

# **COMPREHENSIVE ANNUAL FINANCE REPORT**

## **of the LINN-MAR COMMUNITY SCHOOL DISTRICT**

Marion, Iowa

For the fiscal year ending June 30, 2016

## **OFFICIAL ISSUING REPORT**

J.T. Anderson, CPA

Chief Financial Officer

Chief Operating Officer



2999 North 10<sup>th</sup> Street

Marion, IA 52302



**LINN-MAR COMMUNITY SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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Inspire Learning. Unlock Potential. **Empower Achievement.**

November 22, 2016

Quintin Shepherd, Ph.D.  
Superintendent

Shannon Bisgard  
Associate Superintendent  
Chief Academic Officer

J.T. Anderson  
Chief Operating Officer &  
Chief Financial Officer

Karla Christian  
Chief Human Resources Officer &  
Exec Director of Public Relations

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

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 March  
Principal

Echo Hill, K-5  
Dan Ludwig  
Principal

Indian Creek, K-5  
Marilee McConnell  
Principal

Linn Grove, ECEP/PK-5  
Chad Buchholz  
Principal

Novak, ECEP/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, 2016. 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 2016 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, 2015, 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 12<sup>th</sup> largest of Iowa's 336 public school systems. The certified enrollment taken on October 1, 2015, was approximately 7,198 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 8,700 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. Iowa Association of School Boards recommends a target solvency ratio within a range of 5% to 15%. Since fiscal year 2008 the District has maintained a solvency ratio within this defined range, with a peak solvency ratio of 15.83% in the 2012 fiscal year. In fiscal years 2013, 2014 and 2015 the solvency ratio decreased slightly to 15.27%, 13.68% and 11.90% respectively. The current solvency ratio is 11.45%. The State set the supplemental state aid growth rate at 2.25% for the 2017 fiscal year. However, future supplemental state aid beyond fiscal year 2017 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 2015 calendar year, 202 new single-family dwelling building permits were issued at a valuation of \$26,212,686 and 13 new multi-family dwelling unit permits were issued at a valuation of \$11,019,666.

## **District Major Initiative and Achievements**

The staff, board, students, and community members are to be commended for making the 2015-2016 school year a very productive one. Some of the many accomplishments for the year include:

- The District continued 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. This project is scheduled for completion in January 2017.

- 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 24,327 volunteer hours with over 716 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, 83 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 twelfth consecutive Certificate of Excellence in Financial Reporting award for the 2014-2015 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 2015-2016 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 students that complete the ACT assessment. The 15-16 Linn-Mar Community School District composite ACT score was 24.8 compared to 22.1 for the state.
- The 2015-16 Linn-Mar composite average for Advanced Placement exams was 3.55 compared to 2.92 for the state and 2.87 for the nation.
- Six 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 by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

### **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.

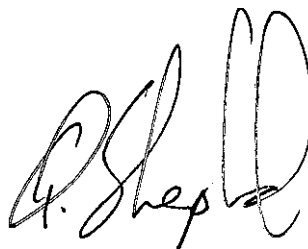
### **Acknowledgements**

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 stylized handwritten signature in black ink, consisting of a large, sweeping 'J' followed by 'T' and 'A'.

J.T. Anderson  
Chief Operating Officer  
Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Q. Shepherd' with a large, circular flourish at the end.

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, 2015.**

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



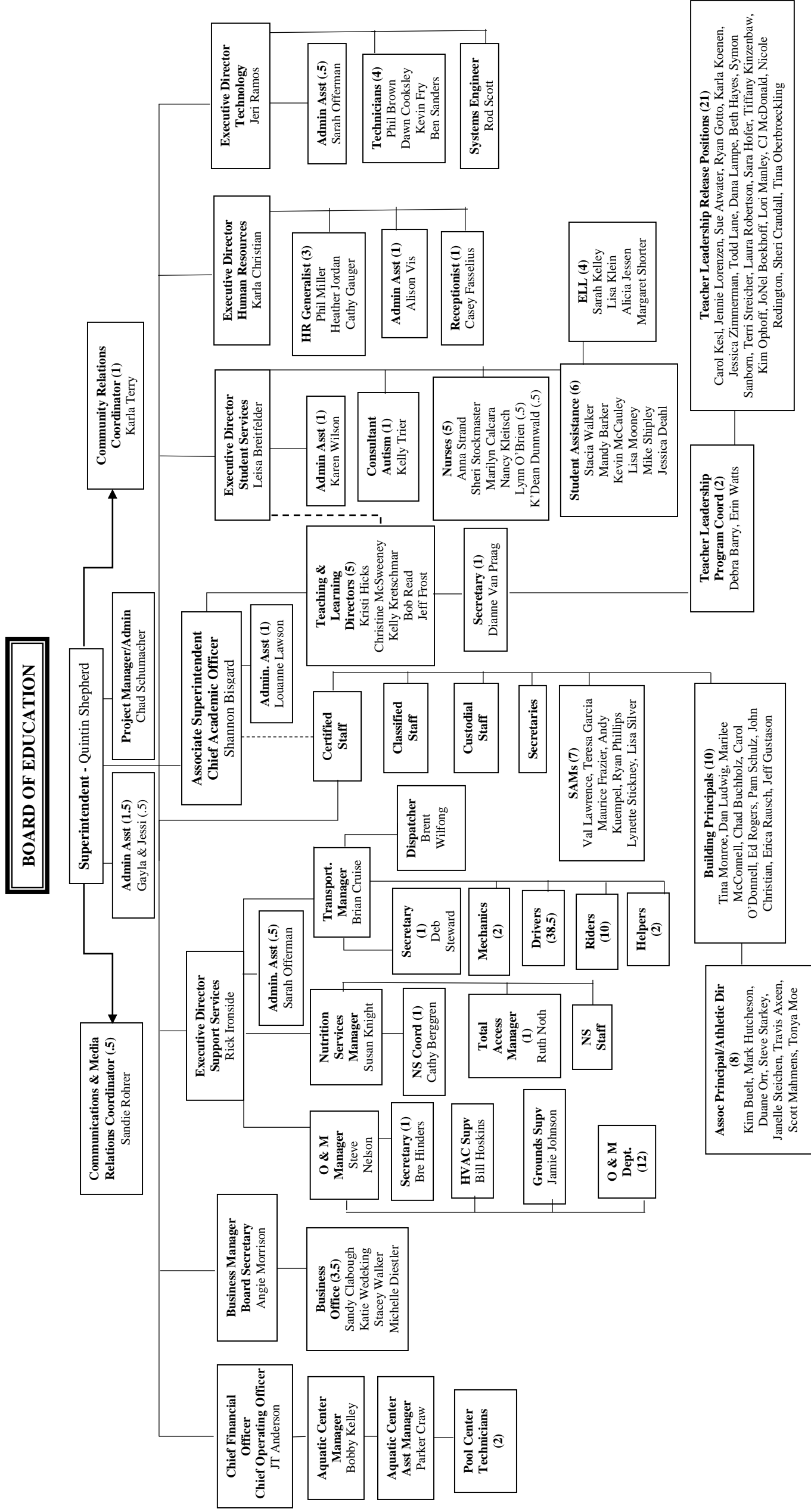
*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director

## 2015-16 ORGANIZATIONAL CHART



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

Year Ended June 30, 2016

<b><u>Board of Education</u></b>		
	<b><u>Title</u></b>	<b><u>Term/Contract Expires</u></b>
<b>(Before September 2015 Election)</b>		
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
Robert Crawford	Director	September, 2015
<b>(After September 2015 Election)</b>		
Tim Isenberg	President	September, 2019
Tina Patterson	Vice President	September, 2017
Rene Gadelha	Director	September, 2017
Todd Hutcheson	Director	September, 2017
George Abouassaly	Director	September, 2019
Sondra Nelson	Director	September, 2019
Clark Weaver	Director	September, 2019
<b>School Officials</b>		
Dr. Quintin Shepherd	Superintendent	2016
J.T. Anderson	Chief Operating Officer/ Chief Financial Officer	2016
Angie Morrison	Business Manager/ Board Secretary	2016
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, 2016, and the related Notes to 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, 2016, 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.

## **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 63 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 four years ended June 30, 2015, (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited the financial statements for the five 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, 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, including the Schedule of Expenditures of Federal Awards, 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 November 22, 2016, 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.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

Nolte, Cornman & Johnson, P.C.

Newton, Iowa  
November 22, 2016

## **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, 2016. 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 \$48,859,879 at June 30, 2016, compared to \$42,959,608 at June 30, 2015, an increase of 13.73%.
- At the end of the current fiscal year, the total of assigned and unassigned fund balances in the general fund was \$8,762,447 or 11.45% of total general fund revenues compared to prior year's total balance of \$8,612,834 or 11.90% of total general fund revenues.
- The State of Iowa approved an increase in supplemental state aid of 1.25% for the 2015-2016 school year. The District had an enrollment increase of 202.2 students, which generated \$1,859,023 in new money.

### Overview of the Financial Statements

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

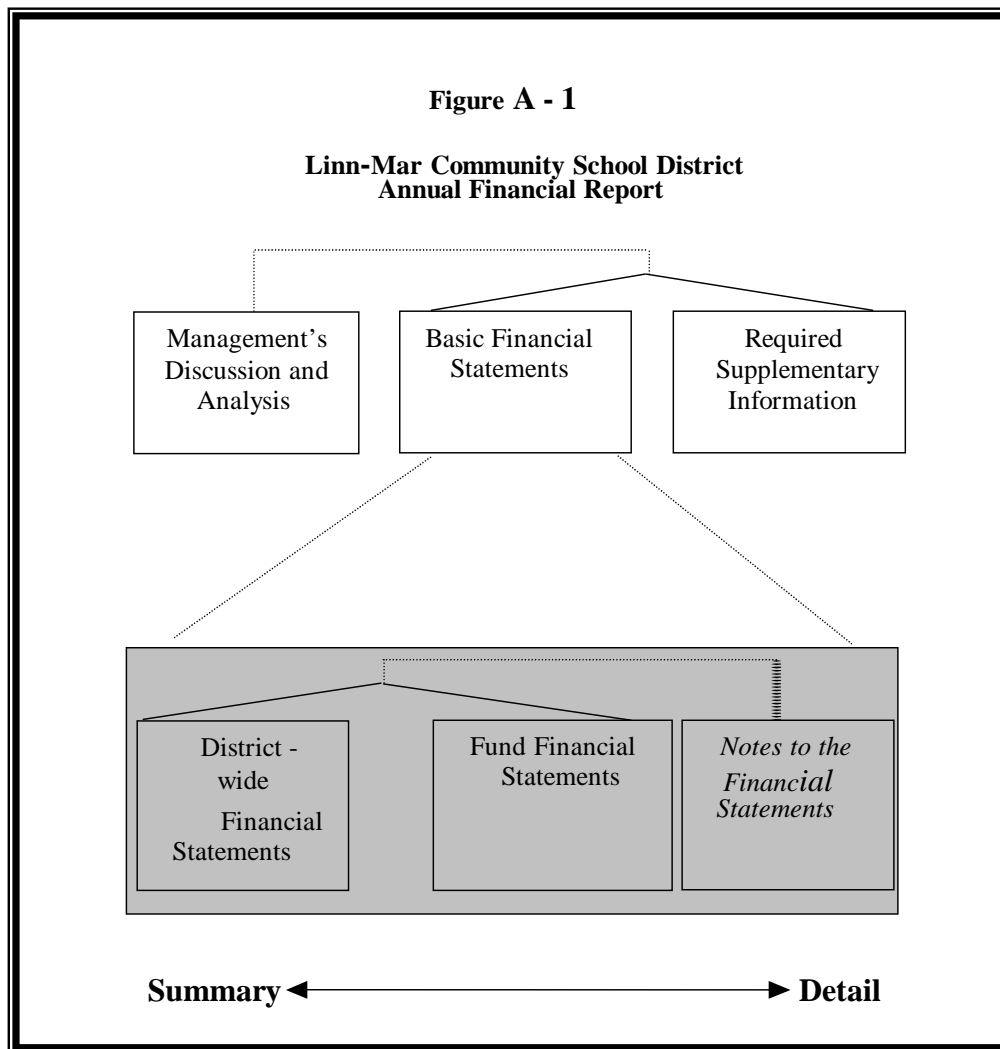
- Management Discussion and Analysis
- Basic Financial Statements, which include government-wide financial statements, fund financial statements and notes to financial statements
- Required supplemental section that represents individual statements and schedules

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, aquatic center and ROAR store.

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, the District's proportionate share of the net pension liability and related contributions as well as the Schedule of Funding Progress for the Retiree Health Plan which is followed by supplementary information which provides detail about the non-major governmental funds, capital projects accounts, and combining schedules for the non-major enterprise funds.

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



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

## Government -Wide Financial Statements

<b>Figure A-2</b>			
<b>Major Features of the Government-Wide and Fund Financial Statements</b>			
	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"> <li>· Statement of net position</li> <li>· Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>· Balance sheet</li> <li>· Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of revenues, expenses and changes in fund net position</li> <li>· Statement of cash flows</li> </ul>
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 it has 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 in the notes to financial 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 increased by 13.57%, increasing from approximately \$44.13 million at June 30, 2015, to approximately \$50.12 million at June 30, 2016. (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,
	2015	2016	2015	2016	2015	2016	2015-16
Current and other assets	\$ 70.28	76.26	1.56	1.68	71.84	77.94	8.49%
Capital assets	133.13	147.95	0.60	0.54	133.73	148.49	11.04%
<b>Total assets</b>	<b>203.41</b>	<b>224.21</b>	<b>2.16</b>	<b>2.22</b>	<b>205.57</b>	<b>226.43</b>	<b>10.15%</b>
Deferred outflows of resources	5.74	7.62	0.16	0.21	5.90	7.83	32.71%
Long-term obligations	113.41	135.41	0.76	0.97	114.17	136.38	19.45%
Other liabilities	10.35	11.66	0.11	0.11	10.46	11.77	12.52%
<b>Total liabilities</b>	<b>123.76</b>	<b>147.07</b>	<b>0.87</b>	<b>1.08</b>	<b>124.63</b>	<b>148.15</b>	<b>18.87%</b>
Deferred inflows of resources	42.43	35.90	0.28	0.09	42.71	35.99	-15.73%
Net position:							
Net investment in capital assets	48.00	48.61	0.60	0.54	48.60	49.15	1.13%
Restricted	18.78	22.71	-	-	18.78	22.71	20.93%
Unrestricted	(23.82)	(22.46)	0.57	0.72	(23.25)	(21.74)	6.49%
<b>Total net position</b>	<b>\$ 42.96</b>	<b>48.86</b>	<b>1.17</b>	<b>1.26</b>	<b>44.13</b>	<b>50.12</b>	<b>13.57%</b>

**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 approximately \$49.15 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.

Approximately \$22.71 million of net position has some external restrictions on how the funds may be used. The deficit remaining balance of approximately \$21.74 million represents unrestricted net position which may be used to meet the District's ongoing obligations. Unrestricted net position remains at a deficit net position due to the GASB 68 reporting requirements which were implemented in fiscal year 2015 and will be reflected on the District's financial statements going forward.

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 increased approximately \$3.93 million, or 20.93% from the prior year. The increase in the District's restricted net position was due primarily to the increase in amount restricted for school infrastructure purposes compared to the prior year.

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 increased approximately \$1.51 million, or 6.49%. The increase in unrestricted net position was primarily a result of the increase in deferred outflows of resources coupled with the decrease in deferred inflows of resources compared to the prior year.

The following figure shows changes in net position for the year ended June 30, 2016, compared to the year ended June 30, 2015. (See Figure A-4).

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

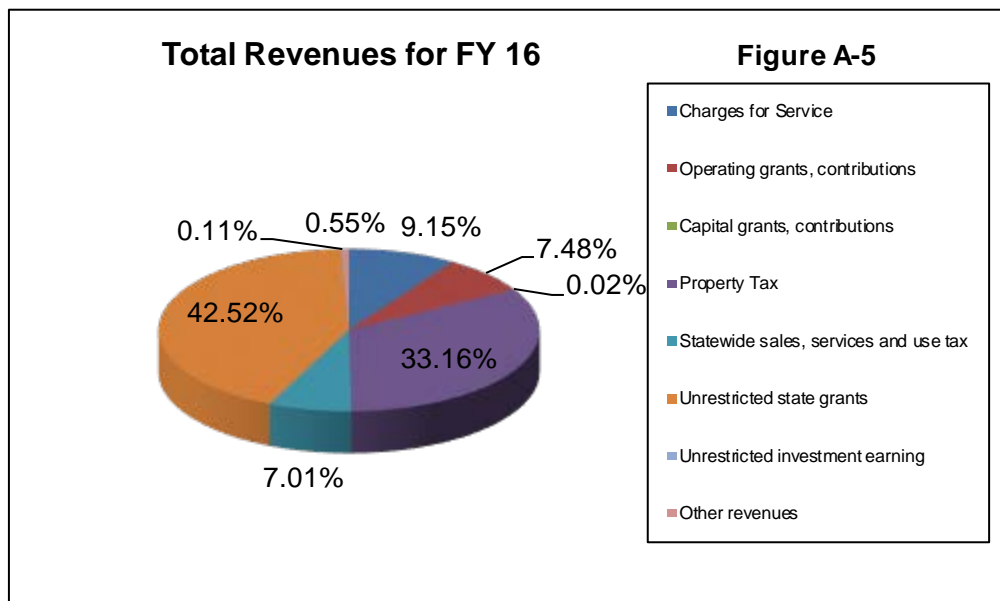
	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2016	2015	2016	2015	2016	2015-16
<b>Revenues:</b>							
Program revenues:							
Charges for service	\$ 5.61	6.42	2.41	2.47	8.02	8.89	10.85%
Operating grants, contributions and restricted interest	5.99	6.05	1.17	1.23	7.16	7.28	1.68%
Capital grants, contributions and restricted interest	0.01	0.02	-	-	0.01	0.02	100.00%
General revenues:							
Property tax	31.09	32.23	-	-	31.09	32.23	3.67%
Statewide sales, services and use tax	6.59	6.81	-	-	6.59	6.81	3.34%
Unrestricted state grants	39.05	41.33	-	-	39.05	41.33	5.84%
Unrestricted investment earnings	0.08	0.10	-	-	0.08	0.10	25.00%
Other	0.59	0.53	-	-	0.59	0.53	-10.17%
<b>Total revenues</b>	<b>89.01</b>	<b>93.49</b>	<b>3.58</b>	<b>3.70</b>	<b>92.59</b>	<b>97.19</b>	<b>4.97%</b>
<b>Program expenses:</b>							
Instruction	48.14	51.17	-	-	48.14	51.17	6.29%
Support services	24.11	26.07	0.07	0.10	24.18	26.17	8.23%
Non-instructional programs	0.13	0.13	3.20	3.51	3.33	3.64	9.31%
Other expenses	9.74	10.22	-	-	9.74	10.22	4.93%
<b>Total expenses</b>	<b>82.12</b>	<b>87.59</b>	<b>3.27</b>	<b>3.61</b>	<b>85.39</b>	<b>91.20</b>	<b>6.80%</b>
Excess of revenues over expenditures before special item	6.89	5.90	0.31	0.09	7.20	5.99	-16.81%
<b>Special Item</b>							
Loss on sale of real property	0.02	-	-	-	0.02	-	-100.00%
<b>Change in net position</b>	<b>6.87</b>	<b>5.90</b>	<b>0.31</b>	<b>0.09</b>	<b>7.18</b>	<b>5.99</b>	<b>-16.57%</b>
Net position beginning of year	36.09	42.96	0.86	1.17	36.95	44.13	19.43%
Net position end of year	\$ 42.96	48.86	1.17	1.26	44.13	50.12	13.57%

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

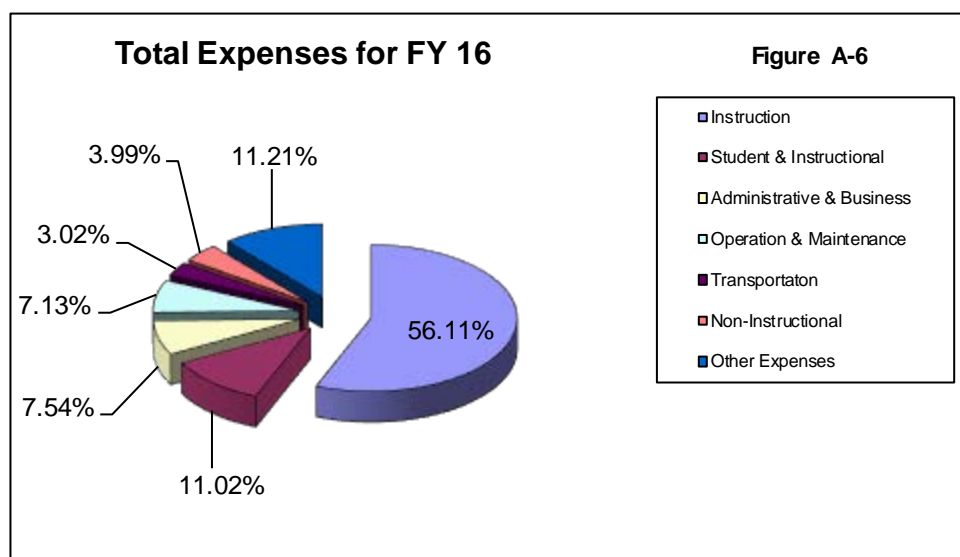
In fiscal year 2016, property tax and unrestricted state grants accounted for 78.68 percent of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for all of business type activities revenue.

The District as a whole experienced a 4.97 percent increase in operating revenue while experiencing a 6.80 percent increase in expenses. The District's total revenue was approximately \$97.19 million of which \$93.49 million was for governmental activities, while the remaining \$3.70 million was for business-type activities. Property taxes and unrestricted state grants account for most of the district's revenue, with each contributing approximately 33 percent and 43 percent respectively of the total dollars raised, (See Figure A-5).





The total cost for all programs and services increased 6.80 percent to \$91.20 million. The District's total expenses are listed in Figure A-6. The chart shows that the majority of the District's expenses (67.13%) are devoted to instruction and student instructional services. Another 3.02 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 5.03 percent, while expenses increased 6.66 percent. The increase in revenues can be attributed to the increase in property tax and unrestricted grant revenues received during fiscal year 2016 as compared to fiscal year 2015.

The District experienced a \$5.47 million increase in governmental activity expenses, majority of which can be attributed to addition of expenses related to the District Teacher Leadership Support Program as well as increase in negotiated salaries and benefits.

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		
			Change			Change
	2015	2016	2015-16	2015	2016	2015-16
Instruction	\$ 48.14	51.17	6.29%	40.85	42.88	4.97%
Support services	24.11	26.07	8.13%	22.72	24.93	9.73%
Non-instructional programs	0.13	0.13	0.00%	0.13	0.13	0.00%
Other expenses	9.74	10.22	4.93%	6.81	7.16	5.14%
<b>Totals</b>	<b>\$ 82.12</b>	<b>87.59</b>	<b>6.66%</b>	<b>70.51</b>	<b>75.10</b>	<b>6.51%</b>

For the year ended June 30, 2016:

- The cost of all governmental activities this year was approximately \$87.59 million.
- The cost financed by users of the District's programs was approximately \$6.42 million.
- Federal and state governments subsidized certain programs with grants and contributions as well as contributions from local sources totaling approximately \$6.07 million.
- The net cost of governmental activities was financed with approximately \$32.23 million in property tax, \$6.81 million in statewide sales, services and use tax, \$41.33 million in unrestricted state grants and \$0.63 million in unrestricted interest and other income.

## Business Type Activities

Revenues of the District's business-type activities increased by 3.35 percent to approximately \$3.70 million while expenses increased 10.40 percent to approximately \$3.61 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 business-type activities net position increased from a July 1, 2015, net position of approximately 1.17 million to a June 30, 2016, net position of approximately 1.26 million an approximate increase of \$0.09 million or 7.69 percent.

# Financial Analysis of the District's Funds

## Governmental Fund Highlights

At the end of fiscal year 2016, the District's governmental funds reported combined ending fund balances of \$32,720,361 an increase of approximately \$3.99 million from the prior year. A closer look at each individual major governmental fund reveals the following:

- The **General Fund** balance decreased from approximately \$10.41 million on June 30, 2015, to \$10.13 million on June 30, 2016. Although General Fund revenues increased from the prior year by approximately \$4.12 million, General Fund expenditures increased by \$3.78 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 increased from approximately \$11.96 million on June 30, 2015 to \$15.47 million on June 30, 2016. The increase in overall Capital Projects Fund balance can be attributed to the issuance of a \$10.00 million revenue bond and \$10.00 million capital loan note during the year which were used to finance District construction and building improvement projects during the year. The increase is primarily due to the unspent bond proceeds from these issuances which will be spent in the succeeding fiscal year.
- The **Debt Service Fund** balance increased from approximately \$3.02 million on June 30, 2015, to \$4.24 million on June 30, 2016. Revenues and expenditures did not vary significantly from the prior year.

## Business Type Fund Highlights

This is the eighth year in a row that the District's business type revenues exceeded expenses. At the close of fiscal year 2016, revenues exceeded expenditures by \$91,621. The steps taken by management to control costs include adjusting the staffing model, additional federal grant funds and managing fund 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.

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 \$1,655,483 more than budgeted receipts, a variance of 1.73 percent. The main contributing factor to this variance had to do with the District receiving more in local source revenue than was originally budgeted.

By April 15<sup>th</sup> of each year, the budget must be adopted by the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Because there are a number of unknowns at 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 31<sup>st</sup> of each year.

In spite of the District's budgetary practice, expenditures in the instruction functional area exceeded the amount budgeted for fiscal year 2016.

## Capital Asset Administration

By the end of 2016, the District had invested, net of depreciation, approximately \$148.49 million in various capital assets including land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of approximately \$14.76 million or 11.04 percent over the previous fiscal year. The primary reason for the increase in capital assets for fiscal year 2016 is due to continued expenses associated with District construction projects which will be reclassified upon completion in succeeding fiscal years. Detailed information regarding the District's capital assets can be found in Note 5 of the notes to 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,
	2015	2016	2015	2016	2015	2016	2015-16
Land	\$ 5,262	5,262	-	-	5,262	5,262	0.00%
Construction in progress	7,019	20,096	-	-	7,019	20,096	186.31%
Buildings	100,275	102,188	-	-	100,275	102,188	1.91%
Land improvements	16,474	15,849	-	-	16,474	15,849	-3.79%
Machinery and equipment	4,099	4,557	603	542	4,702	5,099	8.44%
Total	\$ 133,129	147,952	603	542	133,732	148,494	11.04%

## Long-Term Liabilities

At year end, the District had approximately \$136.39 million in long-term debt, an increase of approximately \$22.22 million from the previous fiscal year. Of this amount, \$8,273,601 is due within one year. The issuance of \$10 million in revenue bond and \$10 million in capital loan notes were the primary reasons for the increase in long-term liabilities for fiscal year 2016. Detailed information regarding the District's long-term debt can be found in Note 6 of the Notes to Financial Statements.

**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,
	2015	2016	2015	2016	2015	2016	2015-16
General Obligation Bonds	\$ 35,585	32,335	-	-	35,585	32,335	-9.13%
Revenue Bonds	49,540	57,010	-	-	49,540	57,010	15.08%
Capital Loan Notes	-	10,000	-	-	-	10,000	100.00%
Termination benefits	382	191	-	-	382	191	-50.00%
Compensated absences	180	68	-	-	180	68	-62.22%
Net pension liability	26,615	34,519	727	940	27,342	35,459	29.69%
Net OPEB liability	1,105	1,291	30	34	1,135	1,325	16.74%
Totals	\$ 113,407	135,414	757	974	114,164	136,388	19.47%

## **Factors Bearing on the District's Future**

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

- The state has set supplemental state aid at 2.25% for fiscal year 2017. A supplemental state aid below 4 percent creates significant challenges for schools in Iowa to meet increasing expenditure demands.
- With increasing residential and multi-residential building permits issued and a stable employer base, 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.
- Due to underfunded mandates (e.g. special education) and also a potential voter-approved capital bond, the District expects that it will have to increase its property tax levy to meet its budgetary obligations.

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

## **LINN-MAR COMMUNITY SCHOOL DISTRICT**

## BASIC FINANCIAL STATEMENTS



LINN-MAR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 41,061,663	1,645,782	42,707,445
Receivables:			
Property tax:			
Delinquent	106,019	-	106,019
Succeeding year	32,941,467	-	32,941,467
Accounts	27,685	6,444	34,129
Accrued interest	36,916	-	36,916
Due from other governments	2,088,230	-	2,088,230
Inventories	-	26,047	26,047
Capital assets not being depreciated:			
Land	5,261,530	-	5,261,530
Construction in progress	20,095,772	-	20,095,772
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	102,187,666	-	102,187,666
Land improvements	15,849,136	-	15,849,136
Machinery and equipment	4,556,932	541,797	5,098,729
<b>TOTAL ASSETS</b>	<b>224,213,016</b>	<b>2,220,070</b>	<b>226,433,086</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	7,619,511	212,819	7,832,330
<b>LIABILITIES</b>			
Accounts payable	2,958,921	2,191	2,961,112
Salaries and benefits payable	7,641,231	29,227	7,670,458
Accrued interest payable	1,057,131	-	1,057,131
Unearned revenue	-	81,733	81,733
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	3,300,000	-	3,300,000
Revenue bonds payable	3,700,000	-	3,700,000
Capital loan note payable	1,015,000	-	1,015,000
Compensated absences payable	67,837	-	67,837
Termination benefits payable	190,764	-	190,764
Portion due after one year:			
General obligation bonds payable	29,035,000	-	29,035,000
Revenue bonds payable	53,310,000	-	53,310,000
Capital loan note payable	8,985,000	-	8,985,000
Net pension liability	34,519,523	939,976	35,459,499
Net OPEB liability	1,290,658	34,453	1,325,111
<b>TOTAL LIABILITIES</b>	<b>147,071,065</b>	<b>1,087,580</b>	<b>148,158,645</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levies for subsequent fiscal year	32,941,467	-	32,941,467
Pension related deferred inflows	2,960,116	87,976	3,048,092
	<b>35,901,583</b>	<b>87,976</b>	<b>35,989,559</b>
<b>NET POSITION</b>			
Net investment in capital assets	48,606,036	541,797	49,147,833
Restricted for:			
Categorical funding	1,363,797	-	1,363,797
Debt service	7,990,931	-	7,990,931
School infrastructure	7,177,201	-	7,177,201
Physical plant and equipment levy	3,478,709	-	3,478,709
Management levy purposes	1,822,806	-	1,822,806
Student activities	555,799	-	555,799
Public education and recreation levy purposes	320,776	-	320,776
Unrestricted	(22,456,176)	715,536	(21,740,640)
<b>TOTAL NET POSITION</b>	<b>\$ 48,859,879</b>	<b>1,257,333</b>	<b>50,117,212</b>

SEE NOTES TO FINANCIAL STATEMENTS.



**LINN-MAR COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	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
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 35,749,781	4,004,497	170,376	-	(31,574,908)	-
Special	8,969,801	729,269	499,292	-	(7,741,240)	-
Other	6,448,810	1,673,805	1,214,120	-	(3,560,885)	-
	51,168,392	6,407,571	1,883,788	-	(42,877,033)	-
Support services:						
Student	3,677,997	-	840,596	-	(2,837,401)	-
Instructional staff	6,368,459	-	31,960	-	(6,336,499)	-
Administration	6,874,302	-	-	-	(6,874,302)	-
Operation and maintenance of plant	6,402,268	-	-	18,989	(6,383,279)	-
Transportation	2,749,936	12,868	236,100	-	(2,500,968)	-
	26,072,962	12,868	1,108,656	18,989	(24,932,449)	-
Non-instructional programs:						
Food service operations	94,028	-	-	-	(94,028)	-
Community service operations	34,951	-	-	-	(34,951)	-
	128,979	-	-	-	(128,979)	-
Long-term debt interest	3,031,161	-	-	-	(3,031,161)	-
Other expenses:						
AEA flowthrough	3,055,116	-	3,055,116	-	-	-
Depreciation(unallocated)*	4,133,605	-	-	-	(4,133,605)	-
	7,188,721	-	3,055,116	-	(4,133,605)	-
Total governmental activities	87,590,215	6,420,439	6,047,560	18,989	(75,103,227)	-
Business type activities:						
Support services:						
Operation and maintenance of plant	99,097	-	-	-	-	(99,097)
Non-instructional programs:						
Nutrition services	3,258,443	2,185,826	1,226,303	-	-	153,686
Aquatic center	239,212	273,967	-	-	-	34,755
ROAR store	12,426	12,335	-	-	-	(91)
Total non-instructional programs:	3,510,081	2,472,128	1,226,303	-	-	188,350
Total business type activities	3,609,178	2,472,128	1,226,303	-	-	89,253
Total	\$ 91,199,393	8,892,567	7,273,863	18,989	(75,103,227)	89,253
<b>General Revenues:</b>						
Property tax levied for:						
General purposes				\$ 25,236,614	-	25,236,614
Capital outlay				3,188,525	-	3,188,525
Debt service				3,800,343	-	3,800,343
Statewide sales, services and use tax				6,811,318	-	6,811,318
Unrestricted state grants				41,329,762	-	41,329,762
Unrestricted investment earnings				104,072	2,368	106,440
Other				532,864	-	532,864
Total general revenues				81,003,498	2,368	81,005,866
Change in net position				5,900,271	91,621	5,991,892
Net position beginning of year				42,959,608	1,165,712	44,125,320
Net position end of year				\$ 48,859,879	1,257,333	50,117,212

\* 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, 2016

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 17,609,829	16,274,529	4,224,092	2,953,213	41,061,663
Receivables:					
Property tax:					
Delinquent	79,095	10,393	12,386	4,145	106,019
Succeeding year	24,711,671	3,265,527	3,831,910	1,132,359	32,941,467
Accounts	26,062	390	-	1,233	27,685
Accrued interest	-	36,916	-	-	36,916
Due from other funds	1,749	-	-	-	1,749
Due from other governments	968,440	1,119,790	-	-	2,088,230
<b>TOTAL ASSETS</b>	<b>\$ 43,396,846</b>	<b>20,707,545</b>	<b>8,068,388</b>	<b>4,090,950</b>	<b>76,263,729</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	-	-	1,749	1,749
Accounts payable	935,127	1,974,524	-	49,270	2,958,921
Salaries and benefits payable	7,623,804	-	-	17,427	7,641,231
Total liabilities	8,558,931	1,974,524	-	68,446	10,601,901
Deferred inflows of resources:					
Property taxes levies for subsequent fiscal year	24,711,671	3,265,527	3,831,910	1,132,359	32,941,467
Fund balances:					
Restricted for:					
Categorical funding	1,363,797	-	-	-	1,363,797
Debt service	-	4,811,584	4,236,478	-	9,048,062
School infrastructure	-	7,177,201	-	-	7,177,201
Physical plant and equipment levy	-	3,478,709	-	-	3,478,709
Management levy purposes	-	-	-	2,013,570	2,013,570
Student activities	-	-	-	555,799	555,799
Public education and recreation levy purposes	-	-	-	320,776	320,776
Assigned for special specific purposes	445,301	-	-	-	445,301
Unassigned	8,317,146	-	-	-	8,317,146
Total fund balances	10,126,244	15,467,494	4,236,478	2,890,145	32,720,361
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 43,396,846</b>	<b>20,707,545</b>	<b>8,068,388</b>	<b>4,090,950</b>	<b>76,263,729</b>

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, 2016

<b>Total fund balances of governmental funds(page 30)</b>	\$	32,720,361
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*Amounts reported for governmental activities in the  
Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		147,951,036
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(1,057,131)
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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	\$	7,619,511	
Deferred inflows of resources		<u>(2,960,116)</u>	4,659,395

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>(135,413,782)</u>
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<b>Net position of governmental activities(page 28)</b>	\$	<u><u>48,859,879</u></u>
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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, 2016

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 23,986,903	3,188,525	3,800,343	1,249,711	32,225,482
Tuition	4,266,217	-	-	-	4,266,217
Other	1,176,948	95,837	8,971	1,562,927	2,844,683
State sources	45,028,110	6,913,538	121,912	41,771	52,105,331
Federal sources	2,048,773	-	-	-	2,048,773
<b>TOTAL REVENUES</b>	<b>76,506,951</b>	<b>10,197,900</b>	<b>3,931,226</b>	<b>2,854,409</b>	<b>93,490,486</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	35,695,429	864,602	-	273,932	36,833,963
Special	9,149,720	-	-	92,753	9,242,473
Other	5,152,292	-	-	1,635,907	6,788,199
	<b>49,997,441</b>	<b>864,602</b>	<b>-</b>	<b>2,002,592</b>	<b>52,864,635</b>
Support services:					
Student	3,670,778	-	-	33,976	3,704,754
Instructional staff	5,343,983	10,427	-	27,799	5,382,209
Administration	6,766,748	136,788	-	29,347	6,932,883
Operation and maintenance of plant	5,773,682	209,900	-	583,924	6,567,506
Transportation	2,192,512	444,721	-	144,889	2,782,122
	<b>23,747,703</b>	<b>801,836</b>	<b>-</b>	<b>819,935</b>	<b>25,369,474</b>
Non-instructional programs:					
Food service operations	-	-	-	94,028	94,028
Community service operations	-	-	-	34,951	34,951
	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,979</b>	<b>128,979</b>
Debt service:					
Principal	-	-	5,780,000	-	5,780,000
Interest and fiscal charges	-	-	2,933,691	-	2,933,691
	<b>-</b>	<b>-</b>	<b>8,713,691</b>	<b>-</b>	<b>8,713,691</b>
Capital outlay	-	19,022,983	-	358,453	19,381,436
Intergovernmental:					
AEA flowthrough	3,055,116	-	-	-	3,055,116
	<b>3,055,116</b>	<b>19,022,983</b>	<b>8,713,691</b>	<b>358,453</b>	<b>31,150,243</b>
<b>TOTAL EXPENDITURES</b>	<b>76,800,260</b>	<b>20,689,421</b>	<b>8,713,691</b>	<b>3,309,959</b>	<b>109,513,331</b>
Deficiency of revenues under expenditures	(293,309)	(10,491,521)	(4,782,465)	(455,550)	(16,022,845)
<b>OTHER FINANCING SOURCES(USES):</b>					
Sale of equipment	13,676	-	-	-	13,676
Transfer in	-	-	6,001,233	-	6,001,233
Transfer out	-	(6,001,233)	-	-	(6,001,233)
Revenue bond issuance	-	10,000,000	-	-	10,000,000
Capital loan note issuance	-	10,000,000	-	-	10,000,000
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>13,676</b>	<b>13,998,767</b>	<b>6,001,233</b>	<b>-</b>	<b>20,013,676</b>
Change in fund balances	(279,633)	3,507,246	1,218,768	(455,550)	3,990,831
Fund balances beginning of year	10,405,877	11,960,248	3,017,710	3,345,695	28,729,530
Fund balances end of year	\$ 10,126,244	15,467,494	4,236,478	2,890,145	32,720,361

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, 2016

**Change in fund balances - total governmental funds(page 32)** \$ 3,990,831

*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	\$ 19,692,758	
Depreciation expense	<u>(4,870,673)</u>	14,822,085

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	(20,000,000)	
Repaid	<u>5,780,000</u>	(14,220,000)

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.

(97,470)

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.

4,544,516

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	190,765	
Compensated absences	112,181	
Pension expense	(3,257,445)	
Other postemployment benefits	<u>(185,192)</u>	<u>(3,139,691)</u>

**Change in net position of governmental activities(page 29)** \$ 5,900,271

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u>Business Type Activities:</u>
	Nonmajor Enterprise Funds
<b>ASSETS</b>	
Current assets:	
Cash and pooled investments	\$ 1,645,782
Accounts receivable	6,444
Inventories	26,047
Total current assets	<u>1,678,273</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>541,797</u>
<b>TOTAL ASSETS</b>	<u>2,220,070</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows	<u>212,819</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,191
Salaries and benefits payable	29,227
Unearned revenues	81,733
Total current liabilities	<u>113,151</u>
Noncurrent liabilities:	
Net pension liability	939,976
Net OPEB liability	34,453
Total long-term liabilities	<u>974,429</u>
<b>TOTAL LIABILITIES</b>	<u>1,087,580</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows	<u>87,976</u>
<b>NET POSITION</b>	
Investment in capital assets	541,797
Unrestricted	715,536
<b>TOTAL NET POSITION</b>	<u>\$ 1,257,333</u>

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, 2016

	<u>Business Type Activities:</u>
	Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>	
Local sources:	
Charges for service	\$ 2,472,128
<b>OPERATING EXPENSES:</b>	
Support services:	
Operation and maintenance of plant:	
Services	23,931
Supplies	75,166
Total support services	99,097
Non-instructional programs:	
Food service operations:	
Salaries	1,440,602
Benefits	204,302
Services	7,375
Supplies	1,509,083
Depreciation	96,319
Other	762
	3,258,443
Other enterprise operations:	
Supplies	12,426
Community service operations:	
Salaries	145,720
Benefits	17,836
Services	5,545
Supplies	70,111
	239,212
Total non-instructional programs	3,510,081
<b>TOTAL OPERATING EXPENSES</b>	3,609,178
<b>OPERATING LOSS</b>	(1,137,050)
<b>NON-OPERATING REVENUES:</b>	
State sources	24,858
Federal sources	1,201,445
Interest on investments	2,368
<b>TOTAL NON-OPERATING REVENUES</b>	1,228,671
Increase in net position	91,621
Net position beginning of year	1,165,712
Net position end of year	\$ 1,257,333

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	Business Type Activities:
	Nonmajor Enterprise Funds
<b>Cash flows from operating activities:</b>	
Cash received from sale of lunches and breakfasts	\$ 2,185,486
Cash received from aquatic center operations	273,756
Cash received from ROAR store operations	12,035
Cash payments to employees for services	(1,847,190)
Cash payments to suppliers for goods or services	(1,477,801)
Net cash used in operating activities	<u>(853,714)</u>
<b>Cash flows from non-capital financing activities:</b>	
Interfund repayments	(5,585)
State grants received	24,858
Federal grants received	967,117
Net cash provided by non-capital financing activities	<u>986,390</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	<u>(34,747)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>2,368</u>
Net increase in cash and cash equivalents	100,297
Cash and cash equivalents beginning of year	<u>1,545,485</u>
Cash and cash equivalents end of year	<u><u>\$ 1,645,782</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (1,137,050)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>	
Commodities consumed	234,328
Depreciation	96,319
Increase in inventories	(5,262)
Increase in accounts receivable	(6,444)
Decrease in accounts payable	(2,468)
Increase(Decrease) in salaries and benefits payable	(5,727)
Increase in other postemployment benefits	4,827
Increase in net pension liability	212,661
Increase in deferred outflows of resources	(57,726)
Decrease in deferred inflows of resources	(192,765)
Increase in unearned revenue	5,593
Net cash used in operating activities	<u><u>\$ (853,714)</u></u>

**NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:**

During the year ended June 30, 2016, the District received Federal commodities valued at \$234,328.

SEE NOTES TO FINANCIAL STATEMENTS.



LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**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 as well as the nonmajor enterprise funds.

**The District reports the following major governmental funds:**

The General Fund is the general operating fund of the District. All general tax revenues and other 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 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 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 District reports the following nonmajor proprietary funds:**

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

The Enterprise, Aquatic Center Fund. The Aquatic Center Fund is used to account for the operations of the District's pool activities.

The Enterprise, 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 balances 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2015.

#### **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.

#### **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 2016, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2016.

**K. 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.

**L. 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, 2016.

**M. 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.

**N. 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.

**O. 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.

**P. 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 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, 2016, the carrying amount of the District's bank deposits and pooled investments totaled \$42,703,645 with bank balances of \$43,247,835. 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 \$42,247,835 was collateralized by the State Sinking Fund in accordance with 12C of the Code of Iowa. This chapter provides additional assessments against depositories to insure there will be no loss of public funds.

At June 30, 2016, the District had no investments meeting the disclosure requirements of Government Accounting Standards Board Statement No. 72, or any other investments which would require disclosure.

**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.** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized rating organization (Standard and Poor's and Moody Investor Services). The District's investment policy does not formally address credit risk.

**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. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services & Use Tax	\$ 5,923,233
Debt Service	Capital Projects: Physical Plant & Equipment Levy	78,000
Total		<u>\$ 6,001,233</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 as well as for general obligation bond debt relief.

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 capital loan note indebtedness.

**Note 5. Capital Assets**

A summary of changes in property and equipment comprising capital assets for the year ended June 30, 2016, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b><u>Governmental activities:</u></b>				
Capital assets not being depreciated:				
Land	5,261,530	-	-	5,261,530
Construction in progress	7,018,633	16,944,223	3,867,084	20,095,772
Total capital assets not being depreciated	12,280,163	16,944,223	3,867,084	25,357,302
Capital assets being depreciated:				
Buildings	132,853,907	4,993,950	-	137,847,857
Land improvements	21,128,241	427,164	-	21,555,405
Machinery and equipment	9,618,893	1,194,505	234,850	10,578,548
Total capital assets being depreciated	163,601,041	6,615,619	234,850	169,981,810
Buildings	32,578,765	3,081,426	-	35,660,191
Land improvements	4,654,090	1,052,179	-	5,706,269
Machinery and equipment	5,519,398	737,068	234,850	6,021,616
Total accumulated depreciation	42,752,253	4,870,673	234,850	47,388,076
Total capital assets being depreciated, net	120,848,788	1,744,946	-	122,593,734
Governmental activities capital assets, net	\$ 133,128,951	18,689,169	3,867,084	147,951,036
<b><u>Business type activities:</u></b>				
Machinery and equipment	\$ 1,550,665	34,747	-	1,585,412
Less accumulated depreciation	947,296	96,319	-	1,043,615
Business type activities capital assets, net	\$ 603,369	(61,572)	-	541,797
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular			\$	127,031
Special				1,676
Other				80,441
Instructional staff				10,055
Administration				115,970
Transportation				401,895
				737,068
Unallocated depreciation				4,133,605
Total governmental activities depreciation expense			\$	4,870,673
Business type activities:				
Food service operations			\$	96,319



## **Note 6. Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2016 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b><u>Governmental activities:</u></b>					
General obligation bonds	\$ 35,585,000	-	3,250,000	32,335,000	3,300,000
Revenue bonds	49,540,000	10,000,000	2,530,000	57,010,000	3,700,000
Capital loan notes	-	10,000,000	-	10,000,000	1,015,000
Termination benefits	381,529	-	190,765	190,764	190,764
Compensated absences	180,018	67,837	180,018	67,837	67,837
Net pension liability	26,615,319	7,904,204	-	34,519,523	-
Net OPEB liability	1,105,466	185,192	-	1,290,658	-
Total	\$ 113,407,332	28,157,233	6,150,783	135,413,782	8,273,601
<b><u>Business type activities:</u></b>					
Net pension liability	\$ 727,315	212,661	-	939,976	-
Net OPEB liability	29,626	4,827	-	34,453	-
Total	\$ 756,941	217,488	-	974,429	-

### **General Obligation Bonds**

As of June 30, 2016, the District had general obligation bonds outstanding of \$32,335,000, which had been issued for capital facility construction purposes in prior fiscal years. The general obligation bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2016 general obligation bonded indebtedness are as follows:

Year	Bond Issue of January 1, 2007			Bond Issue of April 12, 2011		
Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	4.000	2,220,000	399,206	3.250	-	343,663
2022-2026	4.125	7,525,000	527,382	3.25-3.50	10,000,000	1,425,262
		<u>\$ 16,705,000</u>	<u>3,297,613</u>		<u>\$ 10,000,000</u>	<u>3,143,575</u>

Year	Refunding Bond Issue of February 24, 2014				Refunding Bond Issue of April 23, 2014				Total		
Ending	Interest			Interest							
June 30,	Rates	Principal	Interest	Rates	Principal	Interest	Principal	Interest	Total		
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	1.250	790,000	38,860	-	-	-	2,825,000	948,129	3,773,129		
2020	1.300	800,000	28,590	-	-	-	2,925,000	856,458	3,781,458		
2021	1.900	810,000	15,390	-	-	-	3,030,000	758,259	3,788,259		
2022-2026	-	-	-	-	-	-	17,525,000	1,952,644	19,477,644		
		<u>\$ 3,950,000</u>	<u>189,685</u>		<u>\$ 1,680,000</u>	<u>50,400</u>	<u>\$ 32,335,000</u>	<u>6,681,273</u>	<u>39,016,273</u>		

## **Revenue Bonds**

As of June 30, 2016, the District had statewide sales, services and use tax bonds of \$57,010,000, which had been issued for capital facility construction/building improvement projects. 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, 2016 statewide sales, services and use tax bonded indebtedness are as follows:

Year	Bond Issue of March 1, 2010			Bond Issue of October 1, 2012			Bond Issue of June 4, 2013		
Ending	Interest			Interest			Interest		
June 30,	Rates	Principal	Interest	Rates	Principal	Interest	Rates	Principal	Interest
2017	4.000	% \$ -	815,030	1.350	% \$ -	210,808	1.350	% \$ 100,000	214,308
2018	4.000	-	815,030	1.350	-	210,808	1.350	100,000	213,308
2019	4.000	1,215,000	790,730	1.350	730,000	205,880	1.350	760,000	208,058
2020	4.000	1,270,000	741,030	1.500	745,000	195,365	1.500	765,000	197,570
2021	4.000	1,325,000	689,130	1.650	760,000	183,508	1.650	765,000	185,138
2022-2026	4.00-4.40	7,565,000	2,558,093	1.75-2.30	4,075,000	694,150	1.75-2.30	3,990,000	681,927
2027-2030	4.50-4.625	7,475,000	710,829	2.40-2.70	3,690,000	196,652	2.40-2.70	3,020,000	173,275
		<u>\$ 18,850,000</u>	<u>7,119,872</u>		<u>\$ 10,000,000</u>	<u>1,897,171</u>		<u>\$ 9,500,000</u>	<u>1,873,584</u>

Year	Refunding Bond Issue of February 24, 2014			Refunding Bond Issue of March 12, 2014		
Ending	Interest			Interest		
June 30,	Rates	Principal	Interest	Rates	Principal	Interest
2017	3.000	% \$ 1,695,000	77,475	2.000	% \$ 775,000	23,550
2018	3.000	1,735,000	26,025	2.000	790,000	7,900
2019		-	-		-	-
2020		-	-		-	-
2021		-	-		-	-
2022-2026		-	-		-	-
2027-2030		-	-		-	-
		<u>\$ 3,430,000</u>	<u>103,500</u>		<u>\$ 1,565,000</u>	<u>31,450</u>

Year	Bond Issue of October 21, 2014			Bond Issue of July 1, 2015			Total		
Ending	Interest			Interest					
June 30,	Rates	Principal	Interest	Rates	Principal	Interest	Principal	Interest	Total
2017	0.750	% \$ 260,000	86,413	2.610	% \$ 870,000	249,647	\$ 3,700,000	1,677,231	5,377,231
2018	1.150	260,000	83,943	2.610	935,000	226,091	3,820,000	1,583,105	5,403,105
2019	1.450	260,000	80,562	2.610	535,000	206,908	3,500,000	1,492,138	4,992,138
2020	1.700	260,000	76,468	2.610	545,000	192,814	3,585,000	1,403,247	4,988,247
2021	1.850	260,000	71,852	2.610	575,000	178,197	3,685,000	1,307,825	4,992,825
2022-2026	2.15-2.90	1,300,000	270,927	2.610	3,225,000	651,522	20,155,000	4,856,619	25,011,619
2027-2030	3.10-3.75	1,065,000	78,096	2.610	3,315,000	180,938	18,565,000	1,339,790	19,904,790
		<u>\$ 3,665,000</u>	<u>748,261</u>		<u>\$ 10,000,000</u>	<u>1,886,117</u>	<u>\$ 57,010,000</u>	<u>13,659,955</u>	<u>70,669,955</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, October of 2014 and July of 2015. 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 79 percent of the statewide sales, services, and use tax revenues. The total

principal and interest remaining to be paid on the bonds is \$70,669,955. For the current year, \$2,530,000 of principal and \$1,634,525 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$6,811,318.

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.

### **Capital Loan Notes**

As of June 30, 2016, the District had capital loan notes outstanding of \$10,000,000, which was issued for capital facility construction/improvements during fiscal year 2016. The capital loan notes will be paid with property taxes collected in the Capital Projects: Physical Plant, and Equipment Levy Fund. Details of the District's June 30, 2016 capital loan noted indebtedness is as follows:

Year Ending June 30,	Loan Note Issue of January 7, 2016				
	Interest Rates		Principal	Interest	Total
2017	1.950	% \$	1,015,000	195,000	1,210,000
2018	1.950		1,040,000	175,208	1,215,208
2019	1.950		1,060,000	154,927	1,214,927
2020	1.950		1,085,000	134,258	1,219,258
2021	1.950		1,110,000	113,100	1,223,100
2022-2025	1.950		4,690,000	231,075	4,921,075
Total			\$ 10,000,000	1,003,568	11,003,568

### **Debt Margin Computation**

The June 30, 2016 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	\$ 3,083,040,792
Debt limit, 5% of total assessed valuation	\$ 154,152,040
Amount of debt applicable to debt limit,	
total bonded debt	99,345,000
Excess of debt limit over bonded debt	\$ 54,807,040

### **Termination Benefits**

The District did not offer an early retirement incentive to employees in fiscal year 2016. However, 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, 2016, the District's obligations to eleven participants with a total amount of \$190,764 payable from the Nonmajor Special Revenue: Management Levy Fund. The District paid \$190,765 in early retirement benefits to retirees during fiscal year 2016.

#### **Note 7. 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](http://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 - 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 2016, 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, 2016 were \$4,673,985.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a liability of \$35,459,499 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the District's collective proportion was 0.717733 percent, which was an increase of 0.0028291 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,345,472. 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	\$ 535,748	\$ -
Changes of assumptions	976,289	-
Net difference between projected and actual earnings on IPERS investments	-	2,951,159
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	1,646,308	96,933
District contributions subsequent to the measurement date	4,673,985	-
Total	<u>\$ 7,832,330</u>	<u>\$ 3,048,092</u>

\$4,673,985 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, 2017. 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,	
2017	\$ (628,662)
2018	(628,662)
2019	(628,662)
2020	1,877,735
2021	118,504
	<u>\$ 110,253</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 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
Wage growth (effective June 30, 1990)	4.00 percent per annum, based on 3.00 percent inflation and 1.00 percent real wage inflation

The actuarial assumptions used in the June 30, 2015 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 IPERS' 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>
Core plus fixed income	28%	2.04
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

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 IPERS' 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-percentage-point 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	\$ 62,083,203	\$ 35,459,499	\$ 12,987,182

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](http://www.ipers.org).

Payables to IPERS - At June 30, 2016, the District reported payables to the defined benefit pension plan of \$576,747 for legally required employer contributions and \$384,283 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

#### **Note 8. 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 574 active and 24 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, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 259,898
Interest on net OPEB obligation	28,377
Adjustment to annual required contribution	(72,397)
Annual OPEB cost	<u>215,878</u>
Contributions made	(25,859)
Increase in net OPEB obligation	<u>190,019</u>
Net OPEB obligation beginning of year	1,135,092
Net OPEB obligation end of year	<u><u>\$ 1,325,111</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, 2016.

For the year ended June 30, 2016, the District contributed \$25,859 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
2014	\$ 254,642	21.5 %	\$ 934,006
2015	245,788	18.2	1,135,092
2016	215,878	12.0	1,325,111

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$1,741,652 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,741,652. The covered payroll (annual payroll of active employees covered by the plan) was \$32,422,588 and the ratio of the UAAL to covered payroll was 5.4%. As of June 30, 2016, 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 for the Retiree Health Plan, 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, 2015 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP 2000 Group Annuity Mortality Table Projected to 2015, 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 9. Due From and Due to Other Funds**

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Student Activity	\$ 1,749

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 10. 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, 2015 to June 30, 2016 was approximately \$33,000,000 of which \$6,315,177 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 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 \$3,055,116 for the year ended June 30, 2016 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, 2016 is comprised of the following programs:

Programs	Amount
Gifted and talented programs	\$ 133,421
Returning dropouts and dropout prevention programs	94,674
Teacher leadership grants	112,384
Beginning teacher mentoring and induction program	10,294
Teacher salary supplement	171,646
Successful progression for early readers	171,931
Professional development for model core curriculum	350,843
Professional development	304,026
Market factor incentives	14,578
Total restricted for categorical funding	\$ 1,363,797

**Note 13. Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2016, expenditures in the instruction functional area exceeded the amount budgeted.

**Note 14. Construction Commitments**

The District has entered into contracts totaling \$26,283,574 for various construction projects throughout the District. As of June 30, 2016, costs of \$20,095,772 had been incurred against these contracts. The remaining balance on the projects at June 30, 2016 will be paid as work on the projects progresses.

**Note 15. Disaggregation of Receivables and Payables**

Receivables and payables are disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the next year.

**Note 16. Due from Other Governments**

Amount due from other governments by fund as of June 30, 2016 are as follows:

	General Fund	Statewide Sales, Services & Use Tax Account	Total
<b><u>Local appropriations:</u></b>			
Tuition	\$ 575,740	-	575,740
Other	50,396	-	50,396
Total local appropriations	626,136	-	626,136
<b><u>State appropriations:</u></b>			
Statewide Sales, Services and Use Tax	-	1,119,790	1,119,790
Nonpublic Transportation	116,327	-	116,327
Fuel Tax Refund	3,990	-	3,990
District Court Placed SPED	37,577	-	37,577
Foster Care	21,827	-	21,827
Vocational Aid	18,567	-	18,567
Total state appropriations	198,288	1,119,790	1,318,078
<b><u>Federal appropriations:</u></b>			
Aid Education	447	-	447
Title I	100,627	-	100,627
Perkins	42,942	-	42,942
Total federal appropriations	144,016	-	144,016
Total	\$ 968,440	1,119,790	2,088,230

**Note 17. 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 \$47,419 in principal and \$6,881 in interest on this lease agreement. At June 30, 2016 thirty-six monthly payments of \$4,525 totaling \$162,900 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 18. Reconciliation of Governmental Fund Balances to Net Position**

The following is the detailed reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.

	Net investment in Capital Assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (page 30)	\$ -	2,013,570	9,048,062	8,317,146
Capital assets,				
net of accumulated depreciation	147,951,036	-	-	-
Revenue bond capitalized indebtedness	(57,010,000)	-	-	-
General obligation bond capitalized indebtedness	(32,335,000)	-	-	-
Capital loan note capitalized indebtedness	(10,000,000)	-	-	-
Termination benefits payable	-	(190,764)	-	-
Accrued interest payable	-	-	(1,057,131)	-
Compensated absences	-	-	-	(67,837)
Net OPEB liability	-	-	-	(1,290,658)
Pension related deferred outflows	-	-	-	7,619,511
Pension related deferred inflows	-	-	-	(2,960,116)
Net pension liability	-	-	-	(34,519,523)
Assigned for specific purposes	-	-	-	445,301
Net position (page 28)	<u>\$ 48,606,036</u>	<u>1,822,806</u>	<u>7,990,931</u>	<u>(22,456,176)</u>

**LINN-MAR COMMUNITY SCHOOL DISTRICT**

## 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 FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 39,336,382	2,474,496	41,810,878	40,761,173	40,761,173	1,049,705
State sources	52,105,331	24,858	52,130,189	51,624,629	51,624,629	505,560
Federal sources	2,048,773	1,201,445	3,250,218	3,150,000	3,150,000	100,218
Total revenues	93,490,486	3,700,799	97,191,285	95,535,802	95,535,802	1,655,483
Expenditures/Expenses:						
Instruction	52,864,635	-	52,864,635	51,825,000	51,825,000	(1,039,635)
Support services	25,369,474	99,097	25,468,571	26,019,000	26,019,000	550,429
Non-instructional programs	128,979	3,510,081	3,639,060	4,081,000	4,081,000	441,940
Other expenditures	31,150,243	-	31,150,243	35,916,786	35,916,786	4,766,543
Total expenditures	109,513,331	3,609,178	113,122,509	117,841,786	117,841,786	4,719,277
Excess(Deficiency) of revenues over(under) expenditures/expenses	(16,022,845)	91,621	(15,931,224)	(22,305,984)	(22,305,984)	6,374,760
Other financing sources, net	20,013,676	-	20,013,676	20,005,000	20,005,000	8,676
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	3,990,831	91,621	4,082,452	(2,300,984)	(2,300,984)	6,383,436
Balances beginning of year	28,729,530	1,165,712	29,895,242	31,582,152	31,582,152	(1,686,910)
Balances end of year	\$ 32,720,361	1,257,333	33,977,694	29,281,168	29,281,168	4,696,526

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2016

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, 2016, expenditures in the instruction functional area exceeded the amount budgeted.

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

	2016	2015
District's proportion of the net pension liability	0.717733%	0.689442%
District's proportionate share of the net pension liability	\$ 35,459,499	27,342,634
District's covered-employee payroll	\$ 49,198,902	45,121,232
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.07%	60.60%
IPERS net position as a percentage of the total pension liability	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amount presented for each fiscal year were determined as of June 30 of the preceding year.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled the District will present information for those years for which information is 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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Statutorily required contribution	\$ 4,673,985	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
Contributions in relation to the statutorily required contribution	<u>\$ (4,673,985)</u>	<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>
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	\$ 52,340,257	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
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2016

**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.

**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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL payments.

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%
2016	July 1, 2015	\$ 0.260	\$ 0.026	10.0%	\$ -	\$ 1,742	\$ 1,742	0.0%	\$ 32,423	5.4%

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

No information available prior to June 30, 2009.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

## **LINN-MAR COMMUNITY SCHOOL DISTRICT**

## SUPPLEMENTARY INFORMATION



LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue			
	Management Fund	Student Activity	Public Education and Recreation Levy	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 2,012,173	609,809	331,231	2,953,213
Receivables:				
Property tax:				
Delinquent	3,319	-	826	4,145
Succeeding year	879,997	-	252,362	1,132,359
Accounts	-	1,233	-	1,233
<b>TOTAL ASSETS</b>	<b>\$ 2,895,489</b>	<b>611,042</b>	<b>584,419</b>	<b>4,090,950</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ -	1,749	-	1,749
Accounts payable	1,922	38,994	8,354	49,270
Salaries and benefits payable	-	14,500	2,927	17,427
Total liabilities	1,922	55,243	11,281	68,446
Deferred inflows of resources:				
Property taxes levies for subsequent fiscal year	879,997	-	252,362	1,132,359
Fund balances:				
Restricted for:				
Management levy purposes	2,013,570	-	-	2,013,570
Student activities	-	555,799	-	555,799
Public education and recreation levy purposes	-	-	320,776	320,776
Total fund balances	2,013,570	555,799	320,776	2,890,145
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,895,489</b>	<b>611,042</b>	<b>584,419</b>	<b>4,090,950</b>

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, 2016

	Special Revenue			
	Management Fund	Student Activity	Public Education and Recreation Levy	Total
<b>REVENUE:</b>				
Local sources:				
Local tax	\$ 1,002,406	-	247,305	1,249,711
Other	32,954	1,529,173	800	1,562,927
State sources	33,507	-	8,264	41,771
<b>TOTAL REVENUE</b>	<b>1,068,867</b>	<b>1,529,173</b>	<b>256,369</b>	<b>2,854,409</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	273,932	-	-	273,932
Special	92,753	-	-	92,753
Other	15,243	1,620,664	-	1,635,907
Support services:				
Student	33,976	-	-	33,976
Instructional staff	27,799	-	-	27,799
Administration	29,347	-	-	29,347
Operation and maintenance of plant	525,539	-	58,385	583,924
Transportation	144,889	-	-	144,889
Non-instructional programs:				
Food service operations	94,028	-	-	94,028
Community service operations	-	-	34,951	34,951
Capital outlay	-	-	358,453	358,453
<b>TOTAL EXPENDITURES</b>	<b>1,237,506</b>	<b>1,620,664</b>	<b>451,789</b>	<b>3,309,959</b>
Change in fund balances	(168,639)	(91,491)	(195,420)	(455,550)
Fund balances beginning of year	2,182,209	647,290	516,196	3,345,695
Fund balances end of year	\$ 2,013,570	555,799	320,776	2,890,145

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND ACCOUNTS  
JUNE 30, 2016

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 5,989,855	4,360,270	5,924,404	16,274,529
Receivables:				
Property tax:				
Delinquent	-	10,393	-	10,393
Succeeding year	-	3,265,527	-	3,265,527
Accounts	-	390	-	390
Accrued interest	36,916	-	-	36,916
Due from other governments	1,119,790	-	-	1,119,790
<b>TOTAL ASSETS</b>	<b>\$ 7,146,561</b>	<b>7,636,580</b>	<b>5,924,404</b>	<b>20,707,545</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 114,809	892,344	967,371	1,974,524
Deferred inflows of resources:				
Property taxes levies for subsequent fiscal year	-	3,265,527	-	3,265,527
Fund balances:				
Restricted for:				
Debt service	4,811,584	-	-	4,811,584
School infrastructure	2,220,168	-	4,957,033	7,177,201
Physical plant and equipment	-	3,478,709	-	3,478,709
Total fund balances	7,031,752	3,478,709	4,957,033	15,467,494
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,146,561</b>	<b>7,636,580</b>	<b>5,924,404</b>	<b>20,707,545</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUND ACCOUNTS  
YEAR ENDED JUNE 30, 2016

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
<b>REVENUE:</b>				
Local sources:				
Local tax	\$ -	3,188,525	-	3,188,525
Other	46,175	36,258	13,404	95,837
State sources	6,811,318	102,220	-	6,913,538
<b>TOTAL REVENUE</b>	<b>6,857,493</b>	<b>3,327,003</b>	<b>13,404</b>	<b>10,197,900</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	824,154	40,448	-	864,602
Support services:				
Instructional staff	10,427	-	-	10,427
Administration	44,875	91,913	-	136,788
Operation and maintenance of plant	-	209,900	-	209,900
Transportation	-	444,721	-	444,721
Capital outlay	97,358	2,716,996	16,208,629	19,022,983
<b>TOTAL EXPENDITURES</b>	<b>976,814</b>	<b>3,503,978</b>	<b>16,208,629</b>	<b>20,689,421</b>
Excess(Deficiency) of revenues over(under) expenditures	5,880,679	(176,975)	(16,195,225)	(10,491,521)
<b>OTHER FINANCING SOURCES(USES):</b>				
Transfer in	-	-	20,000,000	20,000,000
Transfer out	(15,923,233)	(10,078,000)	-	(26,001,233)
Revenue bond issuance	10,000,000	-	-	10,000,000
Capital loan note issuance	-	10,000,000	-	10,000,000
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(5,923,233)</b>	<b>(78,000)</b>	<b>20,000,000</b>	<b>13,998,767</b>
Change in fund balances	(42,554)	(254,975)	3,804,775	3,507,246
Fund balances beginning of year	7,074,306	3,733,684	1,152,258	11,960,248
Fund balances end of year	\$ 7,031,752	3,478,709	4,957,033	15,467,494

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2016

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 1,507,317	136,654	1,811	1,645,782
Accounts receivable	5,933	211	300	6,444
Inventories	26,047	-	-	26,047
Total current assets	1,539,297	136,865	2,111	1,678,273
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	541,797	-	-	541,797
<b>TOTAL ASSETS</b>	2,081,094	136,865	2,111	2,220,070
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows	203,717	9,102	-	212,819
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,188	1,003	-	2,191
Salaries and benefits payable	9,239	19,988	-	29,227
Unearned revenues	81,733	-	-	81,733
Total current liabilities	92,160	20,991	-	113,151
Noncurrent liabilities:				
Net pension liability	928,014	11,962	-	939,976
Net OPEB liability	34,453	-	-	34,453
Total long-term liabilities	962,467	11,962	-	974,429
<b>TOTAL LIABILITIES</b>	1,054,627	32,953	-	1,087,580
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	87,975	1	-	87,976
<b>NET POSITION</b>				
Investment in capital assets	541,797	-	-	541,797
Unrestricted	600,412	113,013	2,111	715,536
<b>TOTAL NET POSITION</b>	\$ 1,142,209	113,013	2,111	1,257,333

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
<b>OPERATING REVENUES:</b>				
Local sources:				
Charges for service	\$ 2,185,826	273,967	12,335	2,472,128
<b>OPERATING EXPENSES:</b>				
Support services:				
Operation and maintenance of plant:				
Services	23,931	-	-	23,931
Supplies	75,166	-	-	75,166
Total support services	99,097	-	-	99,097
Non-instructional programs:				
Food service operations:				
Salaries	1,440,602	-	-	1,440,602
Benefits	204,302	-	-	204,302
Services	7,375	-	-	7,375
Supplies	1,509,083	-	-	1,509,083
Depreciation	96,319	-	-	96,319
Other	762	-	-	762
	3,258,443	-	-	3,258,443
Other enterprise operations:				
Supplies	-	-	12,426	12,426
Community service operations:				
Salaries	-	145,720	-	145,720
Benefits	-	17,836	-	17,836
Services	-	5,545	-	5,545
Supplies	-	70,111	-	70,111
	-	239,212	-	239,212
Total non-instructional programs	3,258,443	239,212	12,426	3,510,081
<b>TOTAL OPERATING EXPENSES</b>	<b>3,357,540</b>	<b>239,212</b>	<b>12,426</b>	<b>3,609,178</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(1,171,714)</b>	<b>34,755</b>	<b>(91)</b>	<b>(1,137,050)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources	24,858	-	-	24,858
Federal sources	1,201,445	-	-	1,201,445
Interest on investments	2,368	-	-	2,368
<b>TOTAL NON-OPERATING REVENUES</b>	<b>1,228,671</b>	<b>-</b>	<b>-</b>	<b>1,228,671</b>
Increase(Decrease) in net position	56,957	34,755	(91)	91,621
Net position beginning of year	1,085,252	78,258	2,202	1,165,712
Net position end of year	\$ 1,142,209	113,013	2,111	1,257,333

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
<b>Cash flows from operating activities:</b>				
Cash received from sale of lunches and breakfasts	\$ 2,185,486	-	-	2,185,486
Cash received from aquatic center operations	-	273,756	-	273,756
Cash received from ROAR store operations	-	-	12,035	12,035
Cash payments to employees for services	(1,687,969)	(159,221)	-	(1,847,190)
Cash payments to suppliers for goods or services	(1,387,752)	(77,623)	(12,426)	(1,477,801)
Net cash provided by(used by) operating activities	(890,235)	36,912	(391)	(853,714)
<b>Cash flows from non-capital financing activities:</b>				
Interfund repayments	(5,585)	-	-	(5,585)
State grants received	24,858	-	-	24,858
Federal grants received	967,117	-	-	967,117
Net cash provided by non-capital financing activities	986,390	-	-	986,390
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(34,747)	-	-	(34,747)
<b>Cash flows from investing activities:</b>				
Interest on investments	2,368	-	-	2,368
Net increase(decrease) in cash and cash equivalents	63,776	36,912	(391)	100,297
Cash and cash equivalents beginning of year	1,443,541	99,742	2,202	1,545,485
Cash and cash equivalents end of year	\$ 1,507,317	136,654	1,811	1,645,782
<b>Reconciliation of operating income(loss) to net cash provided by(used by) operating activities:</b>				
Operating income(loss)	\$ (1,171,714)	34,755	(91)	(1,137,050)
<b>Adjustments to reconcile operating income(loss) to net cash provided by(used by) operating activities:</b>				
Commodities consumed	234,328	-	-	234,328
Depreciation	96,319	-	-	96,319
Increase in inventories	(5,262)	-	-	(5,262)
Increase in accounts receivable	(5,933)	(211)	(300)	(6,444)
Decrease in accounts payable	(501)	(1,967)	-	(2,468)
Increase(Decrease) in salaries and benefits payable	(10,967)	5,240	-	(5,727)
Increase in other postemployment benefits	4,827	-	-	4,827
Increase in net pension liability	206,168	6,493	-	212,661
Increase in deferred outflows of resources	(52,438)	(5,288)	-	(57,726)
Decrease in deferred inflows of resources	(190,655)	(2,110)	-	(192,765)
Increase in unearned revenue	5,593	-	-	5,593
Net cash provided by (used by) operating activities	\$ (890,235)	36,912	(391)	(853,714)

**NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:**

During the year ended June 30, 2016, the District received Federal commodities valued at \$234,328.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

# **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.	74-89
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	90-96
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.	97-101
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.	102-107
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.	108-114

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

	Fiscal Year			
	2016	2015	2014	2013
<b><u>Governmental activities:</u></b>				
Net investment in capital assets	\$ 48,606,036	48,003,951	41,210,373	28,177,257
Restricted	22,710,019	18,775,506	21,066,774	29,254,906
Unrestricted	(22,456,176)	(23,819,849)	7,271,405	7,658,223
<b><u>Business type activities:</u></b>				
Net Investment in capital assets	541,797	603,369	609,640	707,568
Unrestricted	715,536	562,343	1,164,312	934,357
Total primary government net position	<u>\$ 50,117,212</u>	<u>44,125,320</u>	<u>71,322,504</u>	<u>66,732,311</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					
2012	2011	2010	2009	2008	2007
33,860,908	26,461,367	12,919,519	22,311,057	24,807,981	21,318,303
15,744,577	16,905,099	25,300,975	11,235,639	3,365,122	2,164,827
8,318,403	7,511,620	4,314,105	3,979,908	2,456,499	1,695,688
725,388	713,408	573,824	643,946	486,498	214,844
721,026	439,480	231,642	65,575	(30,500)	(3,686)
59,370,302	52,030,974	43,340,065	38,236,125	31,085,600	25,389,976

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

	Fiscal Year			
	2016	2015	2014	2013
<b>Expenses:</b>				
<b><u>Governmental activities:</u></b>				
Instruction:				
Regular	\$ 35,749,781	33,767,067	32,223,517	31,630,043
Special	8,969,801	8,164,001	8,918,859	7,647,660
Other	6,448,810	6,209,355	6,894,931	5,787,883
Support services:				
Student	3,677,997	3,663,955	3,542,985	3,456,656
Instructional staff	6,368,459	5,455,726	3,105,544	2,888,367
Administration	6,874,302	5,673,933	5,655,085	6,369,253
Operation and maintenance of plant	6,402,268	6,564,417	6,407,078	5,152,985
Transportation	2,749,936	2,754,810	2,615,258	2,000,716
Non-instructional programs	128,979	130,525	121,088	110,098
Capital outlay	-	-	-	-
Interest on long-term debt and fiscal charges	3,031,161	2,802,823	3,131,174	3,212,643
Other expenses:				
AEA flowthrough	3,055,116	2,923,429	2,777,361	2,620,028
Depreciation(unallocated)	4,133,605	4,010,529	3,807,359	2,171,171
Total governmental activities	87,590,215	82,120,570	79,200,239	73,047,503
<b><u>Business type activities:</u></b>				
Nutrition services	3,357,540	3,113,499	3,084,733	2,900,675
Aquatic center	239,212	161,128	46,519	-
ROAR store	12,426	7,353	-	-
Total business type activities	3,609,178	3,281,980	3,131,252	2,900,675
Total primary government expenses	91,199,393	85,402,550	82,331,491	75,948,178
<b>Program Revenues</b>				
<b><u>Governmental activities:</u></b>				
Charges for services:				
Instruction	6,407,571	5,516,329	4,735,812	4,514,187
Support services	12,868	93,335	18,181	12,607
Capital outlay	-	-	-	-
Operating grants and contributions	6,047,560	5,991,216	10,866,887	9,439,571
Capital grants and contributions	18,989	10,000	-	49,058
Total governmental activities	12,486,988	11,610,880	15,620,880	14,015,423
<b><u>Business type activities:</u></b>				
Charges for services:				
Nutrition services	2,185,826	2,165,481	2,030,952	2,029,545
Aquatic center	273,967	239,569	53,211	-
Roar Store	12,335	9,555	-	-
Operating grants and contributions	1,226,303	1,170,943	1,177,210	1,007,836
Capital grants and contributions	-	-	-	-
Total business type activities	3,698,431	3,585,548	3,261,373	3,037,381
Total primary government revenues	16,185,419	15,196,428	18,882,253	17,052,804
<b>Net (Expense)/Revenues</b>				
Total governmental activities	(75,103,227)	(70,509,690)	(63,579,359)	(59,032,080)
Total business type activities	89,253	303,568	130,121	136,706
Total primary government net expense	\$ (75,013,974)	(70,206,122)	(63,449,238)	(58,895,374)

Source: School District financial records.



Fiscal Year					
2012	2011	2010	2009	2008	2007
30,061,936	28,640,227	27,660,836	27,781,726	25,437,813	21,937,911
7,364,222	8,291,861	8,880,524	8,818,399	8,420,667	7,519,352
5,453,547	4,656,988	4,878,366	4,026,619	3,571,552	3,579,827
3,226,515	3,095,443	2,236,875	2,175,607	1,990,772	1,594,995
3,054,671	2,449,712	2,386,183	2,294,187	2,299,782	1,878,077
6,041,272	5,671,887	5,444,176	4,674,249	4,672,761	3,891,968
6,369,265	5,128,200	5,496,221	5,191,799	4,667,734	4,203,686
2,444,605	2,331,937	2,363,942	2,159,488	2,169,820	1,919,725
187,193	112,581	97,096	106,490	528,040	134,998
-	1,120,778	1,317,844	1,223,442	1,600,889	668,614
3,216,868	3,621,298	3,837,554	2,464,043	2,749,679	3,187,276
2,543,681	2,703,997	2,582,490	2,285,973	2,103,691	1,851,025
3,388,470	2,819,601	2,228,121	2,184,773	1,590,669	1,421,397
73,352,245	70,644,510	69,410,228	65,386,795	61,803,869	53,788,851
2,738,897	2,746,151	2,714,977	2,722,516	2,551,435	2,246,998
-	-	-	-	-	-
-	-	-	-	-	-
2,738,897	2,746,151	2,714,977	2,722,516	2,551,435	2,246,998
76,091,142	73,390,661	72,125,205	68,109,311	64,355,304	56,035,849
4,218,399	4,301,403	4,191,449	3,631,198	3,369,306	3,135,249
13,688	1,424,420	1,210,650	642,461	378,260	268,695
-	64,537	24,664	515,733	463,025	31,801
5,119,276	9,100,509	8,149,292	7,239,896	5,967,312	4,863,775
47,975	-	37,419	24,030	606,055	32,471
9,399,338	14,890,869	13,613,474	12,053,318	10,783,958	8,331,991
2,024,234	2,003,376	1,997,621	1,991,245	1,781,217	1,636,219
-	-	-	-	-	-
-	-	-	-	-	-
912,443	860,457	809,883	740,393	681,827	575,908
94,085	228,761	2,572	236,818	327,659	23,861
3,030,762	3,092,594	2,810,076	2,968,456	2,790,703	2,235,988
12,430,100	17,983,463	16,423,550	15,021,774	13,574,661	10,567,979
(63,952,907)	(55,753,641)	(55,796,754)	(53,333,477)	(51,019,911)	(45,456,860)
291,865	346,443	95,099	245,940	239,268	(11,010)
(63,661,042)	(55,407,198)	(55,701,655)	(53,087,537)	(50,780,643)	(45,467,870)

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			
	2016	2015	2014	2013
<b>Net (Expense)/Revenues</b>				
Total governmental activities	\$ (75,103,227)	(70,509,690)	(63,579,359)	(59,032,080)
Total business type activities	89,253	303,568	130,121	136,706
Total primary government net expense	(75,013,974)	(70,206,122)	(63,449,238)	(58,895,374)
<b>General Revenues and Other Changes in Net Position</b>				
<b><u>Governmental activities:</u></b>				
Property tax levied for:*				
General purposes	25,236,614	23,949,253	23,907,617	23,421,086
Capital outlay	3,188,525	3,105,578	3,285,473	3,133,993
Debt service	3,800,343	4,033,671	3,744,536	3,766,765
Sales tax	6,811,318	6,587,426	5,979,539	5,600,634
Unrestricted grants and contributions	41,329,762	39,054,690	29,979,713	28,870,083
Nonspecific program federal revenues	-	-	-	187,358
Investment earnings	104,072	79,221	92,990	134,959
Miscellaneous	532,864	590,682	1,047,657	1,083,700
Total governmental activities	81,003,498	77,400,521	68,037,525	66,198,578
<b><u>Business type activities:</u></b>				
Investment earnings	2,368	2,180	1,892	1,839
Miscellaneous	-	414	14	56,966
Total business type activities	2,368	2,594	1,906	58,805
Total primary government	81,005,866	77,403,115	68,039,431	66,257,383
<b>Change in Net Position</b>				
Total governmental activities	5,900,271	6,872,640	4,458,166	7,166,498
Total business type activities	91,621	306,162	132,027	195,511
Total primary government	\$ 5,991,892	7,178,802	4,590,193	7,362,009

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 90-96.

Source: School District financial records.

Fiscal Year					
2012	2011	2010	2009	2008	2007
(63,952,907)	(55,753,641)	(55,796,754)	(53,333,477)	(51,019,911)	(45,456,860)
291,865	346,255	95,099	245,940	239,268	(11,010)
(63,661,042)	(55,407,386)	(55,701,655)	(53,087,537)	(50,780,643)	(45,467,870)
23,341,607	24,868,320	22,702,893	21,831,162	19,280,777	17,325,174
2,976,713	1,781,832	2,979,169	2,475,886	2,160,905	2,448,213
3,807,344	3,684,005	3,899,645	3,888,560	3,445,151	3,955,928
6,441,915	6,121,089	6,709,286	5,592,757	5,678,033	-
32,295,010	26,871,830	23,992,475	25,677,917	24,618,955	21,510,545
939,496	-	-	-	-	-
124,796	124,865	214,798	277,510	879,825	1,839,083
1,071,828	645,187	306,483	486,687	407,049	366,102
70,998,709	64,097,128	60,804,749	60,230,479	56,470,695	47,445,045
1,529	979	846	1,866	5,572	3,148
132	-	-	5,717	-	-
1,661	979	846	7,583	5,572	3,148
71,000,370	64,098,107	60,805,595	60,238,062	56,476,267	47,448,193
7,045,802	8,343,487	5,007,995	6,897,002	5,450,784	1,988,185
293,526	347,234	95,945	253,523	244,840	(7,862)
7,339,328	8,690,721	5,103,940	7,150,525	5,695,624	1,980,323

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

	Fiscal Year			
	2016	2015	2014	2013
General Fund:				
Nonspendable	\$ -	-	-	-
Restricted	1,363,797	1,793,043	1,739,691	1,706,507
Committed	-	-	-	-
Assigned	445,301	521,726	484,639	443,261
Unassigned*	8,317,146	8,091,108	8,797,941	9,512,398
Total general fund	<u>10,126,244</u>	<u>10,405,877</u>	<u>11,022,271</u>	<u>11,662,166</u>
All Other Governmental Funds:				
Restricted for:				
Capital projects funds	15,467,494	11,960,248	7,954,093	21,454,673
Special revenue funds	7,126,623	6,363,405	11,372,990	6,093,726
Total all other governmental funds	<u>22,594,117</u>	<u>18,323,653</u>	<u>19,327,083</u>	<u>27,548,399</u>
Total governmental funds	<u>\$ 32,720,361</u>	<u>28,729,530</u>	<u>30,349,354</u>	<u>39,210,565</u>

Source: School District financial records.

Notes: \* 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					
2012	2011	2010	2009	2008	2007
-	37,400	-	-	-	-
1,536,821	1,487,025	943,448	462,658	323,383	247,809
-	285,459	-	-	-	-
-	110,941	-	-	-	56,121
10,234,148	7,889,075	5,172,927	4,663,394	2,953,846	2,323,217
11,770,969	9,809,900	6,116,375	5,126,052	3,277,229	2,627,147
3,749,121	6,251,625	15,430,146	7,026,156	1,765,430	9,575,282
10,561,734	10,537,482	10,490,979	5,332,590	2,623,576	11,916,369
14,310,855	16,789,107	25,921,125	12,358,746	4,389,006	21,491,651
26,081,824	26,599,007	32,037,500	17,484,798	7,666,235	24,118,798

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

	Fiscal Year			
	2016	2015	2014	2013
Local sources:				
Property taxes	\$ 32,225,482	31,088,502	30,937,626	30,321,844
Tuition	4,266,217	3,604,028	3,350,347	2,989,998
Other revenues	2,844,683	2,773,333	2,607,885	2,855,684
Total local sources	39,336,382	37,465,863	36,895,858	36,167,526
Intermediate sources:				
Other revenues	-	-	-	-
Total intermediate sources	-	-	-	-
State sources:				
Statewide sales, services and use tax	6,811,318	6,587,426	5,979,539	5,600,634
State grants	45,294,013	42,737,570	44,565,250	36,219,406
Total state sources	52,105,331	49,324,996	50,544,789	41,820,040
Federal sources:				
Federal grants	2,048,773	2,220,542	2,197,297	2,277,606
Total federal sources	2,048,773	2,220,542	2,197,297	2,277,606
Total revenues	\$ 93,490,486	89,011,401	89,637,944	80,265,172

Source: School District financial records.

Fiscal Year					
2012	2011	2010	2009	2008	2007
30,125,664	30,323,051	29,571,174	28,185,239	24,876,851	23,719,160
2,824,909	2,510,058	2,176,974	1,968,604	1,792,758	1,421,707
2,647,870	2,805,732	2,701,306	3,057,302	3,483,303	4,046,617
35,598,443	35,638,841	34,449,454	33,211,145	30,152,912	29,187,484
-	-	-	-	1,892	-
-	-	-	-	1,892	-
6,441,915	6,121,089	6,709,286	5,592,757	5,678,033	-
35,327,946	33,473,648	27,767,019	31,357,360	29,653,682	25,415,872
41,769,861	39,594,737	34,476,305	36,950,117	35,331,715	25,415,872
3,029,743	3,752,150	5,484,986	2,108,874	1,837,335	1,099,201
3,029,743	3,752,150	5,484,986	2,108,874	1,837,335	1,099,201
80,398,047	78,985,728	74,410,745	72,270,136	67,323,854	55,702,557

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

	Fiscal Year			
	2016	2015	2014	2013
Instruction	\$ 52,864,635	49,047,463	48,230,224	45,215,491
Student services	3,704,754	3,673,553	3,564,347	3,469,352
Instructional staff services	5,382,209	5,112,761	3,072,281	2,971,449
Administration services	6,932,883	6,608,157	6,333,244	6,221,704
Operation and maintenance of plant services	6,567,506	6,464,301	6,263,679	5,625,511
Transportation services	2,782,122	2,763,461	2,691,915	2,550,324
Non-instructional programs	128,979	130,525	121,088	167,064
Capital outlay	19,381,436	8,626,662	8,992,938	8,560,965
AEA flowthrough	3,055,116	2,923,429	2,777,361	2,620,028
Debt service:				
Principal	5,780,000	6,405,675	30,663,356	6,381,134
Interest and fiscal charges	2,933,691	2,743,913	3,328,577	3,145,633
Total expenditures	<u>\$ 109,513,331</u>	<u>94,499,900</u>	<u>116,039,010</u>	<u>86,928,655</u>
Debt service as a percentage of noncapital expenditures	9.67%	10.65%	31.75%	12.16%

Source: School District financial records.



Fiscal Year					
2012	2011	2010	2009	2008	2007
42,714,244	41,480,379	41,092,354	40,272,400	37,737,920	33,157,396
3,226,515	3,095,442	2,236,875	2,175,608	2,012,520	1,611,377
3,038,724	2,514,172	2,369,786	2,356,883	2,202,437	1,881,262
6,086,374	5,821,026	5,432,534	4,766,021	4,599,765	3,888,547
5,088,137	5,179,501	5,165,727	5,144,794	4,703,119	4,179,156
2,506,679	2,095,187	2,477,945	2,373,708	2,281,106	2,011,478
187,193	112,581	97,096	106,490	108,086	134,998
5,946,332	11,932,534	25,726,426	7,635,006	13,889,914	18,135,936
2,543,681	2,703,997	2,582,490	2,285,973	2,103,691	1,851,025
6,327,396	17,676,750	10,729,432	2,683,424	11,462,161	1,990,000
3,266,476	3,569,922	3,409,086	2,304,355	3,075,404	2,730,336
80,931,751	96,181,491	101,319,751	72,104,662	84,176,123	71,571,511

12.59%	25.24%	7.69%	20.59%	8.85%	9.45%
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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			
	2016	2015	2014	2013
<b>Excess(Deficiency) of revenues over(under) expenditures \$</b>	(16,022,845)	(5,488,499)	(32,380,605)	(6,663,483)
<b>Other financing sources(uses)</b>				
Capital lease proceeds	-	-	-	-
Transfer in	6,001,233	8,246,454	16,099,513	16,193,578
Transfer out	(6,001,233)	(8,246,454)	(16,099,513)	(16,193,578)
Sale of equipment	13,676	-	53,819	5,795
Sale of real property	-	203,675	-	-
Capital loan note issuance	10,000,000	-	-	-
Revenue bond issuance	10,000,000	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)
<b>Total other financing sources (uses)</b>	<b>20,013,676</b>	<b>3,868,675</b>	<b>23,519,394</b>	<b>19,792,224</b>
<b>Change in fund balances</b>	<b>\$ 3,990,831</b>	<b>(1,619,824)</b>	<b>(8,861,211)</b>	<b>13,128,741</b>

Source: School District financial records.

Fiscal Year					
2012	2011	2010	2009	2008	2007
(533,704)	(17,195,763)	(26,909,006)	165,474	(16,852,269)	(15,868,954)
-	-	314,228	-	399,706	-
6,009,968	5,462,810	4,753,458	2,573,335	1,622,661	9,090
(6,009,968)	(5,462,810)	(4,753,458)	(2,573,335)	(1,622,661)	(9,090)
16,521	1,769	7,481	1,119	-	215
-	500	-	19,300	-	-
-	-	-	-	-	-
-	-	34,400,000	9,632,670	-	-
-	-	6,740,000	-	-	6,939,931
-	11,755,000	-	-	-	17,330,611
-	-	-	-	-	(16,960,000)
-	-	-	-	-	-
16,521	11,757,269	41,461,709	9,653,089	399,706	7,310,757
(517,183)	(5,438,494)	14,552,703	9,818,563	(16,452,563)	(8,558,197)

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
2016	\$ 49,997,441	\$ 23,747,703	\$ -	\$ 3,055,116	\$ 76,800,260	-
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)

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
2016	\$ 23,986,903	\$ 45,028,110	\$ 2,048,773	\$ 5,443,165	\$ 76,506,951	\$ 13,676
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	-

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			
2014	2015-16	2,353,842,868	548,360,758	183,971,846	1,182,203,330	1,903,972,142	17.37861
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	20.22951
2009	2010-11	2,073,971,062	500,753,652	125,978,973	1,129,135,324	1,571,568,363	20.40133
2008	2009-10	1,990,858,611	477,986,759	106,310,922	1,095,573,208	1,479,583,084	19.39588
2007	2008-09	1,893,497,108	483,513,198	98,623,115	1,070,565,207	1,405,068,214	18.81657
2006	2007-08	1,730,138,471	450,605,377	100,148,071	949,477,920	1,331,413,999	17.99931
2005	2006-07	1,613,286,865	443,260,340	99,459,863	881,950,290	1,274,056,778	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
2016	\$ 32,160,080	\$ 32,050,116	99.66%	\$ 100,781	\$ 32,150,896	99.97%
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%

Source: School District Financial Records

Note: Property tax collected in subsequent years includes money which was levied for the fiscal year but not received by the District until July of the subsequent fiscal year.

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
2014	2015-16			
	County	6.14225	6.14225	6.14225
	Schools	17.37861	17.37861	17.37861
	City	15.21621	13.58625	7.97127
	Miscellaneous	1.44038	1.47354	1.47354
	Total Levy	40.17745	38.58065	32.96567
Ratio of Linn-Mar Community School District to Total		43.25%	45.04%	52.72%
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%

Source: Linn County Auditor



Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
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%
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%

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
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%
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%

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
2016	\$ 13.03448	\$ 0.54742	\$ 0.33000	\$ 0.13500	\$ 1.34000	\$ 1.99171	\$ 17.37861
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

Source: School District Financial Records

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

Taxpayer	2014 Value 1-1-14 Valuation	Percentage of Total Taxable Value Valuation *	2005 Taxable Value 1-1-05 Valuation	Percentage of Total Taxable Value Valuation *
SDG Macerich Properties	\$ 34,422,085	1.81 %	33,567,403	2.63 %
Wal-Mart Real Estate Business Trust	12,341,790	0.65	25,827,181	2.03
Rockwell Collins Inc.	10,660,698	0.56	-	-
Collins Square LLC	10,607,940	0.56	-	-
Apple Ten Hospitality Ownership, Inc.	9,210,726	0.48	-	-
Atrium Finance	8,191,230	0.43	-	-
Marion Senior Development LLC	8,115,930	0.43	-	-
Target Corporation	7,577,776	0.40	8,419,751	0.66
Timberland Partners	7,329,722	0.38	9,132,517	0.72
Keystone Place LLC	7,150,481	0.38	-	-
Azure Corp	6,698,163	0.35	-	-
Midwest Centers	6,525,000	0.34	-	-
National Retail Properties LP	6,458,671	0.34	-	-
DDR Northland Square LLC	5,619,585	0.30	-	-
MAP Realty Co LLC	5,530,127	0.29	-	-
OPM LC	-	-	15,430,634	1.21
Developers Diversified Realty Corp	-	-	11,552,641	0.91
Davis Realty	-	-	10,457,343	0.82
Hammons John Q Hotels	-	-	9,675,466	0.76
Qwest	-	-	7,427,050	0.58
Atlas Chapel Ridge LLC	-	-	7,059,832	0.55
Total	<u>\$ 146,439,924</u>	7.70 %	<u>\$ 138,549,818</u>	10.87 %

\* 2014 Total District Taxable Valuation is \$1,903,972,142  
2005 Total District Taxable Valuation was \$1,274,056,778

Note: The 2014 valuation was reported because the taxes collected during the 2016 fiscal year were based on the 2014 valuation.

Note: The 2005 valuation was reported because the taxes collected during the 2007 fiscal year were based on the 2005 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 *
2016	\$ 3,086,175,472	\$ 32,335,000	\$ 57,010,000	\$ 89,345,000	2.90 %	\$ 335
2015	3,002,346,772	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

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 Loan Notes	Capital Leases	Total Primary Government	Ratio Of Bonded Debt To Personal Income *
2016	\$ 32,335,000	\$ 57,010,000	\$ 10,000,000	\$ -	\$ 99,345,000	0.81 %
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

Source: School District financial records.

Notes: \* See Miscellaneous Demographic Statistics on page 102. 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, 2016

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Linn-Mar Community School District Share of Debt
<b><u>Direct:</u></b>			
Linn-Mar Community School District	\$ 32,335,000	100.00%	\$ 32,335,000
<b><u>Overlapping:</u></b>			
City of Cedar Rapids	158,629,646	11.77%	18,670,709
City of Marion	52,555,000	69.57%	36,562,514
City of Robbins	5,820,000	28.28%	1,645,896
Kirkwood Community College	63,545,000	8.13%	5,166,209
Linn County	17,925,000	18.97%	3,400,373
Total Overlapping	298,474,646		65,445,701
Total Direct and Overlapping Debt	<u>\$ 330,809,646</u>		<u>\$ 97,780,701</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

	2015-16	2014-15	2013-14	2012-13
Total Assessed Valuation	<u>\$ 3,083,040,792</u>	<u>\$ 3,002,346,722</u>	<u>\$ 2,915,115,013</u>	<u>\$ 2,859,738,700</u>
Bonded Debit Limit *				
5% of assessed valuation	154,152,040	150,117,336	145,755,751	142,986,935
Bonded Debt at end of fiscal year	<u>99,345,000</u>	<u>85,125,000</u>	<u>87,865,675</u>	<u>95,729,031</u>
Debt Margin at end of fiscal year	<u>\$ 54,807,040</u>	<u>\$ 64,992,336</u>	<u>\$ 57,890,076</u>	<u>\$ 47,257,904</u>
Legal Debt Margin as a Percentage of debt limit	35.55%	43.29%	39.72%	33.05%

\* Code of Iowa Section 296.1

Source: Linn County Auditor  
School District Financial Records



2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
\$ 2,783,050,196	\$ 2,700,703,687	\$ 2,545,408,524	\$ 2,441,242,271	\$ 2,255,811,533	\$ 2,152,971,640
139,152,510	135,035,184	127,270,426	122,062,114	112,790,577	107,648,582
82,110,165	88,437,561	94,359,310	63,634,512	56,485,000	67,860,000
\$ 57,042,345	\$ 46,597,623	\$ 32,911,116	\$ 58,427,602	\$ 56,305,577	\$ 39,788,582
40.99%	34.51%	25.86%	47.87%	49.92%	36.96%

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

Calendar			Personal	Per Capita	Cedar Rapids	Marion	Linn-County	State
Year	Population		Income	Income	Retail Sales (In Millions)	Retail Sales (In Millions)	Unemployment Rate	Unemployment Rate
2015	266,998	\$	12,232,532,000	\$ 46,356	\$ 3,147.2	\$ 361.3	4.10 %	4.10 %
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

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 2016 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	Valualtion	# of Permits	Valualtion	
2015	38	\$ 75,376,545	14	\$ 6,420,879	
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	

City of Cedar Rapids New Industrial			City of Marion New Industrial		
Year	# of Permits	Valualtion	# of Permits	Valualtion	
2015	-	\$ -	9	\$ 16,380,099	
2014	-	-	2	3,445,873	
2013	-	-	-	-	
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	

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 2016 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	
2015	268	\$ 23,607,356	202	\$ 26,212,686	
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	

City of Cedar Rapids Multi-Family			City of Marion Multi-Family		
Year	# of Permits	Valuation	# of Permits	Valuation	
2015	31(n/a)	\$ 5,342,262	13(n/a)	\$ 11,019,666	
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	

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 2016 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 %	22,623	13.65 %
Rockwell-Avionics	8,700	4.82	9,000	5.43
Area Schools/AEA	6,416	3.55	5,256	3.17
TransAmerica	3,800	2.11	-	-
St. Luke's Hospital	2,979	1.65	2,800	1.69
Mercy Medical Center	2,140	1.19	2,498	1.51
Whirlpool Corporation	2,500	1.39	2,650	1.60
Kirkwood Comm. College	810	0.45	-	-
Veterans Health Administration	1,562	0.87	-	-
Pearson	1,756	0.97	1,929	1.16
Mercy Iowa City	900	0.50	-	-
Hy-Vee Stores	2,425	1.34	2,971	1.79
Aegon USA	-	-	3,500	2.11
Wal-mart Stores, Inc.	1,048	0.58	1,530	0.92
Total	69,414	38.46 %	54,757	33.04 %

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

Note: These numbers are prepared on a calendar year basis so 2016 information would be unavailable at this time.  
In addition, we have provided the 2006 data to retain a ten year reference from the 2015 data presented in the table above.

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

	Fiscal Year				
	2016	2015	2014	2013	2012
<b><u>Administration</u></b>					
Superintendent	1	1	1	1	1
Associate Superintendent	1	1	1	1	1
Principals	10	10	10	10	10
Assistant Principals	9	9	8	8	8
Deans	1	1	2	2	2
School Admin. Manager	7	7	7	7	7
Other Administrators	5	5	5	4	4
Supervisors	8	7	7	7	7
<b><u>Instructors</u></b>					
Regular Program Teachers	419.37	402.5	376.5	377.5	363.5
Special Education Teachers	65	65	62	62	64
<b><u>Student Services</u></b>					
Guidance Counselors	18	19	19	18	17
Media Specialists	10	10	10	10	10
Curriculum Coordinators	5	5	4	4	2
Other Licensed Staff	7	6	6	6	6
Other Coordinators	9	9	9	8	8
<b><u>Support Personnel</u></b>					
Nurse	4.5	4	4	4	4
Clerical	42.5	42.43	42.43	43.5	41.26
Paraeducators	212.5	195	192.38	187.5	178.48
Custodial & Maintenance	70.1	73	70.06	73	61.5
Food Service	54	53	51.02	52.5	48.51
Bus Drivers	30	28	27.67	26.77	28.18
	<u>988.97</u>	<u>952.93</u>	<u>915.06</u>	<u>912.77</u>	<u>872.43</u>

**Source:** District Personnel Records

Fiscal Year				
2011	2010	2009	2008	2007
1	1	1	1	1
1	1	1	1	1
10	10	10	10	9
8	6	6	5	5
2	2	2	2	-
7	5	3	2	2
4	4	4	4	3
8	7	7	4.5	4
367.33	366.6	362.6	356.92	327.59
54.27	56	55	54	52
17	17	17	17	15
10	10	10	9	8
2	2	2	2	2
6	5	5	5	5
6	4	4	4	3
4	4	4	4	3.75
43.56	43.5	43.4	40.36	36.15
144.95	154.9	149	144.27	133.13
58	63	63	63.06	62.46
51.57	49.82	48.16	48.07	41.59
26.9	28.19	27.09	21.53	22.03
832.58	840.01	824.25	798.71	736.7

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 *
2016	\$ 208,651,988	\$ 19,381,435	\$ 19,619,302
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

\* 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
2015-2016	\$ 76,800,260	6,931	\$ 11,081
2014-2015	73,021,462	6,845	10,668
2013-2014	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

\* 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			
	2007	2008	2009	2010
<b><u>Elementary</u></b>				
Bowman Woods				
Square Feet	50,906	50,906	50,906	50,906
Capacity	500	500	500	500
Enrollment	537	474	437	429
Echo Hill				
Square Feet	-	-	78,000	78,000
Capacity	-	-	600	600
Enrollment	-	-	511	542
Indian Creek				
Square Feet	49,200	49,200	49,200	49,200
Capacity	450	450	450	450
Enrollment	525	366	385	430
Linn Grove				
Square Feet	-	78,000	78,000	78,000
Capacity	-	600	600	600
Enrollment	-	374	379	392
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	400	400	400	400
Enrollment	381	345	357	351
Westfield				
Square Feet	58,000	58,000	58,000	58,000
Capacity	500	500	500	500
Enrollment	443	472	427	457
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	508	411	442	436
<b><u>PreK-8 Building <sup>c</sup></u></b>				
Oak Ridge				
Square Feet	105,383	105,383	-	-
Capacity	750	750	-	-
Enrollment	781	925	-	-
<b><u>Middle School/Intermediate <sup>a</sup></u></b>				
Excelsior				
Square Feet	126,700	126,700	126,700	126,700
Capacity	1,100	1,100	1,100	1,100
Enrollment	823	785	767	738
Oak Ridge <sup>c</sup>				
Square Feet	-	-	105,383	105,383
Capacity	-	-	750	750
Enrollment	-	-	599	659
<b><u>High School/Junior High <sup>b</sup></u></b>				
Square Feet	305,000	305,000	305,000	305,000
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,642	1,694	1,761	1,806

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

<sup>a</sup> Excelsior Middle School opened in 1995 as an intermediate school and was added on to 1999 and converted into a middle school.

<sup>b</sup> The high school started out as two separate buildings; the high school and junior high. Over time they were both added onto and are now one large building.

<sup>c</sup> 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.

Source: School District financial records.

Fiscal Year					
2011	2012	2013	2014	2015	2016
50,906	50,906	50,906	50,906	50,906	50,906
500	500	500	550	550	550
417	436	408	419	484	484
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
458	432	502	512	567	612
49,200	49,200	49,200	49,200	49,200	49,200
450	450	450	500	500	500
452	447	502	502	509	516
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
440	460	454	466	491	562
57,300	57,300	78,000	78,000	78,000	78,000
400	400	600	600	600	600
484	485	504	518	454	529
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
459	446	453	452	426	437
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
447	458	432	440	479	465
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,100	1,000	1,000	1,000
761	849	927	938	928	947
105,383	105,383	105,383	105,383	105,383	117,013
750	750	750	750	750	800
700	670	678	681	713	756
305,000	305,000	305,000	315,478	315,478	315,478
1,800	1,800	1,800	2,200	2,200	2,200
1,708	1,776	1,928	1,934	1,979	2,012

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
2015-2016	\$ 8,762,447	\$76,520,627	11.45%
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%

\* 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 Ending June 30,</u>	<u>Average Daily Membership (ADM)</u>	<u>Average Daily Attendance (ADA)</u>	<u>Ratio of ADA to ADM</u>
2016	7,241	6,931	95.72 %
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

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 Loss</u>
2016	565	571	(6)
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)

Source: School District Certified Enrollment Records

## SINGLE AUDIT SECTION



LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 16	124,846
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 16	1,076,599 *
			<u>1,201,445</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 16	<u>418,898</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 16	<u>42,942</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 16	<u>97,520</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 15	1,608
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 16	28,352
			<u>29,960</u>
GRANTWOOD AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 16	<u>328,562</u>
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 16	<u>4,922</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF EDUCATION:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE			
SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV			
AND OTHER IMPORTANT HEALTH PROBLEMS	93.938	FY 16	<u>447</u>
Total			<u>\$ 2,124,696</u>

\* - Includes \$234,328 of non-cash awards.

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal award activity of the Linn-Mar Community School District under programs of the federal government for the year ended June 30, 2016. The information on this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only selected portion of the operations of the Linn-Mar Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of the Linn-Mar Community School District.

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Linn-Mar Community School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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 Government 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, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2016.

### **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.

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.

### **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, 2016 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.

November 22, 2016  
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 the Uniform Guidance**

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) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 of the major federal programs. 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, 2016.

## **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 the Uniform Guidance, 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.

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 that 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson P.C.", with a stylized flourish at the end.

NOLTE, CORNMAN & JOHNSON, P.C.

November 22, 2016  
Newton, Iowa

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses 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 finding which were required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) Major programs were as follows:
  - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Linn-Mar Community School District qualified as a low-risk auditee.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

**Part II: Findings Related to the Basic Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over financial reporting were noted.

**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.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-16 Certified Budget - District expenditures for the year ended June 30, 2016, exceeded the certified budgeted amount in the instruction functional area.

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

Response - The District will closely monitor line items in future certified budgets and if necessary amend by May 31<sup>st</sup> as prescribed by Chapter 24.9 of the Code of Iowa.

Conclusion - Response accepted.

- IV-B-16 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-16 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-16 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Clark Weaver, Board Member	Substitute Teaching	\$ 112

The above transactions with a District board member do not appear to represent a conflict of interest per Chapter 279.7A of the Code of Iowa.

- IV-E-16 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 ensure that the coverage is adequate for current operations.

- IV-F-16 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

- IV-G-16 Certified Enrollment - We noted variances in the basic enrollment data certified to the Iowa Department of Education. The number certified to the Iowa Department of Education was overstated by 0.22 students for the Fall 2015 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-16 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-16 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-16 Certified Annual Report - The Certified Annual Report was certified timely with the Iowa Department of Education and we noted no significant deficiencies in amounts reported.
- IV-K-16 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds were noted. However, we noted during our audit that the District coded salary expense for a teacher as a special education expense who was not licensed as a special education teacher. Upon further investigation, the teacher in question was determined to be a regular education first grade teacher for the District.
- Recommendation - The District should review employees coded to special education to ensure they are properly licensed to teach special education and that the time spent by these employees is for hours spent educating special education students. In addition, the District should review expenses coded to education to ensure they meet requirements set forth in Iowa Code section 256B.9 and Chapter 281.41 of the Code of Iowa. The District should contact the Iowa Department of Education regarding corrective action which may be required.
- Response - The District will continue to regularly review employees and other costs coded to special education to ensure they comply with requirements set forth in section 256B.9 and Chapter 281.41 of the Code of Iowa. If necessary, the District will notify the Iowa Department of Education of any corrective action that may be required.
- Conclusion - Response accepted.
- IV-L-16 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, 2016, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	7,074,306
Revenues:			
Statewide sales, services and use tax	\$	6,811,318	
Interest on investments		46,175	
Revenue bond issuance		10,000,000	16,857,493
			<u>23,931,799</u>
Expenditures/transfers out:			
School infrastructure construction		57,366	
Equipment		834,581	
Other		84,867	
Transfers to other funds:			
Debt service		5,923,233	
Other transfers		10,000,000	16,900,047
Ending balance			<u>\$ 7,031,752</u>



For the year ended June 30, 2016, the District reduced the following levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service	\$ 0.26000	\$ 500,000