

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the

LINN-MAR COMMUNITY SCHOOL DISTRICT

Fiscal Year Ended June 30, 2008



Prepared by:

David Nicholson
Business Administrator, Board Secretary,
Board Treasurer

3333 North 10th Street
Marion, Iowa 52302

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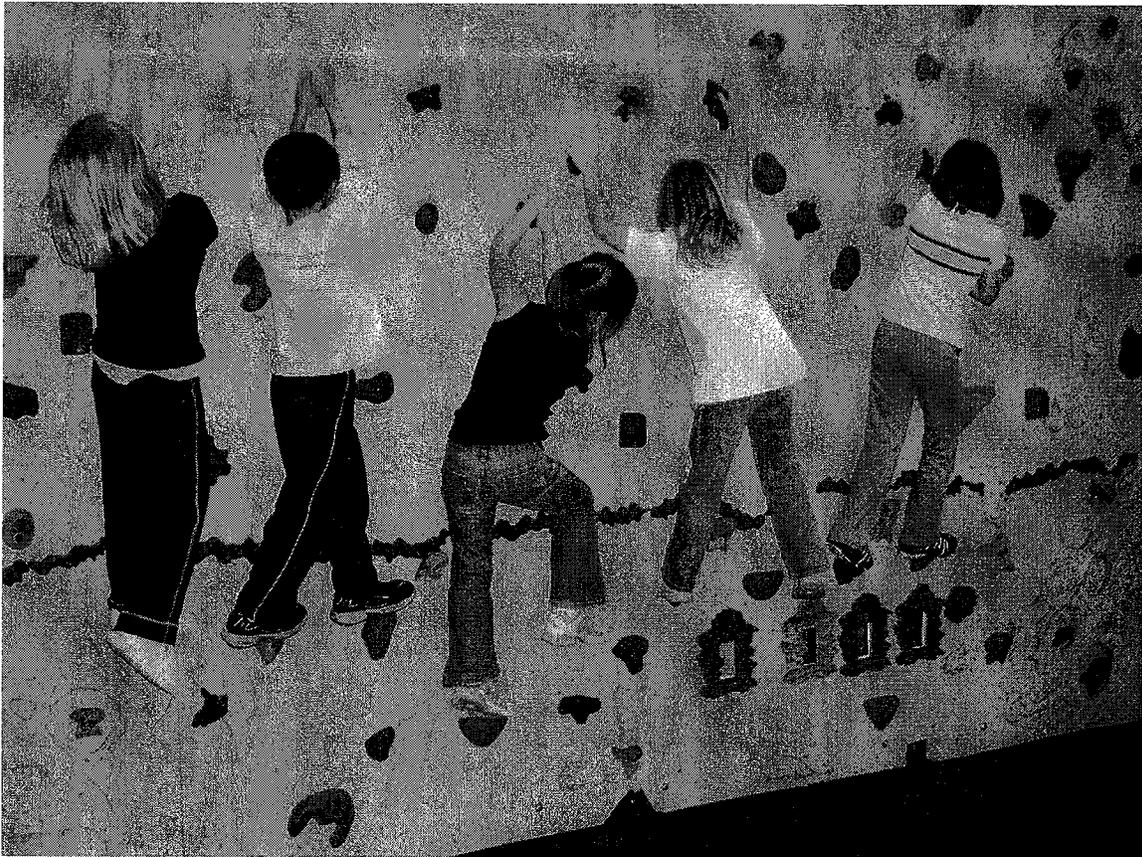
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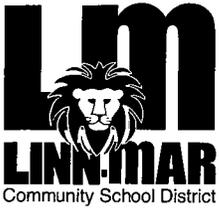
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Introductory Section





Striving for Educational Excellence

Kathleen Mulholland, Ed.D.
Superintendent

Rick Ironside, Ed.D
Associate Superintendent

David Nicholson
*Business Administrator
Board Secretary
Board Treasurer*

Karla Christian
*Executive Director
of Human Resources*

Dirk Halupnik
*Executive Director of
Instructional Services*

Julie Jensen
*Executive Director
of Student Services*

Robert M. Crawford
*President
Board of Directors*

District Schools

High School, 9-12
Jeff Gustason, Ph.D.
Principal

Excelsior, 6-8
John Christian
Principal

Oak Ridge, 6-8
Erica Rausch
Principal

Bowman Woods, AK-5
John Zimmerman
Principal

Echo Hill, K-5
Dan Ludwig
Principal

Indian Creek, K-5
Tina Monroe
Principal

Linn Grove, PreK-5
Shannon Bisgard
Principal

Novak, K-5
Joe North
Principal

Westfield, K-5
Ed Rogers
Principal

Wilkins, AK-5
Marilee McConnell
Principal

December 17, 2008

Mr. Robert Crawford, President
and Members of the Board of Education
Linn-Mar Community School District
Marion, Iowa

We are proud to submit to you the Comprehensive Annual Financial Report of the Linn-Mar Community School District for the year ending June 30, 2008. This report has been prepared to conform to the guidelines recommended by the Association of School Business Officials International.

MANAGEMENT RESPONSIBILITY

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of the operations of the governmental activities, business-type activities, each major fund and aggregate of the remaining funds of the District in accordance with generally accepted accounting principles (GAAP). It includes the entire District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

CAFR

The 2008 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Internal Controls and Compliance.

Introductory Section- This section includes a transmittal letter, economic outlook of the community, the District's accomplishments, the District's Team Leadership Network and a list of the Board of Directors and District Officials.

Financial Section- The School District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. This section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The audited basic financial statements provide both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The MD&A is provided by management as a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Statistical Section- This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparison.

Compliance Section- This section contains the auditor's reports on the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section also includes the Schedule of Expenditures of Federal Awards.

Linn-Mar Community School District

This report includes all funds of the Linn-Mar Community School District. The District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, clerical and extra- and co-curricular.

The District is governed by a seven-member elected Board of Education who currently serve staggered terms of three years. During the 2008 legislative session, a bill was passed that changed the board terms from three years to four years and requires school elections to be held in September of odd numbered years, beginning in September 2009. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Linn-Mar Community School District is located in Linn County in east central Iowa. The District includes portions of Cities of Cedar Rapids, Marion and Robins, as well as unincorporated land in northern Linn County. The District originated in 1948 as Marion Rural Independent School District, and became originated as the Marion Rural Community School District under the Community School Reorganization Act adopted in 1955. It operated under this name from 1955 to 1963. The District is currently the 11th largest of Iowa's 371 public school systems. The certified enrollment taken on October 1, 2007 was approximately 6,371 students. The District operates one High School, one middle school, one PK-8 building, six elementary schools, an alternative High School Program, a special education transition program and a home school assistant program. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students.

In addition to a strong PK-12 educational program, the District works with the local community college to offer learning opportunities for the adults in the community with the District's community education program.

The District is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue received for tuition and other services.

Economic Condition and Outlook

Linn-Mar Community School District is located in the Cedar Rapids metropolitan area. The District covers 63 square miles and encompasses the outer edges of the city of Marion and the NE portion of city of Cedar Rapids. The Cedar Rapids metropolitan area is home to numerous Fortune 500 companies two of which are located within Linn-Mar's District Boundaries.

Rockwell Collins, a Fortune 500 company, is the largest employer, not only in the Linn-Mar District, but in the Cedar Rapids metro area. Rockwell Collins produces advanced communications and aviation electronics for both the government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communications systems.

Rockwell Collins currently employs approximately 9,000 people in the Greater Cedar Rapids metropolitan area and continues to expand their facilities throughout the Cedar Rapids Community. Rockwell Collins has been and will continue to have the state's largest technical workforce. Rockwell Collins also prides itself in the partnerships they have established with the local school districts in the area.

The greatest growth in the District continues to be residential. In city of Marion during the 2007 calendar year, 215 new single-family dwelling building permits were issued at a valuation of \$26,142,204 and 41 new multi-family dwelling units were issued at a valuation of \$11,566,569.

District Major Initiatives and Achievements

The staff, Board, students, and community members are to be commended for making 2007-2008 such a wonderful and productive year. Some of the many accomplishments for the year include:

- During the 2008 legislative session, a new bill was passed that repealed the local option sales and services county tax and replaced it with a statewide penny sales and service tax for school infrastructure. This was a very important piece of legislation to many Iowa schools. The new statewide penny replaced a tax that could only be voted in for a period of ten years with a tax that will be in place through 2027. Come to find out, Linn and Johnson County's passage of the county wide sales tax during the 2006-2007 school year was very instrumental in getting the statewide penny passed. Linn and Johnson County were the only two counties in the State not to pass this county wide tax. Once a one cent sales tax was in place in all 99 counties in the state it made it more appealing to the legislators make the switch to a statewide penny sales tax.
- The many staff members who received local, regional, state and national recognition from various professional and community organizations for their dedicated work in educating our youth.
- The Recording of approximately 20,069 curriculum based volunteer hours with 1000 volunteers in the District. Increased the number of relationships with businesses in the metropolitan area.

- The District was recognized for its continued excellence in financial reporting with the receipt of the District's fourth Certificate of Excellence in Financial Reporting award for the 2006-2007 Comprehensive Annual Financial Report (CAFR.)

All of the dedicated work that went in to these initiatives and achievements had one main focus: supporting the learning of the District's students. For the 2007-2008 school year, the students, as a group, continued to perform at a high level. Following are a few indicators:

- Students achieved the primary goal of one year of growth for each grade span in reading, math and science as measured on ITBS standardized tests.
- Students in grades 5-8 met their target growth on the NWEA MAP mathematics test.
- On the ITBS and ITED assessments, the students out-performed the state and nation in the content areas of reading, math, and science, continuing a multi-year tradition.
- Linn-Mar students continue to score higher than both the state and national averages of student that complete the ACT assessment. The 07-08 Linn-Mar Community School District composite score was 23.9 compared to 22.4 for the state and 21.1 national composite scores.

Individual students or teams received state and/or national recognition in a variety of academic, extra-curricular and co-curricular competitions, including sixteen State qualifying teams and athletes, nine All-State athletes, 44 All-State musicians, 52 Division I ratings for music and speech, eight State Special Olympics medalists, two State National History Day participants, seven State math count participants, and multiple advanced placement scholars.

Internal Controls

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Annually, the District's Board of Education adopts a budget and approves the appropriations for the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund in accordance with provisions outlined in the Statutes of the State of Iowa. The budget is prepared according to generally accepted accounting principals and lists estimates of revenues and expenditures/expenses.

Cash Management

The District, in an effort to be a good manager of public funds, is continuously looking for investment opportunities that comply with the District's investment policy. The current goals of the District Investments in order of priority are:

- To provide safety of the principal;
- To maintain the necessary liquidity to match expected liabilities; and
- To obtain a reasonable rate of return.

To maximize investment return, the District invested in money market deposits, certificates of deposit, savings accounts and the Iowa Schools Joint Investment Trust. Interest revenue of \$885,397 was earned on all investments for the current year ended June 30, 2008, a decrease of \$938,716 from Fiscal Year 2007. This large reduction in interest revenue can be attributed to the spending of the \$27.5 million bond proceeds for the construction of two new elementary schools and a high school addition and renovations. The rest of the decrease is due to the downturn in the market that occurred during the second half of the year.

Risk Management

The District currently covers property, liability and worker's compensation losses with traditional insurance coverage through the Iowa Associations of School Board's group plan carried by Employer's Mutual Insurance Company.

Independent Audit

State law and District policy require an annual audit to be made of the books of account, financial records and transactions of all funds of the District by a Certified Public Accountant selected by the Board of Directors of the District. The District has complied with this requirement. The report of the District's independent accountants, Hunt, Kain and Associates, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with the code of Iowa, generally accepted auditing standards and requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the basic financial statements and combining and individual fund statements is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of government financial reports.

In order to be eligible to receive the Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, (CFAR) whose contents conform to program standards. Such CAFR must satisfy both Generally Accepted Accounting Principals and applicable legal requirements.

This Certificate is valid for a period of one year only. The District believes that the current CAFR conforms to the requirements for the Certificate of Excellence and therefore, is submitting to ASBO to determine its eligibility for the Certificate.

Acknowledgements

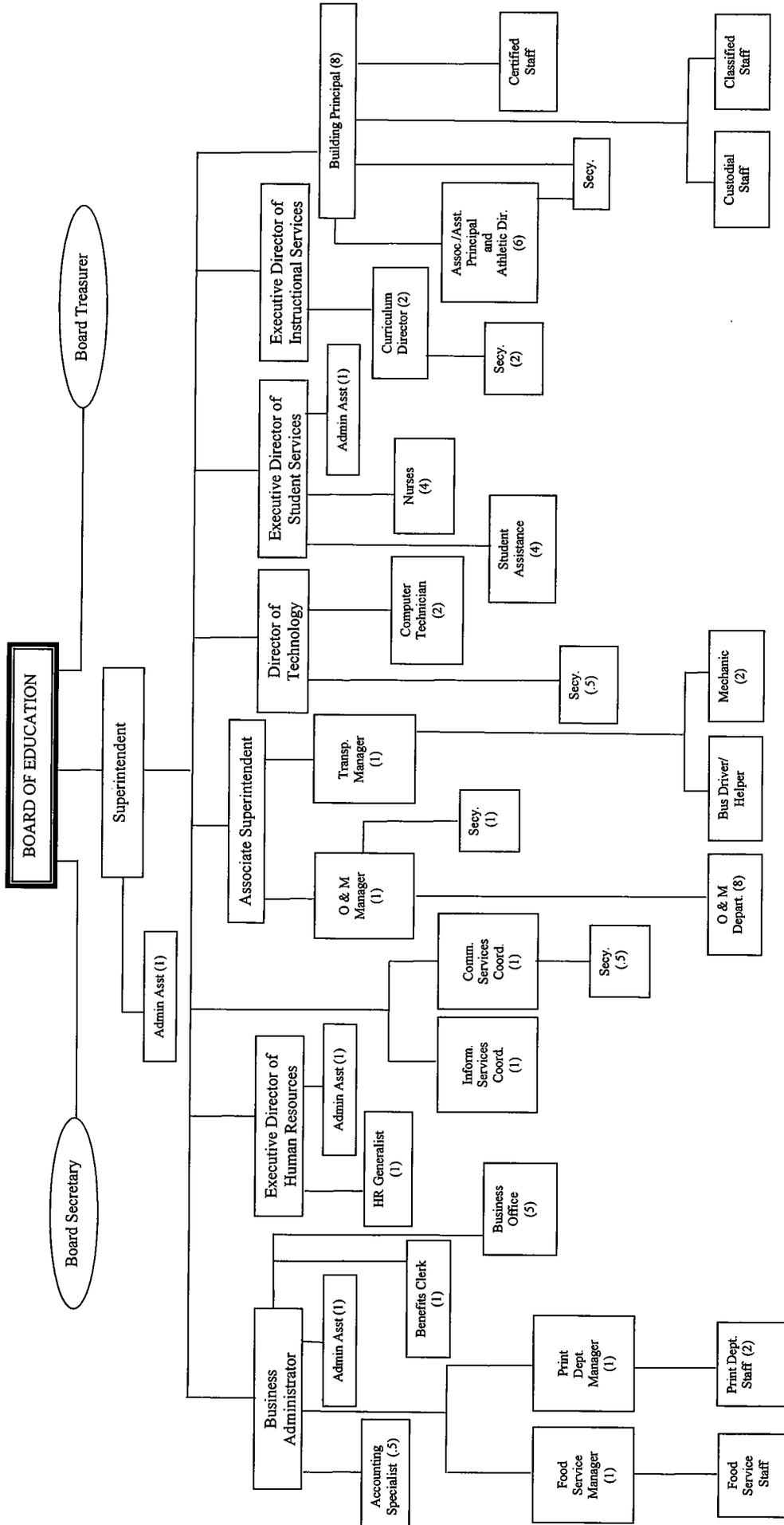
The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This would not have been possible without the help of several people. We would like to express our appreciation to all District, City and County employees who assisted in the preparation of this report.

Finally, sincere appreciation is extended to the Board of Education, where commitment to excellence begins. It is with great pleasure that this year's Comprehensive Annual Financial Report is submitted to the Board of Education.

David L. Nicholson
Business Administrator
Board Secretary/Treasurer

Dr. Kathleen Mulholland
Superintendent of Schools

Linn-Mar Community School District
Organizational Chart



5/15/08

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LINN-MAR COMMUNITY SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2007**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

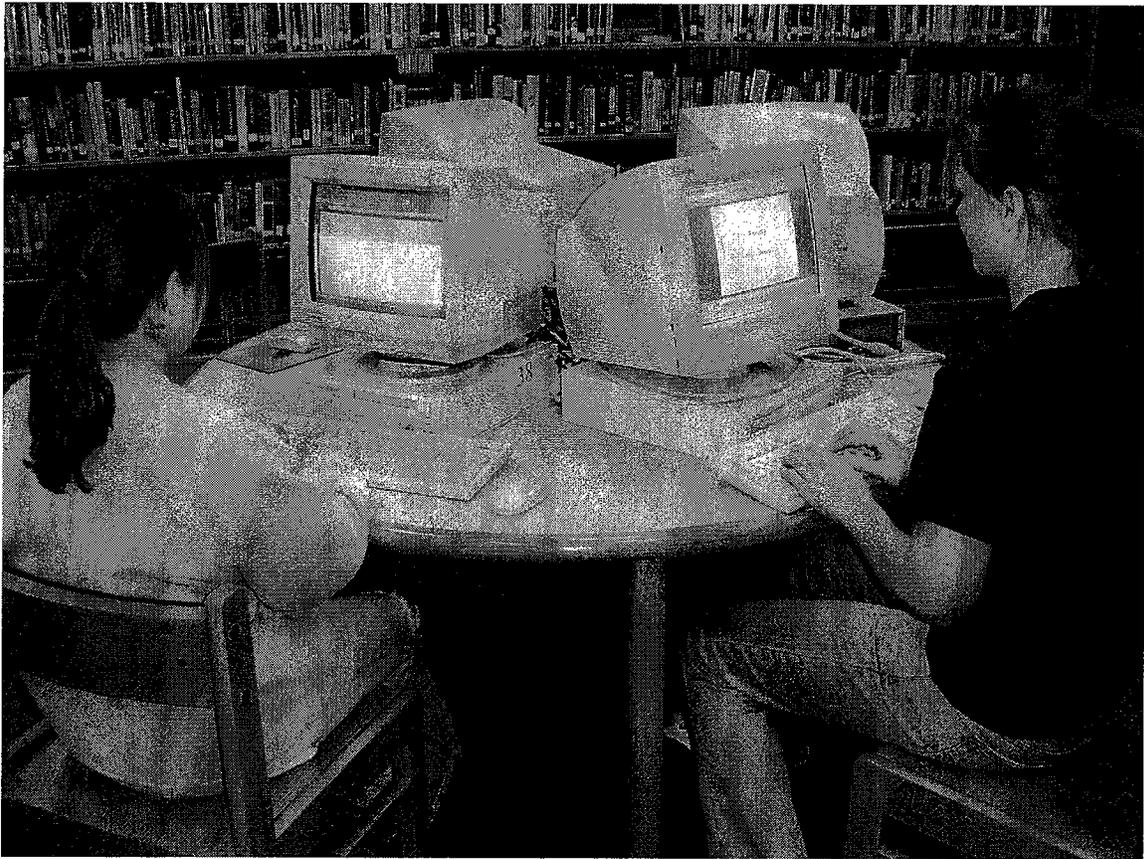
Executive Director

LINN-MAR COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2007 Election)		
Bob Crawford	President	2009
Ann Stark	Vice President	2008
Lorna Richards	Board Member	2007
Mark Klopfenstein	Board Member	2007
Jim Green	Board Member	2008
Helen Romanowsky	Board Member	2008
Erik Miles	Board Member	2009
<u>Board of Education</u>		
(After September 2007 Election)		
Bob Crawford	President	2009
Ann Stark	Vice President	2008
Jim Green	Board Member	2008
Helen Romanowsky	Board Member	2008
Erik Miles	Board Member	2009
Bob Gilchrist	Board Member	2011
Barry Buchholz	Board Member	2011
<u>School Officials</u>		
Dr. Katie Mulholland	Superintendent	2011
David L. Nicholson	Business Administrator District Secretary/Treasurer	2008
Terry Abernathy	Attorney	Indefinite
Simmons, Perrine, Albright & Ellwood	Attorney	Indefinite
Ahlers & Cooney	Attorney	Indefinite

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Linn-Mar Community School District:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Linn-Mar Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2008 on our consideration of Linn-Mar Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 18 through 30 and 66 through 68 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Linn-Mar Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, and on pages 124 to 125, the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
December 17, 2008

Management Discussion and Analysis

This section of the Linn-Mar Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2008. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The State of Iowa allowed a 4% growth for the 2007-08 school year. The allowable growth along with increased enrollment increased our regular program support revenue by \$3.4 million.
- The General Fund ending undesignated unreserved fund balance increased from \$2.323 million in fiscal year 2007 to \$2.95 million in fiscal year 2008, which represents a 5.55% solvency ratio.
- The nation's faltering economy has had a direct impact on the return on investments for the District funds. In June of 2007 the public fund investment rate was 4.98%, which gradually dropped to a rate of 1.99% in June, 2008. This investment rate reduction reduced the interest earnings in the General Fund from \$270,061 in fiscal year 2007 to \$234,622 in fiscal year 2008.

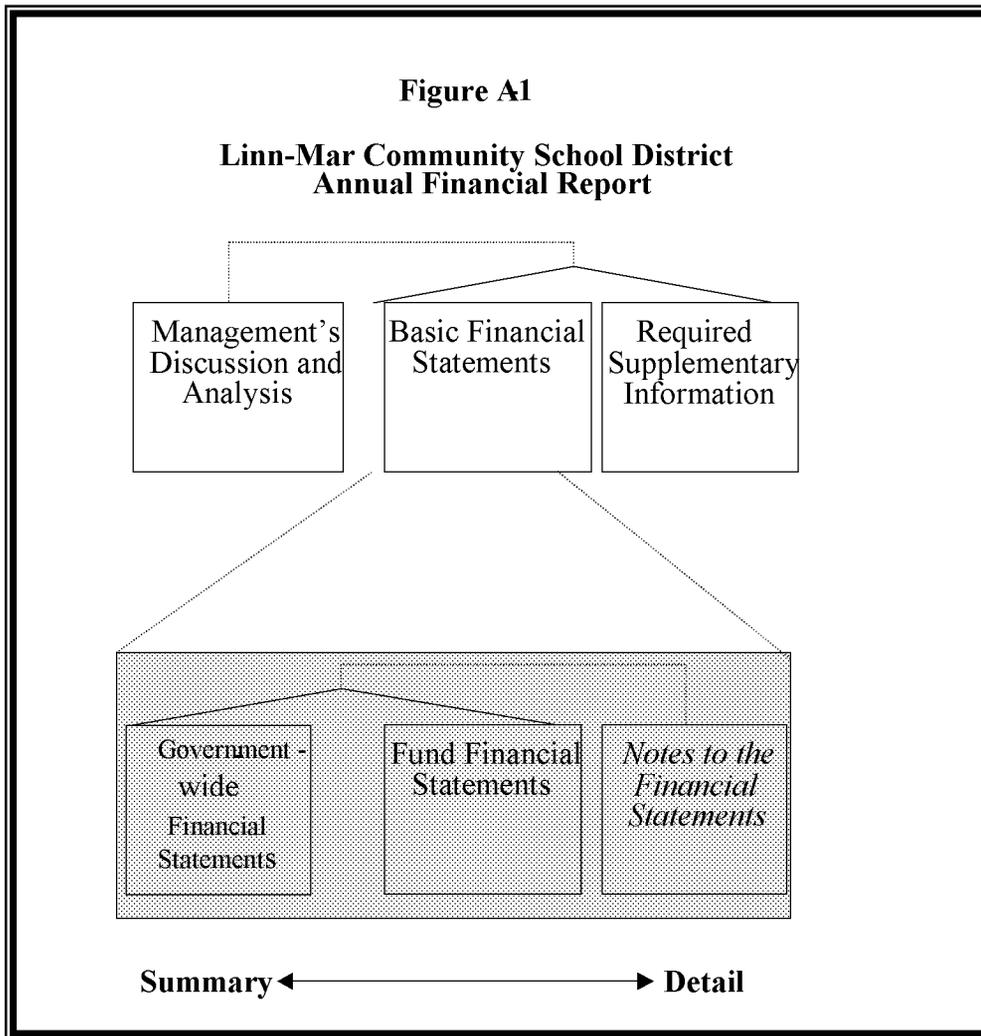
Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* show how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related 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. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.



Government -Wide Financial Statements

Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial 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 is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
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 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 focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	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

The Government-wide 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 statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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 taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be 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 repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has two kinds of funds:

- *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 funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *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 statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund includes the Agency Fund for the employee's flexible benefits payroll plan.

Financial Analysis of the District as a Whole

There was a significant change in the District's combined net assets as evidenced below in Figure A-3. Both the combined total assets and liabilities experienced a decrease. Combined total assets decreased by 3.14 percent while combined total liabilities experienced a much larger reduction of 9.62 percent. These changes are largely due to the retirement the \$10 million in general obligation bonds, from a cross-over refunding that was conducted by the District back in 2005. Because the reduction to the liabilities was much larger than the assets reduction, the combined total net assets increased by \$5.7 million or 22.41%.

Figure A-3

Condensed Statement of Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2007-2008
	2007	2008	2007	2008	2007	2008	
Current and other assets	\$54.69	\$39.70	\$.046	\$.048	\$54.74	\$39.75	-27.38%
Capital assets, net	70.54	81.31	.215	.486	70.75	81.80	15.62%
Total Assets	125.23	121.01	.261	.534	125.49	121.55	-3.14%
Other liabilities	31.15	32.37	.050	.078	31.20	32.45	4.00%
Long-term obligations	68.90	58.02			68.90	58.02	-15.79%
Total Liabilities	100.05	90.39	.050	.078	100.10	90.47	-9.62%
Net assets:							
Investment in capital assets, net of related debt	21.32	24.81	.215	.486	21.53	25.29	17.46%
Restricted	2.16	3.36			2.16	3.36	55.55%
Unrestricted	1.70	2.46	-.004	-.030	1.70	2.43	42.94%
Total net assets	25.18	30.63	.211	.456	25.39	31.08	22.41%

Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.

Changes in Net Assets, as shown in Figure A-4 below, illustrates that the District as a whole experienced a 20.73 percent increase in operating revenue while experiencing a 14.83 percent increase in expenses. Approximately \$5.68 million, or 47%, of the total increase in revenue can be attributed to the collection of local option sales and service tax that the citizens of Linn County approved in February of 2007. Virtually all of the \$3.11 million increase in unrestricted state grants was due to the increase in state foundation aid (state foundation aid is the amount of money given the state to support the cost per pupil to educate our students). The majority of \$1.15 million increase in property taxes support the district cost per pupil for the increased enrollment and allowable growth set by the state. Property taxes and unrestricted state aid account for most of the district's revenue, with each contributing approximately 36 percent and 35 percent, respectively, of the total dollars raised (see Figure A-5).

The total cost for all programs and services increased 14.83 percent to \$64.35 million. The District's total expenditures are listed in Figure A-6. The chart shows that the majority of the District's expenditures (65%) are devoted to Instruction and Student and Instructional services. Another 3 percent is spent on transporting our students safely to and from school and on extra curricular events. The bulk of the 14.83 percent or \$8.31 million is due to negotiated salary and benefit increases with the remainder supporting the additional expenses associated with the hiring of additional staff and the cost of opening a new building to support the continued growth of the District.

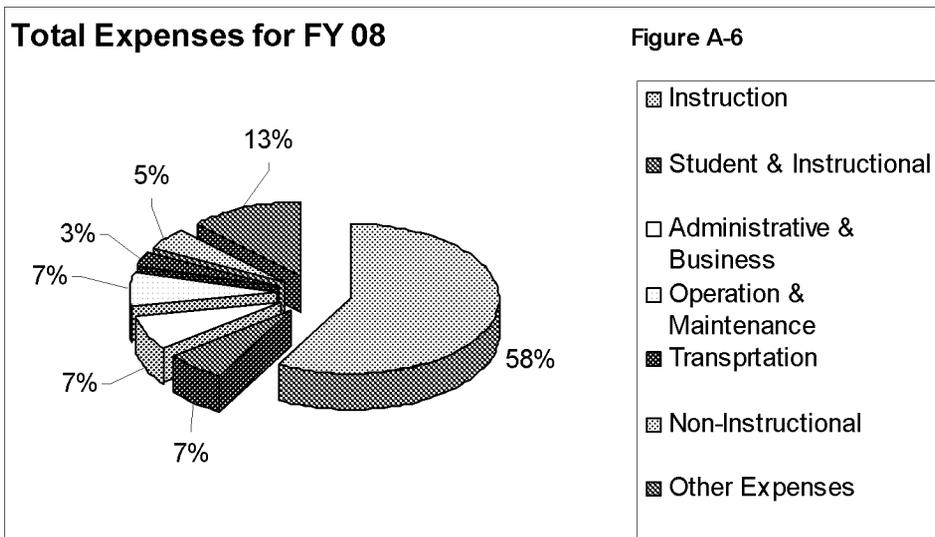
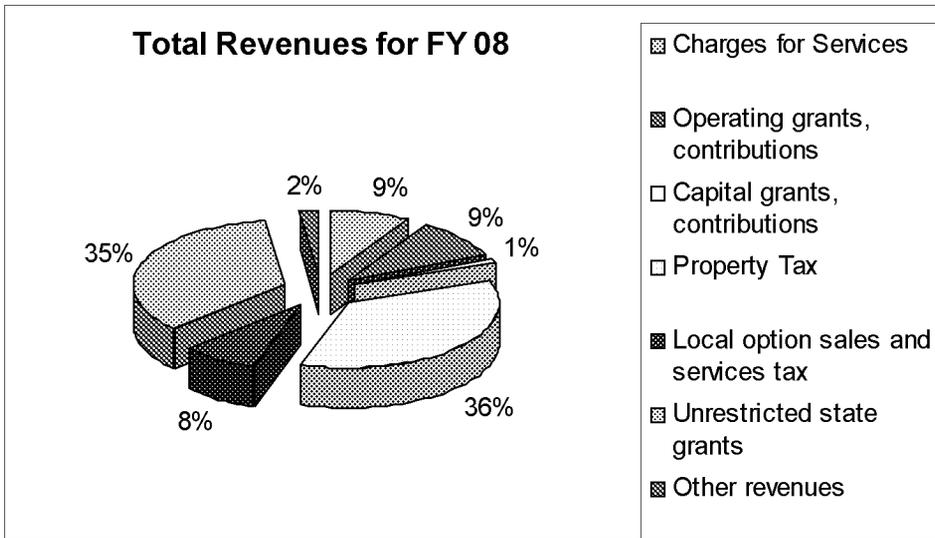
Figure A-4

Changes in Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2007-2008
	2007	2008	2007	2008	2007	2008	
Revenues:							
Program Revenues:							
Charges for service	\$3.44	\$4.21	\$1.636	\$1.781	\$5.076	\$5.991	18.03%
Operating grants and contributions	4.86	5.97	.576	.682	5.436	6.652	22.37%
Capital grants and contributions	.03	.60	.024	.328	0.054	0.928	1618.5%
General Revenues:							
Property tax	23.73	24.88			23.73	24.88	4.85%
Local option sales and services tax	0.00	5.68			0.0	5.68	100.00%
Unrestricted state grants	21.51	24.62			21.51	24.62	14.46%
Other	2.21	1.29	.003	.005	2.213	1.295	-41.48%
Total Revenues	\$55.78	\$67.25	\$2.239	\$2.796	\$58.02	\$ 70.05	20.73%
Program expenses:							
Governmental activities:							
Instructional	33.04	37.43			33.04	37.43	13.29%
Support Services	13.49	15.80	.065	.055	13.555	15.855	16.97%
Non-instructional programs	.13	.53	2.182	2.496	2.312	3.026	30.88%
Other expenses	7.13	8.04			7.13	8.04	12.76%
Total expenses	53.79	61.80	2.247	2.551	56.04	64.35	14.83%
Changes in net assets	\$1.99	\$5.45	\$(.008)	\$0.245	\$1.983	\$5.70	187.44%

Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.

Figure A-5



Governmental Activities

Revenues for the district's governmental activities increased 20.56 percent, while expenses increased 14.89 percent. The increased revenues can be credited both to a rebound of the economy that continued through the first half of the year and efforts of the district to keep a strong financial position:

- This is the third year in a row that the State of Iowa has increased the state allowable growth by 4%. This is a sign of the continuing strength of Iowa's economy for the 2006-2007 school year that was forecast to continue through the 2007-2008 fiscal year.

- Because of the growth pattern the District has experienced over the past five years, it was necessary for the District to construct two new elementary schools. The first of the two new schools opened during the 2007-2008 school year. To help with staffing and equipping these buildings the District was compelled to levy an additional cash reserve levy of \$1.04 million for the 2006-2007 school year and \$1.36 million for the 2007-2008 school year.

The District experienced an \$8.01 million increase in governmental activity expenditures, of which \$6.7 million, or 83.65%, can be attributed to the 5 - 6 percent negotiated salary and benefit packages given to the District employee groups, added staff to support the new elementary school and increased student population, and the additional cost associated with equipping and servicing the new facility. Of the remaining \$1.31 million in additional expenditures, roughly \$1 million was used for facilities acquisition and upkeep.

Figure A-7 presents the cost of three District activities: Instruction, Support Services, and Other Expenses. The table shows each activity's *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)				Figure A-7		
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2007	2008	2007-2008	2007	2008	2007-2008
INSTRUCTION	\$ 33.04	\$ 37.43	13.29%	\$ 27.06	\$ 30.41	12.38%
SUPPORT SERVICES	13.49	15.80	17.12%	13.05	15.22	16.63%
NON-INSTRUCTIONAL PROGRAMS	.13	.53	307.69%	.13	.53	307.69%
OTHER EXPENSES	7.13	8.04	12.76%	5.21	4.86	-6.72%
TOTALS	\$53.79	\$61.80	14.89%	\$45.45	\$51.02	12.26%

- The cost of all governmental activities this year was \$61.80 million.
- A portion of the cost was financed by the users of the District programs (\$4.21 million).
- Federal and State governments subsidized certain programs with grants and contributions (\$5.97 million).
- A majority of the District's net costs of service (\$51.02 million) were financed by District and State taxpayers.
- This portion of governmental activities was financed primarily with \$24.88 million in property taxes and \$24.62 million in unrestricted state aid based in large part on the statewide education aid formula.

Business-Type Activities

Revenues of the District's business-type activities grew by 24.88 percent to \$2.796 million while expenses grew 13.53 percent to \$2.55 million (refer to Figure A-4). At the present time, the only fund that comprises the business-type activities is the School Nutrition Fund. The revenues in the School Nutrition Fund can be broken down into three main categories; charges for services, federal and state reimbursements and investment income.

During the year ending June 30, 2008, the District's net assets increased in the business-type activities by \$244,840. This increase is somewhat deceiving because, of the \$2.796 million in revenue received during the 2007-2008 year, roughly \$328,000 was contributed capital for kitchen equipment purchased by the bond issue for the high school renovations and the new elementary school. In addition, \$55,000 was a permanent transfer from the general fund to support the school nutrition fund. Of the \$2.551 million in expenditures for the 2007-2008 year approximately \$23,000 was the current year depreciation for the contributed capital. By reducing the revenue by the contributed capital and the permanent transfer received from the general fund and reducing the expenses by the deprecation of the contributed capital, the nutrition fund would have experienced a reduction in net assets of approximately \$115,000. The District is well aware of this and has increased lunch prices and minimized the new hires for the new elementary that opened in the fall of 2008.

Financial Analysis of The District's Funds

At the end of fiscal year 2008, the District's governmental funds reported combined ending fund balances of \$7,666,235, a decrease of \$16,452,563 in comparison with the prior year. A closer look at each individual governmental fund reveals the following;

- The **General Fund** balance increased from \$2.6 million to \$3.3 million due to the additional cash reserve levy for the opening of the new elementary school for the 2008-2009 school year.
- The **Debt Service Fund** balance decreased from \$9.2 million to \$.87 million due to the retirement of the of the 2001 general obligation bonds that were refunded back in 2005 with a cross-over refunding.
- The **Capital Projects Fund** balance decreased from \$9.6 million to \$1.8 million as the District continued expending bond issue proceeds from the sales that took place during the 2006-2007 fiscal year and the proceeds from the local option sales and services tax that was generated for the 2007-2008 fiscal year.
- The **Management Fund** balance improved from approximately \$ 593,000 to \$ 631,000. This is due to the District's conscious effort to increase the fund balance to a level that would allow the District to provide for the early separation benefit and the general liability and property insurance and workers compensation premium payments without borrowing money from other funds to do so.
- The **Student Activity Fund** balance has remained pretty steady increasing slightly from approximately \$ 253,000 in fiscal year 2007 to \$ 257,000 in fiscal year 2008.

- The **Public Education and Recreation Levy Fund** balance dropped significantly from approximately \$532,000 to \$386,000. This reduction in balance was anticipated because the Board decided to levy only .03 cents per thousand of assessed valuation instead of the full .135 cents authorized in an effort to keep the District's overall tax rate down.
- The **Physical Plant and Equipment Levy Fund** balance remained relatively stable only decreasing from \$1.32 million to \$1.26 million. It is important to have a significant balance at year end to provide funds for the major summer repair and maintenance projects that take place, since the funding is generated from property tax collections.

The District's business-type activities fund had another difficult year. Not taking into account the contributed capital, permanent fund transfer from the general fund, and the depreciation of the movable equipment; expenditures exceeded revenue by approximately \$81,000. Management has taken measures to address this issue by increasing lunch prices and structuring the staffing model that would allow us to support the new facilities being opened with minimal new hires.

General Fund Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared according to U.S. Generally Accepted Accounting Principles. Over the course of the year, the District amended its annual operating budget one time to reflect higher than expected costs associated with instruction and supporting activities. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 66 through 68.

Legal Budgetary Highlights

The District's total actual revenues and other financing sources were approximately **\$2.53** million greater than the total budgeted revenues, a variance of roughly 3.73%. There were five main contributing factors to variance and they are as followed:

- In the general fund, the teacher quality salary improvement state aid was underestimated by roughly \$733,000.
- In the physical plant and equipment fund, the District decided to do a capital lease of five school buses for approximately \$400,000, which required the District to report the proceeds as such.

- In the capital project fund, there were two items that were not incorporated in the initial budget that was submitted; \$400,000 for the Iowa Demonstration Construction Grant which we anticipated receiving during the 2007 fiscal year and \$450,000 for the developer's share of the construction of a new road and the extension of a sewer and water main for the new elementary school that is being constructed.
- In the nutrition fund, the management overlooked the budgeting of roughly \$327,000 of contributed capital for the new movable kitchen equipment that was purchased by the proceeds from the \$27.5 million dollar bond issue.

By April 15th of each year, the budget must be adopted by the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Since there are a lot of unknowns at that time, such as state revenue allocations, insurance premiums, negotiated employee contracts, and the number of moves of students, the District has the ability to amend its budget before May 31st of each year. As a result of these unknowns, the following areas of the budget were amended:

- The Instructional area of the budget was increased from \$36,552,087 to \$38,200,166, in support of the additional staff that were needed to support the increased student population, the unanticipated increase in workers compensation premium, and reclassification of technology purchases from support services to instructional.
- The Total Other Expenditures area of the budget was increased from \$31,775,502 to \$31,990,307. This amendment was required because the miscalculation of the debt payment that was required for the retirement of the 2001 general obligation bonds that were refunded back in 2005.

Capital Asset Administration

The District's investments in capital assets for its governmental and business type activities as of June 30, 2008, amounts to \$ 81,798,818 (net of accumulated depreciation of \$24,007,167). This investment in capital assets includes land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of \$11.04 million or 15.60 percent from last year.

The biggest change in comparing fiscal year 2008 with the previous year is in the construction in progress and equipment categories. These significant increases are the result of the passage of a \$27.5 million dollar referendum for the construction of two elementary schools and the addition and renovations to the high school (See Figure A-8).

Figure A-8

CAPITAL ASSETS, NET OF DEPRECIATION
(EXPRESSED IN THOUSANDS)

	GOVERNMENTAL ACTIVITIES		BUSINESS- TYPE ACTIVITIES		TOTAL SCHOOL DISTRICT		TOTAL CHANGE
	2007	2008	2007	2008	2007	2008	2007- 2008
LAND	\$ 1,459	\$ 1,489	-	-	\$ 1,459	\$ 1,489	2.05%
CONSTRUCTION IN PROGRESS	18,454	22,787	-	-	18,454	22,787	23.48%
BUILDINGS	46,613	52,567			46,613	52,567	12.77%
IMPROVEMENTS OTHER THAN BUILDINGS	1,768	1,729			1,768	1,729	-2.21%
FURNITURE AND EQUIPMENT	2,244	2,740	215	486	2,464	3,226	30.92%
TOTALS	\$ 70,543	\$ 81,312	\$215	\$486	\$ 70,758	\$ 81,798	15.60%

More detailed information about capital assets can be found in Note 6 to the financial statements.

Long-Term Liabilities

At year-end, the District had \$58.02 million in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of \$10.878 million over the previous fiscal year as can be seen in Figure A-9 below.

figure A-9

OUTSTANDING
LONG-TERM
OBLIGATIONS
(EXPRESSED IN THOUSANDS)

	TOTAL SCHOOL DISTRICT		TOTAL CHANGE
	2007	2008	2007- 2008
GENERAL OBLIGATION BONDS	67,860	56,485	-16.76%
CAPITAL LEASE	0	312	312.00%
EARLY RETIREMENT	540	662	22.59%
COMPENSATED ABSENCES	499	562	12.62%
	\$ 68,899	\$ 58,021	-15.79%

Virtually all the decrease to the debt schedule can be attributed to the retirement of the \$10 million 2001 general obligation bonds that were refunded back in 2005 that had a remaining balance of \$9.55 million at the end of fiscal year 2007.

Another significant change to the long-term obligations had to do with the capital lease that the district entered into for the purchase of 5 school buses in the amount of roughly \$400,000 with the first installment that was paid upon delivery of the buses.

Further detailed information about long-term debt can be found in Note 7 to the financial statements.

Factors Bearing on the District's Future

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

- In June of 2008, the Cedar Rapids community was ravaged by flooding that exceeded the 500 year flood plain, inundating over 1,336 square blocks. More than 26,000 people were displaced from their homes and more than 500 businesses and 9,000 employees in the downtown area were dislocated. Many communities across Iowa were affected by the "Flood of 2008" as it is now being referred to. Because of the severity of the flooding and all the damage it left behind, the State of Iowa will most certainly have to re-evaluate their budget and see if a budget cut is in order to provide the necessary funding to help all of the communities affected by the flood rebuilding. At this time it is too early to predict whether the State will need to cut funding for Iowa schools to support the flood rebuilding.
- The 2008 fiscal year was the first year in which the District starting receiving funds from the local option sales and services tax. Prior to August 31 of every year the Iowa Department of Revenue is required to prepare an estimate of the monthly distribution payments for the local option sales tax each school district will receive. This estimate is based on 95% of the total estimated local options collections for the year. The Iowa Department of Revenue monitors the sales tax collections throughout the year and will make adjustments to the monthly payments if they feel it is necessary. In addition, the Iowa Department of Revenue will do a reconciliation on or before November 10th following the end of the fiscal year. If an overpayment occurred, the Department will recoup the overpayment amount beginning with the current fiscal year's November monthly payment.

For the 2008 fiscal year collections, the sales in Linn county were less than what the Iowa Department of Revenue estimated which required the Department to reduce the fourth quarter installments from \$529,973 to \$382,804. This was the first indication that the recession that has been impacting many parts of the country has now reached central Iowa.

- It appears that the student enrollment growth has slowed down a bit. The certified enrollment growth for the 2008-2009 school year was reported as 119.3 and is the lowest growth that the District has experienced since the 2002-2003 school year.

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 of the money it receives. If you have questions about this report or need additional financial information, contact David Nicholson., Business Administrator, Linn-Mar Community School District, 3333 North 10th Street, Marion, Iowa 52302.

Basic Financial Statements



LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 12,315,702	\$ 1,726	\$ 12,317,428
Receivables:			
Property tax:			
Current year	111,709	-	111,709
Succeeding year	25,301,000	-	25,301,000
Accounts	321,444	2,171	323,615
Due from other governments (note 4)	1,654,002	5,173	1,659,175
Inventories	-	38,858	38,858
Capital assets, net of accumulated depreciation (note 6)	81,312,320	486,498	81,798,818
	<hr/>	<hr/>	<hr/>
Total assets	121,016,177	534,426	121,550,603
Liabilities			
Accounts payable	875,358	2,732	878,090
Salaries and benefits payable	4,775,219	45,820	4,821,039
Due to other governments	1,084,923	-	1,084,923
Accrued interest payable	328,941	-	328,941
Deferred revenue:			
Succeeding year property tax	25,301,000	-	25,301,000
Other	-	29,876	29,876
Long-term liabilities (note 7):			
Portion due within one year:			
Early retirement	308,986	-	308,986
Bonds payable	2,615,000	-	2,615,000
Capital leases	73,034	-	73,034
Compensated absences	561,876	-	561,876
Portion due after one year:			
Early retirement	352,727	-	352,727
Bonds payable	53,870,000	-	53,870,000
Capital leases	239,511	-	239,511
	<hr/>	<hr/>	<hr/>
Total liabilities	90,386,575	78,428	90,465,003

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 24,807,981	\$ 486,498	\$ 25,294,479
Restricted for:			
Physical plant and equipment levy	1,250,097	-	1,250,097
Public education and recreation levy	386,043	-	386,043
Other special revenue purposes	256,758	-	256,758
Capital projects	1,472,224	-	1,472,224
Unrestricted	<u>2,456,499</u>	<u>(30,500)</u>	<u>2,425,999</u>
Total net assets	<u>\$ 30,629,602</u>	<u>\$ 455,998</u>	<u>\$ 31,085,600</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 25,437,813	\$ 1,505,311	\$ 2,603,569	\$ -
Special instruction	8,420,667	607,015	939,430	-
Other instruction	3,571,552	1,256,980	103,860	-
	<u>37,430,032</u>	<u>3,369,306</u>	<u>3,646,859</u>	<u>-</u>
Support services:				
Student services	1,990,772	244,991	9,000	-
Instructional staff services	2,299,782	51,289	47,453	-
Administration services	4,672,761	95	3,000	-
Operation and maintenance of plant services	4,667,734	67,145	3,000	-
Transportation services	2,169,820	14,740	144,814	-
	<u>15,800,869</u>	<u>378,260</u>	<u>207,267</u>	<u>-</u>
Non-instructional programs	<u>528,040</u>	-	-	-
Other expenditures:				
Facilities acquisition	1,600,889	463,025	9,495	606,055
Long-term debt interest and fiscal charges	2,749,679	-	-	-
AEA flowthrough	2,103,691	-	2,103,691	-
Depreciation (unallocated) *	1,590,669	-	-	-
	<u>8,044,928</u>	<u>463,025</u>	<u>2,113,186</u>	<u>606,055</u>
Total governmental activities	<u>61,803,869</u>	<u>4,210,591</u>	<u>5,967,312</u>	<u>606,055</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (21,328,933)	\$ -	\$ (21,328,933)
(6,874,222)	-	(6,874,222)
(2,210,712)	-	(2,210,712)
(30,413,867)	-	(30,413,867)
(1,736,781)	-	(1,736,781)
(2,201,040)	-	(2,201,040)
(4,669,666)	-	(4,669,666)
(4,597,589)	-	(4,597,589)
(2,010,266)	-	(2,010,266)
(15,215,342)	-	(15,215,342)
(528,040)	-	(528,040)
(522,314)	-	(522,314)
(2,749,679)	-	(2,749,679)
-	-	-
(1,590,669)	-	(1,590,669)
(4,862,662)	-	(4,862,662)
(51,019,911)	-	(51,019,911)

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Business-Type Activities:				
Support services:				
Purchased services	\$ 26,994	\$ -	\$ -	-
Supplies	27,713	-	-	-
	<u>54,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	2,496,728	1,781,217	681,827	327,659
	<u>2,551,435</u>	<u>1,781,217</u>	<u>681,827</u>	<u>327,659</u>
Total business-type activities				
	<u>2,551,435</u>	<u>1,781,217</u>	<u>681,827</u>	<u>327,659</u>
Total	\$ <u>64,355,304</u>	\$ <u>5,991,808</u>	\$ <u>6,649,139</u>	\$ <u>933,714</u>

General Revenues:

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
 Local option sales and services tax
 Unrestricted state grants
 Unrestricted investment earnings
 Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ -	\$ (26,994)	\$ (26,994)
-	(27,713)	(27,713)
-	(54,707)	(54,707)
-	293,975	293,975
-	239,268	239,268
(51,019,911)	239,268	(50,780,643)
\$ 19,280,777	\$ -	\$ 19,280,777
3,445,151	-	3,445,151
2,160,905	-	2,160,905
5,678,033	-	5,678,033
24,618,955	-	24,618,955
879,825	5,572	885,397
407,049	-	407,049
56,470,695	5,572	56,476,267
5,450,784	244,840	5,695,624
25,178,818	211,158	25,389,976
<u>\$ 30,629,602</u>	<u>\$ 455,998</u>	<u>\$ 31,085,600</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and pooled investments	\$ 8,317,439	\$ 72,162	\$ 1,340,023	\$ 2,586,078	\$ 12,315,702
Receivables:					
Property tax:					
Current year	86,766	15,230	-	9,713	111,709
Succeeding year	19,578,000	3,488,000	-	2,235,000	25,301,000
Interfund receivable (note 3)	4,765	-	-	24,060	28,825
Accounts	17,617	-	293,206	10,621	321,444
Due from other governments (note 4)	888,394	-	765,608	-	1,654,002
Total assets	\$ 28,892,981	\$ 3,575,392	\$ 2,398,837	\$ 4,865,472	\$ 39,732,682
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 184,517	\$ -	\$ 633,407	\$ 57,434	\$ 875,358
Salaries and benefits payable	4,762,566	-	-	12,653	4,775,219
Due to other governments	1,084,923	-	-	-	1,084,923
Interfund payable (note 3)	4,624	-	-	24,201	28,825
Deferred revenue:					
Succeeding year property tax	19,578,000	3,488,000	-	2,235,000	25,301,000
Other	1,122	-	-	-	1,122
Total liabilities	25,615,752	3,488,000	633,407	2,329,288	32,066,447
Fund balance:					
Reserved for:					
State grants	323,383	-	-	-	323,383
Debt service	-	87,392	-	-	87,392
Unreserved:					
Reported in nonmajor Special Revenue Funds	-	-	-	2,536,184	2,536,184
Undesignated	2,953,846	-	1,765,430	-	4,719,276
Total fund balances	3,277,229	87,392	1,765,430	2,536,184	7,666,235
Total liabilities and fund balances	\$ 28,892,981	\$ 3,575,392	\$ 2,398,837	\$ 4,865,472	\$ 39,732,682

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2008

Total fund balances of governmental funds	\$ 7,666,235
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.	81,312,320
Other long-term assets, including federal grants not earned, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	1,122
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.	(328,941)
Long-term liabilities, including early retirement, bonds payable, capital leases and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(58,021,134)</u>
Net assets of governmental activities	<u><u>\$ 30,629,602</u></u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 19,259,497	\$ 3,443,707	\$ 5,678,032	\$ 2,173,648	\$ 30,554,884
Tuition	1,792,758	-	-	-	1,792,758
Other	1,231,668	356,172	673,330	1,222,133	3,483,303
Intermediate sources	1,892	-	-	-	1,892
State sources	29,651,322	1,444	-	916	29,653,682
Federal sources	1,256,369	-	500,000	80,966	1,837,335
Total revenues	<u>53,193,506</u>	<u>3,801,323</u>	<u>6,851,362</u>	<u>3,477,663</u>	<u>67,323,854</u>
Expenditures:					
Current:					
Instruction	<u>35,801,791</u>	-	458,170	1,477,959	<u>37,737,920</u>
Support services:					
Student services	1,973,178	-	9,546	29,796	2,012,520
Instructional staff services	2,109,472	-	75,259	17,706	2,202,437
Administration services	4,423,023	-	125,552	51,190	4,599,765
Operation and maintenance of plant services	4,268,107	-	-	435,012	4,703,119
Transportation services	1,797,846	-	-	483,260	2,281,106
	<u>14,571,626</u>	-	210,357	1,016,964	<u>15,798,947</u>
Non-instructional programs	<u>55,816</u>	-	-	52,270	<u>108,086</u>
Other expenditures:					
Facilities acquisition	-	-	12,467,687	1,422,227	13,889,914
Long term debt:					
Principal	-	11,462,161	-	-	11,462,161
Interest and fiscal charges	-	3,075,404	-	-	3,075,404
AEA flowthrough	2,103,691	-	-	-	2,103,691
	<u>2,103,691</u>	<u>14,537,565</u>	<u>12,467,687</u>	<u>1,422,227</u>	<u>30,531,170</u>
Total expenditures	<u>52,532,924</u>	<u>14,537,565</u>	<u>13,136,214</u>	<u>3,969,420</u>	<u>84,176,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>660,582</u>	<u>(10,736,242)</u>	<u>(6,284,852)</u>	<u>(491,757)</u>	<u>(16,852,269)</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):					
Capital lease proceeds	\$ -	\$ -	\$ -	\$ 399,706	\$ 399,706
Interfund transfers in (note 5)	-	1,612,161	-	10,500	1,622,661
Interfund transfers out (note 5)	(10,500)	-	(1,525,000)	(87,161)	(1,622,661)
Total other financing sources (uses)	<u>(10,500)</u>	<u>1,612,161</u>	<u>(1,525,000)</u>	<u>323,045</u>	<u>399,706</u>
Net change in fund balances	650,082	(9,124,081)	(7,809,852)	(168,712)	(16,452,563)
Fund balances beginning of year	<u>2,627,147</u>	<u>9,211,473</u>	<u>9,575,282</u>	<u>2,704,896</u>	<u>24,118,798</u>
Fund balances end of year	<u>\$ 3,277,229</u>	<u>\$ 87,392</u>	<u>\$ 1,765,430</u>	<u>\$ 2,536,184</u>	<u>\$ 7,666,235</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ (16,452,563)

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 Net Assets and are allocated over their estimated useful
lives as depreciation expense in the Statement of Activities. The amounts
of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 13,561,611	
Capital contributions	(419,954)	
Depreciation expense	<u>(2,372,791)</u>	10,768,866

Federal grant revenue not earned until several months after the District's
fiscal year ends is not considered available revenue in the governmental
funds and is deferred. It is, however, recorded as revenue in the
Statement of Activities. (69,201)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Assets. 11,462,161

Interest on long-term debt in the Statement of Activities differs from the
amount reported in the governmental funds because interest is recorded as
an expenditure in the funds when due. In the Statement of Activities,
however, interest expense is recognized as the interest accrues, regardless
of when it is due. 325,725

Some expenses reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in the governmental funds.

Early retirement	(121,644)	
Compensated absences	<u>(62,854)</u>	(184,498)

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds but increase long-term liabilities in the Statement of
Net Assets and do not affect the Statement of Activities. (399,706)

Change in net assets of governmental activities \$ 5,450,784

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2008

	<u>School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,726
Receivables:	
Accounts	2,171
Due from other governments	5,173
Inventories	38,858
Noncurrent assets:	
Capital assets, net	<u>486,498</u>
Total assets	<u>534,426</u>
Liabilities	
Accounts payable	2,732
Salaries and benefits payable	45,820
Deferred revenue:	
Other	<u>29,876</u>
Total liabilities	<u>78,428</u>
Net Assets	
Invested in capital assets	486,498
Unrestricted	<u>(30,500)</u>
Total net assets	<u>\$ 455,998</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2008

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>1,781,217</u>
Operating expenses:	
Support services:	
Food service operations:	
Purchased services	26,994
Supplies	<u>27,713</u>
	<u>54,707</u>
Non-instructional programs:	
Food service operations:	
Salaries	955,342
Benefits	212,245
Purchased services	34,205
Supplies	1,237,926
Depreciation	<u>57,010</u>
	<u>2,496,728</u>
	<u>2,551,435</u>
Operating loss	<u>(770,218)</u>
Non-operating revenues:	
Interest on investments	5,572
Capital contributions	327,659
Other contributions	55,816
State sources	25,055
Federal sources	<u>600,956</u>
Total non-operating revenues	<u>1,015,058</u>
Change in net assets	244,840
Net assets beginning of year	<u>211,158</u>
Net assets end of year	<u>\$ <u>455,998</u></u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,743,708
Cash received from miscellaneous operating activities	25,247
Cash payments to employees for services	(1,131,471)
Cash payments to suppliers for goods or services	<u>(1,207,808)</u>
Net cash used by operating activities	<u>(570,324)</u>
Cash flows from non-capital financing activities:	
State grants received	25,055
Federal grants received	477,962
Contributions from other funds	<u>55,816</u>
Net cash provided by non-capital financing activities	<u>558,833</u>
Cash flows from capital and related financing activities:	
Purchase of equipment	<u>(1,005)</u>
Cash flows from investing activities:	
Interest on investments	<u>5,572</u>
Net decrease in cash and cash equivalents	(6,924)
Cash and cash equivalents beginning of year	<u>8,650</u>
Cash and cash equivalents end of year	<u>\$ 1,726</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2008

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (770,218)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	57,010
Commodities used	119,690
(Increase) in accounts receivable	(2,171)
(Increase) in inventories	(3,392)
Increase in accounts payable	2,732
Increase in salaries and benefits payable	36,116
(Decrease) in deferred revenue	<u>(10,091)</u>
Net cash used by operating activities	<u>\$ (570,324)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received \$119,690 of federal commodities. The District also received equipment purchased through the Capital Projects Fund valued at \$327,659.

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2008

	<u>Agency</u>
Assets:	
Cash and pooled investments	\$ <u>93,046</u>
Liabilities:	
Flex benefits payable	\$ <u>93,046</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies

Linn-Mar Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Marion, Iowa, portions of the Cities of Robbins and Cedar Rapids, Iowa, and portions of the agricultural territory in Linn County. 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, Linn-Mar 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. Linn-Mar 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 Linn County Assessor's Conference Board.

B. Basis of Presentation

District-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 attributable to the acquisition, construction, or improvement of those assets.

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

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet 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 that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 District-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 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 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 Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District also reports the following funds, aggregated and reported as nonmajor governmental funds:

The Special revenue, Management Levy Fund is used to account for resources collected and payments made for casualty, workers' compensation and unemployment insurance and for employee fidelity bonds.

The Special Revenue, Student Activity Fund is used to account for various resources collected and payments made for student intramural and cocurricular activities. Most resources arise from various student groups through resales of supplies and fundraisers.

The Special Revenue, Public Education and Recreation Levy Fund is used to account for resources accumulated and payments made for playground construction and equipment for the benefit primarily of District students.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Special Revenue, Physical Plant and Equipment Levy Fund is used to account for the resources collected and payments made for the purchase of and improvements to District sites and buildings, major repairs to existing buildings and for the purchase of equipment, furniture and vehicles.

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial 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.

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, 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. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been repaid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. These amounts have been eliminated from the Government-wide financial statements.

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

Asset Class	Amount
Land	\$ 1
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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

Deferred revenue in 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 and unearned meal revenues.

Long-term Liabilities – In the District-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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances – 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.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2008 consists of \$3,365,122.

E. Elimination and Reclassification

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

F. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

As of June 30, 2008, the carrying amount of the District’s bank deposits and pooled investments totaled \$12,410,474 with bank balances of \$13,560,034. These amounts are included in the cash and pooled investments line on the Government-wide statement of net assets, the governmental funds balance sheet, the proprietary funds statements of net assets and the fiduciary funds statement of assets and liabilities. Of the bank balance, \$100,000 was covered by Federal depository insurance and \$13,460,034 was collateralized 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.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2008

Note 2. Cash and Pooled Investments

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 11,033,276

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

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

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody’s Investors Service.

Note 3. Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Amounts due to transactions between funds:		
General	Special Revenue Fund, Physical Plant and Equipment Levy	\$ 4,765
Special Revenue, Student Activity		19,436
Special Revenue, Physical Plant and Equipment Levy	General	4,624
		\$ 28,825

These interfund balances arise from timing differences involved in the reimbursement of expenses at year end between the General Fund and the Special Revenue Funds, Physical Plant and Equipment Levy and Student Activity. These balances have been eliminated from the Government-wide Statement of Net Assets.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2008

Note 4. Due From Other Governments

A summary of amounts due from various other governments is as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$	464,874
Title I grants		114,972
Federal Teacher Quality grants		99,658
Non-public transportation reimbursement		62,107
Other		146,783
		<u>888,394</u>

Capital Projects Fund:

Local option sales and services tax		<u>765,608</u>
-------------------------------------	--	----------------

Total	\$	<u><u>1,654,002</u></u>
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Proprietary Fund:

School Nutrition:

Meal program reimbursements	\$	<u><u>5,173</u></u>
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Note 5. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 1,525,000
	Special Revenue:	
	Physical Plant and Equipment Levy	87,161
Special Revenue, Student Activity	General	<u>10,500</u>
Total		<u><u>\$ 1,622,661</u></u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 6. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,459,262	\$ 30,000	\$ -	\$ 1,489,262
Construction in progress	18,454,201	11,915,017	7,582,334	22,786,884
Total capital assets not being depreciated	<u>19,913,463</u>	<u>11,945,017</u>	<u>7,582,334</u>	<u>24,276,146</u>
Capital assets being depreciated:				
Buildings	61,748,204	7,431,440	-	69,179,644
Improvements other than buildings	2,350,442	74,948	-	2,425,390
Furniture and equipment	8,264,508	1,272,586	471,490	9,065,604
Total capital assets being depreciated	<u>72,363,154</u>	<u>8,778,974</u>	<u>471,490</u>	<u>80,670,638</u>
Less accumulated depreciation for:				
Buildings	15,135,095	1,477,471	-	16,612,566
Improvements other than buildings	582,854	113,198	-	696,052
Furniture and equipment	6,015,214	782,122	471,490	6,325,846
Total accumulated depreciation	<u>21,733,163</u>	<u>2,372,791</u>	<u>471,490</u>	<u>23,634,464</u>
Total capital assets being depreciated, net	<u>50,629,991</u>	<u>6,406,183</u>	<u>-</u>	<u>57,036,174</u>
Governmental activities capital assets, net	<u>\$ 70,543,454</u>	<u>\$ 18,351,200</u>	<u>\$ 7,582,334</u>	<u>\$ 81,312,320</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 6. Capital Assets (concluded)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 531,089	\$ 328,664	\$ 552	\$ 859,201
Less accumulated depreciation	316,245	57,010	552	372,703
Business-type activities capital assets, net	\$ 214,844	\$ 271,654	\$ -	\$ 486,498

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 272,632
Special	90,196
Other	38,255
Support services:	
Administration	27,853
Operation and maintenance of plant services	52,466
Transportation	300,720
	782,122
Unallocated depreciation	1,590,669
Total governmental activities depreciation expense	\$ 2,372,791
Business-type activities:	
Food service operations	\$ 57,010

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Early Retirement	General Obligation Bonds	Capital Leases	Compensated Absences	Total
Balance beginning of year	\$ 540,069	\$ 67,860,000	\$ -	\$ 499,022	\$ 68,899,091
Additions	394,308	-	399,706	561,876	1,355,890
Reductions	272,664	11,375,000	87,161	499,022	12,233,847
Balance end of year	<u>\$ 661,713</u>	<u>\$ 56,485,000</u>	<u>\$ 312,545</u>	<u>\$ 561,876</u>	<u>\$ 58,021,134</u>
Due within one year	<u>\$ 308,986</u>	<u>\$ 2,615,000</u>	<u>\$ 73,034</u>	<u>\$ 561,876</u>	<u>\$ 3,558,896</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees and administrators. Eligible employees must be at least age fifty-five and employees must have completed twenty years of service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay, multiplied by 50 percent (60 percent for administrators), plus all unused personal days compensated for at the rate of substitute pay used during the last year of service. Employees may also elect to continue participation in the District's group health insurance plan until age 65 or until insurance is acquired elsewhere. Their participation is at the employee's expense with the exception that any unused personal days of separation compensation may be used to cover the cost of premiums.

At June 30, 2008, the District had obligations to 32 participants with a total liability of \$661,713. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$272,664 and are recorded as an expenditure in the non-major Special Revenue Fund, Management Fund. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 7. Long-Term Liabilities (continued)

Bonds Payable

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

Year Ending June 30,	Bond Issue of May 1, 2005			Bond Issue of July 1, 2005		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	3.250 %	\$ 1,155,000	\$ 347,787	3.250 %	\$ 575,000	\$ 356,588
2010	3.500	1,205,000	310,250	3.500	590,000	337,900
2011	3.750	1,250,000	268,075	3.500	610,000	317,250
2012	4.000	1,310,000	221,200	3.750	630,000	295,900
2013	4.000	1,050,000	168,800	3.750	650,000	272,275
2014-2018	4.000-4.500	3,065,000	328,600	4.000	3,630,000	960,500
2019-2021	-	-	-	4.000-4.125	2,540,000	209,100
		<u>\$ 9,035,000</u>	<u>\$ 1,644,712</u>		<u>\$ 9,225,000</u>	<u>\$ 2,749,513</u>

Year Ending June 30,	Bond Issue of April 1, 2006			Bond Issue of May 1, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	3.875 %	\$ 715,000	\$ 149,575	4.250 %	\$ -	\$ 425,000
2010	3.875	745,000	121,869	4.250	-	425,000
2011	3.875	770,000	93,000	4.250	-	425,000
2012	3.875	800,000	63,162	4.250	-	425,000
2013	3.875	830,000	32,163	4.250	-	425,000
2014-2018	-	-	-	4.250	-	2,125,000
2019-2023	-	-	-	4.250	-	2,125,000
2024-2026	-	-	-	4.250	10,000,000	901,425
		<u>\$ 3,860,000</u>	<u>\$ 459,769</u>		<u>\$ 10,000,000</u>	<u>\$ 7,276,425</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 7. Long-Term Liabilities (continued)

Bonds Payable (concluded)

Year Ending June 30,	Bond Issue of January 1, 2007			Bond Issue of February 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.000 %	\$ 85,000	\$ 709,406	4.000 %	\$ 85,000	\$ 267,372
2010	4.000	90,000	706,006	4.000	90,000	263,973
2011	4.000	95,000	702,406	4.000	95,000	260,372
2012	4.000	95,000	698,606	4.000	100,000	256,573
2013	4.000	100,000	694,806	4.000	400,000	252,572
2014-2018	4.000	3,130,000	3,380,830	3.800-4.125	6,095,000	547,835
2019-2023	4.000-4.125	12,955,000	1,937,211	-	-	-
2024-2026	4.125	950,000	39,188	-	-	-
		<u>\$ 17,500,000</u>	<u>\$ 8,868,459</u>		<u>\$ 6,865,000</u>	<u>\$ 1,848,697</u>

Year Ending June 30,	Total	
	Principal	Interest
2009	\$ 2,615,000	\$ 2,255,728
2010	2,720,000	2,164,998
2011	2,820,000	2,066,103
2012	2,935,000	1,960,441
2013	3,030,000	1,845,616
2014-2018	15,920,000	7,342,765
2019-2023	15,495,000	4,271,311
2024-2026	10,950,000	940,613
	<u>\$ 56,485,000</u>	<u>\$ 22,847,575</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2008

Note 7. Long-Term Liabilities (concluded)

Capital Lease Payable

On August 14, 2007, the District entered into agreements to lease-purchase five school buses. The leases bear an annual percentage rate of 4.52 and are payable through the year ended June 30, 2012.

Details of the District's capital lease indebtedness are as follows:

Year Ending June 30,	Minimum Lease Payments
2009	\$ 87,161
2010	87,161
2011	87,160
2012	87,160
	348,642
Less: Amount representing interest	(36,097)
Total capital lease payable	\$ 312,545

Note 8. Pension and Retirement Benefits

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

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$1,972,489, \$1,669,199, and \$1,521,082, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Self-Insurance

Health – Six public education entities are currently participating in a 28E organization which was established in 1990 to provide a self-insurance plan for employee medical coverage. The Districts contribute to the self-insurance plan an amount equal to 125% of Blue Cross/Blue Shield projections of the rating period. The fund reinsures for stop-loss insurance for claims in excess of \$100,000 per year per individual. An insurance carrier is paid an administrative fee to process the claims.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 9. Risk Management (concluded)

Self-Insurance (concluded)

The total premium paid into the plan by all six members from July 1, 2006 to June 30, 2007 (latest available audited financial statements) was \$27,112,882, of which \$3,169,771 was paid by Linn-Mar Community School District.

Casualty/Worker's Compensation

Linn-Mar Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. 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 \$2,103,691 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Construction Commitments

The District has entered into various contracts totaling \$23,101,969, including change orders, for a new elementary school building and various other projects. As of June 30, 2008, costs of \$20,167,328 had been incurred against the contracts. The balance of \$2,934,641 remaining at June 30, 2008 will be paid as work on the project progresses.

Note 12. Subsequent Events

Land Contract

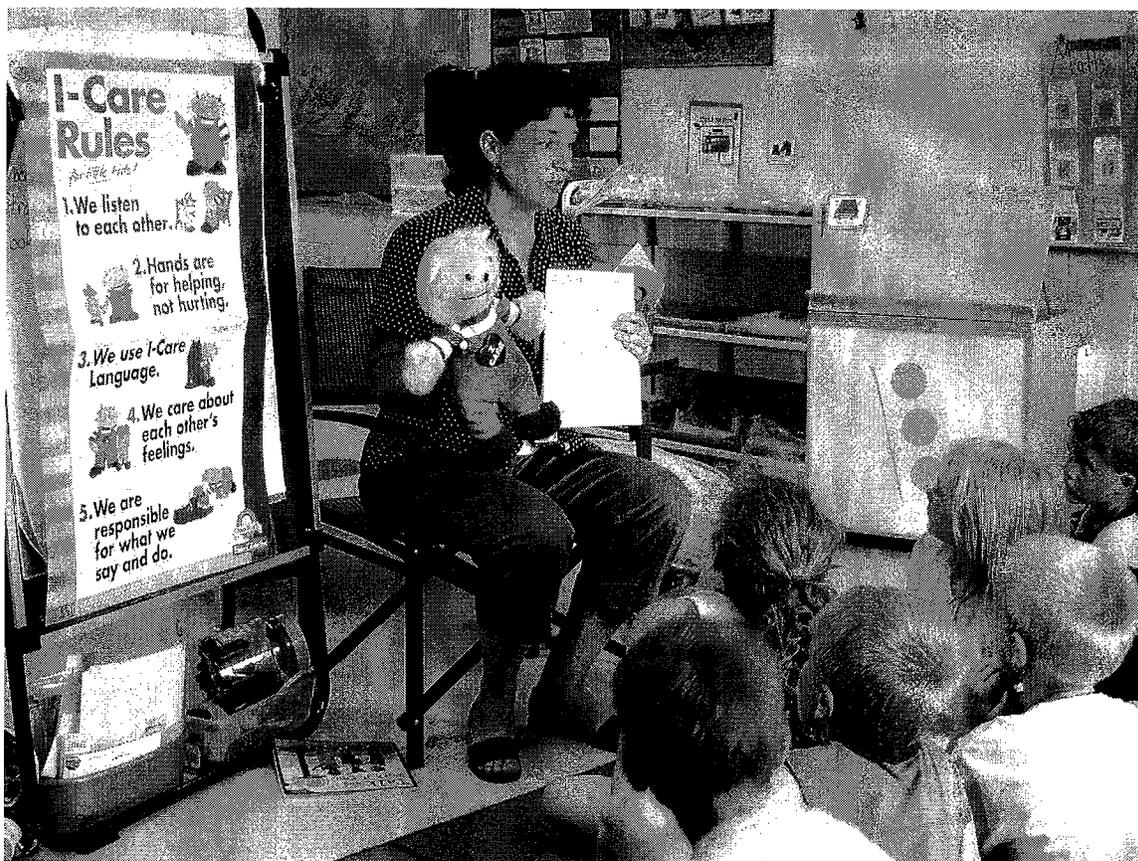
On May 19, 2008, the District agreed to purchase a tract of land. As of June 30, 2008, the District had not yet determined whether the size of the tract to be purchased was to be 16.2 acres for \$574,523 or 14 acres for \$583,705. A final decision will be made during the next fiscal year.

Bond Sale

On October 1, 2008, the District issued \$9,525,000 in Local Option Sales and Services Tax Revenue Bonds. The bonds have interest rates ranging from 3.5 percent to 5.0 percent and are payable through the year ended June 30, 2018. The proceeds will be used to construct a new elementary school building and for various other projects. The bonds will be payable solely from the revenues from the local option sales and services tax.

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Required Supplementary Information



LINN-MAR 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
 Year Ended June 30, 2008

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Less: Amounts not Required to be Budgeted
REVENUES:				
Local sources	\$ 35,830,945	\$ 2,170,264	\$ 38,001,209	\$ 55,816
Intermediate sources	1,892	-	1,892	-
State sources	29,653,682	25,055	29,678,737	-
Federal sources	1,837,335	600,956	2,438,291	-
Total revenues	67,323,854	2,796,275	70,120,129	55,816
EXPENDITURES/EXPENSES:				
Instruction	37,737,920	-	37,737,920	-
Support services	15,798,947	54,707	15,853,654	-
Non-instructional programs	108,086	2,496,728	2,604,814	55,816
Other expenditures	30,531,170	-	30,531,170	-
Total expenditures/expenses	84,176,123	2,551,435	86,727,558	55,816
Excess (deficiency) of revenues over (under) expenditures/ expenses	(16,852,269)	244,840	(16,607,429)	-
Other financing sources, net	399,706	-	399,706	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(16,452,563)	244,840	(16,207,723)	-
Balance beginning of year	24,118,798	211,158	24,329,956	-
Balance end of year	\$ 7,666,235	\$ 455,998	\$ 8,122,233	\$ -

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 37,945,393	\$ 37,177,162	\$ 37,177,162	\$ 768,231
1,892	-	-	1,892
29,678,737	28,980,393	28,980,393	698,344
2,438,291	1,770,743	1,770,743	667,548
<u>70,064,313</u>	<u>67,928,298</u>	<u>67,928,298</u>	<u>2,136,015</u>
37,737,920	36,552,087	38,200,166	462,246
15,853,654	16,045,802	16,045,802	192,148
2,548,998	2,577,068	2,577,068	28,070
<u>30,531,170</u>	<u>31,775,502</u>	<u>31,990,307</u>	<u>1,459,137</u>
<u>86,671,742</u>	<u>86,950,459</u>	<u>88,813,343</u>	<u>2,141,601</u>
(16,607,429)	(19,022,161)	(20,885,045)	4,277,616
<u>399,706</u>	<u>-</u>	<u>-</u>	<u>399,706</u>
(16,207,723)	(19,022,161)	(20,885,045)	4,677,322
<u>24,329,956</u>	<u>24,211,840</u>	<u>24,211,840</u>	<u>118,116</u>
<u>\$ 8,122,233</u>	<u>\$ 5,189,679</u>	<u>\$ 3,326,795</u>	<u>\$ 4,795,438</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2008

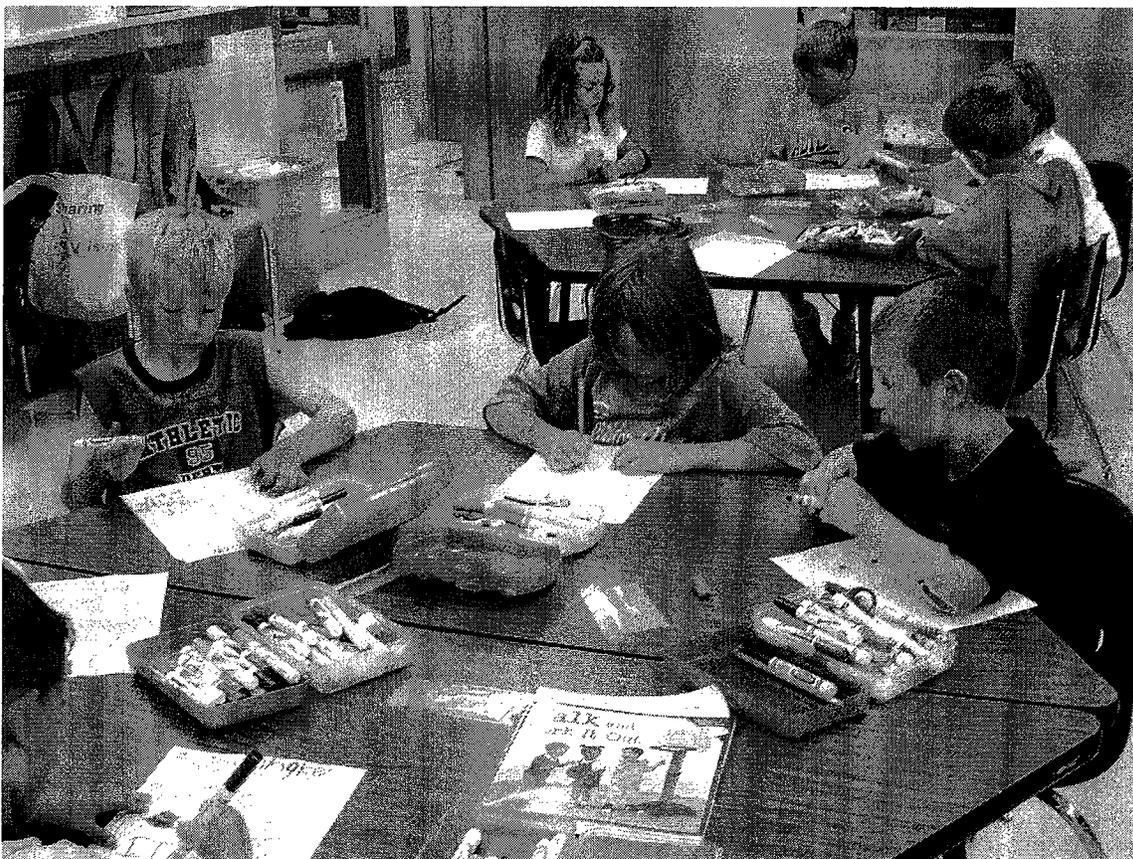
This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$1,862,884.

During the year ended June 30, 2008, expenditures did not exceed the amounts budgeted.

Other Supplementary Information



LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue				Total
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	
Assets					
Cash and pooled investments	\$ 628,805	\$ 252,786	\$ 388,101	\$ 1,316,386	\$ 2,586,078
Receivables:					
Property tax:					
Current year	3,705	-	296	5,712	9,713
Succeeding year	802,000	-	167,000	1,266,000	2,235,000
Interfund receivable Accounts	-	19,436	-	4,624	24,060
	-	10,621	-	-	10,621
 Total assets	 <u>\$ 1,434,510</u>	 <u>\$ 282,843</u>	 <u>\$ 555,397</u>	 <u>\$ 2,592,722</u>	 <u>\$ 4,865,472</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	\$ 16,695	\$ -	\$ 40,739	\$ 57,434
Salaries and benefits payable	909	9,390	2,354	-	12,653
Interfund payable	-	-	-	24,201	24,201
Deferred revenue:					
Succeeding year property tax	802,000	-	167,000	1,266,000	2,235,000
Total liabilities	<u>802,909</u>	<u>26,085</u>	<u>169,354</u>	<u>1,330,940</u>	<u>2,329,288</u>
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	631,601	256,758	386,043	1,261,782	2,536,184
Total fund equity	<u>631,601</u>	<u>256,758</u>	<u>386,043</u>	<u>1,261,782</u>	<u>2,536,184</u>
 Total liabilities and fund equity	 <u>\$ 1,434,510</u>	 <u>\$ 282,843</u>	 <u>\$ 555,397</u>	 <u>\$ 2,592,722</u>	 <u>\$ 4,865,472</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	Special Revenue				Total
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local tax	\$ 831,433	\$ -	\$ 39,246	\$ 1,302,969	\$ 2,173,648
Other	67,532	1,063,292	49,706	41,603	1,222,133
State sources	353	-	16	547	916
Federal sources	-	-	-	80,966	80,966
Total revenues	<u>899,318</u>	<u>1,063,292</u>	<u>88,968</u>	<u>1,426,085</u>	<u>3,477,663</u>
Expenditures:					
Current:					
Instruction	383,886	1,069,872	-	24,201	1,477,959
Support services:					
Student services	16,396	120	-	13,280	29,796
Instructional staff services	17,706	-	-	-	17,706
Administration services	39,264	-	-	11,926	51,190
Operation and maintenance of plant services	337,429	-	13,221	84,362	435,012
Transportation services	66,320	-	-	416,940	483,260
Non instructional programs	163	-	34,464	17,643	52,270
Other expenditures:					
Facilities acquisition	-	-	187,451	1,234,776	1,422,227
Total expenditures	<u>861,164</u>	<u>1,069,992</u>	<u>235,136</u>	<u>1,803,128</u>	<u>3,969,420</u>
Excess (deficiency) of revenues over (under) expenditures	38,154	(6,700)	(146,168)	(377,043)	(491,757)
Other financing sources (uses):					
Capital lease proceeds	-	-	-	399,706	399,706
Interfund transfers in	-	10,500	-	-	10,500
Interfund transfers out	-	-	-	(87,161)	(87,161)
Total other financing sources (uses)	<u>-</u>	<u>10,500</u>	<u>-</u>	<u>312,545</u>	<u>323,045</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	<u>Special Revenue</u>				<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Public Education and Recreation Levy</u>	<u>Physical Plant and Equipment Levy</u>	
Net change in fund balances	\$ 38,154	\$ 3,800	\$ (146,168)	\$ (64,498)	\$ (168,712)
Fund balances beginning of year	593,447	252,958	532,211	1,326,280	2,704,896
Fund balances end of year	<u>\$ 631,601</u>	<u>\$ 256,758</u>	<u>\$ 386,043</u>	<u>\$ 1,261,782</u>	<u>\$ 2,536,184</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expenditures	Other Financing Sources	Balance End of Year
District-Wide Activities	\$ 16,176	\$ 20,173	\$ 27,383	\$ -	\$ 8,966
HS Athletics	40,829	424,488	450,696	-	14,621
HS Activities	119,251	521,048	511,028	10,500	139,771
Middle School Activities	56,574	79,579	64,319	-	71,834
Elementary School Athletics	8,715	5,533	1,837	-	12,411
Elementary District-Wide Activities	2,641	-	-	-	2,641
Indian Creek Elementary	3,449	919	1,880	-	2,488
Novak Elementary	464	699	959	-	204
Bowman Woods Elementary	4,021	7,769	8,347	-	3,443
Linn Grove	-	3,084	2,843	-	241
Activity Administration	838	-	700	-	138
Total	\$ 252,958	\$ 1,063,292	\$ 1,069,992	\$ 10,500	\$ 256,758

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u>67,797</u>	\$ <u>347,435</u>	\$ <u>322,186</u>	\$ <u>93,046</u>
Liabilities				
Flex benefits payable	\$ <u>67,797</u>	\$ <u>347,435</u>	\$ <u>322,186</u>	\$ <u>93,046</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

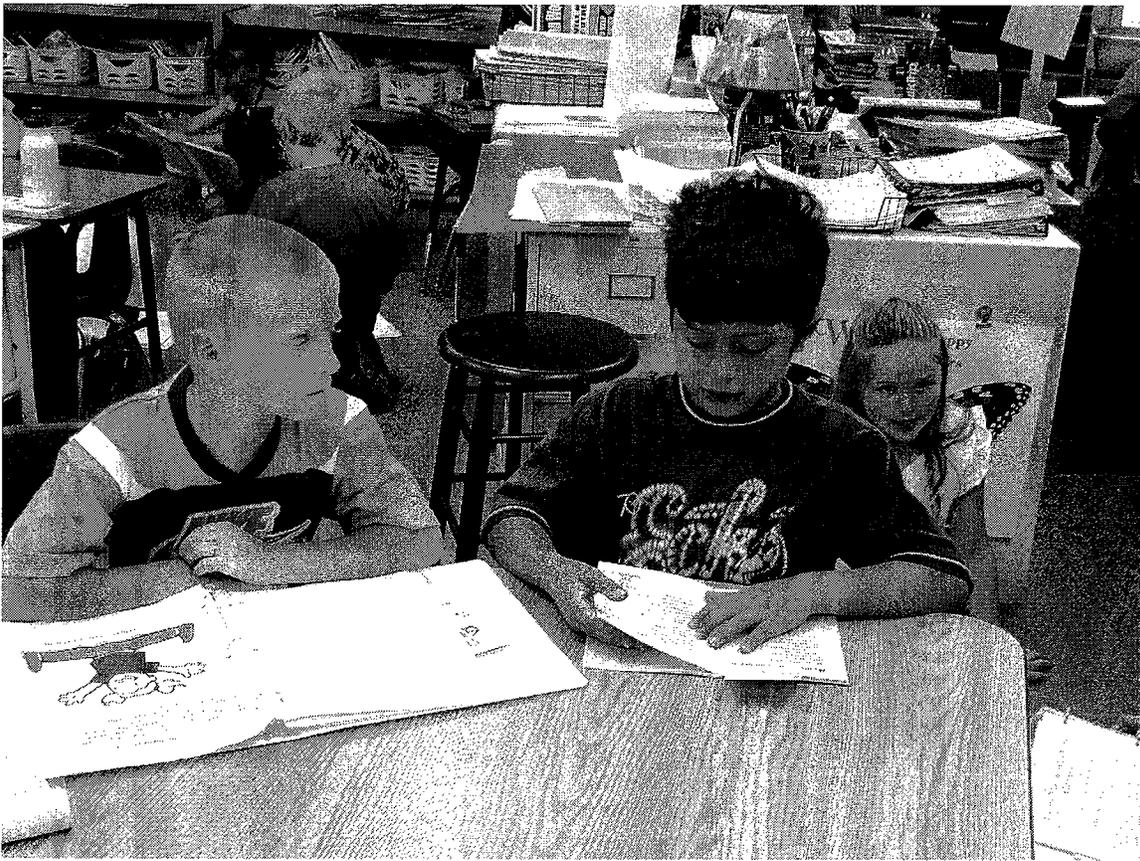
ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2008	2007	2006	2005
Revenues:				
Local sources:				
Local tax	\$ 30,554,884	\$ 23,719,160	\$ 21,599,046	\$ 20,403,652
Tuition	1,792,758	1,421,707	1,205,786	1,253,420
Other	3,483,303	4,046,617	3,002,710	2,045,578
Intermediate sources	1,892	-	29,089	7,455
State sources	29,653,682	25,415,872	23,250,133	21,001,096
Federal sources	1,837,335	1,099,201	1,211,973	962,098
Total revenues	\$ 67,323,854	\$ 55,702,557	\$ 50,298,737	\$ 45,673,299
Expenditures:				
Instruction	\$ 37,737,920	\$ 33,157,396	\$ 29,974,634	\$ 27,496,940
Support services:				
Student services	2,012,520	1,611,377	1,439,599	1,250,165
Instructional staff services	2,202,437	1,881,262	1,879,839	1,609,526
Administration services	4,599,765	3,888,547	3,763,761	3,404,941
Operation and maintenance of plant services	4,703,119	4,179,156	4,073,271	3,819,241
Transportation services	2,281,106	2,011,478	1,606,318	1,509,554
Non-instructional programs	108,086	134,998	123,594	35,199
Other expenditures:				
Facilities acquisition	13,889,914	18,135,936	2,097,020	1,997,781
Long-term debt:				
Principal	11,462,161	1,990,000	2,065,000	1,965,000
Interest and fiscal charges	3,075,404	2,730,336	2,561,488	1,876,949
AEA flowthrough	2,103,691	1,851,025	1,675,939	1,522,333
Total expenditures	\$ 84,176,123	\$ 71,571,511	\$ 51,260,463	\$ 46,487,629

See accompanying independent auditor's report.

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Statistical Section



LINN-MAR COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT
 Last Six Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 12,343,975	\$ 17,765,683	\$ 18,950,280	\$ 20,216,871
Restricted	1,877,350	1,862,379	1,544,394	1,520,582
Unrestricted	6,547,920	1,296,870	1,543,426	1,453,180
Total Governmental activities net assets	20,769,245	20,924,932	22,038,100	23,190,633
Business-type activities				
Invested in capital assets, net of related debt	166,505	251,625	222,667	230,113
Restricted	-	-	-	-
Unrestricted	111,532	103,353	109,925	(11,093)
Total business-type activities net assets	278,037	354,978	332,592	219,020
Primary government				
Invested in capital assets, net of related debt	12,510,480	18,017,308	19,172,947	20,446,984
Restricted	1,877,350	1,862,379	1,544,394	1,520,582
Unrestricted	6,659,452	1,400,223	1,653,351	1,442,087
Total primary government net assets	21,047,282	21,279,910	22,370,692	23,409,653

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

Source: School District Financial Records

	<u>2007</u>	<u>2008</u>
\$	21,318,303	\$ 24,807,981
	2,164,827	3,365,122
	<u>1,695,688</u>	<u>2,456,499</u>
	<u>25,178,818</u>	<u>30,629,602</u>
	214,844	486,498
	-	-
	<u>(3,686)</u>	<u>(30,500)</u>
	<u>211,158</u>	<u>455,998</u>
	21,533,147	25,294,479
	2,164,827	3,365,122
	<u>1,692,002</u>	<u>2,425,999</u>
	<u>25,389,976</u>	<u>31,085,600</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Regular Instruction	\$ 16,139,361	\$ 17,039,534	\$ 19,081,962	\$ 20,178,989
Special Instruction	5,150,466	5,757,573	5,164,314	6,679,381
Other Instruction	2,099,637	2,218,068	3,059,878	3,188,662
Student Services	1,489,379	1,648,627	1,223,482	1,412,916
Instructional Staff Services	1,727,303	2,055,120	1,605,511	1,899,314
Administration Services	2,870,739	3,271,431	3,378,697	3,763,183
Operation and Maintenance of Plant Services	2,752,614	3,207,633	3,846,824	4,095,267
Transportation Services	1,201,064	1,434,039	1,888,372	1,703,145
Central Services*	214,611	89,770	-	-
Non-Instructional Programs	31,047	29,200	35,199	123,594
Facilities Acquisition	-	946,714	547,102	362,586
Long-term debt interest and fiscal charges	1,854,262	1,783,718	1,841,270	2,679,973
AEA Flowthrough	1,485,575	1,452,261	1,522,333	1,675,939
Depreciation (unallocated)	987,826	1,036,958	1,365,187	1,418,636
Total governmental activities expenses	38,003,884	41,970,646	44,560,131	49,181,585
Business-Type Activities:				
Food Service Operations	1,358,071	1,621,131	1,737,249	1,975,734
Total primary government expense	39,361,955	43,591,777	46,297,380	51,157,319

	<u>2007</u>	<u>2008</u>
\$	21,937,911	\$ 25,437,813
	7,519,352	8,420,667
	3,579,827	3,571,552
	1,594,995	1,990,772
	1,878,077	2,299,782
	3,891,968	4,672,761
	4,203,686	4,667,734
	1,919,725	2,169,820
	-	-
	134,998	528,040
	668,614	1,600,889
	3,187,276	2,749,679
	1,851,025	2,103,691
	1,421,397	1,590,669
	53,788,851	61,803,869
	2,246,998	2,551,435
	56,035,849	64,355,304

LINN-MAR COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE
 Last Six Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 1,824,369	\$ 2,614,374	\$ 2,583,797	\$ 2,636,136
Support Services	400,659	98,871	118,012	324,150
Facilities Acquisition	-	21,291	2,222	15,869
Operating Grants and Contributions	3,413,166	3,212,119	3,861,964	4,223,332
Capital Grants and Contributions	564,664	655,602	-	64,059
Total governmental activities program revenues	<u>6,202,858</u>	<u>6,602,257</u>	<u>6,565,995</u>	<u>7,263,546</u>
Business-Type Activities:				
Food Service Operations:				
Charges for Services	1,069,697	1,188,254	1,255,687	1,376,066
Operating Grants and Contributions	311,174	390,243	457,601	482,199
Capital Grants and Contributions	-	118,253	-	-
Total business-type activities program revenues	<u>1,380,871</u>	<u>1,696,750</u>	<u>1,713,288</u>	<u>1,858,265</u>
Total primary government program revenues	<u>7,583,729</u>	<u>8,299,007</u>	<u>8,279,283</u>	<u>9,121,811</u>
Net (Expense)/Revenue				
Total governmental activities net expense	(31,801,026)	(35,368,389)	(37,994,136)	(41,918,039)
Total business-type activities net (expense) revenue	<u>22,800</u>	<u>75,619</u>	<u>(23,961)</u>	<u>(117,469)</u>
Total primary government net expense	<u>\$ (31,778,226)</u>	<u>\$ (35,292,770)</u>	<u>\$ (38,018,097)</u>	<u>\$ (42,035,508)</u>

Notes: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

* The District's central services expenditures were reallocated to other functions in later years.

Source: School District Financial Records

	<u>2007</u>	<u>2008</u>
\$	3,135,249	\$ 3,369,306
	268,695	378,260
	31,801	463,025
	4,863,775	5,967,312
	32,471	606,055
	<u>8,331,991</u>	<u>10,783,958</u>
	1,636,219	1,781,217
	575,908	681,827
	23,861	327,659
	<u>2,235,988</u>	<u>2,790,703</u>
	<u>10,567,979</u>	<u>13,574,661</u>
	(45,456,860)	(51,019,911)
	(11,010)	239,268
\$	<u>(45,467,870)</u>	<u>(50,780,643)</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Total Governmental Activities net expense	\$ (31,801,026)	\$ (35,368,389)	\$ (37,994,136)	\$ (41,918,039)
Total business-type activities net (expense) revenue	22,800	75,619	(23,961)	(117,469)
Total primary government net expense	<u>\$ (31,778,226)</u>	<u>\$ (35,292,770)</u>	<u>\$ (38,018,097)</u>	<u>\$ (42,035,508)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property tax levied for:*				
General purposes	\$ 13,007,184	\$ 13,825,403	\$ 15,597,005	\$ 16,602,942
Debt service	3,353,356	3,527,896	3,618,618	3,625,571
Capital outlay	1,209,605	1,267,743	1,197,792	1,383,971
Local option sales and services tax	-	-	-	-
Unrestricted state grants	16,373,697	16,741,241	18,313,369	19,940,735
Unrestricted investment earnings	484,146	94,877	147,868	1,129,329
Other	492,574	66,916	232,652	388,024
Total general revenues	<u>34,920,562</u>	<u>35,524,076</u>	<u>39,107,304</u>	<u>43,070,572</u>
Business-type activities:				
Unrestricted investment earnings	1,501	1,322	1,575	3,897
Total primary government	<u>34,922,063</u>	<u>35,525,398</u>	<u>39,108,879</u>	<u>43,074,469</u>
Changes in Net Assets				
Governmental activities	3,119,536	155,687	1,113,168	1,152,533
Business-type activities	24,301	76,941	(22,386)	(113,572)
Total primary government	<u>\$ 3,143,837</u>	<u>\$ 232,628</u>	<u>\$ 1,090,782</u>	<u>\$ 1,038,961</u>

Notes: The District began to report accrual information when it implemented GASB Statement 34 in 2003. In February 2007, the patrons of Linn County passed the Local Option Sales Tax. The 2007-08 school year was the first year of the collection.

*Changes in property tax revenues are a product of underlying changes in property values and tax rates. See Schedules on pages 90, 96-97 and 109.

Source: School District Financial Records

<u>2007</u>	<u>2008</u>
\$ (45,456,860)	\$ (51,019,911)
<u>(11,010)</u>	<u>239,268</u>
\$ <u><u>(45,467,870)</u></u>	\$ <u><u>(50,780,643)</u></u>

\$ 17,325,174	\$ 19,280,777
3,955,928	3,445,151
2,448,213	2,160,905
-	5,678,033
21,510,545	24,618,955
1,839,083	879,825
366,102	407,049
<u>47,445,045</u>	<u>56,470,695</u>

<u>3,148</u>	<u>5,572</u>
<u>47,448,193</u>	<u>56,476,267</u>

1,988,185	5,450,784
<u>(7,862)</u>	<u>244,840</u>
\$ <u><u>1,980,323</u></u>	\$ <u><u>5,695,624</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1999	2000	2001	2002
General Fund:				
Reserved*	\$ 141,645	\$ 275,096	\$ 222,038	\$ -
Unreserved, Designated*	-	-	-	-
Unreserved, Undesignated	2,627,993	3,160,473	3,356,452	3,010,114
Total general fund	<u>\$ 2,769,638</u>	<u>\$ 3,435,569</u>	<u>\$ 3,578,490</u>	<u>\$ 3,010,114</u>
All Other Governmental Funds:				
Reserved	\$ 191,195	\$ 301,246	\$ 462,979	\$ 514,124
Unreserved, reported in:				
Management fund	593,137	590,786	496,647	268,135
Student Activity fund	124,097	122,771	103,794	183,421
Public Education and Recreation Levy fund	240,926	257,712	341,749	407,612
Physical Plant and Equipment Levy fund	1,598,153	1,814,616	1,742,397	1,645,321
Capital Projects fund	8,546,764	869,413	10,096,947	11,195,391
Total all other governmental funds	<u>\$ 11,294,272</u>	<u>\$ 3,956,544</u>	<u>\$ 13,244,513</u>	<u>\$ 14,214,004</u>

Notes: * Reserved fund balances have fluctuated over the past ten years due to the state of Iowa's view on how categorical funds could be spent. Pre 9-11 era, the state of Iowa required schools to reserve any unspent categorical funds. Since then, they have opened the door somewhat and allowed schools to spend some of the categorical funds to support general programming, thus the drop off of reserved balances in 2002 and 2003. In 2004 and on, the District has reserved funds in support of the self insurance plan and designated funds for the opening of new facilities.

Source: School District Financial Records

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	-	\$ 196,692	\$ 111,397	\$ 3,847	\$ 247,809	\$ 323,383
	-	-	-	291,487	56,121	-
	<u>3,801,967</u>	<u>2,364,453</u>	<u>2,522,629</u>	<u>2,112,222</u>	<u>2,323,217</u>	<u>2,953,846</u>
\$	<u><u>3,801,967</u></u>	<u><u>2,561,145</u></u>	<u><u>2,634,026</u></u>	<u><u>2,407,556</u></u>	<u><u>2,627,147</u></u>	<u><u>3,277,229</u></u>
\$	243,380	\$ 112,171	\$ 10,138,232	\$ 19,218,276	\$ 9,211,473	\$ 87,392
	32,613	(65,838)	111,925	467,401	593,447	631,601
	98,320	135,096	136,378	149,490	252,958	256,758
	519,067	422,865	281,156	372,600	532,211	386,043
	1,218,498	1,304,418	1,126,860	998,492	1,326,280	1,261,782
	<u>1,750,001</u>	<u>532,842</u>	-	<u>9,063,180</u>	<u>9,575,282</u>	<u>1,765,430</u>
\$	<u><u>3,861,879</u></u>	<u><u>2,441,554</u></u>	<u><u>11,794,551</u></u>	<u><u>30,269,439</u></u>	<u><u>21,491,651</u></u>	<u><u>4,389,006</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	1999	2000	2001	2002
Local Sources:				
Property Taxes	\$ 13,864,590	\$ 14,540,986	\$ 14,778,622	\$ 16,288,634
Tuition	1,098,296	985,290	1,015,513	1,127,609
Other	2,592,747	1,923,924	2,135,681	1,979,886
Intermediate Sources	10,257	51,466	15,714	13,974
State Sources	14,035,596	15,975,475	17,460,907	17,803,210
Federal Sources*	355,007	291,708	351,237	449,850
Total Revenues	<u>\$ 31,956,493</u>	<u>\$ 33,768,849</u>	<u>\$ 35,757,674</u>	<u>\$ 37,663,163</u>

Notes: * The District received money from the federal government for flood damage and construction grants during the fiscal 2003 and 2004 school years. Since then our state and federal dollars have increased to support special education and title programs.

Source: School District Financial Records

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	17,570,145	\$ 18,611,587	\$ 20,403,652	\$ 21,599,046	\$ 23,719,160	\$ 30,554,884
	967,069	1,051,953	1,253,420	1,205,786	1,421,707	1,792,758
	2,234,570	1,790,888	2,045,578	3,002,710	4,046,617	3,483,303
	28,111	-	7,455	29,089	-	1,892
	19,216,125	19,492,157	21,001,096	23,250,133	25,415,872	29,653,682
	1,107,290	1,179,748	962,098	1,211,973	1,099,201	1,837,335
\$	<u>41,123,310</u>	<u>\$ 42,126,333</u>	<u>\$ 45,673,299</u>	<u>\$ 50,298,737</u>	<u>\$ 55,702,557</u>	<u>\$ 67,323,854</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1999	2000	2001	2002
Instruction	\$ 17,072,747	\$ 18,667,098	\$ 20,627,166	\$ 22,234,442
Student services	1,121,826	1,349,642	1,453,934	1,746,215
Instructional staff services	1,659,463	2,033,204	2,081,782	1,870,353
Administration services	2,139,049	2,443,647	2,350,713	2,166,667
Operations and maintenance of plant services	1,645,184	2,020,775	2,447,137	2,377,287
Transportation services	837,477	998,518	1,019,394	1,217,869
Central and other support services*	112,863	136,797	121,171	-
Non-instructional programs	59,945	64,994	39,096	28,286
Facilities acquisition/construction	16,283,919	8,684,998	1,869,453	2,589,959
Debt service:				
Principal	1,260,000	1,235,000	1,340,000	1,700,000
Interest and fiscal charges	1,539,273	1,534,499	1,474,826	1,894,948
AEA flowthrough	1,188,863	1,271,474	1,389,418	1,417,202
	<u>\$ 44,920,609</u>	<u>\$ 40,440,646</u>	<u>\$ 36,214,090</u>	<u>\$ 39,243,228</u>

Debt service as a percentage of noncapital expenditures

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available for the debt service percentage of noncapital expenditures.

*The District's central services expenditures were reallocated to other functions in the 2005 through 2008 fiscal years.

Source: School District Financial Records

	2003	2004	2005	2006	2007	2008
\$	23,305,504	\$ 25,074,989	\$ 27,496,940	\$ 29,974,634	\$ 33,157,396	\$ 37,737,920
	1,489,379	1,648,627	1,250,165	1,439,599	1,611,377	2,012,520
	1,727,303	2,055,120	1,609,526	1,879,839	1,881,262	2,202,437
	2,860,983	3,225,940	3,404,941	3,763,761	3,888,547	4,599,765
	2,743,483	3,116,221	3,819,241	4,073,271	4,179,156	4,703,119
	1,099,100	1,283,566	1,509,554	1,606,318	2,011,478	2,281,106
	214,611	89,770	-	-	-	-
	31,047	29,200	35,199	123,594	134,998	108,086
	12,168,358	3,144,501	1,997,781	2,097,020	18,135,936	13,889,914
	1,775,000	1,875,000	1,965,000	2,065,000	1,990,000	11,462,161
	1,862,159	1,792,285	1,876,949	2,561,488	2,730,336	3,075,404
	1,485,575	1,452,261	1,522,333	1,675,939	1,851,025	2,103,691
\$	<u>50,762,502</u>	<u>\$ 44,787,480</u>	<u>\$ 46,487,629</u>	<u>\$ 51,260,463</u>	<u>\$ 71,571,511</u>	<u>\$ 84,176,123</u>
	9.60%	8.76%	8.65%	9.45%	8.85%	20.59%

LINN-MAR COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	1999	2000	2001	2002
Excess of revenues over (under) expenditures	\$ <u>(12,964,116)</u>	\$ <u>(6,671,797)</u>	\$ <u>(456,416)</u>	\$ <u>(1,580,065)</u>
Other financing sources (uses)				
Capital lease proceeds	-	-	-	-
Interfund transfers in	-	3,000	63,000	-
Interfund transfers out	-	(3,000)	(63,000)	-
Sale of equipment	200	-	-	560
General obligation refunding bonds issued	2,978	-	9,887,306	1,980,620
General obligation bonds issued	-	-	-	-
General obligation bonds refunded	-	-	-	-
Total other financing sources (uses)	<u>3,178</u>	<u>-</u>	<u>9,887,306</u>	<u>1,981,180</u>
Net change in fund balances	\$ <u><u>(12,960,938)</u></u>	\$ <u><u>(6,671,797)</u></u>	\$ <u><u>9,430,890</u></u>	\$ <u><u>401,115</u></u>

Source: School District Financial Records

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	<u>(9,639,192)</u>	<u>(2,661,147)</u>	<u>(814,330)</u>	<u>(961,726)</u>	<u>(15,868,954)</u>	<u>(16,852,269)</u>
	-	-	-	-	-	399,706
	-	-	42,745	-	9,090	1,622,661
	-	-	(42,745)	-	(9,090)	(1,622,661)
110	-	-	-	-	215	-
	-	-	10,240,208	14,333,551	6,939,931	-
	-	-	-	9,891,593	17,330,611	-
	-	-	-	(5,015,000)	(16,960,000)	-
	<u>110</u>	<u>-</u>	<u>10,240,208</u>	<u>19,210,144</u>	<u>7,310,757</u>	<u>399,706</u>
\$	<u><u>(9,639,082)</u></u>	<u><u>(2,661,147)</u></u>	<u><u>9,425,878</u></u>	<u><u>18,248,418</u></u>	<u><u>(8,558,197)</u></u>	<u><u>(16,452,563)</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL FUND EXPENDITURES, BY FUNCTION, AND OTHER FINANCING USES
Last Ten Fiscal Years
(Unaudited)

Expenditures by Function

Fiscal Year Ended June 30,	Instruction	Support Services	Non- Instructional Programs	Other Expenditures	Total Expenditures	Other Financing Uses
2008	\$ 35,801,791	\$ 14,571,626	\$ 55,816	\$ 2,103,691	\$ 52,532,924	\$ (10,500)
2007	31,615,236	12,687,181	82,196	1,851,025	46,235,638	(9,095)
2006	28,781,564	12,012,745	642	1,675,939	42,470,890	-
2005	26,278,462	10,711,877	-	1,522,353	38,512,672	(42,745)
2004	23,947,892	10,924,257	-	1,452,261	36,324,410	-
2003	22,164,892	9,730,893	-	1,485,575	33,381,360	-
2002	21,356,226	9,083,974	-	1,417,202	31,857,402	-
2001	19,707,627	9,188,976	-	1,389,418	30,286,021	-
2000	18,053,050	8,594,461	-	1,271,474	27,918,985	-
1999	16,259,564	7,343,060	-	1,188,863	24,791,487	-

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL FUND REVENUES, BY SOURCE, AND OTHER FINANCING SOURCES
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30,	Local Tax	State	Federal	Miscellaneous	Total	Other Financing Sources
2008	\$ 19,259,497	\$ 29,651,322	\$ 1,256,369	\$ 3,026,318	\$ 53,193,506	\$ -
2007	17,317,744	25,409,145	1,070,730	2,666,485	46,464,104	215
2006	15,500,786	23,243,767	1,211,616	2,288,251	42,244,420	-
2005	14,544,873	20,984,741	969,553	2,129,131	38,628,298	-
2004	13,325,279	19,462,627	551,008	1,744,644	35,083,558	-
2003	12,690,539	19,208,714	547,626	1,647,414	34,094,293	110
2002	11,281,454	17,800,387	449,850	1,756,775	31,288,466	560
2001	10,694,813	17,308,677	351,237	2,074,215	30,428,942	-
2000	10,420,872	15,947,705	291,708	1,924,631	28,584,916	-
1999	9,783,220	14,033,206	355,007	1,920,385	26,091,818	-

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Levy	Collected within the Levy Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of the Levy		Amount	Percentage of the Levy
2008	\$ 25,428,854	\$ 24,703,063	97.15%	\$ -	\$ 24,703,063	\$ 97.45%
2007	23,617,541	23,504,447	99.52%	214,713	23,719,160	100.43%
2006	21,764,907	21,431,989	98.47%	149,056	21,581,045	99.16%
2005	20,475,421	20,403,652	99.65%	-	20,403,652	99.65%
2004	18,490,273	18,495,314	100.03%	116,273	18,611,587	100.66%
2003	17,479,448	17,319,855	99.09%	122,316	17,442,171	99.79%
2002	16,293,690	16,071,120	98.63%	93,516	16,164,636	99.21%
2001	14,647,354	14,543,744	99.29%	108,421	14,652,165	100.03%
2000	14,292,566	14,272,360	99.86%	117,562	14,389,922	100.68%
1999	13,583,714	13,653,395	100.51%	93,963	13,747,358	101.20%

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 June 30, 2008
 (Unaudited)

	Gross General Obligation Debt <u>Outstanding</u>	Percentage Applicable to Governmental Unit*	Linn-Mar Community School District <u>Share of Debt</u>
Direct:			
Linn-Mar Community School District	\$ 56,485,000	100.00%	\$ 56,485,000
Overlapping:			
City of Cedar Rapids	82,930,304	38.58%	31,994,511
City of Marion	14,720,000	49.97%	7,355,584
City of Robbins	6,030,000	3.55%	214,065
Kirkwood Community College	29,950,029	16.77%	5,022,620
Linn County	<u>1,200,000</u>	16.77%	<u>201,240</u>
Total overlapping	<u>134,830,333</u>		<u>44,788,020</u>
Total Direct and Overlapping Debt	<u>\$ 191,315,333</u>		<u>\$ 101,273,020</u>

Source: Linn County Auditor

Notes: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(Unaudited)

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
Total Assessed Valuation	\$ <u>2,255,811,533</u>	\$ <u>2,152,971,640</u>	\$ <u>1,988,451,640</u>	\$ <u>1,868,577,010</u>	\$ <u>1,711,628,836</u>
Bonded Debt Limit * 5% of assessed valuation	112,790,577	107,648,582	99,422,582	93,428,851	85,581,442
Bonded Debt at end of fiscal year	<u>56,485,000</u>	<u>67,860,000</u>	<u>62,425,000</u>	<u>45,265,000</u>	<u>37,080,000</u>
Debt Margin at end of fiscal year	\$ <u>56,305,577</u>	\$ <u>39,788,582</u>	\$ <u>36,997,582</u>	\$ <u>48,163,851</u>	\$ <u>48,501,442</u>
Legal Debt Margin as a percentage of debt limit	49.92%	36.96%	37.21%	51.55%	56.67%

* = Code of Iowa Section 296.1

Source: Linn County Auditor
School District Financial Records

<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>
\$ <u>1,631,747,389</u>	\$ <u>1,432,503,566</u>	\$ <u>1,336,649,460</u>	\$ <u>1,260,750,513</u>	\$ <u>1,194,106,096</u>
81,587,369	71,625,178	66,832,473	63,037,526	59,705,305
<u>38,955,000</u>	<u>40,730,000</u>	<u>40,430,000</u>	<u>31,770,000</u>	<u>33,005,000</u>
\$ <u>42,632,369</u>	\$ <u>30,895,178</u>	\$ <u>26,402,473</u>	\$ <u>31,267,526</u>	\$ <u>26,700,305</u>
52.25%	43.13%	39.51%	49.60%	44.72%

LINN-MAR COMMUNITY SCHOOL DISTRICT

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND GENERAL BONDED DEBT PER PERSONAL INCOME AND PER CAPITA
Last Ten Fiscal Years
(Unaudited)

<u>Year of Collection</u>	<u>Assessed Values of Property</u>	<u>General Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Ratio of Bonded Debt to Personal Income*</u>	<u>Bonded Debt Per Capita*</u>
2007-08	\$ 2,255,811,533	\$ 56,485,000	2.50%	0.68%	\$ 223
2006-07	2,152,971,640	67,860,000	3.15%	0.96%	272
2005-06	1,988,451,640	62,425,000	3.14%	0.98%	253
2004-05	1,868,577,010	45,265,000	2.42%	0.92%	185
2003-04	1,711,628,836	37,080,000	2.17%	0.69%	153
2002-03	1,631,747,389	38,955,000	2.39%	0.56%	161
2001-02	1,432,053,566	40,730,000	2.84%	0.59%	170
2000-01	1,336,649,460	40,430,000	3.02%	0.61%	170
1999-00	1,260,750,513	31,770,000	2.52%	0.63%	135
1998-99	1,194,106,096	33,005,000	2.76%	0.51%	142

Source: District Financial Records, Woods & Poole Economics

* Notes: Percentage Personal Income and Per Capita figures are based upon Cedar Rapids Metropolitan Statistical Area Data from the corresponding calendar year.

LINN-MAR COMMUNITY SCHOOL DISTRICT
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>Insured Property Value</u>	<u>Expenditures for Construction</u>	<u>Bank Deposit*</u>
2008	\$ 119,383,700	\$ 11,906,419	\$ 1,152,586.51
2007	87,310,929	18,135,935	412,828.62
2006	85,868,742	2,097,020	506,350.16
2005	78,890,063	1,962,487	1,656,331.15
2004	61,678,981	2,320,801	470,381.72
2003	58,546,915	11,594,240	791,857.47
2002	57,969,762	2,561,809	1,651,617.31
2001	56,778,402	1,332,308	1,463,656.65
2000	43,859,886	8,041,821	553,626.92
1999	41,130,810	16,000,362	1,695,619.55

* = School district's General Fund and Management Fund
bank deposit at June 30, which doesn't include investments.

Source: Bouslog Insurance, Inc.
District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
 ASSESSED AND TAXABLE VALUE OF PROPERTY
 Last Ten Fiscal Years
 (Unaudited)

Assessment Year	Collection Year	Real Property		Utilities	
		Taxable Value	Assessed Value	Taxable Value	Assessed Value
2006	2007-08(A)	\$ 1,295,065,457	\$ 2,236,959,890	\$ 14,390,628	\$ 18,851,643
2005	2006-07(B)	1,257,759,695	2,132,762,726	16,297,083	20,208,914
2004	2005-06 (C)	1,212,375,838	1,969,761,812	15,544,312	18,689,828
2003	2004-05 (D)	1,151,172,439	1,851,410,654	15,275,581	17,166,356
2002	2003-04 (D)	1,096,672,553	1,694,179,714	17,449,122	17,449,122
2001	2002-03 (F)	1,048,767,918	1,615,215,870	16,531,519	16,531,519
2000	2001-02 (G)	985,965,706	1,416,750,021	15,753,545	15,753,545
1999	2000-01 (H)	909,439,072	1,321,139,183	15,510,277	15,510,277
1998	1999-00 (I)	883,787,170	1,244,174,567	16,575,946	16,575,946
1997	1998-99 (J)	822,585,318	1,177,702,846	16,403,250	16,403,250

- (A) Equalization order applied by County Auditor.
Rollback 45.5596% residential, 100% utilities.
- (B) Equalization order applied by County Auditor.
Rollback 45.9960% residential, 100% utilities.
- (C) Equalization order applied by County Auditor.
Rollback 47.9642% residential, 100% utilities.
- (D) Equalization order applied by County Auditor.
Rollback 48.4558% residential, 99.2570% utilities.
- (E) Equalization order applied by County Auditor.
Rollback 51.3874% residential, 100% utilities.
- (F) Equalization order applied by County Auditor.
Rollback 51.6676% residential, 100% utilities.
- (G) Equalization order applied by County Auditor.
Rollback 56.2651% residential, 100% utilities.
- (H) Equalization order applied by County Auditor.
Rollback 54.8525% residential, 100% utilities.
- (I) Equalization order applied by County Auditor.
Rollback 56.4789% residential, 100% utilities.
- (J) Equalization order applied by County Auditor.
Rollback 54.9090% residential, 100% utilities.

Note: The tax assessment year information for 2007 and 2008 is available but the actual collections for those assessments do not occur until the 2008-09 and 2009-10 fiscal years.

Source: Linn County Auditor

Total		Ratio Taxable Value to Assessed Value
Taxable Value	Assessed Value	
\$ 1,309,456,085	\$ 2,255,811,533	58.0 %
1,274,056,778	2,152,971,640	59.2
1,227,920,150	1,988,451,640	61.8
1,166,448,020	1,868,577,010	62.4
1,114,121,675	1,711,628,836	65.1
1,065,299,437	1,631,747,389	65.3
1,001,719,251	1,432,503,566	69.9
924,949,349	1,336,649,460	69.2
900,363,116	1,260,750,513	71.4
838,988,568	1,194,106,096	70.3

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
 ALL DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years
 (Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2006	2007-08*			
	County	\$ 5.88629	\$ 5.88629	\$ 5.88629
	Schools	19.39588	19.39588	19.39588
	City	14.6161	13.78572	9.33124
	Miscellaneous	1.26327	1.23029	1.23029
	Total Levy	<u>\$ 41.16154</u>	<u>\$ 40.29818</u>	<u>\$ 35.8437</u>
Ratio of Linn-Mar Community School District to Total		<u>47.12%</u>	<u>48.13%</u>	<u>54.11%</u>
2005	2006-07*			
	County	\$ 5.69014	\$ 5.69014	\$ 5.69014
	Schools	18.81657	18.81657	18.81657
	City	14.38608	13.95525	9.32643
	Miscellaneous	1.288	1.23853	1.23853
	Total Levy	<u>\$ 40.18079</u>	<u>\$ 39.70049</u>	<u>\$ 35.07167</u>
Ratio of Linn-Mar Community School District to Total		<u>46.83%</u>	<u>47.40%</u>	<u>53.65%</u>
2004	2005-06*			
	County	\$ 5.73231	\$ 5.73231	\$ 5.73231
	Schools	17.99931	17.99931	17.99931
	City	13.98997	13.98851	8.69792
	Miscellaneous	1.06205	0.97102	0.97102
	Total Levy	<u>\$ 38.78364</u>	<u>\$ 38.69115</u>	<u>\$ 33.40056</u>
Ratio of Linn-Mar Community School District to Total		<u>46.41%</u>	<u>46.52%</u>	<u>53.89%</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
 ALL DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years
 (Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2003	2004-2005*			
	County	\$ 5.51347	\$ 5.51347	\$ 5.51347
	Schools	17.76825	17.76825	17.76825
	City	13.11797	13.65104	8.54268
	Miscellaneous	1.08096	0.98101	0.98101
	Total Levy	<u>\$ 37.48065</u>	<u>\$ 37.91377</u>	<u>\$ 32.80541</u>
Ratio of Linn-Mar Community School District to Total		<u>47.41%</u>	<u>46.86%</u>	<u>54.16%</u>
2002	2003-2004*			
	County	\$ 5.29322	\$ 5.29322	\$ 5.29322
	Schools	16.89647	16.89647	16.89647
	City	13.06777	13.46667	8.55126
	Miscellaneous	1.07587	0.97726	0.97726
	Total Levy	<u>\$ 36.33333</u>	<u>\$ 36.63362</u>	<u>\$ 31.71821</u>
Ratio of Linn-Mar Community School District to Total		<u>46.50%</u>	<u>46.12%</u>	<u>53.27%</u>
2001	2002-2003*			
	County	\$ 5.25419	\$ 5.25419	\$ 5.25419
	Schools	16.90663	16.90663	16.90663
	City	12.82969	13.25744	8.58425
	Miscellaneous	1.06121	0.9617	0.9617
	Total Levy	<u>\$ 36.05172</u>	<u>\$ 36.37996</u>	<u>\$ 31.70677</u>
Ratio of Linn-Mar Community School District to Total		<u>46.90%</u>	<u>46.47%</u>	<u>53.32%</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
 ALL DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years
 (Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2000	2001-2002*			
	County	\$ 5.24684	\$ 5.24684	\$ 5.24684
	Schools	16.52524	16.52524	16.52524
	City	13.04	12.78971	8.61467
	Miscellaneous	1.01956	0.87966	0.87966
	Total Levy	<u>\$ 35.83164</u>	<u>\$ 35.44145</u>	<u>\$ 31.26641</u>
Ratio of Linn-Mar Community School District to Total		<u>46.12%</u>	<u>46.63%</u>	<u>52.85%</u>
1999	2000-2001*			
	County	\$ 5.3111	\$ 5.3111	\$ 5.3111
	Schools	15.93025	15.93025	15.93025
	City	12.74497	12.75826	9.04828
	Miscellaneous	0.97792	0.87427	0.87427
	Total Levy	<u>\$ 34.96424</u>	<u>\$ 34.87388</u>	<u>\$ 31.1639</u>
Ratio of Linn-Mar Community School District to Total		<u>45.56%</u>	<u>45.68%</u>	<u>51.12%</u>
1998	1999-2000*			
	County	\$ 5.3111	\$ 5.3111	\$ 5.3111
	Schools	15.94591	15.94591	15.94591
	City	12.4	12.39855	9.04591
	Miscellaneous	0.93054	0.89281	0.89281
	Total Levy	<u>\$ 34.58755</u>	<u>\$ 34.54837</u>	<u>\$ 31.19573</u>
Ratio of Linn-Mar Community School District to Total		<u>46.10%</u>	<u>46.16%</u>	<u>51.12%</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
 ALL DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years
 (Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
1997	1998-1999*			
	County	\$ 5.3811	\$ 5.3811	\$ 5.3811
	Schools	16.25259	16.25259	16.25259
	City	12.32432	12.46129	9.00902
	Miscellaneous	0.84003	0.85972	0.85972
	Total Levy	<u>\$ 34.79804</u>	<u>\$ 34.9547</u>	<u>\$ 31.50243</u>
Ratio of Linn-Mar Community School District to Total		<u>46.71%</u>	<u>46.50%</u>	<u>51.59%</u>

* = Tax rates expressed in dollars per \$1,000 assessed valuation.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT
 MISCELLANEOUS DEMOGRAPHIC STATISTICS
 Last Ten Years
 (Unaudited)

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Cedar Rapids Retail Sales (In Millions)</u>	<u>Marion Retail Sales (In Millions)</u>	<u>Linn-County Unemployment Rate</u>	<u>State Unemployment Rate</u>
2007	252,780	\$ 8,352,940,000	\$ 33,044.0	\$ 2,444.5	\$ 344.5	3.80 %	3.80 %
2006	249,790	7,038,880,000	28,179.0	2,389.9	337.1	3.70	3.70
2005	246,410	6,894,660,000	27,980.0	2,398.2	287.1	3.70	4.60
2004	244,310	6,757,900,000	27,661.0	2,391.9	259.1	4.90	4.80
2003	242,550	6,599,440,000	27,209.0	2,328.2	252.2	4.80	4.50
2002	241,580	6,570,810,000	27,199.0	2,292.9	253.6	4.40	4.00
2001	239,760	6,570,190,000	27,403.0	2,229.5	237.9	3.10	3.30
2000	237,800	6,652,980,000	27,977.0	2,219.7	242.5	2.40	2.70
1999	235,360	6,407,320,000	27,223.0	2,168.0	234.1	1.80	2.50
1998	232,400	6,206,800,000	26,707.0	2,059.5	222.7	1.90	2.80

Note: The information provided in this chart is collected on a calendar year basis, so data for 2008 is not yet available.

Source: Cedar Rapids Chamber of Commerce, Woods & Poole Economics,
 Iowa Department of Employment Services, Iowa Retail Sales and Use Tax Report

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	2006 Taxable Value 1/1/2006 Valuation	Percentage of Total Assessed Valuation*	1996 Taxable Value 1/1/2006 Valuation	Percentage of Total Assessed Valuation*
Rockwell Collins Inc	\$ 37,345,534	1.64 %	\$ 89,362,267	11.83 %
SDG Macerich Properties	35,189,860	1.54	-	-
OPM, LC	11,776,486	0.52	-	-
Developers Diversified Realty Corp	11,552,641	0.51	7,150,768	0.95
Davis Realty	10,457,343	0.46	-	-
Atrium Finance LP	9,675,466	0.42	-	-
Walmart	8,897,422	0.39	-	-
Interstate Power/Alliant	8,218,530	0.36	-	-
Mid-West Development	6,982,253	0.31	-	-
Hy-Vee Food Stores	6,371,031	0.28	-	-
Lindale Mall	-	-	28,038,355	3.71
Northland Square Mall	-	-	11,135,880	1.47
Collins Plaza Hotel	-	-	9,610,200	1.27
IES Industries	-	-	6,495,534	0.86
U.S. West Inc	-	-	4,893,224	0.65
Hy-Vee Food Stores	-	-	3,464,767	0.46
Iowa-Illinois Gas & Electric	-	-	2,619,402	0.35
Vector Group	-	-	1,587,528	0.21
Total	\$ 146,466,566		\$ 164,357,925	21.75

* = 2006 Total District Taxable Valuation is \$2,280,891,919
1996 Total District Taxable Valuation is \$755,684,135

Note: We have provided the data for the 2006 valuation since those taxes were payable in the 2007-08 fiscal year and have provided the data for 1996 because the data for the standard nine years prior is unavailable.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

NEW COMMERCIAL AND INDUSTRIAL BUILDING PERMITS
Last Ten Years
(Unaudited)

Year	City of Cedar Rapids New Commercial		City of Marion New Commercial	
	# of Permits	Valuation	# of Permits	Valuation
2007	30	\$ 58,819,301	10	\$ 6,246,039
2006	35	31,775,555	10	10,402,835
2005	52	54,653,299	19	15,823,935
2004	47	16,796,266	9	1,292,890
2003	43	15,849,336	9	1,888,957
2002	41	17,987,403	7	1,198,331
2001	45	24,095,638	2	317,117
2000	56	42,126,701	12	3,360,064
1999	37	22,946,051	15	5,790,886
1998	46	33,084,726	5	1,701,162

Year	City of Cedar Rapids New Industrial		City of Marion New Industrial	
	# of Permits	Valuation	# of Permits	Valuation
2007	23	\$ 34,114,203	0	\$ -
2006	2	8,095,188	1	229,680
2005	3	764,800	1	130,000
2004	4	2,989,448	1	91,872
2003	3	170,000	1	114,840
2002	1	225,000	1	1,877,468
2001	1	45,000	-	-
2000	6	450,454	-	-
1999	6	1,683,505	-	-
1998	12	4,225,110	1	322,560

Note: The information provided in this chart is collected on a calendar year basis, so data for 2008 is not yet available.

Source: City of Cedar Rapids Building Department
City of Marion

LINN-MAR COMMUNITY SCHOOL DISTRICT

NEW SINGLE AND MULTI FAMILY DWELLING PERMITS
Last Ten Years
(Unaudited)

Year	City of Cedar Rapids Single-Family		City of Marion Single-Family	
	# of Permits	Valuation	# of Permits	Valuation
2007	301	\$ 33,858,136	215	\$ 26,142,204
2006	335	38,719,716	214	25,852,907
2005	348	37,783,146	367	31,904,724
2004	338	34,725,819	289	29,467,226
2003	378	37,635,431	253	26,452,966
2002	370	37,741,513	227	23,370,869
2001	374	35,989,687	189	18,701,530
2000	327	40,942,580	180	14,832,690
1999	358	34,952,684	205	17,690,985
1998	390	37,218,609	184	15,802,574

Year	City of Cedar Rapids Multi-Family		City of Marion Multi-Family	
	# of Permits	Valuation	# of Permits	Valuation
2007	49 (n/a)	\$ 14,680,791	41 (n/a)	\$ 11,566,569
2006	37 (n/a)	9,771,787	37 (n/a)	8,601,956
2005	75 (n/a)	24,769,755	38 (n/a)	18,050,496
2004	18 (108)	33,595,118	14 (n/a)	3,245,040
2003	37 (n/a)	7,650,440	39 (n/a)	17,736,558
2002	19 (n/a)	15,644,822	47 (n/a)	17,875,071
2001	19 (n/a)	5,674,602	34 (n/a)	8,279,526
2000	75 (n/a)	23,970,471	42 (n/a)	8,931,257
1999	82 (n/a)	19,991,106	56 (n/a)	12,857,973
1998	37 (153)	8,058,898	35 (153)	11,109,526

Note: The information provided in this chart is collected on a calendar year basis, so data for 2008 is not yet available.

Source: City of Cedar Rapids Building Department
City of Marion

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS
Prior Year and Ten Years Ago
(Unaudited)

	<u>2006</u>		<u>1996</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
State University of IA/Hospital	\$ 22,623	40.94 %	\$ 21,773	46.48 %
Rockwell-Avionics	9,000	16.29	6,300	13.45
Area Schools/AEA	5,256	9.51	4,073	8.69
Hy-Vee Stores	2,971	5.38	1,950	4.16
Aegon USA	3,500	6.33	-	-
Amana Refrigeration/Whirlpool	2,650	4.80	2,950	6.30
St. Lukes Hospital	2,800	5.07	2,250	4.80
Mercy Medical Center	2,498	4.52	1,700	3.63
Pearson	1,929	3.49	-	-
Walmart Stores, Inc.	1,530	2.77	-	-
IES Utilities	-	2.77	2,282	4.87
McLeod USA	-	-	1,966	4.20
MCI Communications	-	-	1,600	3.42
Total	\$ <u>54,757</u>	<u>101.87 %</u>	\$ <u>46,844</u>	<u>100.00 %</u>

Source: Cedar Rapids Area Chamber of Commerce

Note: These numbers are prepared on a calendar year basis so 2008 information would be unavailable at this time.

In addition, we have provided the 2006 and 1996 data because the 2007 and 1998 data are not available at this time.

LINN-MAR COMMUNITY SCHOOL DISTRICT

OPERATING COST PER PUPIL
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Total Costs*</u>	<u>Average Daily Attendance</u>	<u>Operating Costs Per Pupil</u>
2007-2008	\$ 52,532,924	5,491	\$ 9,567
2006-2007	46,235,638	5,299	8,725
2005-2006	42,470,890	5,003	8,489
2004-2005	38,512,612	4,765	8,082
2003-2004	36,324,410	4,702	7,725
2002-2003	33,302,550	4,509	7,386
2001-2002	31,857,402	4,392	7,254
2000-2001	30,286,021	3,946	7,675
1999-2000	27,918,985	4,294	6,502
1998-1999	24,791,487	4,145	5,981

* Includes all General Fund Expenditures

Source: School District Financial and Attendance Reports

LINN-MAR COMMUNITY SCHOOL DISTRICT

FINANCIAL SOLVENCY RATIO
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Unreserved, Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio
2007-2008	\$ 2,953,846	\$ 53,193,506	5.55 %
2006-2007	2,323,216	46,464,104	5.00
2005-2006	2,112,437	42,244,420	5.00
2004-2005	2,522,629	38,628,298	6.53
2003-2004	2,561,145	35,083,588	7.30
2002-2003	3,801,967	34,094,293	11.15
2001-2002	3,010,114	31,288,466	9.62
2000-2001	3,356,452	30,428,942	11.03
1999-2000	3,160,473	28,584,916	11.06
1998-1999	2,628,355	26,035,670	10.10

* Financial Solvency Ratio = $\frac{\text{Undesignated, Unreserved General Fund Balance}}{\text{Actual Revenues}}$

The financial solvency ratio measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities.

Ranges utilized are:

Target Solvency Position:

Financial Solvency Ratio ranging from 5% to 10% of actual revenues. A school district is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term obligations.

Acceptable Solvency Position:

Financial Solvency Ratio ranging from 0% to 4.99% of actual revenues. Fund balance is considered adequate for short-term purposes as long as other local economic trends, such as property tax collections and enrollment are sound.

Solvency Alert:

A solvency alert exists if the school corporation has a negative solvency ratio up to -3.0% of actual revenues. A negative solvency position in this range warrants prompt management response but could be caused by operating revenue/expenditure fluctuations within one budget year.

Solvency Concern:

A solvency concern exists if the school corporation has a negative solvency ratio in excess of -3.0% of actual revenues.

Source: School District Financial Records.

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES BY FUND
 PER \$1,000 ASSESSED VALUATION
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ending June 30,	General	Management	Board PEEL	Playground	Voted PEEL	Debt Service	Total
2008	\$ 15.07172	\$ 0.65068	\$ 0.33000	\$ 0.03062	\$ 0.67000	\$ 2.64286	\$ 19.39588
2007	13.79463	0.79637	0.33000	0.13500	0.67000	3.09057	18.81657
2006	12.97192	0.91638	0.33000	0.13500	0.67000	2.97601	17.99931
2005	12.71299	0.91309	0.33000	0.03048	0.67000	3.11169	17.76825
2004	12.16085	0.45000	0.33000	0.13500	0.67000	3.15062	16.89647
2003	12.33196	0.30770	0.33000	0.13500	0.67000	3.13197	16.90663
2002	11.52442	0.25513	0.33000	0.13500	0.67000	3.61069	16.52524
2001	11.54795	0.27244	0.33000	0.13500	0.67000	2.97486	15.93025
2000	11.76571	0.27922	0.33000	0.13500	0.67000	3.07265	16.25258
1999	11.47932	0.29942	0.33000	0.13500	0.67000	3.33885	16.25259

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
 FULL-TIME – EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year			
	1999	2000	2001	2002
Administration				
Superintendent	1	1	1	1
Associate Superintendent	1	1	0.5	1
Principals	7	7	7	7
Assistant Principals	3.9	4	4	5
Deans	-	-	-	-
School administrative manager	-	-	-	-
Other Administrators	2.5	3	3	2
Supervisors	3.5	3	3	4
Instructors				
Regular Program Teachers	228.6	250	262.8	269.16
Special Education Teachers	25	27	27	31.3
Student Services				
Guidance Counselors	10	11	11	11
Media Specialists	7	7	7	7
Curriculum Coordinators	2.5	3.5	3	3
Other Licensed Staff	3.1	4.5	4.5	4.5
Other Coordinators	1	2.3	3.1	2.5
Support Personnel				
Nurse	2	2	2.5	2.5
Clerical	33.6	35.1	33	34.43
Paraeducators	60.4	76	98.38	105.3
Custodial & Maintenance	36.9	49.7	52.9	51.1
Food Service	-	-	-	31.72
Bus Drivers	14.2	12.5	13.82	14.33
	<u>443.2</u>	<u>499.6</u>	<u>537.5</u>	<u>587.84</u>

Source: District Personnel Records

2003	2004	2005	2006	2007	2008
1	1	1	1	1	1
1	1	1	1	1	1
7	8	9	9	9	10
6	5	5	5	5	5
-	-	-	-	-	2
-	-	-	-	2	2
1.5	1	2.5	3	3	4
4	4	4	4	4	4.5
270.04	284.63	293.39	309.8	327.59	356.92
38.5	41	48	51	52	54
11	12	12.5	14	15	17
7	8	8	8	8	9
2	2	2	2	2	2
3.75	2	4.5	5	5	5
3.5	4.5	3	3	3	4
2.5	3	3	3	3.75	4
34.56	35.56	36.44	36.56	36.15	40.36
105.4	123.14	128.48	122.77	133.13	144.27
55.01	97.15	58.97	58.85	62.46	63.06
31.63	-1	37.44	42.44	41.59	48.07
14.18	16.375	17.18	22.19	22.03	21.53
<u>599.57</u>	<u>648.355</u>	<u>675.4</u>	<u>701.61</u>	<u>736.7</u>	<u>798.71</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year			
	1999	2000	2001	2002
Elementary				
Bowman Woods				
Square Feet	42,200	42,200	42,200	42,200
Capacity	500	500	500	500
Enrollment	513	474	462	463
Indian Creek				
Square Feet	42,200	42,200	42,200	42,200
Capacity	450	450	450	450
Enrollment	361	434	420	430
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	500	500	500	400
Enrollment	531	477	492	473
Westfield				
Square Feet	-	58,000	58,000	58,000
Capacity	-	500	500	500
Enrollment	-	404	454	493
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	446	450	472	455
Linn Grove				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Pre - K-8 Building				
Oak Ridge				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Middle School/Intermediate*				
Excelsior				
Square Feet	73,700	126,700	126,700	126,700
Capacity	700	1,100	1,100	1,100
Enrollment	631	998	988	1,065
High School/Junior High**				
Square Feet	268,000	305,000	305,000	305,000
Capacity	1,457	1,800	1,800	1,800
Enrollment	1,889	1,293	1,301	1,274

2003	2004	2005	2006	2007	2008
50,906	50,906	50,906	50,906	50,906	50,906
500	500	500	500	500	500
524	514	499	498	537	474
42,200	42,200	42,200	42,200	42,200	42,200
450	450	450	450	450	450
426	406	427	478	525	366
57,300	57,300	57,300	57,300	57,300	57,300
400	400	400	400	400	400
487	370	362	366	381	345
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
495	405	436	462	443	472
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
434	460	473	462	508	411
-	-	-	-	-	78,000
-	-	-	-	-	600
-	-	-	-	-	374
-	105,383	105,383	105,383	105,383	105,383
-	750	750	750	750	750
-	577	643	692	781	925
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,100	1,100	1,100	1,100
1,122	884	836	841	823	785
305,000	305,000	305,000	305,000	305,000	305,000
1,800	1,800	1,800	1,800	1,800	1,800
1,250	1,292	1,399	1,504	1,642	1,694

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years
(Unaudited)

Notes: Over time, some of the buildings' capacity has actually decreased due to the inclusion of additional special programs.

*Excelsior Middle School opened in 1995 as an intermediate school and was added onto in 1999 and converted into a middle school.

**The high school started out as two separate buildings: the high school and junior high. Over time they were both added onto and are now one large building.

Source: School District Construction and Enrollment Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY MEMBERSHIP (ADM),
 AVERAGE DAILY ATTENDANCE (ADA) AND RATIO OF ADA TO ADM
 Last Ten Fiscal Years
 (Unaudited)

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Average</u> <u>Daily</u> <u>Membership</u> <u>(ADM)</u>	<u>Average</u> <u>Daily</u> <u>Attendance</u> <u>(ADA)</u>	<u>Ratio of</u> <u>ADA to ADM</u>
2008	5,814	5,491	94.44 %
2007	5,602	5,299	94.59
2006	5,266	5,003	95.01
2005	4,975	4,765	95.78
2004	4,912	4,702	95.72
2003	4,708	4,509	95.77
2002	4,568	4,392	96.15
2001	4,119	3,946	95.80
2000	4,465	4,294	96.17
1999	4,337	4,145	95.57

Source: District Enrollment Records

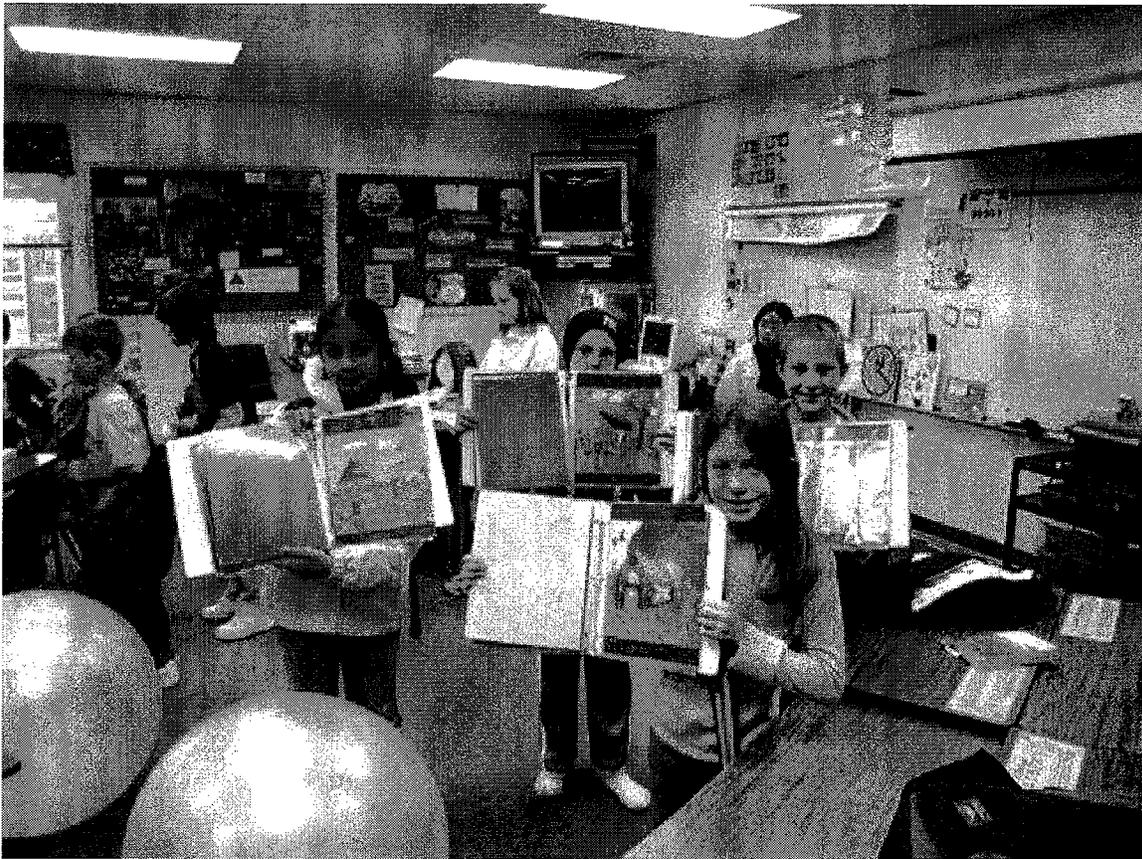
LINN-MAR COMMUNITY SCHOOL DISTRICT

OPEN ENROLLED STUDENTS
 Last Ten Fiscal Years
 (Unaudited)

<u>Fiscal Year</u>	<u>Open Enrollment In</u>	<u>Open Enrollment Out</u>	<u>Net Gain (Loss)</u>
2008	214	667	(453)
2007	174	561	(387)
2006	153	543	(390)
2005	158	491	(333)
2004	135	490	(355)
2003	128	470	(342)
2002	139	459	(320)
2001	170	446	(276)
2000	167	385	(218)
1999	174	334	(160)

Source: Certified Enrollment

Internal Controls and Compliance Section



LINN-MAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2008

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 08	\$ 65,984
National School Lunch Program (non-cash)	10.555	FY 08	119,690
National School Lunch Program	10.555	FY 08	<u>415,282</u>
			<u>600,956</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	3715-GC-08	50,246
Title 1 Grants to Local Educational Agencies	84.010	3715-G-08	<u>367,988</u>
			<u>418,234</u>
Title I Program for Neglected and Delinquent Children	84.013	FY 08	<u>26,228</u>
State Grants for Innovative Programs	84.298	FY 08	<u>6,050</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 08	<u>16,275</u>
Improving Teacher Quality State Grants	84.367	FY 08	<u>117,820</u>
Career and Technical Education - Basic Grants to States	84.048	FY 08	<u>39,229</u>
Grants for State Assessments and Related Activities	84.369	FY 08	<u>39,403</u>
Advanced Placement Program	84.330	FY 08	<u>535</u>
Fund for Improvement of Education	84.215	FY 08	<u>571,471</u>
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	FY 08	<u>311,661</u>
Special Education - Preschool Grants	84.173	FY 08	<u>1,875</u>
English Language Acquisition Grants	84.365	FY 08	<u>5,703</u>
Safe and Drug-Free Schools and Communities - National Grants	84.184	FY 08	<u>9,000</u>
			<u>1,563,484</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2008

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect (continued):			
U. S. Department of Health and Human Services:			
Linn County Department of Human Services:			
Medical Assistance Program	93.778	FY 08	\$ <u>1,530</u>
U. S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance	97.036	FY 08	<u>9,495</u>
U. S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	FY 08	<u>19,365</u>
Total			\$ <u><u>2,194,830</u></u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Linn-Mar Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Linn-Mar Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Linn-Mar Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 Linn-Mar Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Linn-Mar Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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 Linn-Mar Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no material weaknesses during the course of our audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Linn-Mar Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Linn-Mar Community School District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Linn-Mar Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
December 17, 2008

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Board of Education of
Linn-Mar Community School District:

Compliance

We have audited the compliance of Linn-Mar Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Linn-Mar Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Linn-Mar Community School District's management. Our responsibility is to express an opinion on Linn-Mar Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Linn-Mar Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Linn-Mar Community School District's compliance with those requirements.

In our opinion, Linn-Mar Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Linn-Mar Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Linn-Mar Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in a District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We noted no material weaknesses during the course of our audit.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Linn-Mar Community School District and other parties to whom Linn-Mar 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.

Oskaloosa, Iowa
December 17, 2008

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.215 – Fund for the Improvement of Education
 - CFDA Number 84.048 – Special Education – Grants to States
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Linn-Mar Community School District qualified as a low-risk auditee.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

II-A-08 Fundraiser Controls – We noted in our testing of Special Revenue Fund, Student Activity fundraisers that supplies for one fundraiser were purchased through the direct remittance of fundraiser revenues to the supplier. The balance of this fundraiser’s revenues were then recorded in the proper Activity account.

Recommendation – Paying for supplies directly with fundraiser proceeds violates the District’s disbursement policy and bypasses the budgeting and disbursement approval processes. The District should educate all sponsors handling fundraising activities that all proceeds from the fundraiser should be recorded as District revenue and costs for supplies should be handled through the normal disbursement process used by the District.

Response – We have been educating all personnel involved in fundraising activities regarding the proper processes for such activities. This was an oversight for this fundraiser and we have spoken with the sponsor involved. The proper procedures will be used in the future.

Conclusion – Response accepted.

II-B-08 Abuse of Authority – We noted in our discussions with the District management that one employee had set up a separate bank account and was recording the proceeds from resale items into this account. The cost of the resale items, however, was being paid with District funds.

Recommendation – The District should obtain a freeze on this account immediately and perform an investigation of all transactions recorded through the account. The District should also contact the State of Iowa Auditor’s office and explain the situation as it now stands.

Response – We have frozen the assets held in the account at this time and have obtained the historical records of the account from the bank. We have contracted with an independent auditor to research the records and document any findings. We have contacted the State Auditor’s office regarding this situation.

Conclusion – Response accepted.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Significant Deficiency:

No matters were reported.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-08 Certified Budget – Expenditures/expenses for the year ended June 30, 2008, did not exceed the amounts budgeted.
- IV-B-08 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-08 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.
- IV-D-08 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-08 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.
- IV-F-08 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-I-08 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-J-08 Financial Condition – The District had several accounts in the Special Revenue Fund, Student Activity with deficit balances at June 30, 2008. In addition, the Business-type Activities and the Enterprise Fund, School Nutrition Fund had an unrestricted net assets deficit of \$30,500 at June 30, 2008.

Recommendation – The District should investigate alternatives to return these accounts to healthy financial conditions. The District should review purchase approval procedures for the Student Activity accounts and may wish to require additional approval before ordering goods or services from these accounts. The District should review various funding options to restore the School Nutrition Fund to a sound position.

Response – We will investigate alternatives and we will monitor the Student Activity accounts and the School Nutrition Fund to try to keep improving on these deficit balances.

Conclusion – Response accepted.