

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

JUNE 30, 2014

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**CAM Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

**(Before September 2013 Election)**

Gary Dinkla	President	2013
Nick Kauffman	Vice President	2013
Chuck Kinzie	Board Member	2013
Todd McKee	Board Member	2015
Julie Williamson	Board Member	2015

**(After September 2013 Election)**

Gary Dinkla	President	2017
Nick Kauffman	Vice President	2017
Chuck Kinzie	Board Member	2017
Todd McKee	Board Member	2015
Julie Williamson	Board Member	2015

**School Officials**

Steve Pelzer	Superintendent	2014
Linda Edwards	District Secretary/Treasurer and Business Manager	2014
Mundt, Franck & Shumacher	Attorney	2014

# **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, 2014, 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, 2014 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 two years ended June 30, 2013 (which are not presented herein) and expressed an unmodified 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 10, 2015 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 10, 2015  
Newton, Iowa

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

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CAM Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2014 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$6,190,213 during fiscal year 2013 to \$6,420,681 during fiscal year 2014, while General Fund expenditures increased from \$6,095,350 in during fiscal year 2013 to \$6,807,905 during fiscal year 2014. This resulted in a 21.73% decrease in the District's General Fund balance, falling from \$1,782,097 at June 30, 2013 to \$1,394,873 at June 30, 2014.
- General Fund revenues increased from the prior year due to an increase in tuition revenues. The increase in expenditures occurred in the instruction functional area.

### **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.

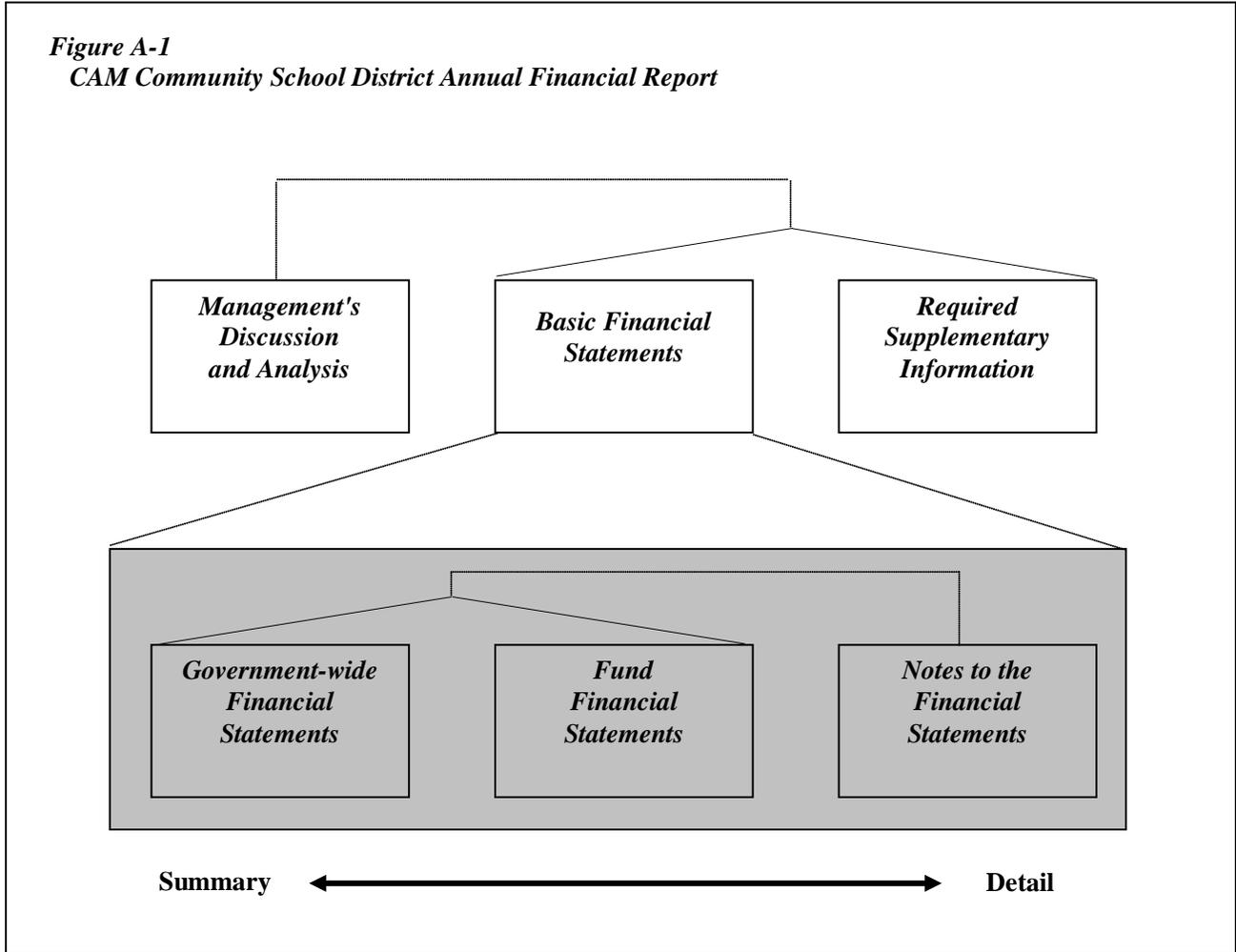
The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report CAM Community School District's operations in more detail than the government-wide statements by providing information about the most 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 Retiree 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-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.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, food service operations	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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

*Figure A-3* below provides a summary of the District's net position at June 30, 2014 compared to 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,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 5,511,721	5,322,663	3,698	5,846	5,515,419	5,328,509	3.51%
Capital assets	3,753,103	3,164,244	43,496	49,344	3,796,599	3,213,588	18.14%
Total assets	9,264,824	8,486,907	47,194	55,190	9,312,018	8,542,097	9.01%
Long-term liabilities	241,268	87,625	2,808	1,859	244,076	89,484	172.76%
Other liabilities	1,014,425	411,384	2,794	2,474	1,017,219	413,858	145.79%
Total liabilities	1,255,693	499,009	5,602	4,333	1,261,295	503,342	150.58%
Deferred inflows of resources	2,576,925	2,196,632	-	-	2,576,925	2,196,632	17.31%
Net position:							
Net investment in capital assets	3,624,901	3,164,244	43,496	49,344	3,668,397	3,213,588	14.15%
Restricted	520,823	856,757	-	-	520,823	856,757	-39.21%
Unrestricted	1,286,482	1,770,265	(1,904)	1,513	1,284,578	1,771,778	-27.50%
Total net position	\$ 5,432,206	5,791,266	41,592	50,857	5,473,798	5,842,123	-6.30%

The District's combined net position decreased 6.30% or \$368,325 at June 30, 2014. A large 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 \$335,934, or 39.21% from the prior year. The decrease in restricted net position was primarily a result of the decrease in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund as compared to the previous year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$487,200, or 27.50%. The decrease in unrestricted net position was primarily a result of the decrease in the General Fund balance as compared to the previous year.

**Figure A-4** shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 2,263,886	1,692,465	137,487	136,060	2,401,373	1,828,525	31.33%
Operating grants, contributions and restricted interest	465,334	464,577	145,313	142,437	610,647	607,014	0.60%
General revenues:							
Property tax	2,195,326	2,422,015	-	-	2,195,326	2,422,015	-9.36%
Income surtax	265,944	216,682	-	-	265,944	216,682	22.73%
Statewide sales, services and use tax	311,823	378,575	-	-	311,823	378,575	-17.63%
Unrestricted state grants	1,723,366	1,826,265	-	-	1,723,366	1,826,265	-5.63%
Unrestricted investment earnings	5,248	5,796	17	16	5,265	5,812	-9.41%
Other	40,956	30,390	1,207	2,620	42,163	33,010	27.73%
Total revenues and transfers	7,271,883	7,036,765	284,024	281,133	7,555,907	7,317,898	3.25%
Program expenses:							
Governmental activities:							
Instructional	5,392,257	4,780,243	-	-	5,392,257	4,780,243	12.80%
Support services	1,939,576	1,809,213	150	7,560	1,939,726	1,816,773	6.77%
Non-instructional programs	2,740	3,000	293,139	282,026	295,879	285,026	3.81%
Other expenses	296,370	272,664	-	-	296,370	272,664	8.69%
Total expenses	7,630,943	6,865,120	293,289	289,586	7,924,232	7,154,706	10.76%
Excess(Deficiency) of revenues over(under) expenditures	(359,060)	171,645	(9,265)	(8,453)	(368,325)	163,192	-325.70%
Transfers	-	(21,464)	-	21,464	-	-	0.00%
Change in net position	(359,060)	150,181	(9,265)	13,011	(368,325)	163,192	-325.70%
Beginning net position	5,791,266	5,641,085	50,857	37,846	5,842,123	5,678,931	2.87%
Ending net position	\$ 5,432,206	5,791,266	41,592	50,857	5,473,798	5,842,123	-6.30%

In fiscal year 2014, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 61.83% of the revenue from governmental activities while charges for service and operating grants, contributions and restricted interest account for 99.57% of the revenue from business type activities.

The District's total revenues were approximately \$7.56 million of which approximately \$7.27 million was for governmental activities and approximately \$0.29 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.25% increase in revenues and a 10.76% increase in expenses. Charges for service increased \$572,848 to help fund the increase in expenses. The increase in expenses is related to increases in employee salaries as well as special education and virtual school program costs.

## Governmental Activities

Revenues for governmental activities were \$7,271,883 and expenses were \$7,630,943 for the year ended June 30, 2014. 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, 2014 compared to the year ended June 30, 2013.

	Total Cost of Services			Net Cost of Services		
	2014	2013	2013-14	2014	2013	2013-14
Instruction	\$ 5,392,257	4,780,243	12.80%	2,853,147	2,808,412	1.59%
Support services	1,939,576	1,809,213	7.21%	1,926,147	1,794,583	7.33%
Non-instructional programs	2,740	3,000	-8.67%	2,740	3,000	-8.67%
Other expenses	296,370	272,664	8.69%	119,689	102,083	17.25%
Totals	<u>\$ 7,630,943</u>	<u>6,865,120</u>	<u>11.16%</u>	<u>4,901,723</u>	<u>4,708,078</u>	<u>4.11%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$2,263,886.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$465,334.
- The net cost of governmental activities was financed with \$2,195,326 in property tax, \$265,944 in income surtax, \$311,823 in statewide sales, services and use tax, \$1,723,366 in unrestricted state grants, \$5,248 in interest income and \$40,956 in other general revenues.

## Business Type Activities

Revenues of the District's business type activities were \$284,024 and expenses were \$293,289. 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 2014, its governmental funds reported combined fund balances of \$1,706,460 compared to an ending fund balance of \$2,517,574 in fiscal year 2013. The primary reason for the decrease in combined fund balances in fiscal 2013 is due to a decrease in fund balances of the General Fund and Capital Projects: Statewide Sales, Services and Use Tax Fund.

## Governmental Fund Highlights

- The District's General Fund balance decreased from \$1,782,097 at June 30, 2013 to \$1,394,873 at June 30, 2014. The District's General Fund financial position is the product of many factors. Revenues received during fiscal year 2014 increased 3.72% from the prior year, mainly due to an increase in tuition revenues. However, this increase in revenues was more than offset by an 11.69% increase in expenditures, which resulted in a 21.73% decrease in the General Fund balance during fiscal year 2014.

- The Capital Projects Fund balance decreased from \$585,761 at June 30, 2013 to \$197,417 at June 30, 2014. This decrease can be attributed in part to the decrease in fund balance of the Capital Projects: Statewide Sales, Services, and Use Tax Fund, which resulted from increased transportation and capital outlay expenditures during the year.

### Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$50,857 at June 30, 2013 to \$41,592 at June 30, 2014, or 18.22%. Revenues and expenses during fiscal year 2014 were comparable to the prior year.

### BUDGETARY HIGHLIGHTS

The District's revenues were \$552,995 less than budgeted revenues, a variance of 6.83%. 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.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services functional area due to the timing of expenditures at year end without sufficient time to amend the certified budget.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2014, the District had invested \$3,796,599, 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 3 to the financial statements. Depreciation expense for the year was \$288,286.

The original cost of the District's capital assets was \$8,882,906. Governmental funds account for \$8,760,470 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 \$0 at June 30, 2014 compared to \$127,693 reported at June 30, 2013. This decrease resulted from the completion of construction on a multi-purpose building which began during fiscal 2013.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 39,843	39,843	-	-	39,843	39,843	0.00%
Construction in progress	-	127,693	-	-	-	127,693	-100.00%
Buildings	3,015,233	2,288,506	-	-	3,015,233	2,288,506	31.76%
Land improvements	342,682	357,852	-	-	342,682	357,852	-4.24%
Machinery and equipment	355,345	350,350	43,496	49,344	398,841	399,694	-0.21%
<b>Total</b>	<b>\$ 3,753,103</b>	<b>3,164,244</b>	<b>43,496</b>	<b>49,344</b>	<b>3,796,599</b>	<b>3,213,588</b>	<b>18.14%</b>

## Long-Term Debt

At June 30, 2014, the District had \$244,062 in total long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

The District had a bus lease payable of \$128,202 at June 30, 2014, which will be paid from the Capital Projects: Statewide Sales, Services, and Use Tax Fund.

The District had termination benefits payable of \$21,790 at June 30, 2014; \$4,677 payable from the Special Revenue, Management Levy Fund with the remainder payable from the General Fund.

The District had net OPEB liability payable of \$94,070 at June 30, 2014; \$91,276 is attributable to governmental activities while \$2,794 is attributable to business type activities.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Bus lease	\$ 128,202	-	-	-	128,202	-	100.00%
Termination benefits	21,790	26,912	-	-	21,790	26,912	-19.03%
Net OPEB liability	91,276	60,713	2,794	1,859	94,070	62,572	50.34%
Total	\$ 241,268	87,625	2,794	1,859	244,062	89,484	172.74%

## 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.
- Inflation and the cost of living increases continue to affect the residents of the District.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

# **CAM COMMUNITY SCHOOLS**

*Home of the Cougars*

BASIC FINANCIAL STATEMENTS

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 2,157,671	2,276	2,159,947
Receivables:			
Property tax:			
Delinquent	34,979	-	34,979
Succeeding year	2,576,925	-	2,576,925
Income surtax	214,043	-	214,043
Accounts	18,110	-	18,110
Due from other governments	509,993	-	509,993
Inventories	-	1,422	1,422
Capital assets, net of accumulated depreciation	3,753,103	43,496	3,796,599
<b>Total assets</b>	<b>9,264,824</b>	<b>47,194</b>	<b>9,312,018</b>
<b>Liabilities</b>			
Accounts payable	988,111	-	988,111
Salaries and benefits payable	26,182	-	26,182
Accrued interest payable	132	-	132
Unearned revenue	-	2,808	2,808
Long-term liabilities:			
Portion due within one year:			
Bus lease payable	41,696	-	41,696
Termination benefits payable	7,623	-	7,623
Portion due after one year:			
Bus lease payable	86,506	-	86,506
Termination benefits payable	14,167	-	14,167
Net OPEB liability	91,276	2,794	94,070
<b>Total liabilities</b>	<b>1,255,693</b>	<b>5,602</b>	<b>1,261,295</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,576,925	-	2,576,925
<b>Net Position</b>			
Net investment in capital assets	3,624,901	43,496	3,668,397
Restricted for:			
Categorical funding	212,836	-	212,836
Management levy purposes	43,130	-	43,130
Student activities	67,440	-	67,440
School infrastructure	184,108	-	184,108
Physical plant and equipment	13,309	-	13,309
Unrestricted	1,286,482	(1,904)	1,284,578
<b>Total net position</b>	<b>\$ 5,432,206</b>	<b>41,592</b>	<b>5,473,798</b>

SEE NOTES TO FINANCIAL STATEMENTS.

**CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 3,784,487	1,742,612	49,611	(1,992,264)	-	(1,992,264)
Special	870,067	305,085	35,158	(529,824)	-	(529,824)
Other	737,703	216,189	190,455	(331,059)	-	(331,059)
	<u>5,392,257</u>	<u>2,263,886</u>	<u>275,224</u>	<u>(2,853,147)</u>	<u>-</u>	<u>(2,853,147)</u>
Support services:						
Student	60,616	-	70	(60,546)	-	(60,546)
Instructional staff	250,284	-	13,359	(236,925)	-	(236,925)
Administration	596,791	-	-	(596,791)	-	(596,791)
Operation and maintenance of plant	617,590	-	-	(617,590)	-	(617,590)
Transportation	414,295	-	-	(414,295)	-	(414,295)
	<u>1,939,576</u>	<u>-</u>	<u>13,429</u>	<u>(1,926,147)</u>	<u>-</u>	<u>(1,926,147)</u>
Non-instructional programs:						
Food service operations	2,740	-	-	(2,740)	-	(2,740)
	<u>132</u>	<u>-</u>	<u>-</u>	<u>(132)</u>	<u>-</u>	<u>(132)</u>
Other expenditures:						
AEA flowthrough	176,681	-	176,681	-	-	-
Depreciation(unallocated)*	119,557	-	-	(119,557)	-	(119,557)
	<u>296,238</u>	<u>-</u>	<u>176,681</u>	<u>(119,557)</u>	<u>-</u>	<u>(119,557)</u>
Total governmental activities	<u>7,630,943</u>	<u>2,263,886</u>	<u>465,334</u>	<u>(4,901,723)</u>	<u>-</u>	<u>(4,901,723)</u>
Business type activities:						
Support services:						
Administration	150	-	-	-	(150)	(150)
Non-instructional programs:						
Food service operations	293,139	137,487	145,313	-	(10,339)	(10,339)
Total business type activities	<u>293,289</u>	<u>137,487</u>	<u>145,313</u>	<u>-</u>	<u>(10,489)</u>	<u>(10,489)</u>
Total	<u>\$ 7,924,232</u>	<u>2,401,373</u>	<u>610,647</u>	<u>(4,901,723)</u>	<u>(10,489)</u>	<u>(4,912,212)</u>
<b>General Revenues:</b>						
Local tax for:						
General purposes			\$ 1,947,898	-		1,947,898
Capital outlay			247,428	-		247,428
Income surtax			265,944	-		265,944
Statewide sales, services and use tax			311,823	-		311,823
Unrestricted state grants			1,723,366	-		1,723,366
Unrestricted investment earnings			5,248	17		5,265
Other			40,956	1,207		42,163
Total general revenues			<u>4,542,663</u>	<u>1,224</u>		<u>4,543,887</u>
Change in net position			(359,060)	(9,265)		(368,325)
Net position beginning of year			5,791,266	50,857		5,842,123
Net position end of year			<u>\$ 5,432,206</u>	<u>41,592</u>		<u>5,473,798</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, 2014

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash and pooled investments	\$ 1,858,265	187,150	112,256	2,157,671
Receivables:				
Property tax:				
Delinquent	28,928	3,812	2,239	34,979
Succeeding year	2,057,498	294,427	225,000	2,576,925
Income surtax	214,043	-	-	214,043
Accounts	17,700	-	410	18,110
Due from other governments	483,430	26,563	-	509,993
<b>Total assets</b>	<b>\$ 4,659,864</b>	<b>511,952</b>	<b>339,905</b>	<b>5,511,721</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 967,268	20,108	735	988,111
Salaries and benefits payable	26,182	-	-	26,182
Total liabilities	993,450	20,108	735	1,014,293
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,057,498	294,427	225,000	2,576,925
Income surtax	214,043	-	-	214,043
Total deferred inflows of resources	2,271,541	294,427	225,000	2,790,968
Fund balances:				
Restricted for:				
Categorical funding	212,836	-	-	212,836
Management levy purposes	-	-	46,730	46,730
Student activities	-	-	67,440	67,440
School infrastructure	-	184,108	-	184,108
Physical plant and equipment	-	13,309	-	13,309
Unassigned	1,182,037	-	-	1,182,037
Total fund balances	1,394,873	197,417	114,170	1,706,460
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,659,864</b>	<b>511,952</b>	<b>339,905</b>	<b>5,511,721</b>

SEE NOTES TO FINANCIAL STATEMENTS.

CAM COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2014

<b>Total fund balances of governmental funds(page 20)</b>	\$ 1,706,460
 <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.	3,753,103
Accounts receivable income surtax, are not yet available to finance current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	214,043
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(132)
Long-term liabilities, including bus lease payable, 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>(241,268)</u>
<b>Net position of governmental activites(page 18)</b>	<u><u>\$ 5,432,206</u></u>

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,056,956	247,428	139,916	2,444,300
Tuition	2,013,127	-	-	2,013,127
Other	130,395	624	170,690	301,709
Intermediate sources	4,455	-	-	4,455
State sources	2,000,344	311,918	56	2,312,318
Federal sources	179,004	-	-	179,004
Total revenues	<u>6,384,281</u>	<u>559,970</u>	<u>310,662</u>	<u>7,254,913</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,709,346	65,870	39,556	3,814,772
Special	876,749	-	-	876,749
Other	567,931	-	163,811	731,742
	<u>5,154,026</u>	<u>65,870</u>	<u>203,367</u>	<u>5,423,263</u>
Support services:				
Student	60,757	-	-	60,757
Instructional staff	97,806	93,681	172	191,659
Administration	534,036	39,274	5,601	578,911
Operation and maintenance of plant	409,559	76,300	111,567	597,426
Transportation	375,040	178,768	22,761	576,569
	<u>1,477,198</u>	<u>388,023</u>	<u>140,101</u>	<u>2,005,322</u>
Non-instructional programs:				
Food service operations	-	-	2,740	2,740
Capital outlay	-	622,623	-	622,623
Other expenditures				
AEA flowthrough	176,681	-	-	176,681
Total expenditures	<u>6,807,905</u>	<u>1,076,516</u>	<u>346,208</u>	<u>8,230,629</u>
Deficiency of revenues under expenditures	(423,624)	(516,546)	(35,546)	(975,716)
Other financing sources:				
Sale of equipment	36,400	-	-	36,400
Bus lease proceeds	-	128,202	-	128,202
Total other financing sources	<u>36,400</u>	<u>128,202</u>	<u>-</u>	<u>164,602</u>
Change in fund balances	(387,224)	(388,344)	(35,546)	(811,114)
Fund balances beginning of year	<u>1,782,097</u>	<u>585,761</u>	<u>149,716</u>	<u>2,517,574</u>
Fund balances end of year	<u>\$ 1,394,873</u>	<u>197,417</u>	<u>114,170</u>	<u>1,706,460</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, 2014

**Change in fund balances - total governmental funds(page 22)** \$ (811,114)

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

Capital outlay 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	\$ 882,726	
Depreciation expense	(282,438)	
Loss on asset disposal	(11,429)	588,859

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. (128,202)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (132)

Income surtax revenues not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 16,970

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	5,122	
Other postemployment benefits	(30,563)	(25,441)

**Change in net position of governmental activities(page 19)** \$ (359,060)

SEE NOTES TO FINANCIAL STATEMENTS.

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2014

	Enterprise, School Nutrition
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 2,276
Inventories	1,422
<b>Total current assets</b>	<b>3,698</b>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	43,496
<b>Total assets</b>	<b>47,194</b>
<b>Liabilities</b>	
Current liabilities:	
Unearned revenue	2,808
Noncurrent liabilities:	
Net OPEB liability	2,794
<b>Total liabilities</b>	<b>5,602</b>
<b>Net Position</b>	
Net investment in capital assets	43,496
Unrestricted	(1,904)
<b>Total net position</b>	<b>\$ 41,592</b>

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, 2014

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 137,487
Donations	1,500
Miscellaneous	1,207
Total operating revenues	140,194
 Operating expenses:	
Support services:	
Administration:	
Services	150
 Non-instructional programs:	
Food service operations:	
Salaries	91,491
Benefits	22,437
Services	11,093
Supplies	161,871
Depreciation	5,848
Other	399
	293,139
Total operating expenses	293,289
 Operating loss	(153,095)
 Non-operating revenues:	
State sources	2,383
Federal sources	141,430
Interest on investments	17
Total non-operating revenues	143,830
 Change in net position	(9,265)
 Net position beginning of year	50,857
 Net position end of year	\$ 41,592

SEE NOTES TO FINANCIAL STATEMENTS.

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 138,318
Cash received from donations	1,500
Cash received from miscellaneous	1,207
Cash payments to employees for services	(113,428)
Cash payments to suppliers for goods or services	(162,383)
Net cash used in operating activities	(134,786)
 Cash flows from non-capital financing activities:	
State grants received	2,383
Federal grants received	131,791
Net cash provided by non-capital financing activities	134,174
 Cash flows from investing activities:	
Interest on investments	17
 Net decrease in cash and cash equivalents	(595)
 Cash and cash equivalents beginning of year	2,871
 Cash and cash equivalents end of year	\$ 2,276
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (153,095)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	9,639
Depreciation	5,848
Decrease in accounts receivable	62
Decrease in inventories	1,491
Decrease in salaries and benefits payable	(435)
Increase in unearned revenue	769
Increase in other postemployment benefits	935
Net cash used in operating activities	\$ (134,786)

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

During the year ended June 30, 2014, the District received \$9,639 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<u>Private Purpose Trust Scholarships</u>
<b>Assets</b>	
Cash and pooled investments	<u>\$ 19,519</u>
<b>Liabilities</b>	
Due to other groups	<u>-</u>
<b>Net Position</b>	
Restricted for scholarships	<u><u>\$ 19,519</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CAM COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2014

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

SEE NOTES TO FINANCIAL STATEMENTS.

CAM COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**Note 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 regular 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 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt 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. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 Enterprise, School Nutrition Fund, used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses 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 is 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, Deferred Inflows of Resources and Fund Balances**

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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 Inflows of Resources - 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 inflows of resources 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 inflows of resources consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources 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 Balances - 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.

**E. Budgeting and Budgetary Control**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the support services functional area.

**Note 2. Cash and Pooled Investments**

The District's deposits at June 30, 2014 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, 2014, the District had no investments.

**Note 3. Capital Assets**

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 39,843	-	-	39,843
Construction in progress	127,693	602,448	730,141	-
Total capital assets not being depreciated	167,536	602,448	730,141	39,843
Capital assets being depreciated:				
Buildings	5,223,530	826,026	-	6,049,556
Land improvements	438,311	5,088	-	443,399
Machinery and equipment	2,179,978	179,305	131,611	2,227,672
Total capital assets being depreciated	7,841,819	1,010,419	131,611	8,720,627
Less accumulated depreciation for:				
Buildings	2,935,024	99,299	-	3,034,323
Land improvements	80,459	20,258	-	100,717
Machinery and equipment	1,829,628	162,881	120,182	1,872,327
Total accumulated depreciation	4,845,111	282,438	120,182	5,007,367
Total capital assets being depreciated, net	2,996,708	727,981	11,429	3,713,260
Governmental activities capital assets, net	\$ 3,164,244	1,330,429	741,570	3,753,103

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Machinery and equipment	\$ 122,436	-	-	122,436
Less accumulated depreciation	73,092	5,848	-	78,940
Business type activities capital assets, net	<u>\$ 49,344</u>	<u>(5,848)</u>	<u>-</u>	<u>43,496</u>

Depreciation expense was charged by the District as follows:

**Governmental activities:**

Instruction:

Regular	\$ 16,080
Other	14,137

Support services:

Instructional staff	60,132
Administration	1,680
Operation and maintenance	24,297
Transportation	46,555
Unallocated depreciation	<u>119,557</u>

Total governmental activities depreciation expense \$ 282,438

**Business type activities:**

Food service operations	<u>\$ 5,848</u>
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**Note 4. Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Bus lease	\$ -	128,202	-	128,202	41,696
Termination benefits	26,912	19,267	24,389	21,790	7,623
Net OPEB liability	60,713	30,563	-	91,276	-
Total	<u>\$ 87,625</u>	<u>178,032</u>	<u>24,389</u>	<u>241,268</u>	<u>49,319</u>
<b>Business type activities:</b>					
Net OPEB liability	<u>\$ 1,859</u>	<u>935</u>	<u>-</u>	<u>2,794</u>	<u>-</u>

**Bus Lease**

Details of the District's bus lease payable, which is paid from the Capital Projects: Statewide Sales, Services and Use Tax Fund, are as follows:

Year Ending June 30,	May 15, 2014 Bus Lease			
	Interest Rate	Principal	Interest	Total
2015	2.48%	\$ 41,696	3,179	44,875
2016	2.48%	42,730	2,145	44,875
2017	2.48%	43,776	1,099	44,875
Total		<u>\$ 128,202</u>	<u>6,423</u>	<u>134,625</u>

### **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 retiree's expense. The liability is being paid out of the Special Revenue, Management Levy Fund.

The District offered a voluntary early retirement plan in 2014 to its full time certified employees who were at least 55 years of age. Employees were required to complete an application which was approved by the Board of Education. Early retirement incentives included a sum of \$1,000 payable in one installment and an option to stay on the District's health insurance at the early retiree's expense. The liability is being paid out of the General Fund and Special Revenue, Management Levy Fund. During the year ended June 30, 2014, the District paid early retirement benefits of \$24,389.

### **Note 5. 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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$263,527, \$248,713 and \$228,733, respectively, equal to the required contributions for each year.

### **Note 6. 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; retirees 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, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 41,247
Interest on net OPEB obligation	1,564
Adjustment to annual required contribution	<u>(2,692)</u>
Annual OPEB cost	40,119
Contributions made	<u>(8,621)</u>
Increase in net OPEB obligation	31,498
Net OPEB obligation beginning of year	62,572
Net OPEB obligation end of year	<u><u>\$ 94,070</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, 2014. For the year ended June 30, 2014, the District contributed \$8,621 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, 2014 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
2014	40,119	21.49%	94,070

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$231,107, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$231,107. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,283,793 and the ratio of the UAAL to covered payroll was 10.1%. As of June 30, 2014 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 include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

### **Note 7. 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, 2014 were \$362,605.

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.

### **Note 8. 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 \$176,681 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### **Note 9. 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, 2014 the virtual school program generated \$57,265 in revenues for the District.

### **Note 10. Deficit Unrestricted Net Position**

The Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$1,904 at June 30, 2014.

### **Note 11. Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2014, expenditures exceeded the amount budgeted in the support services functional area.

**Note 12. Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Home School Assistance Program	\$ 42,495
Dropout and Dropout Prevention Program	10,065
Beginning Teacher Mentoring and Induction Program	642
Four-year-old Preschool State Aid	88,270
Professional Development for Model Core Curriculum	30,335
Professional Development	28,497
Successful Progression for Early Readers	9,821
Teacher Leadership Grants	2,711
Total	<u>\$ 212,836</u>

**Note 13. Reconciliation of Governmental Fund Balances to Net Position**

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

	<u>Net Investment in Capital Assets</u>	<u>Management Levy</u>	<u>Unassigned/ Unrestricted</u>
<b>Fund balance (Exhibit C)</b>	\$ -	46,730	1,182,037
Capital assets, net of accumulated depreciation	3,753,103	-	-
Bus lease capitalized indebtedness	(128,202)	-	-
Termination benefits payable	-	(3,600)	(18,190)
Income surtax	-	-	214,043
Accrued interest payable	-	-	(132)
Net OPEB liability	-	-	(91,276)
<b>Net position (Exhibit A)</b>	<u>\$ 3,624,901</u>	<u>43,130</u>	<u>1,286,482</u>

**Note 14. Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosure required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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, 2014

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 4,759,136	140,211	4,899,347	5,783,249	5,783,249	(883,902)
Intermediate sources	4,455	-	4,455	2,500	2,500	1,955
State sources	2,312,318	2,383	2,314,701	2,006,183	2,006,183	308,518
Federal sources	179,004	141,430	320,434	300,000	300,000	20,434
Total revenues	<u>7,254,913</u>	<u>284,024</u>	<u>7,538,937</u>	<u>8,091,932</u>	<u>8,091,932</u>	<u>(552,995)</u>
Expenditures/Expenses:						
Instruction	5,423,263	-	5,423,263	6,458,000	6,458,000	1,034,737
Support services	2,005,322	150	2,005,472	1,751,405	1,751,405	(254,067)
Non-instructional programs	2,740	293,139	295,879	580,000	580,000	284,121
Other expenditures	799,304	-	799,304	919,969	919,969	120,665
Total expenditures/expenses	<u>8,230,629</u>	<u>293,289</u>	<u>8,523,918</u>	<u>9,709,374</u>	<u>9,709,374</u>	<u>1,185,456</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(975,716)	(9,265)	(984,981)	(1,617,442)	(1,617,442)	632,461
Other financing sources, net	<u>164,602</u>	<u>-</u>	<u>164,602</u>	<u>-</u>	<u>-</u>	<u>164,602</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(811,114)	(9,265)	(820,379)	(1,617,442)	(1,617,442)	797,063
Balances beginning of year	<u>2,517,574</u>	<u>50,857</u>	<u>2,568,431</u>	<u>3,439,342</u>	<u>3,439,342</u>	<u>(870,911)</u>
Balances end of year	<u>\$ 1,706,460</u>	<u>41,592</u>	<u>1,748,052</u>	<u>1,821,900</u>	<u>1,821,900</u>	<u>(73,848)</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CAM COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2014

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.

During the year ended June 30, 2014, expenditures exceeded the amount budgeted in the support services functional area.

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
2014	July 1, 2011	-	231,107	231,107	0.0%	2,283,793	10.1

See Note 6 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, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 45,009	67,247	112,256
Receivables:			
Property tax:			
Delinquent	2,239	-	2,239
Succeeding year	225,000	-	225,000
Accounts	-	410	410
<b>Total assets</b>	<b>\$ 272,248</b>	<b>67,657</b>	<b>339,905</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 518	217	735
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	225,000	-	225,000
Fund balances:			
Restricted for:			
Management levy purposes	46,730	-	46,730
Student activities	-	67,440	67,440
Total fund balances	46,730	67,440	114,170
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 272,248</b>	<b>67,657</b>	<b>339,905</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CAM COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 139,916	-	139,916
Other	3,765	166,925	170,690
State sources	56	-	56
Total revenues	<u>143,737</u>	<u>166,925</u>	<u>310,662</u>
Expenditures:			
Instruction:			
Regular	39,556	-	39,556
Other	-	163,811	163,811
Support services:			
Instructional staff	172	-	172
Administration	5,601	-	5,601
Operation and maintenance of plant	111,567	-	111,567
Transportation	22,761	-	22,761
Non-instructional programs:			
Food service operations	2,740	-	2,740
Total expenditures	<u>182,397</u>	<u>163,811</u>	<u>346,208</u>
Change in fund balances	(38,660)	3,114	(35,546)
Fund balances beginning of year	<u>85,390</u>	<u>64,326</u>	<u>149,716</u>
Fund balances end of year	<u>\$ 46,730</u>	<u>67,440</u>	<u>114,170</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CAM COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 157,545	29,605	187,150
Receivables:			
Property tax:			
Delinquent	-	3,812	3,812
Succeeding year	-	294,427	294,427
Due from other governments	26,563	-	26,563
<b>Total assets</b>	<b>\$ 184,108</b>	<b>327,844</b>	<b>511,952</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	20,108	20,108
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	294,427	294,427
Fund balances:			
Restricted for:			
School infrastructure	184,108	-	184,108
Physical plant and equipment	-	13,309	13,309
Total fund balances	184,108	13,309	197,417
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 184,108</b>	<b>327,844</b>	<b>511,952</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CAM COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECT ACCOUNTS  
 YEAR ENDED JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	247,428	247,428
Other	453	171	624
State sources	311,823	95	311,918
Total revenues	<u>312,276</u>	<u>247,694</u>	<u>559,970</u>
Expenditures:			
Instruction:			
Regular	8,000	57,870	65,870
Support services:			
Instructional staff	7,101	86,580	93,681
Administration	-	39,274	39,274
Operation and maintenance of plant	-	76,300	76,300
Transportation	173,077	5,691	178,768
Capital outlay	510,299	112,324	622,623
Total expenditures	<u>698,477</u>	<u>378,039</u>	<u>1,076,516</u>
Deficiency of revenues under expenditures	(386,201)	(130,345)	(516,546)
Other financing sources:			
Bus lease proceeds	128,202	-	128,202
Change in fund balances	(257,999)	(130,345)	(388,344)
Fund balances beginning of year	<u>442,107</u>	<u>143,654</u>	<u>585,761</u>
Fund balances end of year	<u>\$ 184,108</u>	<u>13,309</u>	<u>197,417</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, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Speech	\$ 1,254	5,362	6,614	2
Music	-	169	94	75
Golf	51	-	-	51
Cheerleading	564	1,010	1,300	274
Dance	2,405	2,960	2,527	2,838
Boys Basketball	1,650	118	1,655	113
Football	1,702	10,601	11,526	777
Baseball	1,238	450	485	1,203
Boys Track	128	-	-	128
MS Track	773	669	1,178	264
Girls Basketball	701	680	1,133	248
Volleyball	1,157	1,504	1,321	1,340
Softball	1	402	364	39
CAM sports	6,451	38,759	40,194	5,016
FFA	2,554	36,328	37,699	1,183
Boomerang	83	370	83	370
Concessions	1,786	21,746	12,412	11,120
Yearbook	4,749	7,030	7,371	4,408
HS Vending Machines	2,785	1,884	2,972	1,697
HS Student Council	1,872	1,229	1,125	1,976
Coug Crew	319	-	-	319
FHA	131	-	-	131
Science Club	73	-	-	73
She's the First	-	128	-	128
MS Student Council	66	975	1,041	-
North Elementary	5,906	10,949	8,249	8,606
South Elementary	744	255	179	820
DC Trip	5,423	4,000	-	9,423
Contributions	31	-	-	31
Memorials	141	-	-	141
Art Club	36	48	48	36
Class of 2013	1,730	-	1,730	-
Class of 2014	854	297	1,151	-
Class of 2015	5,254	7,931	12,369	816
Class of 2016	2,825	4,097	2,412	4,510
Activity Interest	1,287	612	1,269	630
MS Library	1,708	2,276	1,987	1,997
MS Vending	2,976	4,086	3,323	3,739
MS special accounts	2,918	-	-	2,918
Total	\$ 64,326	166,925	163,811	67,440

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CAM COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUNDS  
 FOR THE LAST THREE YEARS

	Modified Accrual Basis		
	Years ended June 30,		
	2014	2013	2012
Revenues:			
Local sources:			
Local tax	\$ 2,444,300	3,014,693	3,021,548
Tuition	2,013,127	1,417,443	89,990
Other	301,709	316,105	314,847
Intermediate sources	4,455	4,125	2,015
State sources	2,312,318	2,098,517	2,765,696
Federal sources	179,004	183,303	268,591
Total	<u>\$ 7,254,913</u>	<u>7,034,186</u>	<u>6,462,687</u>
Expenditures:			
Instruction:			
Regular	\$ 3,814,772	3,264,004	2,516,611
Special	876,749	757,785	562,062
Other	731,742	760,567	778,104
Support services:			
Student	60,757	56,258	46,243
Instructional staff	191,659	173,086	207,035
Administration	578,911	513,608	514,286
Operation and maintenance of plant	588,313	449,663	493,763
Transportation	576,569	406,776	355,859
Non-instructional programs	11,853	3,000	-
Capital outlay	622,623	414,193	191,945
Long-term debt:			
Principal	-	100,810	99,190
Interest	-	1,218	3,385
Other expenditures:			
AEA flow-through	176,681	170,581	173,982
Total	<u>\$ 8,230,629</u>	<u>7,071,549</u>	<u>5,942,465</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited 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, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 10, 2015.

**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 a material weakness and a significant deficiency.

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-14 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 deficiency described in Part I of the accompanying Schedule of Findings as item I-B-14 to be a significant deficiency.

## **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, 2014 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 10, 2015  
Newton, Iowa

CAM COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2014

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

I-A-14 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 - The District will continue to review our procedures and segregate our duties where possible.

Conclusion - Response accepted.

I-B-14 Purchase Orders - We noted during our audit that the District currently uses purchase orders in the purchasing process, however we noted instances of purchase orders which were not dated or were dated after the supplies had been ordered or received, and we also noted transactions processed without purchase orders.

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 - The District will continue to request that purchase orders be completed and approved appropriately prior to placing the order.

Conclusion - Response accepted.

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

II-A-14 Certified Budget - Expenditures for the year ended June 30, 2014 exceeded the amounts budgeted in the support services functional area.

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

Response - In the future, the District will amend its budget before expenditures exceed the amounts budgeted.

Conclusion - Response accepted.

II-B-14 Questionable Disbursements - We noted during our audit a disbursement for magazine fundraiser prizes being awarded. Giving prizes for a fundraiser does not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to be in compliance with the Attorney General's opinion dated April 25, 1979.

Response - In the future, no fundraiser prizes will be awarded by the District.

Conclusion - Response accepted.

II-C-14 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-14 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-E-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we did note instances where the Board entered closed sessions during District meetings, but did not identify and document the specific exemption allowed under Chapter 21.5 of the Code of Iowa.

Recommendation - The District should identify the specific exemption for entering a closed session, and document the exemption allowed under Chapter 21.5 of the Code of Iowa in the District's Board Minutes.

Response - All closed sessions will be identified by the specific exemption for entering into a closed session.

Conclusion - Response accepted.

II-F-14 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Steve Pelzer, Superintendent Spouse is a teacher	Instruction	\$ 47,669
Kyle Williams, Head Custodian Father and Brother own Lefty's Pump & Plumbing	Services	\$ 4,501
Gary Dinkla, Board President JH basketball official	Services	\$ 125
Peggy Wheatley, Teacher Spouse owns Wheatley Sanitation	Services	\$ 6,420
Todd Mckee, Board Member Spouse is a library aid	Services	\$ 10,564
Julie Williamson, Board Member Worked as a substitute secretary Spouse is a substitute bus driver	Services Services	\$ 1,058 \$ 2,656

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 Board Members do not appear to represent a conflict of interest.

II-G-14 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was overstated by 2.00.

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

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

Conclusion - Response accepted.

II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-14 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-14 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-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-14 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	442,107
Revenues/transfers in:			
Sales tax revenues	\$	311,823	
Other local revenues		453	
Sale of long term debt		128,202	
		<u>440,478</u>	<u>882,585</u>
Expenditures/transfers out:			
School infrastructure construction	\$	492,828	
Equipment		181,077	
Other		24,572	
		<u>698,477</u>	
Ending balance		<u>\$</u>	<u>184,108</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- II-M-14 Financial Condition - At June 30, 2014, the District had deficit unrestricted net position in the Enterprise, School Nutrition Fund of \$1,904.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - The District will continue to monitor these funds and investigate alternatives to eliminate the deficit.

Conclusion - Response accepted.

- II-N-14 Contract Signatures - We noted during our audit that the Board President was not signing Activity Fund officiating contracts. We also noted that the District's bus lease was not signed by Board President. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - In the future, the Board President will sign all contracts.

Conclusion - Response accepted.

II-O-14 Operating Lease - We noted during our audit that the District has an operating lease for photocopiers with Counsel Office and Document(Counsel). Counsel charges the District per printed copy which includes the cost of the lease of the photocopiers with the maintenance cost of the photocopiers. Counsel's billing practice make it difficult to determine what portion of the bill is the cost of the lease and what portion of the bill is maintenance cost.

Currently, the District expenses the entirety of bills from Counsel to the Capital Projects: Physical Plant and Equipment Levy Fund(PPEL). Iowa Administrative Code 281 Chapter 98.64(3) specifically disallows equipment maintenance from the PPEL Fund. Therefore, it appears that the District should not be expensing the entirety of Counsel's bills to the PPEL Fund. Lease costs would be allowable to the PPEL Fund while the costs of maintenance are most appropriate to the General Fund.

Recommendation - The District needs to contact Counsel Office and Document and request that future bills break out the cost of the lease of the photocopiers with the cost of the maintenance of the photocopiers. The cost of the lease is an allowable expense to the PPEL Fund, while the cost of maintenance would be more appropriate to the General Fund.

Response - The District will contact Counsel Office and Document and request that future bills break out the cost of the lease of the photocopiers with the cost of the maintenance of the photocopiers.

Conclusion - Response accepted.