

CAMANCHE COMMUNITY SCHOOL DISTRICT
Camanche, Iowa

FINANCIAL STATEMENTS
June 30, 2006



CAMANCHE COMMUNITY SCHOOL DISTRICT

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CAMANCHE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u> (Before September, 2005 Election)		
John Thomas	President	2005
Steve Campie	Vice-President	2007
Darcy Thornton	Member	2005
Pam Baretich	Member	2006
Mike Dunn	Member	2006
Chad Delzell	Member	2007
Shelley McCausland	Member	2007
<u>Board of Education</u> (After September, 2005 Election)		
John Thomas	President	2008
Steve Campie	Vice-President	2007
Pam Baretich	Member	2006
Mike Dunn	Member	2006
Chad Delzell	Member	2007
Shelley McCausland	Member	2007
Darcy Thornton	Member	2008
<u>School Officials</u>		
Thomas E. Parker	Superintendent	2006
Roxanne L. Aude	Business Director Board Secretary/Treasurer	2006
Jerry D. Van Scoy	Attorney	Indefinite

Independent Auditor's Report

To the Board of Education
Camanche Community School District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Camanche Community School District, Camanche, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Camanche Community School District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4-18 and 47-49 are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Camanche Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Clinton, Iowa
August 19, 2006

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Camanche 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, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,497,921 in fiscal 2005 to \$7,812,852 in fiscal 2006, while General Fund expenditures decreased from \$7,875,516 in fiscal 2005 to \$7,782,429 in fiscal 2006. The District's General Fund balance increased from \$231,799 in fiscal 2005 to \$284,771 in fiscal 2006, a 22.9% increase.
- The increase in General Fund revenues was attributable to an increase in interest rates, an increase in enrollment plus state allowable growth resulting in more State Foundation Aid and Teacher Compensation/Salary Improvement funding.
- The decrease in General Fund expenditures is due to intense monitoring of expenditures overall, especially expenditures relating to transportation and to the swimming pool.

USING THIS ANNUAL REPORT

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

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

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

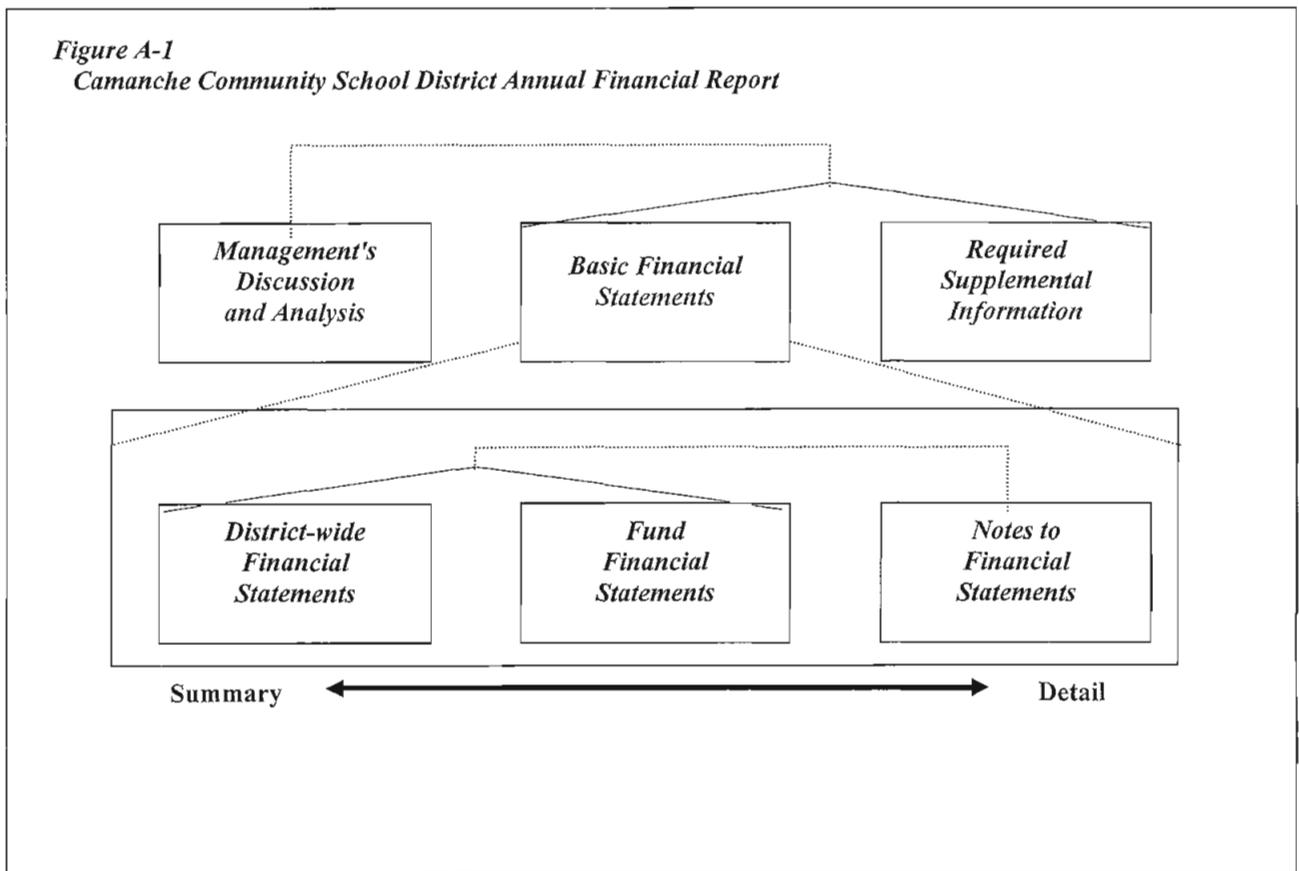
Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Required Supplemental Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplemental Information provides detailed information about the nonmajor Special Revenue Funds.

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



**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

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	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

The District has three kinds of funds:

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

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

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

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

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

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

- *Private-Purpose Trust Fund* - The District accounts for outside donations for scholarships for individual students in this fund.
- *Agency Funds* - These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for students, teachers, and others.

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

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

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

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5,255,985 as of June 30, 2006.

A portion of the District's net assets (74.0%) reflects its invested in capital assets (e.g., land, land improvements, buildings and building improvements, and machinery and equipment), less any related debt used to acquire those assets that are still outstanding. Although the District's invested in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Government-wide statements also include \$4,468,216 in long-term liabilities (see Note 6 on pages 42-43), including general obligation bonds and compensated absences.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2006 and 2005:

2006

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 7,721,470	\$ 109,269	\$ 7,830,739
Capital assets, net of accumulated depreciation	8,246,712	23,383	8,270,095
Total assets	<u>15,968,182</u>	<u>132,652</u>	<u>16,100,834</u>
Current liabilities	6,376,586	47	6,376,633
Long-term liabilities	4,468,216	-	4,468,216
Total liabilities	<u>10,844,802</u>	<u>47</u>	<u>10,844,849</u>
Net assets			
Invested in capital assets, net of related debt	3,866,712	23,383	3,890,095
Restricted	786,625	-	786,625
Unrestricted	470,043	109,222	579,265
Total net assets	<u>\$ 5,123,380</u>	<u>\$ 132,605</u>	<u>\$ 5,255,985</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

2005

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 6,953,605	\$ 143,231	\$ 7,096,836
Capital assets, net of accumulated depreciation	8,516,942	26,439	8,543,381
Total assets	<u>15,470,547</u>	<u>169,670</u>	<u>15,640,217</u>
Current liabilities	5,865,932	-	5,865,932
Long-term liabilities	4,797,046	-	4,797,046
Total liabilities	<u>10,662,978</u>	<u>-</u>	<u>10,662,978</u>
Net assets			
Invested in capital assets, net of related debt	3,791,942	26,439	3,818,381
Restricted	593,877	-	593,877
Unrestricted	421,750	143,231	564,981
Total net assets	<u>\$ 4,807,569</u>	<u>\$ 169,670</u>	<u>\$ 4,977,239</u>

The largest portion of the District's net assets is the invested in capital assets (e.g., land, land improvements, buildings and building improvements, and machinery and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets were \$786,625 at year end.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$579,265 at year end.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Changes in net assets. The District's total revenue for the fiscal year ended June 30, 2006 was \$9,780,458 and June 30, 2005 was \$9,274,965. The total cost of all programs and services was \$9,501,712 and \$9,442,412, respectively. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2006 and 2005:

2006

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 1,143,444	\$ 203,981	\$ 1,347,425
Operating grants, contributions, and restricted interest	472,343	185,624	657,967
General revenues			
Property tax	3,236,771	-	3,236,771
Local option sales tax	555,079	-	555,079
Unrestricted student book fees	38,701	-	38,701
Unrestricted state aid	3,355,896	-	3,355,896
AEA flow through	273,321	-	273,321
Unrestricted investment earnings	67,939	1,089	69,028
Miscellaneous	246,270	-	246,270
Total revenues	<u>9,389,764</u>	<u>390,694</u>	<u>9,780,458</u>
Expenses			
Instruction	5,441,727	-	5,441,727
Support services			
Student services	235,996	-	235,996
Instructional staff services	216,847	-	216,847
Administration services	1,097,291	-	1,097,291
Operation and maintenance of plant services	728,301	-	728,301
Transportation services	217,664	-	217,664
Non-instructional programs	-	427,759	427,759
Other expenditures			
Facilities acquisitions	233,379	-	233,379
Long-term debt interest and finance charges	203,643	-	203,643
AEA flow through	273,321	-	273,321
Depreciation (unallocated)	425,784	-	425,784
Total expenses	<u>9,073,953</u>	<u>427,759</u>	<u>9,501,712</u>
Change in net assets	<u>\$ 315,811</u>	<u>\$ (37,065)</u>	<u>\$ 278,746</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

2005

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 942,524	\$ 207,235	\$ 1,149,759
Operating grants, contributions, and restricted interest	493,007	192,126	685,133
General revenues			
Property tax	3,076,464	-	3,076,464
Local option sales tax	523,729	-	523,729
Unrestricted student book fees	36,107	-	36,107
Unrestricted state aid	3,348,516	-	3,348,516
AEA flow through	259,215	-	259,215
Unrestricted investment earnings	30,516	821	31,337
Miscellaneous	164,705	-	164,705
Total revenues	<u>8,874,783</u>	<u>400,182</u>	<u>9,274,965</u>
Expenses			
Instruction	5,431,601	-	5,431,601
Support services			
Student services	277,609	-	277,609
Instructional staff services	283,682	-	283,682
Administration services	1,047,352	-	1,047,352
Operation and maintenance of plant services	665,568	-	665,568
Transportation services	192,952	-	192,952
Non-instructional programs	18,210	339,182	357,392
Other expenditures			
Facilities acquisitions	272,310	-	272,310
Long-term debt interest and finance charges	216,875	-	216,875
AEA flow through	259,215	-	259,215
Depreciation (unallocated)	437,856	-	437,856
Total expenses	<u>9,103,230</u>	<u>339,182</u>	<u>9,442,412</u>
Change in net assets	<u>\$ (228,447)</u>	<u>\$ 61,000</u>	<u>\$ (167,447)</u>

Property and local option sales tax and unrestricted state grants account for 73.1% of the total revenue for fiscal year 2006. The District's expenses primarily relate to instruction and support services, which account for 86.7% of the total expenses for fiscal year 2006.

Governmental Activities

Revenues for governmental activities were \$9,389,764 and expenses were \$9,073,953 for June 30, 2006. Revenues for governmental activities were \$8,874,783 and expenses were \$9,103,230 for June 30, 2005.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

The following tables present the cost of the District's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District taxpayers by each of these functions.

2006

	Total Expenses	Net (Expenses) Revenues
Instruction	\$ 5,441,727	\$ (3,873,327)
Support services		
Student services	235,996	(235,996)
Instructional staff services	216,847	(216,847)
Administration services	1,097,291	(1,097,291)
Operation and maintenance of plant services	728,301	(703,272)
Transportation services	217,664	(195,306)
Non-instructional programs	-	-
Other expenditures		
Facilities acquisitions	233,379	(233,379)
Long-term debt interest and finance charges	203,643	(203,643)
AEA flow through	273,321	(273,321)
Depreciation (unallocated)	425,784	(425,784)
Total expenses	\$ 9,073,953	\$ (7,458,166)

- The cost of all governmental activities this year was \$9,073,953.
- Federal and State governments and charges for services subsidized certain governmental activities with grants and contributions and other local revenues of \$1,615,787.

Net cost of governmental activities (\$7,458,166), was financed by general revenues, which are made up of primarily property and local option sales tax (\$3,791,850) and state aid (\$3,355,896). Investment earnings and miscellaneous sources accounted for \$314,209.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

2005

	Total Expenses	Net (Expenses) Revenues
Instruction	\$ 5,431,601	\$ (4,062,124)
Support services		
Student services	277,609	(277,609)
Instructional staff services	283,682	(277,893)
Administration services	1,047,352	(1,047,352)
Operation and maintenance of plant services	665,568	(614,714)
Transportation services	192,952	(183,541)
Non-instructional programs	18,210	(18,210)
Other expenditures		
Facilities acquisitions	272,310	(272,310)
Long-term debt interest and finance charges	216,875	(216,875)
AEA flow through	259,215	(259,215)
Depreciation (unallocated)	437,856	(437,856)
Total expenses	\$ 9,103,230	\$ (7,667,699)

- The cost of all governmental activities for 2005 was \$9,103,230.
- Federal and State governments and charges for services subsidized certain governmental activities with grants and contributions and other local revenues of \$1,435,531 for 2005.

Net cost of governmental activities (\$7,667,699), was financed by general revenues, which are made up of primarily property and local option sales tax (\$3,600,193) and state aid (\$3,348,516). Investment earnings, sale of equipment and miscellaneous sources accounted for \$195,221.

Business-Type Activities

Revenues for business-type activities were \$390,694 and expenses were \$427,759 for June 30, 2006. Revenues for business-type activities were \$400,182 and expenses were \$339,182 for June 30, 2005. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The decrease in the revenues was attributed to a decrease in overall student participation in the School Nutrition Program. The increase in expenses was attributed to an increase in personnel wages and equipment purchases for the functionality of the Food Service Department.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,361,013, above last year's ending fund balance of \$1,104,952.

Governmental Fund Highlights

- The District's improved General Fund financial position is the result of many factors. An increase in revenues and a decrease in expenditures were contributing factors in the improvement in the General Fund financial position.
- The General Fund balance increased from \$231,799 to \$284,771, due in part to the constant monitoring of maintaining expenses.
- The Debt Service Fund balance remained relatively constant, increasing slightly from \$279,276 in fiscal 2005 to \$289,617 in fiscal 2006.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$169,670 at June 30, 2005 to \$132,605 at June 30, 2006, representing a decrease of approximately 21.8%. The District experienced a decrease in student participation in the School Nutrition Program resulting in a decrease in meals served.

BUDGETARY HIGHLIGHTS

Over the course of the year, Camanche Community School District did not amend its annual budget.

The District's receipts were \$4,463 more than budgeted receipts, a variance of 0.1%.

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

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2006, the District had invested \$8,270,095 in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$155,554 from last year, primarily due to building improvements and machinery and equipment. Total depreciation expense for the year was \$428,840.

As of June 30, 2005, the District had invested \$8,543,381 in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$85,326 from last year, primarily due to building improvements and machinery and equipment. Total depreciation expense for the year was \$442,315.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2006 and 2005:

2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 21,939	\$ -	\$ 21,939
Land improvements	463,614	-	463,614
Buildings and building improvements	7,457,470	-	7,457,470
Machinery and equipment	<u>303,689</u>	<u>23,383</u>	<u>327,072</u>
Total	<u>\$ 8,246,712</u>	<u>\$ 23,383</u>	<u>\$ 8,270,095</u>

2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 21,939	\$ -	\$ 21,939
Land improvements	501,830	-	501,830
Buildings and building improvements	7,714,871	-	7,714,871
Machinery and equipment	<u>278,302</u>	<u>26,439</u>	<u>304,741</u>
Total	<u>\$ 8,516,942</u>	<u>\$ 26,439</u>	<u>\$ 8,543,381</u>

Additional information on the District's capital assets can be found in Note 5 on pages 41-42 of this report.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Long-Term Debt

At June 30, 2006, the District had \$4,468,216 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 6.9% from the prior year. Additional information about the District's long-term debt is presented in Note 6 on pages 42-43 of this report.

	<u>Amount</u>
General obligation bonds	\$ 4,380,000
Compensated absences	<u>88,216</u>
Total	<u>\$ 4,468,216</u>

At June 30, 2005, the District had \$4,797,046 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 6.8% from the prior year. Additional information about the District's long-term debt is presented in Note 6 on pages 42-43 of this report.

	<u>Amount</u>
General obligation bonds	\$ 4,725,000
Compensated absences	<u>72,046</u>
Total	<u>\$ 4,797,046</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District enrollment increasing from the 2006-2007 school year to the 2007-2008 school year.
- The significant increase in the costs of utilities and fuel.
- Continued evaluation of the condition of the transportation vehicles and the rotation for replacement of these vehicles. Future purchases will be Local Option Sales and Service Tax Fund expenditures.
- The District has moved to fully insured status with Health Care/Prescription Drug Insurance. These two areas are constantly being monitored.
- The offering of the Early Retirement Incentive to the District's employees. There are 20 certified and classified employees who would qualify to participate in the Early Retirement Incentive.
- The negotiation of salaries and benefits for all District employees.
- Continued evaluation of the need for technology upgrades.

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 Business and Finance Office, Camanche Community School District, 702 13th Avenue, Camanche, Iowa 52730.

BASIC FINANCIAL STATEMENTS

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 418,192	\$ 94,109	\$ 512,301
Investments	1,537,125	-	1,537,125
Property taxes receivable			
Current year delinquent	83,948	-	83,948
Succeeding year	3,626,000	-	3,626,000
Other receivables	27,442	-	27,442
Due from other governments	129,255	-	129,255
Inventories	-	15,160	15,160
ISCAP investments	1,880,001	-	1,880,001
ISCAP accrued interest receivable	19,507	-	19,507
Capital assets, net of accumulated depreciation	8,246,712	23,383	8,270,095
Total assets	<u>15,968,182</u>	<u>132,652</u>	<u>16,100,834</u>
LIABILITIES			
Accounts payable and accrued liabilities	125,280	-	125,280
Accrued payroll and deductions	569,886	47	569,933
Accrued interest payable	16,129	-	16,129
Incurred but not reported claims	130,000	-	130,000
ISCAP warrants payable	1,878,000	-	1,878,000
ISCAP accrued interest payable	18,289	-	18,289
ISCAP unamortized premium	13,002	-	13,002
Deferred revenue	3,626,000	-	3,626,000
Long-term liabilities			
Portion due within one year:			
Bonds payable	360,000	-	360,000
Compensated absences	88,216	-	88,216
Portion due after one year:			
Bonds payable	4,020,000	-	4,020,000
Total liabilities	<u>10,844,802</u>	<u>47</u>	<u>10,844,849</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,866,712	23,383	3,890,095
Restricted for:			
Management levy	127,900	-	127,900
Physical plant and equipment levy	103,933	-	103,933
Other special revenue purposes	554,792	-	554,792
Unrestricted	470,043	109,222	579,265
Total net assets	<u>\$ 5,123,380</u>	<u>\$ 132,605</u>	<u>\$ 5,255,985</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Governmental activities:			
Instruction	\$ 5,441,727	\$ 1,120,347	\$ 448,053
Support services			
Student services	235,996	-	-
Instructional staff services	216,847	-	-
Administration services	1,097,291	-	-
Operation and maintenance of plant services	728,301	1,529	23,500
Transportation services	217,664	21,568	790
	<u>2,496,099</u>	<u>23,097</u>	<u>24,290</u>
Other expenditures			
Facilities acquisition	233,379	-	-
Long-term debt interest and finance charges	203,643	-	-
AEA flow through	273,321	-	-
Depreciation (unallocated)	425,784	-	-
	<u>1,136,127</u>	<u>-</u>	<u>-</u>
Total governmental activities	9,073,953	1,143,444	472,343
Business-type activities:			
Non-instructional programs			
School nutrition	427,759	203,981	185,624
Total	<u>\$ 9,501,712</u>	<u>\$ 1,347,425</u>	<u>\$ 657,967</u>
General revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Local option sales tax			
Unrestricted student book fees			
Unrestricted state aid			
AEA flow through			
Unrestricted investment earnings			
Miscellaneous			
Total general revenues			

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING OF YEAR

NET ASSETS, END OF YEAR

EXHIBIT B

Net (Expenses) Revenues
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (3,873,327)	\$ -	\$ (3,873,327)
(235,996)	-	(235,996)
(216,847)	-	(216,847)
(1,097,291)	-	(1,097,291)
(703,272)	-	(703,272)
(195,306)	-	(195,306)
<u>(2,448,712)</u>	<u>-</u>	<u>(2,448,712)</u>
(233,379)	-	(233,379)
(203,643)	-	(203,643)
(273,321)	-	(273,321)
(425,784)	-	(425,784)
<u>(1,136,127)</u>	<u>-</u>	<u>(1,136,127)</u>
(7,458,166)	-	(7,458,166)
-	(38,154)	(38,154)
<u>(7,458,166)</u>	<u>(38,154)</u>	<u>(7,496,320)</u>
2,819,916	-	2,819,916
347,101	-	347,101
69,754	-	69,754
555,079	-	555,079
38,701	-	38,701
3,355,896	-	3,355,896
273,321	-	273,321
67,939	1,089	69,028
246,270	-	246,270
<u>7,773,977</u>	<u>1,089</u>	<u>7,775,066</u>
315,811	(37,065)	278,746
<u>4,807,569</u>	<u>169,670</u>	<u>4,977,239</u>
<u>\$ 5,123,380</u>	<u>\$ 132,605</u>	<u>\$ 5,255,985</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

EXHIBIT C

	General	Debt Service	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 169,640	\$ -	\$ 248,552	\$ 418,192
Investments	805,154	280,472	451,499	1,537,125
Property taxes receivable				
Current year delinquent	66,669	9,145	8,134	83,948
Succeeding year	2,867,000	431,000	328,000	3,626,000
Other receivables	27,442	-	-	27,442
Due from other governments	40,298	-	88,957	129,255
ISCAP investments	1,880,001	-	-	1,880,001
ISCAP accrued interest receivable	19,507	-	-	19,507
TOTAL ASSETS	\$ 5,875,711	\$ 720,617	\$ 1,125,142	\$ 7,721,470
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable and accrued liabilities	\$ 114,763	\$ -	\$ 10,517	\$ 125,280
Accrued payroll and deductions	569,886	-	-	569,886
Incurred but not reported claims	130,000	-	-	130,000
ISCAP warrants payable	1,878,000	-	-	1,878,000
ISCAP accrued interest payable	18,289	-	-	18,289
ISCAP unamortized premium	13,002	-	-	13,002
Deferred revenue	2,867,000	431,000	328,000	3,626,000
Total liabilities	5,590,940	431,000	338,517	6,360,457
<i>Fund balances</i>				
Reserved for:				
Debt service	-	289,617	-	289,617
Unreserved	284,771	-	786,625	1,071,396
Total fund balances	284,771	289,617	786,625	1,361,013
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,875,711	\$ 720,617	\$ 1,125,142	\$ 7,721,470

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006**

Total fund balances of governmental funds (page 23)	\$ 1,361,013
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,246,712
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(16,129)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,468,216)</u>
Net assets of governmental activities (page 20)	<u><u>\$ 5,123,380</u></u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES				
Local sources				
Local taxes	\$ 2,571,912	\$ 347,101	\$ 872,837	\$ 3,791,850
Tuition	829,694	-	-	829,694
Other	333,186	13,033	343,941	690,160
State sources	3,905,648	-	-	3,905,648
Federal sources	172,412	-	-	172,412
Total revenues	<u>7,812,852</u>	<u>360,134</u>	<u>1,216,778</u>	<u>9,389,764</u>
EXPENDITURES				
Current operating:				
Instruction	5,114,980	-	326,747	5,441,727
Support services				
Student services	235,996	-	-	235,996
Instructional staff services	216,847	-	-	216,847
Administration services	997,588	-	85,801	1,083,389
Operation and maintenance of plant services	726,376	-	-	726,376
Transportation services	217,321	-	-	217,321
Total support services	<u>2,394,128</u>	<u>-</u>	<u>85,801</u>	<u>2,479,929</u>

**EXHIBIT E
(CONTINUED)**

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2006**

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
EXPENDITURES (CONTINUED)				
Current operating (continued):				
Other expenditures				
Facilities acquisition	\$ -	\$ -	\$ 388,933	\$ 388,933
Long-term debt				
Principal	-	345,000	-	345,000
Interest and finance charges	-	204,793	-	204,793
AEA flow through	273,321	-	-	273,321
Total other expenditures	273,321	549,793	388,933	1,212,047
Total expenditures	7,782,429	549,793	801,481	9,133,703
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	30,423	(189,659)	415,297	256,061
OTHER FINANCING SOURCES (USES)				
Operating transfers in	32,549	200,000	10,000	242,549
Operating transfers out	(10,000)	-	(232,549)	(242,549)
Total other financing sources (uses)	22,549	200,000	(222,549)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	52,972	10,341	192,748	256,061
FUND BALANCES, BEGINNING OF YEAR	231,799	279,276	593,877	1,104,952
FUND BALANCES, END OF YEAR	\$ 284,771	\$ 289,617	\$ 786,625	\$ 1,361,013

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CAMANCHE 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, 2006**

Net change in fund balances - total governmental funds (page 26) \$ 256,061

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

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

Capital outlays	\$ 155,554	
Depreciation expense	<u>(425,784)</u>	(270,230)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 345,000

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

Change in accrued interest payable		1,150
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in compensated absences		<u>(16,170)</u>
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Change in net assets of governmental activities (page 22) \$ 315,811

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2006**

	<u>Enterprise Fund - School Nutrition</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 94,109
Inventories	15,160
Total current assets	<u>109,269</u>
Noncurrent assets:	
Furniture and equipment	154,144
Less accumulated depreciation	<u>(130,761)</u>
Total noncurrent assets	<u>23,383</u>
Total assets	<u>132,652</u>
LIABILITIES	
Accrued payroll and deductions	<u>47</u>
NET ASSETS	
Invested in capital assets	23,383
Unrestricted	<u>109,222</u>
Total net assets	<u><u>\$ 132,605</u></u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2006

	<u>Enterprise Fund - School Nutrition</u>
OPERATING REVENUES	
Local sources	
Food service sales	\$ 203,981
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries	139,123
Employee benefits	29,294
Other purchased services	4,895
Supplies	237,204
Depreciation	3,056
Other operating costs	14,187
Total operating expenses	<u>427,759</u>
Operating loss	<u>(223,778)</u>
NON-OPERATING REVENUES	
State sources	4,763
Federal sources	
Federal food commodities	25,708
Federal subsidy	155,153
Interest on investments	1,089
Total non-operating revenues	<u>186,713</u>
CHANGE IN NET ASSETS	(37,065)
NET ASSETS, BEGINNING OF YEAR	<u>169,670</u>
NET ASSETS, END OF YEAR	<u>\$ 132,605</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2006**

	<u>Enterprise Fund - School Nutrition</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	\$ 203,981
Cash payments to employees for services	(168,370)
Cash payments to suppliers for goods and services	<u>(265,196)</u>
Net cash used in operating activities	(229,585)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating grants received	194,254
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>1,089</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,242)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>128,351</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 94,109</u></u>

**EXHIBIT I
(CONTINUED)**

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2006**

	<u>Enterprise Fund - School Nutrition</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (223,778)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,056
Increase in inventories	(8,910)
Increase in accrued payroll and deductions	47
	<hr/>
Net cash used in operating activities	<u><u>\$ (229,585)</u></u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year ended June 30, 2006, the District received \$25,708 of federal commodities.

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006**

	<u>Private Purpose Trust Scholarship</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 2,908	\$ 882
Investments	23,391	-
Total assets	<u>26,299</u>	<u>882</u>
LIABILITIES		
Due to other groups	<u>-</u>	<u>882</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 26,299</u>	<u>\$ -</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2006**

	<u>Private Purpose Trust Scholarship</u>
ADDITIONS	
Local sources	
Interest	\$ 964
Memorials/contributions	<u>2,500</u>
Total additions	3,464
DEDUCTIONS	
Support services	
Scholarships awarded	<u>2,500</u>
CHANGE IN NET ASSETS	964
NET ASSETS, BEGINNING OF YEAR	<u>25,335</u>
NET ASSETS, END OF YEAR	<u><u>\$ 26,299</u></u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Camanche Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Camanche, Iowa, and the nearby surrounding agricultural territory in Clinton County. 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

B. Basis of Presentation

Government-wide financial statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

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

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

The District reports the following major governmental funds:

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

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

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

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (continued)

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds becomes 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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2005.

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.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity (continued)

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

Land	\$ 2,500
Land improvements	2,500
Buildings	2,500
Furniture and equipment	2,500

Property, furniture and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 period. Deferred revenues consist of property tax receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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 funds only for employees that have resigned or retired. The compensated absences liability has been computed based on the rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity (continued)

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplemental Information. During the year ended June 30, 2006, disbursements in the non-instructional programs functional area exceeded the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

NOTE 2 - CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	
Governmental activities	\$1,537,125
Fiduciary funds	23,391
Total	<u>\$1,560,516</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 2 - CASH AND POOLED INVESTMENTS (CONTINUED)

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk - The investments in the Iowa Schools Joint Investment Trust were rated AAA by Moody's Investors Service.

NOTE 3 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 32,549	\$ 10,000
Debt service	200,000	-
Nonmajor governmental funds		
Management fund	-	32,549
Student activity fund	10,000	-
Local option sales and service tax fund	<u>-</u>	<u>200,000</u>
Total	<u>\$ 242,549</u>	<u>\$ 242,549</u>

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

NOTE 4 - IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semi-annual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2006 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2005-2006B	1/26/06	1/26/07	\$ 948,298	\$ 19,217	\$ 945,000	\$ 18,059
2006-2007A	6/28/06	6/28/07	<u>931,703</u>	<u>290</u>	<u>933,000</u>	<u>230</u>
Total			<u>\$1,880,001</u>	<u>\$ 19,507</u>	<u>\$1,878,000</u>	<u>\$ 18,289</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 4 - IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP) (CONTINUED)

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make *minimum warrant repayments* on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The District had no ISCAP advance activity in the General Fund for the year ended June 30, 2006.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2005-2006B	4.500%	4.772%
2006-2007A	4.500%	5.676%

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 is as follows:

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,939	\$ -	\$ -	\$ 21,939
Capital assets being depreciated:				
Land improvements	1,039,412	-	-	1,039,412
Buildings and building improvements	13,351,833	41,327	-	13,393,160
Machinery and equipment	4,396,930	114,227	523,511	3,987,646
Total capital assets being depreciated	<u>18,788,175</u>	<u>155,554</u>	<u>523,511</u>	<u>18,420,218</u>
Less accumulated depreciation for:				
Land improvements	537,582	38,216	-	575,798
Buildings and building improvements	5,636,962	298,728	-	5,935,690
Machinery and equipment	4,118,628	88,840	523,511	3,683,957
Total accumulated depreciation	<u>10,293,172</u>	<u>425,784</u>	<u>523,511</u>	<u>10,195,445</u>
Total capital assets being depreciated, net	<u>8,495,003</u>	<u>(270,230)</u>	<u>-</u>	<u>8,224,773</u>
Governmental activities capital assets, net	<u>\$8,516,942</u>	<u>\$ (270,230)</u>	<u>\$ -</u>	<u>\$8,246,712</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Business-type activities:				
Furniture and equipment	\$ 154,144	\$ -	\$ -	\$ 154,144
Less accumulated depreciation	<u>127,705</u>	<u>3,056</u>	<u>-</u>	<u>130,761</u>
Business-type activities capital assets, net	<u>\$ 26,439</u>	<u>\$ (3,056)</u>	<u>\$ -</u>	<u>\$ 23,383</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Support services:	
Depreciation (unallocated)	<u>\$ 425,784</u>
Business-type activities:	
Food services	<u>\$ 3,056</u>

NOTE 6 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2006 are summarized as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$4,725,000	\$ -	\$ 345,000	\$4,380,000	\$ 360,000
Compensated absences	<u>72,046</u>	<u>59,673</u>	<u>43,503</u>	<u>88,216</u>	<u>88,216</u>
Total	<u>\$4,797,046</u>	<u>\$ 59,673</u>	<u>\$ 388,503</u>	<u>\$4,468,216</u>	<u>\$ 448,216</u>

On May 1, 2001, the District issued \$5,925,000 in General Obligation Refunding Bonds with interest rates ranging between 4.000% and 4.750%. The District issued the bonds to advance refund \$5,650,000 of the outstanding General Obligation Bonds issued June 1, 1997, with interest rates ranging from 5.250% to 5.375%. The District used the net proceeds to purchase U.S. government securities that were deposited in an irrevocable trust to provide for all future debt service on the refunded 1997 bonds. As a result, the refunded 1997 bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds was paid in full during the year ended June 30, 2006.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of May 2, 2001</u>			
	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	4.00%	\$ 360,000	\$ 189,942	\$ 549,942
2008	4.10%	375,000	175,442	550,442
2009	4.20%	390,000	159,955	549,955
2010	4.30%	405,000	143,568	548,568
2011	4.40%	425,000	126,037	551,037
2012	4.50%	445,000	107,222	552,222
2013	4.60%	465,000	87,083	552,083
2014	4.70%	485,000	65,578	550,578
2015	4.70%	505,000	42,667	547,667
2016	4.75%	<u>525,000</u>	<u>18,698</u>	<u>543,698</u>
Total		<u>\$4,380,000</u>	<u>\$1,116,192</u>	<u>\$5,496,192</u>

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments by Fund as of June 30, 2006 are as follows:

	<u>General Fund</u>
State appropriations	
Vocational aid	\$ 9,913
Federal appropriations	
Title I grant	18,960
Safe and drug free schools	3,272
Hurricane relief	<u>2,000</u>
Total federal appropriations	<u>24,232</u>
Miscellaneous	
Special education tuition	836
Other	<u>5,317</u>
Total miscellaneous	<u>6,153</u>
Total due from other governments	<u>\$ 40,298</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 7 - DUE FROM OTHER GOVERNMENTS (CONTINUED)

	Local Option Sales and Service <u>Tax Fund</u>
Miscellaneous	
Local option sales tax	<u>\$ 88,957</u>

NOTE 8 - PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2006, 2005, and 2004. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$260,017, \$251,270, and \$246,573, respectively, equal to the required contributions for each year.

NOTE 9 - RISK MANAGEMENT

Camanche Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. There have been no significant reductions in insurance coverage from coverage in the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District also has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 120% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$35,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. There is no reserve at June 30, 2006.

CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 10 - AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$273,321 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 11 - CONTINGENT LIABILITY

In accordance with Iowa Code, the District has elected to reimburse the Iowa Employment Security Commission for benefits paid by the commission to former employees of the District. This election is in lieu of the District making deposits with the Commission based on a predetermined contribution rate. The amount of the contingent liability for future payments is indeterminable.

NOTE 12 - TERMINATION BENEFITS

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least ten years of full-time service to the District as of June 30, and must have reached the age of fifty-five before December 31 of the year in which the employee wished to retire. The application for early retirement is subject to approval by the Board of Education and must be submitted before March 1 of the year in which the employee wished to retire.

Early retirement benefits are equal to 25% of the employee's regular contractual salary in effect during the employee's last year of employment. Early retirement benefits are paid in a single installment by July 1 following approval of the early retirement.

At June 30, 2006, the District has no unpaid obligations to participants. Actual early retirement expenditures for the year ended June 30, 2006 totaled \$26,079.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CAMANCHE COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - CASH BASIS - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTAL INFORMATION
Year Ended June 30, 2006

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
RECEIPTS						
Local sources	\$ 5,296,136	\$ 205,070	\$ 5,501,206	\$ 5,514,081	\$ 5,514,081	\$ (12,875)
State sources	3,906,307	4,763	3,911,070	3,953,397	3,953,397	(42,327)
Federal sources	167,882	163,783	331,665	272,000	272,000	59,665
Total receipts	<u>9,370,325</u>	<u>373,616</u>	<u>9,743,941</u>	<u>9,739,478</u>	<u>9,739,478</u>	<u>4,463</u>
DISBURSEMENTS						
Instruction	5,842,488	-	5,842,488	5,858,117	5,858,117	15,629
Support services	2,073,843	-	2,073,843	2,515,400	2,515,400	441,557
Non-instructional programs	19,976	407,858	427,834	286,500	286,500	(141,334)
Other expenditures	1,218,671	-	1,218,671	1,979,890	1,979,890	761,219
Total disbursements	<u>9,154,978</u>	<u>407,858</u>	<u>9,562,836</u>	<u>10,639,907</u>	<u>10,639,907</u>	<u>1,077,071</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	215,347	(34,242)	181,105	(900,429)	(900,429)	1,081,534
BALANCES, BEGINNING OF YEAR	<u>1,736,732</u>	<u>128,351</u>	<u>1,865,083</u>	<u>1,821,334</u>	<u>1,821,334</u>	<u>43,749</u>
BALANCES, END OF YEAR	<u>\$ 1,952,079</u>	<u>\$ 94,109</u>	<u>\$ 2,046,188</u>	<u>\$ 920,905</u>	<u>\$ 920,905</u>	<u>\$ 1,125,283</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE -
 BUDGET TO GAAP RECONCILIATION
 REQUIRED SUPPLEMENTAL INFORMATION
 Year Ended June 30, 2006**

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 9,370,325	\$ 19,439	\$9,389,764
Expenditures	9,154,978	(21,275)	9,133,703
Net	215,347	40,714	256,061
Beginning fund balances	1,736,732	(631,780)	1,104,952
ENDING FUND BALANCES	\$ 1,952,079	\$ (591,066)	\$1,361,013

	Proprietary Fund Enterprise		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 373,616	\$ 17,078	\$ 390,694
Expenses	407,858	19,901	427,759
Net	(34,242)	(2,823)	(37,065)
Beginning net assets	128,351	41,319	169,670
ENDING NET ASSETS	\$ 94,109	\$ 38,496	\$ 132,605

CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION -
BUDGETARY REPORTING
June 30, 2006

This budgetary comparison is presented as Required Supplemental Information in accordance with the Governmental Accounting Standard 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 the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend its' original budgeted disbursements.

During the year ended June 30, 2006, disbursements exceeded the amounts budgeted for the non-instructional programs but the District did not exceed its General Fund unspent authorized budget.

OTHER SUPPLEMENTAL INFORMATION

**CAMANCHE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006**

	<u>Management Fund</u>	<u>Student Activity Fund</u>	<u>Physical Plant and Equipment Fund</u>	<u>Local Option Sales and Service Tax Fund</u>	<u>Klinge Library Fund</u>	<u>Other Funds</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 121,570	\$ 61,025	\$ 65,177	\$ 780	\$ -	\$ -	\$ 248,552
Investments	-	-	36,952	386,364	28,183	-	451,499
Property taxes receivable							
Current year delinquent	6,330	-	1,804	-	-	-	8,134
Succeeding year	250,000	-	78,000	-	-	-	328,000
Due from other governments	-	-	-	88,957	-	-	88,957
TOTAL ASSETS	<u>\$ 377,900</u>	<u>\$ 61,025</u>	<u>\$ 181,933</u>	<u>\$ 476,101</u>	<u>\$ 28,183</u>	<u>\$ -</u>	<u>\$ 1,125,142</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 7,279	\$ -	\$ 3,238	\$ 10,517
Deferred revenue	250,000	-	78,000	-	-	-	328,000
Total liabilities	<u>250,000</u>	<u>-</u>	<u>78,000</u>	<u>7,279</u>	<u>-</u>	<u>3,238</u>	<u>338,517</u>
Fund balances:							
Unreserved	<u>127,900</u>	<u>61,025</u>	<u>103,933</u>	<u>468,822</u>	<u>28,183</u>	<u>(3,238)</u>	<u>786,625</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 377,900</u>	<u>\$ 61,025</u>	<u>\$ 181,933</u>	<u>\$ 476,101</u>	<u>\$ 28,183</u>	<u>\$ -</u>	<u>\$ 1,125,142</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2006**

SCHEDULE 2

	Management Fund	Student Activity Fund	Physical Plant and Equipment Fund	Local Option Sales and Service Tax Fund	Klinge Library Fund	Other Funds	Total
REVENUES							
Local sources							
Local taxes	\$ 248,004	\$ -	\$ 69,754	\$ 555,079	\$ -	\$ -	\$ 872,837
Other	5,252	291,513	3,252	38,369	1,068	4,487	343,941
Total revenues	<u>253,256</u>	<u>291,513</u>	<u>73,006</u>	<u>593,448</u>	<u>1,068</u>	<u>4,487</u>	<u>1,216,778</u>
EXPENDITURES							
Current operating:							
Instruction	26,079	291,455	-	-	265	8,948	326,747
Support services							
Administration services	85,801	-	-	-	-	-	85,801
Other expenditures							
Facilities acquisition	-	-	11,553	377,380	-	-	388,933
Total expenditures	<u>111,880</u>	<u>291,455</u>	<u>11,553</u>	<u>377,380</u>	<u>265</u>	<u>8,948</u>	<u>801,481</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>141,376</u>	<u>58</u>	<u>61,453</u>	<u>216,068</u>	<u>803</u>	<u>(4,461)</u>	<u>415,297</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	10,000	-	-	-	-	10,000
Operating transfers out	(32,549)	-	-	(200,000)	-	-	(232,549)
Total other financing sources (uses)	<u>(32,549)</u>	<u>10,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(222,549)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	108,827	10,058	61,453	16,068	803	(4,461)	192,748
FUND BALANCES, BEGINNING OF YEAR	<u>19,073</u>	<u>50,967</u>	<u>42,480</u>	<u>452,754</u>	<u>27,380</u>	<u>1,223</u>	<u>593,877</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 127,900</u>	<u>\$ 61,025</u>	<u>\$ 103,933</u>	<u>\$ 468,822</u>	<u>\$ 28,183</u>	<u>\$ (3,238)</u>	<u>\$ 786,625</u>

SCHEDULE 3

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2006

Account	Balance, Beginning of Year	Revenues and Interfund Transfers	Expenditures	Balance, End of Year
Drama	\$ 554	\$ 9,139	\$ 9,072	\$ 621
MS drama	1,230	1,648	798	2,080
Music boosters	1,243	44,460	42,686	3,017
Band boosters	2,111	38,631	37,738	3,004
Fine arts boosters	2,002	15,938	15,489	2,451
Cross country	-	1,246	1,246	-
Boys basketball	1,765	7,574	6,133	3,206
Boys football	-	7,896	7,680	216
Boys baseball	-	7,816	7,816	-
Boys track	-	3,506	3,506	-
Boys tennis	-	146	125	21
Boys golf	-	740	740	-
Boys wrestling	-	6,405	6,405	-
Girls basketball	191	3,810	2,988	1,013
Girls volleyball	-	14,623	14,623	-
Girls softball	-	3,248	3,248	-
Girls track	-	6,874	6,874	-
Girls tennis	-	1,609	1,609	-
Gate change	-	700	700	-
Indian basketball - boys	801	1,962	1,932	831
Indian basketball - girls	1,801	2,641	3,206	1,236
Indian softball	-	11	11	-
Summer tennis	356	3,825	262	3,919
Activity tickets	-	2,779	2,779	-
Junior wrestling	1,451	11,493	7,488	5,456
Cheerleaders	1,814	8,303	9,134	983
Dance team	403	-	396	7
MS cheerleaders	-	73	73	-
Athletic boosters	-	32,946	28,099	4,847
Gaming license	29	59	70	18
Athletic fund raising	611	11,056	9,110	2,557
T & I Club	24	515	436	103
Camanche Teen Club	7,748	6,710	9,605	4,853
Peer Helpers	78	200	224	54

SCHEDULE 3
(CONTINUED)

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2006

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
A.F.S. students	\$ 157	\$ 201	\$ 205	\$ 153
U.N. Club	14	340	354	-
DJ Club	197	15	94	118
National Honor Society	43	373	395	21
Students Against Stereotyping	-	14	-	14
S.A.D.D.	488	621	561	548
Student Council	994	3,516	3,391	1,119
Business club	2,141	2,209	3,245	1,105
Key Club	415	122	200	337
Care account	610	-	-	610
Securities/investments	78	597	-	675
Class of 2005	606	-	606	-
Class of 2006	2,700	200	2,099	801
Class of 2007	360	12,996	11,361	1,995
Class of 2008	34	438	172	300
Class of 2009	-	170	144	26
Elementary school				
activity snacks	5,046	5,111	5,687	4,470
Elementary music	728	758	1,363	123
Elementary book fair	1,118	2,862	2,886	1,094
Junior high activity snacks	3,098	4,785	7,415	468
Junior high concession sales	609	2	236	375
High school activity snacks	3,186	6,161	6,114	3,233
High school concession sales	4,133	1,440	2,626	2,947
TOTAL	<u>\$ 50,967</u>	<u>\$ 301,513</u>	<u>\$ 291,455</u>	<u>\$ 61,025</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2006

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>
STUDENT INSURANCE				
Assets				
Cash and investments	\$ 550	\$ 327	\$ 327	\$ 550
Liabilities				
Other payables	\$ 550	\$ 327	\$ 327	\$ 550
TEACHERS REVOLVING				
Assets				
Cash and investments	\$ 384	\$ 7,862	\$ 7,987	\$ 259
Liabilities				
Other payables	\$ 384	\$ 7,862	\$ 7,987	\$ 259
CAMANCHE URBAN FORESTERS				
Assets				
Cash and investments	\$ 73	\$ -	\$ -	\$ 73
Liabilities				
Other payables	\$ 73	\$ -	\$ -	\$ 73
TOTAL				
Assets				
Cash and investments	\$ 1,007	\$ 8,189	\$ 8,314	\$ 882
Liabilities				
Other payables	\$ 1,007	\$ 8,189	\$ 8,314	\$ 882

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
For the Last Five Years

	Modified Accrual Basis				
	2006	2005	2004	2003	2002
REVENUES					
Local sources	\$ 5,311,704	\$ 4,767,842	\$ 4,892,061	\$ 5,334,572	\$ 4,841,560
State sources	3,905,648	3,865,031	3,203,821	3,342,805	3,143,419
Federal sources	172,412	243,994	358,052	398,655	369,230
TOTAL REVENUES	\$ 9,389,764	\$ 8,876,867	\$ 8,453,934	\$ 9,076,032	\$ 8,354,209
EXPENDITURES					
Instruction	\$ 5,441,727	\$ 5,471,767	\$ 4,992,965	\$ 4,934,871	\$ 4,920,876
Support services					
Student services	235,996	278,579	250,037	260,547	251,759
Instructional staff services	216,847	283,682	388,427	180,873	159,633
Administration services	1,083,389	1,067,033	878,070	860,027	891,521
Operation and maintenance of plant services	726,376	660,476	580,789	580,360	559,040
Transportation services	217,321	225,443	212,152	131,569	133,727
Central support services	-	-	51,011	55,851	39,997
Non-instructional programs	-	22,297	14,771	225,935	219,128
Other expenditures					
Facilities acquisition	388,933	356,478	268,958	275,994	373,758
Long-term debt					
Principal	345,000	335,200	305,000	300,000	260,000
Interest and finance charges	204,793	217,792	230,543	242,693	274,956
AEA flow through	273,321	259,215	253,750	271,600	280,013
TOTAL EXPENDITURES	\$ 9,133,703	\$ 9,177,962	\$ 8,426,473	\$ 8,320,320	\$ 8,364,408

**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
Camanche Community School District
Camanche, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Camanche Community School District as of and for the year ended June 30, 2006, which collectively comprise Camanche Community School District's basic financial statements and have issued our report thereon dated August 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Camanche Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of the statutes. Statutory comments have been noted as items III-A-06 and III-G-06.

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

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

Clifton Gundersen LLP

Clinton, Iowa
August 19, 2006

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unqualified opinion _____

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported
- Noncompliance material to financial statements noted? _____ yes x no

Section II - Financial Statement Findings

No matters were noted.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section III - Other Findings Related to Required Statutory Reporting

III-A-06 Certified Budget - Disbursements for the year ended June 30, 2006, exceeded the certified budgeted amount in the non-instructional programs function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - All funds will be monitored more closely with the published budget being appropriately amended if it is determined that expenditures will exceed the published amount.

Conclusion - Response accepted.

III-B-06 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-C-06 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

III-D-06 Business Transactions - No business transactions between the District and District officials or employees were noted.

III-E-06 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

III-F-06 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

III-G-06 Certified Enrollment - The District changed the status of one student from resident in-district to tuitioned out after the certification date.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District has been in communication with both the Department of Education and the Department of Management. The District will continue to work on communication with other Districts pertaining to enrollment count.

Conclusion - Response accepted.

III-H-06 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

III-I-06 Certified Annual Report - The Certified Annual Report was certified to the Iowa Department of Education timely.