

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the

LINN-MAR COMMUNITY SCHOOL DISTRICT

Fiscal Year Ended June 30, 2009



Prepared by:

David Nicholson
Business Administrator, Board Secretary,
Board Treasurer

3333 North 10th Street
Marion, Iowa 52302

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Introductory Section



December 3, 2009

Ann Stark, 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, 2009. 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 all funds and account groups of 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 2009 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 the October 1, 2008 was approximately 6,491 students. The District operates one High School, two middle schools, seven elementary schools, an alternative High School Program, a special education transition program and a home school assistance 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 64 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 9,300 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 financial solvency ratio of the District 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. After a declining solvency ratio from fiscal years 2000 to 2006, the ratio leveled out to around 5% for three consecutive fiscal years, 2006-2008; and increased to 8% at the close of the 2008-2009 school year. The current solvency ratio of 8% falls within the target range of five to ten percent. Because of the 10% across the board cut imposed by the state, the district is anticipating a drop in the solvency ratio to approximately 6.5% at the close of the 2010 fiscal year.

Even though our area has seen some effects from the recession with layoffs, our district continues to see residential growth. In the city of Marion during the 2008 calendar year, 216 new single-family dwelling building permits were issued at a valuation of \$26,585,154 and 25 new multi-family dwelling units were issued at a valuation of \$5,933,636.

For the 2010-2011 fiscal budget, the District is planning for very little or no new money coming into the District. The State of Iowa's revenue projections for the 2009-2010 fiscal year is well below what they had anticipated, which resulted in the Governor's order of a 10% across the board cut in all state funded budgets. For Linn-Mar, this cut amounted to \$2.9 million less in state aid. Fortunately, the District has positioned itself over the past couple of years to absorb most of the cut with its reserves. Because of this cut and the fact the State's revenues are projected to continue to decline, the District is anticipating that the state will reduce the 2% allowable growth, currently legislated for the 2010-2011 fiscal year, to 0% with an additional across the board cut of 5% to 10%.

District Major Initiatives and Achievements

The staff, Board, students, and community members are to be commended for making 2008-2009 such a wonderful and productive year. Some of the many accomplishments for the year include:

- During the 2009 school year, the Linn-Mar Community School District had its accreditation visit by the State of Iowa. In preparation for this visit, many staff members dedicated extra hours in gathering all of the information and compiling it into a format that was usable and accessible to the accreditation team. In addition our staff, Board, students and community members who were involved with the accreditation need to be commended for making the accreditation visit a very successful one.
- 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 21,536 curriculum based volunteer hours with 1000 volunteers in the District. Volunteers enhance our student's learning by acting as a tutor, reading to a kindergarten class room, assisting teachers in their classrooms or on field trips, and serving on committees throughout the district.
- The District was recognized for its continued excellence in financial reporting with the receipt of the District's fifth consecutive Certificate of Excellence in Financial Reporting award for the 2007-2008 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 2008-2009 school year, the students, as a group, continued to perform at a high level. Following are a few indicators:

- Student achievement exceeded 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 or exceeded 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 08-09 Linn-Mar Community School District composite ACT score was 24.5 compared to 22.4 for the state and 21.1 national composite scores.

Individual students or teams received state and/or national recognition in variety of academic, extra-curricular and co-curricular competitions, including 13 State qualifying teams and athletes, 12 All-State athletes, 53 All-State musicians, 2 State National History Day participants, 8 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 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 ensure 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 \$279,375.01 was earned on all investments for the current year ended June 30, 2009, a decrease of \$606,022 from Fiscal Year 2008. 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 and the closing out of interest earned on a refunding issue of general obligation bonds during the 2007-2008 fiscal year. The rest of the decrease is attributed to the lower interest rates due to the current market conditions.

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 & 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 (CAFR) 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

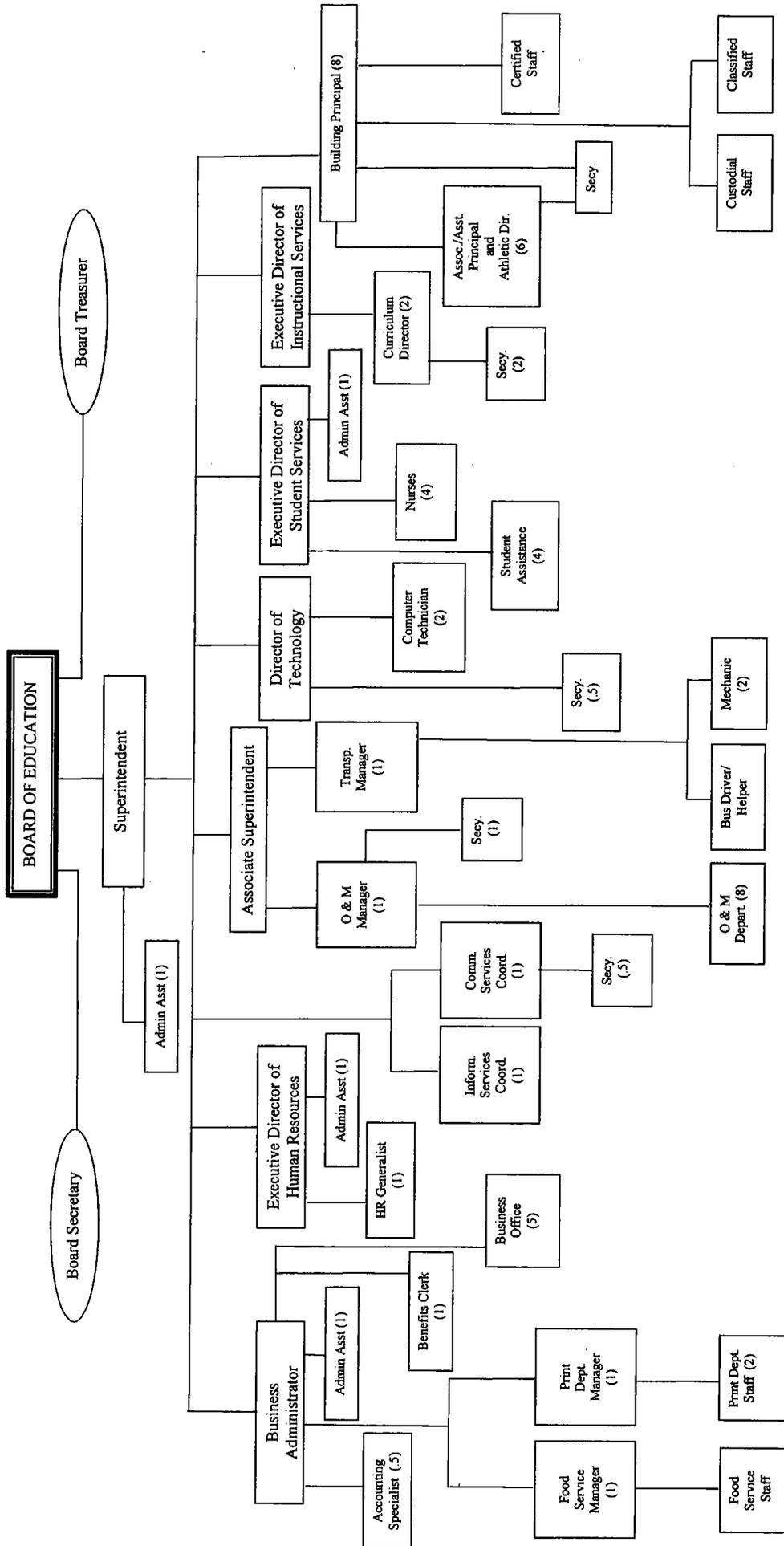
The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This would not have been possible without the help of several people. We would like to express our appreciation 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, 2008

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

Angeh Piteman

President

John D. Munn

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 2008 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>Board of Education</u> | | |
| (After September 2008 Election) | | |
| Bob Crawford | President | 2009 |
| Ann Stark | Vice President | 2011 |
| Jim Green | Board Member | 2009 |
| Erik Miles | Board Member | 2009 |
| Helen Romanowsky | Board Member | 2011 |
| Bob Gilchrist | Board Member | 2011 |
| Barry Buchholz | Board Member | 2011 |

| | | |
|----------------------------------|--|------------|
| <u>School Officials</u> | | |
| Dr. Katie Nulholland | Superintendent | 2012 |
| David L. Nicholson | Business Administrator District Secretary/Treasurer | 2009 |
| Terry Abernathy | Attorney | Indefinite |
| Simmons Perrine Moyer Bergman PC | 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, 2009, 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, 2009, 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 3, 2009 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. 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, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 18 through 30 and 70 through 72 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 four years ended June 30, 2008 (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 130-131, 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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
December 3, 2009

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, 2009. 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 2008-09 school year. The allowable growth, along with the addition of 175.4 resident students, helped to generate an increase of revenue of \$ 5.113 million in the General Fund.
- The General Fund ending undesignated unreserved fund balance increased from \$2.95 million in fiscal year 2008 to \$4.66 million in fiscal year 2009. This equates to a solvency ratio of 8 %. The District was able to make these gains even though the district experienced a 1.5% budget cut from the state in the amount of \$419,458
- The nation's faltering economy has had a direct impact on the District during the 2008-2009 fiscal year. The State of Iowa imposed a 1.5% across the board cut in the amount of \$419,458 the first half of the fiscal year. In addition the state backfilled a second round of cuts with Federal stimulus money in the amount of \$510,929.
- Interest rates continue to take a downward course during the year from a public fund investment rate of 1.20 % in July, 2008 to .2% in June, 2009 for a 30 day investment. These rates yielded \$64,772 in revenue compared to \$234,622 in 2007-08 in the General Fund.

Overview of the Financial Statements

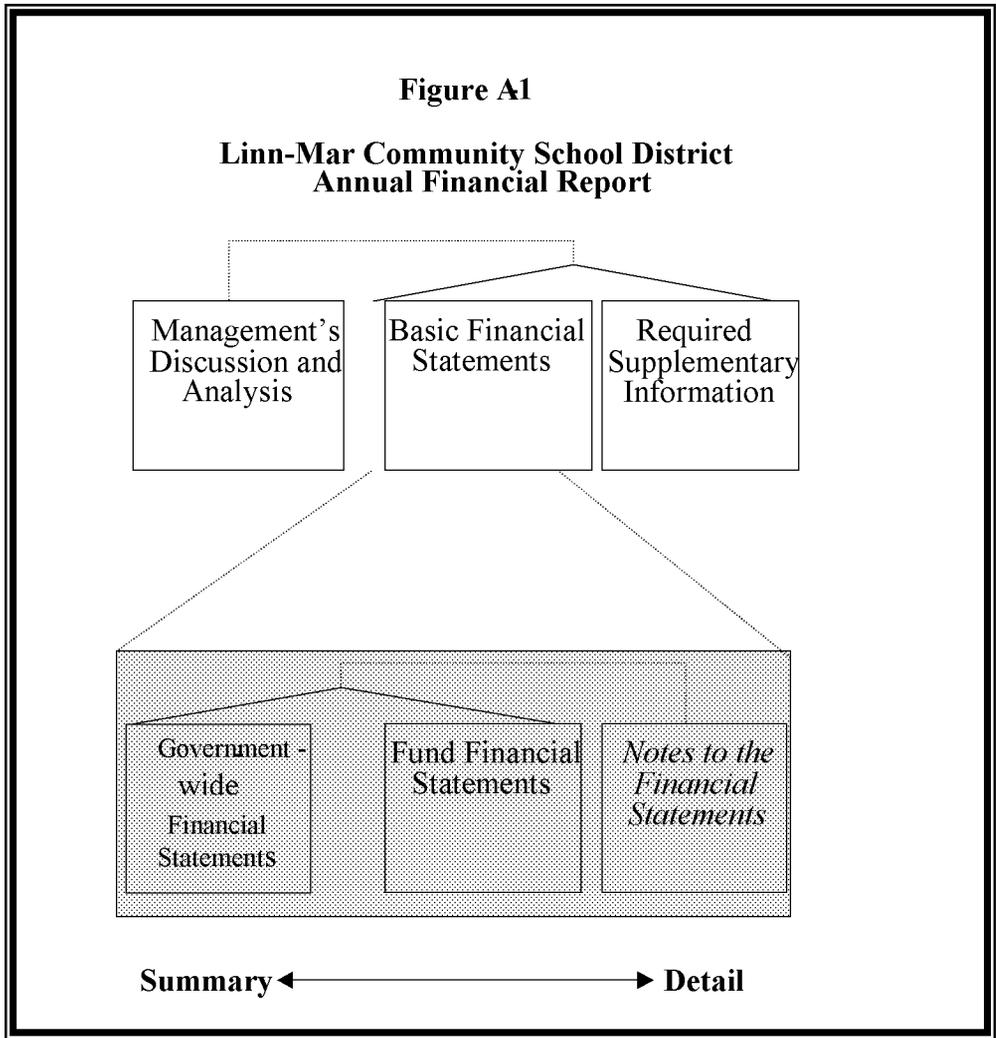
This annual report consists of three parts: management's discussion and analysis (this section), basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- 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 and 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 three 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 an increase. Combined net assets increased by 13.08 percent while combined total liabilities increased by 9.67 percent. The majority of the increase in total assets and liabilities can be attributed to the issuance of \$9.5 million in sales tax revenue bonds for the construction of a new elementary school and a new stadium.

Figure A-3

Condensed Statement of Net Assets (in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total School District | | Total Percentage Change 2008-2009 |
|---|-------------------------|---------|--------------------------|-------|-----------------------|----------|-----------------------------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | |
| Current and other assets | \$39.70 | \$51.23 | \$.048 | \$.12 | \$39.75 | \$ 51.35 | 29.18% |
| Capital assets, net | 81.31 | 85.46 | .486 | .64 | 81.80 | 86.10 | 5.25% |
| Total Assets | 121.01 | 136.69 | .534 | .76 | 121.55 | 137.45 | 13.08% |
| Other liabilities | 32.37 | 34.35 | .078 | .05 | 32.45 | 34.40 | 6.01% |
| Long-term obligations | 58.02 | 64.82 | | | 58.02 | 64.82 | 11.72% |
| Total Liabilities | 90.39 | 99.17 | .078 | .05 | 90.47 | 99.22 | 9.67% |
| Net assets: | | | | | | | |
| Investment in capital assets, net of related debt | 24.81 | 22.31 | .486 | .64 | 25.29 | 22.95 | -9.25% |
| Restricted | 3.36 | 11.24 | | | 3.36 | 11.24 | 234.52% |
| Unrestricted | 2.46 | 3.98 | -.030 | .07 | 2.43 | 4.05 | 66.67% |
| Total net assets | 30.63 | 37.53 | .456 | .71 | 31.08 | 38.24 | 23.04% |

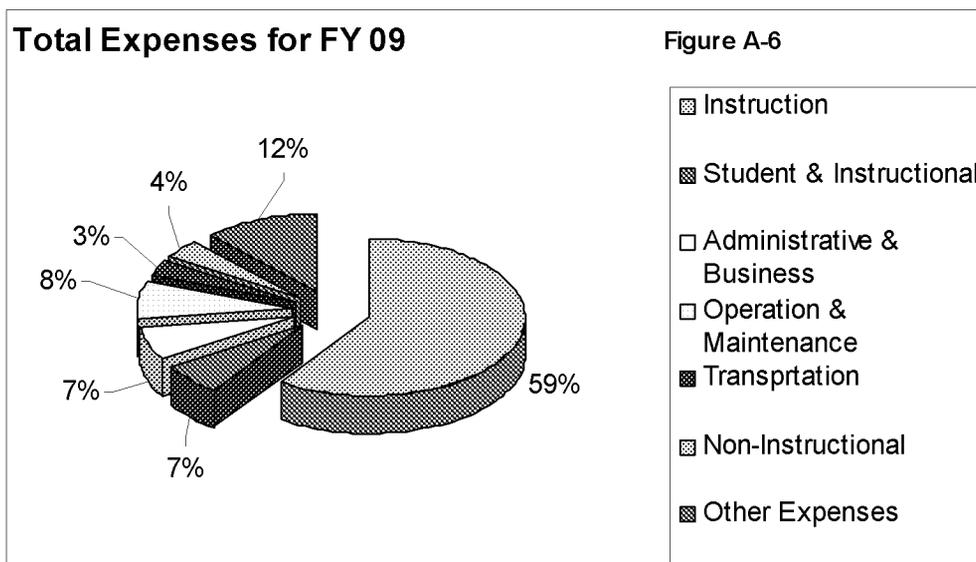
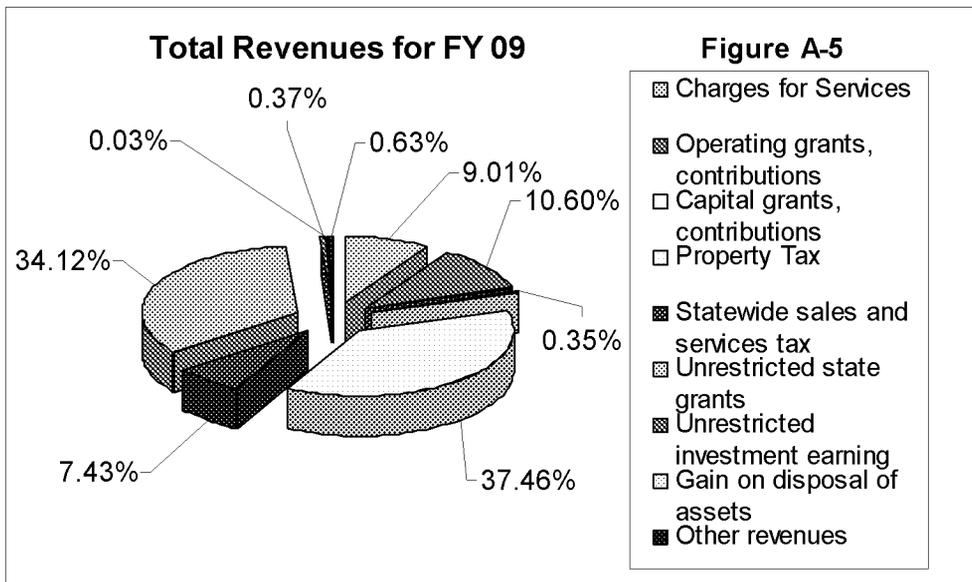
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.

Changes in Net Assets, as shown in Figure A-4 below, illustrates that the District as a whole experienced a 7.44 percent increase in operating revenue while experiencing a 5.84 percent increase in expenses. Approximately \$3.32 million, or 66%, of the total increase in revenue can be attributed to the collection of additional property taxes in the District's governmental activities. Of the \$3.32 million, roughly \$2.2 million was for an additional cash reserve levy that was collected to help offset future expenses for opening a new facility. The other area that experienced a significant increase in revenue was in the operating grants and contributions portion of the District's governmental activities; it grew by \$1.2 million or 21.27%. Of the \$1.2 million, approximately \$.88 million was due to the additional funding provided by the State of Iowa to supplement teacher salaries in support of the teacher quality bill passed by the state. Property taxes and unrestricted state aid account for most of the district's revenue, with each

contributing approximately 37 percent and 34 percent, respectively, of the total dollars raised, (See Figure A-5).

The total cost for all programs and services increased 5.84 percent to \$68.11 million. The District's total expenditures are listed in Figure A-6. The chart shows that the majority of the District's expenditures (66%) 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 5.84 percent increase, or \$3.76 million, is due to the additional salary and benefits expended in support of negotiated agreements, additional teacher compensation through the Teacher Quality bill passed by the State, and additional staff hired to support the continued growth of the District.

| Figure A-4 | | | | | | | |
|--|---------------------|----------------|----------------------|---------------|------------------------|----------------|-------------------|
| Changes in Net Assets | | | | | | | |
| | Governmental | | Business-type | | Total | | Percentage |
| | Activities | | Activities | | School District | | Change |
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008-2009 |
| Revenues: | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for service | \$4.21 | \$4.79 | \$1.78 | \$1.99 | \$5.99 | \$6.78 | 13.19% |
| Operating grants and contributions | 5.97 | 7.24 | 0.682 | 0.74 | 6.652 | 7.98 | 19.96% |
| Capital grants and contributions | 0.6 | 0.02 | 0.328 | 0.237 | 0.928 | 0.257 | -72.31% |
| General Revenues: | | | | | | | |
| Property tax | 24.88 | 28.2 | | | 24.88 | 28.2 | 13.34% |
| Statewide sales and services tax | 5.68 | 5.59 | | | 5.68 | 5.59 | -1.58% |
| Unrestricted state grants | 24.62 | 25.68 | | | 24.62 | 25.68 | 4.31% |
| Unrestricted investment earnings | | 0.28 | | 0.002 | | 0.282 | |
| Gain on disposal of assets | 0 | 0.01 | | | - | 0.01 | - |
| Other | 1.29 | 0.47 | 0.005 | 0.006 | 1.295 | 0.476 | -63.24% |
| Total Revenues | \$67.25 | \$72.28 | \$2.80 | \$2.98 | \$70.05 | \$75.26 | 7.44% |
| Program expenses: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instructional | 37.43 | 40.63 | | | 37.43 | 40.63 | 8.55% |
| Support Services | 15.8 | 16.49 | 0.055 | 0.093 | 15.855 | 16.583 | 4.59% |
| Non-instructional programs | 0.53 | 0.11 | 2.496 | 2.629 | 3.026 | 2.739 | -9.48% |
| Other expenses | 8.04 | 8.16 | | | 8.04 | 8.16 | 1.49% |
| Total expenses | \$61.80 | \$65.39 | \$2.55 | \$2.72 | \$64.35 | \$68.11 | 5.84% |
| Changes in net assets | \$5.45 | \$6.89 | \$0.25 | \$0.25 | \$5.70 | \$7.14 | 25.44% |
| Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding. | | | | | | | |



Governmental Activities

Revenues for the district’s governmental activities increased 7.48 percent, while expenses increased 5.81 percent. The increased revenues can be credited both to the continued growth in student population and efforts of the district to keep a strong financial position:

- This is the fourth year in a row that the State of Iowa has increased the state allowable growth by 4%. The 4% in allowable growth was not fully realized because the faltering economy. The state issued a 1.5% across the board cut during the fall of 2008 which reduced our state aid by approximately \$419,558.

- Because of the growth pattern the District has experienced the past five to ten years, the District felt it was necessary to increase its cash reserve levy to \$3,560,607 up from \$1,363,232 for the 2007-2008 fiscal year. This additional funding would assure that the District would meet its financial obligations and provide the additional funding to open future buildings.

The District experienced a \$3.59 million increase in governmental activity expenditures, the majority of which can be attributed to negotiated salary and benefit packages given to the district employee groups and additional staff hired to support the district's additional growth.

Figure A-7 presents the cost of four District activities: Instruction, Support Services, Non-Instructional Programs 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 |
| | 2008 | 2009 | 2008-2009 | 2008 | 2009 | 2008-2009 |
| INSTRUCTION | \$37.43 | \$40.63 | 8.55% | \$30.41 | \$32.23 | 5.98% |
| SUPPORT SERVICES | 15.8 | 16.49 | 4.37% | 15.22 | 15.66 | 2.89% |
| NON-INSTRUCTIONAL PROGRAMS | 0.53 | 0.11 | -79.25% | 0.53 | 0.11 | -79.25% |
| OTHER EXPENSES | 8.04 | 8.16 | 1.49% | 4.86 | 5.33 | 9.67% |
| TOTALS | \$61.80 | \$65.39 | 5.81% | \$51.02 | \$53.33 | 4.53% |

- The cost of all governmental activities this year was \$65.39 million.
- A portion of the cost was financed by the users of the District programs (\$4.79 million).
- Federal and State governments subsidized certain programs with grants and contributions (\$7.24 million).
- A majority of the District's net costs of service (\$53.33 million) were financed by District and State taxpayers.
- This portion of governmental activities was financed primarily with \$28.2 million in property taxes and \$25.68 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 6.42 percent to \$2.98 million while expenses grew 6.67 percent to \$2.72 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, 2009, the District's net assets increased in the business-type activities by \$253,523. This increase is somewhat deceiving, because, of the \$2.98 million in revenue received during the 2008-2009 year, roughly \$227,723 was contributed capital for kitchen equipment purchased by the bond issue for the new elementary. Of the \$2.72 million in expenditures for the 2008-2009 year approximately \$16,509 was the current year depreciation for the contributed capital. By reducing the revenue by the contributed capital and reducing the expenses by the depreciation of the contributed capital, the nutrition fund would have experienced an increase in net assets of approximately \$25,631. This increase can be attributed to the cost reductions and lunch price increases for the 2009 fiscal year.

Financial Analysis of the District's Funds

Governmental Fund Highlights

At the end of fiscal year 2009, the District's governmental funds reported combined ending fund balances of \$17,484,798, an increase of \$9,818,563 in comparison with the prior year. A closer look at each individual governmental fund reveals the following;

- The **General Fund** balance increased from \$3.3 million to \$5.1 million due to the additional cash reserve levy collected to help position the district financially for the opening of future facilities.
- The **Debt Service Fund** balance increased from \$.87 million to \$1.6 million due to the receipt of \$1.48 million from the capital projects fund for the principal and interest payment on sales tax revenue bonds due on 7/1/09.
- The **Capital Projects Fund** balance increased from \$1.8 million to \$7.98 million due to the receipt of \$9.5 million in sales tax revenue bonds that is being used to construct a new elementary school and HVAC renovations throughout the District.
- The **Management Fund** balance remained relatively steady decreasing slightly from \$631,601 to \$624,673.
- The **Student Activity Fund** balance increased slightly from approximately \$257,000 in fiscal year 2008 to approximately \$270,000 in fiscal year 2009.
- The **Public Education and Recreation Levy Fund** balance increased significantly from \$386 thousand to \$536 thousand. The increase was due to the board's decision to levy the full .135 cents per thousand of assessed valuation up from a levy of .03 cents for the 2008 fiscal year.

- The **Physical Plant and Equipment Levy Fund** balance remained relatively stable, increasing from \$1.26 million to \$1.35 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 PPEL funding is generated from property tax collections.

Business-Type Fund Highlights

The District's business-type activities fund actually had a deficit year compared to years past. Not taking into account the contributed capital and the depreciation of the movable equipment, revenues exceeded expenses by approximately \$25,631. This is the first time in several years that revenues actually exceeded expenses. Two steps taken by management to control costs were making modifications to the staffing model and increasing lunch prices for three consecutive years.

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 70 through 71.

Legal Budgetary Highlights

The District's total actual revenues and other financing sources were approximately \$8.66 million greater than the total budgeted revenues, a variance of roughly 11.35%. The main contributing factor to this variance was the issuance of \$9.5 million in sales tax revenue bonds for HVAC upgrades and the construction of a new elementary school.

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. Because there are a number of unknowns at that time, such as State revenue allocations, insurance premiums, negotiated employee contracts, enrollment increase, and construction project invoicing, 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 Support Services area of the budget was increased from \$17,009,464 to \$17,276,023, in anticipation of transportation cost exceeding the budgeted amount.

- The Total Other Expenditures area of the budget was increased from \$14,207,053 to \$22,703,656. This amendment was made in due to the early start of construction of the new elementary school. Even though the District amended its budget well above the actual expenses, the budget was exceeded by \$701,705 because the expenses were incurred and paid out in excess of the initial budget before the budget amendment took place.

Capital Asset Administration

By the end of 2009, the District had invested, net of depreciation, \$86.103 million in various capital assets including land, buildings, vehicles and equipment (see Figure A-8). This amount represents a net increase of \$4.31 million or 5.26 percent from last year. This increase is mainly due to HVAC renovations made to Novak Elementary School.

The biggest change in comparing fiscal year 2009 with the previous year is in the construction in progress and improvements other than buildings. These significant changes are the result of the two elementary schools and High School addition funded by the \$27.5 million dollar bond issue being completed and capitalized (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 |
|---|----------------------------|-----------------|---------------------------------|------------|--------------------------|-----------------|-----------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008- 2009 |
| LAND | \$1,489 | \$2,070 | - | - | \$1,489 | \$2,070 | 39.02% |
| CONSTRUCTION IN PROGRESS | 22,787 | 3,812 | - | - | 22,787 | 3,812 | -83.27% |
| BUILDINGS IMPROVEMENTS OTHER THAN BUILDINGS | 52,567 | 74,036 | - | - | 52,567 | 74,036 | 40.84% |
| FURNITURE AND EQUIPMENT | 1,729 | 2,876 | - | - | 1,729 | 2,876 | 66.34% |
| | 2,740 | 2,665 | 486 | 644 | 3,226 | 3,309 | 2.57% |
| TOTALS | \$81,312 | \$85,459 | \$486 | 644 | \$81,798 | \$86,103 | 5.26% |

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 \$64.82 million in general obligation bonds and other long-term liabilities outstanding. This represents an increase of \$6.8 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 |
|--------------------------|--------------------------|-----------------|-----------------|
| | 2008 | 2009 | 2008- 2009 |
| GENERAL OBLIGATION BONDS | 56,485 | 53,870 | -4.63% |
| CAPITAL LEASE | 312 | 239 | -23.40% |
| EARLY RETIREMENT | 662 | 495 | -25.23% |
| REVENUE BONDS | - | 9,525 | - |
| NET OPEB LIABILITY | - | 256 | - |
| COMPENSATED ABSENCES | 562 | 432 | -23.13% |
| | \$58,021 | \$64,817 | 11.71% |

The majority of the changes in the debt schedule can be attributed to the issuance of \$9.5 million in sales tax revenue bonds, booking the other post employment benefits (OPEB) liability, and the retirement of the \$2.6 million in general obligation bonds.

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:

- The Governor of Iowa announced a 10% across the board cut for 2010 fiscal year. For Linn-Mar this 10% cut is equivalent to \$2.965 million. Prior to the date the cut was announced, the district was expecting a cut in the 5 to 7 % range. A revenue reduction of 10% was not expected.
- Besides the 10% across the board cut, the state used \$2.6 million in ARRA stimulus funds to backfill state aid payments for the district.. The combination of the 10% across the-board cut and use of stimulus money to support State aid, the financial future of the State looks very bleak. Because of this, the District is preparing for little or no additional funding from the state for the next couple of years.

- The student population of the district continues to grow. The district resident student enrollment increased by 109.7 students, while the number of students actually being educated by the district (in seat enrollment) actually increased by 216.5 students. This growth will be very important for the district to manage its future budgets.

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, 2009

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and pooled investments | \$ 21,681,694 | \$ 207,511 | \$ 21,889,205 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | 216,687 | - | 216,687 |
| Succeeding year | 26,560,000 | - | 26,560,000 |
| Interfund receivable (payable) | 154,235 | (154,235) | - |
| Accounts | 507,102 | 3,889 | 510,991 |
| Due from other governments (note 4) | 2,084,086 | 17,270 | 2,101,356 |
| Inventories | - | 46,454 | 46,454 |
| Prepaid expenses | 28,557 | - | 28,557 |
| Total current assets | <u>51,232,361</u> | <u>120,889</u> | <u>51,353,250</u> |
| Non-current assets (note 6): | | | |
| Land and construction in progress | 5,882,251 | - | 5,882,251 |
| Depreciable assets | 105,695,244 | 1,077,651 | 106,772,895 |
| Less: accumulated depreciation | <u>(26,117,038)</u> | <u>(433,705)</u> | <u>(26,550,743)</u> |
| Total non-current assets | <u>85,460,457</u> | <u>643,946</u> | <u>86,104,403</u> |
| Total assets | <u>136,692,818</u> | <u>764,835</u> | <u>137,457,653</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 1,504,479 | 6,818 | 1,511,297 |
| Salaries and benefits payable | 5,282,068 | 12,884 | 5,294,952 |
| Due to other governments | 13,985 | - | 13,985 |
| Accrued interest payable | 600,908 | - | 600,908 |
| Deposits payable | 155,500 | - | 155,500 |
| Unearned revenue: | | | |
| Succeeding year property tax | 26,560,000 | - | 26,560,000 |
| Other | 231,531 | 35,612 | 267,143 |
| Current portion of long-term obligations (note 7) | 4,669,106 | - | 4,669,106 |
| Total current liabilities | <u>39,017,577</u> | <u>55,314</u> | <u>39,072,891</u> |
| Long-term liabilities (note 7): | | | |
| Non-current portion of long-term obligations | <u>60,148,637</u> | - | <u>60,148,637</u> |
| Total liabilities | <u>99,166,214</u> | <u>55,314</u> | <u>99,221,528</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Net Assets | | | |
| Invested in capital assets, net of related debt | \$ 22,311,057 | \$ 643,946 | \$ 22,955,003 |
| Restricted for: | | | |
| Categorical funding | 434,101 | - | 434,101 |
| Management levy | 153,482 | - | 153,482 |
| Physical plant and equipment levy | 1,341,932 | - | 1,341,932 |
| Public education and recreation levy | 536,369 | - | 536,369 |
| Other special revenue purposes | 270,729 | - | 270,729 |
| Debt service | 2,243,113 | - | 2,243,113 |
| Capital projects | 6,255,913 | - | 6,255,913 |
| Unrestricted | <u>3,979,908</u> | <u>65,575</u> | <u>4,045,483</u> |
| Total net assets | <u>\$ 37,526,604</u> | <u>\$ 709,521</u> | <u>\$ 38,236,125</u> |

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|---|-------------------|----------------------|---|---|
| | | Charges for Services | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| Governmental Activities: | | | | |
| Instruction | \$ 40,626,744 | \$ 3,631,198 | \$ 4,763,277 | \$ - |
| Support services: | | | | |
| Student services | 2,175,607 | 510,623 | - | - |
| Instructional staff services | 2,294,187 | 33,969 | 39,098 | - |
| Administration services | 4,674,249 | - | 6,000 | - |
| Operation and maintenance of plant services | 5,191,799 | 72,376 | 9,085 | - |
| Transportation services | 2,159,488 | 25,493 | 136,463 | - |
| | <u>16,495,330</u> | <u>642,461</u> | <u>190,646</u> | <u>-</u> |
| Non-instructional programs | 106,490 | - | - | - |
| Other expenditures: | | | | |
| Facilities acquisition | 1,223,442 | 515,733 | - | 24,030 |
| Long-term debt interest and fiscal charges | 2,464,043 | - | - | - |
| AEA flowthrough | 2,285,973 | - | 2,285,973 | - |
| Depreciation (unallocated) * | 2,184,773 | - | - | - |
| | <u>8,158,231</u> | <u>515,733</u> | <u>2,285,973</u> | <u>24,030</u> |
| Total governmental activities | <u>65,386,795</u> | <u>4,789,392</u> | <u>7,239,896</u> | <u>24,030</u> |

Net (Expense) Revenue
and Changes in Net Assets

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|-----------------|
| \$ (32,232,269) | \$ - | \$ (32,232,269) |
| (1,664,984) | - | (1,664,984) |
| (2,221,120) | - | (2,221,120) |
| (4,668,249) | - | (4,668,249) |
| (5,110,338) | - | (5,110,338) |
| (1,997,532) | - | (1,997,532) |
| (15,662,223) | - | (15,662,223) |
| (106,490) | - | (106,490) |
| (683,679) | - | (683,679) |
| (2,464,043) | - | (2,464,043) |
| - | - | - |
| (2,184,773) | - | (2,184,773) |
| (5,332,495) | - | (5,332,495) |
| (53,333,477) | - | (53,333,477) |

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

| 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 | \$ 61,481 | \$ - | \$ - | - |
| Supplies | 32,028 | - | - | - |
| | <u>93,509</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Non-instructional programs: | | | | |
| Food service operations | 2,629,007 | 1,991,245 | 740,393 | 236,818 |
| | <u>2,722,516</u> | <u>1,991,245</u> | <u>740,393</u> | <u>236,818</u> |
| Total business-type activities | | | | |
| | <u>2,722,516</u> | <u>1,991,245</u> | <u>740,393</u> | <u>236,818</u> |
| Total | \$ <u>68,109,311</u> | \$ <u>6,780,637</u> | \$ <u>7,980,289</u> | \$ <u>260,848</u> |

General Revenues:

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
Statewide sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Gain on disposal of assets
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> |
|------|--|---|----------------------|
| \$ | - | \$ (61,481) | \$ (61,481) |
| | - | (32,028) | (32,028) |
| | - | (93,509) | (93,509) |
| | - | 339,449 | 339,449 |
| | - | 245,940 | 245,940 |
| | (53,333,477) | 245,940 | (53,087,537) |
| | | | |
| \$ | 21,831,162 | - | \$ 21,831,162 |
| | 3,888,560 | - | 3,888,560 |
| | 2,475,886 | - | 2,475,886 |
| | 5,592,757 | - | 5,592,757 |
| | 25,677,917 | - | 25,677,917 |
| | 277,510 | 1,866 | 279,376 |
| | 14,783 | 5,717 | 20,500 |
| | 471,904 | - | 471,904 |
| | 60,230,479 | 7,583 | 60,238,062 |
| | 6,897,002 | 253,523 | 7,150,525 |
| | 30,629,602 | 455,998 | 31,085,600 |
| \$ | <u>37,526,604</u> | <u>\$ 709,521</u> | <u>\$ 38,236,125</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

| | General | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and pooled investments | \$ 10,431,530 | \$ 1,548,955 | \$ 6,609,222 | \$ 3,091,987 | \$ 21,681,694 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Current year | 167,848 | 29,741 | - | 19,098 | 216,687 |
| Succeeding year | 20,371,000 | 3,501,000 | - | 2,688,000 | 26,560,000 |
| Interfund receivable (note 3) | 162,807 | 18,737 | - | 2,000 | 183,544 |
| Accounts | 13,378 | - | 485,111 | 8,613 | 507,102 |
| Due from other governments (note 4) | 893,572 | - | 1,188,141 | 2,373 | 2,084,086 |
| Prepaid expenses | 28,557 | - | - | - | 28,557 |
| Total assets | \$ 32,068,692 | \$ 5,098,433 | \$ 8,282,474 | \$ 5,812,071 | \$ 51,261,670 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,055,166 | \$ - | \$ 148,318 | \$ 300,995 | \$ 1,504,479 |
| Salaries and benefits payable | 5,268,965 | - | - | 13,103 | 5,282,068 |
| Due to other governments | 13,985 | - | - | - | 13,985 |
| Interfund payable (note 3) | 2,000 | - | - | 27,309 | 29,309 |
| Deposits payable | - | - | 155,500 | - | 155,500 |
| Unearned revenue: | | | | | |
| Succeeding year property tax | 20,371,000 | 3,501,000 | - | 2,688,000 | 26,560,000 |
| Other | 231,524 | - | - | 7 | 231,531 |
| Total liabilities | 26,942,640 | 3,501,000 | 303,818 | 3,029,414 | 33,776,872 |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Categorical funding | 434,101 | - | - | - | 434,101 |
| Prepaid expenses | 28,557 | - | - | - | 28,557 |
| Debt service | - | 1,597,433 | 952,500 | - | 2,549,933 |
| Unreserved, reported in non-major special revenue funds | - | - | - | 2,782,657 | 2,782,657 |
| Undesignated | 4,663,394 | - | 7,026,156 | - | 11,689,550 |
| Total fund balances | 5,126,052 | 1,597,433 | 7,978,656 | 2,782,657 | 17,484,798 |
| Total liabilities and fund balances | \$ 32,068,692 | \$ 5,098,433 | \$ 8,282,474 | \$ 5,812,071 | \$ 51,261,670 |

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, 2009

| | |
|---|----------------------|
| Total fund balances of governmental funds | \$ 17,484,798 |
| 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. | 85,460,457 |
| 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. | (600,908) |
| Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | <u>(64,817,743)</u> |
| Net assets of governmental activities | <u>\$ 37,526,604</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, 2009

| | General | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total |
|--|-------------------|--------------------|---------------------|-----------------------------------|-------------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 21,808,516 | \$ 3,887,075 | \$ 5,592,757 | \$ 2,489,648 | \$ 33,777,996 |
| Tuition | 1,968,604 | - | - | - | 1,968,604 |
| Other | 1,089,183 | 11,001 | 608,085 | 1,349,033 | 3,057,302 |
| State sources | 31,352,545 | 1,484 | - | 3,331 | 31,357,360 |
| Federal sources | 2,087,217 | - | - | 21,657 | 2,108,874 |
| Total revenues | <u>58,306,065</u> | <u>3,899,560</u> | <u>6,200,842</u> | <u>3,863,669</u> | <u>72,270,136</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | <u>38,388,366</u> | - | 316,624 | 1,567,410 | 40,272,400 |
| Support services: | | | | | |
| Student services | 2,160,641 | - | 5,412 | 9,555 | 2,175,608 |
| Instructional staff services | 2,284,869 | - | 24,999 | 47,015 | 2,356,883 |
| Administration services | 4,716,635 | - | 15,661 | 33,725 | 4,766,021 |
| Operation and maintenance of plant services | 4,762,588 | - | - | 382,206 | 5,144,794 |
| Transportation services | 1,856,760 | - | - | 516,948 | 2,373,708 |
| | <u>15,781,493</u> | - | 46,072 | 989,449 | 16,817,014 |
| Non-instructional programs | <u>1,488</u> | - | - | 105,002 | 106,490 |
| Other expenditures: | | | | | |
| Facilities acquisition | - | - | 6,746,491 | 888,515 | 7,635,006 |
| Long term debt: | | | | | |
| Principal | - | 2,683,424 | - | - | 2,683,424 |
| Interest and fiscal charges | - | 2,278,389 | 25,966 | - | 2,304,355 |
| AEA flowthrough | 2,285,973 | - | - | - | 2,285,973 |
| | <u>2,285,973</u> | <u>4,961,813</u> | <u>6,772,457</u> | <u>888,515</u> | <u>14,908,758</u> |
| Total expenditures | <u>56,457,320</u> | <u>4,961,813</u> | <u>7,135,153</u> | <u>3,550,376</u> | <u>72,104,662</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,848,745</u> | <u>(1,062,253)</u> | <u>(934,311)</u> | <u>313,293</u> | <u>165,474</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

| | General | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total |
|---|---------------------|---------------------|---------------------|-----------------------------------|----------------------|
| Other financing sources (uses): | | | | | |
| Sale of equipment | \$ 1,119 | \$ - | \$ - | \$ - | \$ 1,119 |
| Sale of real property | - | - | - | 19,300 | 19,300 |
| Interfund transfers in (note 5) | - | 2,572,294 | - | 1,041 | 2,573,335 |
| Interfund transfers out (note 5) | (1,041) | - | (2,485,133) | (87,161) | (2,573,335) |
| Revenue bonds issued | - | - | 9,632,670 | - | 9,632,670 |
| Total other financing sources (uses) | <u>78</u> | <u>2,572,294</u> | <u>7,147,537</u> | <u>(66,820)</u> | <u>9,653,089</u> |
| Net change in fund balances | 1,848,823 | 1,510,041 | 6,213,226 | 246,473 | 9,818,563 |
| Fund balances beginning 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> |
| Fund balances end of year | <u>\$ 5,126,052</u> | <u>\$ 1,597,433</u> | <u>\$ 7,978,656</u> | <u>\$ 2,782,657</u> | <u>\$ 17,484,798</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, 2009

Net change in fund balances - total governmental funds \$ 9,818,563

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 | \$ 7,004,251 | |
| Depreciation expense | <u>(2,850,478)</u> | 4,153,773 |

Certain charges for services revenue not received until several months after
the District's fiscal year end is not considered available revenue in the
governmental funds and is deferred. It is, however, recorded as revenue in
the Statement of Activities. (1,122)

Sales of assets provide current financial resources in the governmental funds,
but result in gains/losses on disposal of assets in the Statement of Activities,
as follows:

| | | |
|------------------------------|---------------|----------------|
| Proceeds from sale of assets | (20,419) | |
| Net gain on sale of assets | <u>14,783</u> | <u>(5,636)</u> |

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds but issuing debt increases long-term liabilities in the
Statement of Net Assets and does not affect the Statement of Activities. (9,632,670)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Assets. 2,688,033

Interest and bond premiums 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. (164,297)

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, 2009

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

| | | | | |
|---|----------------------|----|------------------|----------------------------|
| | Early retirement | \$ | 166,821 | |
| | Compensated absences | | 129,420 | |
| | Net OPEB liability | | <u>(255,883)</u> | \$ <u>40,358</u> |
| Change in net assets of governmental activities | | | | \$ <u><u>6,897,002</u></u> |

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

| | <u>School Nutrition</u> |
|-------------------------------------|-----------------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 207,511 |
| Accounts receivable | 3,889 |
| Due from other governments (note 4) | 17,270 |
| Inventories | 46,454 |
| Total current assets | <u>275,124</u> |
| Non-current assets (note 6): | |
| Depreciable assets | 1,077,651 |
| Less: Accumulated depreciation | <u>(433,705)</u> |
| Total non-current assets | <u>643,946</u> |
| Total assets | <u>919,070</u> |
| Liabilities | |
| Accounts payable | 6,818 |
| Salaries and benefits payable | 12,884 |
| Interfund payable (note 3) | 154,235 |
| Unearned revenue | 35,612 |
| Total liabilities | <u>209,549</u> |
| Net Assets | |
| Invested in capital assets | 643,946 |
| Unrestricted | <u>65,575</u> |
| Total net assets | <u>\$ 709,521</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, 2009

| | <u>School Nutrition</u> |
|------------------------------|-----------------------------|
| Operating revenues: | |
| Local sources: | |
| Charges for services | \$ <u>1,991,245</u> |
| Operating expenses: | |
| Support services: | |
| Food service operations: | |
| Purchased services | 61,481 |
| Supplies | <u>32,028</u> |
| | <u>93,509</u> |
| Non-instructional programs: | |
| Food service operations: | |
| Salaries | 1,071,183 |
| Benefits | 206,848 |
| Purchased services | 5,893 |
| Supplies | 1,268,419 |
| Depreciation | 76,423 |
| Other | 241 |
| | <u>2,629,007</u> |
| Total expenses | <u>2,722,516</u> |
| Operating loss | <u>(731,271)</u> |
| Non-operating revenues: | |
| Interest on investments | 1,866 |
| Capital contributions | 236,818 |
| State sources | 25,538 |
| Federal sources | 714,855 |
| Gain on disposal of assets | 5,717 |
| Total non-operating revenues | <u>984,794</u> |
| Change in net assets | 253,523 |
| Net assets beginning of year | <u>455,998</u> |
| Net assets end of year | <u>\$ 709,521</u> |

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

| | <u>School Nutrition</u> |
|---|-----------------------------|
| Cash flows from operating activities: | |
| Cash received from sale of lunches and breakfasts | \$ 1,983,275 |
| Cash received from miscellaneous operating activities | 11,988 |
| Cash payments to employees for services | (1,310,967) |
| Cash payments to suppliers for goods or services | <u>(1,229,139)</u> |
| Net cash used by operating activities | <u>(544,843)</u> |
| Cash flows from non-capital financing activities: | |
| Increase in interfund payable | 154,235 |
| State grants received | 25,538 |
| Federal grants received | <u>560,325</u> |
| Net cash provided by non-capital financing activities | <u>740,098</u> |
| Cash flows from capital and related financing activities: | |
| Sale of equipment | <u>8,664</u> |
| Cash flows from investing activities: | |
| Interest on investments | <u>1,866</u> |
| Net increase in cash and cash equivalents | 205,785 |
| Cash and cash equivalents beginning of year | <u>1,726</u> |
| Cash and cash equivalents end of year | <u>\$ 207,511</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

| | <u>School Nutrition</u> |
|---|-----------------------------|
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (731,271) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 76,423 |
| Commodities used | 142,433 |
| (Increase) in accounts receivable | (1,718) |
| (Increase) in inventories | (7,596) |
| Increase in accounts payable | 4,086 |
| (Decrease) in salaries and benefits payable | (32,936) |
| Increase in deferred revenue | <u>5,736</u> |
| Net cash used by operating activities | <u>\$ (544,843)</u> |

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$142,433 of federal commodities. In addition, the Enterprise Fund, School Nutrition received equipment valued at \$236,818 which was purchased and contributed by the Special Revenue Fund, Physical Plant and Equipment Levy.

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2009

| | <u>Agency</u> |
|-----------------------------|-------------------|
| Assets: | |
| Cash and pooled investments | \$ <u>115,586</u> |
| Liabilities: | |
| Flex benefits payable | \$ <u>115,586</u> |

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

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

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

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt 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, 2009

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 Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as 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, 2009

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 Government-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, 2009

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, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, 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 Government-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, 2009

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

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, 2009, 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 Government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| Asset Class | Amount |
|-----------------------------------|--------|
| Land | \$ 1 |
| Buildings | 2,000 |
| Improvements other than buildings | 2,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 500 |
| Other furniture and equipment | 2,000 |

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2009

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 the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned grant revenues and unearned meal revenues.

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

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 Government-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, 2009. 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, 2009

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 Government-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 Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$11,235,639.

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 governmental funds were eliminated or reclassified. Governmental 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, 2009, expenditures in the other expenditures function exceeded the amount budgeted prior to the amendment of the budget.

Note 2. Cash and Pooled Investments

As of June 30, 2009, the carrying amount of the District’s bank deposits and pooled investments totaled \$22,004,791 with bank balances of \$22,642,712. 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, \$500,000 was covered by Federal depository insurance and \$22,142,712 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, 2009

Note 2. Cash and Pooled Investments (continued)

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust and Paydown Investment Certificates of Deposit as follows:

| | Amortized Cost/ <u>Fair Value</u> |
|--|---|
| Iowa Schools Joint Investment Trust, Diversified Portfolio | \$ 14,272,086 |
| U.S. Bank Paydown Investment Certificates of Deposit | <u>5,067,855</u> |
| | <u>\$ 19,339,941</u> |

The Iowa Schools Joint Investment Trust investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Paydown Investment Certificates of Deposit are valued at fair value.

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. The U.S. Bank Paydown Investment Certificates of Deposit are rated A1+ by Standard and Poor’s and P1 by Moody’s Investors Service.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the District’s policy to require that time deposits in excess of FDIC insurable limits (\$250,000) be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2009

Note 3. Interfund Receivables/Payables

The detail of interfund receivables/payables for the year ended June 30, 2009 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--|--|-------------------|
| Amounts due to transactions between funds: | | |
| General | Special Revenue Fund, Physical Plant and Equipment Levy | \$ 8,572 |
| | Enterprise Fund, School Nutrition | 154,235 |
| Special Revenue, Student Activity | General | 2,000 |
| Debt Service | Special Revenue Fund, Physical Plant and Equipment Levy | <u>18,737</u> |
| Total | | <u>\$ 183,544</u> |

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, between the General Fund and the Enterprise Fund, School Nutrition, and between the Debt Service Fund and the Special Revenue Fund, Physical Plant and Equipment Levy. The balances between governmental funds have been eliminated from the Government-wide Statement of Net Assets.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

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 | \$ 369,389 |
| Special education grants | 162,494 |
| Title I grants | 109,704 |
| Federal Teacher Quality grants | 92,157 |
| Non-public transpiration reimbursement | 58,301 |
| Other | <u>101,527</u> |
| | <u>893,572</u> |

Special Revenue Fund,

Physical Plant and Equipment Levy:

| | |
|-------------------------------------|--------------|
| Disaster Grants - Public Assistance | <u>2,373</u> |
|-------------------------------------|--------------|

Capital Projects Fund:

| | |
|-------------------------------------|------------------|
| Local option sales and services tax | <u>1,188,141</u> |
|-------------------------------------|------------------|

| | |
|-------|---------------------|
| Total | <u>\$ 2,084,086</u> |
|-------|---------------------|

Proprietary Fund:

School Nutrition:

| | |
|-----------------------------|------------------|
| Meal program reimbursements | <u>\$ 17,270</u> |
|-----------------------------|------------------|

Note 5. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|-----------------------------------|-----------------------------------|---------------------|
| Debt Service | Capital Projects | \$ 2,485,133 |
| | Special Revenue: | |
| | Physical Plant and Equipment Levy | 87,161 |
| Special Revenue, Student Activity | General | <u>1,041</u> |
| Total | | <u>\$ 2,573,335</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, 2009

Note 6. Capital Assets

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

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|---|---------------------------------|----------------------|----------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,489,262 | \$ 581,086 | \$ - | \$ 2,070,348 |
| Construction in progress | 22,786,884 | 6,374,204 | 25,349,185 | 3,811,903 |
| Total capital assets not being depreciated | <u>24,276,146</u> | <u>6,955,290</u> | <u>25,349,185</u> | <u>5,882,251</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 69,179,644 | 23,478,484 | 5,698 | 92,652,430 |
| Improvements other than buildings | 2,425,390 | 1,326,974 | - | 3,752,364 |
| Furniture and equipment | 9,065,604 | 592,688 | 367,842 | 9,290,450 |
| Total capital assets being depreciated | <u>80,670,638</u> | <u>25,398,146</u> | <u>373,540</u> | <u>105,695,244</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 16,612,566 | 2,004,946 | 1,425 | 18,616,087 |
| Improvements other than buildings | 696,052 | 179,828 | - | 875,880 |
| Furniture and equipment | 6,325,846 | 665,704 | 366,479 | 6,625,071 |
| Total accumulated depreciation | <u>23,634,464</u> | <u>2,850,478</u> | <u>367,904</u> | <u>26,117,038</u> |
| Total capital assets being depreciated, net | <u>57,036,174</u> | <u>22,547,668</u> | <u>5,636</u> | <u>79,578,206</u> |
| Governmental activities capital assets, net | <u>\$ 81,312,320</u> | <u>\$ 29,502,958</u> | <u>\$ 25,354,821</u> | <u>\$ 85,460,457</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 6. Capital Assets (continued)

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|------------|-----------|---------------------------|
| Business-type activities: | | | | |
| Furniture and equipment | \$ 859,201 | \$ 236,818 | \$ 18,368 | \$ 1,077,651 |
| Less accumulated depreciation | 372,703 | 76,423 | 15,421 | 433,705 |
| Business-type activities capital assets, net | \$ 486,498 | \$ 160,395 | \$ 2,947 | \$ 643,946 |

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

| | |
|--|--------------|
| Governmental activities: | |
| Instruction: | |
| Regular | \$ 254,417 |
| Special | 81,004 |
| Other | 36,988 |
| Support services: | |
| Administration | 25,961 |
| Operation and maintenance of plant services | 28,273 |
| Transportation | 239,061 |
| | 665,704 |
| Unallocated depreciation | 2,184,774 |
| Total governmental activities depreciation expense | \$ 2,850,478 |
| Business-type activities: | |
| Food service operations | \$ 76,423 |

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|--------------------------|---------------------------------|----------------------|---------------------|---------------------------|---------------------------|
| Governmental activities: | | | | | |
| Early retirement | \$ 661,713 | \$ 148,090 | \$ 314,911 | \$ 494,892 | \$ 240,315 |
| General obligation bonds | 56,485,000 | - | 2,615,000 | 53,870,000 | 2,720,000 |
| Revenue bonds | - | 9,525,000 | - | 9,525,000 | 1,200,000 |
| Capital leases | 312,545 | - | 73,033 | 239,512 | 76,335 |
| Compensated absences | 561,876 | 432,456 | 561,876 | 432,456 | 432,456 |
| Net OPEB liability | - | 255,883 | - | 255,883 | - |
| Total | \$ 58,021,134 | \$ 10,361,429 | \$ 3,564,820 | \$ 64,817,743 | \$ 4,669,106 |

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, 2009, the District had obligations to 23 participants with a total liability of \$494,892. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$314,911 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 Government-wide financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 7. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2009 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 |
| 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 | 4.000 | 740,000 | 126,800 | 4.000 | 670,000 | 247,900 |
| 2015-2019 | 4.000-4.500 | 2,325,000 | 201,800 | 4.000 | 3,775,000 | 815,300 |
| 2020-2024 | - | - | - | 4.000-4.125 | 1,725,000 | 106,400 |
| 2025-2026 | - | - | - | - | - | - |
| | | <u>\$ 7,880,000</u> | <u>\$ 1,296,925</u> | | <u>\$ 8,650,000</u> | <u>\$ 2,392,925</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 |
| 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 | - | - | - | 4.250 | - | 425,000 |
| 2015-2019 | - | - | - | 4.250 | - | 2,125,000 |
| 2020-2024 | - | - | - | 4.250 | 2,580,000 | 2,125,000 |
| 2025-2026 | - | - | - | 4.250 | 7,420,000 | 476,425 |
| | | <u>\$ 3,145,000</u> | <u>\$ 310,194</u> | | <u>\$ 10,000,000</u> | <u>\$ 6,851,425</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 7. Long-Term Liabilities (continued)

Bonds Payable (continued)

| Year Ending June 30, | Bond Issue of January 1, 2007 | | | Bond Issue of February 1, 2007 | | |
|-------------------------|-------------------------------|----------------------|---------------------|--------------------------------|---------------------|---------------------|
| | Interest Rates | Principal | Interest | Interest Rates | Principal | Interest |
| 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 | 4.000 | 105,000 | 690,806 | 4.125 | 1,640,000 | 236,573 |
| 2015-2019 | 4.000 | 5,060,000 | 3,255,630 | 3.750-3.850 | 4,455,000 | 311,262 |
| 2020-2024 | 4.000-4.125 | <u>11,870,000</u> | <u>1,410,793</u> | - | - | - |
| | | <u>\$ 17,415,000</u> | <u>\$ 8,159,053</u> | | <u>\$ 6,780,000</u> | <u>\$ 1,581,325</u> |

| Year Ending June 30, | Total | |
|-------------------------|----------------------|----------------------|
| | Principal | Interest |
| 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 | 3,155,000 | 1,727,079 |
| 2015-2019 | 15,615,000 | 6,708,992 |
| 2020-2024 | 16,175,000 | 3,642,193 |
| 2025-2026 | <u>7,420,000</u> | <u>476,425</u> |
| | <u>\$ 53,870,000</u> | <u>\$ 20,591,847</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 7. Long-Term Liabilities (continued)

Revenue Bonds

During the year ended June 30, 2009, the District issued \$9,525,000 in School Infrastructure Sales and Services Tax Revenue Bonds. The bonds have interest rates ranging from 3.5% to 5.0% and are payable through June 30, 2018.

Details of the District's June 30, 2009 local option sales and services tax revenue bonded indebtedness are as follows:

| Year Ending June 30, | Interest Rates | Principal | Interest | Total |
|-------------------------|-------------------|---------------------|---------------------|----------------------|
| 2010 | 4.00-5.00 % | \$ 1,200,000 | \$ 445,222 | \$ 1,645,222 |
| 2011 | 4.00 | 1,160,000 | 296,978 | 1,456,978 |
| 2012 | 4.00 | 1,195,000 | 249,877 | 1,444,877 |
| 2013 | 4.00 | 1,235,000 | 201,278 | 1,436,278 |
| 2014 | 4.00 | 885,000 | 158,877 | 1,043,877 |
| 2015-2018 | 3.50-3.80 | <u>3,850,000</u> | <u>293,443</u> | <u>4,143,443</u> |
| | | <u>\$ 9,525,000</u> | <u>\$ 1,645,675</u> | <u>\$ 11,170,675</u> |

The District pledged future local option (statewide) sales and services tax revenues to repay the \$9,525,000 bonds issued in October, 2008. The bonds were issued for the purpose of financing a portion of the costs several ongoing projects. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District and are payable through 2018. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 30 percent of the local option (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$11,170,675. For the current year, no principal and interest were paid on the bonds and total local option (statewide) sales and services tax revenues were \$5,592,757.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the local option (statewide) school infrastructure sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A Reserve Fund will be established by the deposit of 10% of the bond proceeds and will be maintained as necessary to meet the Sinking Account requirements.
- (c) All proceeds after the establishment of the reserve fund from the local option (statewide) sales and services tax shall be placed in a Revenue Account.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2009

Note 7. Long-Term Liabilities (continued)

Revenue Bonds (continued)

- (d) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- (e) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Lease Payable

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

| <u>Year Ending June 30,</u> | <u>Minimum Lease Payments</u> |
|------------------------------------|---------------------------------------|
| 2010 | \$ 87,161 |
| 2011 | 87,161 |
| 2012 | <u>87,161</u> |
| | 261,483 |
| Less: Amount representing interest | <u>(21,969)</u> |
| Total capital lease payable | <u>\$ 239,514</u> |

Note 8. Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 721 active and 36 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a self-insured 28E organization plan with Metro Interagency Insurance Program. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2009

Note 8. Other Postemployment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

| | |
|---------------------------------------|------------------------------|
| Annual required contribution | \$ 244,961 |
| Interest on net OPEB obligation | 10,922 |
| Annual OPEB cost | <u>255,883</u> |
| Contributions made | <u>-</u> |
| Increase in net OPEB obligation | 255,883 |
| Net OPEB obligation beginning of year | <u>-</u> |
| Net OPEB obligation end of year | <u><u>\$ 255,883</u></u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed 3,351,247 to the medical plan.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-------------------|-------------------------|---|----------------------------|
| June 30, 2009 | \$ 255,883 | 0% | \$ 255,883 |

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1,760,573, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,760,573. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$39,748,448, and the ratio of the UAAL to covered payroll was 4.4%. As of June 30, 2009, there were no trust fund assets.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 8. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2007 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2008 and applying the termination factors used in the IPERS Actuarial Valuation Report as of June 30, 2008.

Projected claim costs of the medical plan are \$285 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. 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 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$2,295,834, \$1,972,489, and \$1,669,199, respectively, equal to the required contributions for each year.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 10. 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.

The total premium paid into the plan by all six members from July 1, 2007 to June 30, 2008 (latest available audited financial statements) was \$26,985,640, of which \$3,351,247 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 11. 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 \$2,285,973 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Construction Commitments

The District has entered into various contracts totaling \$16,957,794 for various projects. As of June 30, 2009, costs of \$3,904,769 had been incurred against the contracts. The balance of \$13,053,025 remaining at June 30, 2009 will be paid as work on the project progresses.

Note 13. Subsequent Events

On July 1, 2009, the District issued \$15,500,000 in School Infrastructure Sales Services and Use Tax Revenue Bonds. The bonds are payable through June 30, 2018 and have interest rates ranging from 3.375% to 4.000%.

On August 4, 2009, the District entered into a capital lease-purchase agreement to finance the purchase of four school buses. The lease is payable in six annual installments of \$58,094 through June 30, 2015 and has an effective annual interest rate of 4.346%.

Subsequent to year end, the District completed the closure of two separate real estate contracts. The total purchase value of the real estate was \$2,361,063.

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, 2009

| | Governmental | Proprietary | Total | Budgeted Amounts | | Final to Actual Variance |
|--|----------------------|-------------------|----------------------|---------------------|-----------------------|--------------------------------|
| | Funds - Actual | Fund - Actual | | Original | Final | |
| REVENUES: | | | | | | |
| Local sources | \$ 38,803,902 | \$ 2,235,646 | \$ 41,039,548 | \$ 38,726,088 | \$ 38,726,088 | \$ 2,313,460 |
| Intermediate sources | - | - | - | 2,436,078 | 2,436,078 | (2,436,078) |
| State sources | 31,357,360 | 25,538 | 31,382,898 | 33,151,698 | 33,151,698 | (1,768,800) |
| Federal sources | 2,108,874 | 714,855 | 2,823,729 | 1,927,794 | 1,927,794 | 895,935 |
| Total revenues | 72,270,136 | 2,976,039 | 75,246,175 | 76,241,658 | 76,241,658 | (995,483) |
| EXPENDITURES/EXPENSES: | | | | | | |
| Instruction | 40,272,400 | - | 40,272,400 | 42,123,561 | 42,123,561 | 1,851,161 |
| Support services | 16,817,014 | 93,509 | 16,910,523 | 17,009,464 | 17,276,023 | 365,500 |
| Non-instructional programs | 106,490 | 2,629,007 | 2,735,497 | 3,124,610 | 3,124,610 | 389,113 |
| Other expenditures | 14,908,758 | - | 14,908,758 | 14,207,053 | 22,703,656 | 7,794,898 |
| Total expenditures/expenses | 72,104,662 | 2,722,516 | 74,827,178 | 76,464,688 | 85,227,850 | 10,400,672 |
| Excess (deficiency) of revenues over (under) expenditures/ expenses | 165,474 | 253,523 | 418,997 | (223,030) | (8,986,192) | 9,405,189 |
| Other financing sources, net | 9,653,089 | - | 9,653,089 | - | - | 9,653,089 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses | 9,818,563 | 253,523 | 10,072,086 | (223,030) | (8,986,192) | 19,058,278 |
| Balance beginning of year | 7,666,235 | 455,998 | 8,122,233 | 6,066,682 | 6,066,682 | 2,055,551 |
| Balance end of year | \$ <u>17,484,798</u> | \$ <u>709,521</u> | \$ <u>18,194,319</u> | \$ <u>5,843,652</u> | \$ <u>(2,919,510)</u> | \$ <u>21,113,829</u> |

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2009

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 \$8,763,162.

During the year ended June 30, 2009, expenditures in the other expenditures function exceeded the amount budgeted prior to the amendment of the budget.

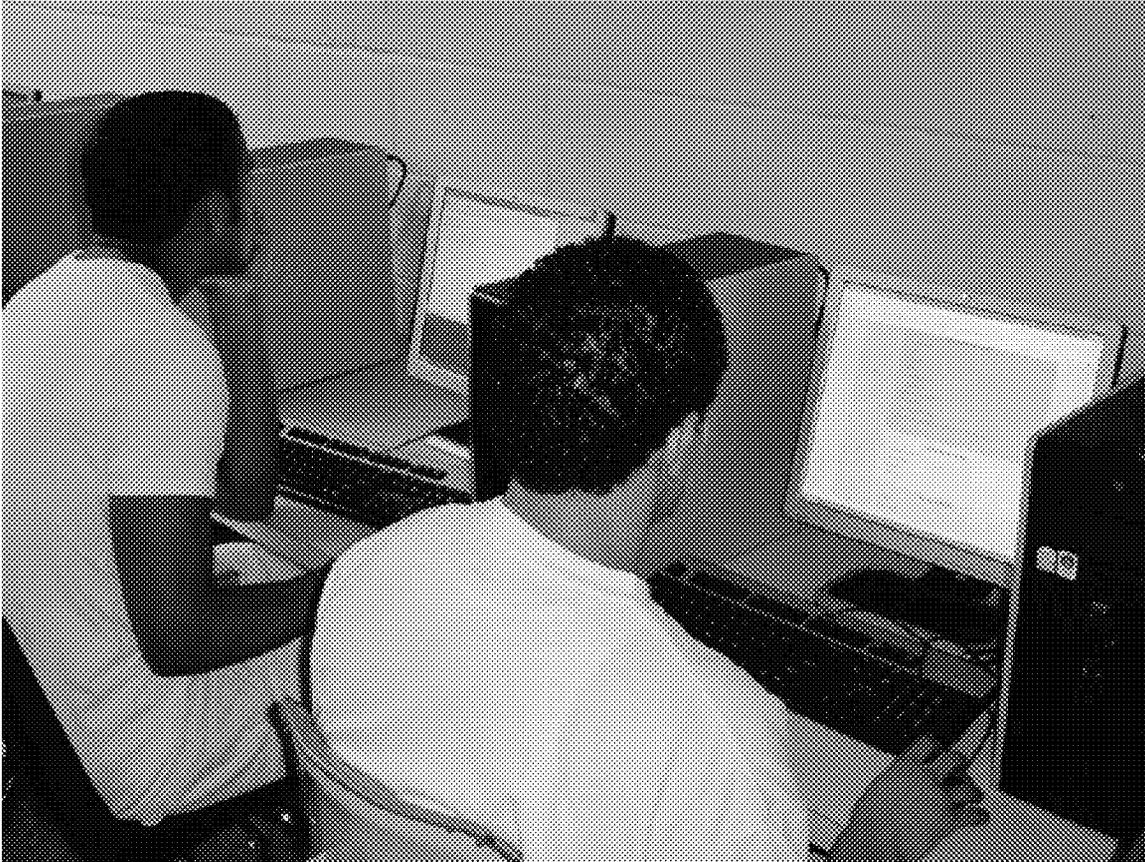
LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 Required Supplementary Information
 Year Ended June 30, 2009

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|--------------------------------------|----------------------------|-----------------------------|---|
| July 1, 2008 | \$ <u> -</u> | \$ <u>1,760,573</u> | \$ <u>1,760,573</u> | 0.0% | \$ <u>39,748,448</u> | <u>0.0%</u> |

See note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information



LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

| | Special Revenue | | | | Total |
|--|---------------------|---------------------|--|--|---------------------|
| | Management Levy | Student Activity | Public Education and Recreation Levy | Physical Plant and Equipment Levy | |
| Assets | | | | | |
| Cash and pooled investments | \$ 620,836 | \$ 292,265 | \$ 537,294 | \$ 1,641,592 | \$ 3,091,987 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Current year | 6,879 | - | 1,429 | 10,790 | 19,098 |
| Succeeding year | 1,178,000 | - | 177,000 | 1,333,000 | 2,688,000 |
| Interfund receivable | - | 2,000 | - | - | 2,000 |
| Accounts | | 8,613 | - | - | 8,613 |
| Due from other governments | | - | - | 2,373 | 2,373 |
| | | | | | |
| Total assets | \$ <u>1,805,715</u> | \$ <u>302,878</u> | \$ <u>715,723</u> | \$ <u>2,987,755</u> | \$ <u>5,812,071</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 3,042 | \$ 21,393 | \$ - | \$ 276,560 | \$ 300,995 |
| Salaries and benefits payable | - | 10,756 | 2,347 | - | 13,103 |
| Interfund payable | - | - | - | 27,309 | 27,309 |
| Deferred revenue: | | | | | |
| Succeeding year property tax | 1,178,000 | - | 177,000 | 1,333,000 | 2,688,000 |
| Other | - | - | 7 | - | 7 |
| Total liabilities | <u>1,181,042</u> | <u>32,149</u> | <u>179,354</u> | <u>1,636,869</u> | <u>3,029,414</u> |
| Fund balances: | | | | | |
| Unreserved: | | | | | |
| Undesignated | <u>624,673</u> | <u>270,729</u> | <u>536,369</u> | <u>1,350,886</u> | <u>2,782,657</u> |
| | | | | | |
| Total liabilities and fund balances | \$ <u>1,805,715</u> | \$ <u>302,878</u> | \$ <u>715,723</u> | \$ <u>2,987,755</u> | \$ <u>5,812,071</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, 2009

| | Special Revenue | | | | Total |
|--|--------------------|---------------------|--|--|--------------|
| | Management Levy | Student Activity | Public Education and Recreation Levy | Physical Plant and Equipment Levy | |
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 893,800 | \$ - | \$ 185,604 | \$ 1,410,244 | \$ 2,489,648 |
| Other | 84,501 | 1,162,412 | 6,772 | 95,348 | 1,349,033 |
| State sources | 347 | - | 72 | 2,912 | 3,331 |
| Federal sources | - | - | - | 21,657 | 21,657 |
| Total revenues | 978,648 | 1,162,412 | 192,448 | 1,530,161 | 3,863,669 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 413,203 | 1,149,482 | - | 4,725 | 1,567,410 |
| Support services: | | | | | |
| Student services | 9,555 | - | - | - | 9,555 |
| Instructional staff services | 47,015 | - | - | - | 47,015 |
| Administration services | 31,779 | - | - | 1,946 | 33,725 |
| Operation and maintenance of plant services | 364,120 | - | 4,706 | 13,380 | 382,206 |
| Transportation services | 57,349 | - | - | 459,599 | 516,948 |
| Non instructional programs | 62,555 | - | 33,216 | 9,231 | 105,002 |
| Other expenditures: | | | | | |
| Facilities acquisition | - | - | 4,200 | 884,315 | 888,515 |
| Total expenditures | 985,576 | 1,149,482 | 42,122 | 1,373,196 | 3,550,376 |
| Excess (deficiency) of revenues over (under) expenditures | (6,928) | 12,930 | 150,326 | 156,965 | 313,293 |
| Other financing sources (uses): | | | | | |
| Proceeds from sale of real property | - | - | - | 19,300 | 19,300 |
| Interfund transfers in | - | 1,041 | - | - | 1,041 |
| Interfund transfers out | - | - | - | (87,161) | (87,161) |
| Total other financing sources (uses) | - | 1,041 | - | (67,861) | (66,820) |

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

| | <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 | \$ (6,928) | \$ 13,971 | \$ 150,326 | \$ 89,104 | \$ 246,473 |
| Fund balances beginning of year | 631,601 | 256,758 | 386,043 | 1,261,782 | 2,536,184 |
| Fund balances end of year | <u>\$ 624,673</u> | <u>\$ 270,729</u> | <u>\$ 536,369</u> | <u>\$ 1,350,886</u> | <u>\$ 2,782,657</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, 2009

| Account | Balance Beginning of Year | Revenues | Expenditures | Other Financing Sources | Balance End of Year |
|-------------------------------------|---------------------------------|---------------------|---------------------|-------------------------------|---------------------------|
| District-Wide Activities | \$ 8,966 | \$ 8,940 | \$ 8,119 | - | \$ 9,787 |
| HS Athletics | 14,621 | 492,438 | 515,657 | - | (8,598) |
| HS Activities | 139,771 | 528,150 | 506,426 | 1,041 | 162,536 |
| Middle School Activities | 71,834 | 63,602 | 58,736 | - | 76,700 |
| Elementary School Athletics | 12,411 | 55,675 | 48,393 | - | 19,693 |
| Elementary District-Wide Activities | 2,641 | - | - | - | 2,641 |
| Indian Creek Elementary | 2,488 | 1,962 | 1,999 | - | 2,451 |
| Novak Elementary | 204 | 1,086 | 739 | - | 551 |
| Bowman Woods Elementary | 3,443 | 7,071 | 6,713 | - | 3,801 |
| Linn Grove | 241 | 3,488 | 2,614 | - | 1,115 |
| Activity Administration | 138 | - | 86 | - | 52 |
| Total | \$ 256,758 | \$ 1,162,412 | \$ 1,149,482 | \$ 1,041 | \$ 270,729 |

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, 2009

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|----------------|--|-------------------|-------------------|------------------------------------|
| Assets | | | | |
| Cash | \$ <u>93,046</u> | \$ <u>389,877</u> | \$ <u>367,337</u> | \$ <u>115,586</u> |
| Liabilities | | | | |
| Other payables | \$ <u>93,046</u> | \$ <u>389,877</u> | \$ <u>367,337</u> | \$ <u>115,586</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 FIVE YEARS

| | Modified Accrual Basis | | | | |
|------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| | Years Ended June 30, | | | | |
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 33,777,996 | \$ 30,554,884 | \$ 23,719,160 | \$ 21,599,046 | \$ 20,403,652 |
| Tuition | 1,968,604 | 1,792,758 | 1,421,707 | 1,205,786 | 1,253,420 |
| Other | 3,057,302 | 3,483,303 | 4,046,617 | 3,002,710 | 2,045,578 |
| Intermediate sources | - | 1,892 | - | 29,089 | 7,455 |
| State sources | 31,357,360 | 29,653,682 | 25,415,872 | 23,250,133 | 21,001,096 |
| Federal sources | 2,108,874 | 1,837,335 | 1,099,201 | 1,211,973 | 962,098 |
| Total revenues | \$ 72,270,136 | \$ 67,323,854 | \$ 55,702,557 | \$ 50,298,737 | \$ 45,673,299 |
| Expenditures: | | | | | |
| Instruction | \$ 40,272,400 | \$ 37,737,920 | \$ 33,157,396 | \$ 29,974,634 | \$ 27,496,940 |
| Support services: | | | | | |
| Student services | 2,175,608 | 2,012,520 | 1,611,377 | 1,439,599 | 1,250,165 |
| Instructional staff services | 2,356,883 | 2,202,437 | 1,881,262 | 1,879,839 | 1,609,526 |
| Administration services | 4,766,021 | 4,599,765 | 3,888,547 | 3,763,761 | 3,404,941 |
| Operation and maintenance | | | | | |
| of plant services | 5,144,794 | 4,703,119 | 4,179,156 | 4,073,271 | 3,819,241 |
| Transportation services | 2,373,708 | 2,281,106 | 2,011,478 | 1,606,318 | 1,509,554 |
| Non-instructional programs | 106,490 | 108,086 | 134,998 | 123,594 | 35,199 |
| Other expenditures: | | | | | |
| Facilities acquisition | 7,635,006 | 13,889,914 | 18,135,936 | 2,097,020 | 1,997,781 |
| Long-term debt: | | | | | |
| Principal | 2,683,424 | 11,462,161 | 1,990,000 | 2,065,000 | 1,965,000 |
| Interest and fiscal charges | 2,304,355 | 3,075,404 | 2,730,336 | 2,561,488 | 1,876,949 |
| AEA flowthrough | 2,285,973 | 2,103,691 | 1,851,025 | 1,675,939 | 1,522,333 |
| Total expenditures | \$ 72,104,662 | \$ 84,176,123 | \$ 71,571,511 | \$ 51,260,463 | \$ 46,487,629 |

See accompanying independent auditor's report.

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Statistical Section (Unaudited)

This part of the Linn-Mar Community School District's comprehensive annual financial report presents detailed longitudinal information of the District to help provide contextual understanding of the information in the financial statements, note disclosures, and required supplementary information about the financial health of the District.

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| Financial Trends These schedules contain longitudinal information to help the reader understand how the financial condition of the District has changed over time. | 82-99 |
| Revenue Capacity These schedules contain longitudinal information to help the reader understand what factors impact the District's ability to generate its property tax revenue. | 100-108 |
| Debt Capacity These schedules contain longitudinal information to help the reader access the District current debt level and its ability to issue additional debt in the future. | 109-113 |
| Demographic and Economic Information These schedules contain demographic and economic information to help the reader to get a sense of the environment the District's operations take place and provides historical information that can aid the reader to make comparisons with other governments. | 114-119 |
| Operating Information These schedules contain information about the District's operations that will help the reader understand how the District's financial information relates to the services and activities provided. | 120-127 |

LINN-MAR COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT
 Last Seven 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

| | 2007 | 2008 | 2009 |
|----|-------------------|-------------------|-------------------|
| \$ | 21,318,303 | \$ 24,807,981 | \$ 22,311,057 |
| | 2,164,827 | 3,365,122 | 11,235,639 |
| | 1,695,688 | 2,456,499 | 3,979,908 |
| | <u>25,178,818</u> | <u>30,629,602</u> | <u>37,526,604</u> |
| | 214,844 | 486,498 | 643,946 |
| | - | - | - |
| | <u>(3,686)</u> | <u>(30,500)</u> | <u>65,575</u> |
| | <u>211,158</u> | <u>455,998</u> | <u>709,521</u> |
| | 21,533,147 | 25,294,479 | 22,955,003 |
| | 2,164,827 | 3,365,122 | 11,235,639 |
| | 1,692,002 | 2,425,999 | 4,045,483 |
| | <u>25,389,976</u> | <u>31,085,600</u> | <u>38,236,125</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Seven 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 |

| | 2007 | 2008 | 2009 |
|----|------------|---------------|---------------|
| \$ | 21,937,911 | \$ 25,437,813 | \$ 27,781,726 |
| | 7,519,352 | 8,420,667 | 8,818,399 |
| | 3,579,827 | 3,571,552 | 4,026,619 |
| | 1,594,995 | 1,990,772 | 2,175,607 |
| | 1,878,077 | 2,299,782 | 2,294,187 |
| | 3,891,968 | 4,672,761 | 4,674,249 |
| | 4,203,686 | 4,667,734 | 5,191,799 |
| | 1,919,725 | 2,169,820 | 2,159,488 |
| | - | - | - |
| | 134,998 | 528,040 | 106,490 |
| | 668,614 | 1,600,889 | 1,223,442 |
| | 3,187,276 | 2,749,679 | 2,464,043 |
| | 1,851,025 | 2,103,691 | 2,285,973 |
| | 1,421,397 | 1,590,669 | 2,184,773 |
| | 53,788,851 | 61,803,869 | 65,386,795 |
| | 2,246,998 | 2,551,435 | 2,722,516 |
| | 56,035,849 | 64,355,304 | 68,109,311 |

LINN-MAR COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE
 Last Seven 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> | <u>2009</u> |
|----|---------------------|---------------------|---------------------|
| \$ | 3,135,249 | \$ 3,369,306 | \$ 3,631,198 |
| | 268,695 | 378,260 | 642,461 |
| | 31,801 | 463,025 | 515,733 |
| | 4,863,775 | 5,967,312 | 7,239,896 |
| | 32,471 | 606,055 | 24,030 |
| | <u>8,331,991</u> | <u>10,783,958</u> | <u>12,053,318</u> |
| | 1,636,219 | 1,781,217 | 1,991,245 |
| | 575,908 | 681,827 | 740,393 |
| | 23,861 | 327,659 | 236,818 |
| | <u>2,235,988</u> | <u>2,790,703</u> | <u>2,968,456</u> |
| | <u>10,567,979</u> | <u>13,574,661</u> | <u>15,021,774</u> |
| | (45,456,860) | (51,019,911) | (53,333,477) |
| | (11,010) | 239,268 | 245,940 |
| \$ | <u>(45,467,870)</u> | <u>(50,780,643)</u> | <u>(53,087,537)</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

Last Seven 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 revenue (expense) | 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 |
| Gain on disposal of assets | - | - | - | - |
| Total general revenues | <u>1,501</u> | <u>1,322</u> | <u>1,575</u> | <u>3,897</u> |
| 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. During the 2008 legislative session, the Iowa Legislature passed a 1% statewide sales and services tax that replaced the local option sales tax.

*Changes in property tax revenues are a product of underlying changes in property values and tax rates. See Schedules on pages 99, 102 and 107-108.

Source: School District Financial Records

| 2007 | 2008 | 2009 |
|------------------------|------------------------|------------------------|
| \$ (45,456,860) | \$ (51,019,911) | \$ (53,333,477) |
| (11,010) | 239,268 | 245,940 |
| <u>\$ (45,467,870)</u> | <u>\$ (50,780,643)</u> | <u>\$ (53,087,537)</u> |

| | | |
|-------------------|-------------------|-------------------|
| \$ 17,325,174 | \$ 19,280,777 | \$ 21,831,162 |
| 3,955,928 | 3,445,151 | 3,888,560 |
| 2,448,213 | 2,160,905 | 2,475,886 |
| - | 5,678,033 | 5,592,757 |
| 21,510,545 | 24,618,955 | 25,677,917 |
| 1,839,083 | 879,825 | 277,510 |
| 366,102 | 407,049 | 486,687 |
| <u>47,445,045</u> | <u>56,470,695</u> | <u>60,230,479</u> |

| | | |
|--------------|--------------|--------------|
| 3,148 | 5,572 | 1,866 |
| - | - | 5,717 |
| <u>3,148</u> | <u>5,572</u> | <u>7,583</u> |

| | | |
|-------------------|-------------------|-------------------|
| <u>47,448,193</u> | <u>56,476,267</u> | <u>60,238,062</u> |
|-------------------|-------------------|-------------------|

| | | |
|-----------|-----------|-----------|
| 1,988,185 | 5,450,784 | 6,897,002 |
| (7,862) | 244,840 | 253,523 |

| | | |
|---------------------|---------------------|---------------------|
| <u>\$ 1,980,323</u> | <u>\$ 5,695,624</u> | <u>\$ 7,150,525</u> |
|---------------------|---------------------|---------------------|

LINN-MAR COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|---|---------------------|----------------------|----------------------|---------------------|
| | 2000 | 2001 | 2002 | 2003 |
| General Fund: | | | | |
| Reserved* | \$ 275,096 | \$ 222,038 | \$ - | \$ - |
| Unreserved, Designated* | - | - | - | - |
| Unreserved, Undesignated | 3,160,473 | 3,356,452 | 3,010,114 | 3,801,967 |
| Total general fund | <u>\$ 3,435,569</u> | <u>\$ 3,578,490</u> | <u>\$ 3,010,114</u> | <u>\$ 3,801,967</u> |
| All Other Governmental Funds: | | | | |
| Reserved | \$ 301,246 | \$ 462,979 | \$ 514,124 | \$ 243,380 |
| Unreserved, reported in: | | | | |
| Management fund | 590,786 | 496,647 | 268,135 | 32,613 |
| Student Activity fund | 122,771 | 103,794 | 183,421 | 98,320 |
| Public Education and Recreation Levy fund | 257,712 | 341,749 | 407,612 | 519,067 |
| Physical Plant and Equipment Levy fund | 1,814,616 | 1,742,397 | 1,645,321 | 1,218,498 |
| Capital Projects fund | 869,413 | 10,096,947 | 11,195,391 | 1,750,001 |
| Total all other governmental funds | <u>\$ 3,956,544</u> | <u>\$ 13,244,513</u> | <u>\$ 14,214,004</u> | <u>\$ 3,861,879</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>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|----|-------------------------|--------------------------|--------------------------|--------------------------|-------------------------|--------------------------|
| \$ | 196,692 | \$ 111,397 | \$ 3,847 | \$ 247,809 | \$ 323,383 | \$ 462,658 |
| | - | - | 291,487 | 56,121 | - | - |
| | <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>4,663,394</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> | <u><u>5,126,052</u></u> |
| \$ | 112,171 | \$ 10,138,232 | \$ 19,218,276 | \$ 9,211,473 | \$ 87,392 | \$ 2,549,933 |
| | (65,838) | 111,925 | 467,401 | 593,447 | 631,601 | 624,673 |
| | 135,096 | 136,378 | 149,490 | 252,958 | 256,758 | 270,729 |
| | 422,865 | 281,156 | 372,600 | 532,211 | 386,043 | 536,369 |
| | 1,304,418 | 1,126,860 | 998,492 | 1,326,280 | 1,261,782 | 1,350,886 |
| | <u>532,842</u> | - | <u>9,063,180</u> | <u>9,575,282</u> | <u>1,765,430</u> | <u>7,026,156</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> | <u><u>12,358,746</u></u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2000 | 2001 | 2002 | 2003 |
| Local Sources: | | | | |
| Property Taxes | \$ 14,540,986 | \$ 14,778,622 | \$ 16,288,634 | \$ 17,570,145 |
| Tuition | 985,290 | 1,015,513 | 1,127,609 | 967,069 |
| Other | 1,923,924 | 2,135,681 | 1,979,886 | 2,234,570 |
| Intermediate Sources | 51,466 | 15,714 | 13,974 | 28,111 |
| State Sources | 15,975,475 | 17,460,907 | 17,803,210 | 19,216,125 |
| Federal Sources* | 291,708 | 351,237 | 449,850 | 1,107,290 |
| Total Revenues | <u>\$ 33,768,849</u> | <u>\$ 35,757,674</u> | <u>\$ 37,663,163</u> | <u>\$ 41,123,310</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>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 18,611,587 | \$ 20,403,652 | \$ 21,599,046 | \$ 23,719,160 | \$ 30,554,884 | \$ 33,777,996 |
| | 1,051,953 | 1,253,420 | 1,205,786 | 1,421,707 | 1,792,758 | 1,968,604 |
| | 1,790,888 | 2,045,578 | 3,002,710 | 4,046,617 | 3,483,303 | 3,057,302 |
| | - | 7,455 | 29,089 | - | 1,892 | - |
| | 19,492,157 | 21,001,096 | 23,250,133 | 25,415,872 | 29,653,682 | 31,357,360 |
| | 1,179,748 | 962,098 | 1,211,973 | 1,099,201 | 1,837,335 | 2,108,874 |
| \$ | <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> | <u>\$ 72,270,136</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 | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2000 | 2001 | 2002 | 2003 |
| Instruction | \$ 18,667,098 | \$ 20,627,166 | \$ 22,234,442 | \$ 23,305,504 |
| Student services | 1,349,642 | 1,453,934 | 1,746,215 | 1,489,379 |
| Instructional staff services | 2,033,204 | 2,081,782 | 1,870,353 | 1,727,303 |
| Administration services | 2,443,647 | 2,350,713 | 2,166,667 | 2,860,983 |
| Operations and maintenance of plant services | 2,020,775 | 2,447,137 | 2,377,287 | 2,743,483 |
| Transportation services | 998,518 | 1,019,394 | 1,217,869 | 1,099,100 |
| Central and other support services* | 136,797 | 121,171 | - | 214,611 |
| Non-instructional programs | 64,994 | 39,096 | 28,286 | 31,047 |
| Facilities acquisition/construction | 8,684,998 | 1,869,453 | 2,589,959 | 12,168,358 |
| Debt service: | | | | |
| Principal | 1,235,000 | 1,340,000 | 1,700,000 | 1,775,000 |
| Interest and fiscal charges | 1,534,499 | 1,474,826 | 1,894,948 | 1,862,159 |
| AEA flowthrough | 1,271,474 | 1,389,418 | 1,417,202 | 1,485,575 |
| | <u>\$ 40,440,646</u> | <u>\$ 36,214,090</u> | <u>\$ 39,243,228</u> | <u>\$ 50,762,502</u> |

Debt service as a percentage of noncapital expenditures

9.60%

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 25,074,989 | \$ 27,496,940 | \$ 29,974,634 | \$ 33,157,396 | \$ 37,737,920 | \$ 40,272,400 |
| | 1,648,627 | 1,250,165 | 1,439,599 | 1,611,377 | 2,012,520 | 2,175,608 |
| | 2,055,120 | 1,609,526 | 1,879,839 | 1,881,262 | 2,202,437 | 2,356,883 |
| | 3,225,940 | 3,404,941 | 3,763,761 | 3,888,547 | 4,599,765 | 4,766,021 |
| | 3,116,221 | 3,819,241 | 4,073,271 | 4,179,156 | 4,703,119 | 5,144,794 |
| | 1,283,566 | 1,509,554 | 1,606,318 | 2,011,478 | 2,281,106 | 2,373,708 |
| | 89,770 | - | - | - | - | - |
| | 29,200 | 35,199 | 123,594 | 134,998 | 108,086 | 106,490 |
| | 3,144,501 | 1,997,781 | 2,097,020 | 18,135,936 | 13,889,914 | 7,635,006 |
| | 1,875,000 | 1,965,000 | 2,065,000 | 1,990,000 | 11,462,161 | 2,683,424 |
| | 1,792,285 | 1,876,949 | 2,561,488 | 2,730,336 | 3,075,404 | 2,304,355 |
| | 1,452,261 | 1,522,333 | 1,675,939 | 1,851,025 | 2,103,691 | 2,285,973 |
| \$ | <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> | <u>\$ 72,104,662</u> |
| | 8.76% | 8.65% | 9.45% | 8.85% | 20.59% | 7.69% |

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 | | | |
|---|------------------------------|----------------------------|--------------------------|------------------------------|
| | 2000 | 2001 | 2002 | 2003 |
| Excess of revenues over (under) expenditures | \$ <u>(6,671,797)</u> | \$ <u>(456,416)</u> | \$ <u>(1,580,065)</u> | \$ <u>(9,639,192)</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 | - | - | 560 | 110 |
| Sale of real property | - | - | - | - |
| Revenue bond proceeds | - | - | - | - |
| General obligation refunding bonds issued | - | 9,887,306 | 1,980,620 | - |
| General obligation bonds issued | - | - | - | - |
| General obligation bonds refunded | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>9,887,306</u> | <u>1,981,180</u> | <u>110</u> |
| Net change in fund balances | \$ <u><u>(6,671,797)</u></u> | \$ <u><u>9,430,890</u></u> | \$ <u><u>401,115</u></u> | \$ <u><u>(9,639,082)</u></u> |

Source: School District Financial Records

| <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-----------------------|---------------------|----------------------|------------------------|------------------------|---------------------|
| \$ <u>(2,661,147)</u> | \$ <u>(814,330)</u> | \$ <u>(961,726)</u> | \$ <u>(15,868,954)</u> | \$ <u>(16,852,269)</u> | \$ <u>165,474</u> |
| - | - | - | - | 399,706 | - |
| - | 42,745 | - | 9,090 | 1,622,661 | 2,573,335 |
| - | (42,745) | - | (9,090) | (1,622,661) | (2,573,335) |
| - | - | - | 215 | - | 1,119 |
| - | - | - | - | - | 19,300 |
| - | - | - | - | - | 9,632,670 |
| - | 10,240,208 | 14,333,551 | 6,939,931 | - | - |
| - | - | 9,891,593 | 17,330,611 | - | - |
| - | - | (5,015,000) | (16,960,000) | - | - |
| - | 10,240,208 | 19,210,144 | 7,310,757 | 399,706 | 9,653,089 |
| \$ <u>(2,661,147)</u> | \$ <u>9,425,878</u> | \$ <u>18,248,418</u> | \$ <u>(8,558,197)</u> | \$ <u>(16,452,563)</u> | \$ <u>9,818,563</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 |
|----------------------------------|---------------|---------------------|-----------------------------------|-----------------------|-----------------------|----------------------------|
| 2009 | \$ 38,388,366 | \$ 15,781,493 | \$ 1,488 | \$ 2,285,973 | \$ 56,457,320 | \$ (1,041) |
| 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 | - |

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 |
|----------------------------------|---------------|---------------|--------------|---------------|---------------|-------------------------------|
| 2009 | \$ 21,808,516 | \$ 31,352,545 | \$ 2,087,217 | \$ 3,057,787 | \$ 58,306,065 | \$ 1,119 |
| 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 | - |

Source: School 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 |
| 2007 | 2008-09(A) | \$ 1,359,121,429 | \$ 2,422,299,035 | \$ 14,735,855 | \$ 18,943,236 |
| 2006 | 2007-08(B) | 1,295,065,457 | 2,236,959,890 | 14,390,628 | 18,851,643 |
| 2005 | 2006-07(C) | 1,257,759,695 | 2,132,762,726 | 16,297,083 | 20,208,914 |
| 2004 | 2005-06 (D) | 1,212,375,838 | 1,969,761,812 | 15,544,312 | 18,689,828 |
| 2003 | 2004-05 (E) | 1,151,172,439 | 1,851,410,654 | 15,275,581 | 17,166,356 |
| 2002 | 2003-04 (F) | 1,096,672,553 | 1,694,179,714 | 17,449,122 | 17,449,122 |
| 2001 | 2002-03 (G) | 1,048,767,918 | 1,615,215,870 | 16,531,519 | 16,531,519 |
| 2000 | 2001-02 (H) | 985,965,706 | 1,416,750,021 | 15,753,545 | 15,753,545 |
| 1999 | 2000-01 (I) | 909,439,072 | 1,321,139,183 | 15,510,277 | 15,510,277 |
| 1998 | 1999-00 (J) | 883,787,170 | 1,244,174,567 | 16,575,946 | 16,575,946 |

- (A) Equalization order applied by County Auditor.
Rollback 44.0803% residential, 99.7312% utilities.
- (B) Equalization order applied by County Auditor.
Rollback 45.5596% residential, 100% utilities.
- (C) Equalization order applied by County Auditor.
Rollback 45.9960% residential, 100% utilities.
- (D) Equalization order applied by County Auditor.
Rollback 47.9642% residential, 100% utilities.
- (E) Equalization order applied by County Auditor.
Rollback 48.4558% residential, 99.2570% utilities.
- (F) Equalization order applied by County Auditor.
Rollback 51.3874% residential, 100% utilities.
- (G) Equalization order applied by County Auditor.
Rollback 51.6676% residential, 100% utilities.
- (H) Equalization order applied by County Auditor.
Rollback 56.2651% residential, 100% utilities.
- (I) Equalization order applied by County Auditor.
Rollback 54.8525% residential, 100% utilities.
- (J) Equalization order applied by County Auditor.
Rollback 56.4789% residential, 100% utilities.

Note: The tax assessment year information for 2008 and 2009 is available but the actual collections for those assessments do not occur until the 2009-10 and 2010-11 fiscal years.

Source: Linn County Auditor

| Total | | Ratio Taxable Value to Assessed Value |
|------------------|-------------------|---|
| Taxable Value | Assessed Value | |
| \$ 1,373,857,284 | \$ 2,441,242,271 | 56.3 % |
| 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 |

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 |
| 2009 | \$ 28,092,272 | \$ 27,873,797 | 99.22% | \$ - | \$ 27,873,797 | 99.22% |
| 2008 | 25,428,854 | 24,703,063 | 97.15% | 77,861 | 24,780,924 | 100.32% |
| 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% |

Source: School District Financial Records

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 |
|--|-----------------|----------------------|--------------------|--------------------|
| 2007 | 2008-09 | | | |
| | County | \$ 6.14971 | \$ 6.14971 | \$ 6.14971 |
| | Schools | 20.40133 | 20.40133 | 20.40133 |
| | City | 15.07076 | 14.1385 | 9.1834 |
| | Miscellaneous | 1.25457 | 1.47989 | 1.47989 |
| | Total Levy | \$ <u>42.87637</u> | \$ <u>42.16943</u> | \$ <u>37.21433</u> |
| Ratio of Linn-Mar Community School District to Total | | <u>47.58%</u> | <u>48.33%</u> | <u>54.82%</u> |
| 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> |

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 |
|---|--------------------|-------------------------|--------------------|--------------------|
| 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> |
| 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> |

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 |
|---|--------------------|-------------------------|--------------------|--------------------|
| 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> |
| 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> |

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 |
|---|--------------------|-------------------------|--------------------|--------------------|
| 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> |

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

Source: Linn County Auditor

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 PPEL | Playground | Voted PPEL | Debt Service | Total |
|-----------------------------------|-------------|------------|---------------|------------|---------------|-----------------|-------------|
| 2009 | \$ 15.86000 | \$ 0.65000 | \$ 0.33000 | \$ 0.13500 | \$ 0.67000 | \$ 2.75633 | \$ 20.40133 |
| 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 |

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

| Taxpayer | 2007 Taxable Value 1/1/2007 Valuation | Percentage of Total Assessed Valuation* | 2000 Taxable Value 1/1/2000 Valuation | Percentage of Total Assessed Valuation* |
|------------------------------------|---|--|---|--|
| SDG Macerich Properties | \$ 35,189,860 | 2.50 % | \$ - | - % |
| Rockwell Collins Inc | 30,269,278 | 2.15 | 59,350,092 | 5.91 |
| Davis Realty | 13,393,404 | 0.95 | 8,844,466 | 0.88 |
| Developers Diversified Realty Corp | 11,552,641 | 0.82 | - | - |
| Granite Valley Cedar LLC | 9,924,171 | 0.70 | - | - |
| Atrium Finance LP | 9,859,573 | 0.70 | - | - |
| Interstate Power/Alliant | 9,675,466 | 0.69 | - | - |
| Busse Investment Inc | 7,703,510 | 0.55 | 5,634,170 | 0.56 |
| Mid-West Development | 7,066,250 | 0.50 | - | - |
| Lindale Mall | 6,299,500 | 0.45 | 30,288,700 | 3.02 |
| Collins Plaza Hotel | - | - | 10,436,860 | 1.04 |
| Alliant Energy | - | - | 6,627,185 | 0.66 |
| U.S. West Inc | - | - | 5,433,357 | 0.54 |
| Northland Square Mall | - | - | 4,592,610 | 0.46 |
| Hy-Vee Food Stores | - | - | 4,560,062 | 0.45 |
| Mid American Energy | - | - | 2,190,252 | 0.22 |
| Total | <u>\$ 140,933,653</u> | 10.01 % | <u>\$ 137,957,754</u> | 13.74 % |

* = 2007 Total District Taxable Valuation is \$1,408,281,434
2000 Total District Taxable Valuation is \$1,004,367,247

Note: We have provided the data for the 2007 valuation since those taxes were payable in the 2008-09 fiscal year and have provided the data for 2000 because the data for the standard nine years prior is unavailable.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT
 RATIO OF BONDED DEBT TO ASSESSED VALUE
 AND BONDED DEBT PER CAPITA
 Last Ten Fiscal Years
 (Unaudited)

| Year of Collection | Assessed Values of Property | General Bonded Debt | Revenue Bonded Debt | Total Bonded Debt | Ratio of Bonded Debt to Assessed Value | Bonded Debt Per Capita* |
|-----------------------|-----------------------------------|---------------------------|---------------------------|-------------------------|---|-------------------------------|
| 2008-09 | \$ 2,441,242,271 | \$ 53,870,000 | \$ 9,525,000 | \$ 63,395,000 | 2.60% | \$ 248 |
| 2007-08 | 2,255,811,533 | 56,485,000 | - | 56,485,000 | 2.50% | 223 |
| 2006-07 | 2,152,971,640 | 67,860,000 | - | 67,860,000 | 3.15% | 272 |
| 2005-06 | 1,988,451,640 | 62,425,000 | - | 62,425,000 | 3.14% | 253 |
| 2004-05 | 1,868,577,010 | 45,265,000 | - | 45,265,000 | 2.42% | 185 |
| 2003-04 | 1,711,628,836 | 37,080,000 | - | 37,080,000 | 2.17% | 153 |
| 2002-03 | 1,631,747,389 | 38,955,000 | - | 38,955,000 | 2.39% | 161 |
| 2001-02 | 1,432,053,566 | 40,730,000 | - | 40,730,000 | 2.84% | 170 |
| 2000-01 | 1,336,649,460 | 40,430,000 | - | 40,430,000 | 3.02% | 170 |
| 1999-00 | 1,260,750,513 | 31,770,000 | - | 31,770,000 | 2.52% | 135 |

Source: District Financial Records, Woods & Poole Economics

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

LINN-MAR COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | General Obligation Bonds | Revenue Bonds | Capital Leases | Total Primary Government | Ratio of Bonded Debt to Personal Income* |
|-------------|--------------------------|---------------|----------------|--------------------------|--|
| 2009 | \$ 53,870,000 | \$ 9,525,000 | \$ 239,512 | \$ 63,634,512 | 0.75% |
| 2008 | 56,485,000 | - | 312,545 | 56,797,545 | 0.68% |
| 2007 | 67,860,000 | - | - | 67,860,000 | 0.96% |
| 2006 | 62,425,000 | - | - | 62,425,000 | 0.91% |
| 2005 | 45,265,000 | - | - | 45,265,000 | 0.67% |
| 2004 | 37,080,000 | - | - | 37,080,000 | 0.56% |
| 2003 | 38,955,000 | - | - | 38,955,000 | 0.59% |
| 2002 | 40,730,000 | - | - | 40,730,000 | 0.62% |
| 2001 | 40,430,000 | - | - | 40,430,000 | 0.61% |
| 2000 | 31,770,000 | - | - | 31,770,000 | 0.50% |

* Source: School District financial records.

See Miscellaneous Demographic Statistics on page 114. These ratios are calculated using personal income and population for the prior calendar year.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2009
(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 | \$ 53,870,000 | 100.00% | \$ 53,870,000 |
| Overlapping: | | | |
| City of Cedar Rapids | 232,905,000 | 10.96% | 25,526,388 |
| City of Marion | 13,303,190 | 66.98% | 8,910,477 |
| City of Robbins | 7,455,000 | 31.45% | 2,344,598 |
| Kirkwood Community College | 78,880,000 | 7.89% | 6,223,632 |
| AEA #10 - Grant Wood | 1,245,000 | 7.89% | 98,231 |
| Linn County | - | 17.25% | - |
| Total overlapping | <u>333,788,190</u> | | <u>43,103,326</u> |
| Total Direct and Overlapping Debt | <u>\$ 387,658,190</u> | | <u>\$ 96,973,326</u> |

Source: Linn County Auditor

Notes: Overlapping governments are those that coincide, at least in part, with the geographic 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 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>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total Assessed Valuation | \$ <u>2,441,242,271</u> | \$ <u>2,255,811,533</u> | \$ <u>2,152,971,640</u> | \$ <u>1,988,451,640</u> | \$ <u>1,868,577,010</u> |
| Bonded Debt Limit * 5% of assessed valuation | 122,062,114 | 112,790,577 | 107,648,582 | 99,422,582 | 93,428,851 |
| Bonded Debt at end of fiscal year | <u>63,395,000</u> | <u>56,485,000</u> | <u>67,860,000</u> | <u>62,425,000</u> | <u>45,265,000</u> |
| Debt Margin at end of fiscal year | \$ <u>58,667,114</u> | \$ <u>56,305,577</u> | \$ <u>39,788,582</u> | \$ <u>36,997,582</u> | \$ <u>48,163,851</u> |
| Legal Debt Margin as a percentage of debt limit | 48.06% | 49.92% | 36.96% | 37.21% | 51.55% |

* = Code of Iowa Section 296.1

Source: Linn County Auditor

| <u>2003-04</u> | <u>2002-03</u> | <u>2001-02</u> | <u>2000-01</u> | <u>1999-00</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ <u>1,711,628,836</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> |
| 85,581,442 | 81,587,369 | 71,625,178 | 66,832,473 | 63,037,526 |
| <u>37,080,000</u> | <u>38,955,000</u> | <u>40,730,000</u> | <u>40,430,000</u> | <u>31,770,000</u> |
| \$ <u>48,501,442</u> | \$ <u>42,632,369</u> | \$ <u>30,895,178</u> | \$ <u>26,402,473</u> | \$ <u>31,267,526</u> |
| 56.67% | 52.25% | 43.13% | 39.51% | 49.60% |

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> |
|----------------------|-------------------|------------------------|--------------------------|--|--|--------------------------------------|--------------------------------|
| 2008 | 255,452 | \$ 8,474,980,000 | \$ 33,176.0 | \$ 2,577.0 | \$ 315.6 | 4.00 % | 4.10 % |
| 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 |

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

Note: The information provided in this chart is collected on a calendar year basis, so data for 2009 is not yet available.

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 |
| 2008 | 26 | \$ 36,693,287 | 4 | \$ 6,200,525 |
| 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 |

| Year | City of Cedar Rapids New Industrial | | City of Marion New Industrial | |
|------|--|---------------|----------------------------------|-----------|
| | # of Permits | Valuation | # of Permits | Valuation |
| 2008 | 12 | \$ 34,937,383 | 0 | \$ - |
| 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 | - | - |

Source: City of Cedar Rapids Building Department
City of Marion

Note: The information provided in this chart is collected on a calendar year basis, so data for 2009 is not yet available.

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 |
| 2008 | 292 | \$ 30,247,887 | 216 | \$ 26,585,154 |
| 2007 | 298 | 33,829,577 | 215 | 25,406,593 |
| 2006 | 346 | 37,911,515 | 214 | 36,446,164 |
| 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 |

| Year | City of Cedar Rapids Multi-Family | | City of Marion Multi-Family | |
|------|--------------------------------------|--------------|--------------------------------|--------------|
| | # of Permits | Valuation | # of Permits | Valuation |
| 2008 | 41(160) | \$ 9,749,758 | 25 (73) | \$ 5,933,636 |
| 2007 | 49 (254) | 14,418,797 | 38 (n/a) | 11,562,153 |
| 2006 | 37 (134) | 9,140,955 | 37 (113) | 9,211,430 |
| 2005 | 75 (n/a) | 24,769,755 | 44 (n/a) | 19,879,621 |
| 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 |

Source: City of Cedar Rapids Building Department
City of Marion

Note: The information provided in this chart is collected on a calendar year basis, so data for 2009 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS
 Prior Year and Ten Years Ago
 (Unaudited)

| | 2009 | | 1996 | |
|---------------------------------|------------------|--------------------------------|------------------|--------------------------------|
| | Employees | Percentage of Total Employment | Employees | Percentage of Total Employment |
| State University of IA/Hospital | \$ 28,781 | 46.78 % | \$ 21,773 | 46.48 % |
| Rockwell-Avionics | 9,253 | 15.04 | 6,300 | 13.45 |
| Area Schools/AEA | 6,051 | 9.83 | 4,073 | 8.69 |
| Hy-Vee Stores | 3,500 | 5.69 | 1,950 | 4.16 |
| Aegon USA | 3,500 | 5.69 | - | - |
| Whirlpool Corporation | 2,273 | 3.69 | 2,950 | 6.30 |
| St. Lukes Hospital | 2,700 | 4.39 | 2,250 | 4.80 |
| Mercy Medical Center | 2,300 | 3.74 | 1,700 | 3.63 |
| Walmart Stores, Inc. | 1,743 | 2.83 | - | - |
| Walmart Stores, Inc. | 1,427 | 2.32 | - | - |
| IES Utilities | - | - | 2,282 | 4.87 |
| McLeod USA | - | - | 1,966 | 4.20 |
| MCI Communications | - | - | 1,600 | 3.42 |
| Total | \$ <u>61,528</u> | <u>100.00 %</u> | \$ <u>46,844</u> | <u>100.00 %</u> |

Source: Cedar Rapids Area Chamber of Commerce

Note: The 2009 numbers are as of May, 2009. Because the 2000 numbers are not available, we have provided numbers for 1996, the closest available information.

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

| | Fiscal Year | | | |
|-------------------------------|--------------|--------------|---------------|---------------|
| | 2000 | 2001 | 2002 | 2003 |
| Administration | | | | |
| Superintendent | 1 | 1 | 1 | 1 |
| Associate Superintendent | 1 | 0.5 | 1 | 1 |
| Principals | 7 | 7 | 7 | 7 |
| Assistant Principals | 4 | 4 | 5 | 6 |
| Deans | - | - | - | - |
| School administrative manager | - | - | - | - |
| Other Administrators | 3 | 3 | 2 | 1.5 |
| Supervisors | 3 | 3 | 4 | 4 |
| Instructors | | | | |
| Regular Program Teachers | 250 | 262.8 | 269.16 | 270.04 |
| Special Education Teachers | 27 | 27 | 31.3 | 38.5 |
| Student Services | | | | |
| Guidance Counselors | 11 | 11 | 11 | 11 |
| Media Specialists | 7 | 7 | 7 | 7 |
| Curriculum Coordinators | 3.5 | 3 | 3 | 2 |
| Other Licensed Staff | 4.5 | 4.5 | 4.5 | 3.75 |
| Other Coordinators | 2.3 | 3.1 | 2.5 | 3.5 |
| Support Personnel | | | | |
| Nurse | 2 | 2.5 | 2.5 | 2.5 |
| Clerical | 35.1 | 33 | 34.43 | 34.56 |
| Paraeducators | 76 | 98.38 | 105.3 | 105.4 |
| Custodial & Maintenance | 49.7 | 52.9 | 51.1 | 55.01 |
| Food Service | - | - | 31.72 | 31.63 |
| Bus Drivers | 12.5 | 13.82 | 14.33 | 14.18 |
| | <u>499.6</u> | <u>537.5</u> | <u>587.84</u> | <u>599.57</u> |

Source: District Personnel Records

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------|--------------|---------------|--------------|---------------|---------------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 8 | 9 | 9 | 9 | 10 | 10 |
| 5 | 5 | 5 | 5 | 5 | 6 |
| - | - | - | - | 2 | 2 |
| - | - | - | 2 | 2 | 3 |
| 1 | 2.5 | 3 | 3 | 4 | 4 |
| 4 | 4 | 4 | 4 | 4.5 | 7 |
| 284.63 | 293.39 | 309.8 | 327.59 | 356.92 | 362.6 |
| 41 | 48 | 51 | 52 | 54 | 55 |
| 12 | 12.5 | 14 | 15 | 17 | 17 |
| 8 | 8 | 8 | 8 | 9 | 10 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 4.5 | 5 | 5 | 5 | 5 |
| 4.5 | 3 | 3 | 3 | 4 | 4 |
| 3 | 3 | 3 | 3.75 | 4 | 4 |
| 35.56 | 36.44 | 36.56 | 36.15 | 40.36 | 43.4 |
| 123.14 | 128.48 | 122.77 | 133.13 | 144.27 | 149 |
| 97.15 | 58.97 | 58.85 | 62.46 | 63.06 | 63 |
| -1 | 37.44 | 42.44 | 41.59 | 48.07 | 48.16 |
| 16.375 | 17.18 | 22.19 | 22.03 | 21.53 | 27.09 |
| <u>648.355</u> | <u>675.4</u> | <u>701.61</u> | <u>736.7</u> | <u>798.71</u> | <u>824.25</u> |

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

| Fiscal Year Ended June 30, | Insured Property Value | Expenditures for Construction | Bank Deposit* |
|----------------------------------|------------------------------|-------------------------------------|------------------|
| 2009 | \$ 120,501,828 | \$ 6,614,785 | \$ 345,459.87 |
| 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 |

* = 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

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> |
|--------------------|---------------------|---|--|
| 2008-2009 | \$ 56,457,320 | 5,759 | \$ 9,803 |
| 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

SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years
(Unaudited)

| School | Fiscal Year | | | |
|------------------------------------|-------------|---------|---------|---------|
| | 2000 | 2001 | 2002 | 2003 |
| Elementary | | | | |
| Bowman Woods | | | | |
| Square Feet | 42,200 | 42,200 | 42,200 | 50,906 |
| Capacity | 500 | 500 | 500 | 500 |
| Enrollment | 474 | 462 | 463 | 524 |
| Echo Hill | | | | |
| Square Feet | - | - | - | - |
| Capacity | - | - | - | - |
| Enrollment | - | - | - | - |
| Indian Creek | | | | |
| Square Feet | 42,200 | 42,200 | 42,200 | 42,200 |
| Capacity | 450 | 450 | 450 | 450 |
| Enrollment | 434 | 420 | 430 | 426 |
| Linn Grove | | | | |
| Square Feet | - | - | - | - |
| Capacity | - | - | - | - |
| Enrollment | - | - | - | - |
| Novak | | | | |
| Square Feet | 57,300 | 57,300 | 57,300 | 57,300 |
| Capacity | 500 | 500 | 400 | 400 |
| Enrollment | 477 | 492 | 473 | 487 |
| Westfield | | | | |
| Square Feet | 58,000 | 58,000 | 58,000 | 58,000 |
| Capacity | 500 | 500 | 500 | 500 |
| Enrollment | 404 | 454 | 493 | 495 |
| Wilkins | | | | |
| Square Feet | 48,800 | 48,800 | 48,800 | 48,800 |
| Capacity | 500 | 500 | 500 | 500 |
| Enrollment | 450 | 472 | 455 | 434 |
| Pre - K-8 Building*** | | | | |
| Oak Ridge | | | | |
| Square Feet | - | - | - | - |
| Capacity | - | - | - | - |
| Enrollment | - | - | - | - |
| Middle School/Intermediate* | | | | |
| Excelsior | | | | |
| Square Feet | 126,700 | 126,700 | 126,700 | 126,700 |
| Capacity | 1,100 | 1,100 | 1,100 | 1,100 |
| Enrollment | 998 | 988 | 1,065 | 1,122 |
| Oak Ridge | | | | |
| Square Feet | - | - | - | - |
| Capacity | - | - | - | - |
| Enrollment | - | - | - | - |
| High School/Junior High** | | | | |
| Square Feet | 305,000 | 305,000 | 305,000 | 305,000 |
| Capacity | 1,800 | 1,800 | 1,800 | 1,800 |
| Enrollment | 1,293 | 1,301 | 1,274 | 1,250 |

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------|---------|---------|---------|---------|---------|
| 50,906 | 50,906 | 50,906 | 50,906 | 50,906 | 50,906 |
| 500 | 500 | 500 | 500 | 500 | 500 |
| 514 | 499 | 498 | 537 | 474 | 437 |
| - | - | - | - | - | 78,000 |
| - | - | - | - | - | 600 |
| - | - | - | - | - | 511 |
| 42,200 | 42,200 | 42,200 | 42,200 | 42,200 | 42,200 |
| 450 | 450 | 450 | 450 | 450 | 450 |
| 406 | 427 | 478 | 525 | 366 | 385 |
| - | - | - | - | 78,000 | 78,000 |
| - | - | - | - | 600 | 600 |
| - | - | - | - | 374 | 379 |
| 57,300 | 57,300 | 57,300 | 57,300 | 57,300 | 57,300 |
| 400 | 400 | 400 | 400 | 400 | 400 |
| 370 | 362 | 366 | 381 | 345 | 357 |
| 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 |
| 500 | 500 | 500 | 500 | 500 | 500 |
| 405 | 436 | 462 | 443 | 472 | 427 |
| 48,800 | 48,800 | 48,800 | 48,800 | 48,800 | 48,800 |
| 500 | 500 | 500 | 500 | 500 | 500 |
| 460 | 473 | 462 | 508 | 411 | 442 |
| 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 |
| 884 | 836 | 841 | 823 | 785 | 787 |
| - | - | - | - | - | 105,383 |
| - | - | - | - | - | 750 |
| - | - | - | - | - | 599 |
| 305,000 | 305,000 | 305,000 | 305,000 | 305,000 | 305,000 |
| 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| 1,292 | 1,399 | 1,504 | 1,642 | 1,694 | 1,761 |

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.

***With the opening of Echo Hill elementary school at the start of the 2008-2009 school year, Oak ridge school was converted from a Pre-K-8 school to a middle school.

Source: School District Construction and Enrollment Records

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 |
|-------------|---|-----------------|--------------------------|
| 2008-2009 | \$ 4,663,394 | \$ 58,306,065 | 8.00 % |
| 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:

TARGETED 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 credit 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 a one year budget.

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

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> |
|--|---|---|--------------------------------------|
| 2009 | 6,069 | 5,759 | 94.89 % |
| 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 |

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> |
|------------------------|-------------------------------|--------------------------------|----------------------------|
| 2009 | 253 | 589 | (336) |
| 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) |

Source: School District Certified Enrollment Records

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Internal Controls and Compliance Section



LINN-MAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2009

| <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 09 | \$ 79,225 |
| National School Lunch Program (non-cash) | 10.555 | FY 09 | 142,433 |
| National School Lunch Program | 10.555 | FY 09 | <u>493,197</u> |
| | | | <u>714,855</u> |
| U. S. Department of Education: | | | |
| Iowa Department of Education: | | | |
| Title 1 Grants to Local Educational Agencies | 84.010 | 3715-GC-09 | 64,941 |
| Title 1 Grants to Local Educational Agencies | 84.010 | 3715-G-09 | <u>393,293</u> |
| | | | <u>458,234</u> |
| Title I Program for Neglected and Delinquent Children | 84.013 | FY 09 | <u>25,168</u> |
| State Fiscal Stabilization Fund - Education State Grants, Recovery Act | 84.394 | FY 09 | <u>510,929</u> |
| Special Education | 84.027 | FY 09 | <u>1,325</u> |
| State Grants for Innovative Programs | 84.298 | FY 09 | <u>806</u> |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | FY 09 | <u>15,684</u> |
| Improving Teacher Quality State Grants | 84.367 | FY 09 | <u>143,705</u> |
| Career and Technical Education - Basic Grants to States | 84.048 | FY 09 | <u>42,271</u> |
| Grants for State Assessments and Related Activities | 84.369 | FY 09 | <u>38,292</u> |
| Grant Wood Area Education Agency: | | | |
| Special Education - Grants to States | 84.027 | FY 09 | <u>324,989</u> |
| English Language Acquisition Grants | 84.365 | FY 09 | <u>8,184</u> |

LINN-MAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2009

| <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 09 | \$ <u>1,591</u> |
| U. S. Department of Homeland Security: | | | |
| Iowa Department of Public Defense: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | FY 09 | <u>28,664</u> |
| Total | | | \$ <u><u>2,314,697</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, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 3, 2009. 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.

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.

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, 2009 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 3, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON 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, 2009. 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, 2009.

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 3, 2009

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses 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 was 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 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.394 – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
- (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, 2009

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

No matters were reported.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

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, 2009

Part IV: Other Findings Related to Statutory Reporting:

IV-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, exceeded the amount budgeted in the other expenditures function prior to the budget being amended.

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

Response – We will amend our budget before expenditures exceed the budget in the future.

Conclusion – Response accepted.

IV-B-09 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-09 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-09 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-09 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-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-09 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for September 2008 was overstated by 9 students. The District’s certified enrollment count was overstated due to the District counting 9 foreign exchange students as resident students on line 1.

Recommendation – The District should contact the Department of Education and the Department of Management to resolve this matter.

Response – We will contact the Department of Education and the Department of Management.

Conclusion – Response accepted.

IV-H-09 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-09 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.

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

Year Ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-K-09 Financial Condition – The District had several accounts in the Special Revenue Fund, Student Activity with deficit balances at June 30, 2009.

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.

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

Conclusion – Response accepted.

IV-L-09 Coaching Transactions – We noted in our testing of Special Revenue Fund, Student Activity transactions that some coaches are collecting money to pay for District supplies invoices related to the coaches' programs but then turn the funds over to the Linn-Mar Education Foundation to pay the invoices to avoid stricter District controls.

Recommendation – Any invoice for supplies or services that are in the District's name should be paid directly by the District. Should any circumstances arise where teachers or coaches request supplies or services beyond what the District is willing to supply, then the goods or services should be contracted and paid for directly through the Linn-Mar Education Foundation.

Response – We will investigate this situation and take any actions we feel are necessary to gain adequate controls over these transactions.

Conclusion – Response accepted.