

CAM COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2013

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CAM Community School District

Officials

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

CAM COMMUNITY 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 the CAM Community School District:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 as of June 30, 2013 and the respective changes in financial position and, when applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for Retiree Health Plan on pages 7 through 15 and 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements the year ended June 30, 2012 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2014 on our consideration so CAM Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CAM Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 12, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,558,979 in fiscal 2012 to \$6,190,213 in fiscal 2013, while General Fund expenditures increased from \$4,785,253 in fiscal 2012 to \$6,095,350. This resulted in an increase in the District's General Fund balance from \$1,687,234 at June 30, 2012 to \$1,782,097 at June 30, 2013. This represents a 5.62% increase.
- The District's solvency ratio was 27.14% at June 30, 2013 compared to 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 Position 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

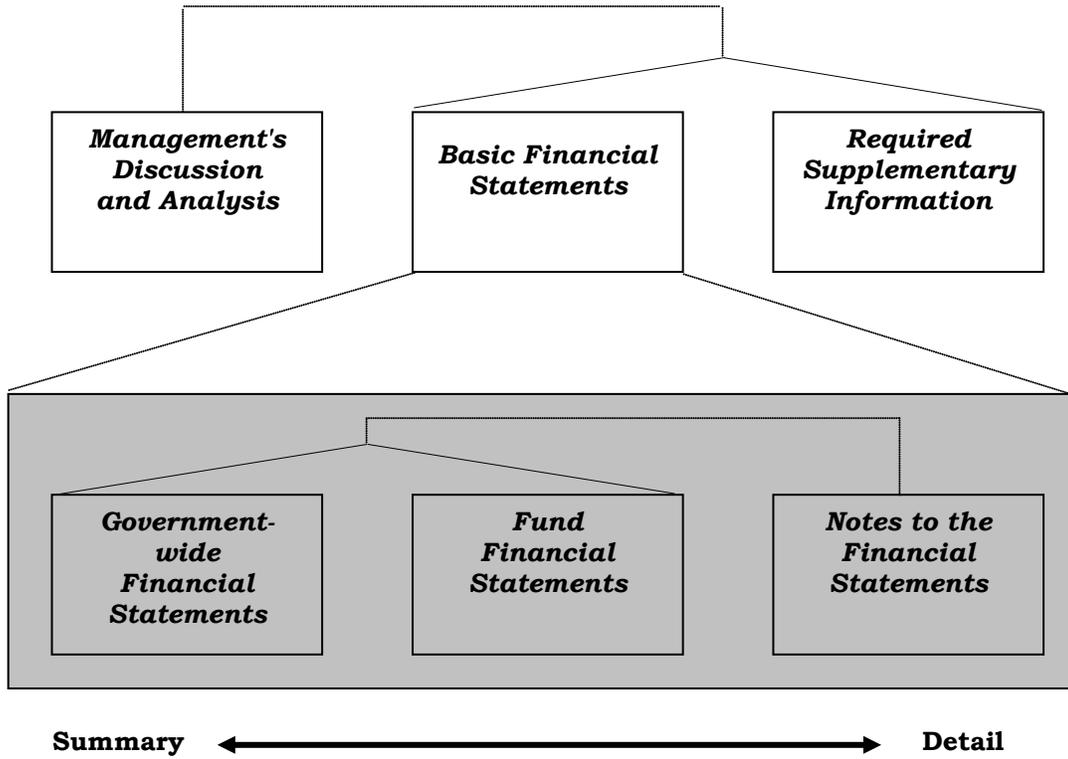


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 Position includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. This fund includes the Private Purpose Trust Fund.

- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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 Position and a Statement of Changes in Fiduciary Net Position.

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 position at June 30, 2013.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 5,322,663	5,271,953	5,846	7,120	5,328,509	5,279,073	0.94%
Capital assets	3,164,244	3,078,161	49,344	33,833	3,213,588	3,111,994	3.26%
Total assets	8,486,907	8,350,114	55,190	40,953	8,542,097	8,391,067	1.80%
Long-term liabilities	87,625	186,507	1,859	976	89,484	187,483	-52.27%
Other liabilities	2,608,016	2,522,522	2,474	2,131	2,610,490	2,524,653	3.40%
Total liabilities	2,695,641	2,709,029	4,333	3,107	2,699,974	2,712,136	-0.45%
Net position:							
Invested in capital assets, net of related debt	3,164,244	2,977,351	49,344	33,833	3,213,588	3,011,184	6.72%
Restricted	856,757	943,007	-	-	856,757	943,007	-9.15%
Unrestricted	1,770,265	1,720,727	1,513	4,013	1,771,778	1,724,740	2.73%
Total net position	\$ 5,791,266	5,641,085	50,857	37,846	5,842,123	5,678,931	2.87%

The District's combined net position increased 2.87% or approximately \$163,192 at June 30, 2013. The largest portion of the District's net position 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 position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$86,250, or 9.15% under the prior year. The decrease was primarily a result of the decrease in the Capital Projects: Statewide Sales, Services and Use Tax account.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$47,038, or 2.73%. This increase can be attributable to the increase in the General Fund balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2013.

	Figure A-4						
	Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
2013	2012	2013	2012	2013	2012	2012-13	
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 1,692,465	363,697	136,060	131,332	1,828,525	495,029	269.38%
Operating grants, contributions and restricted interest	464,577	449,327	142,437	139,185	607,014	588,512	3.14%
General revenues:							
Property tax	2,422,015	2,411,392	-	-	2,422,015	2,411,392	0.44%
Income surtax	216,682	196,774	-	-	216,682	196,774	10.12%
Statewide sales, services and use tax	378,575	413,022	-	-	378,575	413,022	-8.34%
Unrestricted state grants	1,826,265	2,482,046	-	-	1,826,265	2,482,046	-26.42%
Nonspecific program federal grants	-	102,914	-	-	-	102,914	100.00%
Unrestricted investment earnings	5,796	7,584	16	19	5,812	7,603	-23.56%
Other	30,390	35,571	2,620	89	33,010	35,660	-7.43%
Transfers	(21,464)	-	21,464	-	-	-	100.00%
Total revenues and transfers	7,015,301	6,462,327	302,597	270,625	7,317,898	6,732,952	8.69%
Program expenses:							
Governmental activities:							
Instructional	4,780,243	3,630,239	-	-	4,780,243	3,630,239	31.68%
Support services	1,809,213	1,796,850	7,560	823	1,816,773	1,797,673	1.06%
Non-instructional programs	3,000	-	282,026	276,626	285,026	276,626	3.04%
Other expenses	272,664	277,953	-	-	272,664	277,953	-1.90%
Total expenses	6,865,120	5,705,042	289,586	277,449	7,154,706	5,982,491	19.59%
Change in net position	150,181	757,285	13,011	(6,824)	163,192	750,461	-78.25%
Beginning net position	5,641,085	4,883,800	37,846	44,670	5,678,931	4,928,470	15.23%
Ending net position	\$ 5,791,266	5,641,085	50,857	37,846	5,842,123	5,678,931	2.87%

In fiscal 2013, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 69.04% of the revenue from governmental activities while charges for service and operating grants, contributions and capital contributions account for 92.04% of the revenue from business type activities.

The District's total revenues were approximately \$7.32 million of which approximately \$7.02 million was for governmental activities and approximately \$0.30 million was for business type activities.

Governmental Activities

Revenues for governmental activities were \$7,015,301 and expenses were \$6,865,120 for the year ended June 30, 2013. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenue.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2013.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2013	2012	2012-13	2013	2012	2012-13
Instruction	\$ 4,780,243	3,630,239	31.68%	2,808,412	3,014,069	-6.82%
Support services	1,809,213	1,796,850	0.69%	1,794,583	1,773,978	1.16%
Non-instructional programs	3,000	-	100.00%	3,000	-	100.00%
Other expenses	272,664	277,953	-1.90%	102,083	103,971	-1.82%
Totals	<u>\$ 6,865,120</u>	<u>5,705,042</u>	<u>20.33%</u>	<u>4,708,078</u>	<u>4,892,018</u>	<u>-3.76%</u>

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$1,692,465.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$464,577.
- The net cost of governmental activities was financed with \$2,422,015 in property tax, \$216,682 in income surtax, \$378,575 in statewide sales, services and use tax, \$1,826,265 in unrestricted state grants, \$5,796 in interest income and \$30,390 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$302,597 and expenses were \$289,586. The District's business type activities include the School Nutrition Fund. Revenues of this activity 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 fiscal year 2013, its governmental funds reported combined fund balances of \$2,517,574 compared to an ending fund balance of \$2,554,937 in fiscal year 2012. The primary reason for the decrease in combined fund balances in fiscal 2013 is due to a decrease in fund balances of the Management Levy Fund and Capital Projects: Statewide Sales, Services and Use Tax Fund.

Governmental Fund Highlights

- The District's General Fund balance increased from \$1,687,234 at June 30, 2012 to \$1,782,097 at June 30, 2013. The District's General Fund financial position is the product of many factors. Increases in tuition revenues 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 from \$664,609 at June 30, 2012 to \$585,761 at June 30, 2013. This decrease is partly due to the decrease in Statewide Sales, Services and Use Tax revenues.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$37,846 at June 30, 2012 to \$50,857 at June 30, 2013, or 34.38%. The increase in net position is partly due to capital contributed from the Capital Projects accounts.

BUDGETARY HIGHLIGHTS

The District's revenues were \$836,807 less than budgeted revenues, a variance of 10.26%. The most significant variance resulted from the District receiving less in local source revenues 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, 2013, the District had invested \$3,213,588, 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 4 to the financial statements. Depreciation expense for the year was \$319,697.

The original cost of the District's capital assets was \$8,131,791. Governmental funds account for \$8,009,355 with the remainder of \$122,436 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$127,693 at June 30, 2013 compared to \$43,218 reported at June 30, 2012. This significant increase resulted from beginning construction on a multi-purpose building in fiscal 2013.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 39,843	39,843	-	-	39,843	39,843	0.00%
Construction in progress	127,693	43,218	-	-	127,693	43,218	195.46%
Buildings	2,288,506	2,332,861	-	-	2,288,506	2,332,861	-1.90%
Land improvements	357,852	139,516	-	-	357,852	139,516	156.50%
Machinery and equipment	350,350	522,723	49,344	33,833	399,694	556,556	-28.18%
Total	\$ 3,164,244	3,078,161	49,344	33,833	3,213,588	3,111,994	3.26%

Long-Term Debt

At June 30, 2013, the District had \$88,944 in total long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

- The District had termination benefits payable of \$26,912 at June 30, 2013 payable from the Special Revenue, Management Levy Fund.
- The District had net OPEB liability payable of \$62,032 at June 30, 2013; \$60,173 is attributable to governmental activities while \$1,859 is attributable to business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2012-13
Revenue bonds	\$ -	100,810	-	-	-	100,810	-100.00%
Termination benefits	26,912	53,825	-	-	26,912	53,825	-50.00%
Net OPEB liability	60,173	31,872	1,859	976	62,032	32,848	88.85%
Total	\$ 87,085	186,507	1,859	976	88,944	187,483	-52.56%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District entered into an agreement on January 16, 2012 with Connections Academy of Iowa LLC. CAM Community School District will conduct oversight for an online learning program provided by Connections Academy of Iowa. In return for this service, CAM will receive the greater of 3% of all revenues generated or \$50,000. This will provide the District with an extra revenue source until 2015.
- On July 1, 2013, the IPERS rate increased to 8.93% which will increase the CAM Community School District's employer benefit costs during fiscal 2013.
- Inflation and the cost of living increases continue to affect the residents of the District.
- The District continues to upgrade District facilities, the football bleacher project was completed and construction on the multi-purpose building was started during fiscal year 2013.

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 COMMUNITY SCHOOLS

Home of the Cougars

BASIC FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,476,840	2,871	2,479,711
Receivables:			
Property tax:			
Delinquent	35,420	-	35,420
Succeeding year	2,196,632	-	2,196,632
Income surtax	197,073	-	197,073
Accounts	-	62	62
Due from other governments	416,698	-	416,698
Inventories	-	2,913	2,913
Capital assets, net of accumulated depreciation	3,164,244	49,344	3,213,588
Total assets	8,486,907	55,190	8,542,097
Liabilities			
Accounts payable	387,792	-	387,792
Salaries and benefits payable	23,592	435	24,027
Deferred revenue:			
Succeeding year property tax	2,196,632	-	2,196,632
Unearned revenue	-	2,039	2,039
Long-term liabilities:			
Portion due within one year:			
Termination benefits payable	26,912	-	26,912
Portion due after one year:			
Net OPEB liability	60,713	1,859	62,572
Total liabilities	2,695,641	4,333	2,699,974
Net Position			
Invested in capital assets, net of related debt	3,164,244	49,344	3,213,588
Restricted for:			
Categorical funding	148,192	-	148,192
Management levy purposes	58,478	-	58,478
Student activities	64,326	-	64,326
School infrastructure	442,107	-	442,107
Physical plant and equipment	143,654	-	143,654
Unrestricted	1,770,265	1,513	1,771,778
Total net position	\$ 5,791,266	50,857	5,842,123

SEE NOTES TO FINANCIAL STATEMENTS

**CAM COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 3,256,529	1,297,758	51,664	(1,907,107)	-	(1,907,107)
Special	759,883	221,635	27,256	(510,992)	-	(510,992)
Other	763,831	169,448	204,070	(390,313)	-	(390,313)
	<u>4,780,243</u>	<u>1,688,841</u>	<u>282,990</u>	<u>(2,808,412)</u>	<u>-</u>	<u>(2,808,412)</u>
Support services:						
Student	56,710	-	-	(56,710)	-	(56,710)
Instructional staff	268,855	-	11,006	(257,849)	-	(257,849)
Administration	519,173	-	-	(519,173)	-	(519,173)
Operation and maintenance of plant	503,844	-	-	(503,844)	-	(503,844)
Transportation	460,631	3,624	-	(457,007)	-	(457,007)
	<u>1,809,213</u>	<u>3,624</u>	<u>11,006</u>	<u>(1,794,583)</u>	<u>-</u>	<u>(1,794,583)</u>
Non-instructional programs:						
Food service operations	3,000	-	-	(3,000)	-	(3,000)
Other expenditures:						
Long-term debt interest	1,218	-	-	(1,218)	-	(1,218)
AEA flowthrough	170,581	-	170,581	-	-	-
Depreciation(unallocated)*	100,865	-	-	(100,865)	-	(100,865)
	<u>272,664</u>	<u>-</u>	<u>170,581</u>	<u>(102,083)</u>	<u>-</u>	<u>(102,083)</u>
Total governmental activities	6,865,120	1,692,465	464,577	(4,708,078)	-	(4,708,078)
Business Type activities:						
Support services:						
Operations and maintenance	7,560	-	-	-	(7,560)	(7,560)
Non-instructional programs:						
Food service operations	282,026	136,060	142,437	-	(3,529)	(3,529)
Total business type activities	289,586	136,060	142,437	-	(11,089)	(11,089)
Total	<u>\$ 7,154,706</u>	<u>1,828,525</u>	<u>607,014</u>	<u>(4,708,078)</u>	<u>(11,089)</u>	<u>(4,719,167)</u>
General revenues & transfers:						
Local tax for:						
General purposes				\$ 2,204,726	-	2,204,726
Capital outlay				169,513	-	169,513
Debt Service				47,776	-	47,776
Income surtax				216,682	-	216,682
Statewide sales, services and use tax				378,575	-	378,575
Unrestricted state grants				1,826,265	-	1,826,265
Unrestricted investment earnings				5,796	16	5,812
Other				30,390	2,620	33,010
Transfers				(21,464)	21,464	-
Total general revenues & transfers				<u>4,858,259</u>	<u>24,100</u>	<u>4,882,359</u>
Change in net position				150,181	13,011	163,192
Net position beginning of year				5,641,085	37,846	5,678,931
Net position end of year				<u>\$ 5,791,266</u>	<u>50,857</u>	<u>5,842,123</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, 2013

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 1,791,369	535,528	149,943	2,476,840
Receivables:				
Property tax:				
Delinquent	31,839	2,461	1,120	35,420
Succeeding year	1,809,437	247,195	140,000	2,196,632
Income surtax	197,073	-	-	197,073
Due from other governments	368,926	47,772	-	416,698
Total assets	\$ 4,198,644	832,956	291,063	5,322,663
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 387,792	-	-	387,792
Salaries and benefits payable	22,245	-	1,347	23,592
Deferred revenue:				
Succeeding year property tax	1,809,437	247,195	140,000	2,196,632
Income surtax	197,073	-	-	197,073
Total liabilities	2,416,547	247,195	141,347	2,805,089
Fund balances:				
Restricted for:				
Categorical funding	148,192	-	-	148,192
Management levy purposes	-	-	85,390	85,390
Student activities	-	-	64,326	64,326
School infrastructure	-	442,107	-	442,107
Physical plant and equipment	-	143,654	-	143,654
Unassigned	1,633,905	-	-	1,633,905
Total fund balances	1,782,097	585,761	149,716	2,517,574
Total liabilities and fund balances	\$ 4,198,644	832,956	291,063	5,322,663

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances of governmental funds(page 20)	\$	2,517,574
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		3,164,244
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		197,073
Long-term liabilities, including termination benefits payable and other postemploymentbenefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(87,625)</u>
Net position of governmental activites(page 18)	\$	<u><u>5,791,266</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,343,895	548,088	122,710	3,014,693
Tuition	1,417,443	-	-	1,417,443
Other	143,033	1,481	171,591	316,105
Intermediate sources	4,125	-	-	4,125
State sources	2,098,414	71	32	2,098,517
Federal sources	183,303	-	-	183,303
Total revenues	<u>6,190,213</u>	<u>549,640</u>	<u>294,333</u>	<u>7,034,186</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,174,873	46,025	43,106	3,264,004
Special	757,785	-	-	757,785
Other	591,527	2,218	166,822	760,567
	<u>4,524,185</u>	<u>48,243</u>	<u>209,928</u>	<u>4,782,356</u>
Support services:				
Student	56,258	-	-	56,258
Instructional staff	79,983	92,903	200	173,086
Administration	510,755	1,260	1,593	513,608
Operation and maintenance of plant	374,376	20,537	54,750	449,663
Transportation	377,728	5,851	23,197	406,776
	<u>1,399,100</u>	<u>120,551</u>	<u>79,740</u>	<u>1,599,391</u>
Non-instructional programs:				
Food service operations	-	-	3,000	3,000
Capital outlay	-	406,946	7,247	414,193
Long-term debt:				
Principal	-	-	100,810	100,810
Interest	-	-	1,218	1,218
	<u>-</u>	<u>-</u>	<u>102,028</u>	<u>102,028</u>
Other expenditures				
AEA flowthrough	170,581	-	-	170,581
Total expenditures	<u>6,093,866</u>	<u>575,740</u>	<u>401,943</u>	<u>7,071,549</u>
Excess(deficiency) of revenues over (under) expenditures	96,347	(26,100)	(107,610)	(37,363)
Other financing sources(uses):				
Transfer in	-	49,280	102,028	151,308
Transfer out	(1,484)	(102,028)	(47,796)	(151,308)
Total other financing sources(uses)	<u>(1,484)</u>	<u>(52,748)</u>	<u>54,232</u>	<u>-</u>
Change in fund balances	94,863	(78,848)	(53,378)	(37,363)
Fund balances beginning of year	<u>1,687,234</u>	<u>664,609</u>	<u>203,094</u>	<u>2,554,937</u>
Fund balances end of year	<u>\$ 1,782,097</u>	<u>585,761</u>	<u>149,716</u>	<u>2,517,574</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, 2013

Change in fund balances - total governmental funds(page 22) \$ (37,363)

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	\$ 399,827	
Depreciation expense	(313,744)	86,083

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position 100,810

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 2,579

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:

Termination benefits	26,913	
Other postemployment benefits	(28,841)	(1,928)

Change in net position of governmental activities(page 19) \$ 150,181

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	School Nutrition
Assets	
Cash and pooled investments	\$ 2,871
Receivables:	
Accounts	62
Inventories	2,913
Capital assets, net of accumulated depreciation	49,344
Total assets	55,190
 Liabilities	
Salaries and benefits payable	435
Unearned revenue	2,039
Deferred revenue:	
Net OPEB liability	1,859
Total liabilities	4,333
 Net Position	
Invested in capital assets	49,344
Unrestricted	1,513
Total net position	\$ 50,857

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 136,060
Miscellaneous	2,620
Total operating revenues	138,680
Operating expenses:	
Support services:	
Operations and maintenance:	
Services	7,560
Non-instructional programs:	
Food service operations:	
Salaries	90,179
Benefits	20,989
Services	2,311
Supplies	162,240
Depreciation	5,953
Other	354
	282,026
Total operating expenses	289,586
Operating loss	(150,906)
Non-operating revenues:	
State sources	2,373
Federal sources	140,064
Interest on investments	16
Total non-operating revenues	142,453
Change in net position before other financing sources	(8,453)
Other financing sources:	
Capital contributions	21,464
Change in net position	13,011
Net position beginning of year	37,846
Net position end of year	\$ 50,857

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 136,221
Cash received from miscellaneous sources	2,620
Cash payments to employees for services	(109,850)
Cash payments to suppliers for goods or services	(159,758)
Net cash used in operating activities	(130,767)
Cash flows from non-capital financing activities:	
State grants received	2,373
Federal grants received	128,119
Net cash provided by non-capital financing activities	130,492
Cash flows from investing activities:	
Interest on investments	16
Net decrease in cash and cash equivalents	(259)
Cash and cash equivalents at beginning of year	3,130
Cash and cash equivalents at end of year	\$ 2,871
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (150,906)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	11,663
Depreciation	5,953
Increase in accounts receivable	(62)
Decrease in inventories	1,077
Decrease in accounts payable	(33)
Increase in salaries and benefits payable	435
Increase in unearned revenue	223
Increase in net OPEB liability	883
Net cash used in operating activities	\$ (130,767)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received \$11,663 of federal commodities.

During the year ended June 30, 2013, the District received \$13,877 in contributed capital from the Capital Projects: Statewide Sales Services and Use Tax.

During the year ended June 30, 2013, the District received \$7,587 in contributed capital from the Capital Projects: Physical Plant and Equipment Levy.

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Private Purpose Trust Scholarships</u>
Assets	
Cash and pooled investments	\$ 19,480
Liabilities	
Due to other groups	<u>-</u>
Net Position	
Restricted for scholarships	<u>\$ 19,480</u>

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

		Private Purpose Trust	Scholarship
Additions:			
Local sources:			
Gifts and contributions	\$	1,000	
Interest income		39	
Total additions		1,039	
Deductions:			
Instruction:			
Regular:			
Scholarships awarded			1,000
Change in net position			39
Net position beginning of year			19,441
Net position end of year	\$		19,480

SEE NOTES TO FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(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 Position (previously referred to as 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has 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 a fiduciary fund which focus on net position and changes in net position. 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.

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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

Proprietary funds distinguish operating revenues and expenses from 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

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 Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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:

Asset Class	Estimated Useful Lives (In Years)
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 Position 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 Position.

Fund Balance - 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 Position - In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use is 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, 2013 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, 2013, the District had no investments.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 102,028
Capital Projects: Physical Plant and Equipment Levy	Debt Service	47,796
Capital Projects: Statewide Sales, Services and Use Tax	General	1,484
Total		\$ 151,308

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

The transfer from the Debt Service Fund to the Capital Projects: Physical Plant and Equipment Levy account was to correct property tax incorrectly levied for Debt Service in a prior year, the District reduced the amount levied for the Capital Projects: Physical Plant and Equipment Levy in compliance with Iowa Code 445.60.

The transfer from the General Fund to the Capital Projects: Statewide Sales, Services and Use Tax account was to reimburse the Capital Projects: Statewide Sales, Services and Use Tax account for drafting tables incorrectly paid for by the Capital Projects: Statewide Sales, Services and Use Tax account.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 39,843	-	-	39,843
Construction in progress	43,218	286,135	201,660	127,693
Total capital assets not being depreciated	<u>83,061</u>	<u>286,135</u>	<u>201,660</u>	<u>167,536</u>
Capital assets being depreciated:				
Buildings	5,187,024	36,506	-	5,223,530
Land improvements	199,971	238,340	-	438,311
Machinery and equipment	2,161,472	40,506	22,000	2,179,978
Total capital assets being depreciated	<u>7,548,467</u>	<u>315,352</u>	<u>22,000</u>	<u>7,841,819</u>
Less accumulated depreciation for:				
Buildings	2,854,163	80,861	-	2,935,024
Land improvements	60,455	20,004	-	80,459
Machinery and equipment	1,638,749	212,879	22,000	1,829,628
Total accumulated depreciation	<u>4,553,367</u>	<u>313,744</u>	<u>22,000</u>	<u>4,845,111</u>
Total capital assets being depreciated, net	<u>2,995,100</u>	<u>1,608</u>	<u>-</u>	<u>2,996,708</u>
Governmental activities capital assets, net	<u>\$ 3,078,161</u>	<u>287,743</u>	<u>201,660</u>	<u>3,164,244</u>
Business type activities:				
Machinery and equipment	\$ 101,644	21,464	672	122,436
Less accumulated depreciation	67,811	5,953	672	73,092
Business Type activities capital assets, net	<u>\$ 33,833</u>	<u>15,511</u>	<u>-</u>	<u>49,344</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 25,650
Other	13,138

Support services:

Instructional staff	94,773
Administration	1,680
Operation and maintenance	24,297
Transportation	53,341
Unallocated depreciation	100,865

Total governmental activities depreciation expense \$ 313,744

Business type activities:

Food service operations	<u><u>\$ 5,953</u></u>
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(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 100,810	-	100,810	-	-
Termination benefits	53,825	-	26,913	26,912	26,912
Net OPEB liability	31,872	28,841	-	60,713	-
	<u>\$ 186,507</u>	<u>28,841</u>	<u>127,723</u>	<u>87,625</u>	<u>26,912</u>
Business type activities:					
Net OPEB liability	\$ 976	883	-	1,859	-

Termination Benefits

The District offered a voluntary early retirement plan in 2011 to its certified employees who were at least 55 years of age and had completed at least 10 or more years of consecutive employment. Employees were required to complete an application which was approved by the Board of Education. Early retirement incentives included a sum of \$25,000 payable in three annual installments and an option to stay on the District's health insurance at the early retirees expense. The liability is being paid out of the Special Revenue, Management Levy Fund. During the year ended June 30, 2013, the District paid early retirement benefits of \$26,913.

(6) 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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013 and 2012 were \$248,713 and \$228,733, equal to the required contribution.

(7) Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer health and prescription drug benefit plan which provides medical and prescription drug benefits for employees, 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, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	42,638
Interest on net OPEB obligation		821
Adjustment to annual required contribution		(2,313)
Annual OPEB cost		<u>41,146</u>
Contributions made		<u>(11,422)</u>
Increase in net OPEB obligation		29,724
Net OPEB obligation beginning of year		<u>32,848</u>
Net OPEB obligation end of year	\$	<u><u>62,572</u></u>

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, 2013. For the year ended June 30, 2013, the District contributed \$11,422 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, 2013 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
2013	\$ 41,146	27.76%	\$ 62,572

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$257,334, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$257,334. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,258,330 and the ratio of the UAAL to covered payroll was 11.4%. As of June 30, 2013 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 District's funding policy. The projected annual medical trend rate is 6%.

(8) 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, 2013 were \$354,275.

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.

(9) 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 \$170,581 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Home School Assistance Program	\$ 25,988
Four-year-old Preschool State Aid	71,881
Teacher Salary Supplement	114
Professional Development for Model Core Curriculum	29,004
Professional Development	<u>21,205</u>
Total	<u>\$ 148,192</u>

(11) Construction Commitment

The District has entered into contracts totaling \$618,510 for the multipurpose building project. As of June 30, 2013, costs of \$99,711 had been incurred against the contracts. The balance of \$518,799 will be paid as work on the project progresses. The District had also incurred architect fees of \$27,982 toward the project as of June 30, 2013.

(12) Virtual School Program Agreement

The District entered into an agreement commencing January 16, 2012 thru June 30, 2015 with Connections Academy of Iowa LLC to oversee a virtual school program in accord with the Iowa Open Enrollment law, Iowa Code section 282.18.

For each academic year during the term, the District shall pay Connections Academy 97% of revenue generated from each student participating in the virtual school program paid to the District from the Iowa Department of Education for general education purposes.

The 3% of revenues retained by the District shall be considered oversight fees paid by Connections Academy to the District. In no event shall the oversight fee paid to the District for a given academic year be less than \$50,000.

For the year ended June 30, 2013 the virtual school program generated \$50,000 in revenues for the District.

(13) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is as follows:

	<u>Management Levy</u>	<u>Unassigned/Unrestricted</u>
Fund balance (Exhibit C)	\$ 85,390	1,633,905
Invested in capital assets, net of accumulated depreciation	-	-
Income surtax	-	197,073
Termination benefits	(26,912)	-
Net OPEB liability	-	(60,713)
Net position (Exhibit A)	<u>\$ 58,478</u>	<u>1,770,265</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, 2013

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 4,748,241	138,696	4,886,937	5,623,186	5,623,186	(736,249)
Intermediate sources	4,125	-	4,125	35,000	35,000	(30,875)
State sources	2,098,517	2,373	2,100,890	2,158,940	2,158,940	(58,050)
Federal sources	183,303	140,064	323,367	335,000	335,000	(11,633)
Total revenues	7,034,186	281,133	7,315,319	8,152,126	8,152,126	(836,807)
Expenditures/Expenses:						
Instruction	4,782,356	-	4,782,356	6,286,968	6,286,968	1,504,612
Support services	1,599,391	7,560	1,606,951	1,959,523	1,959,523	352,572
Non-instructional programs	3,000	282,026	285,026	331,522	331,522	46,496
Other expenditures	686,802	-	686,802	1,153,501	1,153,501	466,699
Total expenditures/expenses	7,071,549	289,586	7,361,135	9,731,514	9,731,514	2,370,379
Excess(deficiency) of revenues over(under) expenditures/expenses	(37,363)	(8,453)	(45,816)	(1,579,388)	(1,579,388)	1,533,572
Other financing sources, net	-	21,464	21,464	(47,735)	(47,735)	69,199
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	(37,363)	13,011	(24,352)	(1,627,123)	(1,627,123)	1,602,771
Balances beginning of year	2,554,937	37,846	2,592,783	1,627,123	1,627,123	965,660
Balances end of year	\$ 2,517,574	50,857	2,568,431	-	-	2,568,431

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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 Vaule 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	11.8%
2013	July 1, 2011	-	\$ 257,334	257,334	0.0%	\$ 2,258,330	11.4%

See Note 7 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, 2013

	Special Revenue			
	Management Levy	Student Activity	Public Education and Recreation Levy	Total
Assets				
Cash and pooled investments	\$ 84,270	64,326	1,347	149,943
Receivables:				
Property tax:				
Delinquent	1,120	-	-	1,120
Succeeding year	140,000	-	-	140,000
Total assets	\$ 225,390	64,326	1,347	291,063
Liabilities and Fund Balances				
Liabilities:				
Salaries and benefits payable	\$ -	-	1,347	1,347
Deferred revenue:				
Succeeding year property tax	140,000	-	-	140,000
Total liabilities	140,000	-	1,347	141,347
Fund balances:				
Restricted for:				
Management levy purposes	85,390	-	-	85,390
Student activities	-	64,326	-	64,326
Total fund balances	85,390	64,326	-	149,716
Total liabilities and fund balances	\$ 225,390	64,326	1,347	291,063

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, 2013

	Special Revenue					
	Management Levy	Student Activity	Public Education and Recreation		Debt Service	Total Nonmajor
			Levy	Total		
Revenues:						
Local sources:						
Local tax	\$ 74,934	-	-	74,934	47,776	122,710
Other	3,080	168,475	16	171,571	20	171,591
State sources	32	-	-	32	-	32
Total revenues	78,046	168,475	16	246,537	47,796	294,333
Expenditures:						
Current:						
Instruction:						
Regular	41,225	-	1,881	43,106	-	43,106
Other	-	166,822	-	166,822	-	166,822
Support services:						
Instructional staff	200	-	-	200	-	200
Administration	1,593	-	-	1,593	-	1,593
Operation and maintenance of plant	54,750	-	-	54,750	-	54,750
Transportation	21,542	-	1,655	23,197	-	23,197
Non-instructional programs						
Food service operations	3,000	-	-	3,000	-	3,000
Capital outlay	-	-	7,247	7,247	-	7,247
Long-term debt:						
Principal	-	-	-	-	100,810	100,810
Interest and fiscal charges	-	-	-	-	1,218	1,218
Total expenditures	122,310	166,822	10,783	299,915	102,028	401,943
Excess(Deficiency) of revenues over (under) expenditures	(44,264)	1,653	(10,767)	(53,378)	(54,232)	(107,610)
Other financing sources(uses):						
Transfer in	-	-	-	-	102,028	102,028
Transfers out	-	-	-	-	(47,796)	(47,796)
Total financing sources(uses)	-	-	-	-	54,232	54,232
Change in fund balances	(44,264)	1,653	(10,767)	(53,378)	-	(53,378)
Fund balances beginning of year	129,654	62,673	10,767	203,094	-	203,094
Fund balances end of year	\$ 85,390	64,326	-	149,716	-	149,716

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 394,335	141,193	535,528
Receivables:			
Property tax:			
Delinquent	-	2,461	2,461
Succeeding year	-	247,195	247,195
Due from other funds	-	-	-
Due from other governments	47,772	-	47,772
Total assets	\$ 442,107	390,849	832,956
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year	\$ -	247,195	247,195
Total liabilities	-	247,195	247,195
Fund balances:			
Restricted for:			
School infrastructure	442,107	-	442,107
Physical plant and equipment	-	143,654	143,654
Total fund balances	442,107	143,654	585,761
Total liabilities and fund balances	\$ 442,107	390,849	832,956

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, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 378,575	169,513	548,088
Other	1,082	399	1,481
State sources	-	71	71
Total revenues	<u>379,657</u>	<u>169,983</u>	<u>549,640</u>
Expenditures:			
Current:			
Instruction:			
Regular	31,452	14,573	46,025
Other	-	2,218	2,218
Support services:			
Instructional staff	1,955	90,948	92,903
Administration	-	1,260	1,260
Operation and maintenance of plant	1,435	19,102	20,537
Transportation	-	5,851	5,851
Capital outlay	353,547	53,399	406,946
Total expenditures	<u>388,389</u>	<u>187,351</u>	<u>575,740</u>
Deficiency of revenues under expenditures	(8,732)	(17,368)	(26,100)
Other financing sources(uses):			
Transfer in	1,484	47,796	49,280
Transfer out	(102,028)	-	(102,028)
Total financing sources(uses)	<u>(100,544)</u>	<u>47,796</u>	<u>(52,748)</u>
Change in fund balances	(109,276)	30,428	(78,848)
Fund balances beginning of year	<u>551,383</u>	<u>113,226</u>	<u>664,609</u>
Fund balances end of year	<u>\$ 442,107</u>	<u>143,654</u>	<u>585,761</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, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Speech	\$ 2,172	5,273	6,191	1,254
Golf	51	-	-	51
Cheerleading	695	2,390	2,521	564
Dance	2,839	3,976	4,410	2,405
Boys Basketball	706	6,627	5,683	1,650
Football	1,649	5,700	5,647	1,702
Baseball	1,118	120	-	1,238
Boys Track	132	700	704	128
MS Track	337	978	542	773
Girls Basketball	1,056	1,081	1,436	701
Volleyball	219	2,975	2,037	1,157
Softball	80	-	79	1
CAM sports	4,472	36,638	34,659	6,451
FFA	4,381	46,024	47,851	2,554
Boomerang	276	422	615	83
Concessions	3,786	12,665	14,665	1,786
Yearbook	6,372	6,980	8,603	4,749
HS Vending Machines	1,966	3,761	2,942	2,785
HS Student Council	1,792	1,304	1,224	1,872
Coug Crew	319	-	-	319
FHA	131	-	-	131
Science Club	73	-	-	73
MS Student Council	66	-	-	66
North Elementary	3,802	9,058	6,954	5,906
South Elementary	744	-	-	744
DC Trip	5,423	-	-	5,423
Contributions	31	-	-	31
Memorials	141	-	-	141
Art Club	36	33	33	36
Class of 2013	3,965	33	2,268	1,730
Class of 2014	3,691	2,159	4,996	854
Class of 2015	2,704	6,075	3,525	5,254
Class of 2016	25	2,800	-	2,825
Activity Interest	1,187	149	49	1,287
MS Library	1,534	4,006	3,832	1,708
MS Vending	1,784	2,950	1,758	2,976
MS special accounts	2,918	3,598	3,598	2,918
Total	\$ 62,673	168,475	166,822	64,326

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CAM COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST TWO YEARS

	Modified Accrual Basis	
	Years ended June 30,	
	2013	2012
Revenues:		
Local sources:		
Local tax	\$ 3,014,693	3,021,548
Tuition	1,417,443	89,990
Other	316,105	314,847
Intermediate sources	4,125	2,015
State sources	2,098,517	2,765,696
Federal sources	183,303	268,591
Total	<u>\$ 7,034,186</u>	<u>6,462,687</u>
Expenditures:		
Current:		
Instruction:		
Regular	\$ 3,264,004	2,516,611
Special	757,785	562,062
Other	760,567	778,104
Support services:		
Student	56,258	46,243
Instructional staff	173,086	207,035
Administration	513,608	514,286
Operation and maintenance of plant	449,663	493,763
Transportation	406,776	355,859
Non-instructional programs	3,000	-
Capital outlay	414,193	191,945
Long-term debt:		
Principal	100,810	99,190
Interest	1,218	3,385
Other expenditures:		
AEA flow-through	170,581	173,982
Total	<u>\$ 7,071,549</u>	<u>5,942,465</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.
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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 in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the 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, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CAM Community School District's internal control over financial reporting to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an 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.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-13 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-13 and I-C-13 to be significant deficiencies.

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, 2013 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

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

Purpose of this Report

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

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.

March 12, 2014
Newton, Iowa

CAM COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-13 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 each of the following areas for the District:

- 1) Cash - bank reconciliations, cash receipts, disbursement and approval functions
- 2) Inventories - purchasing and recording
- 3) Receipts - recording, depositing, posting and reconciling.
- 4) Disbursements - check preparation, signing checks, voucher preparation and reconciling disbursements to the check register.
- 5) Payroll - approval of and recording employees added or deleted from the payroll system, approval of and payment of payroll taxes, write checks, sign checks and post payroll to the general ledger.
- 6) Wire transfers - processing and approval.
- 7) Financial reporting - preparing, reconciling and approving.
- 8) Computer systems - performing all general accounting functions and controlling all data input and output.
- 9) Journal entries - approval and posting.

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.

I-B-13 Payroll Procedures - We noted during our audit that the District is not keeping record of hours worked for non-certified staff coaches.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff/coaches.

Response - We will require non-certified staff/coaches to keep track of their hours worked.

Conclusion - Response accepted.

I-C-13 Purchase Orders - We noted during our audit that 4 of 19 disbursements tested for the Student Activity fund lacked an approved purchase order. We also noted purchase orders that were dated after the invoice date and purchase orders that were not dated.

Recommendation - The advantage of using a purchase order system is that the items being purchased are approved prior to ordering. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although Districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - We will continue to request purchase orders to be completed and approved prior to placing the order.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - Expenditures for the year ended June 30, 2013 did not exceed the certified budget amounts in any of the functional areas.

II-B-13 Questionable Disbursements - We noted during our audit that the District purchased gift cards to be given to a parents for volunteering during volleyball season. Gift cards are not appropriate since Chapter 279.29 of the Code of Iowa requires the District Board of Directors to "audit and allow" all bills. The gift certificate does not allow the Board the ability to perform the required function of approval of the final purchase. Without knowing the ultimate purchase, the District cannot comply with Chapter 279.29 of the Code of Iowa.

Recommendation - The District should refrain from purchasing gift cards.

Response - We will not allow the purchase of gift cards in the future.

Conclusion - Response accepted.

II-C-13 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-13 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 Spouse works as a contracted District nurse	Services	\$ 100
Steve Pelzer, Superintendent Spouse is a teacher	Instruction	\$ 47,317
Kyle Williams, Head Custodian Father and Brother own Lefty's Pump & Plumbing	Services	\$ 11,464
Gary Dinkla, Board President JH basketball official	Services	\$ 195
Peggy Wheatley, Teacher Spouse owns Wheatley Sanitation	Services	\$ 6,955
Todd Mckee, Board Member Spouse is a library aid	Services	\$ 6,551
Julie Williamson, Board Member Worked as a substitute secretary Spouse is a substitute bus driver	Services Services	\$ 745 \$ 3,782

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.

In accordance with the Chapter 279.7A of the Code of Iowa, the above transactions with the Board Members do not appear to represent a conflict of interest.

- II-E-13 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-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-13 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-13 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-13 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-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-13 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	551,383
Revenues/transfers in:			
Sales tax revenues	\$	378,575	
Other local revenues		1,082	
Transfers from other funds		1,484	
			<u>381,141</u>
			932,524
Expenditures/transfers out:			
School infrastructure construction	\$	353,547	
Equipment		34,842	
Transfers to other funds:			
Debt service fund		102,028	
			<u>490,417</u>
Ending balance		\$	<u><u>442,107</u></u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.