

Tripoli Community School District

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

June 30, 2015

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## Independent Auditor's Report

To the Board of Education of  
Tripoli Community School District:

### Report on the Financial Statements

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, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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 from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### 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 as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Emphasis of Matter

As discussed in Note 15 to the financial statements, Tripoli Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions -- an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter.

Other Matters

*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 14 and 42 through 47 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 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 information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

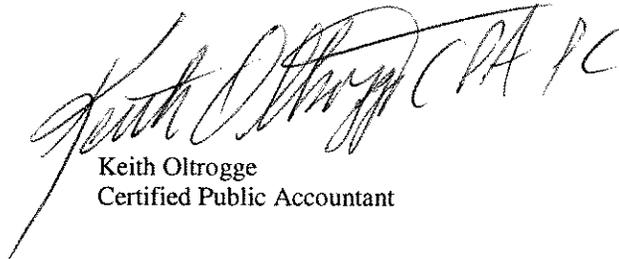
*Supplementary Information*

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2014, (which are not presented herein) and expressed unmodified 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 29, 2016 on my consideration of Tripoli Community School District's internal control over financial reporting and on 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 in considering Tripoli Community School District's internal control over financial reporting and compliance.



Keith Oltrogge  
Certified Public Accountant

March 29, 2016

**Tripoli Community School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

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, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

**2015 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$4,297,507 in fiscal 2014 to \$4,597,681 in fiscal 2015, and General Fund expenditures decreased from \$5,092,822 in fiscal 2014 to \$4,753,559 in fiscal 2015. The District's General Fund balance decreased from adjusted \$244,102 in fiscal year 2014 to \$88,224 in fiscal year 2015, a 63.9% decrease.
- The increase in General Fund revenues was attributable to an increase in local and state grant revenue in fiscal year 2015. The decrease in expenditures was due primarily to a decrease in instruction and support services.
- The District's solvency ratio decreased from 1.9% in 2014 to -3.1% in fiscal 2015. 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 Position 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, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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**

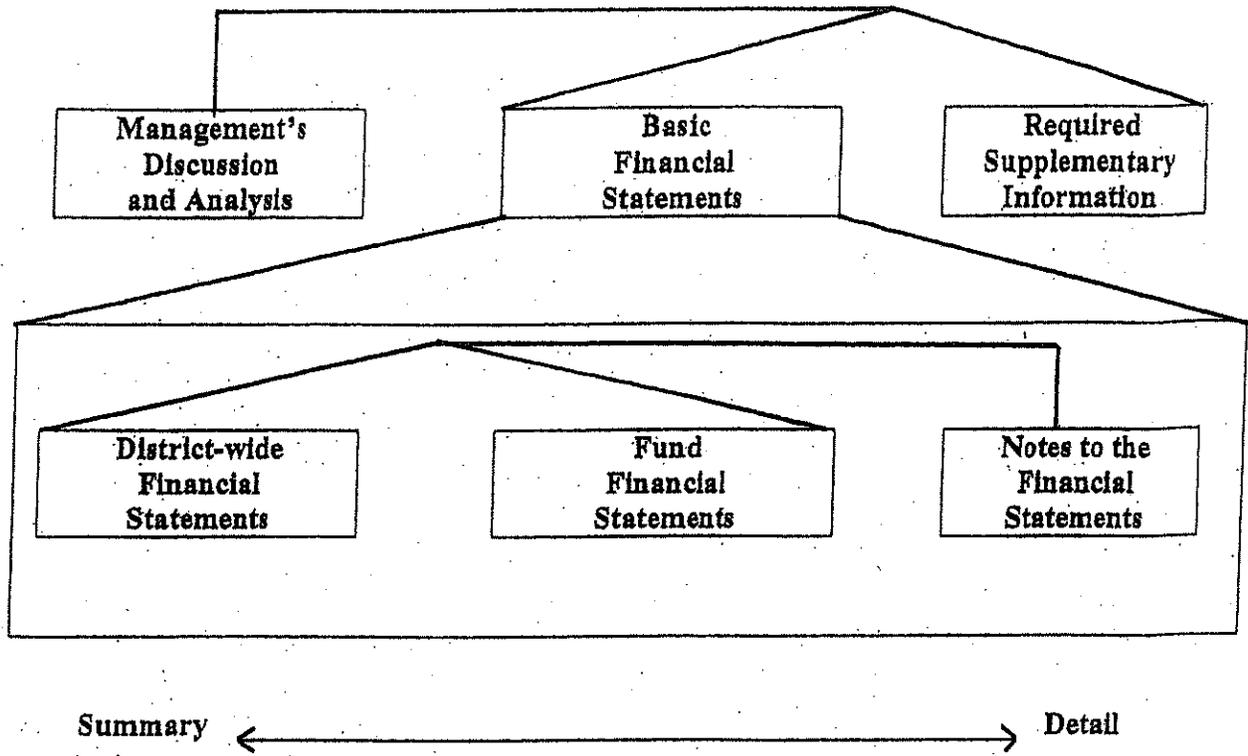


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**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 position  Statement of activities	Balance sheet  Statement of revenues, expenditures and changes in fund balances	Statement of net position  Statement of revenues, expenses and changes in fund net position  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 deferred outflow/inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period

**Figure A-2**

**Major Features of the Government-wide and Fund Financial Statements (continued):**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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 Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. 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 position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is 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 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, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District has two Enterprise Funds; the School Nutrition Fund and the Before and After School Fund.

The required financial statements for proprietary funds include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
		(Not restated)		(Not restated)		(Not restated)	
Current and other assets	\$3,611,034	\$3,510,605	\$81,061	\$57,313	\$3,692,095	\$3,567,918	3.5%
Capital assets	9,195,686	9,370,148	19,725	24,388	9,215,411	9,394,536	-1.9%
Total assets	\$12,806,720	\$12,880,753	\$100,786	\$81,701	\$12,907,506	\$12,962,454	-0.4%
Deferred outflows of resources	\$526,906	\$-	\$15,345	\$-	\$542,251	\$-	100%
Long-term liabilities	\$5,309,401	\$3,676,497	\$51,691	\$-	\$5,361,092	\$3,676,497	45.8%
Other liabilities	783,873	821,256	3,370	4,757	787,243	826,013	-4.7%
Total liabilities	\$6,093,274	\$4,497,753	\$55,061	\$4,757	\$6,148,335	\$4,502,510	36.6%
Deferred inflows of resources	\$2,649,381	\$1,743,054	\$19,713	\$-	\$2,669,094	\$1,743,054	53.1%
Net position:							
Net investment in capital assets	\$5,746,697	\$5,788,101	\$19,725	\$24,388	\$5,766,422	\$5,812,489	-0.8%
Restricted	762,688	551,241	-	-	762,688	551,241	38.4%
Unrestricted	-1,923,987	298,062	27,205	55,098	-1,896,782	353,160	-637.1%
Total net position	\$4,585,398	\$6,637,404	\$46,930	\$79,486	\$4,632,328	\$6,716,890	-31.0%

The District's total net position decreased by nearly 31.0%, or \$2,084,562, from the prior year. The largest portion of the District's net position 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 position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$211,447, or 38.4% over the prior year. The increase was primarily the result of the increase in the categorical funding balances.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$2,249,942, or 637.1%. This reduction in unrestricted net position was primarily a result of the District's net pension liability and net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,203,413 and \$64,169, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the change in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

**Figure A-4**  
**Changes in Net Position**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
<b>Revenues:</b>							
Program revenues:							
Charges for service	\$343,384	\$401,583	\$173,117	\$147,077	\$516,501	\$548,660	-5.9%
Operating grants, contributions and restricted interest	707,729	767,659	99,154	98,806	806,883	866,465	-6.9%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,742,884	1,585,009	-	-	1,742,884	1,585,009	10.0%
Income surtax	220,286	240,508	-	-	220,286	240,508	-8.4%
Statewide sales, services and use tax	411,329	390,778	-	-	411,329	390,778	5.5%
Unrestricted state grants	2,013,969	1,869,418	-	-	2,013,969	1,869,418	7.7%
Unrestricted investment earnings	21,056	26,381	485	312	21,541	26,693	-19.3%
Other	37,882	36,602	-	-	37,882	36,602	3.5%
Total revenues	\$5,498,519	\$5,317,938	\$272,756	\$246,195	\$5,771,275	\$5,564,133	3.7%
<b>Program expenses:</b>							
Governmental activities:							
Instruction	\$3,707,593	\$4,114,402	\$-	\$-	\$3,707,593	\$4,114,402	-10.9%
Support services	1,347,207	1,488,637	85	-	1,347,292	1,488,637	-9.5%
Non-instructional programs	3,298	2,473	241,362	239,147	244,660	241,620	1.3%
Other expenses	280,659	305,088	-	-	280,659	305,088	-8.0%
Total expenses	\$5,338,757	\$5,910,600	\$241,447	\$239,147	\$5,580,204	\$6,149,747	-9.3%
Change in net position before sale of assets	\$159,762	-\$592,662	\$31,309	\$7,048	\$191,071	-\$585,614	133.0%
Sale of assets	-	406	-	-	-	406	-100%
Change in net position	\$159,762	-\$592,256	\$31,309	\$7,048	\$191,071	-\$585,208	133.0%
Net position, beginning of year, as restated	\$4,433,991	\$7,228,922	\$15,317	\$72,438	\$4,449,308	\$7,301,360	-39.1%
Prior period adjustment	-8,355	738	304	-	-8,051	738	-1,190.0%
Adjusted net position, beginning of Year, as restated	\$4,425,636	\$7,229,660	\$15,621	\$72,438	\$4,441,257	\$7,302,098	-39.2%
Net position, end of year	\$4,585,398	\$6,637,404	\$46,930	\$79,486	\$4,632,328	\$6,716,890	-31.0%

In fiscal year 2015, property tax and unrestricted state grants account for 68.3% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.8% of business type activities revenue.

The District's total revenues were approximately \$5.8 million, of which approximately \$5.5 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.7% increase in revenues and a 9.3% decrease in expenses. Property tax increased \$157,875. The decrease in expenses is related to a decrease in instruction and support services.

**Governmental Activities**

Revenues for governmental activities were \$5,498,519 and expenses were \$5,338,757 for the year ended June 30, 2015. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District’s major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

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

	Total Cost of Services		Change 2014-2015	Net Cost of Services		Change 2014-2015
	2015	2014 (Not restated)		2015	2014 (Not restated)	
Instruction	\$3,707,593	\$4,114,402	-9.9%	\$2,659,772	\$2,951,873	-9.9%
Support services	1,347,207	1,488,637	-9.5%	1,343,915	1,481,924	-9.3%
Non-instructional programs	3,298	2,473	33.4%	3,298	2,473	33.4%
Other expenses	280,659	305,088	-8.0%	280,659	305,088	-8.0%
<b>Totals</b>	<b>\$5,338,757</b>	<b>\$5,910,600</b>	<b>-9.7%</b>	<b>\$4,287,644</b>	<b>\$4,741,358</b>	<b>-9.6%</b>

For the year ended June 30, 2015:

- The cost financed by users of the District’s programs was \$516,501.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$806,883.
- The net cost of governmental activities was financed with \$2,374,499 in property and other taxes and \$2,013,969 in unrestricted state grants.

**Business Type Activities**

Revenues for business type activities were \$272,756 and expenses were \$241,447. 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 combined fund balances of \$4,585,398, above last year’s adjusted ending fund balances of \$4,425,636.

**Governmental Fund Highlights**

- The General Fund balance decreased from adjusted \$244,102 to \$88,224, due in part to expenditures exceeding revenues.
- The Capital Projects Fund balance increased from \$230,042 to \$337,811 due in part to the revenue exceeding expenditures.

### **Proprietary Fund Highlights**

- School Nutrition Fund net position increased from adjusted \$15,739 to \$46,926 at June 30, 2015, due in part to the increase in revenue.
- Before and After School Fund net position increased from adjusted -\$118 to \$4 due to the increase in revenue.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Tripoli Community School District amended its budget one time to reflect additional expenditures for the instructional and support services functions.

The District's total revenues were \$10,006 less than total budgeted revenues, a variance of 0.2%.

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 the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

### **Fund Balance vs. Unspent (Unused) Budget Authority**

Unspent budget authority is a unique feature of the Iowa school foundation formula. Iowa public school districts are required to keep track of fund balance and unused budget authority.

Simply stated, fund balance is the balance on the books assuming the District would cease operations at the end of the fiscal year. The following pages within the audit report will state fund balances for the various funds required to operate the District.

The Iowa public school funding formula is a pupil based formula. Each district receives an amount of funding (cash) and the authorization to spend it (authority). Another way to look at authority is to think of it as a credit card limit. Simply stated the budget authority is the number of student's times the formula amount per student. Unspent budget authority is the total authority (credit card limit) minus expenditures for the fiscal year. This "unspent budget authority" amount is carried forward to be included in the total authorized budget or spending authority for the next fiscal year.

Total authorized budget or spending authority is the legal limit an Iowa public school district can spend in a fiscal year. As stated above, this is not the same as cash or fund balance. The State of Iowa has established spending authority to enforce per pupil spending equity across the state. Unspent budget authority gained more importance in 2007 when the Iowa Legislature passed a law allowing the initiation of a Phase II review of public school districts that overspend their budget spending authority for two consecutive years. This review is both a financial viability review as well as a full academic review. At the completion of the review, the School Budget Review Committee (SBRC), through the State Board of Education, may order remedies up to and including dissolution of the school district.

Adequate unspent budget authority is critical in management of the District in the event of unforeseen increases or decreases in enrollment as well unanticipated mid-year across the board reductions in state foundation aid. With approximately 80% of a public school districts expenses directly tied to labor contracts, it is very difficult to make mid-year corrections when state mandated across the board funding reductions are implemented.

The following chart shows the change in Unspent Budget Authority between fiscal years 2014 and 2015.

	<b>Unspent Budget Authority Comparison</b>		
	2014	2015	Change
<b>Budget Revenue</b>			
Maximum General Fund District Cost	\$3,709,000	\$3,727,652	\$18,652
Preschool Foundation Aid	30,605	54,111	23,506
Instructional Support Fund	205,553	207,793	2,240
Other Miscellaneous Income	458,610	376,536	-82,074
Previous Year Unspent Budget Authority	1,606,691	917,636	-689,055
<b>Maximum Budget Authority</b>	<b>\$6,010,459</b>	<b>\$5,283,728</b>	<b>-726,731</b>
<b>Total Expenditures</b>	<b>-\$5,092,823</b>	<b>-\$4,761,915</b>	<b>330,908</b>
<b>End Fiscal Year Unspent Budget Authority</b>	<b>\$917,636</b>	<b>\$521,813</b>	<b>-\$395,823</b>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, the District had invested \$9,215,411, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 1.9% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$501,046.

The original cost of the District's capital assets was \$15,519,769. Governmental funds account for \$15,463,810, with the remainder of \$55,959 accounted for in the Proprietary, School Nutrition Fund.

**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,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Buildings	8,289,391	8,415,317	-	-	8,289,391	8,415,317	-1.5%
Improvements other than buildings	334,909	338,814	-	-	334,909	338,814	-1.2%
Furniture and equipment	537,886	582,517	19,725	24,388	557,611	606,905	-8.1%
<b>Totals</b>	<b>\$9,195,686</b>	<b>\$9,370,148</b>	<b>\$19,725</b>	<b>\$24,388</b>	<b>\$9,215,411</b>	<b>\$9,394,536</b>	<b>-1.9%</b>

## Long-Term Debt

At June 30, 2015, the District had \$3,448,989 in other long-term debt outstanding. This represents a decrease of 3.7% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 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 since 1997. 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 \$13.1 million.

**Figure A-7**

**Outstanding Long-term Obligations**

	Total District June 30, 2015	Total Change June 30, 2014	Total Change June 30, 2014-2015
Capital lease	\$77,127	\$-	100%
General obligation bonds	3,100,000	3,100,000	-
Notes payable	271,862	482,047	-43.6%
Totals	\$3,448,989	\$3,582,047	-3.7%

Capital lease  
General obligation bonds  
Notes payable  
Totals

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The political environment in Iowa makes planning for future funding difficult. The Iowa legislature is required to set school funding two years in advance, but has not followed the law in recent years.
- The levels of state and federal funding for education are not keeping pace with the increases in cost and mandated growth.
- Costs associated with special education continue to rise as more students are identified as requiring additional services.

## 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 Tracie Fette, District Secretary/Business Manager, Tripoli Community School District, 209 8<sup>th</sup> Avenue SW, Tripoli IA 50676.

## **Basic Financial Statements**

## Tripoli Community School District

## Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
Restricted	\$ 300,000	\$ -	\$ 300,000
Other	1,000,691	61,951	1,062,642
Receivables:			
Property tax:			
Delinquent	18,137	-	18,137
Succeeding year	1,972,463	-	1,972,463
Accounts	3,578	2,892	6,470
Income surtax	185,752	-	185,752
Prepaid expenses	25,808	-	25,808
Due from other governments	104,605	-	104,605
Inventories	-	16,218	16,218
Capital assets, net of accumulated depreciation/amortization	9,195,686	19,725	9,215,411
<b>Total Assets</b>	<b>\$ 12,806,720</b>	<b>\$ 100,786</b>	<b>\$ 12,907,506</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	\$ 526,906	\$ 15,345	\$ 542,251
<b>Liabilities</b>			
Accounts payable	\$ 119,190	\$ 16	\$ 119,206
Salaries and benefits payable	355,180	-	355,180
Bank warrants payable	300,000	-	300,000
Unearned revenue	-	3,354	3,354
Accrued interest payable	9,503	-	9,503
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	125,000	-	125,000
Capital lease	24,455	-	24,455
Notes payable	87,231	-	87,231
Early retirement	25,500	-	25,500
Portion due after one year:			
General obligation bonds	2,975,000	-	2,975,000
Capital lease	52,672	-	52,672
Notes payable	184,631	-	184,631
Early retirement	33,550	-	33,550
Net pension liability	1,774,958	51,691	1,826,649
Net OPEB liability	26,404	-	26,404
<b>Total Liabilities</b>	<b>\$ 6,093,274</b>	<b>\$ 55,061</b>	<b>\$ 6,148,335</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$ 1,972,463	\$ -	\$ 1,972,463
Pension related deferred inflows	676,918	19,713	696,631
<b>Total deferred inflows of resources</b>	<b>\$ 2,649,381</b>	<b>\$ 19,713</b>	<b>\$ 2,669,094</b>

## Tripoli Community School District

## Statement of Net Position

June 30, 2015

	Govern- mental Activities	Business Type Activities	Total
<b>Net Position</b>			
Net investment in capital assets	\$ 5,746,697	\$ 19,725	\$ 5,766,422
Restricted for:			
Categorical funding	237,086	-	237,086
School infrastructure	232,391	-	232,391
Management levy purposes	64,388	-	64,388
Student activities	123,403	-	123,403
Physical plant and equipment	105,420	-	105,420
Unrestricted	-1,923,987	27,205	-1,896,782
<b>Total Net Position</b>	<b>\$ 4,585,398</b>	<b>\$ 46,930</b>	<b>\$ 4,632,328</b>

**Tripoli Community School District**

**Statement of Activities**

**Year Ended June 30, 2015**

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 2,722,627	\$ 156,970	\$ 623,719	\$ -
Special instruction	444,936	3,904	19,589	-
Other instruction	540,030	182,460	61,179	-
	\$ 3,707,593	\$ 343,334	\$ 704,487	\$ -
Support Services:				
Student services	\$ 89,016	\$ -	\$ 2,020	\$ -
Instructional staff services	134,966	-	-	-
Administration services	498,445	-	-	-
Operation and maintenance of plant services	421,292	50	-	-
Transportation services	203,488	-	1,222	-
	\$ 1,347,207	\$ 50	\$ 3,242	\$ -
Non-instructional programs	\$ 3,298	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 3,774	\$ -	\$ -	\$ -
Long-term debt interest	88,685	-	-	-
AEA flow-through	188,200	-	-	-
	\$ 280,659	\$ -	\$ -	\$ -
Total Governmental Activities	\$ 5,338,757	\$ 343,384	\$ 707,729	\$ -
<b>Business Type Activities:</b>				
Support Services:				
Instructional staff services	\$ 85	\$ -	\$ -	\$ -
Non-Instructional Programs:				
Food service operations	\$ 217,917	\$ 149,549	\$ 99,154	\$ -
Child care operations	23,445	23,568	-	-
	\$ 241,362	\$ 173,117	\$ 99,154	\$ -
Total Business Type Activities	\$ 241,447	\$ 173,117	\$ 99,154	\$ -
<b>Total</b>	<b>\$ 5,580,204</b>	<b>\$ 516,501</b>	<b>\$ 806,883</b>	<b>\$ -</b>

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -1,941,938	\$ -	\$ -1,941,938
-421,443	-	-421,443
-296,391	-	-296,391
<u>\$ -2,659,772</u>	<u>\$ -</u>	<u>\$ -2,659,772</u>
\$ -86,996	\$ -	\$ -86,996
-134,966	-	-134,966
-498,445	-	-498,445
-421,242	-	-421,242
-202,266	-	-202,266
<u>\$ -1,343,915</u>	<u>\$ -</u>	<u>\$ -1,343,915</u>
\$ -3,298	\$ -	\$ -3,298
\$ -3,774	\$ -	\$ -3,774
-88,685	-	-88,685
-188,200	-	-188,200
<u>\$ -280,659</u>	<u>\$ -</u>	<u>\$ -280,659</u>
\$ -4,287,644	\$ -	\$ -4,287,644
\$ -	\$ -85	\$ -85
\$ -	\$ 30,786	\$ 30,786
-	123	123
<u>\$ -</u>	<u>\$ 30,909</u>	<u>\$ 30,909</u>
<u>\$ -</u>	<u>\$ 30,824</u>	<u>\$ 30,824</u>
<u>\$ -4,287,644</u>	<u>\$ 30,824</u>	<u>\$ -4,256,820</u>

**Tripoli Community School District**

**Statement of Activities**

**Year Ended June 30, 2015**

	Program Revenues		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses	Charges for Services		
<b>General Revenues:</b>			
Property Tax Levied For:			
General purposes			
Capital outlay			
Income surtax			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
 Total General Revenues			
 Change in net position			
 Net position beginning of year, as restated			
Prior period adjustment			
 Adjusted net position beginning of year, as restarted			
 Net Position End of Year			

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ 1,526,354	\$ -	\$ 1,526,354
216,530	-	216,530
220,286	-	220,286
411,329	-	411,329
2,013,969	-	2,013,969
21,056	485	21,541
37,882	-	37,882
<hr/>		
\$ 4,447,406	\$ 485	\$ 4,447,891
<hr/>		
\$ 159,762	\$ 31,309	\$ 191,071
<hr/>		
\$ 4,433,991	\$ 15,317	\$ 4,449,308
-8,355	304	-8,051
<hr/>		
\$ 4,425,636	\$ 15,621	\$ 4,441,257
<hr/>		
\$ 4,585,398	\$ 46,930	\$ 4,632,328

## Tripoli Community School District

Balance Sheet  
Governmental Funds

June 30, 2015

	General	Capital Projects	Non-Major Funds	Total
<b>Assets</b>				
Cash, Cash Equivalents and Pooled Investments:				
Restricted	\$ 300,000	\$ -	\$ -	\$ 300,000
Other	476,456	278,149	246,086	1,000,691
Receivables:				
Property Tax:				
Delinquent	14,860	2,235	1,042	18,137
Succeeding year	1,675,570	221,894	74,999	1,972,463
Income surtax	185,752	-	-	185,752
Accounts	3,578	-	-	3,578
Prepaid expenses	23,416	-	2,392	25,808
Due from other governments	40,619	63,986	-	104,605
<b>Total Assets</b>	<b>\$ 2,720,251</b>	<b>\$ 566,264</b>	<b>\$ 324,519</b>	<b>\$ 3,611,034</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Due to other funds	\$ 5,573	\$ -	\$ -	\$ 5,573
Accounts payable	109,952	6,559	2,679	119,190
Salaries and benefits payable	355,180	-	-	355,180
Bank warrants payable	300,000	-	-	300,000
Total liabilities	\$ 770,705	\$ 6,559	\$ 2,679	\$ 779,943
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 1,675,570	\$ 221,894	\$ 74,999	\$ 1,972,463
Other	185,752	-	-	185,752
Total deferred inflows of resources	\$ 1,861,322	\$ 221,894	\$ 74,999	\$ 2,158,215
Fund Balances:				
Restricted for:				
Categorical funding	\$ 237,086	\$ -	\$ -	\$ 237,086
Management levy purposes	-	-	123,438	123,438
Student activities	-	-	123,403	123,403
School infrastructure	-	232,391	-	232,391
Physical plant and equipment	-	105,420	-	105,420
Unassigned	-148,862	-	-	-148,862
Total fund balances	\$ 88,224	\$ 337,811	\$ 246,841	\$ 672,876
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,720,251</b>	<b>\$ 566,264</b>	<b>\$ 324,519</b>	<b>\$ 3,611,034</b>

See notes to financial statements.

Tripoli Community School District

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

June 30, 2015

<b>Total fund balances of governmental funds (page 19)</b>	\$	672,876
 <i>Amounts reported for governmental activities in the Statement of Net Position 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.		9,195,686
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and therefore, are recognized as deferred inflows of resources in the governmental funds.		185,752
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		-9,503
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$	526,906
Deferred inflows of resources		-676,918
		<u>-150,012</u>
Long-term liabilities, including bonds and notes payable, capital lease, early retirement payable, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>-5,309,401</u>
<b>Net position of governmental activities (page 16)</b>	<b>\$</b>	<b><u>4,585,398</u></b>

## Tripoli Community School District

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

Year Ended June 30, 2015

	General	Capital Projects	Non-Major Funds	Total
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 1,650,860	\$ 216,530	\$ 99,985	\$ 1,967,375
Tuition	149,827	-	-	149,827
Other	76,479	1,896	174,120	252,495
Intermediate sources	-	-	-	-
State sources	2,595,803	412,136	376	3,008,315
Federal sources	124,712	-	-	124,712
<b>Total Revenues</b>	<b>\$ 4,597,681</b>	<b>\$ 630,562</b>	<b>\$ 274,481</b>	<b>\$ 5,502,724</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 2,439,812	\$ 105,471	\$ 39,456	\$ 2,584,739
Special instruction	470,275	-	-	470,275
Other instruction	399,787	-	164,219	564,006
	<b>\$ 3,309,874</b>	<b>\$ 105,471</b>	<b>\$ 203,675</b>	<b>\$ 3,619,020</b>
<b>Support Services:</b>				
Student services	\$ 95,419	\$ -	\$ -	\$ 95,419
Instructional staff services	139,304	-	-	139,304
Administration services	472,742	14,970	40,605	528,317
Operation and maintenance of plant services	386,589	3,711	35,066	425,366
Transportation services	161,431	-	9,524	170,955
	<b>\$ 1,255,485</b>	<b>\$ 18,681</b>	<b>\$ 85,195</b>	<b>\$ 1,359,361</b>
<b>Other Expenditures:</b>				
Facilities acquisition	\$ -	\$ 179,144	\$ -	\$ 179,144
<b>Long-Term Debt:</b>				
Principal	-	-	238,629	238,629
Interest and fiscal charges	-	-	86,339	86,339
AEA flow-through	188,200	-	-	188,200
	<b>\$ 188,200</b>	<b>\$ 179,144</b>	<b>\$ 324,968</b>	<b>\$ 692,312</b>
<b>Total Expenditures</b>	<b>\$ 4,753,559</b>	<b>\$ 303,296</b>	<b>\$ 613,838</b>	<b>\$ 5,670,693</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -155,878	\$ 327,266	\$ -339,357	\$ -167,969

## Tripoli Community School District

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

Year Ended June 30, 2015

	General	Capital Projects	Non-Major Funds	Total
Other Financing Sources (Uses):				
Capital lease proceeds	\$ -	\$ 105,471	\$ -	\$ 105,471
Operating transfers in (out)	-	-324,968	324,968	-
Total Other Financing Sources (Uses)	\$ -	\$ -219,497	\$ 324,968	\$ 105,471
Change in fund balances	\$ -155,878	\$ 107,769	\$ -14,389	\$ -62,498
Fund balances beginning of year	\$ 252,457	\$ 230,042	\$ 261,230	\$ 743,729
Prior period adjustment	-8,355	-	-	-8,355
Adjusted fund balances beginning of year	\$ 244,102	\$ 230,042	\$ 261,230	\$ 735,374
Fund balances end of year	\$ 88,224	\$ 337,811	\$ 246,841	\$ 672,876

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, 2015**

**Change in fund balances – total governmental funds (page 22)** \$ -62,498

*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/amortization expense in the Statement of Activities. Depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 321,923	
Depreciation/amortization expense	-496,385	-174,462

Income surtax revenue not received until several months after the District’s fiscal year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. -4,205

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 Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuance, as follows:

Issued	\$ -105,471	
Repaid	238,629	133,158

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. -2,346

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 256,123

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	\$ 35,400	
Pension expense	22,220	
Other postemployment benefits	-43,628	13,992

**Change in Net Position of Governmental Activities (page 18)** **\$ 159,762**

See notes to financial statements.

## Tripoli Community School District

Statement of Net Position  
Proprietary Funds

June 30, 2015

	Before & After School	School Nutrition	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 8,321	\$ 53,630	\$ 61,951
Accounts receivable	689	2,203	2,892
Due from other funds	-	5,573	5,573
Inventories	-	16,218	16,218
Total current assets	<u>\$ 9,010</u>	<u>\$ 77,624</u>	<u>\$ 86,634</u>
<b>Non-Current Assets:</b>			
Capital assets, net of accumulated depreciation	\$ -	\$ 19,725	\$ 19,725
<b>Total Assets</b>	<u>\$ 9,010</u>	<u>\$ 97,349</u>	<u>\$ 106,359</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	\$ 2,465	\$ 12,880	\$ 15,345
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ -	\$ 16	\$ 16
Unearned revenue	-	3,354	3,354
Total current liabilities	<u>\$ -</u>	<u>\$ 3,370</u>	<u>\$ 3,370</u>
<b>Non-Current Liabilities:</b>			
Net pension liability	\$ 8,304	\$ 43,387	\$ 51,691
<b>Total Liabilities</b>	<u>\$ 8,304</u>	<u>\$ 46,757</u>	<u>\$ 55,061</u>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	\$ 3,167	\$ 16,546	\$ 19,713
<b>Net Position</b>			
Net investment in capital assets	\$ -	\$ 19,725	\$ 19,725
Unrestricted	4	27,201	27,205
<b>Total Net Position</b>	<u>\$ 4</u>	<u>\$ 46,926</u>	<u>\$ 46,930</u>

See notes to financial statements.

## Tripoli Community School District

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

Year Ended June 30, 2015

	Before & After School	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 23,568	\$ 149,549	\$ 173,117
Operating expenses:			
Support services:			
Instructional staff services	\$ 85	\$ -	\$ 85
	\$ 85	\$ -	\$ 85
Non-instructional programs:			
Food service operations:			
Salaries	\$ 14,536	\$ 75,904	\$ 90,440
Benefits	791	5,322	6,113
Purchased services	-	3,677	3,677
Supplies	8,118	127,464	135,582
Depreciation	-	4,663	4,663
Miscellaneous	-	887	887
	\$ 23,445	\$ 217,917	\$ 241,362
Total operating expenses	\$ 23,530	\$ 217,917	\$ 241,447
Operating income (loss)	\$ 38	\$ -68,368	\$ -68,330
Non-operating revenues:			
State sources	\$ -	\$ 1,985	\$ 1,985
Federal sources	-	97,169	97,169
Interest income	84	401	485
Total non-operating revenues	\$ 84	\$ 99,555	\$ 99,639
Increase in net position	\$ 122	\$ 31,187	\$ 31,309
Net position beginning of year, as restated	\$ -422	\$ 15,739	\$ 15,317
Prior period adjustment	304	-	304
Adjusted net position beginning of year, as restated	\$ -118	\$ 15,739	\$ 15,621
Net Position End of Year	\$ 4	\$ 46,926	\$ 46,930

See notes to financial statements.

Tripoli Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2015

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 144,629
Cash paid to employees for services	-88,033
Cash paid to suppliers for goods or services	-109,278
Net cash used by operating activities	<u>\$ -52,682</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 1,985
Federal grants received	79,431
Net cash provided by non-capital financing activities	<u>\$ 81,416</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 401</u>
Net increase in cash and cash equivalents	\$ 29,135
Cash and cash equivalents beginning of year	<u>24,495</u>
Cash and Cash Equivalents End of Year	<u>\$ 53,630</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating loss	\$ -68,368
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Commodities used	17,738
Depreciation	4,663
Decrease in inventories	5,272
(Increase) in accounts receivable	-764
(Increase) in due from other funds	-3,030
(Decrease) in accounts payable	-261
(Decrease) in unearned revenue	-1,125
(Decrease) in net pension liability	-16,866
(Increase) in deferred outflows of resources	-6,487
Increase in deferred inflows of resources	<u>16,546</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -52,682</u>

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2015, the District received \$17,737 of federal commodities.

## Tripoli Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2015

	Before & After School
Cash flows from operating activities:	
Cash received from services	\$ 23,568
Cash paid to employees for services	-16,631
Cash paid to suppliers for goods or services	-8,203
Net cash used by operating activities	<u>\$ -1,266</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 84</u>
Net decrease in cash and cash equivalents	\$ -1,182
Cash and cash equivalents beginning of year	<u>9,503</u>
Cash and Cash Equivalents End of Year	<u>\$ 8,321</u>
<b>Reconciliation of operating income (loss) to net cash (provided) used by operating activities:</b>	
Operating income	\$ 38
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
(Increase) in accounts receivable	-1
(Decrease) in net pension liability	-3,228
(Increase) in deferred outflows of resources	-1,242
Increase in deferred inflows of resources	<u>3,167</u>
Net Cash Used by Operating Activities	<u>\$ -1,266</u>

See notes to financial statements.

## Tripoli Community School District

### Notes to the Financial Statements

June 30, 2015

#### (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 Position 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 Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definitions of the preceding categories. Unrestricted net position is often subject to constraints 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 funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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 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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

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 and furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated 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
Intangibles	50,000
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
Improvements other than buildings	20 – 50
Intangibles	5 – 10
Furniture and equipment	5 – 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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 Position.

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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 are 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 the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 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, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects –Physical Plant and Equipment Levy	\$ 126,296
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	198,672
		<u>\$ 324,968</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 4.0%. Activity for the year ended June 30, 2015 is as follows:

	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End Of Year
Total	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000

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) **Due From and Due to Other Funds**

The detail of inter-fund receivables and payables for the year ended June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Enterprise Fund – School Nutrition	General Fund	\$ 5,573

The General Fund owes the School Nutrition Fund for adult lunches. The balance is to be repaid by June 30, 2016.

(6) **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Total capital assets not being depreciated	\$ 33,500	\$ -	\$ -	\$ 33,500
Capital assets being depreciated:				
Buildings	\$ 12,398,164	\$ 151,794	\$ -	\$ 12,549,958
Improvements other than buildings	648,213	19,125	-	667,338
Furniture and equipment	2,062,010	151,004	-	2,213,014
Total capital assets being depreciated	\$ 15,108,387	\$ 321,923	\$ -	\$ 15,430,310
Less accumulated depreciation for:				
Buildings	\$ 3,982,847	\$ 277,720	\$ -	\$ 4,260,567
Improvements other than buildings	309,399	23,030	-	332,429
Furniture and equipment	1,479,493	195,635	-	1,675,128
Total accumulated depreciation	\$ 5,771,739	\$ 496,385	\$ -	\$ 6,268,124
Total capital assets being depreciated, net	\$ 9,336,648	\$ -174,462	\$ -	\$ 9,162,186
Governmental Activities Capital Assets, Net	\$ 9,370,148	\$ -174,462	\$ -	\$ 9,195,686
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 59,290	\$ -	\$ 3,331	\$ 55,959
Less accumulated depreciation	34,902	4,663	3,331	36,234
Business Type Activities Capital Assets, Net	\$ 24,388	\$ 4,663	\$ -	\$ 19,725

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$	401,329
Other		25,360

Support services:

Instructional support		4,294
Administration		1,258
Operation and maintenance of plant		22,465
Transportation		38,381
Non-Instruction		3,298

Total Depreciation Expense – Governmental Activities	\$	<u>496,385</u>
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Business Type Activities:

Food service operations	\$	<u>4,663</u>
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(7) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 3,100,000	\$ -	\$ -	\$ 3,100,000	\$ 125,000
Notes payable	482,047	-	210,185	271,862	87,231
Early retirement	94,450	-	35,400	59,050	25,500
Capital lease	-	105,471	28,344	77,127	24,455
Net pension liability	2,464,937	-	689,979	1,774,958	-
Net OPEB liability	-17,224	43,628	-	26,404	-
<b>Total</b>	<b>\$ 6,124,210</b>	<b>\$ 149,099</b>	<b>\$ 963,908</b>	<b>\$ 5,309,401</b>	<b>\$ 262,186</b>
<b>Business-type activities:</b>					
Net pension liability	\$ 71,785	\$ -	\$ 20,094	\$ 51,691	\$ -

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed twenty years of continuous service to the District. Employees must complete an application, which is 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, 2015 totaled \$35,400. 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.

Capital Lease

The District enter into a capital lease to purchase computers for \$105,471 with annual lease payment as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2016	5.00%	\$ 24,455	\$ 3,889	\$ 28,344
2017	5.00%	25,688	2,656	28,344
2018	5.00%	26,984	1,360	28,344
		<u>\$ 77,127</u>	<u>\$ 7,905</u>	<u>\$ 85,032</u>

General Obligation Bonds

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 27, 2012			
	Interest Rate	Principal	Interest	Total
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
		<u>\$ 3,100,000</u>	<u>\$ 566,975</u>	<u>\$ 3,666,975</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 of \$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, 2015 note payable – preschool are as follows:

Year ending June 30,	Principle	Interest	Total
2016	\$ 87,231	\$ 10,721	\$ 97,952
2017	91,005	6,948	97,953
2018	93,626	4,249	97,875
Total	<u>\$ 271,862</u>	<u>21,918</u>	<u>\$ 293,780</u>

During the year ended June 30, 2015, the District made principal and interest payments totaling \$324,968 under the agreements.

(8) **Pension Plan**

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

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

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

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

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

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

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$256,123.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$1,826,649 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s collective proportion was 0.045135 percent, which was an increase of 0.000332 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the District recognized pension expense of \$140,227. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,852	\$ -
Changes of assumptions	80,614	-
Net difference between projected and actual earnings on pension plan investments	-	696,631
Changes in proportion and differences between District contributions and proportionate share of contributions	15,009	-
District contributions subsequent to the measurement date	426,776	-
<b>Total</b>	<b>\$ 542,251</b>	<b>\$ 696,631</b>

\$256,123 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 201,138
2017	201,138
2018	201,138
2019	201,138
2020	7,554
Total	<u>\$ 812,106</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	-0.69
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net pension liability	\$3,451,401	\$1,826,649	\$455,189

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

Payables to the Pension Plan – At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) **Other Postemployment Benefits (OPEB)**

Plan description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 34 active and 9 retired members in the plan. Retired 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, 2015, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$	81,687
Interest on net OPEB obligation		-431
Adjustment to annual required contribution		17,811
Annual OPEB cost	\$	99,067
Contributions made		-55,439
Increase in net OPEB obligation	\$	43,628
Net OPEB obligation beginning of year		-17,224
Net OPEB obligation end of year	\$	26,404
*Prepaid OPEB liability		

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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, 2015.

For the year ended June 30, 2015, the District contributed \$284,548 to the medical plan. Plan members eligible for benefits contributed \$25,834, or 8.3% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations 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
June 30, 2013	\$84,762	70.6%	-\$59,347
June 30, 2014	\$79,846	74.3%	-\$17,224
June 30, 2015	\$81,687	67.8%	\$26,404

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$267,242, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$267,242. The covered payroll (annual payroll of active employees covered by the plan) was \$2,799,888 and the ratio of the UAAL to covered payroll was 9.5%. As of June 30, 2015, 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 for the Retiree Health Plan, 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, 2012 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, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$428.32 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.

**(10) 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.

**(11) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District’s actual amount for this purpose totaled \$188,200 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(12) Categorical Funding**

The District’s reserved fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
Gifted and Talented Programs	\$ 71,766
Mentoring	876
Core Curriculum	17,716
Professional Development	10,196
Teacher Quality	15,536
Preschool	14,653
Early Literacy	21,396
Dropout Prevention	84,947
Total	<u>\$ 237,086</u>

**(13) Prior Period Adjustments**

The General Fund had a -\$8,355 adjustment and the Enterprise – Before and After School had a \$304 adjustment.

**(14) Subsequent Events**

The District has evaluated subsequent events through March 29, 2016 which is the date that the financial statement were available to be issued.

**(15) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 6,637,404	\$ 79,486
Net pension liability at June 30, 2014	-2,464,937	-71,785
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	261,524	7,616
Net position July 1, 2014, as restated	<u>\$ 4,433,991</u>	<u>\$ 15,317</u>

**(16) Deficit Balances**

Two student activity fund accounts had deficit balances at June 30, 2015. The deficit balances were a result of costs incurred exceeding available revenue.

**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, 2015**

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>
Revenues:		
Local sources	\$ 2,369,697	\$ 173,602
Intermediate sources	-	-
State sources	3,008,315	1,985
Federal sources	124,712	97,169
Total Revenues	<u>\$ 5,502,724</u>	<u>\$ 272,756</u>
Expenditures/Expenses:		
Instruction	\$ 3,619,020	\$ -
Support services	1,359,361	85
Non-instructional programs	-	241,362
Other expenditures	692,312	-
Total Expenditures/Expenses	<u>\$ 5,670,693</u>	<u>\$ 241,447</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ -167,969	\$ 31,309
Other financing sources (uses), net	<u>105,471</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing sources (uses)	<u>\$ -62,498</u>	<u>\$ 31,309</u>
Balances beginning of year	\$ 743,729	\$ 79,486
Prior period adjustment	<u>-8,355</u>	<u>-63,865</u>
Adjusted balances beginning of year	<u>\$ 735,374</u>	<u>\$ 15,621</u>
Balances End of Year	<u>\$ 672,876</u>	<u>\$ 46,930</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amount		Final to Actual Variance
		Original	Final	
\$	2,543,299	\$ 2,783,548	\$ 2,783,548	\$ -240,249
	-	-	-	-
	3,010,300	2,699,938	2,699,938	310,362
	221,881	302,000	302,000	-80,119
\$	5,775,480	\$ 5,785,486	\$ 5,785,486	\$ -10,006
\$	3,619,020	\$ 3,560,735	\$ 3,710,735	\$ 91,715
	1,359,446	1,381,000	1,401,000	41,554
	241,362	290,000	290,000	48,638
	692,312	1,054,469	1,054,469	362,157
\$	5,912,140	\$ 6,286,204	\$ 6,456,204	\$ 544,064
\$	-136,660	\$ -500,718	\$ -670,718	\$ 534,058
	105,471	500	500	104,971
\$	-31,189	\$ -500,218	\$ -670,218	\$ 639,029
\$	823,215	\$ 1,231,298	\$ 1,231,298	\$ -408,083
	-72,220	-	-	-72,220
\$	750,995	\$ 1,231,298	\$ 1,231,298	\$ -480,303
\$	719,806	\$ 731,080	\$ 561,080	\$ 158,726

**Tripoli Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2015**

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 \$170,000.

**Tripoli Community School District**

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

**Iowa Public Employees' Retirement System  
Last Fiscal Year\***

**Required Supplementary Information**

	<u>2015</u>
District's proportion of the net pension liability	0.045135%
District's proportionate share of the net pension liability	\$ 1,826,649
District's covered-employee payroll	\$ 2,868,114
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.69%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\*The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Tripoli Community School District**

**Schedule of District Contributions**

**Iowa Public Employees' Retirement System  
Last 10 Fiscal Years**

**Required Supplementary Information**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 256,123	\$ 268,926	\$ 251,228	\$ 223,256	\$ 168,630
Contributions in relation to the statutorily required contribution	-256,123	-268,926	-251,228	-223,256	-168,630
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,868,114	\$ 3,011,489	\$ 2,897,670	\$ 2,766,493	\$ 2,426,331
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006
\$	164,596	\$ 155,906	\$ 124,464	\$ 107,161	\$ 114,934
	-164,596	-155,906	-124,464	-107,161	-114,934
\$	-	\$ -	\$ -	\$ -	\$ -
\$	2,475,128	\$ 2,455,213	\$ 2,057,256	\$ 1,863,670	\$ 1,998,852
	6.65%	6.35%	6.05%	5.75%	5.75%

## Tripoli Community School District

### Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

#### Changes of benefit terms:

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

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

#### Changes of assumptions:

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

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

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

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

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**Tripoli Community School District**

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

**Required Supplementary Information**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$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%
2013	July 1, 2012	\$-	\$363	\$363	0.0%	\$1,807	20.1%
2014	July 1, 2012	\$-	\$314	\$314	0.0%	\$2,922	10.8%
2015	July 1, 2012	\$-	\$267	\$267	0.0%	\$2,800	9.5%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## **Supplementary Information**

## Tripoli Community School District

Combining Balance Sheet  
Non-Major Governmental Funds

June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 120,004	\$ 126,082	\$ 246,086
Receivables:			
Property Tax:			
Delinquent	1,042	-	1,042
Succeeding year	74,999	-	74,999
Prepaid expenses	2,392	-	2,392
<b>Total Assets</b>	<b>\$ 198,437</b>	<b>\$ 126,082</b>	<b>\$ 324,519</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 2,679	\$ 2,679
Total liabilities	\$ -	\$ 2,679	\$ 2,679
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 74,999	\$ -	\$ 74,999
Total deferred inflows of resources	\$ 74,999	\$ -	\$ 74,999
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 123,438	\$ -	\$ 123,438
Student activities	-	123,403	123,403
Total fund balances	\$ 123,438	\$ 123,403	\$ 246,841
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 198,432</b>	<b>\$ 126,082</b>	<b>\$ 324,519</b>

See accompanying independent auditor's report.

## Tripoli Community School District

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

**Year Ended June 30, 2015**

	Special Revenue			
	Management Levy	Student Activity	Debt Service	Total
Revenues:				
Local Sources:				
Local tax	\$ 99,985	\$ -	\$ -	\$ 99,985
Other	4,842	169,278	-	174,120
State	376	-	-	376
Total Revenues	<u>\$ 105,203</u>	<u>\$ 169,278</u>	<u>\$ -</u>	<u>\$ 274,481</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 39,456	\$ -	\$ -	\$ 39,456
Other instruction	-	164,219	-	164,219
Support Services:				
Administration services	40,605	-	-	40,605
Operation and maintenance of plant services	35,066	-	-	35,066
Transportation services	9,524	-	-	9,524
Other Expenditures:				
Long-term debt:				
Principal	-	-	238,629	238,629
Interest and fiscal charges	-	-	86,339	86,339
Total Expenditures	<u>\$ 124,651</u>	<u>\$ 164,219</u>	<u>\$ 324,968</u>	<u>\$ 613,838</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -19,448	\$ 5,059	\$ -324,968	\$ -339,357
Other financing sources (uses):				
Operating transfer in	-	-	324,968	324,968
Change in fund balances	\$ -19,448	\$ 5,059	\$ -	\$ -14,389
Fund balances beginning of year	142,886	118,344	-	261,230
Fund Balances End of Year	<u>\$ 123,438</u>	<u>\$ 123,403</u>	<u>\$ -</u>	<u>\$ 246,841</u>

See accompanying independent auditor's report.

## Tripoli Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 174,964	\$ 103,185	\$ 278,149
Receivables:			
Property Tax:			
Delinquent	-	2,235	2,235
Succeeding year	-	221,894	221,894
Due from other governments	63,986	-	63,986
<b>Total Assets</b>	<b>\$ 238,950</b>	<b>\$ 327,314</b>	<b>\$ 566,264</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 6,559	\$ -	\$ 6,559
Total Liabilities	\$ 6,559	\$ -	\$ 6,559
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	\$ 221,894	\$ 221,894
Total deferred inflows of resources	\$ -	\$ 221,894	\$ 221,894
Fund Balances:			
Restricted for:			
School infrastructure	\$ 232,391	\$ -	\$ 232,391
Physical plant and equipment	-	105,420	105,420
Total fund balances	\$ 232,391	\$ 105,420	\$ 337,811
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 238,950</b>	<b>\$ 327,314</b>	<b>\$ 566,264</b>

See accompanying independent auditor's report.

## Tripoli Community School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Project Accounts**

Year Ended June 30, 2015

	Capital Projects			Total
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local Sources:				
Local tax	\$ -	\$ -	\$ 216,530	\$ 216,530
Other	-	1,212	684	1,896
State sources	-	411,329	807	412,136
Total Revenues	\$ -	\$ 412,541	\$ 218,021	\$ 630,562
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	-	105,471	105,471
Support Services:				
Administration services	-	728	14,242	14,970
Operation and maintenance of plant services	-	3,711	-	3,711
Other Expenditures:				
Facilities acquisition	294	163,034	15,816	179,144
Total Expenditures	\$ 294	\$ 167,473	\$ 135,529	\$ 303,296
Excess (deficiency) of revenues over (under) expenditures	\$ -294	\$ 245,068	\$ 82,492	\$ 327,266
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -	\$ -198,672	\$ -126,296	\$ -324,968
Capital lease proceeds	-	-	105,471	105,471
Total other financing sources (uses)	\$ -	\$ -198,672	\$ -20,825	\$ -219,497
Change in fund balances	\$ -294	\$ 46,396	\$ 61,667	\$ 107,769
Fund balances beginning of year	294	185,995	43,753	230,042
Fund Balances End of Year	\$ -	\$ 232,391	\$ 105,420	\$ 337,811

See accompanying independent auditor's report.

## Tripoli Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2015

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Miscellaneous Income	\$ 3,675	\$ 1,880	\$ 3,276	\$ -1,861	\$ 418
Vocal	4,662	2,875	3,469	-	4,068
Instrumental	1,053	769	1,098	-	724
Band Trip	4,495	11,732	15,647	-	580
Yearbook	2,801	5,039	4,785	-	3,055
Picture	2,193	-	-	-	2,193
High School Student Council	562	462	1,003	-	21
Home Ec	556	-	-	-	556
National Honor Society	2,562	1,538	1,730	-	2,370
Faculty	24	147	266	95	-
SADD	218	385	269	-	334
Milk Machine	1,793	7,850	5,769	-247	3,627
Magazine Sales	496	487	240	-	743
AEA Social Studies Grant	216	-	-	-	216
Silver Cord Scholarship	2,763	1,500	1,500	-	2,763
Art Trip	6	6,714	6,639	-	81
Pencil Resale	105	-	-	-	105
Manufacturing	202	470	243	-	429
Fine Arts	1,114	2,682	2,682	-50	1,064
Class of 2020	1,657	1,745	1,270	-	2,132
Class of 2019	2,263	1,454	767	-	2,950
Class of 2021	-	2,944	1,902	-	1,042
Class of 2014	247	-	-	-	247
Class of 2015	844	688	881	-	651
Class of 2016	4,044	-	3,695	-	349
Class of 2017	3,076	467	-	-	3,543
Class of 2018	4,228	-	-	-	4,228
Football Fundraiser	1,747	4,906	2,338	-3,380	935
DECA	2,342	13,340	12,643	250	3,289
FFA	7,411	4,428	6,694	-	5,145
Senior Class Play	1,909	1,308	1,156	-	2,061
Science	-	-	-	-	-
SES	157	-	-	-	157
SCIN	680	-	-	-	680
SCIN Treat	814	-	-	-	814
Athletics	25,205	45,902	47,261	5,462	29,308
Cheerleading	179	342	236	-	285
Golf Fundraiser	398	695	695	-	398
Boys Basketball	184	2,258	1,901	-250	291
Baseball	-	1,251	1,321	-250	-320
Boy's Track Fundraising	650	296	370	-	576
Girl's Track Fundraising	983	1,905	2,017	-	871
Bowling Fund	641	1,017	770	-	888
Thalians Fund	-	-	50	50	-

See accompanying independent auditor's report.

## Tripoli Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2015

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Cross Country	\$ 137	\$ 1,518	\$ 1,276	\$ -	\$ 379
Students in Need	215	-	20	-	195
Dance Fund	250	747	438	-	559
Weight Lifting Fund	750	-	-	-533	217
History Club	3,567	-	647	-	2,920
Girls Basketball	803	220	798	-	225
Volleyball Fundraiser	1,206	7,162	5,679	-1,049	1,640
Softball Fund	457	600	641	-250	166
Athletic Scholarship	-	1,250	250	-	1,000
Middle School Student Council	746	86	-	-509	323
Elementary Library	1,639	3,359	3,592	-	1,406
Elementary Outdoor Ed - EWALU	435	125	3,108	2,522	-26
Elementary Concessions	3,029	187	563	-	2,653
Elementary Music	42	-	-	-	42
Elementary Carnival	15,873	24,548	12,624	-	27,797
Memorial	40	-	-	-	40
Total	\$ 118,344	\$ 169,278	\$ 164,219	\$ -	\$ 123,403

See accompanying independent auditor's report.

**Tripoli Community School District**

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

**For the Last Ten Years**

	Modified Accrual Basis			
	2015	2014	2013	2012
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 1,967,375	\$ 2,207,964	\$ 2,105,674	\$ 2,072,432
Tuition	149,827	143,803	311,284	267,107
Other	252,495	320,763	269,412	308,794
Intermediate sources	-	-	-	-
State sources	3,008,315	2,487,817	2,712,998	2,730,179
Federal sources	124,712	149,260	255,810	181,607
<b>Total</b>	<b>\$ 5,502,724</b>	<b>\$ 5,309,607</b>	<b>\$ 5,655,178</b>	<b>\$ 5,560,119</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 2,584,739	\$ 2,690,785	\$ 2,433,438	\$ 2,446,707
Special instruction	470,275	526,893	585,838	562,685
Other instruction	564,006	662,552	686,243	616,141
<b>Support services:</b>				
Student services	95,419	104,842	71,638	68,562
Instructional staff services	139,304	162,672	151,665	137,159
Administrative services	528,317	510,302	510,833	508,288
Operation and maintenance of plant services	425,366	518,268	378,735	391,496
Transportation services	170,955	206,761	246,407	146,352
<b>Other expenditures:</b>				
Facilities acquisition	179,144	651,610	2,915,238	339,802
<b>Long-term debt:</b>				
Principal	238,629	205,652	197,056	187,463
Interest and other charges	86,339	95,455	99,184	71,746
AEA flow-through	188,200	188,297	183,964	189,938
<b>Total</b>	<b>\$ 5,670,693</b>	<b>\$ 6,524,089</b>	<b>\$ 8,460,239</b>	<b>\$ 5,666,339</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
\$ 2,084,658	\$ 1,961,788	\$ 1,974,480	\$ 1,938,473	\$ 1,949,606	\$ 1,577,384
218,297	242,294	195,466	152,698	164,384	185,620
285,754	235,246	292,324	292,571	273,635	532,586
-	2,000	2,000	-	-	245
2,484,605	2,235,621	2,655,845	2,516,731	2,325,181	2,120,365
227,506	431,613	201,318	126,889	93,228	123,928
<u>\$ 5,300,820</u>	<u>\$ 5,108,562</u>	<u>\$ 5,321,433</u>	<u>\$ 5,027,362</u>	<u>\$ 4,806,034</u>	<u>\$ 4,540,128</u>
\$ 2,311,269	\$ 2,195,417	\$ 2,232,091	\$ 2,046,139	\$ 2,036,312	\$ 1,993,682
550,782	571,710	561,083	532,152	589,127	460,717
601,865	587,027	540,394	517,023	486,843	419,971
66,916	64,313	38,269	37,983	36,403	37,432
135,289	130,505	122,315	109,986	112,575	119,616
450,782	432,306	428,332	422,542	359,272	363,724
374,271	356,283	353,002	372,659	299,725	316,272
203,434	136,599	116,008	116,002	176,346	180,524
349,552	184,952	538,772	1,232,360	472,566	320,092
180,598	172,831	256,747	172,780	72,985	68,886
52,624	60,391	63,724	44,900	9,425	13,524
208,741	208,112	180,073	167,796	156,470	142,761
<u>\$ 5,486,123</u>	<u>\$ 5,100,446</u>	<u>\$ 5,430,810</u>	<u>\$ 5,772,322</u>	<u>\$ 4,808,049</u>	<u>\$ 4,437,201</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 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, the 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, 2015, and the related Notes to Financial Statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Tripoli Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of Tripoli Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses and 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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-15 through I-I-15 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which 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-J-15 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 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, 2015 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.

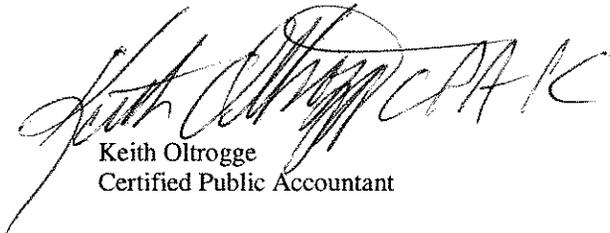
### Tripoli Community School District's Responses to the Findings

Tripoli Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Tripoli Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

### Purpose of this Report

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

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 29, 2016

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

**Part I – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

- I-A-15 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-15 Supporting Documentation – I noted eleven instances of checks being written to a vendor without an invoice or supporting documentation.

Recommendation – The District should review their procedures to ensure all bills are supported, approved, and paid from an invoice. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval or supporting documentation other than the invoice.

Response – The District will review its procedures to ensure invoices are provided for all payments.

Conclusion – Response acknowledged.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

**Part I – Findings Related to the Financial Statements (continued):**

**INTERNAL CONTROL DEFICIENCIES:**

I-C-15 Disbursement Approval – For 8 disbursements tested, there was no evidence of Board approval.

Recommendation – The District should ensure all expenditures are properly approved. For the payments made in advance of Board Meetings, the District should maintain documentation of the Superintendent's approval of claims for payment, such as the Superintendent's initials and date of approval. The District should also review the lists of bills presented to the Board at regular meetings to ensure all claims are included.

Response – We will ensure all expenditures are properly approved and maintain documentation of the approval of disbursements made in advance of Board approval by having the Superintendent initial and date the claims.

Conclusion – Response accepted.

I-D-15 Disbursements – I noted during my audit, that the purchase orders are approved but not the actual invoices. There was one instance where the purchase order was dated after the bill was paid. I also noted credit cards were being paid on line without matching expenditures to invoices and with no approval to pay.

Recommendation – The District should ensure all expenditures are properly approved. The District should maintain documentation of the Superintendent's approval of claims for payment, such as the Superintendent's initials and date of approval.

Response – We will ensure all expenditures are properly approved and maintain documentation of the approval.

Conclusion – Response acknowledged

I-E-15 Supporting Documentation for Meal Money – I noted during my audit instances of students receiving meal money during District sponsored trips. However, there was no documentation as to who received funds and/or the amount of funds received.

Recommendation – The District should document who receives cash when going on trips. The District should have a list of who received the cash and the amount. The students should sign off upon receiving cash for a trip. The District should review the procedures in place and implement controls to ensure documentation is gathered to support the check written for cash needed for the trip.

Response – The District will document who is receiving cash by having the students sign that they have received the money.

Conclusion – Response acknowledged.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

**Part I – Findings Related to the Financial Statements (continued):**

**INTERNAL CONTROL DEFICIENCIES:**

I-F-15 Checks Written as Bearer Paper – I noted during my audit that the District is writing checks to “cash” for a variety of things, including start-up money at athletic events, meal money at athletic events, retirement gifts and other items. Checks made out to “cash” are bearer paper and in the event the check would be lost or stolen, anyone could cash the check.

Recommendation – The District should only write checks payable to the custodian/sponsor of the athletic event or directly to vendors for purchases.

Response – The District has reviewed its procedures and will not issue checks written only to “cash”. Instead, they will write the checks out to the sponsor or vendor.

Conclusion – Response acknowledged.

I-G-15 Deposit Process – I noted during my audit, deposits are posted in batches in the general ledger which leads to not being able to match deposits to the bank statements. The lack of sufficient details on the deposits provides a risk of loss due to possible theft, improper use or loss, as well as, the lack of reporting funds.

Recommendation – The District should review and implement procedures to ensure that sufficient detail is posted to the general ledger.

Response – The District now posting deposits separately.

Conclusion – Response acknowledged.

I-H-15 Financial Reporting – During the audit, I identified material amounts of disbursements recorded in incorrect funds. Adjustments were made by the District to properly record the disbursements to the proper fund. I also noted several expenditures with wrong objects coded reported.

Recommendation – The District should implement procedures to ensure all disbursements are recorded in the correct fund in the District’s financial statements. The District should refer to the Uniform Chart of Accounts in Iowa to properly code expenditures.

Response – We will double check these in the future to make sure all expenditures are recorded in the correct fund and object code.

Conclusion – Response accepted.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

**Part I – Findings Related to the Financial Statements (continued):**

**INTERNAL CONTROL DEFICIENCIES:**

I-I-15 Timecards – The District requires hourly employees to submit timecards. However 5 of the 13 timecards tested were not approved by the employees' supervisor.

Recommendation – The District should develop a policy to require timecards to be approved by the employee's supervisor prior to submission.

Response – Time cards are now being approved by the supervisor.

Conclusion – Response acknowledged.

I-J-15 Annual Financial Statements – The ability to apply U.S. 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 this is a control deficiency the District would like to address.

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

Conclusion – Response accepted.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

**Part II - Other Findings Related to Required Statutory Reporting:**

II-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 did not exceed the amended certified budget.

II-B-15 Questionable Expenditures – Certain disbursements were noted I believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Vendor	Description	Amount
General Fund:		
Guppy’s	Board meeting supplies	\$17.44
Tenenbaum’s	Plaques for employees	\$70.55
First Bankcard	Shipping	\$45.51
Employee	Retiree cake	\$50.00
First Bankcard	Interest	\$47.95

Recommendation – The District should review Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1) for the allowability of expenditures. When the District purchases items such as food for teacher appreciation, these purchases would be more appropriate from the General Fund as long as public purpose is documented and the items are de minimis according to Internal Revenue Service Publication 15-B. Additionally, the Board of Directors should approve the purchase of such items prior to the expenditure and document the public purpose derived.

Response – Beginning in fiscal 2016, we will not make any purchases for items that are not appropriate.

Conclusion – Response acknowledged.

II-C-15 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-15 Business Transactions – No business transactions between the District and District officials or employees were noted.

II-E-15 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.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

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

II-F-15 Board Minutes – As previously noted, eight disbursements requiring Board approval had not been approved by the Board as required by Chapter 279.29 of the Code of Iowa.

Certain minutes were not published as required by Chapter 279.35 of the Code of Iowa.

Recommendation – All disbursements should be approved by the Board. The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response – All disbursements will be approved by the Board. Procedures have been revised to ensure the minutes are published as required.

Conclusion – Response accepted.

II-G-15 Certified Enrollment – I noted a variance in the basic enrollment data certified to the Iowa Department of Education. The number of resident students was overstated by two.

Recommendation – The Iowa Department of Education and the Iowa Department of Management should be contacted to resolve this matter.

Response – The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management on our behalf to resolve this matter.

Conclusion – Response accepted.

II-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-15 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-15 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

II-K-15 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, 2015**

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

II-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable use of the statewide sales, services and use tax revenue provided in 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, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	185,995
Revenues/transfers in:			
Sales tax revenues	\$	411,329	
Other local revenues		1,212	412,541
		\$	598,536
Expenditures/transfers out:			
School infrastructure construction	\$	163,034	
Other		4,439	
Transfers to other funds:			
Debt service fund		198,672	366,145
		\$	232,391
Ending balance		\$	232,391

For the year ended June 30, 2015, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

		Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$	1.4514	\$ 411,329
Physical plant and equipment levy (PPEL)		-	174,096
Public educational and recreational levy (PERL)		-	-
			\$ 585,425
Total			\$ 585,425

II-M-15 Sales Tax – Sales tax was paid by the District on one disbursement tested.

Recommendation – Supporting documentation should be reviewed carefully before disbursements are made.

Response – We will review all invoices for sales tax before payments are made.

Conclusion – Response acknowledged.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

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

II-N-15 Deficit Balance – At June 30, 2015, two student activity accounts had deficit balances.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The deficit balance of the student activity accounts was due to accounts payable not taken into consideration at year end.

Conclusion – Response accepted.

II-O-15 Student Activity Fund – Account balance for previously graduated classes are still maintained.

Recommendation – The District should transfer previously graduated class funds to other activities.

Response – We will reallocate these activities.

Conclusion – Response accepted.