

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the
LINN-MAR COMMUNITY SCHOOL DISTRICT
Marion, Iowa

For the fiscal year ended June 30, 2015

OFFICIAL ISSUING REPORT

J.T. Anderson, CPA
Chief Financial Officer
Board Treasurer

2999 North 10th Street
Marion, IA 52302



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Inspire Learning. Unlock Potential. **Empower Achievement.**

December 1, 2015

Quintin Shepherd, Ph.D.
Superintendent

Shannon Bisgard
Associate Superintendent
Chief Academic Officer

J.T. Anderson
Chief Financial Officer

Karla Christian
Executive Director of
Human Resources

Leisa Breitfelder
Executive Director of
Student Services

Rick Ironside, Ed.D.
Executive Director of
Support Services

Jeri Ramos
Executive Director of
Technology Services

Angie Morrison
Business Manager

Chad Schumacher
HS Renovations and
Administrator

Tim Isenberg
President
Board of Directors

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

Excelsior, 6-8
John Christian
Principal

Oak Ridge, 6-8
Erica Rausch
Principal

Bowman Woods, K-5
Tina Monroe
Principal

Echo Hill, ECBP/PK-5
Dan Ludwig
Principal

Indian Creek, K-5
Marilee McConnell
Principal

Linn Grove, ECBP/PK-5
Chad Buchholz
Principal

Novak, ECBP/PK-5
Carol O'Donnell
Principal

Westfield, K-5
Ed Rogers
Principal

Wilkins, K-5
Pamela Schulz
Principal

Tim Isenberg, 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, 2015. 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 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 2015 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 Certificate of Excellence in Financial Reporting for the year ended June 30, 2014, 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 includes audit reports relating to the Board's single audit over internal control, federal and state awards, Schedule of Expenditures of Federal and State 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 activities.

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 the Marion Rural Community School District under the Community School Reorganization Act adopted in 1955. It operated under this name from 1955 to 1963 when its name was changed to Linn-Mar Community School District. The District is currently the 12th largest of Iowa's 338 public school systems. The certified enrollment taken on the October 1, 2014 was approximately 7,145 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 preschool through grade twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational-technical 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 Kirkwood Community College to offer courses for qualified high school students and a community education program for adult learners.

The District is supported financially by state aid, property taxes, state and federal grants for special projects, local revenue received for tuition and other services, and a state-wide one percent sales tax.

Economic Condition and Outlook

Linn-Mar Community School District is located in the Cedar Rapids Metropolitan Service Area (MSA). The District covers 64 square miles and encompasses the north part of the city of Marion and the NE portion of city of Cedar Rapids. The Cedar Rapids Metropolitan Service 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 government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communications systems.

Rockwell Collins currently employs approximately 9,000 people in the 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. The company also prides itself in the partnerships they have established with the local school districts in the area.

The District's facilities are in average-to-good condition. The oldest building, which opened in 1948 and has several additions, was repurposed in 2010 to house the central administrative offices, the district's alternative HS program, and the district's home school assistance program. Four facilities were initially built between 1959 and 1968. Each has had several additions over the years. The five remaining school sites were built between 1995 and 2010. The Transportation and Operations & Maintenance facility was completed in 2010. In 2013, construction was completed on a district Aquatic Center.

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 for several years, the ratio leveled out to around 5% for three consecutive fiscal years, 2006-2008; and then steadily increased to a peak of 15.83% in the 2012 fiscal year. In fiscal years 2013 and 2014 the solvency ratio decreased slightly to 15.27% and 13.68% respectively. The current solvency ratio is 11.90% and is within the target range of 5% to 15% as defined by the Iowa Association of School Boards. The State set the supplemental state aid growth rate at 1.25% for the 2016 fiscal year. However, future supplemental state aid beyond fiscal year 2016 is not known. Despite this unknown, Linn-Mar continues to realize steady enrollment growth and the District will thoughtfully plan its budget in order to maintain a solvency ratio and unspent balance ratio that is within the target range of 5% to 15%.

Linn-Mar continues to see steady residential growth. In the City of Marion during the 2014 calendar year, 145 new single-family dwelling building permits were issued at a valuation of \$17,599,562 and 15 new multi-family dwelling unit permits were issued at a valuation of \$4,233,891.

District Major Initiative and Achievements

The staff, board, students, and community members are to be commended for making the 2014-2015 school year a very productive one. Some of the many accomplishments for the year include:

- The District began construction on a new multi-million dollar renovation and addition of Linn-Mar High School. This project will remodel and enhance many of the instructional spaces within the school, including STEM programs such as industrial technology and family

consumer science. The project scope also includes various technology and security upgrades, such as wireless internet and security cameras.

- 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 23,269 volunteer hours with over 650 volunteers in the District. Volunteers enhance our students' learning by acting as tutors, reading to kindergarten classrooms, assisting teachers in their classrooms or on field trips, or serving on committees. Last year, 73 volunteers gave more than 100 hours each to our schools.
- The District was recognized for its continued excellence in financial reporting with the receipt of the District's eleventh consecutive Certificate of Excellence in Financial Reporting award for the 2013-2014 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 2014-2015 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 standardize test.
- Students in grades 5-8 met or exceeded their target growth on the NWEA MAP mathematics test.
- On the ITBS and ITED assessments, the students out-performed the state and nation in the content areas of reading, math, and science, continuing a multi-year tradition.
- Linn-Mar students continue to score higher than both the state and national averages of student that complete the ACT assessment. The 14-15 Linn-Mar Community School District composite ACT score was 24.5 compared to 22.2 for the state. A record 349 students took the ACT exam in 2015.
- Eight Linn-Mar students were recognized as National Merit semi-finalists.

Financial Information

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.

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.

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, Nolte, Cornman and Johnson, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United State of America and, accordingly, included a review of the District's system of budgetary and accounting controls.

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

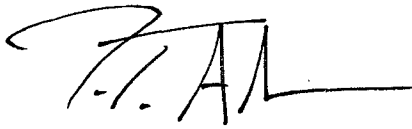
In order to be eligible to receive the Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, (CAFR) whose contents conform to program standards. Such CAFR must satisfy both Generally Accepted Accounting Principles and applicable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

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

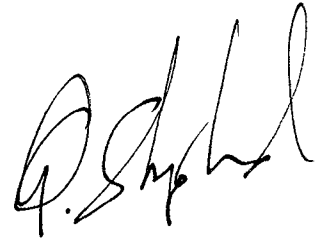
Acknowledgements

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

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

A handwritten signature in black ink, appearing to read "J.T. Anderson". The signature is stylized with a large, sweeping initial "J" and "A".

J.T. Anderson
Chief Financial Officer
Board Treasurer

A handwritten signature in black ink, appearing to read "Dr. Quintin Shepherd". The signature is stylized with a large, sweeping initial "Q" and "S".

Dr. Quintin Shepherd
Superintendent of Schools

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Linn-Mar Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Mark C. Pepera, MBA, RSBO, SFO
President

John D. Musso, CAE, RSBA
Executive Director

2014-15 ORGANIZATIONAL CHART

BOARD OF EDUCATION

Superintendent

Communications & Media
Relations Coordinator (.5)

Admin. Asst. (1.5)

Community Relations
Coordinator (1)

Deputy Superintendent
Chief Academic Officer

Admin. Asst. (1)

Executive Director
Student Services

Executive Director
Human Resources

Executive Director
Technology

Chief Financial Officer
Board Treasurer

Business Manager
Board Secretary

Executive Director
Support Services

Admin. Asst. (.5)

O & M
Manager

Nutrition
Services
Manager

Transport.
Manager

Bldg
Principals
(10)

Teaching &
Learning
Directors (4.5)
· High School
· Middle School
· Elementary
· Early Childhood
· Transitions

Admin. Asst. (1)

HR Generalist
(3)

Admin. Asst. (.5)

Aquatic Center
Manager (1)

Business
Office (4)

Secy. (1)

NS
Coordinator
(1)

Secy.
(1)

Dispatcher
(1)

Assoc.
Principal &
Athletic
Dir. (8)

Consultant
Autism (1)

Administrative
Liaison
(1)

Technicians (5)

Pool Center
Technicians

HVAC
Supv.
(1)

Total
Access
Manager
(1)

Mechanics
(2)

Drivers
(38.5)

SAMs
(7)

Nurses (4)

Receptionist
(.5)

Grounds
Supv.
(1)

NS
Staff

Riders
(10)

Secretaries

TOSA (.5)

Student
Assistance (4)

O & M
Dept.
(12)

Helpers
(2)

Certified
Staff

Classified
Staff

ELL (4)

Secretary (1)

Teacher Leadership

Program Coordinators (2)

Release Positions (19)
Mentors, TICs, etc.

LINN-MAR COMMUNITY SCHOOL DISTRICT
BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION

Year Ended June 30, 2015

<u>Board of Education</u>		
	<u>Title</u>	<u>Term/Contract Expires</u>
Tim Isenberg	President	September, 2015
Barry Buchholz	Vice President	September, 2015
Tina Patterson	Director	September, 2017
Elizabeth Wilson	Director	September, 2015
Rene Gadelha	Director	September, 2017
Todd Hutcheson	Director	September, 2017
Ann Stark	Director	September, 2015
	(Resigned Janaury 23, 2015)	
Robert Crawford	Director	September, 2015
	(Appointed Febuary 9, 2015)	
Dr. Katie Mulholland	Superintendent	2015
J.T. Anderson	Chief Financial Officer/ Board Treasurer	2015
Angie Morrison	Business Manager/ Board Secretary	2015
Terry Abernathy	Attorney	Indefinite
Simmons Perrine Moyer Bergman PC	Attorney	Indefinite
Ahlers & Cooney	Attorney	Indefinite

LINN-MAR COMMUNITY SCHOOL DISTRICT



NOLTE, CORNMAN & JOHNSON, P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 the Linn-Mar Community School District, Marion, Iowa as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Linn-Mar Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 18 to the financial statements, Linn-Mar Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's proportionate Share of Net Pension Liability, the Schedule of District contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 15 through 25 and 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Statistical Section

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 third paragraph of this report, the financial statements for the three years ended June 30, 2014. (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited the financial statements for the six years ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Linn-Mar Community School District.

The supplementary information contained in this report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical section, as listed in the table of contents, is the responsibility of management and is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2015 on our consideration of Linn-Mar Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Linn-Mar Community School District's internal control over financial reporting and compliance.

Newton, Iowa
December 1, 2015


Nolte, Cornman & Johnson, P.C.

LINN-MAR COMMUNITY SCHOOL DISTRICT

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, 2015. 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 District's total net position for governmental activities was \$42,959,608 at June 30, 2015 compared to \$69,548,552 at June 30, 2014, a decrease of 38.23%. This is primarily due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date during fiscal year 2015.
- At the end of the current fiscal year, the total of assigned and unassigned fund balances in the general fund was \$8,612,834 or 11.90% of total general fund revenues compared to prior year's total balance of \$9,282,580 or 13.68% of total general fund revenues.

Overview of the Financial Statements

The audited financial statements of the District consist of three components, which are the following:

- Management Discussion and Analysis
- Basic Financial Statements, which include government-wide financial statements, fund financial statements and notes to the financial statements
- Required supplemental section that represents individual statements and schedules

The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

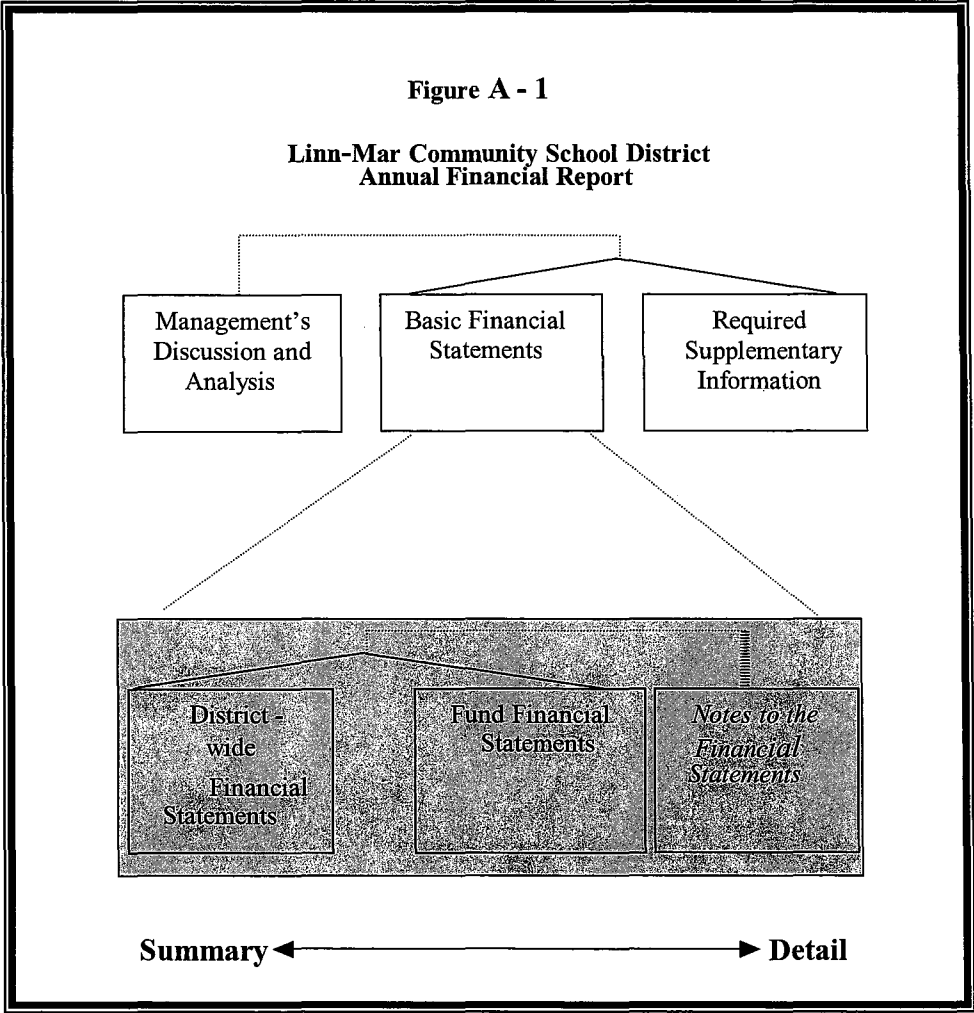


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government -Wide Financial Statements

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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 service, aquatic center and ROAR store
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
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
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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 Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. 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 position* and how they have changed. Net position is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position 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, aquatic center and ROAR store would be included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

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

Financial Analysis of the District as a Whole

Net position is an indicator of the fiscal health of the District. The District's net position decreased by 38.12%, decreasing from \$71.32 million at June 30, 2014 to \$44.13 million at June 30, 2015. (See Figure A-3).

Figure A-3
Condensed Statement of Net Position (in millions of dollars)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2015	2014	2015	2014	2015	2014-15
	(Not Restated)		(Not Restated)		(Not Restated)		
Current and other assets	\$ 69.85	70.28	1.30	1.56	71.15	71.84	0.97%
Capital assets	129.08	133.13	0.61	0.60	129.69	133.73	3.12%
Total assets	198.93	203.41	1.91	2.16	200.84	205.57	2.36%
Deferred outflows of resources	-	5.74	-	0.16	-	5.90	100.00%
Long-term obligations	88.98	113.41	0.02	0.76	89.00	114.17	28.28%
Other liabilities	9.28	10.35	0.12	0.11	9.40	10.46	11.28%
Total liabilities	98.26	123.76	0.14	0.87	98.40	124.63	26.66%
Deferred inflows of resources	31.12	42.43	-	0.28	31.12	42.71	37.24%
Net position:							
Net investment in capital assets	41.21	48.00	0.61	0.60	41.82	48.60	16.21%
Restricted	21.07	18.78	-	-	21.07	18.78	-10.87%
Unrestricted	7.27	(23.82)	1.16	0.57	8.43	(23.25)	-375.80%
Total net position	\$ 69.55	42.96	1.77	1.17	71.32	44.13	-38.12%

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

Net investment in capital assets, such as land, buildings, machinery and equipment, less any outstanding debt used to acquire those assets is \$48.60 million. These assets are considered non-spendable since they represent capital assets used to provide services to students. The resources needed to pay the obligations from the debt related to these assets must be provided from other resources. \$18.78 million of net position has some external restrictions on how the funds may be used. The deficit remaining balance of \$23.25 million represents unrestricted net position which may be used to meet the District's ongoing obligations.

As mentioned before, restricted net position represents resources that are subject to external restrictions such as enabling legislation or constitutional provisions. The District's restricted net position decreased \$2.29 million, or 10.87% from the prior year. The decrease in the District's restricted net position was due primarily to the decrease in fund balance for the Capital Projects: Construction Projects Fund.

Unrestricted net position is the assets that can be used to finance day-to-day operations without constraints established by debt restrictions, enabling legislation or other legal binding requirements. Unrestricted net position decreased \$31.68 million, or 375.80%. The decrease in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$33,461,584 and \$914,402, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

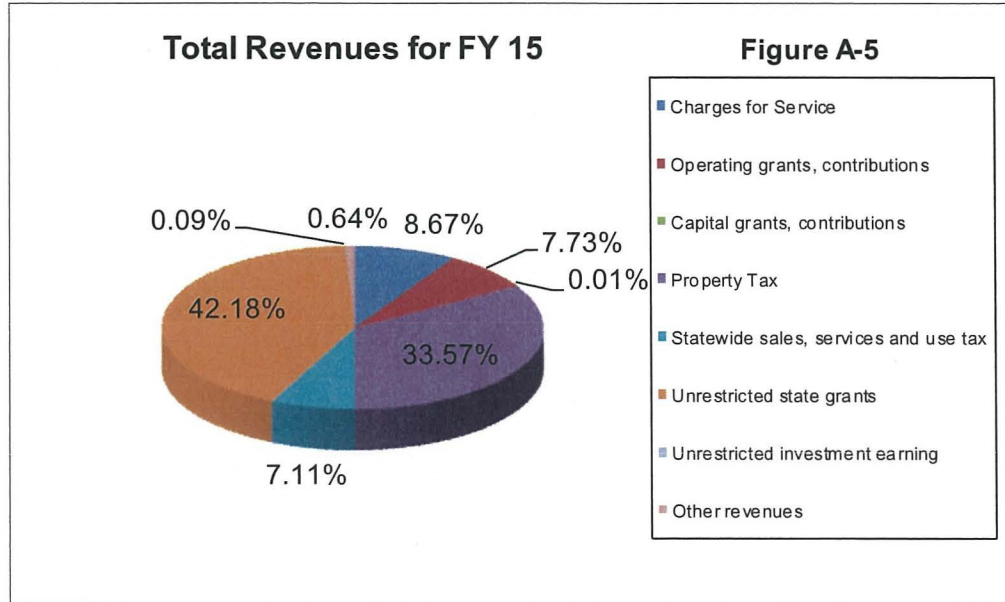
The following figure shows changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014. (See Figure A-4).

Figure A-4
Changes in Net Position (in millions of dollars)

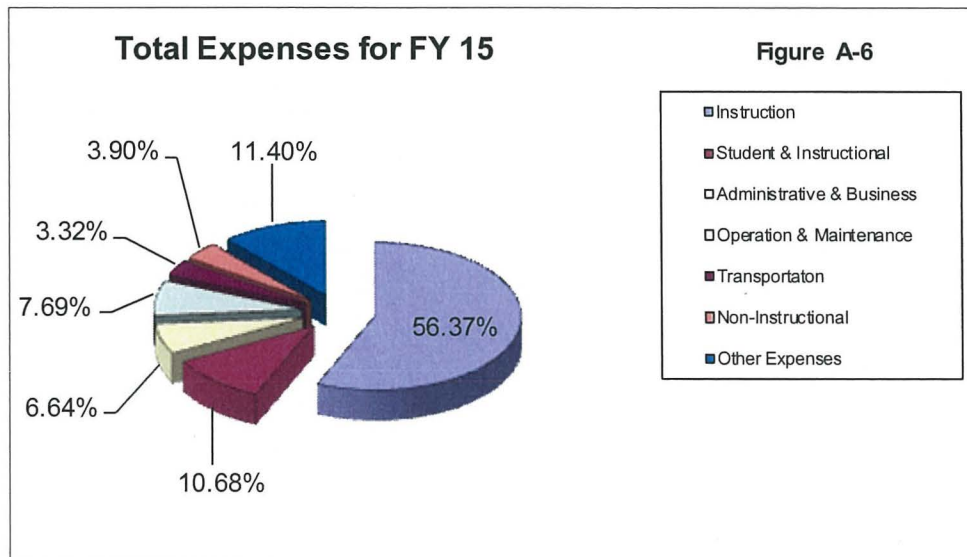
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2015	2014	2015	2014	2015	2014-15
	(Not Restated)		(Not Restated)		(Not Restated)		
Revenues:							
Program revenues:							
Charges for service	\$ 4.75	5.61	2.16	2.41	6.91	8.02	16.06%
Operating grants, contributions and restricted interest	10.87	5.99	1.10	1.17	11.97	7.16	-40.18%
Capital grants, contributions and restricted interest	-	0.01	-	-	-	0.01	100.00%
General revenues:							
Property tax	30.94	31.09	-	-	30.94	31.09	0.48%
Statewide sales, services and use tax	5.98	6.59	-	-	5.98	6.59	10.20%
Unrestricted state grants	29.98	39.05	-	-	29.98	39.05	30.25%
Unrestricted investment earnings	0.09	0.08	-	-	0.09	0.08	-11.11%
Other	1.05	0.59	-	-	1.05	0.59	-43.81%
Total revenues	83.66	89.01	3.26	3.58	86.92	92.59	6.52%
Program expenses:							
Instruction	48.04	48.14	-	-	48.04	48.14	0.21%
Support services	21.32	24.11	0.06	0.07	21.38	24.18	13.10%
Non-instructional programs	0.12	0.13	3.07	3.20	3.19	3.33	4.39%
Other expenses	9.72	9.74	-	-	9.72	9.74	0.21%
Total expenses	79.20	82.12	3.13	3.27	82.33	85.39	3.72%
Excess of revenues over expenditures before special item	4.46	6.89	0.13	0.31	4.59	7.20	56.86%
Special Item							
Loss on sale of real property	-	0.02	-	-	-	0.02	-100.00%
Change in net position	4.46	6.87	0.13	0.31	4.59	7.18	56.43%
Net position beginning of year, as restated	65.09	36.09	1.64	0.86	66.73	36.95	-44.63%
Net position end of year	\$ 69.55	42.96	1.77	1.17	71.32	44.13	-38.12%

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

The District as a whole experienced a 6.52 percent increase in operating revenue while experiencing an 3.72 percent increase in expenses. The District's total revenue was approximately \$92.59 million of which \$89.01 million was for governmental activities, while the remaining \$3.58 million was for business type activities. Property taxes and unrestricted state grants account for most of the district's revenue, with each contributing approximately 34 percent and 42 percent respectively of the total dollars raised, (See Figure A-5).



The total cost for all programs and services increased 3.72 percent to \$85.39 million. The District's total expenses are listed in Figure A-6. The chart shows that the majority of the District's expenses (67.05%) are devoted to instruction and student instructional services. Another 3.32 percent is spent on transporting students safely to and from school and on extra-curricular events.



Governmental Activities

Revenues for the district's governmental activities increased 6.39 percent, while expenses increased 3.69 percent. The increase in revenues can be attributed to the increase in statewide sales, services and use tax and unrestricted grant revenues received during fiscal year 2015 as compared to fiscal year 2014.

The District experienced a \$2.92 million increase in governmental activity expenses, majority of which can be attributed to addition of expenses related to the District Teacher Leadership Support Program.

Figure A-7 presents the cost of four District activities: instruction, support services non-instructional programs and other expenses. The table shows each activity's *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Total and Net Cost of Governmental Activities (Expressed in Millions)

	Total Cost of Services			Net Cost of Services		
	2014	2015	Change	2014	2015	Change
	(Not Restated)		2014-15	(Not Restated)		2014-15
Instruction	\$ 48.04	48.14	0.21%	35.33	40.85	15.62%
Support services	21.32	24.11	13.09%	21.19	22.72	7.22%
Non-instructional programs	0.12	0.13	8.33%	0.12	0.13	8.33%
Other expenses	9.72	9.74	0.21%	6.94	6.81	-1.87%
Totals	\$ 79.20	82.12	3.69%	63.58	70.51	10.90%

For the year ended June 30, 2015:

- The cost of all governmental activities this year was \$82.12 million.
- The cost financed by users of the District's programs was \$5.61 million.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$6.00 million.
- The net cost of governmental activities was financed with \$31.09 million in property tax, \$6.59 million in statewide sales, services and use tax, \$39.05 million in unrestricted state grants and \$0.67 million in unrestricted interest and other income.

Business Type Activities

Revenues of the District's business type activities increased by 9.82 percent to approximately \$3.58 million while expenses increased 4.47 percent to approximately \$3.27 million (Refer to Figure A-4). The School Nutrition Fund, Aquatic Center Fund and ROAR Store Fund are the District's three business type activities. The revenues in these three funds can be broken down into three main categories; charges for service, federal and state reimbursements and investment income.

The District's the business type activities net position increased from a July 1, 2014 restated net position of approximately 0.86 million to a June 30, 2015 net position of approximately 1.17 million an approximate increase of \$0.31 million or 35.64 percent from the July 1, 2014 restated net position.

Financial Analysis of the District's Funds

Governmental Fund Highlights

At the end of fiscal year 2015, the District's governmental funds reported combined ending fund balances of \$28,729,530, a decrease of approximately \$1.62 million from the prior year. A closer look at each individual governmental fund reveals the following:

- The **General Fund** balance decreased from \$11.02 million on June 30, 2014 to \$10.41 million on June 30, 2015. Although General Fund revenues increased from the prior year by \$4.54 million, General Fund expenditures increased by \$4.52 million to counteract this increase in revenues. Total expenditures still outpaced total revenues ensuring a decrease in fund balance at year end.
- The **Capital Projects Fund** balance decreased from \$12.77 million on June 30, 2014 to \$11.96 million on June 30, 2015. The decrease in overall Capital Projects Fund balance can be attributed to the continued expenditures on District construction projects and the decrease in fund balance of the Capital Projects: Other Construction Projects Fund.

Business Type Fund Highlights

This is the seventh year in a row that the District's business type revenues exceeded expenses. At the close of fiscal 2015, revenues exceeded expenditures by \$306,162. The steps taken by management to control costs by adjusting the staffing model, additional federal grant funds and managing the expenses has made a difference in the overall financial condition of the nutrition program, the operation of the district's aquatic center and the Student ROAR store.

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 reclassify expenditures from the instruction to support services function due to higher than expected costs associated expenditures in the support services function.

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 page 58.

The District's total actual receipts were \$2,607,008 more than budgeted receipts, a variance of 2.89 percent. The main contributing factor to this variance had to do with the District receiving more in state revenue than was originally estimated.

By April 15th of each year, the budget must be adopted by the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Because there are a number of unknowns at that time, such as State revenue allocations, insurance premiums, negotiated employee contracts, enrollment increase, and construction project invoicing, the District has the ability to amend its budget before May 31st of each year. By monitoring the budget throughout the year, the District felt that a budget amendment was necessary due to higher than expected expenditures incurred in the support services functional area. The district adopted one budget amendment reclassifying excess expenditures from the instruction to the support services function increasing total expenditures by \$0.

Capital Asset Administration

By the end of 2015, the District had invested, net of depreciation, \$133.7 million in various capital assets including land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of \$4.04 million or 3.12 percent over the previous fiscal year. Detailed information regarding the District's capital assets can be found in Note 5 of the notes to the financial statements.

Figure A-8
Capital Assets, Net of Depreciation (Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2015	2014	2015	2014	2015	2014-15
Land	\$ 5,292	5,262	-	-	5,292	5,262	-0.57%
Construction in progress	2,344	7,019	-	-	2,344	7,019	199.45%
Buildings	102,111	100,275	-	-	102,111	100,275	-1.80%
Land improvements	15,937	16,474	-	-	15,937	16,474	3.37%
Machinery and equipment	3,392	4,099	610	603	4,002	4,702	17.49%
Total	\$ 129,076	133,129	610	603	129,686	133,732	3.12%

Long-Term Liabilities

At year end, the District had \$114.2 million in long-term debt, a decrease of \$13.24 million from the previous fiscal year. Of this amount, \$6,150,782 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 6 of the notes to the financial statements. Year end 2014 amounts have been restated to reflect the District's net pension liability due to the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 during fiscal year 2015.

Figure A-9
Outstanding Long-Term Obligations (Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2015	2014	2015	2014	2015	2014-15
General Obligation Bonds	\$ 38,805	35,585	-	-	38,805	35,585	-8.30%
Revenue Bonds	49,005	49,540	-	-	49,005	49,540	1.09%
Capital Lease	56	-	-	-	56	-	-100.00%
Termination benefits	-	382	-	-	-	382	100.00%
Compensated absences	201	180	-	-	201	180	-10.45%
Net pension liability	37,383	26,615	1,022	727	38,405	27,342	-28.81%
Net OPEB liability	909	1,105	24	30	933	1,135	21.65%
Totals	\$ 126,359	113,407	1,046	757	127,405	114,164	-10.39%

Factors Bearing on the District's Future

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

- The State has set allowable growth at 1.25% for fiscal year 2016. An allowable growth below 4 percent creates significant challenges for schools in Iowa to meet increasing expenditure demands.

- The District is expecting annual certified enrollment growth of at least 50 to 100 students for the next several years. Student enrollment is the primary driver of funding for Iowa schools and is crucial in the district's budget planning process.

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 the office of the Business Administrator, Linn-Mar Community School District, 2999 10th Street, Marion, Iowa 52302.

LINN-MAR COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS



LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 35,741,754	1,545,485	37,287,239
Receivables:			
Property tax:			
Delinquent	92,119	-	92,119
Succeeding year	32,160,083	-	32,160,083
Accounts	33,929	-	33,929
Accrued interest	25,493	-	25,493
Due from(to) other funds	5,585	(5,585)	-
Due from other governments	2,224,291	-	2,224,291
Inventories	-	20,785	20,785
Capital assets not being depreciated:			
Land	5,261,530	-	5,261,530
Construction in progress	7,018,633	-	7,018,633
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	100,275,142	-	100,275,142
Land improvements	16,474,151	-	16,474,151
Machinery and equipment	4,099,495	603,369	4,702,864
TOTAL ASSETS	203,412,205	2,164,054	205,576,259
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	5,741,559	155,093	5,896,652
LIABILITIES			
Accounts payable	2,154,224	4,659	2,158,883
Salaries and benefits payable	7,237,809	34,954	7,272,763
Advances from grantors	1,608	-	1,608
Accrued interest payable	959,661	-	959,661
Unearned revenue	-	76,140	76,140
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	3,250,000	-	3,250,000
Revenue bonds payable	2,530,000	-	2,530,000
Compensated absences payable	180,018	-	180,018
Termination benefits payable	190,764	-	190,764
Portion due after one year:			
General obligation bonds payable	32,335,000	-	32,335,000
Revenue bonds payable	47,010,000	-	47,010,000
Termination benefits payable	190,765	-	190,765
Net pension liability	26,615,319	727,315	27,342,634
Net OPEB liability	1,105,466	29,626	1,135,092
TOTAL LIABILITIES	123,760,634	872,694	124,633,328
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	32,160,083	-	32,160,083
Pension related deferred inflows	10,273,439	280,741	10,554,180
	42,433,522	280,741	42,714,263
NET POSITION			
Net investment in capital assets	48,003,951	603,369	48,607,320
Restricted for:			
Categorical funding	1,793,043	-	1,793,043
Debt service	6,869,633	-	6,869,633
School infrastructure	3,414,980	-	3,414,980
Physical plant and equipment levy	3,733,684	-	3,733,684
Management levy purposes	1,800,680	-	1,800,680
Student activities	647,290	-	647,290
Public education and recreation levy purposes	516,196	-	516,196
Unrestricted	(23,819,849)	562,343	(23,257,506)
TOTAL NET POSITION	\$ 42,959,608	1,165,712	44,125,320

SEE NOTES TO FINANCIAL STATEMENTS.

**LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 33,767,067	3,445,462	228,623	-	(30,092,982)	-
Special	8,164,001	475,856	508,170	-	(7,179,975)	-
Other	6,209,355	1,595,011	1,041,564	-	(3,572,780)	-
	48,140,423	5,516,329	1,778,357	-	(40,845,737)	-
Support services:						
Student	3,663,955	-	1,023,269	-	(2,640,686)	-
Instructional staff	5,455,726	38,771	35,834	-	(5,381,121)	-
Administration	5,673,933	37,711	-	-	(5,636,222)	-
Operation and maintenance of plant	6,564,417	-	-	10,000	(6,554,417)	-
Transportation	2,754,810	16,853	230,327	-	(2,507,630)	-
	24,112,841	93,335	1,289,430	10,000	(22,720,076)	-
Non-instructional programs:						
Food service operations	96,580	-	-	-	(96,580)	-
Community service operations	33,945	-	-	-	(33,945)	-
	130,525	-	-	-	(130,525)	-
Long-term debt interest	2,802,823	-	-	-	(2,802,823)	-
Other expenses:						
AEA flowthrough	2,923,429	-	2,923,429	-	-	-
Depreciation(unallocated)*	4,010,529	-	-	-	(4,010,529)	-
	6,933,958	-	2,923,429	-	(4,010,529)	-
Total governmental activities	82,120,570	5,609,664	5,991,216	10,000	(70,509,690)	-
Business type activities:						
Support services:						
Operation and maintenance of plant	78,941	-	-	-	-	(78,941)
Non-instructional programs:						
Nutrition services	3,034,558	2,165,481	1,170,943	-	-	301,866
Aquatic center	161,128	239,569	-	-	-	78,441
ROAR store	7,353	9,555	-	-	-	2,202
Total non-instructional programs:	3,203,039	2,414,605	1,170,943	-	-	382,509
Total business type activities	3,281,980	2,414,605	1,170,943	-	-	303,568
Total	\$ 85,402,550	8,024,269	7,162,159	10,000	(70,509,690)	303,568
General Revenues:						
Property tax levied for:						
General purposes					\$ 23,949,253	-
Capital outlay					3,105,578	-
Debt service					4,033,671	-
Statewide sales, services and use tax					6,587,426	-
Unrestricted state grants					39,054,690	-
Unrestricted investment earnings					79,221	2,180
Other					590,682	414
Total general revenues					77,400,521	2,594
Change in net position before special item					6,890,831	306,162
Special item:						
Loss on sale of capital assets (Note 16)					18,191	-
Change in net position					6,872,640	306,162
Net position beginning of year, as restated					36,086,968	859,550
Net position end of year					\$ 42,959,608	1,165,712

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 17,251,621	12,102,989	6,387,144	35,741,754
Receivables:				
Property tax:				
Delinquent	67,555	9,138	15,426	92,119
Succeeding year	23,941,671	3,179,634	5,038,778	32,160,083
Accounts	31,087	-	2,842	33,929
Accrued interest	-	25,493	-	25,493
Due from other funds	5,585	-	-	5,585
Due from other governments	1,199,553	1,021,276	3,462	2,224,291
TOTAL ASSETS	\$ 42,497,072	16,338,530	11,447,652	70,283,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 930,895	1,198,648	24,681	2,154,224
Salaries and benefits payable	7,217,021	-	20,788	7,237,809
Advances from grantors	1,608	-	-	1,608
Total liabilities	8,149,524	1,198,648	45,469	9,393,641
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	23,941,671	3,179,634	5,038,778	32,160,083
Fund balances:				
Restricted for:				
Categorical funding	1,793,043	-	-	1,793,043
Debt service	-	4,811,584	3,017,710	7,829,294
School infrastructure	-	3,414,980	-	3,414,980
Physical plant and equipment levy	-	3,733,684	-	3,733,684
Management levy purposes	-	-	2,182,209	2,182,209
Student activities	-	-	647,290	647,290
Public education and recreation levy purposes	-	-	516,196	516,196
Assigned for special specific purposes	521,726	-	-	521,726
Unassigned	8,091,108	-	-	8,091,108
Total fund balances	10,405,877	11,960,248	6,363,405	28,729,530
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 42,497,072	16,338,530	11,447,652	70,283,254

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances of governmental funds(page 30)		\$ 28,729,530
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		133,128,951
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.		(959,661)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 5,741,559	
Deferred inflows of resources	<u>(10,273,439)</u>	(4,531,880)
Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable termination benefits payable, and net pension liability, are not due and payable, in the current year and, therefore, are not reported in the governmental funds.		<u>(113,407,332)</u>
Net position of governmental activities(page 28)		<u>\$ 42,959,608</u>

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 22,754,909	3,105,578	5,228,015	31,088,502
Tuition	3,604,028	-	-	3,604,028
Other	1,239,718	63,992	1,469,623	2,773,333
State sources	42,577,642	6,646,806	100,548	49,324,996
Federal sources	2,220,542	-	-	2,220,542
TOTAL REVENUES	72,396,839	9,816,376	6,798,186	89,011,401
EXPENDITURES:				
Current:				
Instruction:				
Regular	33,783,878	617,661	175,262	34,576,801
Special	8,255,361	-	36,674	8,292,035
Other	4,924,809	-	1,253,818	6,178,627
	46,964,048	617,661	1,465,754	49,047,463
Support services:				
Student	3,660,844	-	12,709	3,673,553
Instructional staff	5,101,227	-	11,534	5,112,761
Administration	6,453,239	126,924	27,994	6,608,157
Operation and maintenance of plant	5,727,099	189,788	547,414	6,464,301
Transportation	2,191,576	430,960	140,925	2,763,461
	23,133,985	747,672	740,576	24,622,233
Non-instructional programs:				
Food service operations	-	-	96,580	96,580
Community service operations	-	-	33,945	33,945
	-	-	130,525	130,525
Debt service:				
Principal	-	-	6,405,675	6,405,675
Interest and fiscal charges	-	-	2,743,913	2,743,913
	-	-	9,149,588	9,149,588
Capital outlay	-	8,551,921	74,741	8,626,662
Intergovernmental:				
AEA flowthrough	2,923,429	-	-	2,923,429
	2,923,429	8,551,921	9,224,329	11,550,091
TOTAL EXPENDITURES	73,021,462	9,917,254	11,561,184	94,499,900
Excess(Deficiency) of revenues over(under) expenditures	(624,623)	(100,878)	(4,762,998)	(5,488,499)
OTHER FINANCING SOURCES(USES):				
Transfer in	8,229	3,665,000	4,573,225	8,246,454
Transfer out	-	(8,238,225)	(8,229)	(8,246,454)
Revenue bond issuance	-	3,665,000	-	3,665,000
TOTAL OTHER FINANCING SOURCES(USES)	8,229	(908,225)	4,564,996	3,665,000
Change in fund balances before special item	(616,394)	(1,009,103)	(198,002)	(1,823,499)
SPECIAL ITEM:				
Proceeds from sale of real property(Note 16)	-	203,675	-	203,675
Change in fund balances	(616,394)	(805,428)	(198,002)	(1,619,824)
Fund balances beginning of year	11,022,271	12,765,676	6,561,407	30,349,354
Fund balances end of year	\$ 10,405,877	11,960,248	6,363,405	28,729,530

SEE NOTES TO 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, 2015

Change in fund balances - total governmental funds(page 32) **\$ (1,619,824)**

*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 reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:

Capital outlay	\$ 8,993,096	
Depreciation expense	(4,692,234)	
Loss on asset disposal	<u>(26,093)</u>	4,274,769

Although the sales of real property is revenue in the governmental funds, the disposal of real property reduces capital assets, net of accumulated depreciation in the Statement of Net Position. (Note 15) (221,866)

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 Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. Current year issuances and repayments are as follows:

Issued	\$ (3,665,000)	
Repaid	<u>6,405,675</u>	2,740,675

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (58,910)

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 4,277,708

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.

Termination benefits	(381,529)	
Compensated absences	20,733	
Pension expense	(1,963,323)	
Other postemployment benefits	<u>(195,793)</u>	<u>(2,519,912)</u>

Change in net position of governmental activities(page 29) **\$ 6,872,640**

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
ASSETS				
Current assets:				
Cash and pooled investments	\$ 1,443,541	99,742	2,202	1,545,485
Inventories	20,785	-	-	20,785
Total current assets	1,464,326	99,742	2,202	1,566,270
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	603,369	-	-	603,369
TOTAL ASSETS	2,067,695	99,742	2,202	2,169,639
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	151,279	3,814	-	155,093
LIABILITIES				
Current liabilities:				
Accounts payable	1,689	2,970	-	4,659
Salaries and benefits payable	20,206	14,748	-	34,954
Due to other funds	5,585	-	-	5,585
Unearned revenues	76,140	-	-	76,140
Total current liabilities	103,620	17,718	-	121,338
Noncurrent liabilities:				
Net pension liability	721,846	5,469	-	727,315
Net OPEB liability	29,626	-	-	29,626
Total long-term liabilities	751,472	5,469	-	756,941
TOTAL LIABILITIES	855,092	23,187	-	878,279
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	278,630	2,111	-	280,741
NET POSITION				
Net investment in capital assets	603,369	-	-	603,369
Unrestricted	481,883	78,258	2,202	562,343
TOTAL NET POSITION	\$ 1,085,252	78,258	2,202	1,165,712

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
OPERATING REVENUES:				
Local sources:				
Charges for service	\$ 2,165,481	239,569	9,555	2,414,605
Miscellaneous	414	-	-	414
TOTAL OPERATING REVENUES	2,165,895	239,569	9,555	2,415,019
OPERATING EXPENSES:				
Support services:				
Operation and maintenance of plant:				
Services	27,474	-	-	27,474
Supplies	51,467	-	-	51,467
Total support services	78,941	-	-	78,941
Non-instructional programs:				
Food service operations:				
Salaries	1,341,496	-	-	1,341,496
Benefits	164,625	-	-	164,625
Services	5,520	-	-	5,520
Supplies	1,417,580	-	-	1,417,580
Depreciation	104,697	-	-	104,697
Other	640	-	-	640
	3,034,558	-	-	3,034,558
Other enterprise operations:				
Supplies	-	-	7,353	7,353
Community service operations:				
Salaries	-	93,540	-	93,540
Benefits	-	7,214	-	7,214
Services	-	1,718	-	1,718
Supplies	-	58,656	-	58,656
	-	161,128	-	161,128
Total non-instructional programs	3,034,558	161,128	7,353	3,203,039
TOTAL OPERATING EXPENSES	3,113,499	161,128	7,353	3,281,980
OPERATING INCOME(LOSS)	(947,604)	78,441	2,202	(866,961)
NON-OPERATING REVENUES:				
State sources	24,715	-	-	24,715
Federal sources	1,146,228	-	-	1,146,228
Interest on investments	2,180	-	-	2,180
TOTAL NON-OPERATING REVENUES	1,173,123	-	-	1,173,123
Increase in net position	225,519	78,441	2,202	306,162
Net position beginning of year, as restated	859,733	(183)	-	859,550
Net position end of year	\$ 1,085,252	78,258	2,202	1,165,712

SEE NOTES TO FINANCIAL STATEMENTS.

**LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 2,166,281	-	-	2,166,281
Cash received from aquatic center operations	-	241,513	-	241,513
Cash received from ROAR store operations	-	-	9,555	9,555
Cash received from miscellaneous operating activities	414	-	-	414
Cash payments to employees for services	(1,564,251)	(100,983)	-	(1,665,234)
Cash payments to suppliers for goods or services	(1,285,755)	(58,212)	(7,353)	(1,351,320)
Net cash provided by(used by) operating activities	(683,311)	82,318	2,202	(598,791)
Cash flows from non-capital financing activities:				
Interfund borrowings(repayments)	5,670	(14,256)	-	(8,586)
State grants received	24,715	-	-	24,715
Federal grants received	941,126	-	-	941,126
Net cash provided by (used by) non-capital financing activities	971,511	(14,256)	-	957,255
Cash flows from capital financing activities and related activities:				
Acquisition of capital assets	(98,426)	-	-	(98,426)
Cash flows from investing activities:				
Interest on investments	2,180	-	-	2,180
Net increase in cash and cash equivalents	191,954	68,062	2,202	262,218
Cash and cash equivalents beginning of year	1,251,587	31,680	-	1,283,267
Cash and cash equivalents end of year	\$ 1,443,541	99,742	2,202	1,545,485
Reconciliation of operating income(loss) to net cash provided by(used by) operating activities:				
Operating income(loss)	\$ (947,604)	78,441	2,202	(866,961)
Adjustments to reconcile operating income(loss) to net cash provided by(used by) operating activities:				
Commodities consumed	217,540	-	-	217,540
Depreciation	104,697	-	-	104,697
Increase in inventories	(1,013)	-	-	(1,013)
Decrease in accounts receivable	-	1,944	-	1,944
Increase in accounts payable	399	2,162	-	2,561
Increase(Decrease) in salaries and benefits payable	(5,093)	2,880	-	(2,213)
Increase in other post employment benefits	5,293	-	-	5,293
Decrease in net pension liability	(292,038)	(2,212)	-	(294,250)
Increase in deferred outflows of resources	(44,922)	(3,008)	-	(47,930)
Increase in deferred inflows of resources	278,630	2,111	-	280,741
Increase in unearned revenue	800	-	-	800
Net cash provided by (used by) operating activities	\$ (683,311)	82,318	2,202	(598,791)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$217,540.

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies

The 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 operates and sponsors various adult education programs. The geographic area served includes the City of Marion, Iowa, portions of the Cities of Robbins and Cedar Rapids 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. The 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 do 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 Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position 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 Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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 is 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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

The District reports the following nonmajor governmental funds:

The Special Revenue - Management Fund is utilized to account for the payment of property insurance as well as early retirement incentives.

The Special Revenue - Student Activity Fund is utilized to account for the various student run organizations and athletic accounts of the District.

The Special Revenue - Public Education and Recreation Levy Fund is utilized to account for the resources used to establish and maintain public recreation places and playgrounds and necessary accommodations for children and adults.

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

The District reports the following nonmajor proprietary funds:

One of the District's proprietary funds is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

Another of the District's proprietary funds is the Aquatic Center Fund. The Aquatic Center Fund is used to account for the operations of the District's pool activities.

The last District proprietary fund is the Student ROAR Store Fund. The ROAR Store is used to account for student store operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary 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 positions 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less restrictive classifications - assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise fund are 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 nonoperating revenues and expenses.

The District maintains its financial records on the accrual basis.

D. Cash, Pooled Investments and Cash Equivalents

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

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

E. Property Taxes

Property taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property taxes revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

F. 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. All receivables are expected to be collected during fiscal year 2016.

G. Inventories

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

H. Capital Assets

Capital assets, which include property, machinery and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Position. 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.

Assets	Amounts
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangibles	175,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Land is not depreciated. Buildings, land improvements, machinery and equipment and intangibles are depreciated/amortized using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	5-20 years
Machinery and equipment	5-20 years

I. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

J. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2015, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2015.

K. Advances from Grantors

Grant proceeds which have been received by the District but will be spent in a succeeding year.

L. Unearned Revenue

Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

M. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future primarily from the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. Thirty percent of the full balance is shown as due within a year using first-in, first-out basis while the other seventy percent is shown as due longer than one year.

N. 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 Position.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Q. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts are not available for appropriation but are set aside for specific purposes in the District's General Fund. The District's Board of Directors authorizes the Chief Executive Officer to assign General Fund balance amounts pursuant to Board Policy 801.4.

Unassigned - All amounts not included in other spendable classifications. It is only to be used for residual amounts in the General Fund or for deficit balances in other governmental funds.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district-wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification by the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
6. Appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balances lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit and other evidence 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.

As of June 30, 2015, the carrying amount of the District's bank deposits and pooled investments totaled \$37,282,588 with bank balances of \$37,934,004. These amounts are included in the cash and pooled investments on the Statement of Net Position. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$36,934,004 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool. At June 30, 2015, the District had no investments.

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 and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit risk. The District's policy relating to credit risk of investments is to have the majority of the District's bank deposits with an AAA/Aaa rated national banking company (by Standard & Poors and Moody's Investors Services).

Custodial credit risk for deposits. 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.

Note 4. Due From and Due to Other Funds

Receivable Fund	Payable Fund	Amount
General	Enterprise: School Nutrition	\$ 5,585

These interfund balances arise from timing differences involved in the reimbursement of expenses at year end. The balances between governmental funds have been eliminated from the Government-wide Statement of Net Position.

Note 5. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	5,291,530	-	30,000	5,261,530
Construction in progress	2,343,889	5,774,931	1,100,187	7,018,633
Total capital assets not being depreciated	7,635,419	5,774,931	1,130,187	12,280,163
Capital assets being depreciated:				
Buildings	131,700,379	1,377,192	223,664	132,853,907
Land improvements	19,601,895	1,526,346	-	21,128,241
Machinery and equipment	8,238,011	1,414,814	33,932	9,618,893
Total capital assets being depreciated	159,540,285	4,318,352	257,596	163,601,041
Buildings	29,588,816	3,021,747	31,798	32,578,765
Land improvements	3,665,308	988,782	-	4,654,090
Machinery and equipment	4,845,532	681,705	7,839	5,519,398
Total accumulated depreciation	38,099,656	4,692,234	39,637	42,752,253
Total capital assets being depreciated, net	121,440,629	(373,882)	217,959	120,848,788
Governmental activities capital assets, net	\$ 129,076,048	5,401,049	1,348,146	133,128,951
Business type activities:				
Machinery and equipment	\$ 1,452,239	98,426	-	1,550,665
Less accumulated depreciation	842,599	104,697	-	947,296
Business type activities capital assets, net	\$ 609,640	(6,271)	-	603,369

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 109,248
Special	1,441
Other	69,180
Administration	8,648
Operation and maintenance of plant	99,735
Transportation	393,453
	681,705
Unallocated depreciation	4,010,529
Total governmental activities depreciation expense	\$ 4,692,234
Business type activities:	
Food service operations	\$ 104,697

Note 6. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2015:

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 38,805,000	-	3,220,000	35,585,000	3,250,000
Revenue bonds	49,005,000	3,665,000	3,130,000	49,540,000	2,530,000
Capital leases	55,675	-	55,675	-	-
Termination benefits	-	381,529	-	381,529	190,764
Compensated absences	200,751	180,018	200,751	180,018	180,018
Net pension liability	37,383,114	-	10,767,795	26,615,319	-
Net OPEB liability	909,673	195,793	-	1,105,466	-
Total	\$ 126,359,213	4,422,340	17,374,221	113,407,332	6,150,782
<u>Business type activities:</u>					
Net pension liability	\$ 1,021,565	-	294,250	727,315	-
Net OPEB liability	24,333	5,293	-	29,626	-
Total	\$ 1,045,898	5,293	294,250	756,941	-

General Obligation Bonds

As of June 30, 2015, the District had general obligation bonds outstanding of \$35,585,000, which had been issued for capital facility construction. The general obligation bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of January 1, 2007			Bond Issue of April 12, 2011		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.000 %	\$ 115,000	682,206	3.250 %	-	343,662
2017	4.000	850,000	677,607	3.250	-	343,663
2018	4.000	1,950,000	643,606	3.250	-	343,662
2019	4.000	2,035,000	565,606	3.250	-	343,663
2020	4.000	2,125,000	484,206	3.250	-	343,662
2021-2025	4.00-4.125	9,745,000	926,588	3.25-3.50	6,200,000	1,635,925
2026	-	-	-	3.500	3,800,000	133,000
		<u>\$ 16,820,000</u>	<u>3,979,819</u>		<u>\$ 10,000,000</u>	<u>3,487,237</u>

Year Ending June 30,	Refunding Bond Issue of February 24, 2014			Refunding Bond Issue of April 23, 2014			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	1.250 %	\$ 765,000	67,798	3.000 %	2,370,000	121,500	\$ 3,250,000	1,215,166	4,465,166
2017	1.250	770,000	58,235	3.000	1,680,000	50,400	3,300,000	1,129,905	4,429,905
2018	1.250	780,000	48,610	-	-	-	2,730,000	1,035,878	3,765,878
2019	1.300	790,000	38,860	-	-	-	2,825,000	948,129	3,773,129
2020	1.650	800,000	28,590	-	-	-	2,925,000	856,458	3,781,458
2021-2025	1.900	810,000	15,390	-	-	-	16,755,000	2,577,903	19,332,903
2026	-	-	-	-	-	-	3,800,000	133,000	3,933,000
		<u>\$ 4,715,000</u>	<u>257,483</u>		<u>\$ 4,050,000</u>	<u>171,900</u>	<u>\$ 35,585,000</u>	<u>7,896,439</u>	<u>43,481,439</u>

Revenue Bonds

As of June 30, 2015, the District had statewide sales, services and use tax bonds of \$49,540,000, which had been issued for capital facility construction. These bonds will be paid with statewide sales, services and use tax collected in the Capital Projects: Statewide Sales, Services and Use Tax Fund. Details of the District's June 30, 2015 statewide sales, services and use tax bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2010			Bond Issue of October 1, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.000 %	\$ -	815,030	1.350 %	\$ -	210,808
2017	4.000	-	815,030	1.350	-	210,808
2018	4.000	-	815,030	1.350	-	210,808
2019	4.000	1,215,000	790,730	1.350	730,000	205,880
2020	4.000	1,270,000	741,030	1.500	745,000	195,365
2021-2025	4.00-4.30	7,235,000	2,867,718	1.65-2.20	3,980,000	773,592
2026-2030	4.40-4.625	9,130,000	1,090,334	2.30-2.70	4,545,000	300,718
		<u>\$ 18,850,000</u>	<u>7,934,902</u>		<u>\$ 10,000,000</u>	<u>2,107,979</u>

Year Ending June 30,	Bond Issue of June 4, 2013			Refunding Bond Issue of February 24, 2014		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	1.350 %	\$ 100,000	215,308	2.000 %	\$ 1,670,000	119,600
2017	1.350	100,000	214,308	3.000	1,695,000	77,475
2018	1.350	100,000	213,308	3.000	1,735,000	26,025
2019	1.350	760,000	208,058	-	-	-
2020	1.500	765,000	197,570	-	-	-
2021-2025	1.62-2.20	3,935,000	767,855	-	-	-
2026-2030	2.30-2.70	3,840,000	272,485	-	-	-
		<u>\$ 9,600,000</u>	<u>2,088,892</u>		<u>\$ 5,100,000</u>	<u>223,100</u>

Year Ending June 30,	Refunding Bond Issue of March 12, 2014			Bond Issue of October 21, 2014			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	2.000 %	\$ 760,000	38,900	0.750 %	\$ -	104,380	\$ 2,530,000	1,504,026	4,034,026
2017	2.000	775,000	23,550	0.750	260,000	86,413	2,830,000	1,427,584	4,257,584
2018	2.000	790,000	7,900	1.150	260,000	83,943	2,885,000	1,357,014	4,242,014
2019	-	-	-	1.450	260,000	80,562	2,965,000	1,285,230	4,250,230
2020	-	-	-	1.700	260,000	76,468	3,040,000	1,210,433	4,250,433
2021-2025	-	-	-	1.85-2.70	1,300,000	302,062	16,450,000	4,711,227	21,161,227
2026-2030	-	-	-	2.90-3.75	1,325,000	118,813	18,840,000	1,782,350	20,622,350
		<u>\$ 2,325,000</u>	<u>70,350</u>		<u>\$ 3,665,000</u>	<u>852,641</u>	<u>\$ 49,540,000</u>	<u>13,277,864</u>	<u>62,817,864</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued in March of 2010, October of 2012, June of 2013, February of 2014, March of 2014 and October of 2014. The bonds were issued for the purpose of financing a portion of the costs of several ongoing projects or to refund prior year revenue bond issuances. 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 obligations 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 61 percent of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$62,817,864. For the current year, \$3,130,000 of principal and \$1,415,579 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$6,587,426.

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

- 1) \$4,811,584 of the proceeds from the issuance of revenue bonds shall be deposited in reserve accounts at Farmer's State Bank, Marion, Iowa and Ohnward Bank & Trust, Cascade, Iowa to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available.
- 2) All proceeds from the statewide sales, services and use tax will be retained by the District in District bank accounts and be disbursed to the proper paying agents at the time principal and interest payments are due.

Debt Margin Computation

The June 30, 2015 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	\$ 3,002,346,722
Debt limit, 5% of total assessed valuation	\$ 150,117,336
Amount of debt applicable to debt limit, total bonded debt	85,125,000
Excess of debt limit over bonded debt	\$ 64,992,336

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees and administrators during the year ended June 30, 2015. Eligible employees had to be at least age fifty-five and employees must have completed ten years of service to the District. Employees completed an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible employee was equal to the employee's base salary calculated by using the fiscal year 2015 regular salary schedule, less any other additional pay, multiplied by 50 percent plus all unused personal days compensated for at the rate of substitute pay used during the last year of service. Employees could also elect to continue participation in the District's group health insurance plan until age 65 or until insurance is acquired elsewhere. Their participation was 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, 2015, the District paid obligations to eleven participants with a total amount of \$381,529 payable from the Nonmajor Special Revenue: Management Levy Fund. District had no early retirement expenditures for the year ended June 30, 2015.

Note 7. Risk Management

Health insurance - 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 Wellmark 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, 2014 to June 30, 2015 was approximately \$30,000,000 of which \$4,924,078 was paid by Linn-Mar Community School District.

In addition, the District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Note 8. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services & Use Tax	\$ 4,515,131
Debt Service	Capital Projects: Physical Plant & Equipment Levy	58,094
General	Student Activity	8,229
Total		<u>\$ 4,581,454</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Account to the Debt Service Fund was needed for repayment of principal and interest on the District's revenue bond indebtedness.

The transfer from the Capital Projects: Physical Plant & Equipment Levy Account to the Debt Service Fund was needed for principal and interest payments on the District's bus lease indebtedness.

The transfer from the Student Activity Fund to the General Fund was to transfer remaining balances in the Picture and Student Pop Accounts to the General Fund where they are more appropriately accounted for.

Note 9. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$4,393,462.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$27,342,634 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.675613 percent, which was a decrease of 0.002675 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$2,016,975. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 297,161	\$ -
Changes of assumptions	1,206,692	-
Net difference between projected and actual earnings on pension plan investments	-	10,427,694
Changes in proportion and differences between District contributions and proportionate share of contributions	-	126,486
District contributions subsequent to the measurement date	4,392,799	-
Total	<u>\$ 5,896,652</u>	<u>\$ 10,554,180</u>

\$4,392,799 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (2,285,109)
2017	(2,285,109)
2018	(2,285,109)
2019	(2,285,109)
2020	90,108
	<u>\$ (9,050,328)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	2	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentagepoint higher (8.5 percent) than the current rate.

	1% Decrease (-6.5%)	Discount Rate (-7.5%)	1% Increase (-8.5%)
District's proportionate share of the net pension liability	\$ 51,663,140	\$ 27,342,634	\$ 6,813,608

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$545,535 for legally required employer contributions and \$363,486 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 10. Other Postemployment Benefits(OPEB)

Plan Description - The District participates in an agent multiple-employer health care plan called the Metro Interagency Insurance Plan (MIIP). This plan provides medical and prescription drug benefits for eligible employees and retirees and their spouses. There are 441 active and 41 retired members in the plan. Participants must be age 55 or older at retirement. The plan issues financial statements and required supplementary information which are available in a report publicly available through request at the Metro Interagency Insurance Program at 1120 33rd Avenue SW, Cedar Rapids, Iowa 52404.

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. Liabilities of the District's OPEB are paid primarily from the General Fund.

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, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 297,553
Interest on net OPEB obligation	23,350
Adjustment to annual required contribution	(75,115)
Annual OPEB cost	<u>245,788</u>
Contributions made	(44,702)
Increase in net OPEB obligation	<u>201,086</u>
Net OPEB obligation beginning of year	934,006
Net OPEB obligation end of year	<u><u>\$ 1,135,092</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, 2015.

For the year ended June 30, 2015, the District contributed \$44,702 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 261,078	18.4 %	\$ 734,178
2014	254,642	21.5	934,006
2015	245,788	18.2	1,135,092

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,865,414, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,865,414. The covered payroll (annual payroll of active employees covered by the plan) was \$31,327,566 and the ratio of the UAAL to covered payroll was 6.0%. As of June 30, 2015, 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, 2013 actuarial valuation date, the unit credit 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%. The ultimate medical trend rate is 3.5%.

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 probabilities were developed based upon recent Linn-Mar Community School District experience. Termination probabilities were based upon national termination studies performed by the Society of Actuaries and were adjusted to reflect the recent lower termination rates experienced by Linn-Mar Community School District. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$2,923,429 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Programs	Amount
Home school assistance program	\$ 60,614
Gifted and talented programs	123,780
Returning dropouts and dropout prevention programs	585,153
Beginning teacher mentoring and induction program	13,917
Teacher salary supplement	180,236
Successful progression for early readers	104,271
Professional development for model core curriculum	345,814
Professional development	291,255
Market factor incentives	14,578
Teacher leadership grants	73,425
Total restricted for categorical funding	<u>\$ 1,793,043</u>

Note 13. Construction Commitments

The District has entered into contracts totaling \$25,525,170 for various construction projects throughout the District. As of June 30, 2015, costs of \$7,018,633 had been incurred against the contracts. The remaining balance on the projects at June 30, 2015 will be paid as work on the projects progresses.

Note 14. Due from Other Governments

Amount due from other governments by fund as of June 30, 2015 are as follows:

	General Fund	Student Activity	Statewide Sales, Services & Use Tax Account	Total
<u>Local appropriations:</u>				
Tuition	\$ 710,519	-	-	710,519
IGHSAU, IHSAA Sporting Events	-	3,372	-	3,372
Golf Entry Fee	-	90	-	90
Other	1,198	-	-	1,198
Total local appropriations	711,717	3,462	-	715,179
<u>State appropriations:</u>				
Statewide Sales, Services and Use Tax	-	-	1,021,276	1,021,276
Nonpublic Transportation	122,508	-	-	122,508
Fuel Tax Refund	3,753	-	-	3,753
District Court Placed SPED	33,907	-	-	33,907
Foster Care	752	-	-	752
Vocational Aid	18,503	-	-	18,503
Total state appropriations	179,423	-	1,021,276	1,200,699
<u>Federal appropriations:</u>				
Medicaid	60,130	-	-	60,130
Title I	102,873	-	-	102,873
Perkins	43,220	-	-	43,220
Title IIA	95,329	-	-	95,329
Title VIA	6,861	-	-	6,861
Total federal appropriations	308,413	-	-	308,413
Total	\$ 1,199,553	3,462	1,021,276	2,224,291

Note 15. Lease Agreements

On June 9, 2014 the District entered into an agreement with De Lange Public Finance LLC to lease forty three copy machines for sixty months. During the year ended June 30, 2015 the District paid \$45,008 in principal and \$9,292 in interest on this lease agreement. At June 30, 2015 forty-eight monthly payments of \$4,525 totaling \$217,200 remain.

On May 1, 2015, Kids, Inc. entered into an agreement with the District for the rental of a multi-purpose room for fiscal year 2016 at Bowman Woods Elementary, Indian Creek Elementary and Westfield Elementary for the purpose of operating a daycare/before and after school program. According to the terms of the agreement, Kids Inc. will pay the District \$750 per month per location for September through May and \$1,300 per month per location for June through August for the multi-purpose room.

On February 25, 2015, the YMCA entered into an agreement with the District for the rental of a multi-purpose room for fiscal years 2016 and 2017 at Echo Hill Elementary for the purpose of operating a daycare/before and after school program. According to the terms of the agreement, the YMCA will pay the District \$750 per month for September through May and \$1,300 per month for June through August for the multi-purpose room.

On February 25, 2015, the Hand In Hand Daycare entered into an agreement with the District for the rental of a multi-purpose room for fiscal years 2016 and 2017 at Linn Grove Elementary, Novak Elementary and Wilkins Elementary for the purpose of operating a daycare/before and after school program. According to the terms of the agreement, Hand in Hand Daycare will pay the District \$750 per month for September through May and \$1,300 per month for June through August for the multi-purpose room.

Note 16. Sale of Property

During the year ended June 30, 2015, the District received payment from Community Baptist Church of \$203,675 for the purchase of 3290 9th Street and 3295 8th Street, Marion, Iowa. This land and building was valued on the District's books at \$221,866, resulting in a loss of \$18,191 to the District.

Note 17. Deficit Unrestricted Net Position

At June 30, 2015 the District had a deficit unrestricted net position of \$23,819,849 on its Governmental Activities Statement of Net Position.

Note 18. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 69,548,552	\$ 1,773,952
Net pension liability at June 30, 2014	(37,383,114)	(1,021,565)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	3,921,530	107,163
Net position July 1, 2014, as restated	<u>\$ 36,086,968</u>	<u>\$ 859,550</u>

Note 19. Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	2,182,209	7,829,294	8,091,108
Capital assets, net of accumulated depreciation	133,128,951	-	-	-
Revenue bond capitalized indebtedness	(49,540,000)	-	-	-
General obligation bond capitalized indebtedness	(35,585,000)	-	-	-
Termination benefits payable	-	(381,529)	-	-
Accrued interest payable	-	-	(959,661)	-
Compensated absences	-	-	-	(180,018)
Net OPEB liability	-	-	-	(1,105,466)
Pension related deferred outflows	-	-	-	5,741,559
Pension related deferred inflows	-	-	-	(10,273,439)
Net Pension liability	-	-	-	(26,615,319)
Assigned for specific purposes	-	-	-	521,726
Net position (Exhibit A)	\$ 48,003,951	1,800,680	6,869,633	(23,819,849)

REQUIRED SUPPLEMENTARY INFORMATION



LINN-MAR COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN BALANCES -
BUDGET TO ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 37,465,863	2,417,199	39,883,062	44,410,463	44,410,463	(4,527,401)
State sources	49,324,996	24,715	49,349,711	42,776,072	42,776,072	6,573,639
Federal sources	2,220,542	1,146,228	3,366,770	2,806,000	2,806,000	560,770
Total revenues	89,011,401	3,588,142	92,599,543	89,992,535	89,992,535	2,607,008
Expenditures/Expenses:						
Instruction	49,047,463	-	49,047,463	51,750,000	49,606,000	558,537
Support services	24,622,233	78,941	24,701,174	23,266,000	25,410,000	708,826
Non-instructional programs	130,525	3,203,039	3,333,564	3,483,000	3,483,000	149,436
Other expenditures	20,699,679	-	20,699,679	25,310,943	25,310,943	4,611,264
Total expenditures	94,499,900	3,281,980	97,781,880	103,809,943	103,809,943	6,028,063
Excess(Deficiency) of revenues over(under) expenditures/expenses	(5,488,499)	306,162	(5,182,337)	(13,817,408)	(13,817,408)	8,635,071
Other financing sources, net	3,868,675	-	3,868,675	6,906	6,906	3,861,769
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	(1,619,824)	306,162	(1,313,662)	(13,810,502)	(13,810,502)	12,496,840
Balance beginning of year, as restated	30,349,354	859,550 *	31,208,904	31,492,069	31,492,069	(283,165)
Balance end of year	\$ 28,729,530	1,165,712	29,895,242	17,681,567	17,681,567	12,213,675

*Proprietary Funds Net Position restated as of July 1, 2014. (Note 18)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. 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 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 ended June 30, 2015, the District adopted one budget amendment, increasing budgeted expenditures by \$0 as a result of reclassification of excess instruction function expenditures to cover higher than expected costs in the support services function.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
District's proportion of the net pension liability	0.675613%
District's proportionate share of the net pension liability	\$ 27,342,634
District's covered-employee payroll	\$ 49,198,902
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.58%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amount presented for each fiscal year were determined as of June 30.

Note: Only the current year fiscal year is being presented using a June 30, 2014 measurement date because 10-year data is not yet available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 4,393,462	4,029,326	3,806,084	3,411,978	2,800,796	2,632,144	2,295,834	1,972,489	1,669,199	1,521,082
Contributions in relation to the statutorily required contribution	<u>\$ (4,393,462)</u>	<u>(4,029,326)</u>	<u>(3,806,084)</u>	<u>(3,411,978)</u>	<u>(2,800,796)</u>	<u>(2,632,144)</u>	<u>(2,295,834)</u>	<u>(1,972,489)</u>	<u>(1,669,199)</u>	<u>(1,521,082)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 49,198,902	45,121,232	43,899,469	42,279,777	40,299,223	37,872,576	36,154,866	32,603,124	29,029,548	26,453,600
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
(IN THOUSANDS)

Employer Contributions for Retiree Health Plan					Schedule of Funding Progress for Retiree Health Plan					
Year Ended June 30,	Actuarial Valuation Date	Annual Required Contributions (ARC) (a)	Contributions Made By District (b)	Contributions Made By District as a Percentage of ARC (b/a)	Actuarial Value of Assets (c)	Actuarial Liability (AAL) (d)	Unfunded AAL (UAAL) (d-e)	Funded Ratio (c/d)	Covered Payroll (e)	UAAL as a Percentage of Covered Payroll ((d-c)/e)
2009	July 1, 2008	\$ 0.245	\$ -	0.0%	\$ -	\$ 1,761	\$ 1,761	0.0%	\$ 39,747	4.4%
2010	July 1, 2009	\$ 0.245	\$ 0.044	18.0%	\$ -	\$ 1,290	\$ 1,290	0.0%	\$ 41,783	4.4%
2011	July 1, 2009	\$ 0.245	\$ 0.050	20.4%	\$ -	\$ 1,290	\$ 1,290	0.0%	\$ 42,567	3.0%
2012	July 1, 2011	\$ 0.294	\$ 0.049	16.7%	\$ -	\$ 1,717	\$ 1,717	0.0%	\$ 21,284	8.1%
2013	July 1, 2011	\$ 0.294	\$ 0.048	16.3%	\$ -	\$ 1,717	\$ 1,717	0.0%	\$ 22,174	7.7%
2014	July 1, 2013	\$ 0.293	\$ 0.055	18.8%	\$ -	\$ 1,911	\$ 1,911	0.0%	\$ 29,466	6.5%
2015	July 1, 2013	\$ 0.297	\$ 0.044	14.8%	\$ -	\$ 1,865	\$ 1,865	0.0%	\$ 31,328	6.0%

See Note 10 in the accompanying Notes to the Basic Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

No information available prior to June 30, 2009.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION



LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Management Fund	Student Activity	Public Education and Recreation Levy	Total		
ASSETS						
Cash and pooled investments	\$ 2,179,368	683,522	518,386	3,381,276	3,005,868	6,387,144
Receivables:						
Property tax:						
Delinquent	2,841	-	743	3,584	11,842	15,426
Succeeding year	1,000,000	-	246,611	1,246,611	3,792,167	5,038,778
Accounts	-	2,842	-	2,842	-	2,842
Due from other governments	-	3,462	-	3,462	-	3,462
TOTAL ASSETS	\$ 3,182,209	689,826	765,740	4,637,775	6,809,877	11,447,652
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	24,579	102	24,681	-	24,681
Salaries and benefits payable	-	17,957	2,831	20,788	-	20,788
Total liabilities	-	42,536	2,933	45,469	-	45,469
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	1,000,000	-	246,611	1,246,611	3,792,167	5,038,778
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	3,017,710	3,017,710
Management levy purposes	2,182,209	-	-	2,182,209	-	2,182,209
Student activities	-	647,290	-	647,290	-	647,290
Public education and recreation levy purposes	-	-	516,196	516,196	-	516,196
Total fund balances	2,182,209	647,290	516,196	3,345,695	3,017,710	6,363,405
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,182,209	689,826	765,740	4,637,775	6,809,877	11,447,652

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Special Revenue					Total Nonmajor Governmental Funds
	Management Fund	Student Activity	Public Education and Recreation Levy	Total	Debt Service	
REVENUE:						
Local sources:						
Local tax	\$ 949,314	-	245,030	1,194,344	4,033,671	5,228,015
Other	141,806	1,320,955	907	1,463,668	5,955	1,469,623
State sources	18,612	-	4,800	23,412	77,136	100,548
TOTAL REVENUE	1,109,732	1,320,955	250,737	2,681,424	4,116,762	6,798,186
EXPENDITURES:						
Current:						
Instruction:						
Regular	175,262	-	-	175,262	-	175,262
Special	36,674	-	-	36,674	-	36,674
Other	15,604	1,238,214	-	1,253,818	-	1,253,818
Support services:						
Student	12,709	-	-	12,709	-	12,709
Instructional staff	11,534	-	-	11,534	-	11,534
Administration	27,994	-	-	27,994	-	27,994
Operation and maintenance of plant	504,131	-	43,283	547,414	-	547,414
Transportation	140,925	-	-	140,925	-	140,925
Non-instructional programs:						
Food service operations	96,580	-	-	96,580	-	96,580
Community service operations	-	-	33,945	33,945	-	33,945
Long-term debt:						
Principal	-	-	-	-	6,405,675	6,405,675
Interest and fiscal charges	-	-	-	-	2,743,913	2,743,913
Capital outlay	-	-	74,741	74,741	-	74,741
TOTAL EXPENDITURES	1,021,413	1,238,214	151,969	2,411,596	9,149,588	11,561,184
Excess(Deficiency) of revenues over(under) expenditures	88,319	82,741	98,768	269,828	(5,032,826)	(4,762,998)
OTHER FINANCING SOURCES(USES):						
Transfer in	-	-	-	-	4,573,225	4,573,225
Transfer out	-	(8,229)	-	(8,229)	-	(8,229)
TOTAL OTHER FINANCING SOURCES(USES)	-	(8,229)	-	(8,229)	4,573,225	4,564,996
Change in fund balances	88,319	74,512	98,768	261,599	(459,601)	(198,002)
Fund balances beginning of year	2,093,890	572,778	417,428	3,084,096	3,477,311	6,561,407
Fund balances end of year	\$ 2,182,209	647,290	516,196	3,345,695	3,017,710	6,363,405

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
JUNE 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
ASSETS				
Cash and pooled investments	\$ 6,036,602	3,777,053	2,289,334	12,102,989
Receivables:				
Property tax:				
Delinquent	-	9,138	-	9,138
Succeeding year	-	3,179,634	-	3,179,634
Accrued interest	25,493	-	-	25,493
Due from other governments	1,021,276	-	-	1,021,276
TOTAL ASSETS	\$ 7,083,371	6,965,825	2,289,334	16,338,530
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,065	52,507	1,137,076	1,198,648
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	3,179,634	-	3,179,634
Fund balances:				
Restricted for:				
Debt service	4,811,584	-	-	4,811,584
School infrastructure	2,262,722	-	1,152,258	3,414,980
Physical plant and equipment	-	3,733,684	-	3,733,684
Total fund balances	7,074,306	3,733,684	1,152,258	11,960,248
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,083,371	6,965,825	2,289,334	16,338,530

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS
YEAR ENDED JUNE 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
REVENUE:				
Local sources:				
Local tax	\$ -	3,105,578	-	3,105,578
Other	32,431	23,419	8,142	63,992
State sources	6,587,426	59,380	-	6,646,806
TOTAL REVENUE	6,619,857	3,188,377	8,142	9,816,376
EXPENDITURES:				
Current:				
Instruction:				
Regular	617,661	-	-	617,661
Support services:				
Administration	-	125,168	1,756	126,924
Operation and maintenance of plant	-	189,788	-	189,788
Transportation	-	430,960	-	430,960
Capital outlay	778,970	1,276,545	6,496,406	8,551,921
TOTAL EXPENDITURES	1,396,631	2,022,461	6,498,162	9,917,254
Excess(Deficiency) of revenues over(under) expenditures	5,223,226	1,165,916	(6,490,020)	(100,878)
OTHER FINANCING SOURCES(USES):				
Transfer in	-	-	3,665,000	3,665,000
Transfer out	(8,180,131)	(58,094)	-	(8,238,225)
Revenue bond issuance	3,665,000	-	-	3,665,000
TOTAL OTHER FINANCING SOURCES(USES)	(4,515,131)	(58,094)	3,665,000	(908,225)
Change in fund balances before special item	708,095	1,107,822	(2,825,020)	(1,009,103)
SPECIAL ITEM:				
Proceeds from sale of real property (Note 16)	-	203,675	-	203,675
Change in fund balances	708,095	1,311,497	(2,825,020)	(805,428)
Fund balances beginning of year	6,366,211	2,422,187	3,977,278	12,765,676
Fund balances end of year	\$ 7,074,306	3,733,684	1,152,258	11,960,248

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION

(UNAUDITED)

This part of the Linn-Mar Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	72-87
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	88-94
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	95-99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	100-105
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	106-112

LINN-MAR COMMUNITY SCHOOL DISTRICT
NET POSITION BY COMPONENT,
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2014	2013	2012
<u>Governmental activities:</u>				
Net investment in capital assets	\$ 48,003,951	41,210,373	28,177,257	33,860,908
Restricted	18,775,506	21,066,774	29,254,906	15,744,577
Unrestricted	(23,819,849)	7,271,405	7,658,223	8,318,403
<u>Business type activities:</u>				
Net Investment in capital assets	603,369	609,640	707,568	725,388
Unrestricted	562,343	1,164,312	934,357	721,026
Total primary government net position	<u>\$ 44,125,320</u>	<u>71,322,504</u>	<u>66,732,311</u>	<u>59,370,302</u>

Note: District implemented GASB Statement No. 68 and No. 71 during fiscal year 2015.

Note: District implemented GASB Statement No. 63 during fiscal year 2013.

Prior to fiscal year 2013, the term "net assets" was used rather than "net position".

Source: School District financial records.

Fiscal Year					
2011	2010	2009	2008	2007	2006
26,461,367	12,919,519	22,311,057	24,807,981	21,318,303	20,216,871
16,905,099	25,300,975	11,235,639	3,365,122	2,164,827	1,520,582
7,511,620	4,314,105	3,979,908	2,456,499	1,695,688	1,453,180
713,408	573,824	643,946	486,498	214,844	230,113
439,480	231,642	65,575	(30,500)	(3,686)	(11,093)
52,030,974	43,340,065	38,236,125	31,085,600	25,389,976	23,409,653

LINN-MAR COMMUNITY SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE,
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2014	2013	2012
Expenses:				
<u>Governmental activities:</u>				
Instruction:				
Regular	\$ 33,767,067	32,223,517	31,630,043	30,061,936
Special	8,164,001	8,918,859	7,647,660	7,364,222
Other	6,209,355	6,894,931	5,787,883	5,453,547
Support services:				
Student	3,663,955	3,542,985	3,456,656	3,226,515
Instructional staff	5,455,726	3,105,544	2,888,367	3,054,671
Administration	5,673,933	5,655,085	6,369,253	6,041,272
Operation and maintenance of plant	6,564,417	6,407,078	5,152,985	6,369,265
Transportation	2,754,810	2,615,258	2,000,716	2,444,605
Non-instructional programs	130,525	121,088	110,098	187,193
Capital outlay	-	-	-	-
Interest on long-term debt and fiscal charges	2,802,823	3,131,174	3,212,643	3,216,868
Other expenses:				
AEA flowthrough	2,923,429	2,777,361	2,620,028	2,543,681
Depreciation(unallocated)	4,010,529	3,807,359	2,171,171	3,388,470
Total governmental activities	82,120,570	79,200,239	73,047,503	73,352,245
<u>Business type activities:</u>				
Nutrition services	3,281,980	3,131,252	2,900,675	2,738,897
Total business type activities	3,281,980	3,131,252	2,900,675	2,738,897
Total primary government expenses	85,402,550	82,331,491	75,948,178	76,091,142
Program Revenues				
<u>Governmental activities:</u>				
Charges for services:				
Instruction	5,516,329	4,735,812	4,514,187	4,218,399
Support services	93,335	18,181	12,607	13,688
Capital outlay	-	-	-	-
Operating grants and contributions	5,991,216	10,866,887	9,439,571	5,119,276
Capital grants and contributions	10,000	-	49,058	47,975
Total governmental activities	11,610,880	15,620,880	14,015,423	9,399,338
<u>Business type activities:</u>				
Charges for services:				
Nutrition	2,165,481	2,030,952	2,029,545	2,024,234
Aquatic center	239,569	53,211	-	-
Roar Store	9,555	-	-	-
Operating grants and contributions	1,170,943	1,177,210	1,007,836	912,443
Capital grants and contributions	-	-	-	94,085
Total business type activities	3,585,548	3,261,373	3,037,381	3,030,762
Total primary government revenues	15,196,428	18,882,253	17,052,804	12,430,100
Net (Expense)/Revenues				
Total governmental activities	(70,509,690)	(63,579,359)	(59,032,080)	(63,952,907)
Total business type activities	303,568	130,121	136,706	291,865
Total primary government net expense	\$ (70,206,122)	(63,449,238)	(58,895,374)	(63,661,042)

Source: School District financial records.

Fiscal Year					
2011	2010	2009	2008	2007	2006
28,640,227	27,660,836	27,781,726	25,437,813	21,937,911	20,178,989
8,291,861	8,880,524	8,818,399	8,420,667	7,519,352	6,679,381
4,656,988	4,878,366	4,026,619	3,571,552	3,579,827	3,188,662
3,095,443	2,236,875	2,175,607	1,990,772	1,594,995	1,412,916
2,449,712	2,386,183	2,294,187	2,299,782	1,878,077	1,899,314
5,671,887	5,444,176	4,674,249	4,672,761	3,891,968	3,763,183
5,128,200	5,496,221	5,191,799	4,667,734	4,203,686	4,095,267
2,331,937	2,363,942	2,159,488	2,169,820	1,919,725	1,703,145
112,581	97,096	106,490	528,040	134,998	123,594
1,120,778	1,317,844	1,223,442	1,600,889	668,614	362,586
3,621,298	3,837,554	2,464,043	2,749,679	3,187,276	2,679,973
2,703,997	2,582,490	2,285,973	2,103,691	1,851,025	1,675,939
2,819,601	2,228,121	2,184,773	1,590,669	1,421,397	1,418,636
70,644,510	69,410,228	65,386,795	61,803,869	53,788,851	49,181,585
2,746,151	2,714,977	2,722,516	2,551,435	2,246,998	1,975,734
2,746,151	2,714,977	2,722,516	2,551,435	2,246,998	1,975,734
73,390,661	72,125,205	68,109,311	64,355,304	56,035,849	51,157,319
4,301,403	4,191,449	3,631,198	3,369,306	3,135,249	2,636,136
1,424,420	1,210,650	642,461	378,260	268,695	324,150
64,537	24,664	515,733	463,025	31,801	15,869
9,100,509	8,149,292	7,239,896	5,967,312	4,863,775	4,223,332
-	37,419	24,030	606,055	32,471	64,059
14,890,869	13,613,474	12,053,318	10,783,958	8,331,991	7,263,546
2,003,376	1,997,621	1,991,245	1,781,217	1,636,219	1,376,066
-	-	-	-	-	-
-	-	-	-	-	-
860,457	809,883	740,393	681,827	575,908	482,199
228,761	2,572	236,818	327,659	23,861	-
3,092,594	2,810,076	2,968,456	2,790,703	2,235,988	1,858,265
17,983,463	16,423,550	15,021,774	13,574,661	10,567,979	9,121,811
(55,753,641)	(55,796,754)	(53,333,477)	(51,019,911)	(45,456,860)	(41,918,039)
346,443	95,099	245,940	239,268	(11,010)	(117,469)
(55,407,198)	(55,701,655)	(53,087,537)	(50,780,643)	(45,467,870)	(42,035,508)

LINN-MAR COMMUNITY SCHOOL DISTRICT
TOTAL PRIMARY GOVERNMENT NET EXPENSES
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION,
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2014	2013	2012
Net (Expense)/Revenues				
Total governmental activities	\$ (70,509,690)	(63,579,359)	(59,032,080)	(63,952,907)
Total business type activities	303,568	130,121	136,706	291,865
Total primary government net expense	(70,206,122)	(63,449,238)	(58,895,374)	(63,661,042)
General Revenues and Other Changes in Net Position				
<u>Governmental activities:</u>				
Property tax levied for:*				
General purposes	23,949,253	23,907,617	23,421,086	23,341,607
Capital outlay	3,105,578	3,285,473	3,133,993	2,976,713
Debt service	4,033,671	3,744,536	3,766,765	3,807,344
Sales tax	6,587,426	5,979,539	5,600,634	6,441,915
Unrestricted grants and contributions	39,054,690	29,979,713	28,870,083	32,295,010
Nonspecific program federal revenues	-	-	187,358	939,496
Investment earnings	79,221	92,990	134,959	124,796
Miscellaneous	590,682	1,047,657	1,083,700	1,071,828
Total governmental activities	77,400,521	68,037,525	66,198,578	70,998,709
<u>Business type activities:</u>				
Investment earnings	2,180	1,892	1,839	1,529
Miscellaneous	414	14	56,966	132
Total business type activities	2,594	1,906	58,805	1,661
Total primary government	77,403,115	68,039,431	66,257,383	71,000,370
Change in Net Position				
Total governmental activities	6,872,640	4,458,166	7,166,498	7,045,802
Total business type activities	306,162	132,027	195,511	293,526
Total primary government	\$ 7,178,802	4,590,193	7,362,009	7,339,328

Note: 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, services and use tax that replaced the local option sales tax.

Note: District implemented GASB Statement No. 63 during fiscal year 2013.
Prior to fiscal year 2013, the term "net assets" was used rather than "net position".

* Changes in property tax revenues are a product of underlying changes in property values and tax rates.
See Pages 78-84.

Source: School District financial records.

Fiscal Year					
2011	2010	2009	2008	2007	2006
(55,753,641)	(55,796,754)	(53,333,477)	(51,019,911)	(45,456,860)	(41,918,039)
346,255	95,099	245,940	239,268	(11,010)	(117,469)
(55,407,386)	(55,701,655)	(53,087,537)	(50,780,643)	(45,467,870)	(42,035,508)
24,868,320	22,702,893	21,831,162	19,280,777	17,325,174	16,602,942
1,781,832	2,979,169	2,475,886	2,160,905	2,448,213	1,383,971
3,684,005	3,899,645	3,888,560	3,445,151	3,955,928	3,625,571
6,121,089	6,709,286	5,592,757	5,678,033	-	-
26,871,830	23,992,475	25,677,917	24,618,955	21,510,545	19,940,735
-	-	-	-	-	-
124,865	214,798	277,510	879,825	1,839,083	1,129,329
645,187	306,483	486,687	407,049	366,102	388,024
64,097,128	60,804,749	60,230,479	56,470,695	47,445,045	43,070,572
979	846	1,866	5,572	3,148	3,897
-	-	5,717	-	-	-
979	846	7,583	5,572	3,148	3,897
64,098,107	60,805,595	60,238,062	56,476,267	47,448,193	43,074,469
8,343,487	5,007,995	6,897,002	5,450,784	1,988,185	1,152,533
347,234	95,945	253,523	244,840	(7,862)	(113,572)
8,690,721	5,103,940	7,150,525	5,695,624	1,980,323	1,038,961

LINN-MAR COMMUNITY SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2014	2013	2012
General Fund:				
Nonspendable	\$ -	-	-	-
Restricted*	1,793,043	1,739,691	1,706,507	1,536,821
Committed	-	-	-	-
Assigned	521,726	484,639	443,261	-
Unassigned**	8,091,108	8,797,941	9,512,398	10,234,148
Total general fund	10,405,877	11,022,271	11,662,166	11,770,969
All Other Governmental Funds:				
Restricted for:				
Capital projects funds	7,148,664	7,954,093	21,454,673	3,749,121
Special revenue funds	11,174,989	11,372,990	6,093,726	10,561,734
Total all other governmental funds	18,323,653	19,327,083	27,548,399	14,310,855
Total governmental funds	\$ 28,729,530	30,349,354	39,210,565	26,081,824

Source: School District financial records.

Notes: * restricted 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 2003. In 2004 and on, the District has reserved funds for state categorical funds, debt retirement, and construction of new facilities

** Designated General Fund balances in years prior to 2011 has been reclassified as assigned due to the implementation of Governmental Accounting Standards Board Statement 54, based on documentation showing the purpose of the designations

Fiscal Year					
2011	2010	2009	2008	2007	2006
37,400	-	-	-	-	-
1,487,025	943,448	462,658	323,383	247,809	3,631
285,459	-	-	-	-	-
110,941	-	-	-	56,121	291,487
7,889,075	5,172,927	4,663,394	2,953,846	2,323,217	2,112,222
9,809,900	6,116,375	5,126,052	3,277,229	2,627,147	2,407,340
6,251,625	15,430,146	7,026,156	1,765,430	9,575,282	9,063,180
10,537,482	10,490,979	5,332,590	2,623,576	11,916,369	21,206,259
16,789,107	25,921,125	12,358,746	4,389,006	21,491,651	30,269,439
26,599,007	32,037,500	17,484,798	7,666,235	24,118,798	32,676,779

LINN-MAR COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2014	2013	2012
Local sources:				
Property taxes	\$ 31,088,502	30,937,626	30,321,844	30,125,664
Tuition	3,604,028	3,350,347	2,989,998	2,824,909
Other revenues	2,773,333	2,607,885	2,855,684	2,647,870
Total local sources	37,465,863	36,895,858	36,167,526	35,598,443
Intermediate sources:				
Other revenues	-	-	-	-
Total intermediate sources	-	-	-	-
State sources:				
Statewide sales, services and use tax	6,587,426	5,979,539	5,600,634	6,441,915
State grants	42,737,570	44,565,250	36,219,406	35,327,946
Total state sources	49,324,996	50,544,789	41,820,040	41,769,861
Federal sources:				
Federal grants	2,220,542	2,197,297	2,277,606	3,029,743
Total federal sources	2,220,542	2,197,297	2,277,606	3,029,743
Total revenues	\$ 89,011,401	89,637,944	80,265,172	80,398,047

Source: School District financial records.

Fiscal Year					
2011	2010	2009	2008	2007	2006
30,323,051	29,571,174	28,185,239	24,876,851	23,719,160	21,599,046
2,510,058	2,176,974	1,968,604	1,792,758	1,421,707	1,205,786
2,805,732	2,701,306	3,057,302	3,483,303	4,046,617	3,002,710
35,638,841	34,449,454	33,211,145	30,152,912	29,187,484	25,807,542
-	-	-	1,892	-	29,089
-	-	-	1,892	-	29,089
6,121,089	6,709,286	5,592,757	5,678,033	-	-
33,473,648	27,767,019	31,357,360	29,653,682	25,415,872	23,250,133
39,594,737	34,476,305	36,950,117	35,331,715	25,415,872	23,250,133
3,752,150	5,484,986	2,108,874	1,837,335	1,099,201	1,211,973
3,752,150	5,484,986	2,108,874	1,837,335	1,099,201	1,211,973
78,985,728	74,410,745	72,270,136	67,323,854	55,702,557	50,298,737

LINN-MAR COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT RATIO,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2014	2013	2012
Instruction	\$ 49,047,463	48,230,224	45,215,491	42,714,244
Student services	3,673,553	3,564,347	3,469,352	3,226,515
Instructional staff services	5,112,761	3,072,281	2,971,449	3,038,724
Administration services	6,608,157	6,333,244	6,221,704	6,086,374
Operation and maintenance of plant services	6,464,301	6,263,679	5,625,511	5,088,137
Transportation services	2,763,461	2,691,915	2,550,324	2,506,679
Central and other support services	-	-	-	-
Non-instructional programs	130,525	121,088	167,064	187,193
Capital outlay	8,626,662	8,992,938	8,560,965	5,946,332
AEA flowthrough	2,923,429	2,777,361	2,620,028	2,543,681
Debt service:				
Principal	6,405,675	30,663,356	6,381,134	6,327,396
Interest and fiscal charges	2,743,913	3,328,577	3,145,633	3,266,476
Total expenditures	<u>\$ 94,499,900</u>	<u>116,039,010</u>	<u>86,928,655</u>	<u>80,931,751</u>
Debt service as a percentage of noncapital expenditures	10.65%	31.75%	12.16%	12.59%

Source: School District financial records.

Fiscal Year					
2011	2010	2009	2008	2007	2006
41,480,379	41,092,354	40,272,400	37,737,920	33,157,396	29,974,634
3,095,442	2,236,875	2,175,608	2,012,520	1,611,377	1,439,599
2,514,172	2,369,786	2,356,883	2,202,437	1,881,262	1,879,839
5,821,026	5,432,534	4,766,021	4,599,765	3,888,547	3,763,761
5,179,501	5,165,727	5,144,794	4,703,119	4,179,156	4,073,271
2,095,187	2,477,945	2,373,708	2,281,106	2,011,478	1,606,318
-	-	-	-	-	-
112,581	97,096	106,490	108,086	134,998	123,594
11,932,534	25,726,426	7,635,006	13,889,914	18,135,936	2,097,020
2,703,997	2,582,490	2,285,973	2,103,691	1,851,025	1,675,939
17,676,750	10,729,432	2,683,424	11,462,161	1,990,000	2,065,000
3,569,922	3,409,086	2,304,355	3,075,404	2,730,336	2,561,488
96,181,491	101,319,751	72,104,662	84,176,123	71,571,511	51,260,463
25.24%	7.69%	20.59%	8.85%	9.45%	8.65%

LINN-MAR COMMUNITY SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN
FUND BALANCES, GOVERNMENTAL FUNDS,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2014	2013	2012
Excess(Deficiency) of revenues over(under) expenditures \$	(5,488,499)	(32,380,605)	(6,663,483)	(533,704)
Other financing sources(uses)				
Capital lease proceeds	-	-	-	-
Transfer in	8,246,454	16,099,513	16,193,578	6,009,968
Transfer out	(8,246,454)	(16,099,513)	(16,193,578)	(6,009,968)
Sale of equipment	-	53,819	5,795	16,521
Sale of real property	203,675	-	-	-
Revenue bond issuance	3,665,000	22,800,000	20,000,000	-
General obligation refunding bonds issued	-	-	-	-
General obligation bonds issued	-	-	-	-
General obligation bonds refunded	-	-	-	-
Net premium/discounts on bond issuances	-	665,575	(213,571)	-
Total other financing sources (uses)	3,868,675	23,519,394	19,792,224	16,521
Change in fund balances	\$ (1,619,824)	(8,861,211)	13,128,741	(517,183)

Source: School District financial records.

Fiscal Year					
2011	2010	2009	2008	2007	2006
(17,195,763)	(26,909,006)	165,474	(16,852,269)	(15,868,954)	(961,726)
-	314,228	-	399,706	-	-
5,462,810	4,753,458	2,573,335	1,622,661	9,090	-
(5,462,810)	(4,753,458)	(2,573,335)	(1,622,661)	(9,090)	-
1,769	7,481	1,119	-	215	-
500	-	19,300	-	-	-
-	34,400,000	9,632,670	-	-	-
-	6,740,000	-	-	6,939,931	14,333,551
11,755,000	-	-	-	17,330,611	9,891,593
-	-	-	-	(16,960,000)	(5,015,000)
-	-	-	-	-	-
11,757,269	41,461,709	9,653,089	399,706	7,310,757	19,210,144
(5,438,494)	14,552,703	9,818,563	(16,452,563)	(8,558,197)	18,248,418

LINN-MAR COMMUNITY SCHOOL DISTRICT
GENERAL FUND EXPENDITURES, BY FUNCTION, AND OTHER FINANCING USES
Last Ten Fiscal Years

Expenditures by Function:

Fiscal Year Ended June 30,	Instruction	Support Services	Non- Instructional Programs	Other Expenditures	Total Expenditures	Other Financing Uses
2015	\$ 46,964,048	\$ 23,133,985	\$ -	\$ 2,923,429	\$ 73,021,462	-
2014	45,416,152	20,307,702	-	2,777,361	68,501,215	-
2013	43,073,258	19,597,510	-	2,620,028	65,290,796	-
2012	40,918,907	19,237,650	-	2,543,681	62,700,238	-
2011	39,494,522	17,945,296	-	2,703,997	60,143,815	-
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	12,012,746	642	1,675,939	42,470,890	-

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
GENERAL FUND REVENUES, BY SOURCE, AND OTHER FINANCING SOURCES
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Local Tax	State	Federal	Miscellaneous	Total	Other Financing Sources
2015	\$ 22,754,909	\$ 42,577,642	\$ 2,220,542	\$ 4,843,746	\$ 72,396,839	\$ 8,229
2014	22,705,206	38,582,952	2,197,297	4,367,577	67,853,032	8,288
2013	22,570,032	36,216,767	2,277,606	4,058,710	65,123,115	58,878
2012	22,532,908	35,325,267	3,029,743	3,756,868	64,644,786	16,521
2011	23,106,617	33,471,036	3,752,150	3,505,767	63,835,570	1,769
2010	22,681,230	27,764,454	5,484,986	2,953,300	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	-
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	-

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 Last Ten Fiscal Years

Assessment Year	Collection Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate
		Residential Property	Commercial Property	Other Property			
2013	2014-15	2,284,210,354	548,493,780	169,642,588	1,139,926,871	1,862,419,851	17.00411
2012	2013-14	2,238,748,147	537,214,072	139,152,794	1,096,153,062	1,818,961,951	17.26780
2011	2012-13	2,204,092,586	520,222,182	135,423,932	1,125,070,806	1,734,667,894	17.73099
2010	2011-12	2,153,396,178	503,990,676	125,663,342	1,136,730,855	1,646,319,341	19.73839
2009	2010-11	2,073,971,062	500,753,652	125,978,973	1,129,135,324	1,571,568,363	20.22951
2008	2009-10	1,990,858,611	477,986,759	106,310,922	1,095,573,208	1,479,583,084	20.40133
2007	2008-09	1,893,497,108	483,513,198	98,623,115	1,070,565,207	1,405,068,214	19.39588
2006	2007-08	1,730,138,471	450,605,377	100,148,071	949,477,920	1,331,413,999	18.81657
2005	2006-07	1,613,286,865	443,260,340	99,459,863	881,950,290	1,274,056,778	17.99931
2004	2005-06	1,455,510,174	435,531,201	100,395,689	763,516,914	1,227,920,150	17.76825

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
Last Ten Fiscal Years

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
2015	\$ 31,124,849	\$ 30,907,422	99.30%	\$ 87,250	\$ 30,994,672	99.58%
2014	30,873,621	30,852,645	99.93%	96,070	30,948,715	100.24%
2013	30,246,623	30,083,367	99.46%	101,105	30,184,472	99.79%
2012	30,028,665	29,867,169	99.46%	147,759	30,014,928	99.95%
2011	30,261,870	29,992,625	99.11%	168,928	30,161,553	99.67%
2010	29,491,293	29,241,244	99.15%	235,142	29,476,386	99.95%
2009	28,092,272	27,873,797	99.22%	229,839	28,083,242	99.97%
2008	25,428,854	24,571,478	96.63%	209,446	24,780,924	97.45%
2007	23,617,541	23,641,299	100.10%	77,861	23,719,160	100.43%
2006	21,764,907	21,366,332	98.17%	214,713	21,581,045	99.16%

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

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2013	2014-15			
	County	6.14191	6.14191	6.14191
	Schools	17.00411	17.00411	17.00411
	City	15.21621	13.12953	7.9306
	Miscellaneous	1.43456	1.47869	1.47869
	Total Levy	39.79679	37.75424	32.55531
Ratio of Linn-Mar Community School District to Total		42.73%	45.04%	52.23%
2012	2013-14			
	County	6.11191	6.11191	6.11191
	Schools	17.2678	17.2678	17.2678
	City	15.21621	13.15637	7.77881
	Miscellaneous	1.46096	1.32167	1.32167
	Total Levy	40.05688	37.85775	32.48019
Ratio of Linn-Mar Community School District to Total		43.11%	45.61%	53.16%
2011	2012-13			
	County	6.11191	6.11191	6.11191
	Schools	17.73099	17.73099	17.73099
	City	15.21621	13.62416	8.02375
	Miscellaneous	1.35108	1.64296	1.64296
	Total Levy	40.41019	39.11002	33.50961
Ratio of Linn-Mar Community School District to Total		43.88%	45.34%	52.91%
2010	2011-2012			
	County	6.11117	6.11117	6.11117
	Schools	18.54161	18.54161	18.54161
	City	15.21621	13.5098	8.60023
	Miscellaneous	1.29745	1.59012	1.59012
	Total Levy	41.16644	39.7527	34.84313
Ratio of Linn-Mar Community School District to Total		45.04%	46.64%	53.21%

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2009	2010-2011			
	County	6.06829	6.06829	6.06829
	Schools	19.73839	19.73839	19.73839
	City	15.21621	13.63603	9.01063
	Miscellaneous	1.26511	1.26511	1.26511
	Total Levy	42.288	40.70782	36.08242
Ratio of Linn-Mar Community School District to Total		46.68%	48.49%	54.70%
2008	2009-2010			
	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	42.62398	41.27259	36.68801
Ratio of Linn-Mar Community School District to Total		47.46%	49.01%	55.14%
2007	2008-2009			
	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	42.87637	42.16943	37.21433
Ratio of Linn-Mar Community School District to Total		47.58%	48.38%	54.82%
2006	2007-2008			
	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	41.16154	40.29818	35.8437
Ratio of Linn-Mar Community School District to Total		47.12%	48.13%	54.11%

LINN-MAR COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION ALL
DIRECT AND OVERLAPPING GOVERNMENTS (CONTINUED)
Last Ten Years

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2005	2006-2007			
	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	40.18079	39.70049	35.07167
Ratio of Linn-Mar Community School District to Total		46.83%	47.40%	53.65%
2004	2005-2006			
	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	38.78364	38.69115	33.40056

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES BY FUND PER \$1,000 ASSESSED VALUATION
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General	Management	Board Physical Plant and Equipment	Playground	Voted Physical Plant and Equipment	Debt Service	Total
2015	\$ 12.50639	\$ 0.52341	\$ 0.33000	\$ 0.13500	\$ 1.34000	\$ 2.16931	\$ 17.00411
2014	12.73201	0.67647	0.33000	0.13500	1.34000	2.05432	17.26780
2013	13.26000	0.50000	0.33000	0.13500	1.34000	2.16599	17.73099
2012	13.93153	0.50000	0.33000	0.13500	1.34000	2.30508	18.54161
2011	15.11830	1.14668	0.33000	0.13500	0.67000	2.33841	19.73839
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

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2013 Value 1-1-13 Valuation	Percentage of Total Taxable Value Valuation *	2003 Taxable Value 1-1-03 Valuation	Percentage of Total Taxable Value Valuation *
SDGMACERICH PROPERTIES	\$ 35,388,978	1.90%	\$ 33,518,562	2.87%
ROCKWELL COLLINS INC	31,361,962	1.68%	44,426,811	3.81%
WAL-MART REAL ESTATE BUSINESS TRUST	13,713,100	0.74%	-	-
AZURE CORP	12,534,468	0.67%	-	-
TIMBERLAND PARTNERS XXX LLP	12,147,087	0.65%	-	-
DDR NORTHLAND SQUARE LLC	11,791,900	0.63%	12,315,628	1.06%
COLLINS SQUARE LLC	11,209,905	0.60%	-	-
BUSSE INVESTMENTS INC	11,004,345	0.59%	-	-
APPLE TEN HOSPITALITY OWNERSHIP INC	10,170,047	0.55%	-	-
ATRIUM FINANCE I LP	9,101,367	0.49%	-	-
MARION SENIOR DEVELOPMENT LLC	9,017,700	0.48%	-	-
TARGET CORPORATION	8,419,751	0.45%	8,419,751	0.72%
MIMG XVII LLC	5,187,564	0.28%	-	-
QUAGLIANO MICHAEL D.	4,662,709	0.25%	-	-
INTERSTATE POWER CO.	3,590,872	0.19%	-	-
DAVIS REALTY	-	-	10,409,937	0.89%
HAMMONS JOHN Q HOTELS	-	-	9,675,466	0.83%
LANDMARK DEVELOPMENT CORP	-	-	9,237,248	0.79%
NASH FINCH CO	-	-	7,043,152	0.60%
QWEST	-	-	5,973,760	0.51%
MIDWEST CENTERS	-	-	5,862,506	0.50%
Total	<u>\$ 189,301,755</u>	10.91%	<u>\$ 146,882,821</u>	12.59%

* 2013 Total District Taxable Valuation is \$1,862,419,851
2003 Total District Taxable Valuation was \$1,166,448,020

Note: The 2013 valuation was reported because the taxes collected during the 2015 fiscal year was based on the 2013 valuation.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT
RATIO OF BONDED DEBT TO ASSESSED VALUES
AND BONDED DEBT PER CAPITA
Last Ten Fiscal Years

Fiscal Year	Assessed Values of Property	General Obligation Bonds	Revenue Bonds	Total Bonds	Ratio of Bonded Debt To Assessed Value	Bonded Debt Per Capita *
2015	\$ 3,002,346,722	\$ 35,585,000	\$ 49,540,000	\$ 85,125,000	2.84 %	\$ 320
2014	2,915,115,013	38,805,000	49,005,000	87,810,000	3.01	332
2013	2,859,738,700	42,260,000	53,360,000	95,620,000	3.34	364
2012	2,783,050,196	45,365,000	36,585,000	81,950,000	2.94	315
2011	2,700,703,687	48,440,000	39,705,000	88,145,000	3.26	341
2010	2,545,408,524	51,215,000	42,725,000	93,940,000	3.69	365
2009	2,441,242,271	53,870,000	9,525,000	63,395,000	2.60	248
2008	2,255,811,533	56,485,000	-	56,485,000	2.50	223
2007	2,152,971,640	67,860,000	-	67,860,000	3.15	272
2006	1,988,451,640	62,425,000	-	62,425,000	3.14	253

Source: District Financial Records, Woods & Poole Economics

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

LINN-MAR COMMUNITY SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Ratio Of Bonded Debt To Personal Income *
2015	\$ 35,585,000	\$ 49,540,000	\$ -	\$ 85,125,000	0.75 %
2014	38,805,000	49,005,000	55,675	87,865,675	0.80
2013	42,260,000	53,360,000	109,031	95,729,031	0.88
2012	45,365,000	36,585,000	160,165	82,110,165	0.77
2011	48,440,000	39,705,000	292,561	88,437,561	0.87
2010	51,215,000	42,725,000	419,310	94,359,310	0.95
2009	53,870,000	9,525,000	239,512	63,634,512	0.62
2008	56,485,000	-	-	56,485,000	0.58
2007	67,860,000	-	-	67,860,000	0.73
2006	62,425,000	-	-	62,425,000	0.69

Source: School District financial records.

Notes: * See Miscellaneous Demographic Statistics on page 100. 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, 2015

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Linn-Mar Community School District Share of Debt
Direct:			
Linn-Mar Community School District	\$ 35,585,000	100%	\$ 35,585,000
Overlapping:			
City of Cedar Rapids	163,515,508	11.77%	19,245,775
City of Marion	56,500,000	69.57%	39,307,050
City of Robbins	6,975,000	28.28%	1,972,530
Kirkwood Community College	69,810,000	8.13%	5,675,553
Linn County	19,160,000	18.97%	3,634,652
Total Overlapping	315,960,508		69,835,560
Total Direct and Overlapping Debt	<u>\$ 351,545,508</u>		<u>\$ 105,420,560</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 it by each unit's total taxable value.

LINN-MAR COMMUNITY SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

	2014-15	2013-14	2012-13	2011-2012
Total Assessed Valuation	\$ 3,002,346,722	\$ 2,915,115,013	\$ 2,859,738,700	\$ 2,783,050,196
Bonded Debit Limit *				
5% of assessed valuation	150,117,336	145,755,751	142,986,935	139,152,510
Bonded Debt at end of fiscal year	85,125,000	87,865,675	95,729,031	82,110,165
Debt Margin at end of fiscal year	\$ 64,992,336	\$ 57,890,076	\$ 47,257,904	\$ 57,042,345
Legal Debt Margin as a Percentage of debt limit	43.29%	39.72%	33.05%	40.99%

* Code of Iowa Section 296.1

Source: Linn County Auditor
School District Financial Records

2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
\$ 2,700,703,687	\$ 2,545,408,524	\$ 2,441,242,271	\$ 2,255,811,533	\$ 2,152,971,640	\$ 1,988,451,640
135,035,184	127,270,426	122,062,114	112,790,577	107,648,582	99,422,582
88,437,561	94,359,310	63,634,512	56,485,000	67,860,000	62,425,000
\$ 46,597,623	\$ 32,911,116	\$ 58,427,602	\$ 56,305,577	\$ 39,788,582	\$ 36,997,582
34.51%	25.86%	47.87%	49.92%	36.96%	37.21%

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

Calendar				Cedar Rapids	Marion	Linn-County		State
Year	Population	Personal	Per Capita	Retail Sales	Retail Sales	Unemployment		Unemployment
		Income	Income	(In Millions)	(In Millions)	Rate		Rate
2014	265,624	\$ 11,321,010,000	\$ 46,803	\$ 3,044.2	\$ 351.2	4.60 %		4.40 %
2013	264,346	11,014,807,000	45,085	2,972.5	339.7	5.00		4.80
2012	262,534	9,748,004,000	37,130	2,931.3	341.0	5.30		5.20
2011	259,828	9,657,823,000	37,170	2,862.1	328.9	6.00		5.90
2010	258,467	9,280,075,000	35,904	2,645.4	333.3	6.50		6.70
2009	257,530	9,162,172,000	35,577	2,894.8	351.8	5.70		6.00
2008	255,452	9,248,958,000	36,206	2,576.7	315.6	4.00		4.10
2007	252,780	9,001,524,000	35,610	2,444.5	344.5	3.80		3.80
2006	249,790	8,594,374,000	34,406	2,389.9	337.1	3.70		3.70
2005	246,410	8,316,144,000	33,749	2,398.2	287.1	4.70		4.60

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

Note: The information provided in this chart is collected on a calendar year basis,
so data for 2015 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NEW COMMERCIAL AND INDUSTRIAL BUILDING PERMITS
Last Ten Years

City of Cedar Rapids New Commerical			City of Marion New Commerical		
Year	# of Permits	Valuation	# of Permits	Valuation	
2014	45	\$ 49,446,998	12	\$ 2,369,744	
2013	64	85,971,266	18	9,608,347	
2012	26	44,088,780	6	3,260,541	
2011	20	43,488,532	11	2,494,538	
2010	22	37,695,793	10	30,148,436	
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	

City of Cedar Rapids New Industrial			City of Marion New Industrial		
Year	# of Permits	Valuation	# of Permits	Valuation	
2014	0	\$ -	2	\$ 3,445,873	
2013	0	-	-	-	
2012	5	1,402,760	-	-	
2011	7	1,962,394	-	-	
2010	-	-	1	75,000	
2009	1	163,900	-	-	
2008	12	34,937,383	-	-	
2007	23	34,114,203	-	-	
2006	2	8,095,188	1	229,680	
2005	3	764,800	1	130,000	

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 2015 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NEW SINGLE AND MULTI FAMILY DWELLING PERMITS
Last Ten Years

City of Cedar Rapids Single-Family			City of Marion Single-Family		
Year	# of Permits	Valuation	# of Permits	Valuation	
2014	325	\$ 34,621,397	145	\$ 17,599,562	
2013	246	24,631,630	184	22,646,922	
2012	253	26,111,686	157	18,988,018	
2011	212	20,726,818	128	14,949,682	
2010	332	29,438,833	145	16,677,433	
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	

City of Cedar Rapids Multi-Family			City of Marion Multi-Family		
Year	# of Permits	Valuation	# of Permits	Valuation	
2014	27(n/a)	\$ 10,432,216	15(n/a)	\$ 4,233,891	
2013	24(n/a)	4,370,772	12(n/a)	3,713,484	
2012	29(n/a)	6,935,533	24(n/a)	6,193,893	
2011	64(n/a)	7,849,210	23(n/a)	5,349,470	
2010	33(99)	6,331,267	21(n/a)	3,960,067	
2009	73(403)	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	

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 2015 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2015		2006	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State University of IA/Hospital	34,378	19.05 %	25,751	15.69 %
Rockwell-Avionics	9,400	5.21	8,900	5.42
Area Schools/AEA	6,416	3.55	5,124	3.12
TransAmerica	3,800	2.11	2,800	1.71
St. Luke's Hospital	2,979	1.65	2,400	1.46
Mercy Medical Center	2,140	1.19	2,418	1.47
Whirlpool Corporation	2,500	1.39	826	0.50
Kirkwood Comm. College	810	0.45	1,443	0.88
Veterans Health Administration	1,562	0.87	1,232	0.75
Pearson	1,756	0.97	1,929	1.18
Mercy Iowa City	900	0.50	1,250	0.76
Hy-Vee Stores	2,396	1.33	2,971	1.81
Wal-mart Stores, Inc.	1,048	0.58	1,530	0.93
Total	70,085	38.83 %	58,574	35.70 %

Source: Cedar Rapids Area Chamber of Commerce
Woods and Poole Economics, Inc.

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

	Fiscal Year				
	2015	2014	2013	2012	2011
<u>Administration</u>					
Superintendent	1	1	1	1	1
Associate Superintendent	1	1	1	1	1
Principals	10	10	10	10	10
Assistant Principals	9	8	8	8	8
Deans	1	2	2	2	2
School Admin. Manager	7	7	7	7	7
Other Administrators	5	5	4	4	4
Supervisors	7	7	7	7	8
<u>Instructors</u>					
Regular Program Teachers	402.5	376.5	377.5	363.5	367.33
Special Education Teachers	65	62	62	64	54.27
<u>Student Services</u>					
Guidance Counselors	19	19	18	17	17
Media Specialists	10	10	10	10	10
Curriculum Coordinators	5	4	4	2	2
Other Licensed Staff	6	6	6	6	6
Other Coordinators	9	9	8	8	6
<u>Support Personnel</u>					
Nurse	4	4	4	4	4
Clerical	42.43	42.43	43.5	41.26	43.56
Paraeducators	195	192.38	187.5	178.48	144.95
Custodial & Maintenance	73	70.06	73	61.5	58
Food Service	53	51.02	52.5	48.51	51.57
Bus Drivers	28	27.67	26.77	28.18	26.9
	<u>952.93</u>	<u>915.06</u>	<u>912.77</u>	<u>872.43</u>	<u>832.58</u>

Source: District Personnel Records

Fiscal Year				
2010	2009	2008	2007	2006
1	1	1	1	1
1	1	1	1	1
10	10	10	9	9
6	6	5	5	5
2	2	2	-	-
5	3	2	2	-
4	4	4	3	3
7	7	4.5	4	4
366.6	362.6	356.92	327.59	309.8
56	55	54	52	51
17	17	17	15	14
10	10	9	8	8
2	2	2	2	2
5	5	5	5	5
4	4	4	3	3
4	4	4	3.75	3
43.5	43.4	40.36	36.15	36.56
154.9	149	144.27	133.13	122.77
63	63	63.06	62.46	58.85
49.82	48.16	48.07	41.59	42.44
28.19	27.09	21.53	22.03	22.19
<u>840.01</u>	<u>824.25</u>	<u>798.71</u>	<u>736.7</u>	<u>701.61</u>

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

Fiscal Year Ended June 30,	Insured Property Value	Expenditures For Construction	Bank Deposit *
2015	\$ 202,429,166	\$ 8,626,662	\$ 19,430,788
2014	198,472,285	8,954,338	20,056,826
2013	150,587,691	8,539,938	20,021,889
2012	148,917,277	4,760,465	20,029,573
2011	138,693,867	11,709,850	6,638,429
2010	138,979,461	24,266,307	4,000,518
2009	120,501,828	6,614,785	345,460
2008	119,383,700	11,906,419	1,152,587
2007	87,310,929	2,097,020	412,829
2006	85,868,742	2,097,020	506,350

* School District's General Fund & Management Fund bank deposit at June 30, which doesn't include investments.

Source: Bouslog Insurance, Inc.
True North Companies
District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
OPERATING COST PER PUPIL
Last Ten Fiscal Years

Fiscal Year	Total Costs *	Average Daily Attendance	Operating Costs Per Pupil
2014-2015	\$ 73,021,462	6,845	\$ 10,668
2103-2014	68,501,215	6,714	10,203
2012-2013	65,290,796	6,695	9,752
2011-2012	62,700,238	6,419	9,768
2010-2011	60,143,815	6,252	9,620
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

* Includes all General Fund Expenditures

Source: School District Financial and attendance reports

**LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION**

Last Ten Fiscal Years

School	Fiscal Year			
	2006	2007	2008	2009
<u>Elementary</u>				
Bowman Woods				
Square Feet	50,906	50,906	50,906	50,906
Capacity	500	500	500	500
Enrollment	498	537	474	437
Echo Hill				
Square Feet	-	-	-	78,000
Capacity	-	-	-	600
Enrollment	-	-	-	511
Indian Creek				
Square Feet	49,200	49,200	49,200	49,200
Capacity	450	450	450	450
Enrollment	478	525	366	385
Linn Grove				
Square Feet	-	-	78,000	78,000
Capacity	-	-	600	600
Enrollment	-	-	374	379
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	400	400	400	400
Enrollment	366	381	345	357
Westfield				
Square Feet	58,000	58,000	58,000	58,000
Capacity	500	500	500	500
Enrollment	462	443	472	427
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	462	508	411	442
<u>PreK-8 Building ^c</u>				
Oak Ridge				
Square Feet	105,383	105,383	105,383	-
Capacity	750	750	750	-
Enrollment	692	781	925	-
<u>Middle School/Intermediate ^a</u>				
Excelsior				
Square Feet	126,700	126,700	126,700	126,700
Capacity	1,100	1,100	1,100	1,100
Enrollment	841	823	785	767
Oak Ridge ^c				
Square Feet	-	-	-	105,383
Capacity	-	-	-	750
Enrollment	-	-	-	599
<u>High School/Junior High ^b</u>				
Square Feet	305,000	305,000	305,000	305,000
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,504	1,642	1,694	1,761

Notes: Overtime some of the buildings capacity have actually decreased due to the inclusion of additional special programs.

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

^b The high school started out as two separate buildings; the high school and junior high. Overtime they were both added onto and are now one large building.

^c With the opening of Echo Hill elementary school at the start of the 2008-2009 school year, Oak Ridge school was converted from a PreK-8 school to a middle school.

2010	2011	2012	2013	2014	2015
50,906	50,906	50,906	50,906	50,906	50,906
500	500	500	500	550	550
429	417	436	408	419	484
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
542	458	432	502	512	567
49,200	49,200	49,200	49,200	49,200	49,200
450	450	450	450	500	500
430	452	447	502	502	509
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
392	440	460	454	466	491
57,300	57,300	57,300	78,000	78,000	78,000
400	400	400	600	600	600
351	484	485	504	518	454
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
457	459	446	453	452	426
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
436	447	458	432	440	479
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,100	1,100	1,000	1,000
738	761	849	927	938	928
105,383	105,383	105,383	105,383	105,383	105,383
750	750	750	750	750	750
659	700	670	678	681	713
305,000	305,000	305,000	305,000	315,478	315,478
1,800	1,800	1,800	1,800	2,200	2,200
1,806	1,708	1,776	1,928	1,934	1,979

LINN-MAR COMMUNITY SCHOOL DISTRICT
FINANCIAL SOLVENCY RATIO
Last Ten Fiscal Years

School Year	Assigned and Unassigned General Fund Balance	Actual Revenues	Financial Solvency Ratio
2014-2015	\$ 8,612,834	\$72,405,068	11.90%
2013-2014	9,282,580	67,861,320	13.68%
2012-2013	9,955,659	65,181,993	15.27%
2011-2012	10,234,148	64,661,307	15.83%
2010-2011	8,000,016	63,835,570	12.53%
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	42,244,419	5.00%

* Financial Solvency Ratio =
$$\frac{\text{Unassigned \& Assigned General Fund Balance}}{\text{Actual Revenues}}$$

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 one budget year.

SOLVENCY CONCERN:

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

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY MEMBERSHIP(ADM), AVERAGE DAILY
ATTENDANCE (ADA) AND RATIO OF ADA TO ADM
Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Average</u> <u>Daily</u> <u>Membership</u> <u>(ADM)</u>	<u>Average</u> <u>Daily</u> <u>Attendance</u> <u>(ADA)</u>	<u>Ratio of</u> <u>ADA to ADM</u>
2015	7,146	6,845	95.79 %
2014	6,986	6,714	96.11
2013	6,985	6,695	95.85
2012	6,687	6,419	95.99
2011	6,534	6,252	95.68
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

Source: District Enrollment Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
OPEN ENROLLED STUDENTS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Open Enrollment In</u>	<u>Open Enrollment Out</u>	<u>Net Gain (Loss)</u>
2015	498	533	(35)
2014	475	513	(38)
2013	442	538	(96)
2012	399	543	(144)
2011	358	532	(174)
2010	309	558	(249)
2009	253	589	(336)
2008	214	667	(453)
2007	174	561	(387)
2006	153	543	(390)

Source: School District Certified Enrollment Records

SINGLE AUDIT SECTION



LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 15	118,303
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	1,027,925 *
			<u>1,146,228</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 15	344,317
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	3715-GC	56,138
			<u>400,455</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 15	<u>43,220</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 15	<u>95,329</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	84.369	FY 14	3,137
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	84.369	FY 15	32,697
			<u>35,834</u>
GRANTWOOD AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 15	<u>320,096</u>
ENGLISH LANGUAGE ACQUISITION STATE GRANTS - TITLE III	84.365	FY 15	<u>6,446</u>
Total			<u>\$ 2,047,608</u>

* - Includes \$217,540 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Linn-Mar Community School District and is presented on the accrual or modified accrual basis of accounting. The information in 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.

NOLTE, CORNMAN & JOHNSON, P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

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 in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the 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, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Linn-Mar Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Linn-Mar Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

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 on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other

matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance 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 the District's operations for the year ended June 30, 2015 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

Linn-Mar Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Linn-Mar Community School District's responses were not subjected to the auditing procedures applied in the audit or the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.


NOLTE, CORNMAN & JOHNSON, P.C.

December 1, 2015
Newton, Iowa

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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Linn-Mar Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Linn-Mar Community School District's major federal programs for the year ended June 30, 2015. Linn-Mar Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Linn-Mar Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Linn-Mar Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Linn-Mar Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Linn-Mar Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Linn-Mar Community School 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, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, weaknesses may exist that have not been identified. A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

December 1, 2015
Newton, Iowa

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

- (a) Unmodified 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 were noted.
- (e) An unmodified 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:

Child Nutrition Cluster:

- CFDA Number 10.553 - School Breakfast Program
- CFDA Number 10.555 - National School Lunch Program

Individual Programs:

- CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- CFDA Number 84.027 - Special Education - Grants to States (Part B)

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Linn-Mar Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

- II-A-15 Purchase Orders - We noted during our audit that the District currently uses purchase orders in the purchasing process, however approximately one-quarter of the purchase orders tested in the Student Activity Fund during our audit indicated that the purchase order was being approved after items had already been purchased. Purchasing items before the purchase order is approved circumvents internal controls which have been implemented by the District.

Recommendation -The District's purchase order system procedures should be reviewed with employees and necessary changes made so all purchase orders are approved before items are purchased.

Response - The District will continue to educate office staff on the purchasing procedures that are stipulated in the Business Procedures manual, which is distributed to all employees via the District intranet.

Conclusion - Response accepted.

OTHER MATTERS:

II-B-15 Deficit Lunch Account Balances - During our audit we noted multiple negative student lunch account balances on the Districts financial statements at June 30, 2014. Some of these negative amounts appeared to be excessive in amount.

Recommendation - The District should review/develop policies regarding the treatment of negative student lunch account balances aimed at discouraging student lunch accounts from becoming excessively negative. The District may also wish to investigate alternatives to collect on the deficit lunch account balances.

Response - The District will review the monitoring procedures regarding student lunch account balances and develop more clear policies on the collection of delinquent accounts.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.

IV-B-15 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.

IV-C-15 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-15 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-15 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-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-15 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education. The number certified to the Iowa Department of Education was understated by 2.78 students for the fall 2014 count date.

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

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

IV-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-15 Deposits and Investments - No instances of non-compliance were noted 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-15 Certified Annual Report - The Certified Annual Report was certified timely with the Iowa Department of Education and we noted not significant deficiencies in amounts reported.

IV-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds were noted.

IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	6,366,211
Revenues:			
Statewide sales, services and use tax	\$	6,587,426	
Interest on investments		32,431	
Revenue bond issuance		3,665,000	10,284,857
			<u>16,651,068</u>
Expenditures/transfers out:			
School infrastructure construction		763,469	
Equipment		617,661	
Other		15,501	
Transfers to other funds:			
Debt service		4,515,131	
Other transfers		3,665,000	9,576,762
Ending balance			<u><u>\$ 7,074,306</u></u>

For the year ended June 30, 2015 the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service	\$ 0.27000	\$ 500,000

IV-M-15 Financial Condition - The District had a deficit unrestricted net position in the District's governmental activities of \$23,819,849 at June 30, 2015.

Recommendation - The District should continue to monitor their governmental activities and investigate ways to bring this deficit back to a positive balance.

Response - The District's governmental activities went deficit due to the implementation of GASB Statement No. 68 and No. 71 in fiscal year 2015 which require the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position. The District's governmental activities net pension liability was 26,615,319 at June 30, 2015. The District will investigate ways to bring this deficit balance back to a positive balance.

Conclusion - Response accepted.

IV-N-15 District and Regional Rent - We noted during our audit that the District receives money for the use of facilities when hosting district and regional sporting events. The District currently receipts district and regional rent money into the Student Activity Fund.

Recommendation - Chapter 297.9 of the Code of Iowa requires rent to be receipted into the General Fund. The District should receipt rent collected for facility usage from hosting district and regional sporting events into the General Fund.

Response - The District has communicated rental receipt procedures to the appropriate staff and any rent collected will be accounted for in the General Fund.

Conclusion - Response accepted.