

CAMANCHE COMMUNITY SCHOOL DISTRICT
Camanche, Iowa

FINANCIAL STATEMENTS
June 30, 2010

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 2009 Election)		
Mike Dunn	President	2009
Steve Campie	Vice-President	2011
Pat Bryan	Member	2009
Shelley McCausland	Member	2009
Jim Boysen	Member	2011
Marty Schnoor	Member	2011
Jeff Swalve	Member	2011
<u>Board of Education</u> (After September 2009 Election)		
Mike Dunn	President	2013
Steve Campie	Vice-President	2011
Jim Boysen	Member	2011
Marty Schnoor	Member	2011
Jeff Swalve	Member	2011
Jenna McDonnough	Member	2013
Daniel Srp	Member	2013
<u>School Officials</u>		
Thomas E. Parker	Superintendent	2010
Roxanne L. Aude	Business Director Board Secretary/Treasurer	Indefinite
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, 2010, 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, 2010, 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 January 17, 2011, on our consideration of Camanche Community School 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, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 18 and 49 through 51 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 year ended June 30, 2009 (which is not presented herein) and expressed an unqualified opinion on those financial statements. The financial statements for the seven years ended June 30, 2008, presented in Schedule 5 on page 58 of this report, were audited by other auditors whose reports expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in 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.

Walt, Park & Foster, CPA PC

Clinton, Iowa
January 17, 2011

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$9,155,000 in fiscal year 2009 to \$9,303,585 in fiscal year 2010, while General Fund expenditures increased from \$9,316,730 in fiscal year 2009 to \$9,554,526 in fiscal year 2010. The District's General Fund balance decreased from \$1,201,813 in fiscal year 2009 to \$1,111,620 in fiscal year 2010, a 7.5% decrease.
- The increase in General Fund revenues was attributable to an increase in special education tuition paid for services of non-residential students, an increase in State categorical funding, and a result of the ARRA funding.
- The increase in General Fund expenditures is due to an increase in salaries/benefits and fuel costs, in conjunction with an increase in categorical funding pay outs and ARRA funding pay outs.

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.

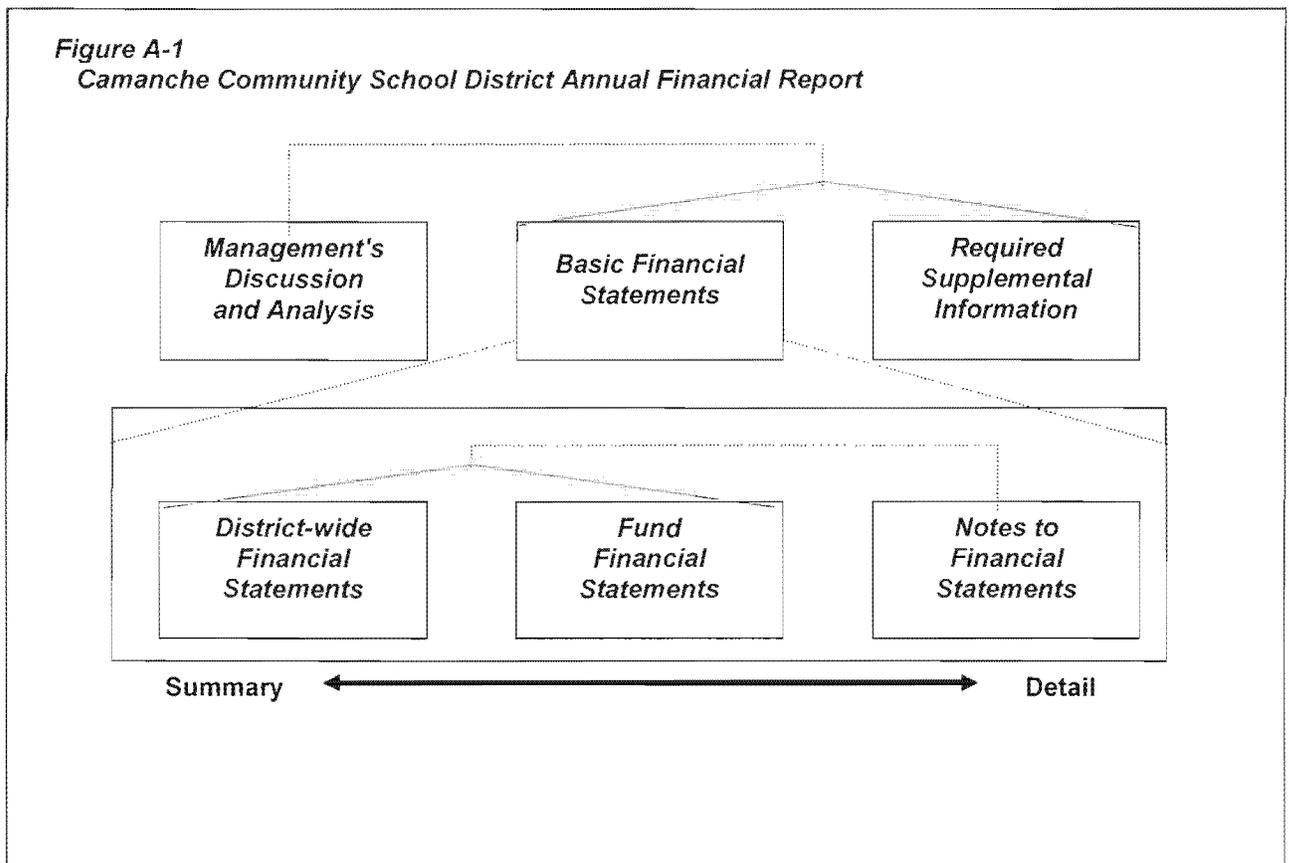
Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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, 2010**

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, 2010**

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, 2010**

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, 2010**

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 \$7,246,814 as of June 30, 2010.

A portion of the District's net assets (75.9%) 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 is 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 \$3,290,039 in long-term liabilities (see Note 5 on page 42), including general obligation bonds, compensated absences and net OPEB liability.

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 years ended June 30, 2010 and 2009:

2010

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 7,119,469	\$ 32,256	\$ 7,151,725
Capital assets, net of accumulated depreciation	<u>8,317,688</u>	<u>17,494</u>	<u>8,335,182</u>
Total assets	<u>15,437,157</u>	<u>49,750</u>	<u>15,486,907</u>
Current liabilities	4,950,054	-	4,950,054
Long-term liabilities	<u>3,282,552</u>	<u>7,487</u>	<u>3,290,039</u>
Total liabilities	<u>8,232,606</u>	<u>7,487</u>	<u>8,240,093</u>
Net assets			
Invested in capital assets, net of related debt	5,482,688	17,494	5,500,182
Restricted	733,870	-	733,870
Unrestricted	<u>987,993</u>	<u>24,769</u>	<u>1,012,762</u>
Total net assets	<u>\$ 7,204,551</u>	<u>\$ 42,263</u>	<u>\$ 7,246,814</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

2009

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 9,333,550	\$ 13,465	\$ 9,347,015
Capital assets, net of accumulated depreciation	<u>8,000,686</u>	<u>23,006</u>	<u>8,023,692</u>
Total assets	<u>17,334,236</u>	<u>36,471</u>	<u>17,370,707</u>
Current liabilities	6,685,499	992	6,686,491
Long-term liabilities	<u>3,413,920</u>	<u>-</u>	<u>3,413,920</u>
Total liabilities	<u>10,099,419</u>	<u>992</u>	<u>10,100,411</u>
Net assets			
Invested in capital assets, net of related debt	4,750,686	23,006	4,773,692
Restricted	1,120,287	-	1,120,287
Unrestricted	<u>1,363,844</u>	<u>12,473</u>	<u>1,376,317</u>
Total net assets	<u>\$ 7,234,817</u>	<u>\$ 35,479</u>	<u>\$ 7,270,296</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 \$733,870 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 \$1,012,762 at year end.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Changes in net assets. The District's total revenue for the fiscal year ended June 30, 2010 was \$11,590,287 and for June 30, 2009 was \$11,519,745. The total cost of all programs and services for fiscal year 2010 was \$11,613,769 compared to \$10,971,002 in fiscal year 2009. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and 2009:

2010

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 1,391,460	\$ 235,195	\$ 1,626,655
Operating grants, contributions, and restricted interest	1,44,628	198,669	1,603,297
General revenues			
Property tax	3,894,033	-	3,894,033
Statewide sales, services and use tax	715,104	-	715,104
Unrestricted student book fees	30,823	-	30,823
Unrestricted state aid	3,177,718	-	3,177,718
AEA flow through	374,140	-	374,140
Unrestricted investment earnings	21,986	75	22,061
Loss on disposition of capital assets	(8,904)	-	(8,904)
Miscellaneous	155,360	-	155,360
Total revenues	<u>11,156,348</u>	<u>433,939</u>	<u>11,590,287</u>
Expenses			
Instruction	7,004,083	-	7,004,083
Support services			
Student services	351,021	-	351,021
Instructional staff services	264,877	-	264,877
Administration services	1,336,019	-	1,336,019
Operation and maintenance of plant services	828,107	-	828,107
Transportation services	249,452	-	249,452
Non-instructional programs	-	427,155	427,155
Other expenditures			
Facilities acquisition	164,898	-	164,898
Long-term debt interest and finance charges	124,517	-	124,517
AEA flow through	374,140	-	374,140
Depreciation (unallocated)	489,500	-	489,500
Total expenses	<u>11,186,614</u>	<u>427,155</u>	<u>11,613,769</u>
Increase (decrease) in net assets	(30,266)	6,784	(23,482)
Net assets beginning of year, as restated	<u>7,234,817</u>	<u>35,479</u>	<u>7,270,296</u>
Net assets, end of year	<u>\$ 7,204,551</u>	<u>\$ 42,263</u>	<u>\$ 7,246,814</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

<u>2009</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 1,238,669	\$ 241,607	\$ 1,480,276
Operating grants, contributions, and restricted interest	1,066,102	180,577	1,246,679
General revenues			
Property tax	3,835,245	-	3,835,245
Statewide sales, services and use tax	833,358	-	833,358
Unrestricted student book fees	28,769	-	28,769
Unrestricted state aid	3,527,308	-	3,527,308
AEA flow through	333,590	-	333,590
Unrestricted investment earnings	80,776	121	80,897
Loss on sale of capital assets	(800)	-	(800)
Miscellaneous	154,423	-	154,423
Total revenues	<u>11,097,440</u>	<u>422,305</u>	<u>11,519,745</u>
Expenses			
Instruction	6,694,162	-	6,694,162
Support services			
Student services	345,742	-	345,742
Instructional staff services	225,329	-	225,329
Administration services	1,269,703	-	1,269,703
Operation and maintenance of plant services	735,289	-	735,289
Transportation services	235,380	-	235,380
Non-instructional programs	-	454,522	454,522
Other expenditures			
Facilities acquisition	536,700	-	536,700
Long-term debt interest and finance charges	140,585	-	140,585
AEA flow through	333,590	-	333,590
Total expenses	<u>10,516,480</u>	<u>454,522</u>	<u>10,971,002</u>
Increase (decrease) in net assets	580,960	(32,217)	548,743
Net assets beginning of year	<u>6,653,857</u>	<u>67,696</u>	<u>6,721,553</u>
Net assets end of year, as restated	<u>\$ 7,234,817</u>	<u>\$ 35,479</u>	<u>\$ 7,270,296</u>

Property, statewide sales, services and use tax and unrestricted state aid account for 64.7% of the total revenue for fiscal year 2010. The District's expenses primarily relate to instruction and support services, which account for 86.4% of the total expenses for fiscal year 2010.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Governmental Activities

Revenues for governmental activities were \$11,156,348 and expenses were \$11,186,614 for June 30, 2010. Revenues for governmental activities were \$11,097,440 and expenses were \$10,516,480 for June 30, 2009.

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.

2010

	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instruction	\$ 7,004,083	\$ (4,224,402)
Support services		
Student services	351,021	(351,021)
Instructional staff services	264,877	(264,877)
Administration services	1,336,019	(1,336,019)
Operation and maintenance of plant services	828,107	(828,107)
Transportation services	249,452	(233,045)
Other expenditures		
Facilities acquisition	164,898	(164,898)
Long-term debt interest and finance charges	124,517	(124,517)
AEA flow through	374,140	(374,140)
Depreciation (unallocated)	<u>489,500</u>	<u>(489,500)</u>
Total expenses	<u>\$ 11,186,614</u>	<u>\$(8,390,526)</u>

- The cost of all governmental activities this year was \$11,186,614.
- Federal and State governments and charges for services subsidized certain governmental activities with grants and contributions and other local revenues of \$2,796,088.
- Net cost of governmental activities (\$8,390,526), was financed by general revenues, which are made up of primarily property and statewide sales, services and use tax (\$4,609,137) and state aid (\$3,177,718). Investment earnings and miscellaneous sources accounted for \$177,346.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

2009

	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instruction	\$ 6,694,162	\$(4,404,040)
Support services		
Student services	345,742	(345,742)
Instructional staff services	225,329	(225,329)
Administration services	1,269,703	(1,269,703)
Operation and maintenance of plant services	735,289	(735,289)
Transportation services	235,380	(220,731)
Other expenditures		
Facilities acquisition	536,700	(536,700)
Long-term debt interest and finance charges	140,585	(140,585)
AEA flow through	<u>333,590</u>	<u>(333,590)</u>
Total expenses	<u>\$ 10,516,480</u>	<u>\$(8,211,709)</u>

- The cost of all governmental activities for 2009 was \$10,516,480.
- Federal and State governments and charges for services subsidized certain governmental activities with grants and contributions and other local revenues of \$2,304,771.
- Net cost of governmental activities (\$8,211,709), was financed by general revenues, which are made up of primarily property and statewide sales, services and use tax (\$4,668,603) and state aid (\$3,527,308). Investment earnings and miscellaneous sources accounted for \$235,199.

Business-Type Activities

Revenues for business-type activities were \$433,939 and expenses were \$427,155 for June 30, 2010. Revenues for business-type activities were \$422,305 and expenses were \$454,522 for June 30, 2009. 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 increase in revenues was a result of an increase in the National School Lunch Program/USDA Program funding attributed to an increase in overall student participation in the School Nutrition Program. The decreases in expenses were a result of strict monitoring of purchases plus a minimum amount of reimbursement paid to the general fund for miscellaneous expenses.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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 \$2,178,865, below last year's ending fund balance of \$2,658,884.

Governmental Fund Highlights

- The District's decreased General Fund financial position is the result of an increase in expenditures directly related to salaries/benefits as well as utilities and fuel costs.
- The General Fund balance decreased from \$1,201,813 to \$1,111,620, which is constantly monitored and maintained.
- The Debt Service Fund balance remained relatively constant, decreasing slightly from \$336,784 in fiscal year 2009 to \$333,375 in fiscal year 2010.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$35,479 at June 30, 2009 to \$42,263 at June 30, 2010, representing an increase of approximately 19%. The District experienced an increase in student participation in the School Nutrition Program resulting in a increase in meal reimbursements from the National School Lunch Program/USDA Program. Once again, expenses were strictly monitored throughout the year in order to assist with the increase.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget one time to reflect additional expenditures associated with a capital project.

The District's total revenues were \$860,337 less than budgeted revenues, a variance of 7.4%. This is due primarily to a reduction in state resources that caused the total amount received to be less than originally anticipated.

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

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2010, the District had invested \$8,335,182 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 \$805,463 from last year, primarily due to construction in progress and land improvement additions. Total depreciation expense for the year was \$493,973.

As of June 30, 2009, the District had invested \$8,023,692 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 \$227,229 from fiscal year 2008, primarily due to building improvements and machinery and equipment.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2010 and 2009:

2010

	Governmental Activities	Business- Type Activities	Total
Land	\$ 21,939	\$ -	\$ 21,939
Construction in progress	445,234	-	445,234
Land improvements	557,176	-	557,176
Buildings and building improvements	6,627,628	-	6,627,628
Machinery and equipment	<u>665,711</u>	<u>17,494</u>	<u>683,205</u>
Total	<u>\$ 8,317,688</u>	<u>\$ 17,494</u>	<u>\$ 8,335,182</u>

2009

	Governmental Activities	Business- Type Activities	Total
Land	\$ 21,939	\$ -	\$ 21,939
Land improvements	386,990	-	386,990
Buildings and building improvements	6,928,256	-	6,928,256
Machinery and equipment	<u>663,501</u>	<u>23,006</u>	<u>686,507</u>
Total	<u>\$ 8,000,686</u>	<u>\$ 23,006</u>	<u>\$ 8,023,692</u>

Additional information on the District's capital assets can be found in Note 4 on page 41 of this report.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Long-Term Debt

At June 30, 2010, the District had \$3,290,039 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 3.6% from the prior year. Additional information about the District's long-term debt is presented in Note 5 on page 42 of this report.

	<u>Amount</u>
General obligation bonds	\$ 2,835,000
Compensated absences	148,796
Net OPEB liability	<u>306,243</u>
Total	<u>\$ 3,290,039</u>

At June 30, 2009, the District had \$3,413,920 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 9.4% from fiscal year 2008. Additional information about the District's long-term debt is presented in Note 5 on page 42 of this report.

	<u>Amount</u>
General obligation bonds	\$ 3,250,000
Compensated absences	<u>163,920</u>
Total	<u>\$ 3,413,920</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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 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 LOSST/SAVE expenditures.
- The District has moved to a split funding status with Health Care/Prescription Drug Insurance. These two areas are constantly being monitored.
- The negotiation of salaries and benefits for all District employees.
- Continued evaluation of the need for technology upgrades and textbook purchases.

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, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,294,677	\$ 21,262	\$ 1,315,939
Investments	1,360,593	-	1,360,593
Property taxes receivable			
Current year delinquent	42,538	-	42,538
Succeeding year	4,079,480	-	4,079,480
Other receivables	12,545	4,100	16,645
Due from other governments	329,636	-	329,636
Inventories	-	6,894	6,894
Capital assets, net of accumulated depreciation	8,317,688	17,494	8,335,182
Total assets	<u>15,437,157</u>	<u>49,750</u>	<u>15,486,907</u>
LIABILITIES			
Cash overdrafts	17,101	-	17,101
Accounts payable and accrued liabilities	155,064	-	155,064
Accrued payroll and deductions	678,467	-	678,467
Accrued interest payable	9,450	-	9,450
Deferred revenue	4,089,972	-	4,089,972
Long-term liabilities			
Portion due within one year:			
Bonds payable	425,000	-	425,000
Compensated absences	148,796	-	148,796
Portion due after one year:			
Bonds payable	2,410,000	-	2,410,000
Net OPEB liability	298,756	7,487	306,243
Total liabilities	<u>8,232,606</u>	<u>7,487</u>	<u>8,240,093</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,482,688	17,494	5,500,182
Restricted for:			
Management levy	105,550	-	105,550
Physical plant and equipment levy	248,316	-	248,316
Other special revenue purposes	380,004	-	380,004
Unrestricted	987,993	24,769	1,012,762
Total net assets	<u>\$ 7,204,551</u>	<u>\$ 42,263</u>	<u>\$ 7,246,814</u>

The accompanying notes are an integral part of the financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010**

<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	\$ 7,004,083	\$ 1,378,982	\$ 1,400,699
Support services			
Student services	351,021	-	-
Instructional staff services	264,877	-	-
Administration services	1,336,019	-	-
Operation and maintenance of plant services	828,107	-	-
Transportation services	<u>249,452</u>	<u>12,478</u>	<u>3,929</u>
	<u>3,029,476</u>	<u>12,478</u>	<u>3,929</u>
Other expenditures			
Facilities acquisition	164,898	-	-
Long-term debt interest and finance charges	124,517	-	-
AEA flow through	374,140	-	-
Depreciation (unallocated)	<u>489,500</u>	<u>-</u>	<u>-</u>
	<u>1,153,055</u>	<u>-</u>	<u>-</u>
Total governmental activities	11,186,614	1,391,460	1,404,628
Business-type activities:			
Non-instructional programs			
School nutrition	<u>427,155</u>	<u>235,195</u>	<u>198,669</u>
Total	<u>\$ 11,613,769</u>	<u>\$ 1,626,655</u>	<u>\$ 1,603,297</u>
General revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, services and use tax			
Unrestricted student book fees			
Unrestricted state aid			
AEA flow through			
Unrestricted investment earnings			
Loss on disposition of capital assets			
Miscellaneous			
Total general revenues			

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING OF YEAR, AS RESTATED

NET ASSETS, END OF YEAR

EXHIBIT B

Net (Expenses) Revenues
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,224,402)	\$ -	\$ (4,224,402)
(351,021)	-	(351,021)
(264,877)	-	(264,877)
(1,336,019)	-	(1,336,019)
(828,107)	-	(828,107)
(233,045)	-	(233,045)
<u>(3,013,069)</u>	<u>-</u>	<u>(3,013,069)</u>
(164,898)	-	(164,898)
(124,517)	-	(124,517)
(374,140)	-	(374,140)
(489,500)	-	(489,500)
<u>(1,153,055)</u>	<u>-</u>	<u>(1,153,055)</u>
(8,390,526)	-	(8,390,526)
-	6,709	6,709
<u>(8,390,526)</u>	<u>6,709</u>	<u>(8,383,817)</u>
3,508,752	-	3,508,752
312,811	-	312,811
72,470	-	72,470
715,104	-	715,104
30,823	-	30,823
3,177,718	-	3,177,718
374,140	-	374,140
21,986	75	22,061
(8,904)	-	(8,904)
155,360	-	155,360
<u>8,360,260</u>	<u>75</u>	<u>8,360,335</u>
(30,266)	6,784	(23,482)
<u>7,234,817</u>	<u>35,479</u>	<u>7,270,296</u>
<u>\$ 7,204,551</u>	<u>\$ 42,263</u>	<u>\$ 7,246,814</u>

The accompanying notes are an integral part of the financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

EXHIBIT C

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 941,695	\$ -	\$ 352,982	\$ 1,294,677
Investments	667,438	329,439	363,716	1,360,593
Property taxes receivable				
Current year delinquent	34,399	3,936	4,203	42,538
Succeeding year	3,430,219	314,200	335,061	4,079,480
Other receivables	12,545	-	-	12,545
Due from other governments	<u>213,161</u>	<u>-</u>	<u>116,475</u>	<u>329,636</u>
TOTAL ASSETS	<u>\$ 5,299,457</u>	<u>\$ 647,575</u>	<u>\$ 1,172,437</u>	<u>\$ 7,119,469</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Cash overdrafts	\$ -	\$ -	\$ 17,101	\$ 17,101
Accounts payable and accrued liabilities	68,659	-	86,405	155,064
Accrued payroll and deductions	678,467	-	-	678,467
Deferred revenue	<u>3,440,711</u>	<u>314,200</u>	<u>335,061</u>	<u>4,089,972</u>
Total liabilities	<u>4,187,837</u>	<u>314,200</u>	<u>438,567</u>	<u>4,940,604</u>
Fund balances				
Reserved for:				
Debt service	-	333,375	-	333,375
Unreserved	<u>1,111,620</u>	<u>-</u>	<u>733,870</u>	<u>1,845,490</u>
Total fund balances	<u>1,111,620</u>	<u>333,375</u>	<u>733,870</u>	<u>2,178,865</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,299,457</u>	<u>\$ 647,575</u>	<u>\$ 1,172,437</u>	<u>\$ 7,119,469</u>

The accompanying notes are an integral part of the financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010**

Total fund balances of governmental funds (page 23)	\$ 2,178,865
 <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.	8,317,688
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.	(9,450)
Long-term liabilities, including bonds payable, compensated absences and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(3,282,552)</u>
 Net assets of governmental activities (page 20)	 <u>\$ 7,204,551</u>

The accompanying notes are an integral part of the financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES				
Local sources				
Local taxes	\$ 3,147,819	\$ 361,117	\$ 1,100,201	\$ 4,609,137
Tuition	1,008,744	-	-	1,008,744
Other	192,409	469	398,008	590,886
State sources	4,175,184	-	-	4,175,184
Federal sources	779,429	905	967	781,301
Total revenues	<u>9,303,585</u>	<u>362,491</u>	<u>1,499,176</u>	<u>11,165,252</u>
EXPENDITURES				
Current operating:				
Instruction	<u>6,394,046</u>	<u>-</u>	<u>393,446</u>	<u>6,787,492</u>
Support services				
Student services	338,982	-	-	338,982
Instructional staff services	215,779	-	42,690	258,469
Administration services	1,245,036	-	63,814	1,308,850
Operation and maintenance of plant	744,164	-	69,591	813,755
Transportation services	<u>242,379</u>	<u>-</u>	<u>-</u>	<u>242,379</u>
Total support services	<u>2,786,340</u>	<u>-</u>	<u>176,095</u>	<u>2,962,435</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
EXPENDITURES (CONTINUED)				
Current operating (continued):				
Other expenditures				
Facilities acquisition	\$ -	\$ -	\$ 980,304	\$ 980,304
Long-term debt				
Principal	-	415,000	-	415,000
Interest	-	125,900	-	125,900
AEA flow through	374,140	-	-	374,140
Total other expenditures	<u>374,140</u>	<u>540,900</u>	<u>980,304</u>	<u>1,895,344</u>
Total expenditures	<u>9,554,526</u>	<u>540,900</u>	<u>1,549,845</u>	<u>11,645,271</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(250,941)</u>	<u>(178,409)</u>	<u>(50,669)</u>	<u>(480,019)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	160,748	175,000	-	335,748
Operating transfers out	-	-	(335,748)	(335,748)
Total other financing sources (uses)	<u>160,748</u>	<u>175,000</u>	<u>(335,748)</u>	<u>-</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	(90,193)	(3,409)	(386,417)	(480,019)
FUND BALANCES, BEGINNING OF YEAR	<u>1,201,813</u>	<u>336,784</u>	<u>1,120,287</u>	<u>2,658,884</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,111,620</u>	<u>\$ 333,375</u>	<u>\$ 733,870</u>	<u>\$ 2,178,865</u>

The accompanying notes are an integral part of the 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, 2010**

Net change in fund balances - total governmental funds (page 26) \$ (480,019)

***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	\$ 815,406	
Depreciation expense	<u>(489,500)</u>	325,906

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (8,904)

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. 415,000

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		1,383
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Change in compensated absences	15,124	
Change in other postemployment benefits	<u>(298,756)</u>	<u>(283,632)</u>

Change in net assets of governmental activities (page 22) **\$ (30,266)**

The accompanying notes are an integral part of the financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2010**

	Enterprise Fund - <u>School Nutrition</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 21,262
Receivables	4,100
Inventories	6,894
Total current assets	<u>32,256</u>
Noncurrent assets:	
Furniture and equipment	161,362
Less accumulated depreciation	<u>(143,868)</u>
Total noncurrent assets	<u>17,494</u>
Total assets	<u>49,750</u>
LIABILITIES	
Net OPEB liability	<u>7,487</u>
NET ASSETS	
Invested in capital assets	17,494
Unrestricted	<u>24,769</u>
Total net assets	<u>\$ 42,263</u>

The accompanying notes are an integral part of the financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2010

	Enterprise Fund - <u>School Nutrition</u>
OPERATING REVENUES	
Local sources	
Food service sales	\$ <u>235,195</u>
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries	146,812
Employee benefits	22,202
Other purchased services	6,191
Supplies	245,533
Depreciation	4,473
Other operating costs	<u>1,944</u>
Total operating expenses	<u>427,155</u>
Operating loss	<u>(191,960)</u>
NON-OPERATING REVENUES	
State sources	4,617
Federal sources	
Federal food commodities	15,983
Federal subsidy	178,069
Interest on investments	<u>75</u>
Total non-operating revenues	<u>198,744</u>
CHANGE IN NET ASSETS	6,784
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>35,479</u>
NET ASSETS, END OF YEAR	<u>\$ <u>42,263</u></u>

The accompanying notes are an integral part of the financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2010**

	<u>Enterprise Fund - School Nutrition</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	\$ 231,095
Cash payments to employees for services	(162,519)
Cash payments to suppliers for goods and services	<u>(251,486)</u>
Net cash used in operating activities	<u>(182,910)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating grants received	<u>198,669</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Loss on disposition of capital assets	<u>1,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment redemptions	201
Interest on investments	<u>75</u>
Net cash provided by investing activities	<u>276</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,074
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,188</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 21,262</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2010

Enterprise
Fund -
School Nutrition

RECONCILIATION OF OPERATING LOSS TO
NET CASH USED IN OPERATING ACTIVITIES

Operating loss	\$	(191,960)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation		4,473
Increase in receivables		(4,100)
Decrease in inventories		2,182
Decrease in accrued payroll		(992)
Increase in OPEB liability		7,487
		<hr/>
Net cash used in operating activities	\$	<u>(182,910)</u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year ended June 30, 2010, the District received \$15,983 of federal commodities.

The accompanying notes are an integral part of the financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	Private Purpose Trust <u>Scholarship</u>	Agency <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 18,244	\$ 804
LIABILITIES		
Due to other groups	<u>-</u>	<u>804</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 18,244</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2010**

	Private Purpose Trust <u>Scholarship</u>
ADDITIONS	
Local sources	
Interest	\$ 22
Memorials/contributions	<u>3,591</u>
Total additions	3,613
DEDUCTIONS	
Support services	
Scholarships awarded	<u>6,181</u>
CHANGE IN NET ASSETS	(2,568)
NET ASSETS, BEGINNING OF YEAR	<u>20,812</u>
NET ASSETS, END OF YEAR	<u>\$ 18,244</u>

The accompanying notes are an integral part of the financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

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.

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, 2010**

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.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (continued)

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.

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.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity (continued)

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

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

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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	\$ 500
Land improvements	500
Buildings and building improvements	500
Machinery and equipment	500

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

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

Impairment of Long-Lived Assets - The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity (continued)

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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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, 2010, expenditures in the in the other expenditures functional area exceeded the amount budgeted. However, the District did not exceed its General Fund unspent authorized budget.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Subsequent Events

Management has evaluated subsequent events through January 17, 2011, the date the financial statements were available to be issued.

NOTE 2 - CASH AND POOLED INVESTMENTS

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

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

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	
Governmental activities	<u>\$ 1,360,593</u>

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, 2010 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 160,748	\$ -
Debt service fund	175,000	-
Management fund	-	160,748
Local option sales and service tax fund	-	175,000
Total	<u>\$ 335,748</u>	<u>\$ 335,748</u>

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

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance June 30, 2009 as Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Government activities:				
Capital assets not being depreciated:				
Land	\$ 21,939	\$ -	\$ -	\$ 21,939
Construction in progress	<u>-</u>	<u>445,234</u>	<u>-</u>	<u>445,234</u>
Total capital assets, not being depreciated:	<u>21,939</u>	<u>445,234</u>	<u>-</u>	<u>467,173</u>
Capital assets, being depreciated				
Land improvements	1,039,412	219,109	-	1,258,521
Buildings and building improvements	13,462,969	16,892	18,020	13,461,841
Machinery and equipment	<u>4,189,878</u>	<u>134,171</u>	<u>48,281</u>	<u>4,275,768</u>
Total capital assets begin depreciated	<u>18,692,259</u>	<u>370,172</u>	<u>66,301</u>	<u>18,996,130</u>
Less accumulated depreciation for:				
Land improvements	652,422	48,923	-	701,345
Buildings and building improvements	6,534,713	299,500	-	6,834,213
Machinery and equipment	<u>3,526,377</u>	<u>141,077</u>	<u>57,397</u>	<u>3,610,057</u>
Total accumulated depreciation	<u>10,713,512</u>	<u>489,500</u>	<u>57,397</u>	<u>11,145,615</u>
Total capital assets being depreciated, net	<u>7,978,747</u>	<u>(119,328)</u>	<u>8,904</u>	<u>7,850,515</u>
Governmental activities capital assets, net	<u>\$ 8,000,686</u>	<u>\$ 325,906</u>	<u>\$ 8,904</u>	<u>\$ 8,317,688</u>
Business-type activities:				
Furniture and equipment	\$ 162,921	\$ -	\$ 1,559	\$ 161,362
Less accumulated depreciation	<u>139,915</u>	<u>4,473</u>	<u>520</u>	<u>143,868</u>
Business-type activities capital assets, net	<u>\$ 23,006</u>	<u>\$ (4,473)</u>	<u>\$ 1,039</u>	<u>\$ 17,494</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

 Support services:

 Depreciation (unallocated)

\$ 489,500

Business-type activities:

 Food services

\$ 4,473

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2010 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>
Governmental Activities					
General obligation bonds	\$3,250,000	\$ -	\$ 415,000	\$2,835,000	\$ 425,000
Compensated absences	163,920	83,143	98,267	148,796	148,796
Net OPEB liability	<u>-</u>	<u>298,756</u>	<u>-</u>	<u>298,756</u>	<u>-</u>
Total	<u>\$3,413,920</u>	<u>\$ 381,899</u>	<u>\$ 513,267</u>	<u>\$3,282,552</u>	<u>\$ 573,796</u>
Business-type Activities					
Net OPEB liability	<u>\$ -</u>	<u>\$ 7,487</u>	<u>\$ -</u>	<u>\$ 7,487</u>	<u>\$ -</u>

On May 30, 2007, the District issued \$4,035,000 in General Obligation Refunding Bonds with an interest rate of 4.000%. The District issued the bonds to call \$4,020,000 of the outstanding General Obligation Bonds issued May 1, 2001, with interest rates ranging from 4.000% to 4.750%. The refunding reduced total debt service payments over the next nine years by \$105,902. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$86,752.

Bonds Payable

Details of the June 30, 2010 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of May 30, 2007</u>			
	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	4.00%	\$ 425,000	\$ 109,200	\$ 534,200
2012	4.00%	445,000	92,000	537,000
2013	4.00%	465,000	74,000	539,000
2014	4.00%	485,000	55,200	540,200
2015	4.00%	500,000	35,600	535,600
2016	4.00%	<u>515,000</u>	<u>15,500</u>	<u>530,500</u>
Total		<u>\$ 2,835,000</u>	<u>\$ 381,500</u>	<u>\$ 3,216,500</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments by Fund as of June 30, 2010 are as follows:

	<u>General Fund</u>
State appropriations	
Vocational aid	\$ 9,097
Empowerment grant	6,759
Nonpublic pupil transportation	1,402
Federal appropriations	
Title I grant	19,276
ARRA-Title I grant	25,637
Title IIA grant	32,021
Safe and drug-free schools	2,318
IDEA preschool program	1,835
Miscellaneous	
Other	<u>114,816</u>
Total due from other governments	<u>\$ 213,161</u>
	<u>Local Option Sales and Service Tax Fund</u>
Miscellaneous	
Local option sales tax	<u>\$ 116,475</u>

NOTE 7 - PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required 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 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$373,793, \$352,744, and \$306,746, respectively, equal to the required contributions for each year.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 104 active and 31 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. 31 retired participants were also receiving an explicit benefit subsidy.

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

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

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

Annual required contribution	\$ 526,950
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	526,950
Contributions made	<u>(220,707)</u>
Increase in net OPEB obligation	306,243
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 306,243</u>

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

For the year ended June 30, 2010, the District contributed \$220,707 to the medical plan.

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

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 526,950	41.9%	\$ 306,243

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$4.314 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.314 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,591,000, and the ratio of the UAAL to covered payroll was 94.0%. As of June 30, 2010, there were no trust fund assets.

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

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

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

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000 (2/3 Female, 1/3 Male). Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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, 2010.

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 \$374,140 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

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 - CONSTRUCTION COMMITMENT

The District has entered into a contract totaling \$516,000 for engineering services related to construction and remodeling projects at the elementary and middle schools. As of June 30, 2010 costs of \$445,234 had been incurred against the contract. The remaining balance of \$70,766 at June 30, 2010 will be paid as work on the projects progresses. The District also entered into a contract with Swanson Construction for \$6,346,000 related to the above projects. At June 30, 2010 no contract costs had been incurred leaving a remaining balance to be paid of \$6,346,000.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 13 - SUBSEQUENT EVENT

In July 2010, the District issued School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2010 in the amount of \$7,420,000. The bonds were dated July 8, 2010 with interest rates ranging from 3.00% to 4.375% and a final maturity on January 1, 2030. Proceeds from the bonds will be used to pay costs related to the installation of a geothermal heating/cooling system at the middle and elementary school buildings. Proceeds will also be used to renovate, remodel, repair, improve, furnish and equip the middle school building and to improve the middle school building site. The bonds are payable from the School Infrastructure Sales, Services and Use tax revenues received by the District under Iowa Code Chapters 423E and 423F, each of which are pledged to the repayment of bonds.

NOTE 14 - RESTATEMENT OF NET ASSETS

The government-wide financial statements have restated their prior year net assets due to the following:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Beginning net assets, as previously reported	\$ 6,782,226	\$ 30,902
Reclassification of capital assets	<u>452,591</u>	<u>4,577</u>
Beginning net assets, as restated	<u>\$ 7,234,817</u>	<u>\$ 35,479</u>

The following enterprise fund has restated the prior year net assets due to the following:

	School <u>Nutrition</u>
Beginning net assets, as previously reported	\$ 30,902
Reclassification of capital assets	<u>4,577</u>
Beginning net assets, as restated	<u>\$ 35,479</u>

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

REQUIRED SUPPLEMENTAL INFORMATION

CAMANCHE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTAL INFORMATION
 Year Ended June 30, 2010

	Governmental Fund <u>Actual</u>	Proprietary Fund <u>Actual</u>	Total <u>Actual</u>	<u>Budgeted Amounts</u>		Final to Actual Variance - Positive (Negative)
				<u>Original</u>	<u>Final</u>	
REVENUES						
Local sources	\$ 6,208,767	\$ 235,270	\$ 6,444,037	\$ 6,421,739	\$ 6,421,739	\$ 22,298
State sources	4,175,184	4,617	4,179,801	5,703,789	5,703,789	(1,523,988)
Federal sources	<u>781,301</u>	<u>194,052</u>	<u>975,353</u>	<u>334,000</u>	<u>334,000</u>	<u>641,353</u>
Total revenues	<u>11,165,252</u>	<u>433,939</u>	<u>11,599,191</u>	<u>12,459,528</u>	<u>12,459,528</u>	<u>(860,337)</u>
EXPENDITURES						
Instruction	6,787,492	-	6,787,492	6,843,000	6,843,000	55,508
Support services	2,962,435	-	2,962,435	3,426,650	3,426,650	464,215
Non-instructional programs	-	427,155	427,155	480,000	480,000	52,845
Other expenditures	<u>1,895,344</u>	<u>-</u>	<u>1,895,344</u>	<u>1,711,401</u>	<u>2,211,401</u>	<u>316,057</u>
Total expenditures	<u>11,645,271</u>	<u>427,155</u>	<u>12,072,426</u>	<u>12,461,051</u>	<u>12,961,051</u>	<u>888,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(480,019)	6,784	(473,235)	(1,523)	(501,523)	28,288
BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>2,658,884</u>	<u>35,479</u>	<u>2,694,363</u>	<u>3,758,206</u>	<u>3,758,206</u>	<u>(1,063,843)</u>
BALANCES, END OF YEAR	<u>\$ 2,178,865</u>	<u>\$ 42,263</u>	<u>\$ 2,221,128</u>	<u>\$ 3,756,683</u>	<u>\$ 3,256,683</u>	<u>\$ (1,035,555)</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION -
BUDGETARY REPORTING
June 30, 2010**

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 GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund 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 adopted one budget amendment, increasing budgeted expenditures by \$500,000.

During the year ended June 30, 2010, the District's expenditures/expenses did not exceed the approved budget.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UALL as a Percentage of Covered Payroll ((b-a)/c)</u>
July 1, 2009	-	\$ 4,314	\$ 4,314	0.00%	\$ 4,591	94.0%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTAL INFORMATION

**CAMANCHE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010**

ASSETS	<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>
Cash and cash equivalents	\$ 102,260	\$ 68,340	\$ 182,382	\$ -	\$ -	\$ -	\$ 352,982
Investments	-	-	65,021	265,069	26,040	7,586	363,716
Property taxes receivable							
Current year delinquent	3,290	-	913	-	-	-	4,203
Succeeding year	250,000	-	85,061	-	-	-	335,061
Due from other governments	-	-	-	116,475	-	-	116,475
TOTAL ASSETS	<u>\$ 355,550</u>	<u>\$ 68,340</u>	<u>\$ 333,377</u>	<u>\$ 381,544</u>	<u>\$ 26,040</u>	<u>\$ 7,586</u>	<u>\$ 1,172,437</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdrafts	\$ -	\$ -	\$ -	\$ 17,101	\$ -	\$ -	\$ 17,101
Accounts payable and accrued liabilities	-	-	-	86,405	-	-	86,405
Deferred revenue	250,000	-	85,061	-	-	-	335,061
Total liabilities	<u>250,000</u>	<u>-</u>	<u>85,061</u>	<u>103,506</u>	<u>-</u>	<u>-</u>	<u>438,567</u>
Fund balances:							
Unreserved	<u>105,550</u>	<u>68,340</u>	<u>248,316</u>	<u>278,038</u>	<u>26,040</u>	<u>7,586</u>	<u>733,870</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 355,550</u>	<u>\$ 68,340</u>	<u>\$ 333,377</u>	<u>\$ 381,544</u>	<u>\$ 26,040</u>	<u>\$ 7,586</u>	<u>\$ 1,172,437</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2010

SCHEDULE 2

	<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>
REVENUES							
Local sources							
Local taxes	\$ 301,436	\$ -	\$ 83,661	\$ 715,104	\$ -	\$ -	\$ 1,100,201
Other	6,269	370,238	603	499	30	20,369	398,008
Federal sources	757	-	210	-	-	-	967
Total revenues	<u>308,462</u>	<u>370,238</u>	<u>84,474</u>	<u>715,603</u>	<u>30</u>	<u>20,369</u>	<u>1,499,176</u>
EXPENDITURES							
Current operating:							
Instruction	3,016	373,750	-	-	1,802	14,878	393,446
Support services							
Instructional staff services	-	-	-	42,690	-	-	42,690
Administration services	63,814	-	-	-	-	-	63,814
Operation and maintenance of plant	69,591	-	-	-	-	-	69,591
Other expenditures							
Facilities acquisition	-	-	67,553	912,751	-	-	980,304
Total expenditures	<u>136,421</u>	<u>373,750</u>	<u>67,553</u>	<u>955,441</u>	<u>1,802</u>	<u>14,878</u>	<u>1,549,845</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	172,041	(3,512)	16,921	(239,838)	(1,772)	5,491	(50,669)
OTHER FINANCING USES							
Operating transfers out	(160,748)	-	-	(175,000)	-	-	(335,748)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	11,293	(3,512)	16,921	(414,838)	(1,772)	5,491	(386,417)
FUND BALANCES, BEGINNING OF YEAR	<u>94,257</u>	<u>71,852</u>	<u>231,395</u>	<u>692,876</u>	<u>27,812</u>	<u>2,095</u>	<u>1,120,287</u>
FUND BALANCES, END OF YEAR	<u>\$ 105,550</u>	<u>\$ 68,340</u>	<u>\$ 248,316</u>	<u>\$ 278,038</u>	<u>\$ 26,040</u>	<u>\$ 7,586</u>	<u>\$ 733,870</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Drama	\$ 1,417	\$ 4,186	\$ 5,228	\$ 375
MS drama	1,034	365	385	1,014
Speech	134	2,990	3,039	85
Music boosters	3,163	2,131	1,778	3,516
Band boosters	8,261	40,581	46,149	2,693
Fine arts boosters	1,551	17,304	16,443	2,412
Cross country	-	969	969	-
Boys basketball	945	8,047	6,689	2,303
Boys football	989	12,174	10,538	2,625
Boys bowling	22	281	100	203
Boys baseball	-	3,234	3,234	-
Boys track	-	3,642	3,642	-
Boys tennis	-	276	276	-
Boys golf	-	280	280	-
Boys wrestling	-	3,292	3,292	-
Girls basketball	1,361	11,471	9,870	2,962
Girls volleyball	-	14,059	13,594	465
Girls softball	-	3,421	3,421	-
Girls track	-	4,899	3,693	1,206
Girls tennis	-	2,545	2,545	-
Indian basketball - boys	2,432	10,030	9,120	3,342
Indian basketball - girls	5,649	11,633	15,373	1,909
Indian volleyball	616	6,987	6,862	741
Indian baseball	-	3,363	3,363	-
Indian softball	156	2,982	3,138	-
Indian football	894	5,943	5,211	1,626
Summer tennis	3,320	2,265	4,282	1,303
Activity tickets	-	1,300	1,200	100
Junior wrestling	5,834	13,537	17,600	1,771
Cheerleaders	45	10,798	10,843	-
Dance team	7	-	-	7
Athletic boosters	-	58,880	58,880	-
Gaming license	28	569	559	38
Athletic corporate	730	27,703	28,433	-
Athletic fund raising/corporate	-	9,962	1,447	8,515
T & I Club	259	-	235	24
Camanche Teen Club	8,682	15,623	9,179	15,126
Peer Helpers	4	432	200	236

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
DJ Club	\$ 462	\$ 500	\$ 110	\$ 852
National Honor Society	337	969	1,181	125
Students Against Stereotyping	14	-	14	-
S.A.D.D.	966	-	966	-
Dare	85	234	319	-
Student Council	1,702	4,336	4,235	1,803
Business club	2,040	1,819	1,810	2,049
Key Club	330	521	625	226
Spanish Club	1,108	733	1,181	660
Care account	610	-	610	-
Securities/investments	548	199	548	199
Class of 2005	262	-	262	-
Class of 2006	753	-	753	-
Class of 2007	1,694	-	1,694	-
Class of 2008	247	-	247	-
Class of 2009	908	-	908	-
Class of 2010	1,321	550	1,871	-
Class of 2011	352	16,440	15,450	1,342
Class of 2012	-	190	171	19
Class of 2013	-	140	66	74
Elementary school activity snacks	2,488	4,263	4,577	2,174
Elementary music	-	216	212	4
Elementary book fair	733	4,142	4,875	-
Junior high activity snacks	2,935	3,097	5,696	336
Junior high concession sales	-	4,503	4,503	-
High school activity snacks	3,673	5,878	7,495	2,056
High school concession sales	751	3,354	2,281	1,824
TOTAL	<u>\$ 71,852</u>	<u>\$ 370,238</u>	<u>\$ 373,750</u>	<u>\$ 68,340</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2010

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>
TEACHERS REVOLVING				
Assets				
Cash and cash equivalents	\$ 29	\$ 2,416	\$ 2,114	\$ 331
Liabilities				
Other payables	\$ 29	\$ 2,416	\$ 2,114	\$ 331
CAMANCHE URBAN FORESTERS				
Assets				
Cash and cash equivalents	\$ 73	\$ -	\$ -	\$ 73
Liabilities				
Other payables	\$ 73	\$ -	\$ -	\$ 73
EDENS LIBRARY				
Assets				
Cash and cash equivalents	\$ 400	\$ -	\$ -	\$ 400
Liabilities				
Other payables	\$ 400	\$ -	\$ -	\$ 400
TOTAL				
Assets				
Cash and cash equivalents	\$ 502	\$ 2,416	\$ 2,114	\$ 804
Liabilities				
Other payables	\$ 502	\$ 2,416	\$ 2,114	\$ 804

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

	Modified Accrual Basis								
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES									
Local sources	\$ 6,208,767	\$ 6,171,240	\$ 5,913,181	\$ 5,763,514	\$ 5,311,704	\$ 4,767,842	\$ 4,892,061	\$ 5,334,572	\$ 4,841,560
State sources	4,175,184	4,643,632	4,505,533	4,115,052	3,905,648	3,865,031	3,203,821	3,342,805	3,143,419
Federal sources	781,301	283,368	154,410	186,286	172,412	243,994	358,052	398,655	369,230
TOTAL REVENUES	<u>\$ 11,165,252</u>	<u>\$ 11,098,240</u>	<u>\$ 10,573,124</u>	<u>\$ 10,064,852</u>	<u>\$ 9,389,764</u>	<u>\$ 8,876,867</u>	<u>\$ 8,453,934</u>	<u>\$ 9,076,032</u>	<u>\$ 8,354,209</u>
EXPENDITURES									
Instruction	\$ 6,787,492	\$ 6,694,162	\$ 6,009,656	\$ 5,441,255	\$ 5,441,727	\$ 5,471,767	\$ 4,992,965	\$ 4,934,871	\$ 4,920,876
Support services									
Student services	338,982	345,742	317,165	262,217	235,996	278,579	250,037	260,547	251,759
Instructional staff services	258,469	225,329	209,171	216,922	216,847	283,682	388,427	180,873	159,633
Administration services	1,308,850	1,233,668	1,146,840	1,134,755	1,083,389	1,067,033	878,070	860,027	891,521
Operation and maintenance of plant services	813,755	730,807	748,960	721,765	726,376	660,476	580,789	580,360	559,040
Transportation services	242,379	234,767	242,855	216,758	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	980,304	764,731	593,281	358,738	388,933	356,478	268,958	275,994	373,758
Long-term debt									
Principal	415,000	395,000	390,000	360,000	345,000	335,200	305,000	300,000	260,000
Interest and finance charges	125,900	141,900	157,947	189,942	204,793	217,792	230,543	242,693	274,956
Bond issuance costs	-	-	-	12,924	-	-	-	-	-
AEA flow through	374,140	333,590	323,564	298,934	273,321	259,215	253,750	271,600	280,013
TOTAL EXPENDITURES	<u>\$ 11,645,271</u>	<u>\$ 11,099,696</u>	<u>\$ 10,139,439</u>	<u>\$ 9,214,210</u>	<u>\$ 9,133,703</u>	<u>\$ 9,177,962</u>	<u>\$ 8,426,473</u>	<u>\$ 8,320,320</u>	<u>\$ 8,364,408</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2010

SCHEDULE 6

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture			
Iowa Department of Education			
School Nutrition Cluster Programs			
School Breakfast Program	10.553	FY10	\$ 28,152
National School Lunch Program	10.555	FY10	149,917
Total			<u>178,069</u>
Food Distribution-Child Nutrition Act (noncash)	10.555	FY10	<u>15,983</u>
U.S. Department of Education			
Iowa Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	FY10	77,101
ARRA-Title I Grants to Local Education Agencies, Recovery Act	84.389	FY10	40,405
Total			<u>117,506</u>
Special Education Cluster (IDEA)			
Special Education_Grants to States	84.027	FY10	50,725
Special Education_Preschool Grants	84.173	FY10	1,835
ARRA-Special Education Grant to States, Recovery Act	84.391	FY10	110,961
Total			<u>163,521</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	FY10	<u>2,318</u>
Improving Teacher Quality State Grants	84.367	FY10	<u>59,350</u>
Grants for State Assessments and Related Activities	84.369	FY10	<u>6,786</u>
State Grants for Innovative Programs	84.298	FY10	<u>419</u>
ARRA-State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	FY10	395,378
ARRA-State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	FY10	1,955
ARRA-State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	FY10	26,669
Total			<u>424,002</u>
TOTAL			<u>\$ 967,954</u>

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

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

To the Board of Education
Camanche Community School District
Camanche, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Camanche Community School District as of and for the year ended June 30, 2010, which collectively comprise Camanche Community School District's basic financial statements and have issued our report thereon dated January 17, 2011. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Camanche Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Camanche Community School District's responses and, accordingly, we express no opinion on them.

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

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.

Walt, Park & Foster, CPA PC

Clinton, Iowa
January 17, 2011



**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

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

To the Board of Education
Camanche Community School District
Camanche, Iowa

Compliance

We have audited the compliance of Camanche Community School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Camanche Community School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Camanche Community School District's management. Our responsibility is to express an opinion on Camanche Community School District's compliance based on our audit.

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

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

Internal Control Over Compliance

The management of Camanche Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Camanche Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with

OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Camanche Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Walt, Park & Foster, CPA PC

Clinton, Iowa
January 17, 2011

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

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 no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs:

Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Cluster:	
<u>84.010</u>	<u>Title I Grants to Local Educational Agencies</u>
<u>84.389</u>	<u>ARRA-Title I Grants to Local Education Agencies, Recovery Act</u>
<u>84.394</u>	<u>ARRA-State Fiscal Stabilization Fund-Education State Grants, Recovery Act</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Part II - Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

II-A-10 Financial Statement Preparation

Criteria - The District engages Winkel, Parker & Foster, CPA PC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Winkel, Parker & Foster, CPA PC cannot be considered part of the District's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, the District should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the District's activities and operations.

Condition - The entity has not implemented procedures, to the degree necessary, to perform a review and assume responsibility of the entity's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

Effect - Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause - The entity has relied on independent auditor's to some degree to provide assurance that the financial statements, including disclosures, are not materially misstated.

Recommendation - Management should perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Response - Management will perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Conclusion - Response accepted.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Part II - Findings Related to the Financial Statements (CONTINUED)

II-B-10 Segregation of Duties

Criteria - The District does not have effective internal controls to safeguard assets, and prevent or detect misstatements on a timely basis, as a result of a lack of segregation of duties. Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement to the financial statements could occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. Due to the small number of people employed in administrative functions, the District may not be able to fully achieve an ideal segregation of duties.

Condition - Although there are three individuals with accounting and financial duties in the Business Office, at various times the Business Director has the ability to initiate, authorize and record transactions with no review process in place. As a result, all of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing.

Effect - As a result of these conditions, there is a higher risk that errors or irregularities could occur and not be detected within a timely period.

Cause - The entity has a limited number of personnel performing accounting functions and limited review procedures in place.

Recommendation - The District should be aware of the lack of segregation of duties and regularly review controls which could be put in place to mitigate the risk that misstatements could occur and not be detected.

Response - The entity recognizes that it would not be cost effective to hire additional personnel to maximize the segregation of accounting duties due to its size. However, the Board of Directors will maintain close oversight in relation to financial and other matters.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Part III: Federal Award Findings and Questioned Costs:

Instances of Non-compliance:

No matters were noted.

Significant Deficiencies:

No matters were noted.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-10 Certified Budget - Expenditures for the year ended June 30, 2010, did not exceed the amount budgeted.
- VI-B-10 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.
- IV-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-10 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-10 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-10 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-10 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 Deposits and Investments - No instances of 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.
- IV-J-10 Certified Annual Report - The Certified Annual Report was certified to the Iowa Department of Education timely.
- IV-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

VI-L-10 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$	692,876
Statewide sales, services and use tax			715,603
Expenditures/transfers out:			
School Infrastructure:			
Buildings	\$ 445,234		
Equipment	59,357		
Other improvements	450,850		
Debt service for school infrastructure:			
General obligation debt	<u>175,000</u>		<u>1,130,441</u>
Ending Balance		\$	<u>278,038</u>

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

	Per \$1,000 of Taxable <u>Valuation</u>	Property Tax <u>Dollars</u>
Debt service levy	\$.69461	\$ 175,000

IV-M-10 Student Activity Fund - No instances were noted where monies in the Student Activity Fund were used to support activities other than those in accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1).

CAMANCHE COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2010

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>
No matters were noted.		

**CAMANCHE COMMUNITY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2010**

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title Phone Number</u>	<u>Anticipated Date of Completion</u>
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There were no comments made regarding significant deficiencies or noncompliance with federal awards.