

CAM COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2012

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CAM Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2011 Election)</b>		
Gary Dinkla	President	2013
Chuck Kinzie	Vice President	2013
Nick Kauffman	Board Member	2013
Todd McKee	Board Member	2011
Randall Rabe	Board Member	2011
<b>(After September 2011 Election)</b>		
Gary Dinkla	President	2013
Chuck Kinzie	Vice President	2013
Nick Kauffman	Board Member	2013
Todd McKee	Board Member	2015
Julie Williamson	Board Member	2015
<b>School Officials</b>		
Steve Pelzer	Superintendent	2012
Linda Edwards	District Secretary/Treasurer and Business Manager	2012
Mundt, Franck & Schumacher	Attorney	2012

# **CAM SCHOOLS**

*Home of the Cougars*

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
**(a professional corporation)**  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

Independent Auditor's Report

To the Board of Education of  
CAM Community School District:

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2013 on our consideration of CAM Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CAM Community School District's basic financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

January 31, 2013

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Because Anita Community School District and C&M Community School District were consolidated into CAM Community School District, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

### **2012 FINANCIAL HIGHLIGHTS**

- General Fund revenues were \$5,558,979 in fiscal 2012, while General Fund expenditures were \$4,785,253. This resulted in an increase in the District's General Fund balance from \$913,508 at July 1, 2011 to \$1,687,234 at June 30, 2012.
- The District's solvency ratio was 28.93% at June 30, 2012.

### **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 CAM 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 CAM 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 CAM Community School District acts solely as an agent or custodial for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

**Figure A-1**  
**CAM Community School District Annual Financial Report**

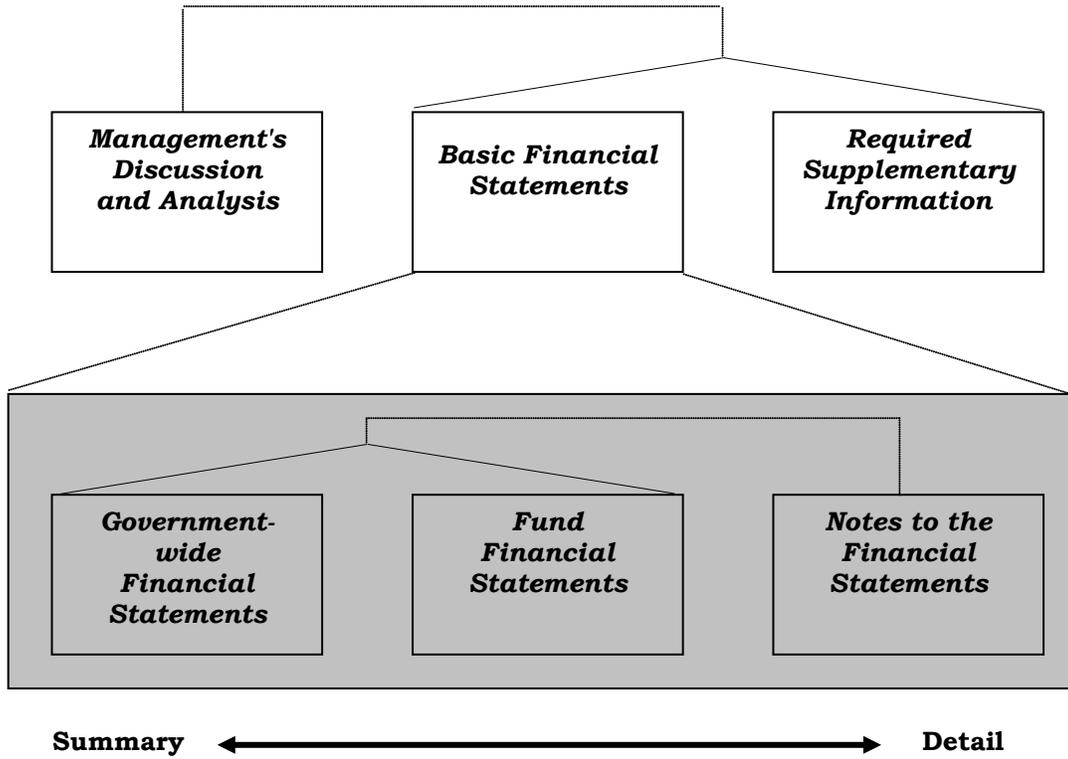


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, e.g., food service	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

The required financial statements for the governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is 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 the proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust Fund 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 the District's employee's Hearts and Flowers activity.

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 includes a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Figure A-3 Condensed Statement of Net Assets		
	Governmental Activities	Business Type Activities	Total District
	June 30, 2012	June 30, 2012	June 30, 2012
Current and other assets	\$ 5,271,953	7,120	5,279,073
Capital assets	3,078,161	33,833	3,111,994
Total assets	<u>8,350,114</u>	<u>40,953</u>	<u>8,391,067</u>
Long-term liabilities	186,507	976	187,483
Other liabilities	2,522,522	2,131	2,524,653
Total liabilities	<u>2,709,029</u>	<u>3,107</u>	<u>2,712,136</u>
Net assets:			
Invested in capital assets, net of related debt	2,977,351	33,833	3,011,184
Restricted	943,007	-	943,007
Unrestricted	1,720,727	4,013	1,724,740
Total net assets	<u>\$ 5,641,085</u>	<u>37,846</u>	<u>5,678,931</u>

The District's combined net assets \$5,678,931 at June 30, 2012. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets were \$943,007 at June 30, 2012.

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 \$1,724,740 at June 30, 2012.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012.

	Figure A-4		
	Changes in Net Assets		
	Governmental Activities 2012	Business Type Activities 2012	Total District 2012
Revenues:			
Program revenues:			
Charges for services	\$ 363,697	131,332	495,029
Operating grants, contributions and restricted interest	449,327	139,185	588,512
General revenues:			
Property tax	2,411,392	-	2,411,392
Income surtax	196,774	-	196,774
Statewide sales, services and use tax	413,022	-	413,022
Unrestricted state grants	2,482,046	-	2,482,046
Nonspecific program federal grants	102,914	-	102,914
Unrestricted investment earnings	7,584	19	7,603
Other	35,571	89	35,660
Total revenues	<u>6,462,327</u>	<u>270,625</u>	<u>6,732,952</u>
Program expenses:			
Governmental activities:			
Instructional	3,630,239	-	3,630,239
Support services	1,796,850	823	1,797,673
Non-instructional programs	-	276,626	276,626
Other expenses	277,953	-	277,953
Total expenses	<u>5,705,042</u>	<u>277,449</u>	<u>5,982,491</u>
Changes in net assets	757,285	(6,824)	750,461
Beginning net assets, as restated	<u>4,883,800</u>	<u>44,670</u>	<u>4,928,470</u>
Ending net assets	<u>\$ 5,641,085</u>	<u>37,846</u>	<u>5,678,931</u>

In fiscal 2012, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 85.16% of the revenue from governmental activities while charges for service and operating grants, contributions and restricted interest account for 99.96% of the revenue from business type activities.

The District's total revenues were approximately \$6.73 million of which approximately \$6.46 million was for governmental activities and approximately \$0.27 million was for business type activities.

### **Governmental Activities**

Revenues for governmental activities were \$6,462,327 and expenses were \$5,705,042 for the year ended June 30, 2012.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2012.

Figure A-5		
Total and Net Cost of Governmental Activities		
	Total Cost of Services	Net Cost of Services
	2012	2012
Instruction	\$ 3,630,239	3,014,069
Support services	1,796,850	1,773,978
Other expenses	277,953	103,971
Totals	<u>\$ 5,705,042</u>	<u>4,892,018</u>

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$363,967.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$449,327.
- The net cost of governmental activities was financed with \$2,411,392 in property tax, \$196,774 in income surtax, \$413,022 in statewide sales, services and use tax, \$2,482,046 in unrestricted state grants, \$102,914 in nonspecific federal grants, \$7,584 in interest income and \$35,571 in other general revenues.

### **Business Type Activities**

Revenues of the District's business type activities were \$270,625 and expenses were \$277,449. The District's business type activities include the School Nutrition Fund. Revenues of these activities were mainly comprised of charges for service and federal and state reimbursements.

### **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,554,937.

### **Governmental Fund Highlights**

- The District's General Fund balance increased from \$913,508 at July 1, 2011 to \$1,687,234 at June 30, 2012. The District's General Fund financial position is the product of many factors. Increases in state grant revenue combined with diligent efforts to limit spending led to revenues outpacing expenditures, thus producing the increase in fund balance.
- The Capital Projects Fund balance decreased slightly from \$670,166 at July 1, 2011 to \$644,609 at June 30, 2012.

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## Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$44,670 at July 1, 2011 to \$37,846 at June 30, 2012, or 15.28%.

## BUDGETARY HIGHLIGHTS

The District's revenues were \$526,706 less than budgeted revenues, a variance of 7.25%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget 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.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, the District had invested \$3,111,994, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$419,741.

The original cost of the District's capital assets was \$7,733,172. Governmental funds account for \$7,631,528 with the remainder of \$101,644 in the Proprietary, School Nutrition Fund.

	Figure A-6		
	Capital Assets, Net of Depreciation		
	Governmental	Business Type	Total
	Activities	Activities	District
	June 30,	June 30,	June 30,
	2012	2012	2012
Land	\$ 39,843	-	39,843
Buildings	2,332,861	-	2,332,861
Land improvements	139,516	-	139,516
Machinery and equipment	522,723	33,833	556,556
Construction in progress	43,218	-	43,218
Total	<u>\$ 3,078,161</u>	<u>33,833</u>	<u>3,111,994</u>

### Long-Term Debt

At June 30, 2012, the District had \$187,483 in total long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had an outstanding revenue bonds payable of \$100,810 at June 30, 2012.

The District had early retirement payable of \$53,825 at June 30, 2012 payable from the Special Revenue, Management Levy Fund.

The District had net OPEB liability payable of \$32,848 at June 30, 2012; \$31,872 is attributable to governmental activities while \$976 is attributable to business type activities.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Governmental Activities	Business Type Activities	Total District
	June 30, 2012	June 30, 2012	June 30, 2012
Revenue bonds	\$ 100,810	-	100,810
Early retirement	53,825	-	53,825
Net OPEB liability	31,872	976	32,848
Total	<u>\$ 186,507</u>	<u>976</u>	<u>187,483</u>

## **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:

- As a result of the challenging economic times, the District will continue to explore all opportunities to reduce expenditures and/or increase revenues.
- On July 1, 2012, the IPERS rate increased to 8.67% which will increase the CAM Community School District's employer benefit costs during fiscal 2013. An additional increase to 8.93% is anticipated for July 1, 2013.
- Inflation and the cost of living increases continue to affect the residents of the District.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Edwards, District Secretary, CAM Community School District, 1000 Victory Park Road, Anita, Iowa, 50020.

# **CAM SCHOOLS**

*Home of the Cougars*

BASIC FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 2,478,113	3,130	2,481,243
Receivables:			
Property tax:			
Delinquent	52,223	-	52,223
Succeeding year	2,376,242	-	2,376,242
Income surtax	194,494	-	194,494
Accounts	4,950	-	4,950
Due from other governments	165,931	-	165,931
Inventories	-	3,990	3,990
Capital assets, net of accumulated depreciation	3,078,161	33,833	3,111,994
<b>Total assets</b>	<b>8,350,114</b>	<b>40,953</b>	<b>8,391,067</b>
<b>Liabilities</b>			
Accounts payable	146,280	33	146,313
Deferred revenue:			
Succeeding year property tax	2,376,242	-	2,376,242
Other	-	282	282
Unearned revenue	-	1,816	1,816
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	100,810	-	100,810
Early retirement payable	26,912	-	26,912
Portion due after one year:			
Early retirement payable	26,913	-	26,913
Net OPEB liability	31,872	976	32,848
<b>Total liabilities</b>	<b>2,709,029</b>	<b>3,107</b>	<b>2,712,136</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	2,977,351	33,833	3,011,184
Restricted for:			
Categorical funding	129,129	-	129,129
Management levy purposes	75,829	-	75,829
Student activities	62,673	-	62,673
Education and recreation purposes	10,767	-	10,767
School infrastructure	551,383	-	551,383
Physical plant and equipment	113,226	-	113,226
Unrestricted	1,720,727	4,013	1,724,740
<b>Total net assets</b>	<b>\$ 5,641,085</b>	<b>37,846</b>	<b>5,678,931</b>

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 2,313,551	112,872	35,763	(2,164,916)	-	(2,164,916)
Special	560,126	32,011	25,241	(502,874)	-	(502,874)
Other	756,562	215,682	194,601	(346,279)	-	(346,279)
	<u>3,630,239</u>	<u>360,565</u>	<u>255,605</u>	<u>(3,014,069)</u>	<u>-</u>	<u>(3,014,069)</u>
Support services:						
Student	45,826	-	-	(45,826)	-	(45,826)
Instructional staff	240,784	-	14,809	(225,975)	-	(225,975)
Administration	504,728	-	4,885	(499,843)	-	(499,843)
Operation and maintenance of plant	573,136	-	-	(573,136)	-	(573,136)
Transportation	432,376	3,132	46	(429,198)	-	(429,198)
	<u>1,796,850</u>	<u>3,132</u>	<u>19,740</u>	<u>(1,773,978)</u>	<u>-</u>	<u>(1,773,978)</u>
Other expenditures:						
Long-term debt interest	3,385	-	-	(3,385)	-	(3,385)
AEA flowthrough	173,982	-	173,982	-	-	-
Depreciation(unallocated)*	100,586	-	-	(100,586)	-	(100,586)
	<u>277,953</u>	<u>-</u>	<u>173,982</u>	<u>(103,971)</u>	<u>-</u>	<u>(103,971)</u>
Total governmental activities	5,705,042	363,697	449,327	(4,892,018)	-	(4,892,018)
Business Type activities:						
Support services:						
Instructional staff	748	-	-	-	(748)	(748)
Administration	75	-	-	-	(75)	(75)
	<u>823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(823)</u>	<u>(823)</u>
Non-instructional programs:						
Food service operations	276,626	131,332	139,185	-	(6,109)	(6,109)
Total business type activities	<u>277,449</u>	<u>131,332</u>	<u>139,185</u>	<u>-</u>	<u>(6,932)</u>	<u>(6,932)</u>
Total	\$ <u>5,982,491</u>	<u>495,029</u>	<u>588,512</u>	<u>(4,892,018)</u>	<u>(6,932)</u>	<u>(4,898,950)</u>
<b>General revenues:</b>						
Local tax for:						
General purposes				\$ 2,217,061	-	2,217,061
Capital outlay				194,331	-	194,331
Income surtax				196,774	-	196,774
Statewide sales, services and use tax				413,022	-	413,022
Unrestricted state grants				2,482,046	-	2,482,046
Nonspecific program federal grants				102,914	-	102,914
Unrestricted investment earnings				7,584	19	7,603
Other				35,571	89	35,660
Total general revenues				<u>5,649,303</u>	<u>108</u>	<u>5,649,411</u>
Changes in net assets				757,285	(6,824)	750,461
Net assets beginning of year, as restated				4,883,800	44,670	4,928,470
Net assets end of year				\$ <u>5,641,085</u>	<u>37,846</u>	<u>5,678,931</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	Capital			Total
	General	Projects	Nonmajor	
<b>Assets</b>				
Cash and pooled investments	\$ 1,621,728	608,121	248,264	2,478,113
Receivables:				
Property tax:				
Delinquent	45,496	4,122	2,605	52,223
Succeeding year	2,131,588	169,654	75,000	2,376,242
Income surtax	194,494	-	-	194,494
Accounts	4,950	-	-	4,950
Due from other funds	-	506	-	506
Due from other governments	107,116	58,815	-	165,931
<b>Total assets</b>	<b>\$ 4,105,372</b>	<b>841,218</b>	<b>325,869</b>	<b>5,272,459</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Due to other funds	\$ 506	-	-	506
Accounts payable	91,550	6,955	47,775	146,280
Deferred revenue:				
Succeeding year property tax	2,131,588	169,654	75,000	2,376,242
Income surtax	194,494	-	-	194,494
Total liabilities	2,418,138	176,609	122,775	2,717,522
Fund balances:				
Restricted for:				
Categorical funding	129,129	-	-	129,129
Management levy purposes	-	-	129,654	129,654
Student activities	-	-	62,673	62,673
Education and recreation purposes	-	-	10,767	10,767
School infrastructure	-	551,383	-	551,383
Physical plant and equipment	-	113,226	-	113,226
Unassigned	1,558,105	-	-	1,558,105
Total fund balances	1,687,234	664,609	203,094	2,554,937
<b>Total liabilities and fund balances</b>	<b>\$ 4,105,372</b>	<b>841,218</b>	<b>325,869</b>	<b>5,272,459</b>

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2012

**Total fund balances of governmental funds(page 20)** \$ 2,554,937

***Amounts reported for governmental activities in the  
 Statement of Net Assets are different because:***

Capital assets used in governmental activities are not  
 financial resources and, therefore, are not reported as  
 assets in the governmental funds. 3,078,161

Accounts receivable income surtax, are not yet available  
 to finance expenditures of the current period. 194,494

Long-term liabilities, including revenue bonds payable,  
 early retirement payable and other postemployment benefits  
 payable, are not due and payable in the current period and,  
 therefore, are not reported in the governmental funds. (186,507)

**Net assets of governmental activites(page 18)** \$ 5,641,085

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,339,150	607,353	75,045	3,021,548
Tuition	89,990	-	-	89,990
Other	91,241	2,267	221,339	314,847
Intermediate sources	2,015	-	-	2,015
State sources	2,765,569	92	35	2,765,696
Federal sources	268,591	-	-	268,591
Total revenues	<u>5,556,556</u>	<u>609,712</u>	<u>296,419</u>	<u>6,462,687</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,090,390	383,687	42,534	2,516,611
Special	562,062	-	-	562,062
Other	568,670	-	209,434	778,104
	<u>3,221,122</u>	<u>383,687</u>	<u>251,968</u>	<u>3,856,777</u>
Support services:				
Student	46,243	-	-	46,243
Instructional staff	109,140	97,895	-	207,035
Administration	505,886	8,400	-	514,286
Operation and maintenance of plant	387,520	41,855	64,388	493,763
Transportation	341,360	-	14,499	355,859
	<u>1,390,149</u>	<u>148,150</u>	<u>78,887</u>	<u>1,617,186</u>
Capital outlay	-	180,857	11,088	191,945
Long-term debt:				
Principal	-	-	99,190	99,190
Interest	-	-	3,385	3,385
	<u>-</u>	<u>-</u>	<u>102,575</u>	<u>102,575</u>
Other expenditures				
AEA flowthrough	173,982	-	-	173,982
Total expenditures	<u>4,785,253</u>	<u>712,694</u>	<u>444,518</u>	<u>5,942,465</u>
Excess(deficiency) of revenues over (under) expenditures	771,303	(102,982)	(148,099)	520,222
Other financing sources(uses):				
Transfer in	-	-	102,575	102,575
Transfer out	-	(102,575)	-	(102,575)
Proceeds from issuance of revenue bonds	-	200,000	-	200,000
Proceeds from the sale of equipment	2,423	-	-	2,423
Total other financing sources(uses)	<u>2,423</u>	<u>97,425</u>	<u>102,575</u>	<u>202,423</u>
Net change in fund balances	773,726	(5,557)	(45,524)	722,645
Fund balances beginning of year, as restated	913,508	670,166	248,618	1,832,292
Fund balances end of year	<u>\$ 1,687,234</u>	<u>664,609</u>	<u>203,094</u>	<u>2,554,937</u>

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds(page 22) \$ 722,645

**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 not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 484,218	
Depreciation expense	(415,577)	68,641

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current issues exceeded repayments, as follows:

Issued	(200,000)	
Repaid	99,190	(100,810)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (360)

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

Early retirement	40,561	
Other postemployment benefits	26,608	67,169

**Changes in net assets of governmental activities(page 19) \$ 757,285**

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

	<u>School</u>
	<u>Nutrition</u>
<b>Assets</b>	
Cash and pooled investments	\$ 3,130
Inventories	3,990
Capital assets, net of accumulated depreciation	33,833
<b>Total assets</b>	<u>40,953</u>
<b>Liabilities</b>	
Accounts payable	33
Unearned revenue	1,816
Deferred revenue:	
Other	282
Net OPEB liability	976
<b>Total liabilities</b>	<u>3,107</u>
<b>Net Assets</b>	
Invested in capital assets	33,833
Unrestricted	4,013
<b>Total net assets</b>	<u>\$ 37,846</u>

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2012

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 131,332
Miscellaneous	89
Total operating revenues	131,421
Operating expenses:	
Support services:	
Instructional staff:	
Supplies	748
Administration:	
Services	75
Non-instructional programs:	
Food service operations:	
Salaries	108,226
Benefits	28,022
Services	1,043
Supplies	134,983
Depreciation	4,164
Other	188
Total operating expenses	276,626
Total operating expenses	277,449
Operating loss	(146,028)
Non-operating revenues:	
State sources	2,465
Federal sources	136,720
Interest on investments	19
Total non-operating revenues	139,204
Change in net assets	(6,824)
Net assets beginning of year, as restated	44,670
Net assets end of year	\$ 37,846

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 131,843
Cash received from miscellaneous sources	89
Cash payments to employees for services	(135,272)
Cash payments to suppliers for goods or services	(120,873)
Net cash used in operating activities	(124,213)
Cash flows from non-capital financing activities:	
State grants received	2,465
Federal grants received	123,541
Net cash provided by non-capital financing activities	126,006
Cash flows from investing activities:	
Interest on investments	19
Cash flows from capital financing activities:	
Purchase of assets	(13,482)
Net decrease in cash and cash equivalents	(11,670)
Cash and cash equivalents at beginning of year	14,800
Cash and cash equivalents at end of year	\$ 3,130
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (146,028)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	13,461
Depreciation	4,164
Decrease in inventories	2,670
Increase in accounts payable	33
Increase in unearned revenue	511
Increase in net OPEB liability	976
Net cash used in operating activities	\$ (124,213)

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

During the year ended June 30, 2012, the District received \$13,461 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2012

	Private Purpose Trust	
	Scholarships	Agency
<b>Assets</b>		
Cash and pooled investments	\$ 19,441	152
<b>Liabilities</b>		
Due to other groups	-	152
<b>Net Assets</b>		
Restricted for scholarships	\$ 19,441	-

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,050
Interest income	76
Total additions	1,126
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	1,050
Change in net assets	76
Net assets beginning of year	19,365
Net assets end of year	\$ 19,441

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**(1) Summary of Significant Accounting Policies**

CAM Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Anita, Cumberland and Massena, Iowa, and the predominate agricultural territory in Cass, Adair, Adams and Audubon Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. Reporting Entity**

For financial reporting purposes, CAM 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 CAM Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Cass, Adair and Audubon Counties Assessors' Conference Board.

**B. Basis of Presentation**

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

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

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

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

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that 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. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor proprietary fund:

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

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

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

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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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 financial statements:

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in

the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

Capital Assets - Capital assets, which include property, machinery and equipment, and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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 one reporting year.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangibles	50,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

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

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

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

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

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

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

Unassigned - All amounts not included in the preceding classification.

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 Supplementary Information.

**(2) Cash and Pooled Investments**

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

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

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$211 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poors Financial Service.

**(3) Due From and Due To Other Funds**

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Statewide Sales, Services and Use Tax	General	\$ 506

The General Fund is repaying the Capital Projects: Statewide Sales, Services and Use Tax Fund for expenses more appropriate to that fund.

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 102,575

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

(5) **Capital Assets**

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

	Balance Beginning of Year, as restated (Note 13)	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 39,843	-	-	39,843
Construction in progress	-	43,218	-	43,218
Total capital assets not being depreciated	39,843	43,218	-	83,061
Capital assets being depreciated:				
Buildings	5,112,376	74,648	-	5,187,024
Land improvements	182,807	17,164	-	199,971
Machinery and equipment	1,841,025	349,188	28,741	2,161,472
Total capital assets being depreciated	7,136,208	441,000	28,741	7,548,467
Less accumulated depreciation for:				
Buildings	2,761,665	92,498	-	2,854,163
Land improvements	52,367	8,088	-	60,455
Machinery and equipment	1,352,499	314,991	28,741	1,638,749
Total accumulated depreciation	4,166,531	415,577	28,741	4,553,367
Total capital assets being depreciated, net	2,969,677	25,423	-	2,995,100
Governmental activities capital assets, net	\$ 3,009,520	68,641	-	3,078,161
<b>Business type activities:</b>				
Machinery and equipment	\$ 93,431	13,482	5,269	101,644
Less accumulated depreciation	68,916	4,164	5,269	67,811
Business Type activities capital assets, net	\$ 24,515	9,318	-	33,833

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 112,814
Other	15,847
Support services:	
Instructional staff	62,409
Administration	2,426
Operation and maintenance	33,504
Transportation	87,991
Unallocated depreciation	100,586
Total governmental activities depreciation expense	\$ 415,577
Business type activities:	
Food service operations	\$ 4,164

(6) Long-Term Liabilities

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

	Balance			Balance	Due
	Beginning of			End of	Within
	Year, as restated	Additions	Deletions	Year	One Year
	(Note 13)				
<b>Governmental activities:</b>					
Revenue bonds	\$ -	200,000	99,190	100,810	100,810
Early Retirement	94,386	-	40,561	53,825	26,912
Net OPEB liability	58,480	-	26,608	31,872	-
	<u>\$ 152,866</u>	<u>200,000</u>	<u>166,359</u>	<u>186,507</u>	<u>127,722</u>
<b>Business type activities:</b>					
Net OPEB liability	\$ -	976	-	976	-

Revenue Bonds

During the year ended June 30, 2012, the District issued \$200,000 of revenue bonds to purchase technology equipment. The bonds are through First National Bank and do not include sinking or reserve requirements. Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Bond Issue of July 13, 2011				
	Ending June 30,	Interest Rate	Principal	Interest	Total
2013		1.75%	\$ 100,810	1,765	102,575

Early Retirement

The District offered a voluntary early retirement plan to its certified employees that are at least 55 years of age. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are based on the employee's remaining sick leave days multiplied by a dollar amount based on the date of resignation. The liability will be paid out of the Special Revenue, Management Levy Fund. During the year ended June 30, 2012, the District paid early retirement benefits of \$40,461.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the year ended June 30, 2012 were \$228,733, equal to the required contribution.

**(8) Other Postemployment Benefits(OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 55 active and 8 retired members in the plan. Participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with ISEBA. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability. The District also offered early retirement benefits in the form of health insurance benefits resulting in an explicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 42,691
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>42,691</u>
Adjustment for District merger*	(58,480)
Contributions made	<u>(9,843)</u>
Increase in net OPEB obligation	(25,632)
Net OPEB obligation beginning of year, as restated	58,480
Net OPEB obligation end of year	<u><u>\$ 32,848</u></u>

\* The net OPEB obligations for Anita and C&M Community School Districts was removed due to the dissolution of those entities.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$9,843 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, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 42,691	23.06%	\$ 32,848

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$267,268, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$267,268. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,256,460 and the ratio of the UAAL to covered payroll was 11.84%. As of June 30, 2012 there were no trust fund assets.

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

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

As of July 1, 2011 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the Districts funding policy. The projected annual medical trend rate is 6%.

**(9) Risk Management**

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, life, accidental death and dismemberment and long-term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2012 were \$343,013.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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

**(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 \$173,982 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Categorical Funding**

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

Program	Amount
Home School Assistance Program	\$ 22,269
Returning Dropouts and Dropout Prevention Programs	4,206
Four-year-old Preschool State Aid	44,497
Teacher Salary Supplement	5,935
Iowa Early Intervention Block Grant	8,955
Professional Development for Model Core Curriculum	26,480
Professional Development	16,787
Total	<u>\$ 129,129</u>

**(12) Construction Commitment**

The District has entered into contracts totaling \$181,073 for the football bleachers project. As of June 30, 2012, costs of \$19,676 had been incurred against the contracts. The balance of \$161,397 will be paid as work on the project progresses. The District had also incurred architect fees of \$23,542 for a proposed multipurpose building, but had not entered into any construction contracts as of June 30, 2012.

(13) **Combination of Anita and C&M Community School District Restatement**

The School Districts of Anita and C&M combined to form a new district, CAM Community School District, effective July 1, 2011. All assets and liabilities were assumed by the newly formed district. The beginning balances have been restated to reflect this merger as follows:

	Fund Balance	Income Surtax Receivable	Capital Assets, Net of Accumulated Depreciation	Long-term Liabilities	Total Net Assets
Combination of Governmental Activities:					
Net assets, June 30, 2011					
Anita	\$ 830,704	106,853	1,904,471	(61,066)	2,780,962
C & M	1,001,588	88,001	1,105,049	(91,800)	2,102,838
Net assets, July 1, 2011, as restated	\$ 1,832,292	194,854	3,009,520	(152,866)	4,883,800
<b>Proprietary Fund:</b>					
School Nutrition Fund:					
Anita	\$ 32,597	183,639	183,432		32,804
C & M	10,233	111,729	110,096		11,866
	\$ 42,830	295,368	293,528		44,670
<b>Fiduciary Funds:</b>					
Private Purpose Trust Fund:					
Anita	\$ -	-	-	-	-
C & M	19,344	21	-	-	19,365
	19,344	21	-	-	19,365
Agency fund:					
Anita	-	-	-	-	-
C & M	88	395	241		242
	88	395	241		242
<b>Total Fiduciary Funds</b>	\$ 19,432	416	241		19,607

	July 1, 2010	Revenues	Expenses	June 30, 2011
<b>Governmental Funds:</b>				
General Fund:				
Anita	\$ (35,601)	3,497,650	3,129,280	332,769
C & M	360,667	2,541,567	2,321,495	580,739
	<u>325,066</u>	<u>6,039,217</u>	<u>5,450,775</u>	<u>913,508</u>
Student Activity Fund:				
Anita	45,241	151,929	142,884	54,286
C & M	5,810	9,837	9,539	6,108
	<u>51,051</u>	<u>161,766</u>	<u>152,423</u>	<u>60,394</u>
Management Fund:				
Anita	127,832	34,831	59,180	103,483
C & M	55,617	43,977	40,087	59,507
	<u>183,449</u>	<u>78,808</u>	<u>99,267</u>	<u>162,990</u>
Public Education and Recreation Levy:				
Anita	12,522	17,223	4,511	25,234
C & M	-	-	-	-
	<u>12,522</u>	<u>17,223</u>	<u>4,511</u>	<u>25,234</u>
Capital Projects: Statewide Sales, Services and Use Tax:				
Anita	178,429	194,125	140,877	231,677
C & M	246,914	145,998	122,036	270,876
	<u>425,343</u>	<u>340,123</u>	<u>262,913</u>	<u>502,553</u>
Capital Projects: Physical Plant and Equipment Levy:				
Anita	114,876	129,668	161,289	83,255
C & M	101,618	155,672	172,932	84,358
	<u>216,494</u>	<u>285,340</u>	<u>334,221</u>	<u>167,613</u>
Debt Service Fund:				
Anita	-	47,070	47,070	-
C & M	-	134,703	134,703	-
	<u>-</u>	<u>181,773</u>	<u>181,773</u>	<u>-</u>
<b>Total Governmental Funds</b>	<u>\$ 1,213,925</u>	<u>7,104,250</u>	<u>6,485,883</u>	<u>1,832,292</u>

REQUIRED SUPPLEMENTARY INFORMATION

CAM COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES  
 AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,426,385	131,440	3,557,825	3,984,960	3,984,960	(427,135)
Intermediate sources	2,015	-	2,015	37,000	37,000	(34,985)
State sources	2,765,696	2,465	2,768,161	2,828,058	2,828,058	(59,897)
Federal sources	268,591	136,720	405,311	410,000	410,000	(4,689)
Total revenues	6,462,687	270,625	6,733,312	7,260,018	7,260,018	(526,706)
Expenditures/Expenses:						
Instruction	3,856,777	-	3,856,777	5,171,028	5,171,028	1,314,251
Support services	1,617,186	823	1,618,009	2,191,729	2,191,729	573,720
Non-instructional programs	-	276,626	276,626	289,744	289,744	13,118
Other expenditures	468,502	-	468,502	805,868	805,868	337,366
Total expenditures/expenses	5,942,465	277,449	6,219,914	8,458,369	8,458,369	2,238,455
Excess(deficiency) of revenues over(under) expenditures/expenses	520,222	(6,824)	513,398	(1,198,351)	(1,198,351)	1,711,749
Other financing sources, net	202,423	-	202,423	-	-	202,423
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	722,645	(6,824)	715,821	(1,198,351)	(1,198,351)	1,914,172
Balances beginning of year	1,832,292	44,670	1,876,962	1,452,279	1,452,279	424,683
Balances end of year	\$ 2,554,937	37,846	2,592,783	253,928	253,928	2,338,855

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2012

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, 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.

CAM COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS FOR THE  
 RETIREE HEALTH PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION

Year Ended Jne 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	July 1, 2011	-	\$ 267,268	267,268	0.0%	\$ 2,256,460	11.84%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SUPPLEMENTARY INFORMATION

CAM COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	Special Revenue						
	Manage- ment Levy	Student Activity	Public Education and Recreation		Total	Debt Service	Total Nonmajor
			Levy	Levy			
<b>Assets</b>							
Cash and pooled investments	\$ 128,060	62,673	10,767	201,500	46,764	248,264	
Receivables:							
Property tax:							
Delinquent	1,594	-	-	1,594	1,011	2,605	
Succeeding year	75,000	-	-	75,000	-	75,000	
<b>Total assets</b>	<b>\$ 204,654</b>	<b>62,673</b>	<b>10,767</b>	<b>278,094</b>	<b>47,775</b>	<b>325,869</b>	
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ -	-	-	-	47,775	47,775	
Deferred revenue:						-	
Succeeding year property tax	75,000	-	-	75,000	-	75,000	
<b>Total liabilities</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>47,775</b>	<b>122,775</b>	
Fund balances:							
Restricted for:							
Management levy purposes	129,654	-	-	129,654	-	129,654	
Student activities	-	62,673	-	62,673	-	62,673	
Education and recreation purposes	-	-	10,767	10,767	-	10,767	
<b>Total fund balances</b>	<b>129,654</b>	<b>62,673</b>	<b>10,767</b>	<b>203,094</b>	<b>-</b>	<b>203,094</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 204,654</b>	<b>62,673</b>	<b>10,767</b>	<b>278,094</b>	<b>47,775</b>	<b>325,869</b>	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2012

	Special Revenue					
	Manage- ment Levy	Student Activity	Public Education and Recreation		Debt Service	Total Nonmajor
			Levy	Total		
Revenues:						
Local sources:						
Local tax	\$ 75,045	-	-	75,045	-	75,045
Other	8,730	211,713	896	221,339	-	221,339
State sources	35	-	-	35	-	35
Total revenues	83,810	211,713	896	296,419	-	296,419
Expenditures:						
Current:						
Instruction:						
Regular	39,549	-	2,985	42,534	-	42,534
Other	-	209,434	-	209,434	-	209,434
Support services:						
Operation and maintenance of plant	64,388	-	-	64,388	-	64,388
Transportation	13,209	-	1,290	14,499	-	14,499
Capital outlay	-	-	11,088	11,088	-	11,088
Long-term debt:						
Principal	-	-	-	-	99,190	99,190
Interest and fiscal charges	-	-	-	-	3,385	3,385
Total expenditures	117,146	209,434	15,363	341,943	102,575	444,518
Excess(Deficiency) of revenues over (under) expenditures	(33,336)	2,279	(14,467)	(45,524)	(102,575)	(148,099)
Other financing sources:						
Transfer in	-	-	-	-	102,575	102,575
Net change in fund balances	(33,336)	2,279	(14,467)	(45,524)	-	(45,524)
Fund balances beginning of year, as restated	162,990	60,394	25,234	248,618	-	248,618
Fund balances end of year	\$ 129,654	62,673	10,767	203,094	-	203,094

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 499,017	109,104	608,121
Receivables:			
Property tax:			
Delinquent	-	4,122	4,122
Succeeding year	-	169,654	169,654
Due from other funds	506	-	506
Due from other governments	58,815	-	58,815
<b>Total assets</b>	<b>\$ 558,338</b>	<b>282,880</b>	<b>841,218</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 6,955	-	6,955
Deferred revenue:			
Succeeding year	-	169,654	169,654
Total liabilities	6,955	169,654	176,609
Fund balances:			
Restricted for:			
School infrastructure	551,383	-	551,383
Physical plant and equipment	-	113,226	113,226
Total fund balances	551,383	113,226	664,609
<b>Total liabilities and fund balances</b>	<b>\$ 558,338</b>	<b>282,880</b>	<b>841,218</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECT ACCOUNTS  
 YEAR ENDED JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 413,022	194,331	607,353
Other	1,589	678	2,267
State sources	-	92	92
Total revenues	<u>414,611</u>	<u>195,101</u>	<u>609,712</u>
Expenditures:			
Current:			
Instruction:			
Regular	361,860	21,827	383,687
Support services:			
Instructional staff	8,452	89,443	97,895
Administration	-	8,400	8,400
Operation and maintenance of plant	14,832	27,023	41,855
Capital outlay	78,062	102,795	180,857
Total expenditures	<u>463,206</u>	<u>249,488</u>	<u>712,694</u>
Deficiency of revenues under expenditures	(48,595)	(54,387)	(102,982)
Other financing sources(uses):			
Proceeds from issuance of revenue bonds	200,000	-	200,000
Transfer out	(102,575)	-	(102,575)
Total financing sources(uses)	<u>97,425</u>	<u>-</u>	<u>97,425</u>
Net change in fund balances	48,830	(54,387)	(5,557)
Fund balances beginning of year, as restated	<u>502,553</u>	<u>167,613</u>	<u>670,166</u>
Fund balances end of year	<u>\$ 551,383</u>	<u>113,226</u>	<u>664,609</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year, as restated	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 10,644	52,389	54,603	820	9,250
Athletic Students	1,260	588	589	-	1,259
Cheerleaders	105	2,008	1,368	(50)	695
NFL/Q & S	3,353	4,171	5,353	1	2,172
FFA	1,154	39,118	35,891	-	4,381
Graduating Classes	23,286	68,524	71,225	(820)	19,765
Yearbook	8,203	7,495	9,326	-	6,372
Interest/Inactive Accounts	359	232	442	(1)	148
Juice/Pop Account	804	2,769	2,633	-	940
NHS/Student Council	1,507	5,071	965	-	5,613
Academic Clubs	1,865	5,585	3,791	50	3,709
Elementary Accounts	1,746	11,282	13,028	-	-
Elementary	1,816	-	-	(1,072)	744
MS Library	-	5,101	4,639	1,072	1,534
MS Student Council	-	764	698	-	66
MS Vending	157	3,737	2,110	-	1,784
MS Special	3,161	2,867	2,773	-	3,255
Interest	974	12	-	-	986
<b>Total</b>	<b>\$ 60,394</b>	<b>211,713</b>	<b>209,434</b>	<b>-</b>	<b>62,673</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
YEAR ENDED JUNE 30, 2012

	<hr/>			
	Balance			Balance
	Beginning			End
	of Year,	Additions	Deductions	of Year
	as restated			
	<hr/>			
<b>Assets</b>				
Cash and pooled investments	\$ 242	-	90	152
	<hr/>			
<b>Liabilities</b>				
Due to other groups	\$ 242	-	90	152
	<hr/>			

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES

	Modified Accrual Basis 2012
Revenues:	
Local sources:	
Local tax	\$ 3,021,548
Tuition	89,990
Other	314,847
Intermediate sources	2,015
State sources	2,765,696
Federal sources	268,591
Total	\$ 6,462,687
Expenditures:	
Current:	
Instruction:	
Regular	\$ 2,516,611
Special	562,062
Other	778,104
Support services:	
Student	46,243
Instructional staff	207,035
Administration	514,286
Operation and maintenance of plant	493,763
Transportation	355,859
Capital outlay	191,945
Long-term debt:	
Principal	99,190
Interest	3,385
Other expenditures:	
AEA flow-through	173,982
Total	\$ 5,942,465

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

# **NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

**(a professional corporation)**

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

**Telephone (641) 792-1910**

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

To the Board of Education of the  
CAM Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of CAM Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 31, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

The management of CAM Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CAM 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 our opinion on the effectiveness of CAM Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CAM Community School District's internal control over financial reporting.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAM Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 31, 2013

CAM COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

I-A-12 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and segregate our duties where possible.

Conclusion - Response accepted.

**OTHER MATTERS:**

I-B-12 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund that the District did not price out the commodity inventory using the correct values at the end of the year.

Recommendation - The District should review procedures in place for calculation of commodity inventory prices. The State of Iowa provides a price guide listing of values to be used in the calculation. The District needs to use the correct price values in calculating the inventory value at year end.

Response - We will use the correct pricing guide listing of values for calculating the inventory value in the future.

Conclusion - Response accepted.

CAM COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012

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

- II-A-12 Certified Budget - Expenditures for the year ended June 30, 2012 did not exceed the certified budget amounts in any of the functional areas.
- II-B-12 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-12 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-12 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Nick Kaufmann, Board Member Wife works as a contracted District nurse	Nurse	\$ 488
Steve Pelzer, Superintendent Son taught Ipad training	Purchased Services	\$ 200
Kyle Williams, Head Custodian Father and Brother own Lefty's Pump & Plumbing	Supplies & Services	\$ 16,736

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with relatives of the District's Board Member and employees do not appear to represent a conflict of interest.

- II-E-12 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-12 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.

II-K-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

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

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

Beginning Balance		\$	502,553
Revenues/transfers in:			
Sales tax revenues	\$	413,022	
Other local revenues		1,589	
Sale of long-term debt		200,000	614,611
			<u>1,117,164</u>
Expenditures/transfers out:			
School infrastructure construction	\$	60,798	
Equipment		385,145	
Other		17,263	
Transfers to other funds:			
Debt service fund		<u>102,575</u>	<u>565,781</u>
Ending balance		\$	<u><u>551,383</u></u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.