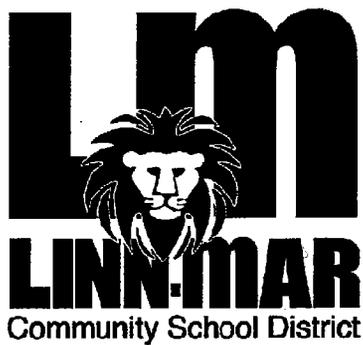


COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
LINN-MAR COMMUNITY SCHOOL DISTRICT

Fiscal Year Ended June 30, 2010



Prepared by:

David Nicholson  
Business Administrator, Board Secretary,  
Board Treasurer

3333 North 10th Street  
Marion, Iowa 52302

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Introductory section

December 1, 2010

Ann Stark, President,  
Members of the Board of Education, and the Citizens of  
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, 2010. 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 2010 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. 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 11<sup>th</sup> largest of Iowa's 371 public school systems. The certified enrollment taken on the October 1, 2009 was approximately 6,601 students. The District operates one High School, two middle schools, seven elementary schools, an alternative High School Program, a special education transition program, a home school assistance program and an early childhood preschool 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 20,000 people in the Cedar Rapids / Iowa City corridor 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% for the 2009 school year. That upward trend continued through the 2010 fiscal year with the solvency ratio increasing to 8.78%. The current solvency ratio of 8.78% falls within the target range of five to ten percent. The increase from fiscal year 2009 to 2010 was a bit of a surprise in light of the 10% across the board cut the district received in state aid.

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 2009 calendar year, 143 new single-family dwelling building permits were issued at a valuation of \$16,333,694 and 27 new multi-family dwelling units were issued at a valuation of \$6,037,139.

For the 2012 fiscal budget, the District is planning for very little new money. Even though the State of Iowa's revenue projections for the 2010-2011 fiscal year is up, the state used a lot of one time federal funds to supplant state funding for schools. This one time funding will have to be made up from state revenues or other programs will need to be cut to provide the additional revenue. In addition, the State of Iowa will be lead by a new Governor, whose main focus is to balance the budget, which may or may not include additional funding for schools.

### **District Major Initiative and Achievements**

The staff, board, students, and community members are to be commended for making the 2009-2010 a productive year in light of the 10% across the board cut in state aid the District received. Some of the many accomplishments for the year include:

- During the 2010 school year, the Linn-Mar Community School District addressed the 10% across the board cut, which reduced our state aid by approximately \$2.9 million, head on. The District gathered budget reduction suggestions from our staff and patrons through forums, community meetings and an online suggestion hot-line. These suggestions were used by the District to formulate and execute a plan that allowed the District to absorb the cuts without cutting staff.
- Many staff members 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 21,612 curriculum based volunteer hours with 630 volunteers in the District. Volunteers enhance our students' 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 sixth consecutive Certificate of Excellence in Financial Reporting award for the 2008-2009 Comprehensive Annual Financial Report (CAFR.)

All of the dedicated work that went into these initiatives and achievements had one main focus: supporting the learning of the District's students. For the 2009-2010 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 students that complete the ACT assessment. The 09-10 Linn-Mar Community School District composite ACT score was 24.6 compared to 22.2 for state and 21 for national composite scores.

Individual students or teams received state and/or national recognition in variety of academic, extra-curricular and co-curricular competitions, including 16 state qualifying teams and athletes, 14 All-State athletes, 42 All-State musicians, 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 Iowa Schools Joint Investment Trust. Interest revenue of \$176,133.02 was earned on all investments for the current year ended June 30, 2010, a decrease of \$103,241.99 from Fiscal Year 2009. This reduction is largely due to the low 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 and Associates, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with the code of Iowa, generally accepted auditing standards, 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 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 the CAFR to ASBO to determine its eligibility for the Certificate.

## **Acknowledgements**

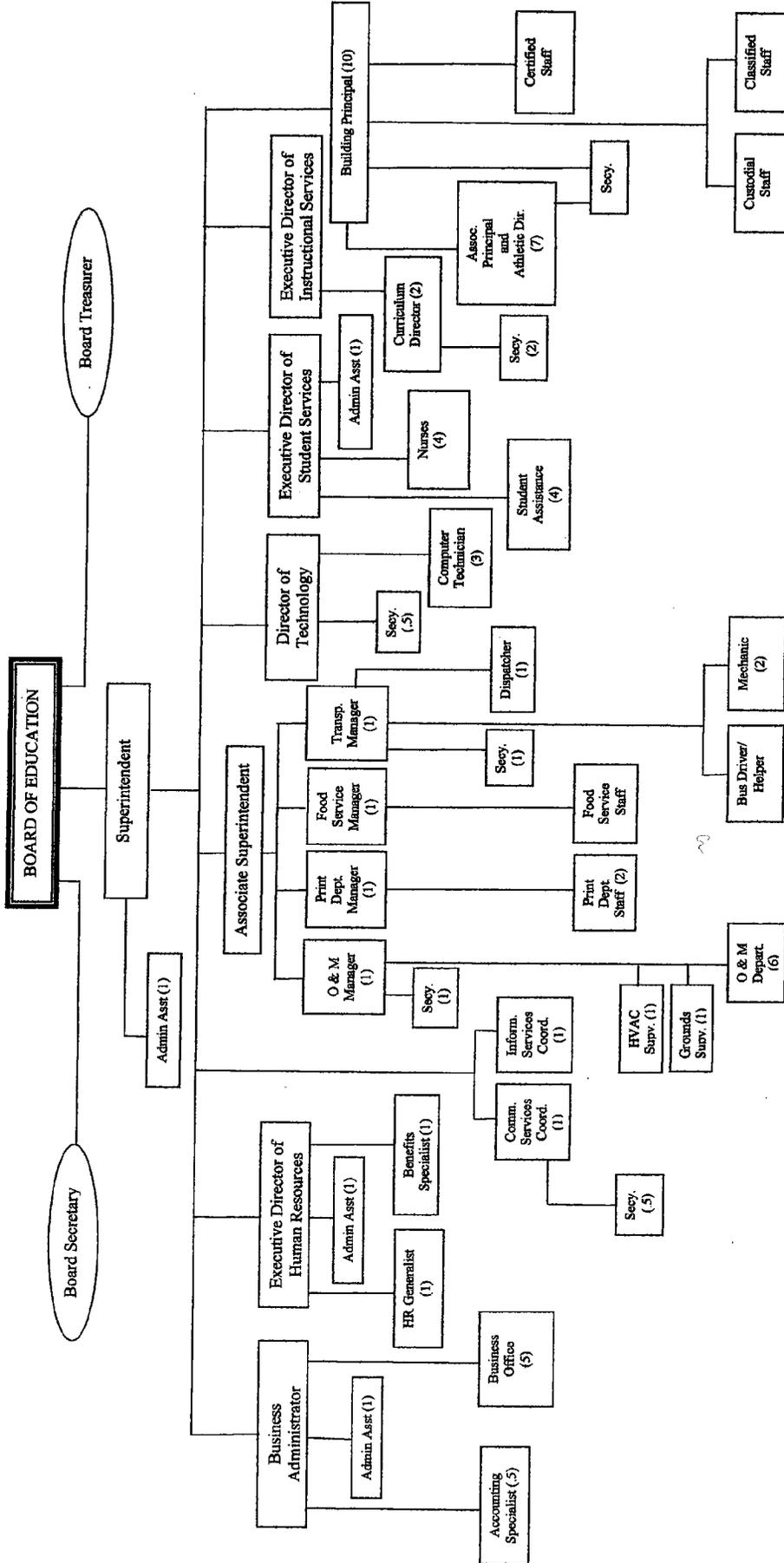
The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This would not have been possible without the help of several people. We would like to express our appreciation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



5/15/09

**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, 2009

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

*Eini Green*

President

*John D. Mueser*

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 2009 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>Board of Education</u>		
(After September 2009 Election)		
Ann Stark	President	2011
Barry Buchholz	Vice President	2011
Helen Romanowsky	Board Member	2011
Bob Gilchrist	Board Member	2011
Bob Crawford	Board Member	2013
Todd Hutcheson	Board Member	2013
Tina Patterson	Board Member	2013
<u>School Officials</u>		
Dr. Katie Mulholland	Superintendent	2013
David L. Nicholson	Business Administrator District Secretary/Treasurer	2010
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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2010 on our consideration of Linn-Mar Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 five years ended June 30, 2009 (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 132-133, the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budgets (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 is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 as a whole.

Oskaloosa, Iowa  
December 1, 2010

## 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, 2010. 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 approved a 4% allowable growth rate for the 2009-10 school year. The allowable growth, along with the addition of 119.30 resident students, helped to generate an increase of authority revenue of \$ 2.1 million in the General Fund.
- The General Fund ending undesignated unreserved fund balance increased from \$4.66 million in fiscal year 2009 to \$5.17 million in fiscal year 2010. This equates to a solvency ratio of 8.78 %. The District was able to make these gains even though the district experienced a 10% budget cut from the state in the amount of \$2.9 million.
- The nation's faltering economy has had a direct impact on the District during the 2010 fiscal year. Initially the State of Iowa used American Reinvestment and Recovery Act of 2009 (ARRA) funds to subsidize our state aid revenue by \$2.6 million and underfunded the 4% allowable growth by \$396 thousand. In addition, the State of Iowa imposed a 10% across the board cut in the amount of \$2.9 million. This reduction forced mid-year budget cuts that that eliminated curriculum purchases, over-time, field trips and a variety of other cuts.
- Interest rates continue to take a downward course during the year from a public fund investment rate of .2 % in July, 2009 to .05% in June, 2010 for a 30 day investment. These rates yielded \$18,364 in revenue compared to \$64,772 in 2008-09 in the General Fund.

### Overview of the Financial Statements

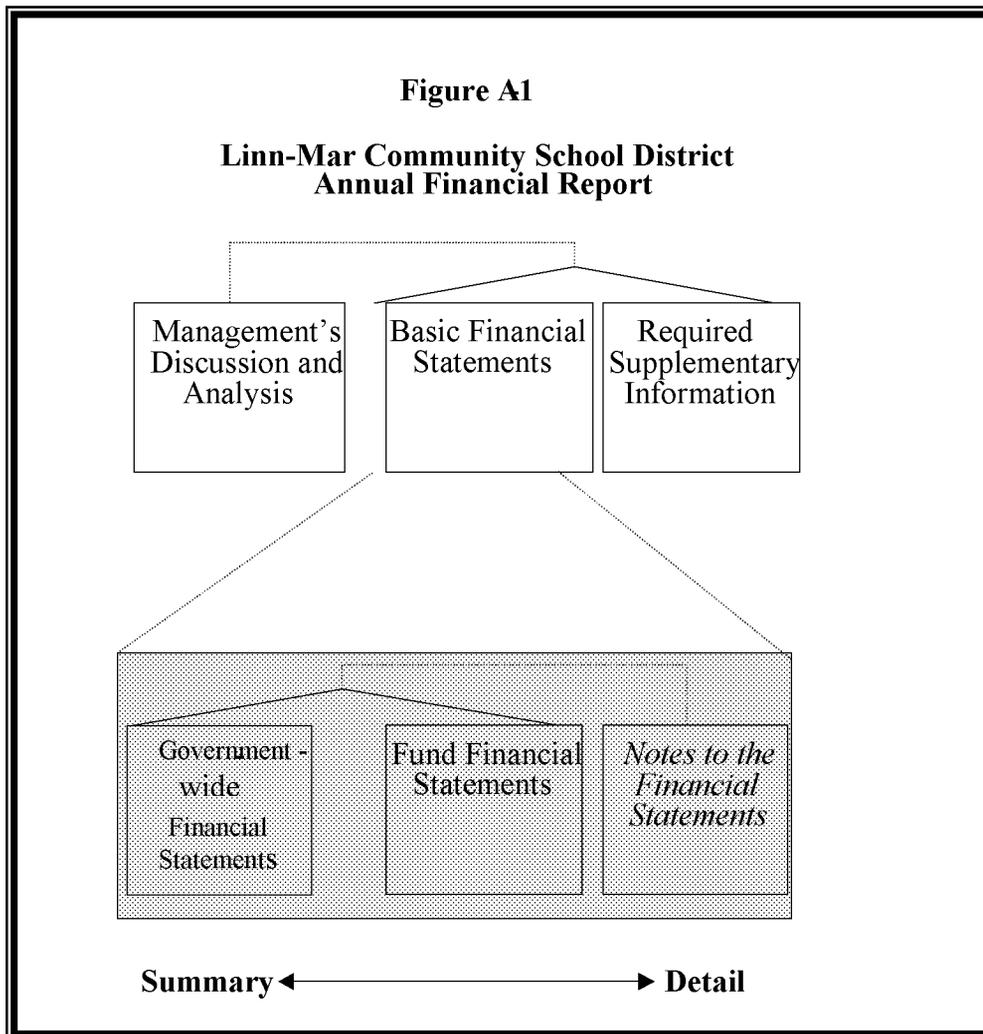
This annual report consists of three parts: management's discussion and analysis (this section), basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- 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

<b>Figure A-2: Major Features of the Government Wide and Fund Financial Statements</b>				
	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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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 total assets increased by 28.15 percent while combined total liabilities increased by 33.85 percent. The majority of the increase in total assets and liabilities can be attributed to the issuance of \$34.4 million in sales tax revenue bonds for the construction of a new elementary school, transportation and maintenance facility, and stadium.

**Figure A-3**

**Condensed Statement of Net Assets (in millions of dollars)**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2009-2010
	2009	2010	2009	2010	2009	2010	
Current and other assets	\$51.23	\$67.99	\$.12	\$.30	\$ 51.35	\$ 68.29	32.99%
Capital assets, net	85.46	107.28	.64	.57	86.10	107.85	25.26%
<b>Total Assets</b>	136.69	175.27	.76	.87	137.45	176.14	28.15%
Other liabilities	34.35	36.99	.05	.07	34.40	37.06	7.73%
Long-term obligations	64.82	95.75			64.82	95.75	47.72%
<b>Total Liabilities</b>	99.17	132.74	.05	.07	99.22	132.81	33.85%
Net assets:							
Investment in capital assets, net of related debt	22.31	12.92	.64	.57	22.95	13.49	-41.22%
Restricted	11.24	25.30			11.24	25.30	125.09%
Unrestricted	3.98	4.31	.07	.23	4.05	4.54	12.10%
<b>Total net assets</b>	37.53	42.53	.71	.80	38.24	43.33	13.31%

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 2.17 percent increase in operating revenue while experiencing a 5.40 percent increase in expenses. Approximately \$1.4 million, or 85 percent, of the total increase in revenue can be attributed to the collection of additional property taxes in the District's governmental activities. Of the \$1.4 million, roughly \$417 thousand was for additional taxes collected for the Management Fund to help cash flow the management fund expenses. The other area that experienced a significant increase in revenue was in the statewide sales and services tax of the District's governmental activities; it grew by \$1.12 million or 20.04 percent. Property taxes and unrestricted state aid account for most of the district's revenue, with each contributing approximately 38 percent and 31 percent, respectively, of the total dollars raised (see Figure A-5).

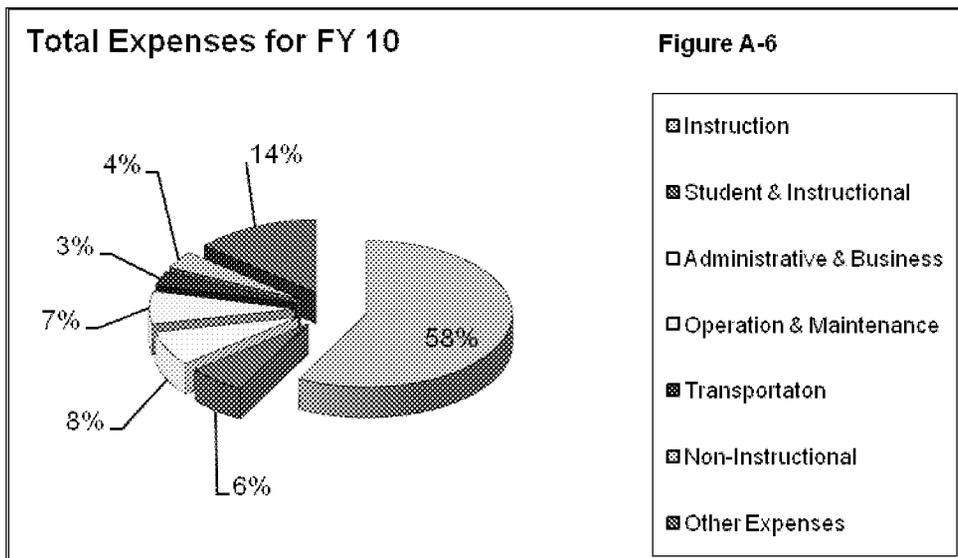
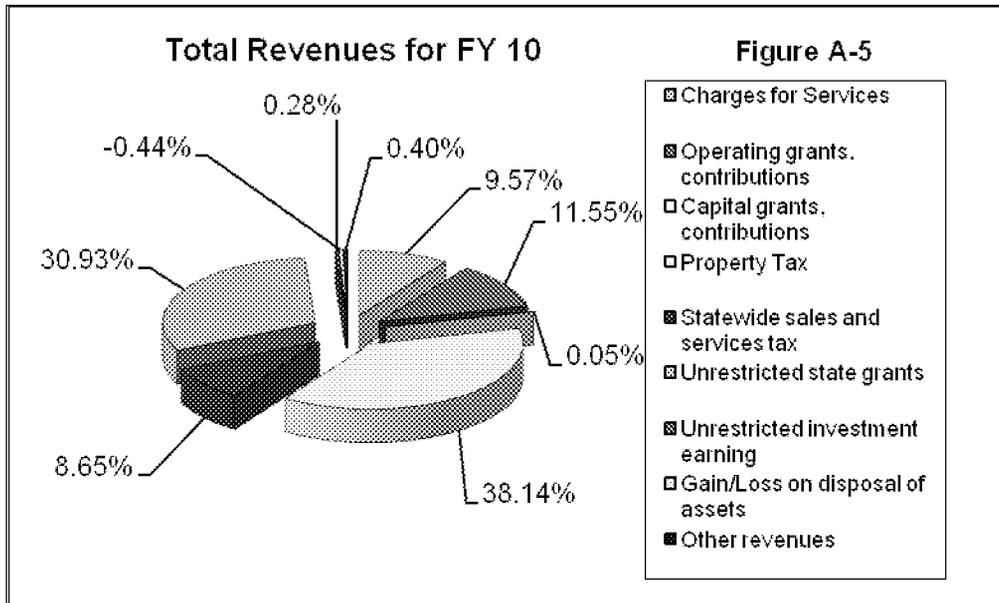
The total cost for all programs and services increased 5.4 percent to \$71.78 million. The District's total expenditures are listed in Figure A-6. The chart shows that the majority of the District's expenditures (64%) are devoted to Instruction and Student and Instructional services. Another 3 percent is spent on transporting our students safely to and from school and on extra-curricular events. The majority of the 5.4 percent increase, or \$3.67 million, is due to added facility acquisition costs and associated long-term debt interest and fiscal charges incurred during the year. The long-term debt expenses increase by \$1.38 million over the previous fiscal year.

**Figure A-4**  
**Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>		<b>Percentage Change</b>
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009- 2010</b>

<b>Revenues and other items:</b>							
Program Revenues:							
Charges for service	\$4.79	\$5.43	\$1.99	\$1.998	\$ 6.78	\$7.43	9.59%
Operating grants and contributions	7.24	8.15	0.74	0.809	7.98	8.96	12.28%
Capital grants and contributions	0.02	0.04	0.237	0.003	0.257	0.043	-83.27%
General Revenues:							
Property tax	28.2	29.58			28.2	29.58	4.89%
Statewide sales and services tax	5.59	6.71			5.59	6.71	20.04%
Unrestricted state grants	25.68	23.99			25.68	23.99	-6.58%
Unrestricted investment earnings	0.28	0.21	0.002	0.0008	0.282	0.2108	-25.25%
Gain (loss) on disposal of assets	0.01	-0.34			0.01	-0.34	-3500%
Other	0.47	0.31	0.006	0.0000	0.476	0.31	-34.87%
<b>Total Revenues</b>	<b>\$72.28</b>	<b>\$74.08</b>	<b>\$2.98</b>	<b>\$2.8108</b>	<b>\$75.26</b>	<b>\$76.8908</b>	<b>2.17%</b>
<b>Program expenses:</b>							
Governmental activities:							
Instructional	40.63	41.42			40.63	41.42	1.94%
Support Services	16.49	17.59	0.093	0.084	16.583	17.674	6.58%
Non-instructional programs	0.11	0.09	2.629	2.631	2.739	2.721	-66%
Other expenses	8.16	9.97			8.16	9.97	22.18%
<b>Total expenses</b>	<b>\$65.39</b>	<b>\$69.07</b>	<b>\$2.72</b>	<b>\$2.715</b>	<b>\$68.11</b>	<b>\$71.785</b>	<b>5.40%</b>
<b>Changes in net assets</b>	<b>\$6.89</b>	<b>\$5.01</b>	<b>\$0.25</b>	<b>\$0.09</b>	<b>\$7.14</b>	<b>\$5.10</b>	<b>-28.57%</b>

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 2.49 percent, while expenses increased 5.63 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 fifth year in a row that the State of Iowa has increased the state allowable growth by 4 percent. The 4 percent in allowable growth was not fully realized because of the faltering economy. The state issued a 10 percent across the board cut in the fall of 2009 which reduced our state aid by approximately \$2.9 million.

- Because of the growth pattern the District has experienced the past five to ten years, the District felt it was necessary to maintain its cash reserve levy of just over \$3 million. 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 \$3.68 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 the additional expense in the retirement of long-term debt.

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

TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN MILLIONS)				Figure A-7			
	Total Cost of Services		Percentage Change 2009-2010	Net Cost of Services		Percentage Change 2009-2010	
	2009	2010		2009	2010		
INSTRUCTION	\$40.63	\$41.42	1.94%	\$32.23	\$31.99	-.74%	
SUPPORT SERVICES	16.49	17.59	6.67%	15.66	16.05	2.49%	
NON-INSTRUCTIONAL PROGRAMS	0.11	0.09	-18.18%	0.11	0.09	-18.18%	
OTHER EXPENSES	8.16	9.97	22.18%	5.33	7.32	37.34%	
TOTALS	\$65.39	\$69.07	5.63%	\$53.33	\$55.45	3.98%	

- The cost of all governmental activities this year was \$69.07 million.
- A portion of the cost was financed by the users of the District programs (\$5.43 million).
- Federal and State governments subsidized certain programs with grants and contributions, (\$8.15 million).
- A majority of the District's net costs of service (\$55.45 million) were financed by District and State of Iowa taxpayers.
- This portion of governmental activities was financed primarily with \$29.58 million in property taxes and \$23.99 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 decreased by 5.68 percent to \$2.81 million while expenses pretty much stayed even at \$2.72 million (Refer to Figure A-4). The main source of the reduction of revenue had to do with a prior year capital contribution of \$227,723 that was purchased with bond proceeds for Echo Hill Elementary that opened during the 2008-2009

school year, which did not occur during the fiscal year 2010. 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, 2010, the District's net assets increased in the business-type activities by \$95,945. This increase can be attributed to the concerted effort to minimize expenses and price the ala carte items appropriately in the nutrition fund.

## **Financial Analysis of the District's Funds**

### **Governmental Fund Highlights**

At the end of fiscal year 2010, the District's governmental funds reported combined ending fund balances of \$32,037,501, an increase of \$14,552,703 in comparison with the prior year. A closer look at each individual governmental fund reveals the following;

- The **General Fund** balance increased from \$5.1 million to \$6.1 million due to the District maintaining its cash reserve levy at \$3.3 million and the concerted effort of the Linn-Mar Board of Education, Administration and Staff to reduce cost in light of the 10% across the board cut in state aid imposed by the Governor.
- The **Debt Service Fund** balance increased from \$1.6 million to \$3.3 million due to the receipt of \$3.4 million from the Capital Projects Fund for the principal and interest payment on sales tax revenue bonds due on 7/1/10.
- The **Capital Projects Fund** balance increased from \$7.98 million to \$19.79 due to the receipt of \$34.4 million in sales tax revenue bonds that were issued during the year to construct a new elementary school, transportation and maintenance facility, multipurpose stadium, and renovations to the HS and LRC.
- The **Management Fund** balance took a significant increase from \$ 624,673 to \$1,134,589. This increase is due to the District increasing the property tax levy to help meet the cash flow needs of the management fund.
- The **Student Activity Fund** balance increased from \$ 270,729 in fiscal year 2009 to \$398,008 in fiscal year 2010. This increase is attributed to additional fundraising conducted by the students.
- The **Public Education and Recreation Levy Fund** balance remained fairly steady, increasing slightly from \$536 thousand to \$596 thousand.
- The **Physical Plant and Equipment Levy Fund** balance dropped significantly from \$1.35 million to \$ .725 million. This drop has to do with the increasing square footage of facilities the District is required to maintain, the amount of money the current levy rate of 1.00 per 1000 of taxable valuation is generating and the additional expenses moved from the General Fund to the PPEL Fund.

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. The fund balance of .725 million is at the low end of what is needed to support the summer infrastructure maintenance and repair projects.

### **Business-Type Fund Highlights**

This is the second year in a row that the District's business-type revenues exceeded expenses in the amount of roughly \$96 thousand. The steps taken by management to control cost by adjusting the staffing model and providing meal choices that encourage students to eat school lunches have made a noticeable difference to the financial condition of the nutrition fund.

### **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 and 71.

### **Legal Budgetary Highlights**

The District's total actual revenues and other financing sources were approximately \$13.79 million greater than the total amount budgeted, a variance of roughly 13.15%. The main contributing factor to this variance had to do with the issuance of \$34.4 million in sales tax revenue bonds instead of the budgeted amount of \$25 million for the ongoing construction projects throughout the District.

By April 15<sup>th</sup> 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 the time of the budget adoption, 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 31<sup>st</sup> of each year. As a result of these unknowns, the following areas of the budget were amended:

- The Total Other Expenditures area of the budget was increased from \$37,014,599 to \$41,620,000. This amendment was made due to the quick progression of the construction projects in the district. Even with the amendment, the actual expenses exceeded the budget by \$827,434 (See the Budgetary Schedule on page 70). The District failed to account for the premium expenses for the issuance of the bonds and the initial expense of

the lease purchase of 4 school buses when the budget amendment amount was being calculated.

## Capital Asset Administration

By the end of 2010, the District had invested, net of depreciation, \$107.85 million in various capital assets including land, buildings, vehicles and equipment (see Figure A-8). This amount represents a net increase of \$21.75 million or 25.26 percent from last year.

The biggest change in comparing fiscal year 2010 with the previous year is in the land and construction in progress categories. The District purchase approximately 86 acres of land for future secondary school and 14.3 acres for a transportation and maintenance facility. During the course of the year the construction in progress grew by 529.30% with the construction of a new elementary, transportation and maintenance facility and a multipurpose stadium (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
	2009	2010	2009	2010	2009	2010	2009- 2010
LAND	\$2,070	\$5,061	-	-	\$2,070	\$5,061	144.49%
CONSTRUCTION IN PROGRESS	3,812	23,989	-	-	3,812	23,989	529.30%
BUILDINGS IMPROVEMENTS OTHER THAN BUILDINGS	74,036	72,380	-	-	74,036	72,380	-2.24%
FURNITURE AND EQUIPMENT	2,876	3,207	-	-	2,876	3,207	11.51%
	2,665	2,642	644	574	3,309	3,216	-2.81%
TOTALS	\$85,459	\$107,279	\$ 644	\$ 574	\$86,103	\$107,853	25.26%

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 \$95.75 million in general obligation bonds and other long-term liabilities outstanding. This represents an increase of \$30.94 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
	2009	2010	2009- 2010
GENERAL OBLIGATION BONDS	53,870	51,215	-4.93%
CAPITAL LEASE	239	419	75.31%
EARLY RETIREMENT	495	534	7.88%
REVENUE BONDS	9,525	42,725	348.56%
NET OPEB LIABILITY	256	403	57.42%
COMPENSATED ABSENCES	432	456	5.56%
	<b>\$64,817</b>	<b>\$95,752</b>	<b>47.73%</b>

The majority of the changes in the debt schedule can be attributed to the issuance of \$34.4 million in sales tax revenue bonds, booking the additional other post employment benefits (OPEB) liability, and financing four additional school buses.

Further detailed information about long-term debt can be found in Notes 7 and 8 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 District would be seeking an additional 67 cent PPEL levy for the remaining duration of the current voted PPEL, which is set to expire at the end of the FY 15 school year. The additional 67 cents will generate an additional \$1 million each of the next four fiscal years if passed. The additional funds will allow the District to maintain its investment in its ever increasing infrastructure.
- The citizens of Iowa elected a new Governor. The current Governor has been a huge advocate for early childhood education while the new Governor has talked about eliminating the free four year old preschool program, which Linn-Mar qualified for just this year. If the new Governor eliminates the program the District will have a difficult decision to make on whether or not to continue program that provided free preschool for approximately 175 students this year.

- The student population of the District continues to grow but at a much slower rate. As of the October 1, 2010 count date the district resident student enrollment increased by only 43.5 students, which is by far the lowest growth experienced since the early 80's. This slower growth rate is not anticipated to continue since Rockwell, the largest District employer, has just announced that they will be hiring over 800 employees, of which approximately 400 will be in the Cedar Rapids area.

### **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, 2999 North 10<sup>th</sup> Street, Marion, Iowa 52302.

## Basic Financial Statements

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 38,402,076	\$ 254,151	\$ 38,656,227
Receivables:			
Property tax:			
Current year	237,190	-	237,190
Succeeding year	27,250,000	-	27,250,000
Internal balances	(35)	35	-
Accrued interest	12,104	-	12,104
Accounts	117,289	2,196	119,485
Due from other governments	1,935,128	-	1,935,128
Inventories	-	45,783	45,783
Prepaid expenses	38,180	-	38,180
Total current assets	<u>67,991,932</u>	<u>302,165</u>	<u>68,294,097</u>
Non-current assets (note 6):			
Land and construction in progress	29,049,817	-	29,049,817
Depreciable assets	105,748,288	1,064,550	106,812,838
Less: accumulated depreciation	<u>(27,519,275)</u>	<u>(490,726)</u>	<u>(28,010,001)</u>
Total non-current assets	<u>107,278,830</u>	<u>573,824</u>	<u>107,852,654</u>
Total assets	<u>175,270,762</u>	<u>875,989</u>	<u>176,146,751</u>
Liabilities			
Current liabilities:			
Accounts payable	2,579,354	3,550	2,582,904
Salaries and benefits payable	5,395,459	11,467	5,406,926
Accrued interest payable	1,029,376	-	1,029,376
Unearned revenue:			
Succeeding year property tax	27,250,000	-	27,250,000
Other	729,618	55,506	785,124
Current portion of long-term obligations (note 7)	6,764,321	-	6,764,321
Total current liabilities	<u>43,748,128</u>	<u>70,523</u>	<u>43,818,651</u>
Long-term liabilities (notes 7 and 8):			
Non-current portion of long-term obligations	<u>88,988,035</u>	-	<u>88,988,035</u>
Total liabilities	<u>132,736,163</u>	<u>70,523</u>	<u>132,806,686</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 12,919,519	\$ 573,824	\$ 13,493,343
Restricted for:			
Categorical funding (note 11)	943,449	-	943,449
Management levy	600,367	-	600,367
Physical plant and equipment levy	709,330	-	709,330
Public education and recreation levy	596,907	-	596,907
Other special revenue purposes	398,008	-	398,008
Debt service	7,335,893	-	7,335,893
Capital projects	14,717,021	-	14,717,021
Unrestricted	<u>4,314,105</u>	<u>231,642</u>	<u>4,545,747</u>
Total net assets	<u>\$ 42,534,599</u>	<u>\$ 805,466</u>	<u>\$ 43,340,065</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 27,660,836	\$ 1,994,559	\$ 3,554,899	\$ -
Special instruction	8,880,524	402,396	1,608,489	-
Other instruction	4,878,366	1,794,494	78,327	-
	<u>41,419,726</u>	<u>4,191,449</u>	<u>5,241,715</u>	<u>-</u>
Support services:				
Student services	2,236,875	1,116,428	-	-
Instructional staff services	2,386,183	2,735	211,510	-
Administration services	5,444,176	-	-	-
Operation and maintenance of plant services	5,157,992	77,237	-	-
Transportation services	2,363,942	14,250	113,577	-
	<u>17,589,168</u>	<u>1,210,650</u>	<u>325,087</u>	<u>-</u>
Non-instructional programs	<u>97,096</u>	-	-	-
Other expenditures:				
Facilities acquisition	1,317,844	24,664	-	37,419
Long-term debt interest and fiscal charges	3,837,554	-	-	-
AEA flowthrough	2,582,490	-	2,582,490	-
Depreciation (unallocated) *	2,228,121	-	-	-
	<u>9,966,009</u>	<u>24,664</u>	<u>2,582,490</u>	<u>37,419</u>
Total governmental activities	<u>69,071,999</u>	<u>5,426,763</u>	<u>8,149,292</u>	<u>37,419</u>

Net (Expense) Revenue  
and Changes in Net Assets

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Governmental Activities	Business-Type Activities	Total
\$ (22,111,378)	\$ -	\$ (22,111,378)
(6,869,639)	-	(6,869,639)
(3,005,545)	-	(3,005,545)
(31,986,562)	-	(31,986,562)
(1,120,447)	-	(1,120,447)
(2,171,938)	-	(2,171,938)
(5,444,176)	-	(5,444,176)
(5,080,755)	-	(5,080,755)
(2,236,115)	-	(2,236,115)
(16,053,431)	-	(16,053,431)
(97,096)	-	(97,096)
(1,255,761)	-	(1,255,761)
(3,837,554)	-	(3,837,554)
-	-	-
(2,228,121)	-	(2,228,121)
(7,321,436)	-	(7,321,436)
(55,458,525)	-	(55,458,525)

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Food service operations	\$ 83,638	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	2,631,151	1,997,621	809,883	2,572
Total business-type activities	2,714,789	1,997,621	809,883	2,572
Total	\$ 71,786,788	\$ 7,424,384	\$ 8,959,175	\$ 39,991

General revenues/(expenses):

Loss on disposal of capital assets  
Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Statewide sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to the basic financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

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<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ -	\$ (83,638)	\$ (83,638)
-	178,925	178,925
-	95,287	95,287
<u>(55,458,525)</u>	<u>95,287</u>	<u>(55,363,238)</u>
\$ (338,229)	\$ (188)	\$ (338,417)
22,702,893	-	22,702,893
3,899,645	-	3,899,645
2,979,169	-	2,979,169
6,709,286	-	6,709,286
23,992,475	-	23,992,475
214,798	846	215,644
306,483	-	306,483
<u>60,466,520</u>	<u>658</u>	<u>60,467,178</u>
5,007,995	95,945	5,103,940
<u>37,526,604</u>	<u>709,521</u>	<u>38,236,125</u>
<u>\$ 42,534,599</u>	<u>\$ 805,466</u>	<u>\$ 43,340,065</u>

## LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 12,042,145	\$ 3,239,841	\$ 20,091,622	\$ 3,028,467	\$ 38,402,075
Receivables:					
Property tax:					
Current year	182,273	31,000	-	23,918	237,191
Succeeding year	20,766,000	3,309,000	-	3,175,000	27,250,000
Accrued interest	-	-	12,104	-	12,104
Interfund receivable (note 3)	-	-	30,548	-	30,548
Accounts	19,043	-	47,754	50,492	117,289
Due from other governments (note 4)	843,066	-	1,092,062	-	1,935,128
Prepaid expenses	38,180	-	-	-	38,180
<b>Total assets</b>	<b>\$ 33,890,707</b>	<b>\$ 6,579,841</b>	<b>\$ 21,274,090</b>	<b>\$ 6,277,877</b>	<b>\$ 68,022,515</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Interfund payable (note 3)	\$ 35	\$ -	\$ -	\$ 30,548	\$ 30,583
Accounts payable	908,197	-	1,478,944	192,213	2,579,354
Salaries and benefits payable	5,370,481	-	-	24,978	5,395,459
Deferred revenue:					
Succeeding year property tax	20,766,000	3,309,000	-	3,175,000	27,250,000
Other	729,618	-	-	-	729,618
<b>Total liabilities</b>	<b>27,774,331</b>	<b>3,309,000</b>	<b>1,478,944</b>	<b>3,422,739</b>	<b>35,985,014</b>
<b>Fund balances:</b>					
Reserved for:					
Categorical funding (note 11)	943,449	-	-	-	943,449
Debt service	-	3,270,841	4,365,000	-	7,635,841
Unreserved, reported in:					
General fund	5,172,927	-	-	-	5,172,927
Special revenue funds	-	-	-	2,855,138	2,855,138
Capital projects fund	-	-	15,430,146	-	15,430,146
<b>Total fund balances</b>	<b>6,116,376</b>	<b>3,270,841</b>	<b>19,795,146</b>	<b>2,855,138</b>	<b>32,037,501</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,890,707</b>	<b>\$ 6,579,841</b>	<b>\$ 21,274,090</b>	<b>\$ 6,277,877</b>	<b>\$ 68,022,515</b>

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, 2010

Total fund balances of governmental funds	\$ 32,037,501
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.	107,278,830
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.	(1,029,376)
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>(95,752,356)</u>
Net assets of governmental activities	\$ <u><u>42,534,599</u></u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2010

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 22,681,300	\$ 3,898,197	\$ 6,709,286	\$ 2,991,677	\$ 36,280,460
Tuition	2,176,974	-	-	-	2,176,974
Other	776,256	7,960	210,090	1,707,000	2,701,306
State sources	27,764,454	1,448	-	1,117	27,767,019
Federal sources	5,484,986	-	-	-	5,484,986
Total revenues	<u>58,883,970</u>	<u>3,907,605</u>	<u>6,919,376</u>	<u>4,699,794</u>	<u>74,410,745</u>
Expenditures:					
Current:					
Instruction	<u>38,890,572</u>	-	416,996	1,784,786	41,092,354
Support services:					
Student services	2,227,657	-	-	9,218	2,236,875
Instructional staff services	2,331,896	-	908	36,982	2,369,786
Administration services	5,241,756	-	57,770	133,008	5,432,534
Operation and maintenance of plant services	4,699,129	-	-	466,598	5,165,727
Transportation services	1,927,627	-	-	550,318	2,477,945
	<u>16,428,065</u>	-	58,678	1,196,124	17,682,867
Non-instructional programs	-	-	-	97,096	97,096
Other expenditures:					
Facilities acquisition	-	-	24,038,695	1,687,731	25,726,426
Long term debt:					
Principal	-	10,729,432	-	-	10,729,432
Interest and fiscal charges	-	2,967,675	441,411	-	3,409,086
AEA flowthrough	2,582,490	-	-	-	2,582,490
	<u>2,582,490</u>	<u>13,697,107</u>	<u>24,480,106</u>	<u>1,687,731</u>	<u>42,447,434</u>
Total expenditures	<u>57,901,127</u>	<u>13,697,107</u>	<u>24,955,780</u>	<u>4,765,737</u>	<u>101,319,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>982,843</u>	<u>(9,789,502)</u>	<u>(18,036,404)</u>	<u>(65,943)</u>	<u>(26,909,006)</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Sale of equipment	\$ 7,481	\$ -	\$ -	\$ -	\$ 7,481
Interfund transfers in (note 5)	-	4,722,910	30,548	-	4,753,458
Interfund transfers out (note 5)	-	-	(4,577,654)	(175,804)	(4,753,458)
General obligation bonds issued	-	6,740,000	-	-	6,740,000
Revenue bonds issued	-	-	34,400,000	-	34,400,000
Capital lease proceeds	-	-	-	314,228	314,228
Total other financing sources (uses)	<u>7,481</u>	<u>11,462,910</u>	<u>29,852,894</u>	<u>138,424</u>	<u>41,461,709</u>
Net change in fund balances	990,324	1,673,408	11,816,490	72,481	14,552,703
Fund balances beginning 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>
Fund balances end of year	<u>\$ 6,116,376</u>	<u>\$ 3,270,841</u>	<u>\$ 19,795,146</u>	<u>\$ 2,855,138</u>	<u>\$ 32,037,501</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, 2010

Net change in fund balances - total governmental funds \$ 14,552,703

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	\$ 25,120,069	
Depreciation expense	<u>(2,963,467)</u>	22,156,602

Disposal of capital assets does not affect current financial resources but any gain or (loss) is reflected in the government-wide financial statements. (338,229)

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. (41,454,228)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 10,729,429

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (428,468)

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	(39,330)	
Compensated absences	(23,308)	
Net OPEB liability	<u>(147,176)</u>	<u>(209,814)</u>

Change in net assets of governmental activities \$ 5,007,995

See notes to the basic financial statements.

## LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2010

	<u>School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 254,151
Receivables:	
Interfund receivable	35
Accounts receivable	2,196
Inventories	45,783
Total current assets	<u>302,165</u>
Non-current assets (note 6):	
Depreciable assets	1,064,550
Less: Accumulated depreciation	<u>(490,726)</u>
Total non-current assets	<u>573,824</u>
Total assets	<u>875,989</u>
Liabilities	
Accounts payable	3,550
Salaries and benefits payable	11,467
Unearned revenue	55,506
Total liabilities	<u>70,523</u>
Net Assets	
Invested in capital assets	573,824
Unrestricted	<u>231,642</u>
Total net assets	<u>\$ 805,466</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, 2010

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>1,997,621</u>
Operating expenses:	
Support services:	
Food service operations:	
Purchased services	51,792
Supplies	<u>31,846</u>
	<u>83,638</u>
Non-instructional programs:	
Food service operations:	
Salaries	1,111,784
Benefits	166,586
Purchased services	6,637
Supplies	1,269,499
Depreciation	76,263
Other	382
	<u>2,631,151</u>
Total expenses	<u>2,714,789</u>
Operating loss	<u>(717,168)</u>
Non-operating revenues:	
Interest on investments	846
Capital contributions	2,572
State sources	24,656
Federal sources	785,227
(Loss) on disposal of assets	(188)
Total non-operating revenues	<u>813,113</u>
Change in net assets	95,945
Net assets beginning of year	<u>709,521</u>
Net assets end of year	<u>\$ 805,466</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2010

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,998,911
Cash received from miscellaneous operating activities	20,263
Cash payments to employees for services	(1,434,022)
Cash payments to suppliers for goods or services	<u>(1,208,986)</u>
Net cash used by operating activities	<u>(623,834)</u>
Cash flows from non-capital financing activities:	
State grants received	24,656
Federal grants received	<u>648,729</u>
Net cash provided by non-capital financing activities	<u>673,385</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(3,757)</u>
Cash flows from investing activities:	
Interest on investments	<u>846</u>
Net increase in cash and cash equivalents	46,640
Cash and cash equivalents beginning of year	<u>207,511</u>
Cash and cash equivalents end of year	<u>\$ 254,151</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2010

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (717,168)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	76,263
Commodities used	153,768
Decrease in accounts receivable	1,693
Decrease in inventories	671
Increase in accounts payable	(3,268)
(Decrease) in salaries and benefits payable	(1,417)
Increase in deferred revenue	19,894
(Decrease) in interfund payable	(154,235)
(Increase) in interfund receivable	<u>(35)</u>
Net cash used by operating activities	<u>\$ (623,834)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$153,768 of federal commodities. In addition, the Enterprise Fund, School Nutrition received equipment valued at \$2,572 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 NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2010

	<u>Agency</u>
Assets:	
Cash and pooled investments	\$ <u>81,977</u>
Liabilities:	
Flex benefits payable	\$ <u>81,977</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

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, 2010

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

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, 2010

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 District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2010

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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

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, 2010, 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.

Prepaid Expenses – Certain payments to employees for IRS section 125 flex plan benefits represent costs applicable in future periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

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

Asset Class	Amount
Land	\$ 1
Buildings	2,000
Improvements other than buildings	2,000
Intangibles	175,000
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, 2010

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 other receivables not collected within sixty days after year end.

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 District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. 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, 2010

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, 2010 consists of \$943,449.

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, 2010, expenditures in the other expenditures function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

As of June 30, 2010, the carrying amount of the District’s bank deposits and pooled investments totaled \$38,738,204 with bank balances of \$39,926,869. These amounts are included in the cash and pooled investments line of 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, \$1,750,000 was covered by federal depository insurance and \$38,176,869 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, 2010

Note 2. Cash and Pooled Investments (continued)

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust and Investment Certificates of Deposit as follows:

	Amortized Cost/ <u>Fair Value</u>
Iowa Schools Joint Investment Trust, Investment Certificate of Deposit	\$ 1,555,000
Iowa Schools Joint Investment Trust, Diversified Portfolio	11,257,770
U.S. Bank Investment Certificate of Deposit	<u>1,021,790</u>
	<u>\$ 13,834,560</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 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 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, 2010

Note 3. Interfund Receivables/Payables

The detail of interfund receivables/payables for the year ended June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
Amounts due to transactions between funds:		
Capital Projects	Special Revenue Fund, Physical Plant and Equipment Levy	\$ 30,548
Enterprise Fund, School Nutrition	General	35
Total		\$ 30,583

These interfund balances arise from timing differences involved in the reimbursement of expenses at year end between the Enterprise Fund, School Nutrition and the General Fund and between the Capital Projects 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.

Note 4. Due From Other Governments

A summary of amounts due from various other governments at June 30, 2010, is as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$ 321,036
Special education grants	66,226
Title I grants	228,198
Federal Teacher Quality grants	125,672
Non-public transportation reimbursement	85,332
Other	16,602
	843,066

Capital Projects Fund:

Local option sales and services tax	1,092,062
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Total	\$ 1,935,128
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LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

Note 5. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 4,577,654
	Special Revenue:	
	Physical Plant and Equipment Levy	145,256
Capital Projects		<u>30,548</u>
Total		<u>\$ 4,753,458</u>

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

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,070,348	\$ 2,990,378	\$ -	\$ 5,060,726
Construction in progress	3,811,903	24,242,126	4,064,938	23,989,091
Total capital assets not being depreciated	<u>5,882,251</u>	<u>27,232,504</u>	<u>4,064,938</u>	<u>29,049,817</u>
Capital assets being depreciated:				
Buildings	92,652,430	671,939	729,128	92,595,241
Improvements other than buildings	3,752,364	569,078	56,386	4,265,056
Furniture and equipment	9,290,450	711,486	1,113,945	8,887,991
Total capital assets being depreciated	<u>105,695,244</u>	<u>1,952,503</u>	<u>1,899,459</u>	<u>105,748,288</u>
Less accumulated depreciation for:				
Buildings	18,616,087	2,019,979	421,405	20,214,661
Improvements other than buildings	875,880	208,141	25,880	1,058,141
Furniture and equipment	6,625,071	735,347	1,113,945	6,246,473
Total accumulated depreciation	<u>26,117,038</u>	<u>2,963,467</u>	<u>1,561,230</u>	<u>27,519,275</u>
Total capital assets being depreciated, net	<u>79,578,206</u>	<u>(1,010,964)</u>	<u>338,229</u>	<u>78,229,013</u>
Governmental activities capital assets, net	<u>\$ 85,460,457</u>	<u>\$ 26,221,540</u>	<u>\$ 4,403,167</u>	<u>\$ 107,278,830</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2010

Note 6. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 1,077,651	\$ 6,329	\$ 19,430	\$ 1,064,550
Less accumulated depreciation	433,705	76,263	19,242	490,726
Business-type activities capital assets, net	\$ 643,946	\$ (69,934)	\$ 188	\$ 573,824

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

Governmental activities:	
Instruction:	
Regular	\$ 258,693
Special	70,766
Other	38,874
Support services:	
Administration	27,066
Operation and maintenance of plant services	32,450
Transportation	307,497
	735,346
Unallocated depreciation	2,228,121
Total governmental activities depreciation expense	\$ 2,963,467
Business-type activities:	
Food service operations	\$ 76,263

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 494,892	\$ 279,646	\$ 240,316	\$ 534,222	\$ 261,808
General obligation bonds	53,870,000	6,740,000	9,395,000	51,215,000	2,900,000
Revenue bonds	9,525,000	34,400,000	1,200,000	42,725,000	3,020,000
Capital leases	239,512	314,228	134,429	419,311	126,749
Compensated absences	432,456	455,764	432,456	455,764	455,764
Net OPEB liability	255,883	147,176	-	403,059	-
<b>Total</b>	<b>\$ 64,817,743</b>	<b>\$ 42,336,814</b>	<b>\$ 11,402,201</b>	<b>\$ 95,752,356</b>	<b>\$ 6,764,321</b>

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, 2010, the District had obligations to 25 participants with a total liability of \$534,222. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$240,316 and are recorded as an expenditure in the nonmajor Special Revenue Fund, Management Fund. Early retirement is recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

General Obligation Bonds Payable

During the year ended June 30, 2010, the District issued \$6,740,000 in General Obligation School Refunding Bonds. The bonds, dated April 1, 2010, are payable through the year ended June 30, 2017, with interest rates ranging from 1.00% to 2.65%.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

Note 7. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

The proceeds of the General Obligation Refunding Bonds were used to advance refund the General Obligation School Refunding Bonds issued on May 1, 2005. These bonds had interest rates ranging from 3.00% to 4.50%, were payable through the year ended June 30, 2017, and became callable on June 1, 2010. The refunding of the May 1, 2005 General Obligation School Refunding Bonds resulted in a total savings of \$450,991 in debt service requirements over the next seven years, with a net present value of \$419,914.

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 1, 2005			Bond Issue of April 1, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	3.500 %	\$ 610,000	\$ 317,250	3.875 %	\$ 770,000	\$ 93,000
2012	3.750	630,000	295,900	3.875	800,000	63,162
2013	3.750	650,000	272,275	3.875	830,000	32,163
2014	4.000	670,000	247,900	-	-	-
2015	4.000	695,000	221,100	-	-	-
2016-2020	4.000	3,925,000	664,300	-	-	-
2021-2025	4.125	880,000	36,300	-	-	-
		<u>\$ 8,060,000</u>	<u>\$ 2,055,025</u>		<u>\$ 2,400,000</u>	<u>\$ 188,325</u>

Year Ending June 30,	Bond Issue of May 1, 2006			Bond Issue of January 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	4.250 %	\$ -	\$ 425,000	4.000 %	\$ 95,000	\$ 702,406
2012	4.250	-	425,000	4.000	95,000	698,606
2013	4.250	-	425,000	4.000	100,000	694,806
2014	4.250	-	425,000	4.000	105,000	690,806
2015	4.250	-	425,000	4.000	110,000	686,606
2016-2020	4.250	-	2,125,000	4.000	7,075,000	3,053,230
2021-2025	4.250	6,210,000	2,015,350	4.000-4.125	9,745,000	926,587
2026-2030	4.250	3,790,000	161,075	-	-	-
		<u>\$ 10,000,000</u>	<u>\$ 6,426,425</u>		<u>\$ 17,325,000</u>	<u>\$ 7,453,047</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

Note 7. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

Year Ending June 30.	Bond Issue of February 1, 2007			Bond Issue of April 1, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	4.000 %	\$ 95,000	\$ 260,372	1.000 %	\$ 1,330,000	\$ 124,666
2012	4.000	100,000	256,573	1.000	1,375,000	93,555
2013	4.000	400,000	252,572	1.350	1,075,000	79,805
2014	4.125	1,640,000	236,573	1.700	735,000	65,293
2015	4.000	1,715,000	260,373	2.050	740,000	52,797
2016-2020	3.800-3.850	2,740,000	50,889	2.400-2.650	1,485,000	58,693
2021-2025	-	-	-	-	-	-
2026-2030	-	-	-	-	-	-
		<u>\$ 6,690,000</u>	<u>\$ 1,317,352</u>		<u>\$ 6,740,000</u>	<u>\$ 474,809</u>

Year Ending June 30.	Total	
	Principal	Interest
2011	\$ 2,900,000	\$ 1,922,694
2012	3,000,000	1,832,796
2013	3,055,000	1,756,621
2014	3,150,000	1,665,572
2015	3,260,000	1,645,876
2016-2020	15,225,000	5,952,112
2021-2025	16,835,000	2,978,237
2026-2030	3,790,000	161,075
	<u>\$ 51,215,000</u>	<u>\$ 17,914,983</u>

Revenue Bonds

During the year ended June 30, 2010, the District issued \$34,400,000 in School Infrastructure Sales, Services, and Use Tax Revenue Bonds. The bonds have interest rates ranging from 3.375% to 4.625% and are payable through June 30, 2030.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

Note 7. Long-Term Liabilities (continued)

Revenue Bonds (continued)

Details of the District's June 30, 2010 sales, services, and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of October 1, 2008			Bond issue of July 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	4.000 %	\$ 1,160,000	\$ 296,978	3.375 %	\$ 1,860,000	\$ 531,331
2012	4.000	1,195,000	249,877	3.375	1,925,000	467,459
2013	4.000	1,235,000	201,278	3.375	1,990,000	401,394
2014	3.500	885,000	158,877	3.375	1,825,000	337,016
2015	3.600	915,000	125,165	3.375	1,885,000	274,409
2016-2018	3.75-3.80	2,935,000	168,278	4.000	6,065,000	369,300
		<u>\$ 8,325,000</u>	<u>\$ 1,200,453</u>		<u>\$ 15,550,000</u>	<u>\$ 2,380,909</u>

Year Ending June 30,	Bond issue of March 1, 2010			Total	
	Interest Rates	Principal	Interest	Principal	Interest
2011	4.000 %	\$ -	\$ 679,191	\$ 3,020,000	\$ 1,507,500
2012	4.000	-	815,030	3,120,000	1,532,366
2013	4.000	-	815,030	3,225,000	1,417,702
2014	4.000	-	815,030	2,710,000	1,310,923
2015	4.000	-	815,030	2,800,000	1,214,604
2016-2020	4.000	2,485,000	3,976,850	11,485,000	4,514,428
2021-2025	4.000-4.300	7,235,000	2,867,718	7,235,000	2,867,718
2026-2030	4.400-4.625	9,130,000	1,090,335	9,130,000	1,090,335
		<u>\$ 18,850,000</u>	<u>\$ 11,874,214</u>	<u>\$ 42,725,000</u>	<u>\$ 15,455,576</u>

The District pledged future local option (statewide) sales and services tax revenues to repay the \$9,525,000, \$15,550,000 and \$18,850,000 bonds issued in October of 2008, July of 2009 and March of 2010. The bonds were issued for the purpose of financing a portion of the costs of several ongoing projects. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2030. The bonds are not 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 68 percent of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the notes is \$58,180,576. For the current year, \$1,926,581 of principal and interest were paid on the bonds and total statewide sales, services, and use tax revenues were \$6,709,286.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2010

Note 7. Long-Term Liabilities (continued)

Revenue Bonds (continued)

The resolutions providing for the issuance of the sales, services, and use tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the statewide school infrastructure sales, services, and use 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 each bond issuance 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 statewide sales and services tax shall be placed in a Revenue Account for each issuance.
- (d) Monies in the Revenue Accounts shall be disbursed to make deposits into Sinking Accounts to pay the principal and interest requirements of each revenue bond issuance for the fiscal year.
- (e) Any monies remaining in the Revenue Accounts after the required transfers to the Sinking Accounts may be transferred to the Project Accounts to be used for any lawful purpose.

Capital Lease Payable

On July 15, 2009, the District entered into a capital lease agreement for the purchase of four school buses. The lease bears an effective annual percentage rate of 4.346% and is payable through the year ended June 30, 2015.

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

<u>Year Ending June 30,</u>	<u>Minimum Lease Payments</u>
2011	\$ 145,255
2012	145,255
2013	58,094
2014	58,094
2015	<u>58,094</u>
	464,792
Less: Amount representing interest	<u>(45,481)</u>
Total capital lease payable	<u>\$ 419,311</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2010

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 415 active and 37 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.

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, 2010, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 191,982
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>191,982</u>
Contributions made	<u>(44,806)</u>
Increase in net OPEB obligation	147,176
Net OPEB obligation beginning of year	<u>255,883</u>
Net OPEB obligation end of year	<u><u>\$ 403,059</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, 2010.

For the year ended June 30, 2010, the District contributed \$44,806 to the medical plan.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2010

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

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, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 191,982	23%	\$ 147,176

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1,290,435, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,290,435. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$41,783,412, and the ratio of the UAAL to covered payroll was 3.1%. As of June 30, 2010, there were no trust fund assets.

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, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality table projected to 2000, applied on a 2/3 female, 1/3 male basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the study by the Society of Actuaries in 2006. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2010

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 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the year ended June 30, 2010. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$2,632,144, \$2,295,834, and \$1,972,489, respectively, equal to the required contributions for each year.

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 \$200,000 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, 2008 to June 30, 2009 (latest available audited financial statements) was \$27,966,592, of which \$3,521,118 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.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2010

Note 11. Categorical Funding

The District's fund balance reserved for categorical funding at June 30, 2010 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Salary improvement program	\$ 270,534
Returning dropout and dropout prevention	269,492
Professional development for model core curriculum	198,421
Professional development	138,751
Gifted and talented	22,328
Market factor incentives	14,701
Limited English proficiency	12,541
Home school assistance program	8,878
Beginning teacher mentoring and induction	<u>7,803</u>
 Total	 <u>\$ 943,449</u>

Note 12. 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 \$2,582,490 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 13. Construction Commitments

The District has entered into various contracts totaling \$28,959,700 for various projects. As of June 30, 2010, costs of \$19,510,203 had been incurred against the contracts. The balance of \$9,449,497 remaining at June 30, 2010 will be paid as work on the project progresses.

Note 14. Subsequent Events

On August 9, 2010, the District entered into a construction agreement totaling \$254,082 for the renovation of the Learning Resources Center.

On August 23, 2010, the District entered into a real estate purchase agreement for the purchase of fifteen acres of land totaling \$225,000.

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Required Supplementary Information

LINN-MAR COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
 Budget and Actual – All Governmental Funds  
 and Proprietary Fund  
 Required Supplementary Information  
 Year Ended June 30, 2010

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 41,158,740	\$ 2,001,039	\$ 43,159,779	\$ 42,350,698	\$ 42,350,698	\$ 809,081
State sources	27,767,019	24,656	27,791,675	34,921,940	34,921,940	(7,130,265)
Federal sources	5,484,986	785,227	6,270,213	2,117,305	2,117,305	4,152,908
<b>Total revenues</b>	<b>74,410,745</b>	<b>2,810,922</b>	<b>77,221,667</b>	<b>79,389,943</b>	<b>79,389,943</b>	<b>(2,168,276)</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	41,092,354	-	41,092,354	44,823,271	44,823,271	3,730,917
Support services	17,682,867	83,638	17,766,505	18,070,570	18,070,570	304,065
Non-instructional programs	97,096	2,631,339	2,728,435	3,147,640	3,147,640	419,205
Other expenditures	42,447,434	-	42,447,434	37,014,599	41,620,000	(827,434)
<b>Total expenditures/expenses</b>	<b>101,319,751</b>	<b>2,714,977</b>	<b>104,034,728</b>	<b>103,056,080</b>	<b>107,661,481</b>	<b>3,626,753</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	(26,909,006)	95,945	(26,813,061)	(23,666,137)	(28,271,538)	1,458,477
Other financing sources, net	41,461,709	-	41,461,709	25,500,000	25,500,000	15,961,709
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	14,552,703	95,945	14,648,648	1,833,863	(2,771,538)	17,420,186
Balance beginning of year	17,484,798	709,521	18,194,319	8,128,573	8,128,573	10,065,746
Balance end of year	<u>\$ 32,037,501</u>	<u>\$ 805,466</u>	<u>\$ 32,842,967</u>	<u>\$ 9,962,436</u>	<u>\$ 5,357,035</u>	<u>\$ 27,485,932</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
June 30, 2010

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 \$4,605,401.

During the year ended June 30, 2010, expenditures in the other expenditures function exceeded the amount budgeted.

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2010

Year Ended June 30,	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 )
2009	July 1, 2008	\$ -	\$ 1,761	\$ 1,761	0.0%	\$ 39,748	0.0%
2010	July 1, 2009	-	1,290	1,290	0.0%	41,783	0.0%

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, 2010

	Special Revenue				
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	Total
<b>Assets</b>					
Cash and pooled investments	\$ 1,128,584	\$ 425,263	\$ 677,626	\$ 796,994	\$ 3,028,467
Receivables:					
Property tax:					
Current year	10,538	-	1,581	11,799	23,918
Succeeding year	1,575,000	-	185,000	1,415,000	3,175,000
Accounts	-	11,341	37,419	1,732	50,492
Total assets	<u>\$ 2,714,122</u>	<u>\$ 436,604</u>	<u>\$ 901,626</u>	<u>\$ 2,225,525</u>	<u>\$ 6,277,877</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Interfund payable	\$ -	\$ -	\$ -	\$ 30,548	\$ 30,548
Accounts payable	4,533	15,918	117,419	54,343	192,213
Salaries and benefits payable	-	22,678	2,300	-	24,978
Deferred revenue:					
Succeeding year property tax	1,575,000	-	185,000	1,415,000	3,175,000
Total liabilities	<u>1,579,533</u>	<u>38,596</u>	<u>304,719</u>	<u>1,499,891</u>	<u>3,422,739</u>
<b>Fund balances:</b>					
Reserved for:					
Unreserved:					
Undesignated	<u>1,134,589</u>	<u>398,008</u>	<u>596,907</u>	<u>725,634</u>	<u>2,855,138</u>
Total liabilities and fund balances	<u>\$ 2,714,122</u>	<u>\$ 436,604</u>	<u>\$ 901,626</u>	<u>\$ 2,225,525</u>	<u>\$ 6,277,877</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, 2010

	Special Revenue				Total
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local tax	\$ 1,311,295	\$ -	\$ 196,693	\$ 1,483,689	\$ 2,991,677
Other	90,397	1,550,269	38,974	27,360	1,707,000
State sources	492	-	74	551	1,117
Total revenues	<u>1,402,184</u>	<u>1,550,269</u>	<u>235,741</u>	<u>1,511,600</u>	<u>4,699,794</u>
Expenditures:					
Current:					
Instruction	360,012	1,421,751	-	3,023	1,784,786
Support services:					
Student services	9,218	-	-	-	9,218
Instructional staff services	36,982	-	-	-	36,982
Administration services	31,097	-	-	101,911	133,008
Operation and maintenance of plant services	339,271	1,239	23,585	102,503	466,598
Transportation services	55,333	-	-	494,985	550,318
Non instructional programs	60,355	-	34,169	2,572	97,096
Other expenditures:					
Facilities acquisition	-	-	117,449	1,570,282	1,687,731
Total expenditures	<u>892,268</u>	<u>1,422,990</u>	<u>175,203</u>	<u>2,275,276</u>	<u>4,765,737</u>
Excess (deficiency) of revenues over (under) expenditures	509,916	127,279	60,538	(763,676)	(65,943)
Other financing sources (uses):					
Interfund transfers out	-	-	-	(175,804)	(175,804)
Capital lease proceeds	-	-	-	314,228	314,228
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,424</u>	<u>138,424</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2010

	<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	\$ 509,916	\$ 127,279	\$ 60,538	\$ (625,252)	\$ 72,481
Fund balances beginning of year	624,673	270,729	536,369	1,350,886	2,782,657
Fund balances end of year	<u>\$ 1,134,589</u>	<u>\$ 398,008</u>	<u>\$ 596,907</u>	<u>\$ 725,634</u>	<u>\$ 2,855,138</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, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
District-Wide Activities	\$ 9,787	\$ 5,767	\$ 12,187	\$ 3,367
HS Athletics	(8,598)	530,836	476,916	45,322
HS Activities	162,536	862,964	808,514	216,986
Middle School Activities	76,700	75,772	68,609	83,863
Elementary School Athletics	19,693	63,743	45,910	37,526
Elementary District-Wide Activities	2,641	-	-	2,641
Indian Creek Elementary	2,451	1,625	1,592	2,484
Novak Elementary	551	344	355	540
Bowman Woods Elementary	3,801	5,744	5,850	3,695
Echo Hill Elementary	-	75	110	(35)
Linn Grove	1,115	3,399	2,947	1,567
Activity Administration	52	-	-	52
<b>Total</b>	<b>\$ 270,729</b>	<b>\$ 1,550,269</b>	<b>\$ 1,422,990</b>	<b>\$ 398,008</b>

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, 2010

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u>115,586</u>	\$ <u>-</u>	\$ <u>33,609</u>	\$ <u>81,977</u>
Liabilities				
Flex benefits payable	\$ <u>115,586</u>	\$ <u>-</u>	\$ <u>33,609</u>	\$ <u>81,977</u>

See accompanying independent auditor's report.

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LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST SIX YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2010	2009	2008	2007
Revenues:				
Local sources:				
Local tax	\$ 36,280,460	\$ 33,777,996	\$ 30,554,884	\$ 23,719,160
Tuition	2,176,974	1,968,604	1,792,758	1,421,707
Other	2,701,306	3,057,302	3,483,303	4,046,617
Intermediate sources	-	-	1,892	-
State sources	27,767,019	31,357,360	29,653,682	25,415,872
Federal sources	5,484,986	2,108,874	1,837,335	1,099,201
Total revenues	<u>\$ 74,410,745</u>	<u>\$ 72,270,136</u>	<u>\$ 67,323,854</u>	<u>\$ 55,702,557</u>
Expenditures:				
Instruction	\$ 41,092,354	\$ 40,272,400	\$ 37,737,920	\$ 33,157,396
Support services:				
Student services	2,236,875	2,175,608	2,012,520	1,611,377
Instructional staff services	2,369,786	2,356,883	2,202,437	1,881,262
Administration services	5,432,534	4,766,021	4,599,765	3,888,547
Operation and maintenance of plant services	5,165,727	5,144,794	4,703,119	4,179,156
Transportation services	2,477,945	2,373,708	2,281,106	2,011,478
Non-instructional programs	97,096	106,490	108,086	134,998
Other expenditures:				
Facilities acquisition	25,726,426	7,635,006	13,889,914	18,135,936
Long-term debt:				
Principal	10,729,432	2,683,424	11,462,161	1,990,000
Interest and fiscal charges	3,409,086	2,304,355	3,075,404	2,730,336
AEA flowthrough	2,582,490	2,285,973	2,103,691	1,851,025
Total expenditures	<u>\$ 101,319,751</u>	<u>\$ 72,104,662</u>	<u>\$ 84,176,123</u>	<u>\$ 71,571,511</u>

See accompanying independent auditor's report.

<u>2006</u>	<u>2005</u>
\$ 21,599,046	\$ 20,403,652
1,205,786	1,253,420
3,002,710	2,045,578
29,089	7,455
23,250,133	21,001,096
<u>1,211,973</u>	<u>962,098</u>
<u>\$ 50,298,737</u>	<u>\$ 45,673,299</u>
\$ 29,974,634	\$ 27,496,940
1,439,599	1,250,165
1,879,839	1,609,526
3,763,761	3,404,941
4,073,271	3,819,241
1,606,318	1,509,554
123,594	35,199
2,097,020	1,997,781
2,065,000	1,965,000
2,561,488	1,876,949
<u>1,675,939</u>	<u>1,522,333</u>
<u>\$ 51,260,463</u>	<u>\$ 46,487,629</u>

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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.	84-101
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.	102-110
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.	111-115
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.	116-121
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.	122-129

LINN-MAR COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT  
 Last Eight 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 2003-2010 are available.

Source: School District Financial Records

	2007	2008	2009	2010
\$	21,318,303	\$ 24,807,981	\$ 22,311,057	\$ 12,919,519
	2,164,827	3,365,122	11,235,639	25,300,975
	1,695,688	2,456,499	3,979,908	4,314,105
	25,178,818	30,629,602	37,526,604	42,534,599
	214,844	486,498	643,946	573,824
	-	-	-	-
	(3,686)	(30,500)	65,575	231,642
	211,158	455,998	709,521	805,466
	21,533,147	25,294,479	22,955,003	13,493,343
	2,164,827	3,365,122	11,235,639	25,300,975
	1,692,002	2,425,999	4,045,483	4,545,747
	25,389,976	31,085,600	38,236,125	43,340,065

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
<b>Governmental Activities:</b>				
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
<b>Total governmental activities expenses</b>	<b>38,003,884</b>	<b>41,970,646</b>	<b>44,560,131</b>	<b>49,181,585</b>
<b>Business-Type Activities:</b>				
Food Service Operations	1,358,071	1,621,131	1,737,249	1,975,734
<b>Total primary government expense</b>	<b>39,361,955</b>	<b>43,591,777</b>	<b>46,297,380</b>	<b>51,157,319</b>

	2007	2008	2009	2010
\$	21,937,911	\$ 25,437,813	\$ 27,781,726	\$ 27,660,836
	7,519,352	8,420,667	8,818,399	8,880,524
	3,579,827	3,571,552	4,026,619	4,878,366
	1,594,995	1,990,772	2,175,607	2,236,875
	1,878,077	2,299,782	2,294,187	2,386,183
	3,891,968	4,672,761	4,674,249	5,444,176
	4,203,686	4,667,734	5,191,799	5,157,992
	1,919,725	2,169,820	2,159,488	2,363,942
	-	-	-	-
	134,998	528,040	106,490	97,096
	668,614	1,600,889	1,223,442	1,317,844
	3,187,276	2,749,679	2,464,043	3,837,554
	1,851,025	2,103,691	2,285,973	2,582,490
	1,421,397	1,590,669	2,184,773	2,228,121
	<u>53,788,851</u>	<u>61,803,869</u>	<u>65,386,795</u>	<u>69,071,999</u>
	<u>2,246,998</u>	<u>2,551,435</u>	<u>2,722,516</u>	<u>2,714,789</u>
	<u>56,035,849</u>	<u>64,355,304</u>	<u>68,109,311</u>	<u>71,786,788</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Program Revenues</b>				
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>
<b>Net (Expense)/Revenue</b>				
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>	<u>2010</u>
\$	3,135,249	\$ 3,369,306	\$ 3,631,198	\$ 4,191,449
	268,695	378,260	642,461	1,210,650
	31,801	463,025	515,733	24,664
	4,863,775	5,967,312	7,239,896	8,149,292
	32,471	606,055	24,030	37,419
	<u>8,331,991</u>	<u>10,783,958</u>	<u>12,053,318</u>	<u>13,613,474</u>
	1,636,219	1,781,217	1,991,245	1,997,621
	575,908	681,827	740,393	809,883
	23,861	327,659	236,818	2,572
	<u>2,235,988</u>	<u>2,790,703</u>	<u>2,968,456</u>	<u>2,810,076</u>
	<u>10,567,979</u>	<u>13,574,661</u>	<u>15,021,774</u>	<u>16,423,550</u>
	(45,456,860)	(51,019,911)	(53,333,477)	(55,458,525)
	<u>(11,010)</u>	<u>239,268</u>	<u>245,940</u>	<u>95,287</u>
\$	<u><u>(45,467,870)</u></u>	<u><u>(50,780,643)</u></u>	<u><u>(53,087,537)</u></u>	<u><u>(55,363,238)</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
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>
<b>General Revenues and Other Changes in Net Assets</b>				
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
Loss on disposal of capital assets	-	-	-	-
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 (loss) 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>
<b>Changes in Net Assets</b>				
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 101, 104 and 109-110.

2007	2008	2009	2010
\$ (45,456,860)	\$ (51,019,911)	\$ (53,333,477)	\$ (55,458,525)
(11,010)	239,268	245,940	95,287
<u>\$ (45,467,870)</u>	<u>\$ (50,780,643)</u>	<u>\$ (53,087,537)</u>	<u>\$ (55,363,238)</u>
\$ 17,325,174	\$ 19,280,777	\$ 21,831,162	\$ 22,702,893
3,955,928	3,445,151	3,888,560	3,899,645
2,448,213	2,160,905	2,475,886	2,979,169
-	5,678,033	5,592,757	6,709,286
21,510,545	24,618,955	25,677,917	23,992,475
1,839,083	879,825	277,510	214,798
-	-	-	(338,229)
366,102	407,049	486,687	306,483
<u>47,445,045</u>	<u>56,470,695</u>	<u>60,230,479</u>	<u>60,466,520</u>
3,148	5,572	1,866	846
-	-	5,717	(188)
<u>3,148</u>	<u>5,572</u>	<u>7,583</u>	<u>658</u>
<u>47,448,193</u>	<u>56,476,267</u>	<u>60,238,062</u>	<u>60,467,178</u>
1,988,185	5,450,784	6,897,002	5,007,995
(7,862)	244,840	253,523	95,945
<u>\$ 1,980,323</u>	<u>\$ 5,695,624</u>	<u>\$ 7,150,525</u>	<u>\$ 5,103,940</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2001	2002	2003	2004
General Fund:				
Reserved*	\$ 222,038	\$ -	\$ -	\$ 196,692
Unreserved, Designated*	-	-	-	-
Unreserved, Undesignated	3,356,452	3,010,114	3,801,967	2,364,453
Total general fund	<u>\$ 3,578,490</u>	<u>\$ 3,010,114</u>	<u>\$ 3,801,967</u>	<u>\$ 2,561,145</u>
All Other Governmental Funds:				
Reserved	\$ 462,979	\$ 514,124	\$ 243,380	\$ 112,171
Unreserved, reported in:				
Management fund	496,647	268,135	32,613	(65,838)
Student Activity fund	103,794	183,421	98,320	135,096
Public Education and Recreation Levy fund	341,749	407,612	519,067	422,865
Physical Plant and Equipment Levy fund	1,742,397	1,645,321	1,218,498	1,304,418
Capital Projects fund	10,096,947	11,195,391	1,750,001	532,842
Total all other governmental funds	<u>\$ 13,244,513</u>	<u>\$ 14,214,004</u>	<u>\$ 3,861,879</u>	<u>\$ 2,441,554</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 for state categorical funds, debt retirement, and the opening and construction of new facilities.

Source: School District Financial Records

2005	2006	2007	2008	2009	2010
\$ 111,397	\$ 3,847	\$ 247,809	\$ 323,383	\$ 462,658	\$ 943,449
-	291,487	56,121	-	-	-
<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>5,172,927</u>
<u>\$ 2,634,026</u>	<u>\$ 2,407,556</u>	<u>\$ 2,627,147</u>	<u>\$ 3,277,229</u>	<u>\$ 5,126,052</u>	<u>\$ 6,116,376</u>
\$ 10,138,232	\$ 19,218,276	\$ 9,211,473	\$ 87,392	\$ 2,549,933	\$ 7,635,841
111,925	467,401	593,447	631,601	624,673	1,134,589
136,378	149,490	252,958	256,758	270,729	398,008
281,156	372,600	532,211	386,043	536,369	596,907
1,126,860	998,492	1,326,280	1,261,782	1,350,886	725,634
-	9,063,180	9,575,282	1,765,430	7,026,156	15,430,146
<u>\$ 11,794,551</u>	<u>\$ 30,269,439</u>	<u>\$ 21,491,651</u>	<u>\$ 4,389,006</u>	<u>\$ 12,358,746</u>	<u>\$ 25,921,125</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2001	2002	2003	2004
Local Sources:				
Property Taxes	\$ 14,778,622	\$ 16,288,634	\$ 17,570,145	\$ 18,611,587
Statewide sales and services tax	-	-	-	-
Tuition	1,015,513	1,127,609	967,069	1,051,953
Other	2,135,681	1,979,886	2,234,570	1,790,888
Intermediate Sources	15,714	13,974	28,111	-
State Sources	17,460,907	17,803,210	19,216,125	19,492,157
Federal Sources*	351,237	449,850	1,107,290	1,179,748
Total Revenues	<u>\$ 35,757,674</u>	<u>\$ 37,663,163</u>	<u>\$ 41,123,310</u>	<u>\$ 42,126,333</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	20,403,652	\$ 21,599,046	\$ 23,719,160	\$ 24,876,851	\$ 28,185,239	\$ 29,571,174
	-	-	-	5,678,033	5,592,757	6,709,286
	1,253,420	1,205,786	1,421,707	1,792,758	1,968,604	2,176,974
	2,045,578	3,002,710	4,046,617	3,483,303	3,057,302	2,701,306
	7,455	29,089	-	1,892	-	-
	21,001,096	23,250,133	25,415,872	29,653,682	31,357,360	27,767,019
	962,098	1,211,973	1,099,201	1,837,335	2,108,874	5,484,986
\$	<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>	<u>\$ 74,410,745</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			
	2001	2002	2003	2004
Instruction	\$ 20,627,166	\$ 22,234,442	\$ 23,305,504	\$ 25,074,989
Student services	1,453,934	1,746,215	1,489,379	1,648,627
Instructional staff services	2,081,782	1,870,353	1,727,303	2,055,120
Administration services	2,350,713	2,166,667	2,860,983	3,225,940
Operations and maintenance of plant services	2,447,137	2,377,287	2,743,483	3,116,221
Transportation services	1,019,394	1,217,869	1,099,100	1,283,566
Central and other support services*	121,171	-	214,611	89,770
Non-instructional programs	39,096	28,286	31,047	29,200
Facilities acquisition/construction	1,869,453	2,589,959	12,168,358	3,144,501
Debt service:				
Principal	1,340,000	1,700,000	1,775,000	1,875,000
Interest and fiscal charges	1,474,826	1,894,948	1,862,159	1,792,285
AEA flowthrough	1,389,418	1,417,202	1,485,575	1,452,261
	<u>\$ 36,214,090</u>	<u>\$ 39,243,228</u>	<u>\$ 50,762,502</u>	<u>\$ 44,787,480</u>

Debt service as a percentage of noncapital expenditures 9.60% 8.76%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 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 2010 fiscal years.

Source: School District Financial Records

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	27,496,940	\$ 29,974,634	\$ 33,157,396	\$ 37,737,920	\$ 40,272,400	\$ 41,092,354
	1,250,165	1,439,599	1,611,377	2,012,520	2,175,608	2,236,875
	1,609,526	1,879,839	1,881,262	2,202,437	2,356,883	2,369,786
	3,404,941	3,763,761	3,888,547	4,599,765	4,766,021	5,432,534
	3,819,241	4,073,271	4,179,156	4,703,119	5,144,794	5,165,727
	1,509,554	1,606,318	2,011,478	2,281,106	2,373,708	2,477,945
	-	-	-	-	-	-
	35,199	123,594	134,998	108,086	106,490	97,096
	1,997,781	2,097,020	18,135,936	13,889,914	7,635,006	25,726,426
	1,965,000	2,065,000	1,990,000	11,462,161	2,683,424	10,729,432
	1,876,949	2,561,488	2,730,336	3,075,404	2,304,355	3,409,086
	1,522,333	1,675,939	1,851,025	2,103,691	2,285,973	2,582,490
\$	<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>	<u>\$ 101,319,751</u>
	8.65%	9.45%	8.85%	20.59%	7.69%	18.51%

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			
	2001	2002	2003	2004
<b>Excess of revenues over (under) expenditures</b>	\$ (456,416)	\$ (1,580,065)	\$ (9,639,192)	\$ (2,661,147)
<b>Other financing sources (uses)</b>				
Capital lease proceeds	-	-	-	-
Interfund transfers in	63,000	-	-	-
Interfund transfers out	(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)	9,887,306	1,981,180	110	-
Net change in fund balances	\$ 9,430,890	\$ 401,115	\$ (9,639,082)	\$ (2,661,147)

Source: School District Financial Records

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	<u>(814,330)</u>	<u>\$ (961,726)</u>	<u>\$ (15,868,954)</u>	<u>\$ (16,852,269)</u>	<u>\$ 165,474</u>	<u>\$ (26,909,006)</u>
	-	-	-	399,706	-	314,228
	42,745	-	9,090	1,622,661	2,573,335	4,753,458
	(42,745)	-	(9,090)	(1,622,661)	(2,573,335)	(4,753,458)
	-	-	215	-	1,119	7,481
	-	-	-	-	19,300	-
	-	-	-	-	9,632,670	34,400,000
	10,240,208	14,333,551	6,939,931	-	-	6,740,000
	-	9,891,593	17,330,611	-	-	-
	-	(5,015,000)	(16,960,000)	-	-	-
	<u>10,240,208</u>	<u>19,210,144</u>	<u>7,310,757</u>	<u>399,706</u>	<u>9,653,089</u>	<u>41,461,709</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>	<u>\$ 14,552,703</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

**Expenditures by Function**

<u>Fiscal Year Ended June 30,</u>	<u>Instruction</u>	<u>Support Services</u>	<u>Non- Instructional Programs</u>	<u>Other Expenditures</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>
2010	\$ 38,890,572	\$ 16,428,065	\$ -	\$ 2,582,490	\$ 57,901,127	\$ -
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	-

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
2010	\$ 22,681,300	\$ 27,764,454	\$ 5,484,986	\$ 2,953,230	\$ 58,883,970	\$ 7,481
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	-

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
2008	2009-10(A)	\$ 1,438,166,883	\$ 2,523,277,541	\$ 14,916,841	\$ 22,130,983
2007	2008-09(B)	1,359,121,429	2,422,299,035	14,735,855	18,943,236
2006	2007-08(C)	1,295,065,457	2,236,959,890	14,390,628	18,851,643
2005	2006-07(D)	1,257,759,695	2,132,762,726	16,297,083	20,208,914
2004	2005-06 (E)	1,212,375,838	1,969,761,812	15,544,312	18,689,828
2003	2004-05 (F)	1,151,172,439	1,851,410,654	15,275,581	17,166,356
2002	2003-04 (G)	1,096,672,553	1,694,179,714	17,449,122	17,449,122
2001	2002-03 (H)	1,048,767,918	1,615,215,870	16,531,519	16,531,519
2000	2001-02 (I)	985,965,706	1,416,750,021	15,753,545	15,753,545
1999	2000-01 (J)	909,439,072	1,321,139,183	15,510,277	15,510,277

- (A) Equalization order applied by County Auditor.  
Rollback 45.5893% residential, 93.8568% agricultural, 100% all others.
- (B) Equalization order applied by County Auditor.  
Rollback 44.0803% residential, 90.1023% agricultural, 99.7312% commercial, 100% utilities.
- (C) Equalization order applied by County Auditor.  
Rollback 45.5596% residential, 100% all others.
- (D) Equalization order applied by County Auditor.  
Rollback 45.9960% residential, 99.1509% commercial and railroad, 100% utilities.
- (E) Equalization order applied by County Auditor.  
Rollback 47.9642% residential, 100% utilities.
- (F) Equalization order applied by County Auditor.  
Rollback 48.4558% residential, 99.2570% commercial and railroad, 100% utilities.
- (G) Equalization order applied by County Auditor.  
Rollback 51.3874% residential, 100% all others.
- (H) Equalization order applied by County Auditor.  
Rollback 51.6676% residential, 97.7701% commercial and railroad, 100% utilities.
- (I) Equalization order applied by County Auditor.  
Rollback 56.2651% residential, 100% all others.
- (J) Equalization order applied by County Auditor.  
Rollback 54.8525% residential, 100% all others.

Note: The tax assessment year information for 2009 and 2010 is available but the actual collections for those assessments do not occur until the 2010-11 and 2011-12 fiscal years.

Source: Linn County Auditor

Total		Ratio Taxable Value to Assessed Value
Taxable Value	Assessed Value	
\$ 1,453,083,724	\$ 2,545,408,524	57.1 %
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

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
2010	\$ 29,491,293	\$ 29,241,244	99.15%	\$ 229,839	\$ 29,471,083	99.93%
2009	28,092,272	27,873,797	99.22%	209,446	28,083,242	99.97%
2008	25,428,854	24,703,063	97.15%	77,861	24,780,924	97.45%
2007	23,617,541	23,504,447	99.52%	214,713	23,719,160	100.43%
2006	21,764,907	21,431,989	98.47%	149,056	21,581,045	99.16%
2005	20,475,421	20,403,652	99.65%	-	20,403,652	99.65%
2004	18,490,273	18,495,314	100.03%	116,273	18,611,587	100.66%
2003	17,479,448	17,319,855	99.09%	122,316	17,442,171	99.79%
2002	16,293,690	16,071,120	98.63%	93,516	16,164,636	99.21%
2001	14,647,354	14,543,744	99.29%	108,421	14,652,165	100.03%

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
2008	2009-10			
	County	\$ 5.95245	\$ 5.95245	\$ 5.95245
	Schools	20.22951	20.22951	20.22951
	City	15.21621	13.86482	9.28024
	Miscellaneous	1.22581	1.22581	1.22581
	Total Levy	\$ <u>42.62398</u>	\$ <u>41.27259</u>	\$ <u>36.68801</u>
Ratio of Linn-Mar Community School District to Total		<u>47.46%</u>	<u>49.01%</u>	<u>55.14%</u>
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>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
2005	2006-07*			
	County	\$ 5.69014	\$ 5.69014	\$ 5.69014
	Schools	18.81657	18.81657	18.81657
	City	14.38608	13.95525	9.32643
	Miscellaneous	1.288	1.23853	1.23853
	Total Levy	<u>\$ 40.18079</u>	<u>\$ 39.70049</u>	<u>\$ 35.07167</u>
Ratio of Linn-Mar Community School District to Total		<u>46.83%</u>	<u>47.40%</u>	<u>53.65%</u>
2004	2005-06*			
	County	\$ 5.73231	\$ 5.73231	\$ 5.73231
	Schools	17.99931	17.99931	17.99931
	City	13.98997	13.98851	8.69792
	Miscellaneous	1.06205	0.97102	0.97102
	Total Levy	<u>\$ 38.78364</u>	<u>\$ 38.69115</u>	<u>\$ 33.40056</u>
Ratio of Linn-Mar Community School District to Total		<u>46.41%</u>	<u>46.52%</u>	<u>53.89%</u>
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>

## 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
2002	2003-2004*			
	County	\$ 5.29322	\$ 5.29322	\$ 5.29322
	Schools	16.89647	16.89647	16.89647
	City	13.06777	13.46667	8.55126
	Miscellaneous	1.07587	0.97726	0.97726
	Total Levy	<u>\$ 36.33333</u>	<u>\$ 36.63362</u>	<u>\$ 31.71821</u>
Ratio of Linn-Mar Community School District to Total		<u>46.50%</u>	<u>46.12%</u>	<u>53.27%</u>
2001	2002-2003*			
	County	\$ 5.25419	\$ 5.25419	\$ 5.25419
	Schools	16.90663	16.90663	16.90663
	City	12.82969	13.25744	8.58425
	Miscellaneous	1.06121	0.9617	0.9617
	Total Levy	<u>\$ 36.05172</u>	<u>\$ 36.37996</u>	<u>\$ 31.70677</u>
Ratio of Linn-Mar Community School District to Total		<u>46.90%</u>	<u>46.47%</u>	<u>53.32%</u>
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>

## LINN-MAR COMMUNITY SCHOOL DISTRICT

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

<u>Levy Year</u>	<u>Collection Year</u>	<u>City of Cedar Rapids</u>	<u>City of Marion</u>	<u>City of Robins</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>

\* = 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)

Ending June 30.	General	Management	Board PPEL	Playground	Voted PPEL	Debt Service	Total
2010	\$ 15.56715	\$ 0.90000	\$ 0.33000	\$ 0.13500	\$ 0.67000	\$ 2.62736	\$ 20.22951
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

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

Taxpayer	2008 Taxable Value 1/1/2008 Valuation	Percentage of Total Assessed Valuation*	2000 Taxable Value 1/1/2000 Valuation	Percentage of Total Assessed Valuation*
SDG Macerich Properties	\$ 34,374,794	2.19 %	\$ -	- %
Rockwell Collins Inc	19,126,456	1.22	59,350,092	5.91
OPM LC	13,146,559	0.84	8,844,466	0.88
Collins Square LLC	12,653,384	0.81	10,436,860	1.04
Developers Diversified Realty Corp	11,552,641	0.74	-	-
WalMart	10,850,705	0.69	-	-
Timberland Partners	10,784,528	0.69	-	-
Atrium Finance	9,675,466	0.62	-	-
Target Corporation	8,419,751	0.54	-	-
Busse Investment Inc	8,207,687	0.52	5,634,170	0.56
Lindale Mall	-	-	30,288,700	3.02
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	\$ 138,791,971	8.83 %	\$ 137,957,754	13.74 %

\* = 2008 Total District Taxable Valuation is \$1,571,568,363  
2000 Total District Taxable Valuation is \$1,004,367,247

Note: The 2008 valuation was reported because the taxes collected during the 2010 fiscal year was based on the 2008 valuation. In addition, the 2000 taxable valuation was reported because the requested data for the prior year is not available.

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*
2009-10	\$ 2,545,408,524	\$ 51,215,000	\$ 42,725,000	\$ 93,940,000	3.69%	\$ 365
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

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*
2010	\$ 51,215,000	\$ 42,725,000	\$ 419,311	\$ 94,359,311	1.06%
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%

\* Source: School District financial records.

See Miscellaneous Demographic Statistics on page 116. 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	\$ 51,215,000	100.00%	\$ 51,215,000
Overlapping:			
City of Cedar Rapids	122,458,915	10.96%	13,421,497
City of Marion	19,465,000	66.98%	13,037,657
City of Robbins	6,685,000	31.45%	2,102,433
Kirkwood Community College	69,080,000	7.89%	5,450,412
AEA #10 - Grant Wood	1,245,000	7.89%	98,231
Linn County	<u>1,000,000</u>	17.25%	<u>172,500</u>
Total overlapping	<u>219,933,915</u>		<u>34,282,730</u>
Total Direct and Overlapping Debt	<u>\$ 271,148,915</u>		<u>\$ 85,497,730</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>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Total Assessed Valuation	\$ <u>1,336,649,460</u>	\$ <u>1,432,503,566</u>	\$ <u>1,631,747,389</u>	\$ <u>1,711,628,836</u>	\$ <u>1,868,577,010</u>
Bonded Debt Limit * 5% of assessed valuation	66,832,473	71,625,178	81,587,369	85,581,442	93,428,851
Bonded Debt at end of fiscal year	<u>40,430,000</u>	<u>40,730,000</u>	<u>38,955,000</u>	<u>37,080,000</u>	<u>45,265,000</u>
Debt Margin at end of fiscal year	\$ <u>26,402,473</u>	\$ <u>30,895,178</u>	\$ <u>42,632,369</u>	\$ <u>48,501,442</u>	\$ <u>48,163,851</u>
Legal Debt Margin as a percentage of debt limit	39.51%	43.13%	52.25%	56.67%	51.55%

\* = Code of Iowa Section 296.1

Source: Linn County Auditor

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
\$ <u>1,988,451,640</u>	\$ <u>2,152,971,640</u>	\$ <u>2,255,811,533</u>	\$ <u>2,441,242,271</u>	\$ <u>2,545,408,524</u>
99,422,582	107,648,582	112,790,577	122,062,114	127,270,426
<u>62,425,000</u>	<u>67,860,000</u>	<u>56,485,000</u>	<u>63,395,000</u>	<u>94,359,311</u>
\$ <u>36,997,582</u>	\$ <u>39,788,582</u>	\$ <u>56,305,577</u>	\$ <u>58,667,114</u>	\$ <u>32,911,115</u>
37.21%	36.96%	49.92%	48.06%	25.86%

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>
2009	257,530	\$ 8,865,730,000	\$ 34,426.0	\$ 2,895.0	\$ 351.8	5.70 %	6.00 %
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

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 2010 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
2009	21	\$ 19,387,965	6	\$ 902,214
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

Year	City of Cedar Rapids New Industrial		City of Marion New Industrial	
	# of Permits	Valuation	# of Permits	Valuation
2009	1	\$ 163,900	0	\$ -
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	-	-

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 2010 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
2009	323	\$ 29,770,945	143	\$ 16,333,694
2008	292	30,247,887	216	26,585,154
2007	298	33,829,577	215	26,142,204
2006	346	37,911,515	211	25,406,593
2005	348	37,783,146	312	36,446,164
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

Year	City of Cedar Rapids Multi-Family		City of Marion Multi-Family	
	# of Permits	Valuation	# of Permits	Valuation
2009	73 (n/a)	\$ 28,959,453	27 (n/a)	\$ 6,037,139
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

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 2010 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS  
Prior Year and Ten Years Ago  
(Unaudited)

	2010		1996	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State University of IA/Hospital	\$ 33,197	44.09 %	\$ 21,773	46.48 %
Rockwell-Avionics	20,300	26.95	6,300	13.45
Area Schools/AEA	5,313	7.05	4,073	8.69
Aegon USA	3,700	4.91	-	-
Hy-Vee Stores	3,062	4.07	1,950	4.16
St. Lukes Hospital	2,700	3.59	2,250	4.80
Mercy Medical Center	2,300	3.05	1,700	3.63
Walmart Stores, Inc.	1,815	2.41	-	-
Kirkwood Comm. College	1,525	2.02	-	-
Pearson	1,400	1.86	-	-
Whirlpool Corporation	-	-	2,950	6.30
IES Utilities	-	-	2,282	4.87
McLeod USA	-	-	1,966	4.20
MCI Communications	-	-	1,600	3.42
Total	\$ <u>75,312</u>	<u>100.00 %</u>	\$ <u>46,844</u>	<u>100.00 %</u>

Source: Cedar Rapids Area Chamber of Commerce

Note: The 2010 numbers are as of May, 2010. Because the 2001 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			
	2001	2002	2003	2004
<b>Administration</b>				
Superintendent	1	1	1	1
Associate Superintendent	0.5	1	1	1
Principals	7	7	7	8
Assistant Principals	4	5	6	5
Deans	-	-	-	-
School administrative manager	-	-	-	-
Other Administrators	3	2	1.5	1
Supervisors	3	4	4	4
<b>Instructors</b>				
Regular Program Teachers	262.8	269.16	270.04	284.63
Special Education Teachers	27	31.3	38.5	41
<b>Student Services</b>				
Guidance Counselors	11	11	11	12
Media Specialists	7	7	7	8
Curriculum Coordinators	3	3	2	2
Other Licensed Staff	4.5	4.5	3.75	2
Other Coordinators	3.1	2.5	3.5	4.5
<b>Support Personnel</b>				
Nurse	2.5	2.5	2.5	3
Clerical	33	34.43	34.56	35.56
Paraeducators	98.38	105.3	105.4	123.14
Custodial & Maintenance	52.9	51.1	55.01	97.15
Food Service	-	31.72	31.63	-1
Bus Drivers	13.82	14.33	14.18	16.375
	<u>537.5</u>	<u>587.84</u>	<u>599.57</u>	<u>648.355</u>

Source: District Personnel Records

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
1	1	1	1	1	1
9	9	9	10	10	10
5	5	5	5	6	6
-	-	-	2	2	2
-	-	2	2	3	5
2.5	3	3	4	4	4
4	4	4	4.5	7	7
293.39	309.8	327.59	356.92	362.6	366.6
48	51	52	54	55	56
12.5	14	15	17	17	17
8	8	8	9	10	10
2	2	2	2	2	2
4.5	5	5	5	5	5
3	3	3	4	4	4
3	3	3.75	4	4	4
36.44	36.56	36.15	40.36	43.4	43.5
128.48	122.77	133.13	144.27	149	154.9
58.97	58.85	62.46	63.06	63	63
37.44	42.44	41.59	48.07	48.16	49.82
17.18	22.19	22.03	21.53	27.09	28.19
<u>675.4</u>	<u>701.61</u>	<u>736.7</u>	<u>798.71</u>	<u>824.25</u>	<u>840.01</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*
2010	\$ 138,979,461	\$ 24,266,307	\$ 4,000,517.94
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

\* = 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>
2009-2010	\$ 57,901,127	5,963	\$ 9,710
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

\* 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			
	2001	2002	2003	2004
<b>Elementary</b>				
Bowman Woods				
Square Feet	42,200	42,200	50,906	50,906
Capacity	500	500	500	500
Enrollment	462	463	524	514
Echo Hill				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Indian Creek				
Square Feet	49,200	49,200	49,200	49,200
Capacity	450	450	450	450
Enrollment	420	430	426	406
Linn Grove				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	500	400	400	400
Enrollment	492	473	487	370
Westfield				
Square Feet	58,000	58,000	58,000	58,000
Capacity	500	500	500	500
Enrollment	454	493	495	405
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	472	455	434	460
<b>Pre - K-8 Building***</b>				
Oak Ridge				
Square Feet	-	-	-	105,383
Capacity	-	-	-	750
Enrollment	-	-	-	577
<b>Middle School/Intermediate*</b>				
Excelsior				
Square Feet	126,700	126,700	126,700	126,700
Capacity	1,100	1,100	1,100	1,100
Enrollment	988	1,065	1,122	884
Oak Ridge				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>High School/Junior High**</b>				
Square Feet	305,000	305,000	305,000	305,000
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,301	1,274	1,250	1,292

2005	2006	2007	2008	2009	2010
50,906	50,906	50,906	50,906	50,906	50,906
500	500	500	500	500	500
499	498	537	474	437	437
-	-	-	-	78,000	78,000
-	-	-	-	600	600
-	-	-	-	511	511
49,200	49,200	49,200	49,200	49,200	49,200
450	450	450	450	450	450
427	478	525	366	385	385
-	-	-	78,000	78,000	78,000
-	-	-	600	600	600
-	-	-	374	379	379
57,300	57,300	57,300	57,300	57,300	57,300
400	400	400	400	400	400
362	366	381	345	357	357
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
436	462	443	472	427	427
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
473	462	508	411	442	442
105,383	105,383	105,383	105,383	-	-
750	750	750	750	-	-
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
836	841	823	785	787	787
-	-	-	-	105,383	105,383
-	-	-	-	750	750
-	-	-	-	599	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
1,399	1,504	1,642	1,694	1,761	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
2009-2010	\$ 5,172,928	\$ 58,883,970	8.78 %
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

\* 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)

Fiscal Year Ending June 30,	Average Daily Membership (ADM)	Average Daily Attendance (ADA)	Ratio of ADA to ADM
2010	6,308	5,963	94.53 %
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

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>
2010	309	558	(249)
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)

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, 2010

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 10	\$ 84,615
National School Lunch Program	10.555	FY 10	546,844
National School Lunch Program (non-cash)	10.555	FY 10	<u>153,767</u>
			<u>785,226</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	3715-G-10	401,605
Title I Grants to Local Educational Agencies	84.010	3715-GC-10	41,000
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	RIB 1573715	<u>112,052</u>
			<u>554,657</u>
Career and Technical Education - Basic Grants to States	84.048	FY 10	<u>37,540</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 10	<u>15,017</u>
Advanced Placement Program	84.330	FY 10	<u>784</u>
English Language Acquisition Grants	84.365	FY 10	<u>8,083</u>
Improving Teacher Quality State Grants	84.367	FY 10	<u>147,080</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	<u>2,840,337</u>
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 10	336,398
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	<u>428,662</u>
			<u>765,060</u>
U. S. Department of Health and Human Services:			
Linn County Department of Human Services:			
Medical Assistance Program	93.778	FY 10	<u>187</u>
Total			<u>\$ 5,153,971</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010

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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 1, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We noted no matters involving internal control over financial reporting that we consider to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a significant deficiency.

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, 2010 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 1, 2010

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, 2010. 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 U.S. generally accepted auditing standards, 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, 2010.

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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no matters involving internal control over compliance that we consider to be material weaknesses.

Linn-Mar Community School District's responses to the 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.

Oskaloosa, Iowa  
December 1, 2010

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was 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:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
  - Clustered programs:
    - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
    - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
  - Clustered programs:
    - CFDA Number 84.027 – Special Education, Grants to States
    - CFDA Number 84.391 – ARRA – Special Education, Grants to States, 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 did not qualify as a low-risk auditee.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-10 Employee Controls – We noted in our testing of payroll transactions that the District was unable to provide an approved, signed contract for one coaching position involving a salary of \$7,208.

Recommendation – The District should insure that all payroll transactions are for approved personnel and salary amounts. One aspect of this control is to obtain and retain a signed contract for all employee positions, including coaching contracts. The signed contract benefits both parties by outlining duties, expectations and pay rates.

Response – This was an oversight in this one instance. We always require a contract for employment to be signed by both parties and then retain the contract in our personnel records.

Conclusion – Response accepted.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

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

Year Ended June 30, 2010

Part IV: Other Findings Related to Statutory Reporting:

IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010, exceeded the amount budgeted in the other expenditures function.

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-10 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-10 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-10 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-10 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-10 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-10 Certified Enrollment – We noted a variance of .67 FTE net overclaim in the basic enrollment data certified to the Department of Education.

Recommendation – The District should contact the Department of Education and Department of Management regarding this error.

Response – We will take the necessary actions regarding this error.

Conclusion – Response accepted.

IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 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-J-10 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, 2010

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

IV-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-10 Financial Condition – The District had several accounts in the Special Revenue Fund, Student Activity with deficit balances at June 30, 2010.

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.