

DURANT COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

DURANT COMMUNITY SCHOOL DISTRICT
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DURANT COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2009

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

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, 2009, 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, 2009, 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 25, 2010 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 five years ended June 30, 2008 (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 six years in the period ended June 30, 2009, 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 25, 2010

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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,723,909 in fiscal 2008 to \$6,127,923 in fiscal 2009, while General Fund expenditures increased from \$5,746,918 in fiscal 2008 to \$5,837,865 in fiscal 2009. The District's General Fund balance increased from \$1,326,381 in fiscal 2008 to \$1,621,172 in fiscal 2009, a 22% increase.
- 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 a 0% premium increase for health insurance for the year.
- This was the fourth 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 security measures (door lock replacement), construction of a new fitness center, playground resurfacing, field lighting, door replacements and wiring closet updates.
- The District received ARRA, American Recovery and Reinvestment Act, dollars from the State of Iowa for Title I and Stabilization.

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.

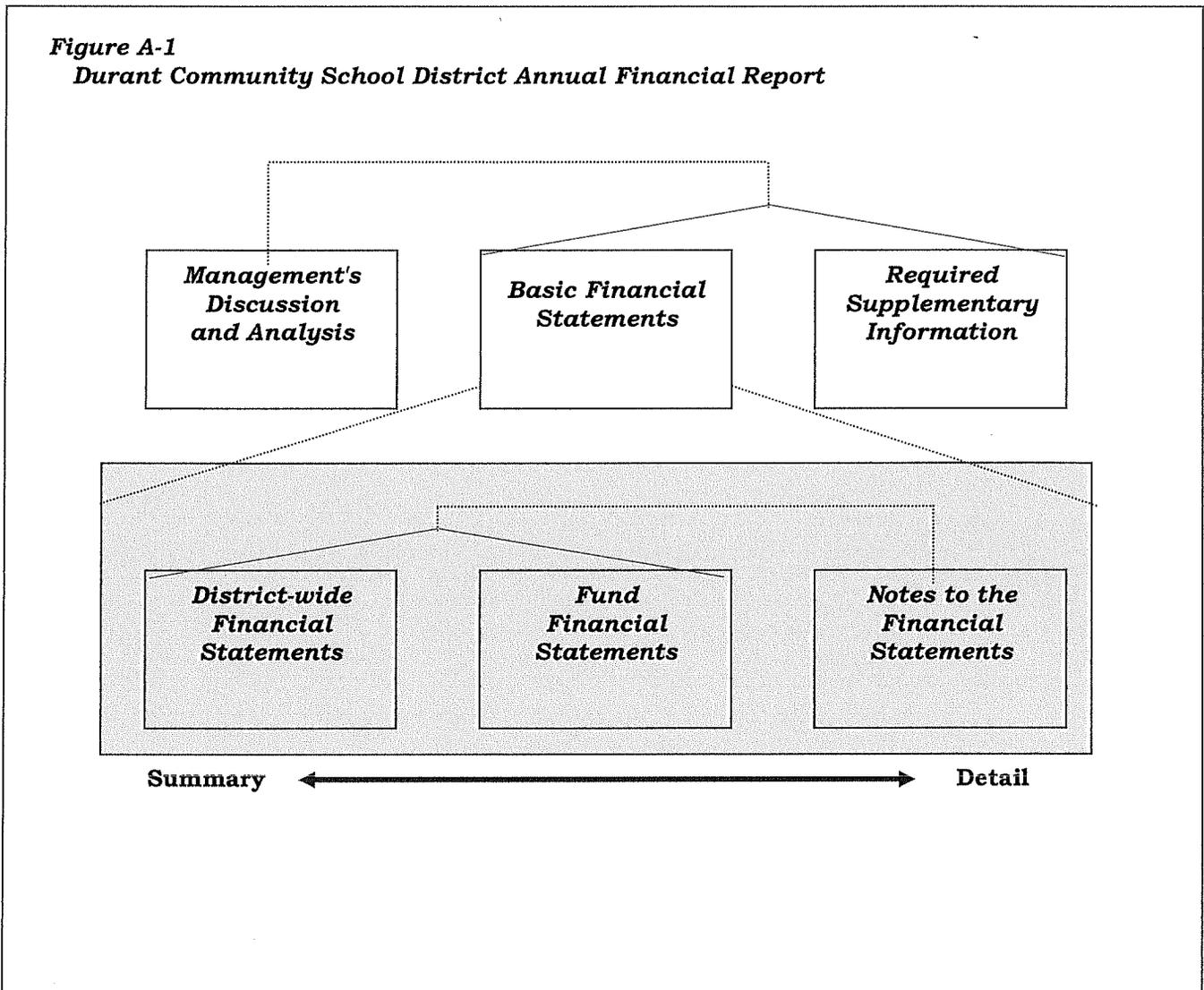


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • 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, 2009 compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total
	Activities		Activities		District		
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$ 4,934,950	\$ 4,671,351	\$ 63,629	\$ 54,783	\$ 4,998,579	\$ 4,726,134	5.76%
Capital assets	<u>5,376,391</u>	<u>5,059,407</u>	<u>12,994</u>	<u>15,687</u>	<u>5,389,385</u>	<u>5,075,094</u>	6.19%
Total assets	<u>10,311,341</u>	<u>9,730,758</u>	<u>76,623</u>	<u>70,470</u>	<u>10,387,964</u>	<u>9,801,228</u>	5.99%
Long-term liabilities	2,131,379	2,378,346	-	-	2,131,379	2,378,346	-10.38%
Other liabilities	<u>2,468,700</u>	<u>2,268,336</u>	<u>340</u>	<u>-</u>	<u>2,469,040</u>	<u>2,268,336</u>	8.85%
Total liabilities	<u>4,600,079</u>	<u>4,646,682</u>	<u>340</u>	<u>-</u>	<u>4,600,419</u>	<u>4,646,682</u>	-1.00%
Net assets							
Invested in capital assets,							
net of related debt	3,112,239	2,628,947	12,994	15,687	3,125,233	2,644,634	18.17%
Restricted	808,031	872,952	-	-	808,031	872,952	-7.44%
Unrestricted	<u>1,790,992</u>	<u>1,582,177</u>	<u>63,289</u>	<u>54,783</u>	<u>1,854,281</u>	<u>1,636,960</u>	13.28%
Total net assets	<u>\$ 5,711,262</u>	<u>\$ 5,084,076</u>	<u>\$ 76,283</u>	<u>\$ 70,470</u>	<u>\$ 5,787,545</u>	<u>\$ 5,154,546</u>	12.28%

The District's combined net assets increased by approximately 12%, or \$632,999, 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 decreased \$64,921, or approximately 7% from the prior year. The decrease was largely due to the construction of the fitness center.

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 – increased \$217,321, or approximately 13%. The increase was impacted with savings in special education salaries and benefits and the reduction of a bus route, as well as increased revenue in the areas of open enrollment and sharing agreements.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4
Change in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2009	2008	2009	2008	2009	2008	2008-2009
Revenues							
Program revenues							
Charges for service	\$ 1,386,755	\$1,167,950	\$233,090	\$ 229,754	\$ 1,619,845	\$ 1,397,704	15.89%
Operating grants	940,778	763,093	103,204	88,453	1,043,982	851,546	22.60%
General revenues							
Property tax	2,291,618	2,203,260	-	-	2,291,618	2,203,260	4.01%
Statewide sales and services tax	386,586	389,012	-	-	386,586	389,012	-0.62%
Unrestricted state grants	2,296,625	2,255,177	-	-	2,296,625	2,255,177	1.84%
Contributions and donations	76,644	2,870	-	-	76,644	2,870	2570.52%
Unrestricted investment earnings	39,892	47,106	459	507	40,351	47,613	-15.25%
Other	1,076	8,999	-	-	1,076	8,999	-88.04%
Total revenues	<u>7,419,974</u>	<u>6,837,467</u>	<u>336,753</u>	<u>318,714</u>	<u>7,756,727</u>	<u>7,156,181</u>	8.39%
Program expenses							
Governmental activities							
Instruction	4,090,906	4,132,387	-	-	4,090,906	4,132,387	-1.00%
Support services	2,020,251	1,908,567	-	-	2,020,251	1,908,567	5.85%
Non-instructional programs	8,538	3,369	330,940	320,432	339,478	323,801	4.84%
Other expenses	<u>673,093</u>	<u>512,563</u>	<u>-</u>	<u>-</u>	<u>673,093</u>	<u>512,563</u>	31.32%
Total expenses	<u>6,792,788</u>	<u>6,556,886</u>	<u>330,940</u>	<u>320,432</u>	<u>7,123,728</u>	<u>6,877,318</u>	3.58%
Change in net assets	<u>\$ 627,186</u>	<u>\$ 280,581</u>	<u>\$ 5,813</u>	<u>\$ (1,718)</u>	<u>\$ 632,999</u>	<u>\$ 278,863</u>	126.99%

In fiscal 2009, property tax and unrestricted state grants account for 62% 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 \$7,756,727 of which \$7,419,974 was for governmental activities and \$336,753 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 8% increase in revenues and a 4% increase in expenses. Property taxes increased \$88,358 and operating grants increased \$192,436 to fund increases in expenditures. The increase in expenses was the result of building the new fitness center as well as other capital improvements.

Governmental Activities

Revenues for governmental activities were \$7,419,974 and expenses were \$6,792,788 for the year ended June 30, 2009. 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, 2009 compared to the year ended June 30, 2008.

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 4,090,906	\$ 4,132,387	-1.0%	\$ 2,007,099	\$ 2,402,606	-16.5%
Support services	2,020,251	1,908,567	5.9%	1,996,934	1,907,359	4.7%
Non-instructional programs	8,538	3,369	153.4%	(2,262)	3,369	-167.1%
Other expenses	<u>673,093</u>	<u>512,563</u>	31.3%	<u>463,484</u>	<u>312,509</u>	48.3%
Total expenses	<u>\$ 6,792,788</u>	<u>\$ 6,556,886</u>	3.6%	<u>\$ 4,465,255</u>	<u>\$ 4,625,843</u>	-3.5%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$1,386,755.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$940,778.
- The net cost of governmental activities was financed with \$2,678,204 in property and other taxes and \$2,296,625 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$336,753 representing a 6% increase over the prior year and expenses were \$330,940, a 3% 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 46% of the expenditures and the remaining 54% 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 \$2,192,721, slightly below last year's ending fund balances of \$2,193,126. The decrease was primarily due to increased expenditures in Special Revenue Funds.

Governmental Fund Highlights

The District's improving General Fund balance is the result of many factors. The General Fund balance increased from \$1,326,381 to \$1,621,172, due primarily to the reduction of a bus route, salary and benefit savings and increased revenues in the area of sharing opportunities and open enrollment.

Proprietary Fund Highlights

Enterprise Fund net assets increased from \$70,470 at June 30, 2008 to \$76,283 at June 30, 2009, representing an increase of approximately 8%. The increase was due to increased meal prices charged to students and staff.

BUDGETARY HIGHLIGHTS

Over the course of the year, Durant Community School District amended its annual budget one time by \$839,988 to reflect additional expenditures associated with the purchase of new band instruments, grant expenditures, workers compensation claims, fitness center and equipment and track and playground repairs.

The District's revenues were \$513,105 more than budgeted revenues, a variance of approximately 7%. 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 \$382,738 less than the amended budget. The district cut back in the area of instruction and support services and had less than anticipated workers compensation claims.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$5,389,385, 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 6% 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 \$256,371.

The original cost of the District's capital assets was \$10,044,052. Governmental funds account for \$10,006,633, 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 decreased from \$520,448 at June 30, 2008 to \$461,788 at June 30, 2009 due to the disposal of old computer equipment.

Figure A-6

	Capital Assets, Net of Depreciation						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008-2009</u>
Land	\$ 135,364	\$ 135,364	\$ -	\$ -	\$ 135,364	\$ 135,364	0.00%
Buildings and improvements	4,384,883	4,050,733	-	-	4,384,883	4,050,733	8.25%
Improvements, other than buildings	407,350	368,549	-	-	407,350	368,549	10.53%
Furniture and equipment	<u>448,794</u>	<u>504,761</u>	<u>12,994</u>	<u>15,687</u>	<u>461,788</u>	<u>520,448</u>	-11.27%
Totals	<u>\$5,376,391</u>	<u>\$5,059,407</u>	<u>\$12,994</u>	<u>\$15,687</u>	<u>\$5,389,385</u>	<u>\$5,075,094</u>	6.19%

Long-Term Debt

At June 30, 2009, the District had \$2,358,254 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 10% from the prior year. (See Figure A-7) The decrease was due largely to the reduction of debt for the 2000 Building Addition Project, as well as the reduced early retirement benefit obligation. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District does not currently have a bond rating. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$13 million.

During the year ended June 30, 2009 the District entered into a loan agreement with the local bank for the purchase of computers. The loan was for \$41,580, bears interest at 4.5% and will be repaid with quarterly payments over a four-year period.

Figure A-7

	Outstanding Long-term Obligations		
	Total		Total
	District		Change
	<u>2009</u>	<u>2008</u>	<u>2008-2009</u>
General obligation bonds	\$ 2,190,000	\$ 2,350,000	-6.81%
Bank loans	74,152	80,460	-7.84%
Early retirement	<u>94,102</u>	<u>195,386</u>	-51.84%
Total	<u>\$ 2,358,254</u>	<u>\$ 2,625,846</u>	-10.19%

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 an increase in certified enrollment during the 2009-2010 school year which will result in increased funds available in the 2010-2011 school year.
- The District will continue whole grade sharing with the Bennett Community School District for grades 7-12 in the 2010 fiscal year.
- The district will be receiving ARRA, American Recovery and Reinvestment Act, dollars from the State of Iowa to help offset the reduction in state aid.

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
Statement of Net Assets
June 30, 2009

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$1,998,205	\$ 50,880	\$2,049,085
Receivables			
Property tax			
Delinquent	25,923	-	25,923
Succeeding year	2,230,418	-	2,230,418
Accounts receivable	25,163	339	25,502
Income surtax	223,802	-	223,802
Due from other governments	431,439	-	431,439
Inventories	-	12,410	12,410
Non-depreciable capital assets	135,364	-	135,364
Capital assets, net of accumulated depreciation	5,241,027	12,994	5,254,021
Total assets	10,311,341	76,623	10,387,964
Liabilities			
Accounts payable	210,289	-	210,289
Salaries and benefits payable	12,864	340	13,204
Accrued interest payable	15,129	-	15,129
Deferred revenue			
Succeeding year property tax	2,230,418	-	2,230,418
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	165,000	-	165,000
Notes payable	38,151	-	38,151
Termination benefits payable	94,102	-	94,102
Portion due after one year			
General obligation bonds payable	2,025,000	-	2,025,000
Unamortized bond discount	(226,875)	-	(226,875)
Notes payable	36,001	-	36,001
Total liabilities	4,600,079	340	4,600,419
Net Assets			
Invested in capital assets, net of related debt	3,112,239	12,994	3,125,233
Restricted for			
Categorical funding	70,040	-	70,040
Physical plant and equipment levy	270,098	-	270,098
Debt service	263,249	-	263,249
Other special revenue purposes	68,140	-	68,140
Capital projects	136,504	-	136,504
Unrestricted	1,790,992	63,289	1,854,281
Total net assets	\$5,711,262	\$ 76,283	\$5,787,545

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities							
Instruction							
Regular instruction	\$ 2,636,347	\$ 1,210,113	\$ 570,085	\$ -	\$ (856,149)	\$ -	\$ (856,149)
Special instruction	593,671	154,815	133,768	-	(305,088)	-	(305,088)
Other instruction	860,888	-	15,026	-	(845,862)	-	(845,862)
	<u>4,090,906</u>	<u>1,364,928</u>	<u>718,879</u>	<u>-</u>	<u>(2,007,099)</u>	<u>-</u>	<u>(2,007,099)</u>
Support services							
Student	199,072	-	-	-	(199,072)	-	(199,072)
Instructional staff	276,118	-	-	-	(276,118)	-	(276,118)
Administration	679,754	-	-	-	(679,754)	-	(679,754)
Operation and maintenance of plant	623,825	10,659	11,900	-	(601,266)	-	(601,266)
Transportation	241,482	368	390	-	(240,724)	-	(240,724)
	<u>2,020,251</u>	<u>11,027</u>	<u>12,290</u>	<u>-</u>	<u>(1,996,934)</u>	<u>-</u>	<u>(1,996,934)</u>
Non-instructional programs	8,538	10,800	-	-	2,262	-	2,262
Other expenses							
Facilities acquisition	159,851	-	-	-	(159,851)	-	(159,851)
Long-term debt interest	114,837	-	-	-	(114,837)	-	(114,837)
AEA flowthrough	209,609	-	209,609	-	-	-	-
Loss on disposal of capital assets	2,254	-	-	-	(2,254)	-	(2,254)
Depreciation (unallocated) *	186,542	-	-	-	(186,542)	-	(186,542)
	<u>673,093</u>	<u>-</u>	<u>209,609</u>	<u>-</u>	<u>(463,484)</u>	<u>-</u>	<u>(463,484)</u>
Total governmental activities	<u>6,792,788</u>	<u>1,386,755</u>	<u>940,778</u>	<u>-</u>	<u>(4,465,255)</u>	<u>-</u>	<u>(4,465,255)</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>						
Business type activities						
Non-instructional programs						
Food service operations	\$ 330,940	\$ 233,090	\$ 103,204	\$ -	\$ 5,354	\$ 5,354
Total	<u>\$ 7,123,728</u>	<u>\$ 1,619,845</u>	<u>\$ 1,043,982</u>	<u>\$ -</u>	<u>5,354</u>	<u>(4,459,901)</u>
<u>General Revenues</u>						
Property tax levied for						
General purposes				1,964,861	-	1,964,861
Debt service				132,389	-	132,389
Capital outlay				194,368	-	194,368
Statewide sales and services tax				386,586	-	386,586
Unrestricted state grants				2,296,625	-	2,296,625
Contributions and donations				76,644	-	76,644
Unrestricted investment earnings				39,892	459	40,351
Other				1,076	-	1,076
Total general revenues				<u>5,092,441</u>	<u>459</u>	<u>5,092,900</u>
Change in net assets				627,186	5,813	632,999
Net assets, beginning of year				5,084,076	70,470	5,154,546
Net assets, end of year				<u>\$ 5,711,262</u>	<u>\$ 76,283</u>	<u>\$ 5,787,545</u>

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

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2009

Exhibit C

	<u>General</u>	<u>Special Revenue Management Levy</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$1,405,655	\$ 125,928	\$466,622	\$1,998,205
Receivables				
Property tax				
Delinquent	21,615	1,950	2,358	25,923
Succeeding year	1,803,056	221,014	206,348	2,230,418
Accounts receivable	24,299	864	-	25,163
Income surtax	111,901	-	111,901	223,802
Due from other governments	330,438	-	101,001	431,439
Total assets and other debits	<u>\$3,696,964</u>	<u>\$ 349,756</u>	<u>\$888,230</u>	<u>\$4,934,950</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 83,115	\$ 83,438	\$ 43,736	\$ 210,289
Salaries and benefits payable	12,864	-	-	12,864
Deferred revenue				
Succeeding year property tax	1,803,056	221,014	206,348	2,230,418
Income surtax	111,901	-	111,901	223,802
Other	64,856	-	-	64,856
Total liabilities	<u>2,075,792</u>	<u>304,452</u>	<u>361,985</u>	<u>2,742,229</u>
 Fund balances				
Reserved for				
Debt service	-	-	51,503	51,503
Categorical funding	70,040	-	-	70,040
Unreserved, governmental funds	1,551,132	-	136,504	1,687,636
Unreserved, special revenue funds	-	45,304	338,238	383,542
Total fund balances	<u>1,621,172</u>	<u>45,304</u>	<u>526,245</u>	<u>2,192,721</u>
Total liabilities and fund balances	<u>\$3,696,964</u>	<u>\$ 349,756</u>	<u>\$888,230</u>	<u>\$4,934,950</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2009

Exhibit D

Total fund balances of governmental funds	\$2,192,721
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.	5,376,391
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	288,658
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.	(15,129)
Unamortized bond discount on refunding is not available to pay current period expenditures and, therefore, are not reported as assets in the governmental funds.	226,875
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.	<u>(2,358,254)</u>
Net assets of governmental activities	<u>\$5,711,262</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

Exhibit E

	<u>General</u>	<u>Special Revenue Management Levy</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$1,812,239	\$151,689	\$ 713,251	\$2,677,179
Tuition	1,067,798	-	-	1,067,798
Other	85,089	10,379	341,941	437,409
Intermediate sources	56,771	-	-	56,771
State sources	2,975,829	77	11,092	2,986,998
Federal sources	130,197	-	900	131,097
Total revenues	<u>6,127,923</u>	<u>162,145</u>	<u>1,067,184</u>	<u>7,357,252</u>
Expenditures				
Current				
Instruction				
Regular	2,639,751	78,362	10,000	2,728,113
Special	592,423	-	-	592,423
Other	585,072	-	275,816	860,888
	<u>3,817,246</u>	<u>78,362</u>	<u>285,816</u>	<u>4,181,424</u>
Support services				
Student	170,542	22,970	-	193,512
Instructional staff	233,102	-	43,016	276,118
Administration	655,109	29,706	-	684,815
Operation and maintenance of plant	573,233	42,212	-	615,445
Transportation	179,024	19,967	-	198,991
	<u>1,811,010</u>	<u>114,855</u>	<u>43,016</u>	<u>1,968,881</u>
Non-instructional programs	-	8,538	-	8,538
Other expenditures				
Facilities acquisition	-	-	727,767	727,767
Long-term debt				
Principal	-	-	207,888	207,888
Interest and fiscal charges	-	-	95,130	95,130
AEA flowthrough	209,609	-	-	209,609
	<u>209,609</u>	<u>-</u>	<u>1,030,785</u>	<u>1,240,394</u>
Total expenditures	<u>5,837,865</u>	<u>201,755</u>	<u>1,359,617</u>	<u>7,399,237</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

Exhibit E

	<u>General</u>	<u>Special Revenue Management Levy</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 290,058	\$ (39,610)	\$(292,433)	\$ (41,985)
Other financing sources (uses)				
Proceeds from issuance of loans	-	-	41,580	41,580
Interfund operating transfers in	4,733	-	188,895	193,628
Interfund operating transfers (out)	-	(4,733)	(188,895)	(193,628)
Total other financing sources (uses)	<u>4,733</u>	<u>(4,733)</u>	<u>41,580</u>	<u>41,580</u>
Net change in fund balances	294,791	(44,343)	(250,853)	(405)
Fund balance, beginning of year	<u>1,326,381</u>	<u>89,647</u>	<u>777,098</u>	<u>2,193,126</u>
Fund balance, end of year	<u>\$1,621,172</u>	<u>\$ 45,304</u>	<u>\$ 526,245</u>	<u>\$2,192,721</u>

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, 2009

Exhibit F

Net change in fund balances - total governmental funds \$ (405)
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	\$572,916	
Loss on disposal of capital assets	(2,254)	
Depreciation expense	<u>(253,678)</u>	316,984

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 62,722

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)

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

Issued	\$ (41,580)	
Repaid	<u>207,888</u>	166,308

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:

Termination benefits		101,284
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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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

Change in net assets of governmental activities 918
\$627,186

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
June 30, 2009

Exhibit G

	<u>Nonmajor School Nutrition</u>
Assets	
Cash and cash equivalents	\$50,880
Accounts receivable	339
Inventories	12,410
Capital assets, net of accumulated depreciation	<u>12,994</u>
Total assets	<u>76,623</u>
 Liabilities	
Salaries and benefits payable	<u>340</u>
 Net Assets	
Invested in capital assets	12,994
Unrestricted	<u>63,289</u>
Total net assets	<u><u>\$76,283</u></u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

Exhibit H

	<u>Nonmajor School Nutrition</u>
Operating revenue	
Local sources	
Charges for service	<u>\$233,090</u>
Operating expenses	
Non-instructional programs	
Food service operations	
Salaries and benefits	118,085
Benefits	33,654
Purchased services	6,100
Supplies	169,437
Miscellaneous	971
Depreciation	<u>2,693</u>
Total operating expenses	<u>330,940</u>
Operating loss	<u>(97,850)</u>
Non-operating revenues	
Interest income	459
State sources	3,373
Federal sources	<u>99,831</u>
Total non-operating revenues	<u>103,663</u>
Net income	5,813
Net assets, beginning of year	<u>70,470</u>
Net assets, end of year	<u>\$ 76,283</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

Exhibit I

	<u>Nonmajor School Nutrition</u>
Cash flows from operating activities	
Cash received from sale of services	\$ 232,751
Cash payments to employees for services	(151,399)
Cash payments to suppliers for goods and services	<u>(161,080)</u>
Net cash used in operating activities	<u>(79,728)</u>
Cash flows from non-capital financing activities	
State grants received	3,373
Federal grants received	<u>84,188</u>
Net cash provided by non-capital financing activities	<u>87,561</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	
Interest on investments	<u>459</u>
Net increase in cash and cash equivalents	8,292
Cash and cash equivalents, beginning of year	<u>42,588</u>
Cash and cash equivalents, end of year	<u>\$ 50,880</u>

**Reconciliation of operating loss to net cash
used in operating activities**

Operating loss	\$ (97,850)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	2,693
Commodities used	15,845
(Increase) in accounts receivable	(339)
(Increase) in inventory	(417)
Increase in accrued salaries and benefits	<u>340</u>
Net cash used in operating activities	<u>\$ (79,728)</u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2009, the District received \$15,845 of federal commodities.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2009

Exhibit J

	Private Purpose <u>Trust</u> <u>Scholarships</u>
Assets	
Cash and pooled investments	\$ 13,657
Liabilities	<u> -</u>
Net assets	
Reserved for scholarships	<u>\$ 13,657</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2009

Exhibit K

	<u>Private Purpose Trust</u> <u>Scholarships</u>
Additions	
Local sources	
Interest	\$ 115
Deductions	-
Change in net assets	115
Net assets, beginning of year	<u>13,542</u>
Net assets, end of year	<u>\$13,657</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

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 funds:

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 Special Revenue, Management Levy Fund is utilized to account for the costs of unemployment benefits, liability insurance and agreements, costs of judgments and certain early retirement termination benefits.

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, termination benefits 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

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.

<u>Asset Class</u>	<u>Amount</u>
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:

<u>Asset Class</u>	<u>Useful Life</u>
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.

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, 2009. 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 \$270,098 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.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 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, 2009, the District had investments in the Iowa Schools Joint Investment Trust, as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$8,819

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, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Non-major governmental	Non-major governmental fund	\$ 52,281
Debt service	Capital projects	
	Non-major special revenue fund	
	Physical plant and equipment levy	136,614
General	Special revenue, Management levy	<u>4,733</u>
		<u>\$ 193,628</u>

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. The transfers from the Management Levy to the General Fund were to correct coding of termination benefits payments.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

<u>Governmental activities</u>	Balance, Beginning of Year	<u>Additions</u>	<u>Deletions</u>	Balance, End of Year
Capital assets not being depreciated:				
Land	<u>\$ 135,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,364</u>
Capital assets being depreciated:				
Buildings and improvements	7,489,589	493,610	-	7,983,199
Improvements other than buildings	641,341	68,794	(45,070)	665,065
Furniture and equipment	<u>1,212,493</u>	<u>10,512</u>	<u>-</u>	<u>1,223,005</u>
Total capital assets being depreciated	<u>9,343,423</u>	<u>572,916</u>	<u>(45,070)</u>	<u>9,871,269</u>

Less accumulated depreciation for:

Buildings and improvements	3,438,856	159,460	-	3,598,316
Improvements other than buildings	272,792	27,739	(42,816)	257,715
Furniture and equipment	<u>707,732</u>	<u>66,479</u>	<u>-</u>	<u>774,211</u>
Total accumulated depreciation	<u>4,419,380</u>	<u>253,678</u>	<u>(42,816)</u>	<u>4,630,242</u>

Total capital assets being depreciated, net	<u>4,924,043</u>	<u>319,238</u>	<u>(2,254)</u>	<u>5,241,027</u>
Governmental activities capital assets, net	<u>\$ 5,059,407</u>	<u>\$ 319,238</u>	<u>\$ (2,254)</u>	<u>\$ 5,376,391</u>

Business type activities

Furniture and equipment	\$ 37,419	\$ -	\$ -	\$ 37,419
Less accumulated depreciation	<u>21,732</u>	<u>2,693</u>	<u>-</u>	<u>24,425</u>
Business type activities capital assets, net	<u>\$ 15,687</u>	<u>\$ (2,693)</u>	<u>\$ -</u>	<u>\$ 12,994</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction			
Regular		\$ 8,405	
Special		1,248	
Support services			
Student support		5,560	
Administration		1,052	
Operation and maintenance of plant		8,380	
Transportation		<u>42,491</u>	
		67,136	
Unallocated		<u>186,542</u>	
Total governmental activities depreciation expense		<u>\$ 253,678</u>	

Business type activities

Food services	<u>\$ 2,693</u>
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Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 2,350,000	\$ -	\$(160,000)	\$ 2,190,000	\$ 165,000
Bank loans	80,460	41,580	(47,888)	74,152	38,151
Termination benefits	<u>195,386</u>	<u>-</u>	<u>(101,284)</u>	<u>94,102</u>	<u>94,102</u>
Totals	<u>\$ 2,625,846</u>	<u>\$ 41,580</u>	<u>\$(309,172)</u>	<u>\$ 2,358,254</u>	<u>\$ 297,253</u>

Interest costs incurred and charged to expense on all long-term debt was \$114,837 for the year ended June 30, 2009.

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, 2009 was \$94,102 and nine employees were receiving the benefit.

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending <u>June 30,</u>	<u>Bond issue of January 8, 2004</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4.00%	190,000	60,800	250,800
2015-2019	3.8-4.2%	1,070,000	185,590	1,255,590
2020	4.30%	<u>240,000</u>	<u>10,320</u>	<u>250,320</u>
Totals		<u>\$ 2,190,000</u>	<u>\$ 565,248</u>	<u>\$ 2,755,248</u>

Bank Loans

The District entered into a loan agreement with Liberty Trust and Savings Bank on August 20, 2008 for the purchase of computers. The loan was for \$41,580 and bears interest at 4.5%. Quarterly payments of \$3,704.34, including interest, are required beginning October 8, 2008. 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. All these 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
2010	5.00	\$ 14,875	\$ 280	\$ 15,155	5.00	\$ 9,651	\$ 1,208	\$ 10,859
2011	5.00	-	-	-	5.00	10,144	717	10,861
2012	5.00	-	-	-	5.00	7,945	200	8,145
Totals		<u>\$ 14,875</u>	<u>\$ 280</u>	<u>\$ 15,155</u>		<u>\$ 27,740</u>	<u>\$ 2,125</u>	<u>\$ 29,865</u>

Year Ending June 30,	Computer Loan Dated 8-20-08				Totals		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2010	4.50	\$ 13,625	\$ 1,192	\$ 14,817	\$ 38,151	\$ 2,680	\$ 40,831
2011	4.50	14,249	568	14,817	24,393	1,285	25,678
2012	4.50	3,663	41	3,704	11,608	241	11,849
Totals		<u>\$ 31,537</u>	<u>\$ 1,801</u>	<u>\$ 33,338</u>	<u>\$ 74,152</u>	<u>\$ 4,206</u>	<u>\$ 78,358</u>

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, 2009.

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 4.10% of their annual covered salary and the District was required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Plan members were required to contribute 3.90% and 3.70% of their annual covered salary and the District was required to contribute 6.05% and 5.75% of annual covered payroll for the years ended June 30, 2008 and 2007, respectively. Contribution requirements are established by State

statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$236,378, \$222,531 and \$191,250, 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 \$209,609 for the year ended June 30, 2009 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, 2009, 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.

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, 2009

	Governmental Funds		Proprietary Fund		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
Revenues								
Local sources	\$ 4,182,386		\$ 233,549		\$ 4,415,935	\$ 3,747,591	\$ 3,747,591	\$ 668,344
Intermediate sources	56,771		-		56,771	-	-	56,771
State sources	2,986,998		3,373		2,990,371	3,274,156	3,274,156	(283,785)
Federal sources	131,097		99,831		230,928	159,153	159,153	71,775
Total revenues	<u>7,357,252</u>		<u>336,753</u>		<u>7,694,005</u>	<u>7,180,900</u>	<u>7,180,900</u>	<u>513,105</u>
Expenditures/Expenses								
Instruction	4,181,424		-		4,181,424	4,110,216	4,260,200	78,776
Support services	1,968,881		-		1,968,881	2,186,790	2,186,790	217,909
Non-instructional programs	8,538		330,940		339,478	335,196	345,200	5,722
Other expenditures	1,240,394		-		1,240,394	640,725	1,320,725	80,331
Total expenditures/expenses	<u>7,399,237</u>		<u>330,940</u>		<u>7,730,177</u>	<u>7,272,927</u>	<u>8,112,915</u>	<u>382,738</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(41,985)		5,813		(36,172)	(92,027)	(932,015)	895,843
Net other financing sources	<u>41,580</u>		-		<u>41,580</u>	<u>(2)</u>	<u>(2)</u>	<u>41,582</u>
Net change in fund balance	(405)		5,813		5,408	(92,029)	(932,017)	937,425
Balance, beginning of year	2,193,126		70,470		2,263,596	2,255,216	2,255,216	8,380
Balance, end of year	<u>\$ 2,192,721</u>		<u>\$ 76,283</u>		<u>\$ 2,269,004</u>	<u>\$ 2,163,187</u>	<u>\$ 1,323,199</u>	<u>\$ 945,805</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2009

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 expenditures by \$839,988.

Other Supplementary Information

DURANT COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

Schedule 1

	Special Revenue				
	Student	Physical Plant and Equipment	Capital	Debt	Total
	<u>Activity</u>	<u>Levy</u>	<u>Projects</u>	<u>Service</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$73,023	\$269,332	\$ 74,356	\$ 49,911	\$466,622
Receivables					
Property tax					
Delinquent	-	766	-	1,592	2,358
Succeeding year	-	81,003	-	125,345	206,348
Income surtax	-	111,901	-	-	111,901
Due from other governments	-	-	101,001	-	101,001
Total assets	<u>\$73,023</u>	<u>\$463,002</u>	<u>\$175,357</u>	<u>\$176,848</u>	<u>\$888,230</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 4,883	\$ -	\$ 38,853	\$ -	\$ 43,736
Deferred revenue					
Succeeding year property tax	-	81,003	-	125,345	206,348
Income surtax	-	111,901	-	-	111,901
Total liabilities	<u>4,883</u>	<u>192,904</u>	<u>38,853</u>	<u>125,345</u>	<u>361,985</u>
Fund balances					
Reserved for debt service	-	-	-	51,503	51,503
Unreserved fund balances	68,140	270,098	136,504	-	474,742
Total fund balances	<u>68,140</u>	<u>270,098</u>	<u>136,504</u>	<u>51,503</u>	<u>526,245</u>
Total liabilities and fund balances	<u>\$73,023</u>	<u>\$463,002</u>	<u>\$175,357</u>	<u>\$176,848</u>	<u>\$888,230</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

Schedule 2

	Special Revenue				
	Student	Physical Plant and Equipment	Capital	Debt	Total
Revenues	<u>Activity</u>	<u>Levy</u>	<u>Projects</u>	<u>Service</u>	<u>Total</u>
Local sources					
Local taxes	\$ -	\$194,338	\$386,586	\$132,327	\$ 713,251
Other	256,197	4,502	81,242	-	341,941
State sources	-	30	11,000	62	11,092
Federal sources	-	-	900	-	900
Total revenues	<u>256,197</u>	<u>198,870</u>	<u>479,728</u>	<u>132,389</u>	<u>1,067,184</u>
Expenditures					
Current					
Instruction					
Regular	-	10,000	-	-	10,000
Other	275,816	-	-	-	275,816
Total instruction	<u>275,816</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>285,816</u>
Support services					
Instructional staff	-	-	43,016	-	43,016
Other expenditures					
Facilities acquisition	-	2,968	724,799	-	727,767
Long-term debt					
Principal	-	-	-	207,888	207,888
Interest and fiscal charges	-	-	-	95,130	95,130
Total other expenditures	<u>-</u>	<u>2,968</u>	<u>724,799</u>	<u>303,018</u>	<u>1,030,785</u>
Total expenditures	<u>275,816</u>	<u>12,968</u>	<u>767,815</u>	<u>303,018</u>	<u>1,359,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,619)</u>	<u>185,902</u>	<u>(288,087)</u>	<u>(170,629)</u>	<u>(292,433)</u>
Other financing sources (uses)					
Interfund operating transfers in	-	-	-	188,895	188,895
Proceeds from issuance of loans	-	-	41,580	-	41,580
Interfund operating transfers (out)	-	(136,614)	(52,281)	-	(188,895)
Total other financing sources (uses)	<u>-</u>	<u>(136,614)</u>	<u>(10,701)</u>	<u>188,895</u>	<u>41,580</u>
Net change in fund balances	(19,619)	49,288	(298,788)	18,266	(250,853)
Fund balances, beginning of year	87,759	220,810	435,292	33,237	777,098
Fund balances, end of year	<u>\$ 68,140</u>	<u>\$270,098</u>	<u>\$136,504</u>	<u>\$ 51,503</u>	<u>\$ 526,245</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts
 For the Year Ended June 30, 2009

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Athletics	\$ 50,264	\$ 94,348	\$ 115,245	\$ (4,518)	\$ 24,849
Athletic equipment	8,214	-	-	96	8,310
Band	1,455	12,007	11,443	19	2,038
Baseball camp	-	2,282	2,972	987	297
Boys basketball camp	3,122	10,979	9,752	362	4,711
Class of:					
2007	(350)	-	-	350	-
2008	(903)	-	80	1,803	820
2009	893	1,292	1,615	(600)	(30)
2010	2,923	4,366	5,185	(1,804)	300
2011	763	-	-	15	778
2012	-	1,298	58	(700)	540
Close Up	1,149	-	-	13	1,162
D club	106	-	-	(106)	-
Drama	1,373	5,012	4,703	12	1,694
8th grade class trip	-	52,482	50,884	-	1,598
Football camp	303	10,756	6,778	(167)	4,114
High school cheerleading	789	4,713	4,820	8	690
High school dance	870	2,722	2,012	10	1,590
Student council	2,865	2,369	2,249	28	3,013
Interest	1,079	918	-	(1,079)	918
Jr high cheerleaders	101	-	-	1	102
Jr high student council	715	1,404	1,088	10	1,041
K-8 memory book	3,522	80	-	44	3,646
Kitten camp	383	1,180	907	4	660
Library book club	33	-	-	1	34
NFL	215	585	263	1	538
National Honor Society	506	531	732	5	310
Outside classroom	194	-	-	3	197
Physical fitness	155	-	-	2	157
Playground	176	-	-	3	179
Resale	(3,411)	8,679	8,685	66	(3,351)
S.A.D.D.	275	-	10	-	265
Softball camp	-	2,910	4,114	3,948	2,744
Spanish	276	-	-	2	278
TSA	180	-	-	2	182
Vocal	1,114	24,267	23,264	14	2,131
Volleyball	1,635	2,169	2,465	11	1,350
Wrestling cheerleading	-	348	302	-	46
Yearbook	6,775	8,500	16,190	1,154	239
Totals	<u>\$ 87,759</u>	<u>\$ 256,197</u>	<u>\$ 275,816</u>	<u>\$ -</u>	<u>\$ 68,140</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Six Years

Schedule 4

	Modified Accrual Basis					
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues						
Local sources						
Local tax	\$2,677,179	\$2,581,583	\$2,464,973	\$2,408,595	\$2,300,293	\$2,151,453
Tuition	1,067,798	863,874	918,904	896,137	569,356	475,576
Other	437,409	363,034	335,240	243,570	332,135	231,260
Intermediate sources	56,771	75,036	27,303	13,821	3,252	-
State sources	2,986,998	2,844,075	2,618,463	2,438,037	2,402,092	2,262,339
Federal sources	131,097	101,138	105,755	104,104	124,557	120,666
Total revenues	<u>\$7,357,252</u>	<u>\$6,828,740</u>	<u>\$6,470,638</u>	<u>\$6,104,264</u>	<u>\$5,731,685</u>	<u>\$5,241,294</u>
Expenditures						
Current						
Instruction						
Regular	\$2,728,113	\$2,626,712	\$2,601,773	\$2,393,845	\$2,141,919	\$2,198,942
Special	592,423	631,523	548,432	562,493	562,300	661,354
Other	860,888	705,939	564,489	475,139	507,459	351,445
Support services						
Student	193,512	205,167	198,309	213,241	209,740	320,468
Instructional staff	276,118	224,881	250,670	158,671	178,084	82,419
Administration	684,815	641,250	637,153	536,276	483,196	474,882
Operation and maintenance of plant	615,445	592,145	562,029	535,154	466,938	422,288
Transportation	198,991	254,109	295,141	239,974	285,428	314,280
Other support services	-	-	-	-	1,500	1,550
Non-instructional programs	8,358	3,369	726	516	1,949	1,750
Other expenditures						
Facilities acquisition	727,767	289,242	578,024	226,228	221,101	55,345
Long-term debt						
Principal	207,888	190,999	171,293	150,000	156,964	151,343
Interest and other charges	95,130	100,482	102,314	105,987	111,545	144,382
AEA flowthrough	209,609	200,054	188,841	173,062	171,250	170,109
Total expenditures	<u>\$7,399,057</u>	<u>\$6,665,872</u>	<u>\$6,699,194</u>	<u>\$5,770,586</u>	<u>\$5,499,373</u>	<u>\$5,350,557</u>

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, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated February 25, 2010. 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, 2009 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 25, 2010

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2009

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.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2009

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, 2009 did not exceed the amended amounts budgeted.
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.
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
Schedule of Findings
For the Year Ended June 30, 2009

10. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
11. Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$ 435,292	
Revenues			
Statewide sales and services tax revenue	\$ 386,586		
Interest earned	3,910		
Loan proceeds	41,580		
Other	<u>89,232</u>	521,308	
Expenditures/transfers out			
School infrastructure			
Equipment	(104,811)		
Other improvements	<u>(663,004)</u>	(767,815)	
Debt service for school infrastructure			
General obligation debt		<u>(52,281)</u>	
Ending balance		<u>\$ 136,504</u>	

DURANT COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2009

This audit was performed by

Kay Chapman, CPA
Tammy Calvert, staff accountant