DURANT COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2008

DURANT COMMUNITY SCHOOL DISTRICT
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DURANT COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2008

Name	Title	Term Expires
	Board of Education	
	(Before September 2007 Election)	
Dick Stoltenberg	Board President	2008
Steve Ralfs	Board Member	2007
Cheryl Telsrow	Board Member	2007
Sheila Compton	Board Member	2008
Brian Fargo	Board Member	2009
	(After September 2007 Election)	
Dick Stoltenberg	Board President	2008
Sheila Compton	Board Member	2008
Brian Fargo	Board Member	2009
Cheryl Telsrow	Board Member	2009
Steve Ralfs	Board Member	2011
	School Officials	
Duane Bark	Superintendent	2008
Lesa Kephart	District Secretary	2008
Philip Keese	District Treasurer	2008
Lane & Waterman	Attorney	2008

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
Durant Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Durant Community School District, Durant, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe my audit provides a reasonable basis for my opinions.

In my 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 Durant Community School District as of June 30, 2008, 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, I have also issued my report dated February 20, 2009 on my consideration of Durant Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my 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 my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 40 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Durant Community School District's basic financial statements. Other supplementary information included in Schedules 1 through 3, 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 my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. I 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, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. In my opinion, the information set forth in the supplementary information for each of the four years in the period ended June 30, 2008, appearing in Schedule 4, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 20, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Durant 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, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $5,432,956 in fiscal 2007 to $5,723,909 in fiscal 2008, while General Fund expenditures increased from $5,333,921 in fiscal 2007 to $5,746,918 in fiscal 2008. The District's General Fund balance decreased from $1,349,373 in fiscal 2007 to $1,326,381 in fiscal 2008, a 2% decrease.

- The District had a decrease in prior year enrollment which negatively impacts the funding received from the State for the General Fund.

- The District received additional grant funding of more than $49,360 from Intermediate sources.

- The District received a 0% premium increase for health insurance for the year.

- This was the third year of Whole Grade Sharing with the Bennett Community School District in grades 7-12. The sharing agreement resulted in an increase in both revenues and expenditures in the General Fund.

- Several major projects were completed during the year including installation of new playground equipment, restroom remodels, security measures (door lock replacement) and replacement of rooftop HVAC units.

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 Durant 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 Durant 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 Durant Community School District acts

solely as an agent or custodian for the benefit of those outside of District government.

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.

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

Figure A-1
Durant Community School District Annual Financial Report

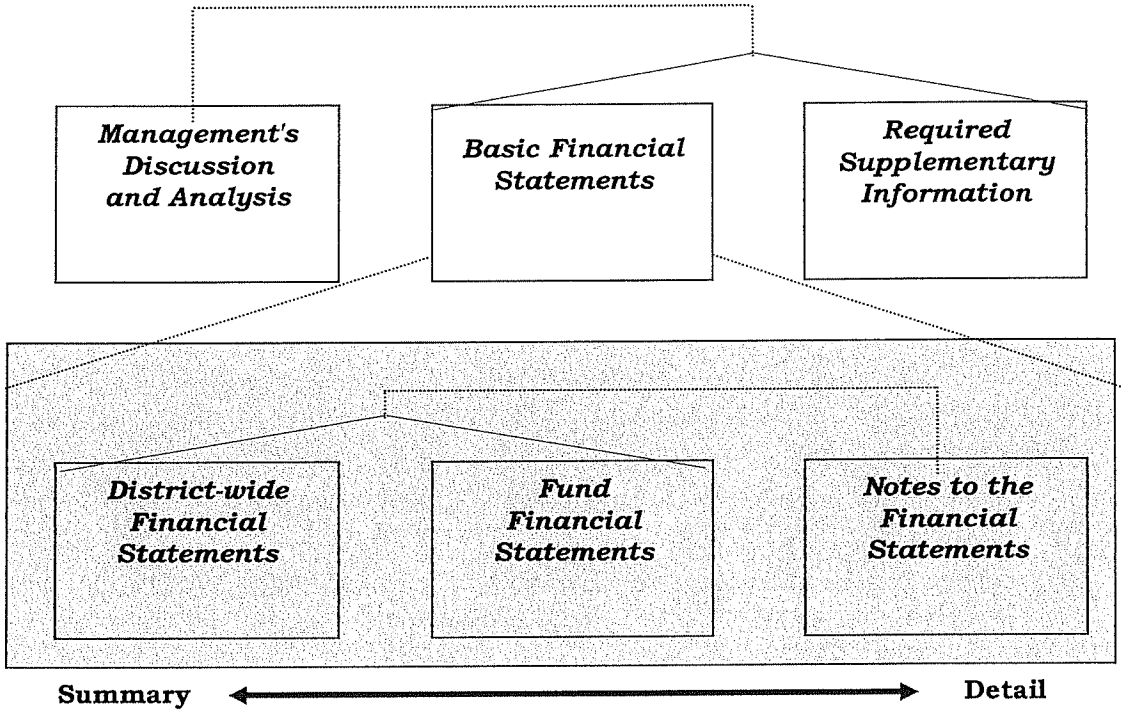

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during 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 – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

3) *Fiduciary fund*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a 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 fund are used only for their intended purposes and by those to whom the assets belong. The District excludes this activity from the government-wide financial statements because it cannot use these assets to finance its operations.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	$ 4,671,351	$ 4,444,588	$ 54,783	$ 56,376	$ 4,726,134	$ 4,500,964	5.00%
Capital assets	5,059,407	4,957,835	15,687	15,812	5,075,094	4,973,647	2.04%
Total assets	9,730,758	9,402,423	70,470	72,188	9,801,228	9,474,611	3.45%
Long-term liabilities	2,378,346	2,384,664	-	-	2,378,346	2,384,664	-0.26%
Other liabilities	2,268,336	2,214,264	-	-	2,268,336	2,214,264	2.44%
Total liabilities	4,646,682	4,598,928	-	-	4,646,682	4,598,928	1.04%
Net assets							
Invested in capital assets, net of related debt	2,628,947	2,336,376	15,687	15,812	2,644,634	2,352,188	12.43%
Restricted	872,952	651,462	-	-	872,952	651,462	34.00%
Unrestricted	1,582,177	1,815,657	54,783	56,376	1,636,960	1,872,033	-12.56%
Total net assets	$ 5,084,076	$ 4,803,495	$ 70,470	$ 72,188	$ 5,154,546	$ 4,875,683	5.72%

The District's combined net assets increased by approximately 6%, or $278,863, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased $221,490, or approximately 34% over the prior year. The increase was the result of carrying over unspent dollars in the area of capital projects.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased $235,073, or approximately 13%. The decrease was largely due to increased negotiated salaries and benefits and increased utility costs.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-4

Change in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
Revenues	2008	2007	2008	2007	2008	2007	2007-2008
Program revenues							
Charges for service	$ 1,167,950	$ 1,185,311	$ 229,754	$ 231,229	$ 1,397,704	$ 1,416,540	-1.33%
Operating grants	763,093	593,582	88,453	82,592	851,546	676,174	25.94%
General revenues							
Property tax	2,203,260	2,295,510	-	-	2,203,260	2,295,510	-4.02%
Local option sales and services tax	389,012	384,608	-	-	389,012	384,608	1.15%
Unrestricted state grants	2,255,177	2,160,022	-	-	2,255,177	2,160,022	4.41%
Contributions and donations	2,870	14,952	-	-	2,870	14,952	-80.81%
Unrestricted investment earnings	47,106	44,470	507	462	47,613	44,932	5.97%
Other	8,999	11,323	-	-	8,999	11,323	-20.52%
Total revenues	6,837,467	6,689,778	318,714	314,283	7,156,181	7,004,061	2.17%
Program expenses							
Governmental activities							
Instruction	4,132,387	3,715,036	-	-	4,132,387	3,715,036	11.23%
Support services	1,908,567	1,869,466	-	-	1,908,567	1,869,466	2.09%
Non-instructional programs	3,369	726	320,432	308,396	323,801	309,122	4.75%
Other expenses	512,563	659,798	-	-	512,563	659,798	-22.32%
Total expenses	6,556,886	6,245,026	320,432	308,396	6,877,318	6,553,422	4.94%
Change in net assets	$ 280,581	$ 444,752	$ (1,718)	$ 5,887	$ 278,863	$ 450,639	-38.12%

In fiscal 2008, property tax and unrestricted state grants account for 65% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99% of the revenue from business type activities.

The District's total revenues were $7,156,181 of which $6,837,467 was for governmental activities and $318,714 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2% increase in revenues and a 5% increase in expenses. Unrestricted state grants increased $95,155 to fund increases in expenditures. The increases in expenses related to increases in the negotiated salary and benefits as well as increases in expenses funded by grants received by the District.

Governmental Activities

Revenues for governmental activities were $6,837,467 and expenses were $6,556,886 for the year ended June 30, 2008. District attempts to reduce spending and increase grant writing and awards are reflected as savings to the District.

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, 2008 compared to the year ended June 30, 2007.

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-2008	2008	2007	Change 2007-2008
Instruction	$ 4,132,387	$ 3,715,036	11.2%	$ 2,402,606	$ 2,137,910	12.4%
Support services	1,908,567	1,869,466	2.1%	1,907,359	1,856,540	2.7%
Non-instructional programs	3,369	726	364.0%	3,369	726	364.0%
Other expenses	512,563	659,798	-22.3%	312,509	470,957	-33.6%
Total expenses	$ 6,556,886	$ 6,245,026	5.0%	$ 4,625,843	$ 4,466,133	3.6%

For the year ended June 30, 2008:

- The cost financed by users of the District's programs was $1,167,950.
- Federal and state governments subsidized certain programs with grants and contributions totaling $763,093.
- The net cost of governmental activities was financed with $2,592,272 in property and other taxes and $2,255,177 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2008 were $318,714 representing a 1% increase over the prior year and expenses were $320,432, a 4% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Salaries and benefits account for 47% of the expenditures and the remaining 53% was spent on food supplies and other miscellaneous expenditures.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of $2,193,126, above last year's ending fund balances of $2,030,241. The increase was primarily due to increased revenues in Special Revenue Funds.

Governmental Fund Highlights

The District's decreasing General Fund balance is the result of many factors. The General Fund balance decreased from $1,349,373 to $1,326,381, due primarily to the negative impact on funding which results from decreased enrollment, as well as, increased cost associated with salaries and negotiations.

Proprietary Fund Highlights

Enterprise Fund net assets decreased from $72,188 at June 30, 2007 to $70,470 at June 30, 2008, representing a decrease of approximately 2%. The decrease was due to increased food costs, salaries and benefits increases and decreased lunch and breakfast sales.

BUDGETARY HIGHLIGHTS

Over the course of the year, Durant Community School District amended its annual budget one time to reflect additional expenditures associated with software and computer purchases, HVAC rooftop units, security measures and playground equipment.

The District's revenues were $368,967 more than budgeted revenues, a variance of approximately 5%. The most significant variance resulted from the District receiving grant money that was not anticipated, tuition and other miscellaneous revenue, as well as, Local Option Sales and Service Tax.

The total expenditures were $148,141 less than the amended budget. The district cut back in the area of instruction and support services.

In spite of the District's budgetary practice, the certified budget was exceeded in the Non-instructional Programs and Other Expenditures functional areas due to the timing of expenditures for construction projects at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested $5,075,094, 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) This represents a net increase of 2% over last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was $262,307.

The original cost of the District's capital assets was $9,516,206. Governmental funds account for $9,478,787, with the remainder of $37,419 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category, which increased from $439,668 at June 30, 2007 to $520,448 at June 30, 2008 due to the purchase of computers, a van, a sound system and playground equipment.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-2008
Land	$ 135,364	$ 135,364	$ -	$ -	$ 135,364	$ 135,364	0.00%
Buildings and improvements	4,050,733	4,011,972	-	-	4,050,733	4,011,972	0.97%
Improvements, other than buildings	368,549	386,643	-	-	368,549	386,643	-4.68%
Furniture and equipment	504,761	423,856	15,687	15,812	520,448	439,668	18.37%
Totals	$5,059,407	$4,957,835	$15,687	$15,812	$5,075,094	$4,973,647	2.04%

Long-Term Debt

At June 30, 2008, the District had $2,625,846 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 1% from the prior year. (See Figure A-7) The decrease was due largely to the reduction of debt for the 2000 Building Addition Project. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7

Outstanding Long-term Obligations

	Total School District		Total Change
	2008	2007	2007-2008
General obligation bonds	$ 2,350,000	$ 2,505,000	-6.19%
Bank loans	80,460	116,459	-30.91%
Early retirement	195,386	31,330	523.64%
Total	$ 2,625,846	$ 2,652,789	-1.02%

The District had several individuals apply for early retirement during the year ended June 30, 2008.

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 experienced a decrease in certified enrollment during the 2008-2009 school year which will result in decreased funds available in the 2009-2010 school year.

- The District will continue whole grade sharing with the Bennett Community School District for grades 7-12 in the 2009 fiscal year.

- The district will be building a new fitness center in fiscal year 2009.

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 Lesa Kephart, District Secretary and Business Manager, Durant Community School District, 408 7th Street, P.O. Box 607, Durant, Iowa 52747.

Basic Financial Statements

DURANT COMMUNITY SCHOOL DISTRICT

Exhibit A

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	$2,101,468	$ 42,588	$ 2,144,056
Receivables			
Property tax			
Delinquent	24,064	-	24,064
Succeeding year	2,031,499	-	2,031,499
Accounts receivable	10,230	-	10,230
Income surtax	223,802	-	223,802
Due from other governments	280,288	202	280,490
Inventories	-	11,993	11,993
Non-depreciable capital assets	135,364	-	135,364
Capital assets, net of accumulated depreciation	4,924,043	15,687	4,939,730
Total assets	9,730,758	70,470	9,801,228
Liabilities			
Accounts payable	209,494	-	209,494
Salaries and benefits payable	4,796	-	4,796
Accrued interest payable	16,047	-	16,047
Due to other governments	6,500	-	6,500
Deferred revenue			
Succeeding year property tax	2,031,499	-	2,031,499
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	160,000	-	160,000
Notes payable	37,845	-	37,845
Early retirement payable	102,231	-	102,231
Portion due after one year			
General obligation bonds payable	2,190,000	-	2,190,000
Unamortized bond discount	(247,500)	-	(247,500)
Notes payable	42,615	-	42,615
Early retirement payable	93,155	-	93,155
Total liabilities	4,646,682	-	4,646,682
Net Assets			
Invested in capital assets, net of related debt	2,628,947	15,687	2,644,634
Restricted for			
Physical plant and equipment levy	332,711	-	332,711
Debt service	17,190	-	17,190
Other special revenue purposes	87,759	-	87,759
Capital projects	435,292	-	435,292
Unrestricted	1,582,177	54,783	1,636,960
Total net assets	$5,084,076	$ 70,470	$ 5,154,546

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities							
Instruction							
Regular instruction	$ 2,810,687	$1,027,248	$ 477,623	$ -	$(1,305,816)	$ -	$(1,305,816)
Special instruction	632,771	127,155	79,030	-	(426,586)	-	(426,586)
Other instruction	688,929	12,527	6,198	-	(670,204)	-	(670,204)
	4,132,387	1,166,930	562,851	-	(2,402,606)	-	(2,402,606)
Support services							
Student	205,167	-	-	-	(205,167)	-	(205,167)
Instructional staff	230,441	-	-	-	(230,441)	-	(230,441)
Administration	626,491	-	-	-	(626,491)	-	(626,491)
Operation and maintenance of plant	563,013	-	-	-	(563,013)	-	(563,013)
Transportation	283,455	1,020	188	-	(282,247)	-	(282,247)
	1,908,567	1,020	188	-	(1,907,359)	-	(1,907,359)
Non-instructional programs	3,369	-	-	-	(3,369)	-	(3,369)
Other expenses							
Facilities acquisition	6,875	-	-	-	(6,875)	-	(6,875)
Long-term debt interest	120,011	-	-	-	(120,011)	-	(120,011)
AEA flowthrough	200,054	-	200,054	-	-	-	-
Loss on disposal of capital assets	2,332	-	-	-	(2,332)	-	(2,332)
Depreciation (unallocated) *	183,291	-	-	-	(183,291)	-	(183,291)
	512,563	-	200,054	-	(312,509)	-	(312,509)
Total governmental activities	6,556,886	1,167,950	763,093	-	(4,625,843)	-	(4,625,843)

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

Functions/Programs (continued)	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Business type activities							
Non-instructional programs							
Food service operations	$ 320,432	$ 229,754	$ 88,453	$ -	$ -	$ (2,225)	$ (2,225)
Total	$ 6,877,318	$1,397,704	$ 851,546	$ -	(4,625,843)	(2,225)	(4,628,068)
General Revenues							
Property tax levied for							
General purposes					1,885,148	-	1,885,148
Debt service					136,972	-	136,972
Capital outlay					181,140	-	181,140
Local option sales and services tax					389,012	-	389,012
Unrestricted state grants					2,255,177	-	2,255,177
Contributions and donations					2,870	-	2,870
Unrestricted investment earnings					47,106	507	47,613
Other					8,999	-	8,999
Total general revenues					4,906,424	507	4,906,931
Change in net assets					280,581	(1,718)	278,863
Net assets, beginning of year					4,803,495	72,188	4,875,683
Net assets, end of year					$ 5,084,076	$ 70,470	$ 5,154,546

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

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2008

	General	Nonmajor Governmental Funds	Total
Assets			
Cash and pooled investments	$1,285,122	$ 816,346	$2,101,468
Receivables			
Property tax			
Delinquent	20,474	3,590	24,064
Succeeding year	1,682,907	348,592	2,031,499
Accounts receivable	9,630	600	10,230
Income surtax	111,901	111,901	223,802
Due from other governments	159,243	121,045	280,288
Total assets and other debits	$3,269,277	$ 1,402,074	$4,671,351
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 134,658	$ 74,836	$ 209,494
Salaries and benefits payable	4,796	-	4,796
Due to other governments	6,500	-	6,500
Deferred revenue			
Succeeding year property tax	1,682,907	348,592	2,031,499
Income surtax	111,901	111,901	223,802
Other	2,134	-	2,134
Total liabilities	1,942,896	535,329	2,478,225
Fund balances			
Reserved for			
Debt service	-	33,237	33,237
Teacher Quality	4,729	-	4,729
Statewide Voluntary Preschool program	9,987	-	9,987
Teacher Quality Professional Development	8,155	-	8,155
Market Factor	5,099	-	5,099
Other federal or state programs	1,620	-	1,620
Unreserved, governmental funds	1,296,791	435,292	1,732,083
Unreserved, special revenue funds	-	398,216	398,216
Total fund balances	1,326,381	866,745	2,193,126
Total liabilities and fund balances	$3,269,277	$ 1,402,074	$4,671,351

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2008

Exhibit D

Total fund balances of governmental funds	$2,193,126
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,059,407
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	225,936
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.	(16,047)
Unamortized bond discount on refunding is not available to pay current period expenditures and, therefore, are not reported as assets in the governmental funds.	247,500
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,625,846)
Net assets of governmental activities	$5,084,076

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2008

Revenues	General	Nonmajor Governmental Funds	Total
Local sources			
Local tax	$1,774,688	$ 806,895	$2,581,583
Tuition	863,874	-	863,874
Other	90,251	272,783	363,034
Intermediate sources	50,036	25,000	75,036
State sources	2,843,922	153	2,844,075
Federal sources	101,138	-	101,138
Total revenues	5,723,909	1,104,831	6,828,740
Expenditures			
Current			
Instruction			
Regular	2,612,916	13,796	2,626,712
Special	631,523	-	631,523
Other	483,037	222,902	705,939
	3,727,476	236,698	3,964,174
Support services			
Student	205,167	-	205,167
Instructional staff	224,881	-	224,881
Administration	613,137	28,113	641,250
Operation and maintenance of plant	561,607	30,538	592,145
Transportation	214,596	39,513	254,109
	1,819,388	98,164	1,917,552
Non-instructional programs	-	3,369	3,369
Other expenditures			
Facilities acquisition	-	289,242	289,242
Long-term debt			
Principal	-	190,999	190,999
Interest and fiscal charges	-	100,482	100,482
AEA flowthrough	200,054	-	200,054
	200,054	580,723	780,777
Total expenditures	5,746,918	918,954	6,665,872

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Nonmajor Governmental Funds	Total
Excess (deficiency) of revenues over (under) expenditures	$ (23,009)	$ 185,877	$ 162,868
Other financing sources (uses)			
Sale of equipment and materials	17	-	17
Interfund operating transfers in	-	161,245	161,245
Interfund operating transfers (out)	-	(161,245)	(161,245)
Total other financing sources	17	-	17
Net change in fund balances	(22,992)	185,877	162,885
Fund balance, beginning of year	1,349,373	680,868	2,030,241
Fund balance, end of year	$1,326,381	$ 866,745	$2,193,126

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Exhibit F

Net change in fund balances - total governmental funds		$162,885
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:		
Expenditures for capital assets	$363,517	
Loss on disposal of capital assets	(2,332)	
Depreciation expense	(259,613)	101,572
Certain revenues not collected for several months after year-end are not considered available revenue and are deferred in the governmental funds.		8,710
Amortization of the discount on bond refunding did not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. However, the annual amortization is reported as an expenditure in the Statement of Activities.		(20,625)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assests.		190,999
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 governmental funds, as follows:		
Early retirement		(164,056)
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.		1,096
Change in net assets of governmental activities		$280,581

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Exhibit G

Statement of Net Assets
Proprietary Fund
June 30, 2008

	Nonmajor School Nutrition
Assets	
Cash and pooled investments	$42,588
Due from other governments	202
Inventories	11,993
Capital assets, net of accumulated depreciation	15,687
Total assets	70,470
Liabilities	-
Net Assets	
Invested in capital assets	15,687
Unrestricted	54,783
Total net assets	$70,470

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Exhibit H

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2008

	Nonmajor School Nutrition
Operating revenue	
Local sources	
Charges for service	$229,754
Operating expenses	
Non-instructional programs	
Food service operations	
Salaries and benefits	116,887
Benefits	33,328
Purchased services	5,267
Supplies	161,047
Miscellaneous	1,209
Depreciation	2,694
Total operating expenses	320,432
Operating loss	(90,678)
Non-operating revenues	
Interest income	507
State sources	3,316
Federal sources	85,137
Total non-operating revenues	88,960
Net loss	(1,718)
Net assets, beginning of year	72,188
Net assets, end of year	$ 70,470

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

Exhibit I

	Nonmajor School Nutrition
Cash flows from operating activities	
Cash received from sale of services	$229,754
Cash payments to employees for services	(150,215)
Cash payments to suppliers for goods and services	(154,759)
Net cash used in operating activities	(75,220)
Cash flows from non-capital financing activities	
State grants received	3,316
Federal grants received	72,754
Net cash provided by non-capital financing activities	76,070
Cash flows from capital and related financing activities	
Acquisition of capital assets	(2,569)
Cash flows from investing activities	
Interest on investments	507
Net decrease in cash and cash equivalents	(1,212)
Cash and cash equivalents, beginning of year	43,800
Cash and cash equivalents, end of year	$ 42,588
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (90,678)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	2,694
Commodities used	12,181
Decrease in inventory	583
Net cash used in operating activities	$ (75,220)

Non-cash investing, capital and financing activities

During the year ended June 30, 2008, the District received $12,181 of federal commodities.

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2008

Exhibit J

	Private Purpose Trust Scholarships
Assets	
Cash and pooled investments	$13,542
Liabilities	-
Net assets	
Reserved for scholarships	$13,542

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2008

Exhibit K

	Private Purpose Trust Scholarships
Additions	
Local sources	
Interest	$ 157
Deductions	-
Change in net assets	157
Net assets, beginning of year	13,385
Net assets, end of year	$13,542

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

The Durant 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 various adult education programs. The geographic area served includes the communities of Durant, Stockton, Sunbury and Pleasant Prairie, Iowa, and the agricultural territory in Cedar, Muscatine and Scott 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, Durant 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 Durant 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 County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 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 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 fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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 District reports no major proprietary funds. However, the District reports one nonmajor proprietary fund, the enterprise, School Nutrition Fund, which is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund consists of 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, early retirement and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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 are charges to customers for sales and services. Operating expenses for the enterprise fund 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 statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

Property Tax Receivable - Property tax in 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 year 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 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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

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

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

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

Asset Class	Amount
Land	$5,000
Buildings	$5,000
Improvements other than buildings	$5,000
Furniture and equipment:	
School Nutrition Fund equipment	$ 500
Other furniture and equipment	$5,000

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

Asset Class	Useful Life
Buildings and improvements	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	4-15 years

Salaries and Benefits Payable – Payroll and related expenditures for hourly employees' hours worked in June, not paid until July, have been accrued as liabilities.

Early Retirement Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2008. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

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

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

Fund Balance - 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.

Net Assets - Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consist of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports $332,711 of restricted net assets which is restricted by enabling legislation.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the Non-instructional Programs and Other Expenditures functions exceeded the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 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, 2008, the District had investments in the Iowa Schools Joint Investment Trust, as follows:

	Amortized Cost
Diversified Portfolio	$ 4,626

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

Credit Risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Non-major governmental	Non-major governmental fund	$ 41,168
Debt service	Capital projects	
	Non-major special revenue fund	
	Physical plant and equipment levy	120,077
		$ 161,245

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Capital Projects Fund and the Physical Plant and Equipment Levy Fund to the Debt Service Fund were for payments of principal and interest on the District's debt.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

Governmental activities	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Capital assets not being depreciated:				
Land	$ 135,364	$ -	$ -	$ 135,364
Capital assets being depreciated:				
Buildings and improvements	7,296,542	193,047	-	7,489,589
Improvements other than buildings	631,891	9,450	-	641,341
Furniture and equipment	1,075,752	161,020	(24,279)	1,212,493
Total capital assets being depreciated	9,004,185	363,517	(24,279)	9,343,423
Less accumulated depreciation for:				
Buildings and improvements	3,284,570	154,286	-	3,438,856
Improvements other than buildings	245,248	27,544	-	272,792
Furniture and equipment	651,896	77,783	(21,947)	707,732
Total accumulated depreciation	4,181,714	259,613	(21,947)	4,419,380
Total capital assets being depreciated, net	4,822,471	103,904	(2,332)	4,924,043
Governmental activities capital assets, net	$ 4,957,835	$ 103,904	$ (2,332)	$ 5,059,407

Business type activities				
Furniture and equipment	$ 34,850	$ 2,569	$ -	$ 37,419
Less accumulated depreciation	19,038	2,694	-	21,732
Business type activities capital assets, net	$ 15,812	$ (125)	$ -	$ 15,687

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	
Regular	$ 9,704
Special	1,248
Support services	
Instructional staff	5,560
Administration	906
Operation and maintenance of plant	7,958
Transportation	50,946
Unallocated	183,291
Total governmental activities depreciation expense	$ 259,613
Business type activities	
Food services	$ 2,694

Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	$ 2,505,000	$ -	$(155,000)	$ 2,350,000	$ 160,000
Bank loans	116,459	-	(35,999)	80,460	37,845
Early retirement	31,330	179,721	(15,665)	195,386	102,231
Totals	$ 2,652,789	$ 179,721	$(206,664)	$ 2,625,846	$ 300,076

Interest costs incurred and charged to expense on all long-term debt was $120,011 for the year ended June 30, 2008.

Early Retirement Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must be between the ages fifty-five and sixty-five and have completed fifteen years of continuous service to the District. Employees must complete an application that is required to be approved by the Board of Education. The early retirement incentive for each eligible certified employee is $12,000 cash benefit plus $50 per day for unused sick leave days. The early retirement incentive for eligible classified personnel is a percentage of their salary plus $20 per day for unused sick leave, personal and vacation days. The liability for early retirement benefits as of June 30, 2008 was $195,386 and eight employees were receiving the benefit.

General Obligation Bonds

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

	Bond issue of January 8, 2004			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	3.00%	$ 160,000	$ 90,262	$ 250,262
2010	3.00%	165,000	85,463	250,463
2011	3.50%	170,000	80,512	250,512
2012	3.75%	175,000	74,563	249,563
2013	4.80%	180,000	68,000	248,000
2014-2018	3.8-4.1%	1,030,000	226,410	1,256,410
2019-2020	4.2-4.3%	470,000	30,300	500,300
Totals		$ 2,350,000	$ 655,510	$ 3,005,510

Bank Loans

During the year ended June 30, 2007, the District entered into loans with Liberty Trust and Savings Bank to provide funds to purchase copiers and computers. The computer loan is dated October 8, 2006 and bears interest at 5%. Payments of $7,576.93, including interest, are due quarterly beginning January 8, 2007. The copier loan is dated January 3, 2007 and bears interest at 5%. Payments of $2,715.08, including interest, are due quarterly beginning April 8, 2007. Both loans are payable from the Capital Projects Fund. Details of the District's indebtedness under these loans are as follows:

Year Ending June 30,	Computer Loan Dated 10-8-06				Copier Loan Dated 1-3-07			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2009	5.00	$ 28,661	$ 1,646	$ 30,307	5.00	$ 9,184	$ 1,676	$ 10,860
2010	5.00	14,875	280	15,155	5.00	9,652	1,208	10,860
2011	5.00	-	-	-	5.00	10,143	717	10,860
2012	5.00	-	-	-	5.00	7,945	200	8,145
Totals		$ 43,536	$ 1,926	$ 45,462		$ 36,924	$ 3,801	$ 40,725

Year Ending June 30,	Totals		
	Principal	Interest	Total
2009	$ 37,845	$ 3,322	$ 41,167
2010	24,527	1,488	26,015
2011	10,143	717	10,860
2012	7,945	200	8,145
Totals	$ 80,460	$ 5,727	$ 86,187

Refunded General Obligation Bonds

In a prior fiscal year, the District entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balance and liabilities of the escrow account are not recorded by the District. The amount of the refunded general obligation bonds that was considered extinguished and, therefore, excluded from long-term debt was $2,200,000 at June 30, 2008.

Note 6. Pension and Retirement Benefits

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

Plan members were required to contribute 3.90% of their annual covered salary and the District was required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Plan members were required to contribute 3.70% of their annual covered salary and the District was required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by State statute. The District's

contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were $222,531, $191,250 and $178,980 respectively, equal to the required contributions for each year.

Note 7. Risk Management

The 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 $200,054 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 10. Subsequent Event

In October 2008 the District began constructing a fitness center. The project is expected to be completed in March 2009 for a total cost of approximately $337,000 to be financed through the Local Option Sales and Services Tax revenues.

Required Supplementary Information

DURANT COMMUNITY SCHOOL DISTRICT
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Proprietary Fund
Required Supplementary Information
For the Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues						
Local sources	$3,808,491	$230,261	$4,038,752	$3,620,996	$3,620,996	$ 417,756
Intermediate sources	75,036	-	75,036	-	-	75,036
State sources	2,844,075	3,316	2,847,391	3,008,938	3,008,938	(161,547)
Federal sources	101,138	85,137	186,275	148,553	148,553	37,722
Total revenues	6,828,740	318,714	7,147,454	6,778,487	6,778,487	368,967
Expenditures/Expenses						
Instruction	3,964,174	-	3,964,174	4,054,715	4,054,715	90,541
Support services	1,917,552	-	1,917,552	1,930,441	2,010,441	92,889
Non-instructional programs	3,369	320,432	323,801	323,389	323,389	(412)
Other expenditures	780,777	-	780,777	677,911	745,900	(34,877)
Total expenditures/expenses	6,665,872	320,432	6,986,304	6,986,456	7,134,445	148,141
Excess (deficiency) of revenues over (under) expenditures/expenses	162,868	(1,718)	161,150	(207,969)	(355,958)	517,108
Net other financing sources	17	-	17	-	-	17
Net change in fund balance	162,885	(1,718)	161,167	(207,969)	(355,958)	517,125
Balance, beginning of year	2,030,241	72,188	2,102,429	1,652,784	1,652,784	449,645
Balance, end of year	$2,193,126	$ 70,470	$2,263,596	$1,444,815	$1,296,826	$ 966,770

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2008

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 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 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 District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditure by $147,989.

During the year ended June 30, 2008, District expenditures exceeded the amounts budgeted in the Non-instructional Programs and Other Expenditures functions; however, General Fund expenditures did not exceed the District's unspent authorized budget.

Other Supplementary Information

DURANT COMMUNITY SCHOOL DISTRICT

Schedule 1

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2008

	Special Revenue					
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
Assets						
Cash and pooled investments	$162,354	$87,759	$220,076	$314,487	$ 31,670	$ 816,346
Receivables						
Property tax						
Delinquent	1,289	-	734	-	1,567	3,590
Succeeding year	151,811	-	63,917	-	132,864	348,592
Accounts receivable	600	-	-	-	-	600
Income surtax	-	-	111,901	-	-	111,901
Due from other governments	-	-	-	121,045	-	121,045
Total assets	$316,054	$87,759	$396,628	$435,532	$166,101	$1,402,074
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 74,596	$ -	$ -	$ 240	$ -	$ 74,836
Deferred revenue						
Succeeding year property tax	151,811	-	63,917	-	132,864	348,592
Income surtax	-	-	111,901	-	-	111,901
Total liabilities	226,407	-	175,818	240	132,864	535,329
Fund balances						
Reserved for debt service	-	-	-	-	33,237	33,237
Unreserved fund balances	89,647	87,759	220,810	435,292	-	833,508
Total fund balances	89,647	87,759	220,810	435,292	33,237	866,745
Total liabilities and fund balances	$316,054	$87,759	$396,628	$435,532	$166,101	$1,402,074

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2008

	Special Revenue					
Revenues	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
Local sources						
Local taxes	$104,699	$ -	$176,279	$389,012	$136,905	$ 806,895
Other	11,396	233,542	21,493	6,352	-	272,783
Intermediate sources	-	-	25,000	-	-	25,000
State sources	55	-	31	-	67	153
Total revenues	116,150	233,542	222,803	395,364	136,972	1,104,831
Expenditures						
Current						
Instruction						
Regular	13,796	-	-	-	-	13,796
Other	-	222,902	-	-	-	222,902
Total instruction	13,796	222,902	-	-	-	236,698
Support services						
Administration	28,113	-	-	-	-	28,113
Operation and maintenance of plant	30,538	-	-	-	-	30,538
Transportation	17,913	-	21,600	-	-	39,513
Total support services	76,564	-	21,600	-	-	98,164
Non-instructional programs	3,369	-	-	-	-	3,369
Other expenditures						
Facilities acquisition	-	-	40,974	248,268	-	289,242
Long-term debt						
Principal	-	-	-	-	190,999	190,999
Interest and fiscal charges	-	-	-	-	100,482	100,482
Total other expenditures	-	-	40,974	248,268	291,481	580,723
Total expenditures	93,729	222,902	62,574	248,268	291,481	918,954
Excess (deficiency) of revenues over (under) expenditures	22,421	10,640	160,229	147,096	(154,509)	185,877
Other financing sources (uses)						
Interfund operating transfers in	-	-	-	-	161,245	161,245
Interfund operating transfers (out)	-	-	(120,077)	(41,168)	-	(161,245)
Total other financing sources (uses)	-	-	(120,077)	(41,168)	161,245	-
Net change in fund balances	22,421	10,640	40,152	105,928	6,736	185,877
Fund balances, beginning of year	67,226	77,119	180,658	329,364	26,501	680,868
Fund balances, end of year	$ 89,647	$87,759	$220,810	$435,292	$ 33,237	$ 866,745

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

For the Year Ended June 30, 2008

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Athletics	$ 40,735	$ 120,339	$ 110,956	$ 146	$ 50,264
Athletic equipment	8,108	-	-	106	8,214
Band	161	7,231	5,976	39	1,455
Boys basketball camp	513	8,951	6,354	12	3,122
Class of:					
2007	-	-	-	(350)	(350)
2008	291	345	1,543	4	(903)
2009	889	3,279	3,287	12	893
2010	2,526	-	-	397	2,923
2011	3	1,974	1,214	-	763
Close Up	1,134	-	-	15	1,149
D club	105	-	-	1	106
Drama	1,270	3,857	3,769	15	1,373
Football camp	(781)	5,394	4,732	422	303
High school cheerleading	499	2,781	2,505	14	789
High school dance	1,434	1,368	1,951	19	870
Student council	1,014	3,613	1,759	(3)	2,865
Interest	983	1,079	-	(983)	1,079
Jr high cheerleaders	97	-	-	4	101
Jr high student council	500	2,549	2,337	3	715
K-8 memory book	4,570	3,680	5,771	1,043	3,522
Kitten camp	280	740	641	4	383
Library book club	33	-	-	-	33
NFL	139	528	470	18	215
National Honor Society	232	1,043	772	3	506
Outside classroom	266	-	81	9	194
Physical fitness	202	-	50	3	155
Playground	174	-	-	2	176
Resale	260	51,062	53,838	(895)	(3,411)
S.A.D.D.	-	275	-	-	275
Spanish	120	154	-	2	276
TSA	178	-	-	2	180
Vocal	2,001	3,213	4,130	30	1,114
Volleyball	1,313	3,377	3,074	19	1,635
Yearbook	7,870	6,710	7,692	(113)	6,775
Totals	$ 77,119	$ 233,542	$ 222,902	$ -	$ 87,759

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT

Schedule 4

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues				
Local sources				
Local tax	$2,581,583	$2,464,973	$2,408,595	$2,300,293
Tuition	863,874	918,904	896,137	569,356
Other	363,034	335,240	243,570	332,135
Intermediate sources	75,036	27,303	13,821	3,252
State sources	2,844,075	2,618,463	2,438,037	2,402,092
Federal sources	101,138	105,755	104,104	124,557
Total revenues	$6,828,740	$6,470,638	$6,104,264	$5,731,685
Expenditures				
Current				
Instruction				
Regular	$2,626,712	$2,601,773	$2,393,845	$2,141,919
Special	631,523	548,432	562,493	562,300
Other	705,939	564,489	475,139	507,459
Support services				
Student	205,167	198,309	213,241	209,740
Instructional staff	224,881	250,670	158,671	178,084
Administration	641,250	637,153	536,276	483,196
Operation and maintenance of plant	592,145	562,029	535,154	466,938
Transportation	254,109	295,141	239,974	285,428
Other support services	-	-	-	1,500
Non-instructional programs	3,369	726	516	1,949
Other expenditures				
Facilities acquisition	289,242	578,024	226,228	221,101
Long-term debt				
Principal	190,999	171,293	150,000	156,964
Interest and other charges	100,482	102,314	105,987	111,545
AEA flowthrough	200,054	188,841	173,062	171,250
Total expenditures	$6,665,872	$6,699,194	$5,770,586	$5,499,373

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

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
Durant Community School District

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Durant Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated February 20, 2009. I conducted my 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 my audit, I considered Durant Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Durant Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Durant Community School District's internal control over financial reporting.

My 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, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies, including deficiencies I 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 Durant 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 Durant Community School District's financial statements that is more than inconsequential will not be prevented or detected by Durant Community

School District's internal control. I 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 Durant Community School District's internal control.

My 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, I believe items A and B are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Durant Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I 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, 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

Durant Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Durant Community School District's responses and, accordingly, I 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 Durant Community School District and other parties to whom Durant 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.

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

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 20, 2009

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were reported.

SIGNIFICANT DEFICIENCIES

A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same individual performs the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

B. Financial Statement Preparation - Financial statement preparation is the responsibility of the District. At the present time, District personnel do not have the skills necessary to prepare the District's financial statements and related note disclosures in compliance with generally accepted accounting principles (GAAP). This is not an unusual situation for small governmental entities.

Recommendation - The business manager should consider obtaining additional GAAP training through reading relevant accounting literature and/or attending professional education courses. Since GAAP reporting and disclosures change constantly, the business manager should consider taking training annually to stay up-to-date on GAAP reporting and disclosure requirements. The District should also obtain current governmental accounting, reporting and disclosure reference materials and update them as new pronouncements become effective.

Response - We believe that the business manager has sufficient knowledge to perform her daily duties and take responsibility for the annual financial statements and footnote disclosure in compliance with GAAP, as prepared by the auditor. We certainly understand the need for continuing education classes for all of our staff, including the business manager. However, we have a limited budget and must continually prioritize needs. We will investigate alternatives, but believe that it would not be an efficient use of District funds to get and maintain the necessary training for the business manager to comply with this recommendation. Nor do we consider hiring additional staff possessing these skills to be a feasible option.

Conclusion - Response accepted.

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2008 exceeded the amended amounts budgeted in the Non-instructional Programs and Other Expenditures functions.

   Recommendation - The District should ensure that the certified budget is amended in sufficient amounts to cover expenditures in all subsequent years.

   Response - The budget was exceeded due to the timing of expenditures related to building projects and depreciation in the School Nutrition Fund. It is hard to estimate the amount of work that will be done before year-end on building projects. We will be more attentive of this in the future.

   Conclusion - Response accepted.

2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. 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.

4. Business Transactions - No business transactions between the District and District officials or employees were noted.

5. 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.

6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

8. Deposits and Investments - I 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.

9. Certified Annual Reports - The Certified Annual Report was filed with the Department of Education timely.

DURANT COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2008

This audit was performed by

Kay Chapman, CPA
Tammy Calvert, staff accountant