>\$ 6,913,129</u>	<u>\$ 97,443</u>	<u>\$ 7,010,572</u>	

Tripoli Community School District

Balance Sheet
Governmental Funds

June 30, 2012

Assets	General	Capital Projects	Non-Major Funds	Total
Cash and Pooled Investments:				
Restricted	\$ 300,000	\$ -	\$ -	\$ 300,000
Other	1,572,151	3,229,658	184,541	4,986,350
Receivables:				
Property Tax:				
Delinquent	12,682	1,876	1,014	15,572
Succeeding year	1,198,233	198,175	200,000	1,596,408
Accounts	82,491	-	12,704	95,195
Prepaid expenses	31,138	-	4,751	35,889
Due from other governments	256,805	72,435	-	329,240
Total Assets	\$ 3,453,500	\$ 3,502,144	\$ 403,010	\$ 7,358,654
Liabilities and Fund Balances				
Liabilities:				
Due to other governments	\$ 38,989	\$ -	\$ -	\$ 38,989
Accounts payable	134,692	5,415	200	140,307
Salaries and benefits payable	341,291	-	-	341,291
Bank warrants payable	300,000	-	-	300,000
Deferred Revenue:				
Succeeding year property tax	1,198,233	198,175	200,000	1,596,408
Other	184,363	-	-	184,363
Total Liabilities	\$ 2,197,568	\$ 203,590	\$ 200,200	\$ 2,601,358
Fund Balances:				
Restricted for:				
Categorical funding	\$ 294,840	\$ -	\$ -	\$ 294,840
Management levy purposes	-	-	74,623	74,623
Student activities	-	-	128,387	128,387
School infrastructure	-	3,177,255	-	3,177,255
Physical plant and equipment	-	121,299	-	121,299
Unassigned	961,092	-	-200	960,892
Total Fund Balances	\$ 1,255,932	\$ 3,298,554	\$ 202,810	\$ 4,757,296
Total Liabilities and Fund Balances	\$ 3,453,500	\$ 3,502,144	\$ 403,010	\$ 7,358,654

See notes to financial statements.

Tripoli Community School District

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

June 30, 2012

Total fund balances of governmental funds (page 16)	\$ 4,757,296
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	6,225,244
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds	101,280
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	-3,383
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-4,167,308</u>
Net assets of governmental activities (page 13)	<u>\$ 6,913,129</u>

Tripoli Community School District

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

Year Ended June 30, 2012

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,431,840	\$ 540,574	\$ 100,018	\$ 2,072,432
Tuition	267,107	-	-	267,107
Other	123,608	3,042	182,144	308,794
Intermediate sources	-	-	-	-
State sources	2,729,988	124	67	2,730,179
Federal sources	181,607	-	-	181,607
Total Revenues	\$ 4,734,150	\$ 543,740	\$ 282,229	\$ 5,560,119
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,389,278	\$ -	\$ 57,429	\$ 2,446,707
Special instruction	562,685	-	-	562,685
Other instruction	441,974	-	174,167	616,141
	\$ 3,393,937	\$ -	\$ 231,596	\$ 3,625,533
Support Services:				
Student services	\$ 68,562	\$ -	\$ -	\$ 68,562
Instructional staff services	137,159	-	-	137,159
Administration services	435,456	-	72,832	508,288
Operation and maintenance of plant services	337,421	-	54,075	391,496
Transportation services	131,230	-	15,122	146,352
	\$ 1,109,828	\$ -	\$ 142,029	\$ 1,251,857
Other Expenditures:				
Facilities acquisition	\$ -	\$ 339,802	\$ -	\$ 339,802
Long-Term Debt:				
Principal	-	-	187,463	187,463
Interest and fiscal charges	-	25,787	45,959	71,746
AEA flow-through	189,938	-	-	189,938
	\$ 189,938	\$ 365,589	\$ 233,422	\$ 788,949
Total Expenditures	\$ 4,693,703	\$ 365,589	\$ 607,047	\$ 5,666,339
Excess (deficiency) of revenues over (under) expenditures	\$ 40,447	\$ 178,151	\$ -324,818	\$ -106,220
Other Financing Sources (Uses):				
Issuance of bonds	\$ -	\$ 3,140,566	\$ -	\$ 3,140,566
Operating transfers in (out)	-	-233,222	233,222	-
Total Other Financing Sources	\$ -	\$ 2,907,344	\$ 233,222	\$ 3,140,566
Net change in fund balances	\$ 40,447	\$ 3,085,495	\$ -91,596	\$ 3,034,346
Fund balances beginning of year	\$ 1,215,312	\$ 213,059	\$ 294,630	\$ 1,723,001
Prior period adjustment	173	-	-224	-51
Adjusted fund balances beginning of year	\$ 1,215,485	\$ 213,059	\$ 294,406	\$ 1,722,950
Fund Balances End of Year	\$ 1,255,932	\$ 3,298,554	\$ 202,810	\$ 4,757,296

See notes to financial statements.

Tripoli Community School District

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities

Year Ended June 30, 2012

Net change in fund balances – total governmental funds (page 18) \$ 3,034,346

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

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

Expenditures for capital assets	\$ 446,148	
Depreciation expense	<u>-341,667</u>	104,481

Proceeds from the issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Assets. 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. Current year issues exceeded repayments, as follows:

Issued	\$ -3,100,000	
Repaid	<u>187,463</u>	-2,912,537

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

398

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	\$ 63,069	
Other postemployment benefits	<u>38,976</u>	102,045

Change in Net Assets of Governmental Activities (page 15) \$ 328,733

Tripoli Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2012

	Before & After School	School Nutrition	Total
Assets			
Cash and cash equivalents	\$ 15,905	\$ 32,190	\$ 48,095
Accounts receivable	251	628	879
Inventories	-	17,262	17,262
Capital assets, net of accumulated depreciation	-	33,880	33,880
Total Assets	\$ 16,156	\$ 83,960	\$ 100,116
Liabilities			
Salaries and benefits payable	\$ -	\$ 26	\$ 26
Deferred revenue	-	2,647	2,647
	\$ -	\$ 2,673	\$ 2,673
Net Assets			
Invested in capital assets, net of related debt	\$ -	\$ 33,880	\$ 33,880
Unrestricted	16,156	47,407	63,563
Total Net Assets	\$ 16,156	\$ 81,287	\$ 97,443

See notes to financial statements.

Tripoli Community School District

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year Ended June 30, 2012

	Before & After School	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 14,217	\$ 120,871	\$ 135,088
Operating expenses:			
Non-instructional programs:			
Food service and child care operations:			
Salaries and benefits	\$ 12,559	\$ 98,957	\$ 111,516
Purchased services	-	1,732	1,732
Supplies	1,635	124,096	125,731
Depreciation	-	6,766	6,766
Other	15	531	546
Total operating expenses	\$ 14,209	\$ 232,082	\$ 246,291
Operating income (loss)	\$ 8	\$ -111,211	\$ -111,203
Non-operating revenues:			
State sources	\$ -	\$ 2,275	\$ 2,275
Federal sources	-	90,107	90,107
Interest income	189	511	700
Total non-operating revenues	\$ 189	\$ 92,893	\$ 93,082
Change in net assets	\$ 197	\$ -18,318	\$ -18,121
Net assets beginning of year	15,959	99,605	115,564
Net Assets End of Year	\$ 16,156	\$ 81,287	\$ 97,443

See notes to financial statements.

Tripoli Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 120,144
Cash paid to employees for services	-98,931
Cash paid to suppliers for goods or services	-112,337
Net cash used by operating activities	<u>\$ -91,124</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 2,275
Federal grants received	72,294
Net cash provided by non-capital financing activities	<u>\$ 74,569</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 511</u>
Net decrease in cash and cash equivalents	\$ -16,044
Cash and cash equivalents beginning of year	<u>48,234</u>
Cash and Cash Equivalents End of Year	<u>\$ 32,190</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -111,211
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	17,812
Depreciation	6,766
(Increase) in inventories	-3,791
(Increase) in accounts receivable	-386
(Decrease) in deferred revenue	-340
Increase in salaries and benefits	26
Net Cash Used by Operating Activities	<u>\$ 91,124</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$17,812 of federal commodities.

Tripoli Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	Before & After School
Cash flows from operating activities:	
Cash received from services	\$ 14,159
Cash paid to employees for services	-12,559
Cash paid to suppliers for goods or services	-1,650
Net cash provided by operating activities	<u>\$ -50</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 189</u>
Net decrease in cash and cash equivalents	\$ 139
Cash and cash equivalents beginning of year	<u>15,766</u>
Cash and Cash Equivalents End of Year	<u>\$ 15,905</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 8
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	<u>-58</u>
Net Cash Used by Operating Activities	<u>\$ -50</u>

Tripoli Community School District

Notes to the Reissued Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental fund:

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

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

The District reports the following major proprietary funds:

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

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

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

(3) **Inter-fund Transfers**

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

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

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

(4) **Bank Anticipatory Warrants**

The District has entered into an agreement with American Savings Bank for the issuance of anticipatory warrants of \$300,000 with an interest rate of 3.25%. Activity for the year ended June 30, 2012 is as follows:

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

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

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in process	75,646	222,977	75,646	222,977
Total capital assets not being depreciated	<u>\$ 109,146</u>	<u>\$ 222,977</u>	<u>\$ 75,646</u>	<u>\$ 256,477</u>
Capital assets being depreciated:				
Buildings	\$ 8,628,034	\$ 134,181	\$ -	\$ 8,762,215
Improvements other than buildings	612,339	9,441	-	621,780
Furniture and equipment	1,419,764	155,195	-	1,574,959
Total capital assets being depreciated	<u>\$ 10,660,137</u>	<u>\$ 298,817</u>	<u>\$ -</u>	<u>\$ 10,958,954</u>
Less accumulated depreciation for:				
Buildings	\$ 3,364,398	\$ 197,734	\$ -	\$ 3,562,132
Improvements other than buildings	234,161	24,704	-	258,865
Furniture and equipment	1,049,961	119,229	-	1,169,190
Total accumulated depreciation	<u>\$ 4,648,520</u>	<u>\$ 341,667</u>	<u>\$ -</u>	<u>\$ 4,990,187</u>
Total capital assets being depreciated, net	<u>\$ 6,011,617</u>	<u>\$ -42,850</u>	<u>\$ -</u>	<u>\$ 5,968,767</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,120,763</u>	<u>\$ 180,127</u>	<u>\$ 75,646</u>	<u>\$ 6,225,244</u>
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 81,186	\$ -	\$ -	\$ 81,186
Less accumulated depreciation	40,540	6,766	-	47,306
Business Type Activities Capital Assets, Net	<u>\$ 40,646</u>	<u>\$ 6,766</u>	<u>\$ -</u>	<u>\$ 33,880</u>
Depreciation expense was charged to the following functions:				
Governmental Activities:				
Instruction:				
Regular				\$ 303,996
Other				5,313
Support services:				
Administration				4,982
Operation and maintenance of plant				5,069
Transportation				22,307
Total Depreciation Expense – Governmental Activities				<u>\$ 341,667</u>
Business Type Activities:				
Food service operations				<u>\$ 6,766</u>

(6) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
General obligation bonds	\$ -	\$ 3,100,000	\$ -	\$ 3,100,000	\$ -
Notes payable	1,072,217	-	187,463	884,754	196,406
Early retirement	245,623	-	63,069	182,554	47,905
Total	\$ 1,317,840	\$ 3,100,000	\$ 250,532	\$ 4,167,308	\$ 244,311

Early Retirement

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

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

Early retirement benefits paid during the year ended June 30, 2012 totaled \$63,069. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the Governmental Activities Long-Term Liabilities section representing the District's commitment to fund non-current early retirement.

General Obligation Bonds

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 27, 2012			
	Interest Rate	Principal	Interest	Total
2013	2.00%	\$ -	\$ 62,518	\$ 62,518
2014	2.00%	-	67,385	67,385
2015	2.00%	-	67,385	67,385
2016	2.00%	125,000	67,385	192,385
2017	2.00%	200,000	64,885	264,885
2018	2.00%	200,000	60,885	260,885
2019	2.00%	205,000	56,885	261,885
2020	2.00%	210,000	52,785	262,785
2021	2.00%	215,000	48,585	263,585
2022	2.00%	220,000	44,285	264,285
2023	2.00%	225,000	39,885	264,885
2024	2.10%	230,000	35,385	265,385
2025	2.20%	240,000	30,555	270,555
2026	2.30%	245,000	25,275	270,275
2027	2.40%	255,000	19,640	274,640
2028	2.50%	260,000	13,520	273,520
2029	2.60%	270,000	7,020	277,020
		\$ 3,100,000	\$ 764,263	\$ 3,864,263

Note Payable – Science Room Addition

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

Details of the District's June 30, 2012 note payable – science room addition are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 119,491	\$ 15,778	\$ 135,269
2014	125,112	10,157	135,269
2015	127,228	4,216	131,444
Total	<u>\$ 371,831</u>	<u>\$ 30,151</u>	<u>\$ 401,982</u>

Note Payable – Preschool

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

Details of the Districts June 30, 2012 note payable – preschool are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 76,915	\$ 21,037	\$ 97,952
2014	80,219	17,733	97,952
2015	83,664	14,288	97,952
2016	87,231	10,721	97,952
2017	91,005	6,948	97,953
2018	93,890	4,249	98,139
Total	<u>\$ 512,924</u>	<u>\$ 74,976</u>	<u>\$ 587,900</u>

During the year ended June 30, 2012, the District made principal and interest payments totaling \$233,422 under the agreements.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the years ended June 30, 2012, 2011 and 2010. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$223,256, \$168,630 and \$164,596, respectively, equal to the required contributions for each year.

(8) 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 29 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 25,591
Interest on net OPEB obligation	-1,558
Adjustment to annual required contribution	<u>-1,248</u>
Annual OPEB cost	\$ 22,785
Contributions made	<u>-61,176</u>
Increase in net OPEB obligation	\$ -38,976
Net OPEB obligation beginning of year	<u>-62,303</u>
 Net OPEB obligation end of year	 <u>\$ -101,280</u> *
*Prepaid OPEB liability	

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

For the year ended June 30, 2012, the District contributed \$213,404 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$27,919	201.7%	-\$28,406
June 30, 2011	\$27,333	217.4%	-\$62,304
June 30, 2012	\$25,591	395.8%	-\$101,280

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$290,783, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$290,783. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,332,886 and the ratio of the UAAL to covered payroll was 21.8%. As of June 30, 2012, there were no trust fund assets.

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

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

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

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

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

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$189,938 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Construction Commitments

The District has committed to an athletic addition and remodeling projects totaling \$3,393,498. At June 30, 2012, \$222,977 of which was in construction in process, with the balance of \$3,170,521 to be paid as work on the project progresses.

(12) Categorical Funding

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

Program	Amount
At Risk	\$ 7,611
Gifted and Talented Programs	45,335
Dropout Prevention	110,295
Core Curriculum	8,376
Professional Development	1,350
Market Factor	411
Teacher Mentor	546
Teacher Quality	52,687
Preschool	68,229
Total	\$ 294,840

(13) Subsequent Events

The District has evaluated subsequent events through March 20, 2013 which is the date that the financial statement were available to be issued.

(14) Prior Period Adjustment

A \$173 prior period adjustment to the General Fund and a -\$224 adjustment to Activity Fund were made.

Required Supplementary Information

Tripoli Community School District

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

Required Supplementary Information

Year Ended June 30, 2012

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>
Receipts:		
Local sources	\$ 2,648,333	\$ 135,788
Intermediate sources	-	-
State sources	2,730,179	2,275
Federal sources	181,607	90,107
Total Receipts	<u>\$ 5,560,119</u>	<u>\$ 228,170</u>
Disbursements:		
Instruction	\$ 3,625,533	\$ -
Support services	1,251,857	-
Non-instructional programs	-	246,291
Other expenditures	788,949	-
Total Disbursements	<u>\$ 5,666,339</u>	<u>\$ 246,291</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ -106,220	\$ -18,121
Other financing sources (uses), net	<u>3,140,566</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing sources (uses)	\$ 3,034,346	\$ -18,121
Balances beginning of year	\$ 1,723,001	\$ 115,564
Prior period adjustment	<u>-51</u>	<u>-</u>
Adjusted balances beginning of year	<u>\$ 1,722,950</u>	<u>\$ 115,564</u>
Balances End of Year	<u>\$ 4,757,296</u>	<u>\$ 97,443</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	2,784,121	\$ 2,589,525	\$ 2,589,525	\$ 194,596
	-	-	-	-
	2,732,454	2,825,325	2,825,325	-92,871
	271,714	196,000	196,000	75,714
\$	5,788,289	\$ 5,610,850	\$ 5,610,850	\$ 177,439
<hr/>				
\$	3,625,533	\$ 3,710,750	\$ 3,710,750	\$ 85,217
	1,251,857	1,339,430	1,339,430	87,573
	246,291	267,500	342,500	96,209
	788,949	616,375	1,016,375	227,426
\$	5,912,630	\$ 5,934,055	\$ 6,409,055	\$ 496,425
<hr/>				
\$	-124,341	\$ -323,205	\$ -798,205	\$ 673,864
	3,140,566	-	-	3,140,566
<hr/>				
\$	3,016,225	\$ -323,205	\$ -798,205	\$ 3,814,430
\$	1,838,565	\$ 1,511,172	\$ 1,511,172	\$ 327,393
	-51	-	-	-51
<hr/>				
\$	1,838,514	\$ 1,511,172	\$ 1,511,172	\$ 327,342
<hr/>				
\$	4,854,739	\$ 1,187,967	\$ 712,967	\$ 4,141,772

Tripoli Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2012

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$475,000.

Tripoli Community School District

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

Required Supplementary Information

June 30, 2012

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
2010	July 1, 2009	\$-	\$355	\$355	0.0%	\$1,465	24.2%
2011	July 1, 2009	\$-	\$290	\$290	0.0%	\$1,442	20.2%
2012	July 1, 2009	\$-	\$290	\$290	0.0%	\$1,333	21.8%

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

Other Supplementary Information

Tripoli Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2012

	<u>Special Revenue</u>			
	Debt Service	Management Levy	Student Activity	Total
Assets				
Cash and pooled investments	\$ -	\$ 68,858	\$ 115,683	\$ 184,541
Receivables:				
Accounts	-	-	12,704	12,704
Property Tax:				
Delinquent	-	1,014	-	1,014
Succeeding year	-	200,000	-	200,000
Prepaid expenses	-	4,751	-	4,751
Total Assets	\$ -	\$ 274,623	\$ 128,387	\$ 403,010
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 200	\$ -	\$ -	\$ 200
Deferred revenue:				
Succeeding year property tax	-	200,000	-	200,000
Total Liabilities	\$ 200	\$ 200,000	\$ -	\$ 200,200
Fund Balances:				
Restricted for:				
Management levy purposes	\$ -	\$ 74,623	\$ -	\$ 74,623
Student activities	-	-	128,387	128,387
Unrestricted	-200	-	-	-200
Total fund balances	\$ -200	\$ 74,623	\$ 128,387	\$ 202,810
Total Liabilities and Fund Balances	\$ -	\$ 274,623	\$ 128,387	\$ 403,010

See accompanying independent auditor's report.

Tripoli Community School District

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

Year Ended June 30, 2012

	Special Revenue			
	Management Levy	Student Activity	Debt Service	Total
Revenues:				
Local Sources:				
Local tax	\$ 100,018	\$ -	\$ -	\$ 100,018
Other	6,217	175,927	-	182,144
State	67	-	-	67
Total Revenues	<u>\$ 106,302</u>	<u>\$ 175,927</u>	<u>\$ -</u>	<u>\$ 282,229</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 57,429	\$ -	\$ -	\$ 57,429
Other instruction	-	174,167	-	174,167
Support Services:				
Administration services	72,832	-	-	72,832
Operation and maintenance of plant services	54,075	-	-	54,075
Transportation services	15,122	-	-	15,122
Other Expenditures:				
Long-Term Debt:				
Principal	-	-	187,463	187,463
Interest and fiscal charges	-	-	45,959	45,959
Total Expenditures	<u>\$ 199,458</u>	<u>\$ 174,167</u>	<u>\$ 233,422</u>	<u>\$ 607,047</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -93,156	\$ 1,760	\$ -233,422	\$ -324,818
Other Financing Sources (Uses):				
Operating transfers in (out)	-	-	233,222	233,222
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>\$ -93,156</u>	<u>\$ 1,760</u>	<u>\$ -200</u>	<u>\$ -91,596</u>
Fund balances beginning of year	\$ 167,779	\$ 126,851	\$ -	\$ 294,630
Prior period adjustment	-	-224	-	-224
Adjusted fund balance, beginning of year	<u>\$ 167,779</u>	<u>\$ 126,627</u>	<u>\$ -</u>	<u>\$ 294,406</u>
Fund Balances End of Year	<u>\$ 74,623</u>	<u>\$ 128,387</u>	<u>\$ -200</u>	<u>\$ 202,810</u>

See accompanying independent auditor's report.

Tripoli Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects			
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	\$ 2,920,925	\$ 189,310	\$ 119,423	\$ 3,229,658
Receivables:				
Property Tax:				
Delinquent	-	-	1,876	1,876
Succeeding year	-	-	198,175	198,175
Due from other governments	-	72,435	-	72,435
Total Assets	\$ 2,920,925	\$ 261,745	\$ 319,474	\$ 3,502,144
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 5,415	\$ -	\$ -	\$ 5,415
Deferred revenue:				
Succeeding year property tax	-	-	198,175	198,175
Total Liabilities	\$ 5,415	\$ -	\$ 198,175	\$ 203,590
Fund Balances:				
Restricted for:				
School infrastructure	\$ 2,915,510	\$ 261,745	\$ -	\$ 3,177,255
Physical plant and equipment	-	-	121,299	121,299
Total fund balances	\$ 2,915,510	\$ 261,745	\$ 121,299	\$ 3,298,554
Total Liabilities and Fund Balances	\$ 2,920,925	\$ 261,745	\$ 319,474	\$ 3,502,144

Tripoli Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year Ended June 30, 2012

	Capital Projects			
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 354,980	\$ 185,594	\$ 540,574
Other	-	1,908	1,134	3,042
State sources	-	-	124	124
Total Revenues	<u>\$ -</u>	<u>\$ 356,888</u>	<u>\$ 186,852</u>	<u>\$ 543,740</u>
Expenditures:				
Other Expenditures:				
Facilities acquisition	\$ 199,269	\$ 100,463	\$ 40,070	\$ 339,802
Long-term debt:				
Interest and fiscal charges	25,787	-	-	25,787
Total Expenditures	<u>\$ 225,056</u>	<u>\$ 100,463</u>	<u>\$ 40,070</u>	<u>\$ 365,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -225,056</u>	<u>\$ 256,425</u>	<u>\$ 146,782</u>	<u>\$ 178,151</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -	\$ -135,270	\$ -97,952	\$ -233,222
Issuance of bonds	3,140,566	-	-	3,140,566
Total other financing sources (uses)	<u>\$ 3,140,566</u>	<u>\$ -135,270</u>	<u>\$ -97,952</u>	<u>\$ 2,907,344</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>\$ 2,915,510</u>	<u>\$ 121,155</u>	<u>\$ 48,830</u>	<u>\$ 3,085,495</u>
Fund balances beginning of year	-	140,590	72,469	213,059
Fund Balances End of Year	<u>\$ 2,915,510</u>	<u>\$ 261,745</u>	<u>\$ 121,299</u>	<u>\$ 3,298,554</u>

See accompanying independent auditor's report.

Tripoli Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Interest	\$ 10,910	\$ 1,873	\$ 610	\$ -118	\$ 12,055
Vocal	5,110	3,622	4,614	-1,242	2,876
Instrumental	834	3,675	2,668	-1,552	289
Band Trip	374	14	1,246	2,152	1,294
Yearbook	7,390	3,486	5,020	-	5,856
Picture	2,193	-	-	-	2,193
Thalians	-66	-	-	66	-
High School Student Council	1,964	773	802	-	1,935
Home Ec	556	247	247	-	556
National Honor Society	2,840	597	846	-	2,591
Faculty	1,347	61	1,270	-	138
SADD	548	1,302	1,595	-	255
Milk Machine	1,433	3,234	3,174	381	1,874
Magazine Sales	-	12	179	179	12
AEA Social Studies Grant	216	-	-	-	216
Art Resale	111	4,046	2,558	-1,599	-
Art Trip	66	1,899	3,600	1,635	-
Industrial Tech	-	46	164	118	-
Pencil Resale	105	-	-	-	105
Manufacturing	325	881	700	-	506
Fine Arts	185	4,182	2,819	-	1,548
Class of 2010	2	-	2	-	-
Class of 2011	1,589	-	1,589	-	-
Class of 2012	871	625	995	-501	-
Class of 2013	4,443	257	2,507	-	2,193
Class of 2014	2,439	451	-	-	2,890
Class of 2015	3,040	-	-	-	3,040
Class of 2016	3,408	2,023	4,257	-	1,174
Class of 2017	1,873	2,681	-	-	4,554
Class of 2018	-	2,996	-	-60	2,936
Football Fundraiser	2,199	2,625	2,937	-	1,887
Marketing Class	681	728	255	-	1,154
FFA	3,835	4,752	5,427	-134	3,026
Senior Class Play	1,297	327	246	-	1,378
Ecology – Science	119	209	313	-	15
SES	157	-	-	-	157
SCIN	981	700	886	-115	680
SCIN Treat	933	-	-	-109	824
Athletics	19,888	56,535	52,274	-	24,149
Cheerleading	444	2,124	2,055	-	513
Golf Fundraiser	148	605	605	-	148
Boys Basketball	127	1,405	1,526	-	6
Baseball	482	793	795	250	730
Boy's Track Fundraising	100	1,933	1,633	250	650
Girl's Track Fundraising	652	-	-	-	652
Bowling Fund	116	-	-	-	116

See accompanying independent auditor's report.

Tripoli Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
District FFA	\$ -	\$ 12,003	\$ 10,528	\$ 134	\$ 1,609
Cross Country	-	935	748	-	187
Thailians Fund	-	366	793	541	114
Dance Fund	-1	1,044	468	-	575
Weight Lifting Fund	-	-	-	-	-
History Club	1,396	1,576	50	-	2,922
Girls Basketball	594	-	105	250	739
Volleyball Fundraiser	3,247	4,582	3,905	250	4,174
Softball Fund	482	-	-	-	482
Athletic Scholarship	1,000	-	-	-1,000	-
Middle School Student Council	138	194	-	-	332
Elementary Library	1,736	4,009	4,073	-	1,672
Elementary Outdoor Ed - EWALU	2,006	5,000	4,830	-	2,176
Elementary Concessions	4,391	115	450	-	4,056
Elementary Music	42	-	-	-	42
Elementary Carnival	25,515	34,384	37,803	-	22,096
Memorial	40	-	-	-	40
Total	\$ 126,851	\$ 175,927	\$ 174,167	\$ -224	\$ 128,387

Tripoli Community School District

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

For the Last Nine Years

	Modified Accrual Basis			
	2012	2011	2010	2009
Revenues:				
Local Sources:				
Local tax	\$ 2,072,432	\$ 2,084,658	\$ 1,961,788	\$ 1,974,480
Tuition	267,107	218,297	242,294	195,466
Other	308,794	285,754	235,246	292,324
Intermediate sources	-	-	2,000	2,000
State sources	2,730,179	2,484,605	2,235,621	2,655,845
Federal sources	181,607	227,506	431,613	201,318
Total	\$ 5,560,119	\$ 5,300,820	\$ 5,108,562	\$ 5,321,433
Expenditures:				
Instruction:				
Regular instruction	\$ 2,446,707	\$ 2,311,269	\$ 2,195,417	\$ 2,232,091
Special instruction	562,685	550,782	571,710	561,083
Other instruction	616,141	601,865	587,027	540,394
Support services:				
Student services	68,562	66,916	64,313	38,269
Instructional staff services	137,159	135,289	130,505	122,315
Administrative services	508,288	450,782	432,306	428,332
Operation and maintenance of plant services	391,496	374,271	356,283	353,002
Transportation services	146,352	203,434	136,599	116,008
Other expenditures:				
Facilities acquisition	339,802	349,552	184,952	538,772
Long-term debt:				
Principal	187,463	180,598	172,831	256,747
Interest and other charges	71,746	52,624	60,391	63,724
AEA flow-through	189,938	208,741	208,112	180,073
Total	\$ 5,666,339	\$ 5,486,123	\$ 5,100,446	\$ 5,430,810

See accompanying independent auditor's report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	
\$ 1,938,473	\$ 1,949,606	\$ 1,577,384	\$ 1,602,580	1,637,469	
152,698	164,384	185,620	121,599	57,704	
292,571	273,635	532,586	466,523	268,964	
-	-	245	11,608	-	
2,516,731	2,325,181	2,120,365	2,044,677	1,938,984	
126,889	93,228	123,928	121,523	139,871	
<u>\$ 5,027,362</u>	<u>\$ 4,806,034</u>	<u>\$ 4,540,128</u>	<u>\$ 4,368,510</u>	<u>4,042,992</u>	
\$ 2,046,139	\$ 2,036,312	\$ 1,993,682	\$ 1,902,372	1,791,175	
532,152	589,127	460,717	565,249	487,491	
517,023	486,843	419,971	300,596	317,935	
37,983	36,403	37,432	42,476	68,474	
109,986	112,575	119,616	127,605	125,457	
422,542	359,272	363,724	338,143	360,456	
372,659	299,725	316,272	300,241	253,433	
116,002	176,346	180,524	157,858	94,712	
1,232,360	472,566	320,092	114,883	119,923	
172,780	72,985	68,886	65,300	74,756	
44,900	9,425	13,524	17,110	19,383	
167,796	156,470	142,761	139,660	141,547	
<u>\$ 5,772,322</u>	<u>\$ 4,808,049</u>	<u>\$ 4,437,201</u>	<u>\$ 4,071,493</u>	<u>3,854,742</u>	

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

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

To the Board of Education of
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 20, 2013. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-12 to be a significant deficiency.

Compliance and Other Matters

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

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

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

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

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



Keith Oltrogge
Certified Public Accountant

March 20, 2013

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2012

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

- I-A-12 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that one person has control over each of the following areas for both the General and Activity Funds: cash receipts – collecting, depositing, journalizing, posting and reconciling.

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

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

Conclusion – Response accepted.

- I-B-12 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

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

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

Conclusions – Response accepted.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting:

- II-A-12 Certified Budget – Expenditures for the year ended June 30, 2012 did not exceed the certified budget amounts.
- II-B-12 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-12 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-12 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-12 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-12 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted. Not all minutes were published as required by Chapter 279.35 of the Code of Iowa.
- Recommendation – The Board Secretary should furnish a copy of the Board proceedings with all disbursements to be published within two weeks of each meeting.
- Response – All minutes will be published as required.
- Conclusion – Response accepted.
- II-G-12 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education.
- II-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-12 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.
- II-K-12 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2012

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

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

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

Beginning balance		\$	140,590
Revenues/transfers in:			
Sales tax revenues	\$	271,153	
Other local revenues		1,908	
School infrastructure supplemental amount		83,827	356,888
		\$	497,478
Expenditures/transfers out:			
School infrastructure construction			
Transfers to other funds:	\$	100,463	
Debt service fund		135,270	235,733
		\$	261,745

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation		Property Tax Dollars
Debt service levy	\$ 1.9788	\$	354,980
Physical plant and equipment levy	0.8254		147,869
Public educational and recreational levy	-		-