

**LAURENS-MARATHON  
COMMUNITY SCHOOL DISTRICT**

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

JUNE 30, 2007

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**LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT**

**Officials**

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

**(Before September, 2006 Election)**

Brett Barglof	President	2008
Brett Fehr	Vice President	2006
Terry Gunnarson		2007
Nancy Fuchs		2007
Thaine Hopkins		2006

**(After September, 2006 Election)**

Brett Barglof	President	2008
Brett Fehr	Vice President	2009
Terry Gunnarson		2007
Nancy Fuchs		2007
Deb Kenobbie		2009

**School Officials**

Dan Braunschweig	Superintendent
Monte Montgomery	Interim Superintendent (appointed December, 2006)
Susan Wenell	District Secretary/ Treasurer

**BRUCE D. FRINK**  
Certified Public Accountant

**Independent Auditor's Report**

**Member:**

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

**Services:**

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

**Plus:**

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of  
Laurens-Marathon Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Laurens-Marathon Community School District, Laurens, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

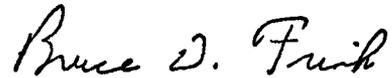
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Laurens-Marathon Community School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2008 on our consideration of Laurens-Marathon Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laurens-Marathon Community School District's basic financial statements. We previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**BRUCE D. FRINK**  
**Certified Public Accountant**

March 25, 2008

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

### Management's Discussion and Analysis

Laurens-Marathon 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, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### 2007 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,430,408 in fiscal year 2006 to \$3,274,006 in fiscal year 2007, while General Fund expenditures increased from \$3,435,590 in fiscal year 2006 to \$3,579,867 in fiscal year 2007. The District's General Fund balance decreased from \$344,619 in fiscal year 2006 to \$38,758 in fiscal year 2007, an 88% decrease.
- The District received \$36,507 in a federal Small Rural Schools Achievement Grant as part of the Rural Education Achievement Program.
- The District's Certified Enrollment increased from 342.0 students in September 2005 to 401.00 students in September 2006.
- General Fund revenues decreased in all areas from the prior year.
- General Fund expenditures increased 5%. The District continues to work to curtail discretionary spending.
- PPEL fund expenses exceeded revenues by over \$60,000 as the District uses these funds for current equipment and infrastructure projects. Capital project revenues from local option sales taxes continue to be set aside for future capital projects.

#### USING THIS ANNUAL REPORT

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

**Figure A-1**

**Laurens-Marathon Community School District Annual Financial Report**

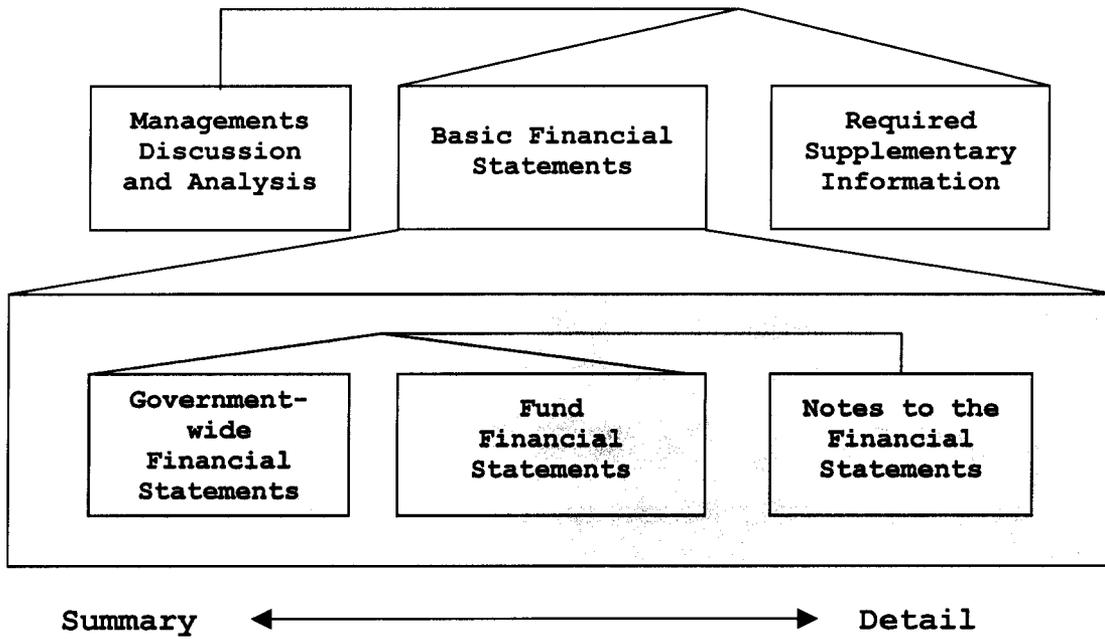


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

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

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 much cash and other financial assets 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 and the Capital Projects Fund.

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

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

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

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

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2007 compared to June 30, 2006.

**Figure A-3**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental		Business type		Total		Total Change
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2007	2006	2007	2006	2007	2006	2006-07
	\$	\$	\$	\$	\$	\$	
Current assets	2,706	2,615	3	12	2,709	2,627	3.12%
Capital assets	1,326	1,304	12	14	1,338	1,318	1.52%
Total assets	<u>4,032</u>	<u>3,919</u>	<u>15</u>	<u>26</u>	<u>4,047</u>	<u>3,945</u>	<u>2.59%</u>
Current liabilities	1,805	1,606	-	-	1,805	1,606	12.39%
Non-current liabilities	790	935	-	-	790	935	-15.51%
Total liabilities	<u>2,595</u>	<u>2,541</u>	<u>-</u>	<u>-</u>	<u>2,595</u>	<u>2,541</u>	<u>2.13%</u>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	536	379	12	14	548	393	39.44%
Restricted	724	530	-	-	724	530	36.60%
Unrestricted	177	469	3	12	180	481	-62.58%
Total net assets	<u>1,437</u>	<u>1,378</u>	<u>15</u>	<u>26</u>	<u>1,452</u>	<u>1,404</u>	<u>3.42%</u>

Total net assets increased over 3% due to the accumulation of the local option sales tax revenues. The General Fund decreased due to an across the board decrease in revenues.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

**Figure A-4**  
**Change in Net Assets**  
**(Expressed in Thousands)**

	Governmental		Business type		Total		Total Change 2006-07
	Activities		Activities		District		
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service and sales	267	251	106	105	373	356	4.78%
Operating grants, contributions and restricted interest	709	695	72	74	781	769	1.56%
<b>General revenues:</b>							
Property tax	1,584	1,573	-	-	1,584	1,573	0.70%
Income surtax	103	82	-	-	103	82	25.61%
Local option sales tax	223	240	-	-	223	240	-7.08%
Unrestricted state grants	1,278	1,424	-	-	1,278	1,424	-10.25%
Unrestricted investment earnings	7	8	-	-	7	8	-12.50%
Other	30	35	-	-	30	35	-14.29%
<b>Total revenues</b>	<b>4,201</b>	<b>4,308</b>	<b>178</b>	<b>179</b>	<b>4,379</b>	<b>4,487</b>	<b>-2.41%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instruction	2,614	2,573	-	-	2,614	2,573	1.59%
Support Services	1,152	1,016	-	-	1,152	1,016	13.39%
Non-instructional programs	-	-	189	198	189	198	-4.55%
Other expenses	376	388	-	-	376	388	-3.09%
<b>Total expenses</b>	<b>4,142</b>	<b>3,977</b>	<b>189</b>	<b>198</b>	<b>4,331</b>	<b>4,175</b>	<b>3.74%</b>
<b>Change in net assets</b>	<b>59</b>	<b>331</b>	<b>(11)</b>	<b>(19)</b>	<b>48</b>	<b>312</b>	<b>-84.62%</b>

Property tax and unrestricted state grants account for 66% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 87% of the total expenses.

## Governmental Activities

Revenues for governmental activities were \$4,200,802 and expenses were \$4,142,259.

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

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
	\$	\$		\$	\$	
Instruction	2,614	2,573	1.59%	1,852	1,847	0.27%
Support Services	1,152	1,016	13.39%	1,092	934	16.92%
Other expenses	<u>376</u>	<u>388</u>	<u>-3.09%</u>	<u>222</u>	<u>250</u>	<u>-11.20%</u>
Totals	<u>4,142</u>	<u>3,977</u>	<u>4.15%</u>	<u>3,166</u>	<u>3,031</u>	<u>4.45%</u>

- The cost financed by users of the District's programs was \$267,416.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$319,911.
- The net cost of governmental activities was financed with \$1,584,415 in property tax, \$1,277,629 in state foundation aid, and \$7,293 in interest income.

## Proprietary-Type Funds

Revenues for the District's School Nutrition Fund were \$178,451 and expenses were \$189,031. The revenues include charges for services, contributions, and federal and state reimbursements.

## INDIVIDUAL FUND ANALYSIS

The Laurens-Marathon 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 the District completed the fiscal year, its governmental funds reported a combined fund balance of \$1,437,382, which is 5% greater than last year's ending fund balance of \$1,378,839, primarily due to accumulation of sales tax revenues.

## Governmental Fund Highlights

Several factors contributed to the small increase of the fund balance in the District's governmental funds. Some of these factors were unexpected; some were deliberately planned.

- Collection of local option sales tax as well as careful cost containment measures were primary factors for the increase.

## Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$25,675 at June 30, 2006 to \$15,095 at June 30, 2007, representing a decrease of approximately 41%.

**BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

It is the District's practice, as is in most Iowa school district, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year.

Actual revenues were less than budgeted amounts by over \$316,000, primarily because of less state aid and miscellaneous revenues than projected.

**CAPITAL ASSETS AND ADMINISTRATION**

**Capital Assets**

The District has invested more than \$3.6 million by the end of fiscal year 2007 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. Total depreciation expenses for the year exceeded \$95,000.

**Figure A-6  
Condensed Statement of Net Assets  
(Expressed in Thousands)**

	Governmental		Business type		Total		Total Change
	Activities		Activities		District		
	June 30, 2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Land	40	40	-	-	40	40	0.00%
Land improvements	4	4	-	-	4	4	100.00%
Buildings	1,033	1,066	-	-	1,033	1,066	-3.10%
Furniture and equipment	249	194	12	14	261	208	25.48%
<b>Totals</b>	<u>1,326</u>	<u>1,304</u>	<u>12</u>	<u>14</u>	<u>1,338</u>	<u>1,318</u>	<u>1.52%</u>

**Long-Term Debt**

The District has \$790,000 in general obligation bonds outstanding. This represents a decrease of \$135,000 from the previous year. The principal and interest on the bonds will be paid in full by June 1, 2012. The District makes principal and interest payments annually on these bonds using property tax dollars obtained through a debt service levy specifically for these bonds.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- To offset the impact of declining enrollment, the State has provided a budget guarantee provision for districts. This budget guarantee provision is being phased out over a 10-year period. The District was on budget guarantee for Fiscal Year 2007 and will continue to be on budget guarantee for several years to come. Due to previous and continued declining enrollment, the amount of this reduction due to the phase out of the budget guarantee will likely grow over the next several years.

- Possible sharing opportunities with neighboring districts are being explored to bolster the District's financial position.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal No Child Left Behind Act and the state Student Achievement and Teacher Quality Initiative. This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

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

This financial report is designed to provide our 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 Susan Wenell, District Secretary/Treasurer and Business Manager, Laurens-Marathon Community School District, 300 West Garfield, Laurens, IA 50554.

## **Basic Financial Statements**

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash	915,293	2,633	917,926
Receivables:			
Property tax:			
Current year	20,771	-	20,771
Succeeding year	1,663,803	-	1,663,803
Income surtax - succeeding year	82,416	-	82,416
Due from other governments	23,936	-	23,936
Capital assets, net of accumulated depreciation	<u>1,326,097</u>	<u>12,462</u>	<u>1,338,559</u>
<b>Total assets</b>	<u>4,032,316</u>	<u>15,095</u>	<u>4,047,411</u>
<b>Liabilities</b>			
Accounts payable	58,086	-	58,086
Accrued payroll	76,838	-	76,838
Accrued interest payable	3,292	-	3,292
Deferred revenue:			
Succeeding year property tax	1,663,803	-	1,663,803
Federal programs	2,915	-	2,915
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	140,000	-	140,000
Portion due after one year:			
General obligation bonds payable	<u>650,000</u>	<u>-</u>	<u>650,000</u>
<b>Total liabilities</b>	<u>2,594,934</u>	<u>-</u>	<u>2,594,934</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	536,097	12,462	548,559
Restricted for:			
Management levy	123,834	-	123,834
Physical plant and equipment levy	41,188	-	41,188
Debt service	47,076	-	47,076
Capital projects	511,998	-	511,998
Unrestricted	<u>177,189</u>	<u>2,633</u>	<u>179,822</u>
<b>Total net assets</b>	<u>1,437,382</u>	<u>15,095</u>	<u>1,452,477</u>

See notes to financial statements.

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
	\$	\$	\$	\$	\$	\$
	2,613,904	267,416	494,574	(1,851,914)	-	(1,851,914)
<b>Functions/Programs</b>						
Governmental activities:						
Instruction:						
Support services:						
Student services	99,420	-	-	(99,420)	-	(99,420)
Instructional staff services	93,772	-	-	(93,772)	-	(93,772)
Administration services	471,423	-	-	(471,423)	-	(471,423)
Operation and maintenance of plant services	287,532	-	60,825	(226,707)	-	(226,707)
Transportation services	200,377	-	-	(200,377)	-	(200,377)
	1,152,524	-	60,825	(1,091,699)	-	(1,091,699)
Other expenditures:						
AEA flowthrough	132,835	-	132,835	-	-	-
Long-term debt services	400	-	-	(400)	-	(400)
Long-term debt interest	45,688	-	6,632	(39,056)	-	(39,056)
Facilities acquisition and construction	106,123	-	13,761	(92,362)	-	(92,362)
Depreciation (unallocated)*	90,785	-	-	(90,785)	-	(90,785)
	375,831	-	153,228	(222,603)	-	(222,603)
Total governmental activities	4,142,259	267,416	708,627	(3,166,216)	-	(3,166,216)

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
\$	\$	\$	\$	\$	\$	\$
189,031	106,041	72,410	-	(10,580)	(10,580)	
<u>4,331,290</u>	<u>373,457</u>	<u>781,037</u>	<u>(3,166,216)</u>	<u>(10,580)</u>	<u>(3,176,796)</u>	
<b>Business type activities:</b>						
Non-instructional programs:						
Nutrition services						
Total						
<b>General revenues:</b>						
Property tax levied for:						
General purposes						
Management levy						
Debt service						
Capital outlay						
Income surtax						
General purposes						
Capital outlay						
Local option sales tax						
Unrestricted state grants						
Unrestricted investment earnings						
Other						
Total general revenue						
Change in net assets						
Net assets beginning of year						
Net assets end of year						

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

See notes to financial statements.

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

## Balance Sheet

## Governmental Funds

June 30, 2007

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Cash	144,177	48,487	497,700	45,958	178,971	915,293
Receivables:						
Property tax:						
Current year	15,772	1,881	-	1,802	1,316	20,771
Succeeding year	1,278,750	141,500	-	143,553	100,000	1,663,803
Income surtax - succeeding year	41,208	-	-	41,208	-	82,416
Due from other governments	9,638	-	14,298	-	-	23,936
<b>Total assets</b>	<u>1,489,545</u>	<u>191,868</u>	<u>511,998</u>	<u>232,521</u>	<u>280,287</u>	<u>2,706,219</u>
<b>Liabilities and Fund Balance</b>						
Liabilities:						
Accounts payable	51,076	-	-	6,572	438	58,086
Accrued payroll	76,838	-	-	-	-	76,838
Deferred revenue:						
Succeeding year property tax	1,278,750	141,500	-	143,553	100,000	1,663,803
Succeeding year income surtax	41,208	-	-	41,208	-	82,416
Federal programs	2,915	-	-	-	-	2,915
Total liabilities	<u>1,450,787</u>	<u>141,500</u>	<u>-</u>	<u>191,333</u>	<u>100,438</u>	<u>1,884,058</u>
Fund balances:						
Reserved for debt service	-	50,368	-	-	-	50,368
Reserved for capital projects	-	-	511,998	-	-	511,998
Unreserved	38,758	-	-	41,188	179,849	259,795
Total fund balances	<u>38,758</u>	<u>50,368</u>	<u>511,998</u>	<u>41,188</u>	<u>179,849</u>	<u>822,161</u>
<b>Total liabilities and fund balances</b>	<u>1,489,545</u>	<u>191,868</u>	<u>511,998</u>	<u>232,521</u>	<u>280,287</u>	<u>2,706,219</u>

See notes to financial statements.

**LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT**

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2007

<b>Total fund balances of governmental funds (Exhibit C)</b>	\$ 822,161
 <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Income surtax receivable at June 30, 2007 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.	82,416
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,326,097
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.	(3,292)
Long-term liabilities, including bonds and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	<u>(790,000)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u>\$ 1,437,382</u>

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Fund Types

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$	\$
<b>Revenues:</b>						
Local sources						
Local tax	1,250,834	139,870	222,580	186,623	101,710	1,901,617
Tuition	257,389	-	-	-	-	257,389
Other	60,574	6,519	13,761	4,654	217,933	303,441
State sources	1,597,061	113	-	108	79	1,597,361
Federal sources	108,148	-	-	24,866	-	133,014
<b>Total revenues</b>	<b>3,274,006</b>	<b>146,502</b>	<b>236,341</b>	<b>216,251</b>	<b>319,722</b>	<b>4,192,822</b>
<b>Expenditures:</b>						
Instruction:	2,379,698	-	-	11,912	232,054	2,623,664
<b>Support services:</b>						
Student services	99,420	-	-	-	-	99,420
Instructional staff services	93,772	-	-	-	-	93,772
Administration services	457,604	72	-	12,934	813	471,423
Operation and maintenance of plant services	293,183	-	-	18,973	26,859	339,015
Transportation services	123,355	-	-	127,331	10,848	261,534
	1,067,334	72	-	159,238	38,520	1,265,164

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Fund Types

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$	\$
Other expenditures:						
AEA flowthrough	132,835	-	-	-	-	132,835
Long-term debt:						
Services	-	400	-	-	-	400
Principal	-	135,000	-	-	-	135,000
Interest	-	46,250	-	-	-	46,250
Facilities acquisition and construction	-	-	-	106,123	-	106,123
	<u>132,835</u>	<u>181,650</u>	<u>-</u>	<u>106,123</u>	<u>-</u>	<u>420,608</u>
Total expenditures	<u>3,579,867</u>	<u>181,722</u>	<u>-</u>	<u>277,273</u>	<u>270,574</u>	<u>4,309,436</u>
Net changes in fund balance	(305,861)	(35,220)	236,341	(61,022)	49,148	(116,614)
Fund balances beginning of year	<u>344,619</u>	<u>85,588</u>	<u>275,657</u>	<u>102,210</u>	<u>130,701</u>	<u>938,775</u>
Fund balances end of year	<u><u>38,758</u></u>	<u><u>50,368</u></u>	<u><u>511,998</u></u>	<u><u>41,188</u></u>	<u><u>179,849</u></u>	<u><u>822,161</u></u>

**LAURENS-MARATHON 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, 2007

**Net change in fund balances - total governmental funds (Exhibit E)** \$ (116,614)

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

Income surtaxes not collected for several months after the District's  
 fiscal year ends are not considered "available" revenues in the  
 governmental funds and are included as deferred revenues. They are,  
 however, recorded as revenues in the statement of activities 7,980

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

Capital outlays	112,640
Depreciation expense	(90,785)

Repayment of long-term liabilities is an expenditure in the governmental  
 funds, but the repayment reduces long-term liabilities in the Statement  
 of Net Assets. 135,000

Early retirement expenses recorded 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. 9,760

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. 562

**Change in net assets of governmental activities (Exhibit B)** \$ 58,543

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

## Statement of Revenues, Expenses and Changes in Net Assets

## Proprietary Fund

Year ended June 30, 2007

	<u>School Nutrition</u>
	\$
Operating revenue:	
Local sources:	
Charges for services	<u>106,041</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	66,301
Benefits	8,804
Services	4,478
Supplies	105,148
Depreciation	<u>4,300</u>
Total operating expenses	<u>189,031</u>
Operating (loss)	<u>(82,990)</u>
Non-operating revenues:	
State sources	2,201
Federal sources	70,093
Interest income	<u>116</u>
	<u>72,410</u>
Changes in net assets	(10,580)
Net assets beginning of year	<u>25,675</u>
Net assets end of year	<u><u>15,095</u></u>

See notes to financial statements.

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

## Statement of Cash Flows

## Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	106,041
Cash payments to employees for services	(75,105)
Cash payments to suppliers for goods or services	<u>(95,821)</u>
Net cash (used in) operating activities	<u>(64,885)</u>
Cash flows from non-capital financing activities:	
State grants received	2,201
Federal grants received	<u>60,794</u>
Net cash provided by non-capital financing activities	<u>62,995</u>
Cash flows from capital financing activities:	
Acquisition of capital assets	(2,978)
Cash flows from investing activities:	
Interest on investments	<u>116</u>
Net (decrease) in cash and cash equivalents	(4,752)
Cash and cash equivalents beginning of year	<u>7,385</u>
Cash and cash equivalents end of year	<u><u>2,633</u></u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>	
Operating (loss)	(82,990)
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:	
Depreciation	4,300
Commodities used	9,299
Decrease in inventory	<u>4,506</u>
	<u>(64,885)</u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	<u><u>2,633</u></u>

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

During the year ended June 30, 2007, the District received federal commodities valued at \$9,299.

See notes to financial statements.

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trusts Scholarships
	<u>          </u>
	\$
<b>Assets</b>	
Cash	255,705
Land	<u>73,980</u>
<b>Total assets</b>	<u>329,685</u>
<b>Net Assets</b>	
Reserved for specific purposes	<u>329,685</u>
<b>Total net assets</b>	<u><u>329,685</u></u>

See notes to financial statements.

**LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT**

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trusts <u>Scholarships</u> \$
Additions:	
Local sources:	
Miscellaneous	51,268
Total additions	<u>51,268</u>
Deductions:	
Support services:	
Other	40,600
Total deductions	<u>40,600</u>
Change in net assets	10,668
Net assets beginning of year (as restated)	<u>319,017</u>
Net assets end of year	<u><u>329,685</u></u>

See notes to financial statements.

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Laurens-Marathon Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors summer recreational activities. The geographic area served includes the Cities of Laurens and Marathon, Iowa, and agricultural area in Palo Alto, Buena Vista and Pocahontas 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, Laurens-Marathon Community School District has included all funds, organizations, account groups, 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. Laurens-Marathon 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 does 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 Pocahontas County Assessor Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Physical Plant and Equipment Levy is used for the acquisition of capital assets (over \$500) and the maintenance and purchase of land improvements and facilities.

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

The District reports the following major proprietary fund:

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

The District also reports fiduciary funds which focus on net assets and changes in net assets. the District's fiduciary funds 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 for scholarship payments.

#### C. Measurement Focus and Basis of Accounting

The government-wide and the proprietary 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 financial sources.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

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

#### D. Assets, Liabilities and Fund Balance

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 invested in interest bearing accounts. Investments are stated at fair value except for 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 governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking the 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

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

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

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2007.

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the support services function exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2007 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, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$440,647</u>

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

Interest rate risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk - The investments in the Iowa School Joint Investment Trust were both rated Aaa by Moody's Investors Service.

**(3) Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	<u>40,213</u>	<u>-</u>	<u>-</u>	<u>40,213</u>
Capital assets being depreciated:				
Land improvements	170,368	-	-	170,368
Buildings	2,089,038	-	-	2,089,038
Furniture and Equipment	<u>1,155,964</u>	<u>112,640</u>	<u>-</u>	<u>1,268,604</u>
Total capital assets being depreciated	<u>3,415,370</u>	<u>112,640</u>	<u>-</u>	<u>3,528,010</u>
Less accumulated depreciation for:				
Land improvements	166,228	180	-	166,408
Buildings	1,023,182	33,121	-	1,056,303
Furniture and Equipment	<u>961,931</u>	<u>57,484</u>	<u>-</u>	<u>1,019,415</u>
Total accumulated depreciation	<u>2,151,341</u>	<u>90,785</u>	<u>-</u>	<u>2,242,126</u>
Total capital assets being depreciated, net	<u>1,264,029</u>	<u>21,855</u>	<u>-</u>	<u>1,285,884</u>
Governmental activities, capital assets, net	<u>1,304,242</u>	<u>21,855</u>	<u>-</u>	<u>1,326,097</u>
<b>Business type activities:</b>				
Furniture and equipment	54,091	2,978	-	57,069
Less accumulated depreciation	<u>40,307</u>	<u>4,300</u>	<u>-</u>	<u>44,607</u>
Business type activities capital assets, net	<u>13,784</u>	<u>(1,322)</u>	<u>-</u>	<u>12,462</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Unallocated				<u>90,785</u>
Business Type activities:				
Food service operations				<u>4,300</u>

**(4) Bonds Payable**

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue as of October 1, 1996			
	Interest Rates %	Principal \$	Interest \$	Total \$
2008	5.00	140,000	39,500	179,500
2009	5.00	150,000	32,500	182,500
2010	5.00	160,000	25,000	185,000
2011	5.00	165,000	17,000	182,000
2012	5.00	175,000	8,750	183,750
Total		<u>790,000</u>	<u>122,750</u>	<u>912,750</u>

**(5) Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

	General Obligation Bond \$	Early Retirement \$	Total \$
Balance beginning of year	925,000	9,760	934,760
Additions	-	-	-
Reductions	<u>135,000</u>	<u>9,760</u>	<u>144,760</u>
Balance end of year	<u>790,000</u>	<u>-</u>	<u>790,000</u>

**(6) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll, for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$125,637, \$124,195 and \$126,927 respectively, equal to the required contributions for each year.

**(7) Risk Management**

Laurens-Marathon 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.

**(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 \$132,835 for year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(9) Early Retirement**

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-nine and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 50% of the employee's base salary calculated by using the current year regular salary schedule less any other additional pay and subject to a maximum of \$20,000 per individual. Early retirement benefits paid during the year ended June 30, 2007 totaled \$9,760.

**(10) Beginning Balance Adjustment**

The beginning balance amount for the Blomgren Fund, Private Purpose Trust, was increased by \$73,980 to reflect 49.32 acres of land that was donated to the District in 1976, but has not previously been included in the financial records of the District.

**Required Supplementary Information**

**LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Types		Proprietary Fund Type		Total Actual	Budgeted Amounts		Final to Actual Variance -
	Actual	\$	Actual	\$		Original	Final	
<b>Revenues:</b>								
Local sources	2,462,447		106,157		2,568,604	2,687,878	2,687,878	(119,274)
State sources	1,597,361		2,201		1,599,562	1,814,968	1,814,968	(215,406)
Federal sources	133,014		70,093		203,107	185,000	185,000	18,107
Total revenues	<u>4,192,822</u>		<u>178,451</u>		<u>4,371,273</u>	<u>4,687,846</u>	<u>4,687,846</u>	<u>(316,573)</u>
<b>Expenditures:</b>								
Instruction	2,623,664		-		2,623,664	3,272,291	3,272,291	648,627
Support services	1,265,164		-		1,265,164	1,218,359	1,218,359	(46,805)
Non-instructional programs	-		189,031		189,031	362,686	362,686	173,655
Other expenditures	420,608		-		420,608	801,345	801,345	380,737
Total expenditures	<u>4,309,436</u>		<u>189,031</u>		<u>4,498,467</u>	<u>5,654,681</u>	<u>5,654,681</u>	<u>1,156,214</u>
Excess (deficiency) of revenues over (under) expenditures	(116,614)		(10,580)		(127,194)	(966,835)	(966,835)	839,641
Other financing sources (uses)	-		-		-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(116,614)		(10,580)		(127,194)	(966,835)	(966,835)	839,641
Balance beginning of year	938,775		25,675		964,450	1,302,260	1,302,260	(337,810)
Balance end of year	<u>822,161</u>		<u>15,095</u>		<u>837,256</u>	<u>335,425</u>	<u>335,425</u>	<u>501,831</u>

See accompanying independent auditor's report.

**LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT**

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a 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 functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures exceeded the amounts budgeted in the support services function. The District did not exceed the General Fund unspent authorized budget.

**Other Supplementary Information**

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2007

	Management Levy	Student Activity	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments	122,551	56,420	178,971
Property tax receivable:			
Current year	1,316	-	1,316
Succeeding year	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>Total assets</b>	<u><u>223,867</u></u>	<u><u>56,420</u></u>	<u><u>280,287</u></u>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	33	405	438
Deferred revenue:			
Succeeding year property tax	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>100,033</u>	<u>405</u>	<u>100,438</u>
Fund balance:			
Unreserved fund balance	<u>123,834</u>	<u>56,015</u>	<u>179,849</u>
	<u>123,834</u>	<u>56,015</u>	<u>179,849</u>
<b>Total liabilities and fund balance</b>	<u><u>223,867</u></u>	<u><u>56,420</u></u>	<u><u>280,287</u></u>

See accompanying independent auditor's report.

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds

Year ended June 30, 2007

	<u>Management</u>	<u>Student</u> <u>Activity</u>	<u>Total</u>
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	101,710	-	101,710
Other	31,118	186,815	217,933
State sources	79	-	79
Total revenues	<u>132,907</u>	<u>186,815</u>	<u>319,722</u>
Expenditures:			
Instruction:	51,699	180,355	232,054
Support services:			
Administration services	813	-	813
Plant operation and maintenance	26,859	-	26,859
Student transportation	<u>10,848</u>	<u>-</u>	<u>10,848</u>
Total expenditures	<u>90,219</u>	<u>180,355</u>	<u>270,574</u>
(Deficiency) of revenues (under) expenditures and other financing uses	42,688	6,460	49,148
Fund balances beginning of year	<u>81,146</u>	<u>49,555</u>	<u>130,701</u>
Balance end of year	<u><u>123,834</u></u>	<u><u>56,015</u></u>	<u><u>179,849</u></u>

See accompanying independent auditor's report.

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Speech Trip	280	153	175	258
Speech	1,847	11,058	11,990	915
TAG	80	-	-	80
Vocal Trip	12,398	7,187	5,007	14,578
Band Trip	1,734	7,275	2,555	6,454
Spanish Trip	1,427	88	(208)	1,723
Band Uniforms	319	3	-	322
Towel Fees	73	-	-	73
Wrestling Cheerleaders	845	1,652	336	2,161
Athletic Uniforms	3,491	3,015	5,249	1,257
Athletics	-	48,111	36,287	11,824
Cross Country	-	465	444	21
Golf	-	23	552	(529)
Boys Basketball	-	3,125	2,152	973
Football	-	6,609	6,619	(10)
District Football	22	-	-	22
Baseball	-	263	1,607	(1,344)
Boys Track	-	1,315	5,497	(4,182)
Wrestling	-	1,802	1,493	309
Girls Basketball	-	2,465	1,814	651
Volleyball	-	3,497	3,647	(150)
Softball	-	3,508	6,976	(3,468)
Girls Track	-	824	4,444	(3,620)
Football Cheerleaders	198	1,752	1,824	126
Basketball Cheerleaders	-	485	485	-
Drill Team	2,122	4,175	4,988	1,309
Interest	398	1,314	383	1,329
HS Special Needs	2,252	1,026	678	2,600
LD Special Needs	40	125	125	40
Annual 06	1,168	1,533	2,701	-
Annual 07	2,000	10,103	7,533	4,570
Annual 08	-	2,000	-	2,000
Annual General	1,845	7,012	5,542	3,315
MS Guidance	52	-	-	52
Student Council	-	967	826	141
Class of 2006	819	-	819	-
Class of 2007	3,964	4,055	5,396	2,623
Graduated Seniors	1,528	256	-	1,784
Class of 2008	1,668	10,668	10,032	2,304
Class of 2009	-	4,205	2,139	2,066
National Honor Society	4	475	479	-
FFA	3,799	33,181	38,722	(1,742)
Home Ec	63	-	-	63
Character Counts	5,119	1,045	1,047	5,117
Total	49,555	186,815	180,355	56,015

See accompanying independent auditor's report.

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Net Assets  
Private Purpose Trusts

Year ended June 30, 2007

Account	Balance Beginning of Year (as restated)	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Blomgren Fund	80,274	13,500	3,849	89,925
Aschenbrenner Trust	80,782	2,626	5,000	78,408
Scholarship Fund	27,188	14,329	24,855	16,662
Marker Fund	30	-	-	30
Huey Korreect Band Fund	675	280	-	955
Playground Fund	112	-	-	112
Scholarship Savings	3,000	5,832	-	8,832
Wal-Mart/Waters	47	1,000	614	433
Doug DeYoung Memorial	-	51	-	51
Medicaid Reserve	-	202	-	202
Hakes Scholarship	12,270	718	325	12,663
Nonneman Scholarship	9,500	1,270	770	10,000
Gilchrist Scholarship	10,015	547	840	9,722
Halder Scholarship	4,950	50	-	5,000
Ludwig Scholarship	14,454	2,178	1,000	15,632
Hovenden Scholarship	25,439	561	1,000	25,000
Whitfield Scholarship	2,933	195	128	3,000
Ryon Scholarship	9,775	650	425	10,000
Sindergard Scholarship	314	326	-	640
Wright Scholarship	4,730	321	-	5,051
Hoffman Scholarship	14,713	887	600	15,000
Kees Scholarship	9,800	970	770	10,000
Braunschweig Scholarship	-	4,500	-	4,500
B Peterson Scholarship	8,016	275	424	7,867
	<u>319,017</u>	<u>51,268</u>	<u>40,600</u>	<u>329,685</u>
Total				

See accompanying independent auditor's report.

## LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,901,617	1,901,986	1,776,631	1,801,554
Tuition	257,389	250,577	203,539	195,282
Other	303,441	328,135	878,915	363,338
State sources	1,597,361	1,717,069	1,724,948	1,615,230
Federal sources	133,014	135,684	147,539	147,745
Total	<u>4,192,822</u>	<u>4,333,451</u>	<u>4,731,572</u>	<u>4,123,149</u>
Expenditures:				
Instruction	2,623,664	2,574,498	2,474,264	2,531,073
Support services:				
Student	99,420	92,788	65,597	86,780
Instructional staff	93,772	104,835	137,467	75,874
Administration	471,423	348,812	526,245	429,107
Operation and maintenance of plant	339,015	352,989	320,242	527,658
Transportation	261,534	133,601	98,505	82,213
Central support	-	-	58,055	55,897
Other expenditures:				
Facilities acquisition	106,123	129,897	698,401	50,803
Debt Service				
Principal	135,000	130,000	120,000	115,000
Interest and service charges	46,650	53,172	60,734	68,085
AEA flowthrough	132,835	130,755	130,364	131,938
Total	<u>4,309,436</u>	<u>4,051,347</u>	<u>4,689,874</u>	<u>4,154,428</u>

See accompanying independent auditor's report.

**BRUCE D. FRINK**  
Certified Public Accountant

**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**

**Member:**

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

**Services:**

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

**Plus:**

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of the  
Laurens-Marathon Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Laurens-Marathon Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 25, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Laurens-Marathon Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Laurens-Marathon Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Laurens-Marathon Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Laurens-Marathon Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Laurens-Marathon Community School District's financial statements that is more than inconsequential will not be prevented or detected by Laurens-Marathon Community School District's internal control.

We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Laurens-Marathon Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item 07-I-A is a material weakness.

#### Compliance and Other Matters

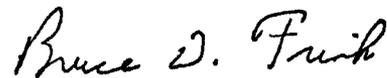
As part of obtaining reasonable assurance about whether Laurens-Marathon Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could 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, 2007 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.

Laurens-Marathon Community School District's response to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Laurens-Marathon Community School District's responses and, accordingly, we express no opinion on them.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Laurens-Marathon 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.



**BRUCE D. FRINK**  
**Certified Public Accountant**

March 25, 2008

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

07-I-A SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

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

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

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

07-II-A Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2007.

07-II-B Certified Budget - Expenditures for the year ended June 30, 2007, exceeded the certified budget amounts in the support services function.

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

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

07-II-C Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

LAURENS-MARATHON COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

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

**(continued) :**

07-II-D 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.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Brett Fehr, Board Vice President	Work comp claim services	\$186

In accordance with Chapter 279.7A of the Code of Iowa, these transactions do not appear to represent conflicts of interest since they totaled less than \$2,500 for the fiscal year.

Recommendation - The District should review these expenditures to ensure legal compliance.

Response - We will review these on an annual basis and consult with our attorney when needed.

Conclusion - Response accepted.

07-II-F 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.

07-II-G Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

07-II-H Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

07-II-I Certified Annual Report - The Certified Annual Report was filed with the Department of Education after the deadline, however, we noted no significant deficiencies in the amounts reported.

Recommendation - We realize that the past year was an extremely difficult year with a midyear change in administration and the accompanying workload for the accounting personnel. We recommend that necessary steps be taken to ensure timely filing of future reports.

Response - Future reports will be filed on a timely basis.

Conclusion - Response accepted.

07-II-J Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.