

COMPREHENSIVE ANNUAL FINANCE REPORT

OF THE LINN-MAR COMMUNITY SCHOOL DISTRICT

For the fiscal year ending June 30, 2017

OFFICIAL ISSUING REPORT

J.T. Anderson, CPA
Chief Financial Officer
Chief Operating Officer



2999 North 10th Street • Marion, IA 52302

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

Quintin Shepherd, Ph.D.
Superintendent

Shannon Bisgard
Associate Superintendent

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

Karla Christian
Chief HR Officer/Executive
Director of Public Relations

Leisa Breitfelder
Executive Director of
Student Services

Jeri Ramos
Executive Director of
Technology Services

Angie Morrison
Business Manager

Sondra Nelson
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
Travis Axeen
Principal

Bowman Woods, K-5
Tina March
Principal

Echo Hill, K-5
Dan Ludwig
Principal

Indian Creek, K-5
Marilee McConnell
Principal

Linn Grove, ECBP/PK-5
Chad Buchholz
Principal

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

Westfield, K-5
Ed Rogers
Principal

Wilkins, K-5
Amanda Potter
Principal

November 30, 2017

Sondra Nelson, 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, 2017. 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 2017 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, 2016, 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, custodial, clerical and extra- and co-curricular activities.

The District is governed by a seven-member elected Board of Education. Board terms are four years with school elections held in September of odd numbered calendar years. 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 the Cities of Cedar Rapids, Marion and Robins, as well as unincorporated land in northern Linn County. The District originated in 1948 as Marion Rural Independent School District, and became the Marion Rural Community School District under the Community School Reorganization Act adopted in 1955. It operated under this name from 1955 to 1963 when its name was changed to Linn-Mar Community School District. The District is currently the 12th largest of Iowa's 333 public school systems. The certified enrollment taken on October 1, 2016, was approximately 7,313 students, which is an increase of approximately 115 students from 2015-16. 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, the NE portion of city of Cedar Rapids, and the southern portion of the City of Robins.. 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 8,000 people in the Cedar Rapids / Iowa City. In 2016, Rockwell announced an \$8.6 billion acquisition of Florida-based B/E Aerospace, expanding their presence nationally. 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.

Unemployment rates in the MSA Corridor continue to remain lower than national averages. The City of Marion continues to grow as does the City of Cedar Rapids. During calendar year 2016, the City of Marion issued 164 single-family dwelling building permits, 27 multi-family permits, and 16 new commercial building permits. The District taxable assessed valuation has continued steady growth to over \$2 billion for January 2016 values.

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. The solvency ratio at June 30, 2017 is 11.11%, which is a slight decrease from 11.45% at June 30, 2016. The State set the supplemental state aid growth rate at 1.11% for the 2018 fiscal year. Future supplemental state aid beyond fiscal year 2018 is not known, but the District is projecting little to no growth as the State is currently struggling to meet its legislative budget

requirements. 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%.

District Major Initiative and Achievements

The staff, board, students, and community members are to be commended for making the 2016-2017 school year a very productive one. Some of the many accomplishments for the year include:

- The District partnered with other local school districts to be part of Iowa BIG, which is an initiative-based high school whereby students are removed from a traditional classroom setting and tasked to collaborate with businesses, nonprofits, and other entities to engage in and solve authentic community projects.
- A 10-year strategic plan that included student pathways, facilities planning, and technology was developed and approved by the Board of Education.
- The District launched a redesigned website with enhanced features in January 2017.
- Major construction projects included the completion of the \$25 million High School renovation and a \$2 million addition to Westfield Elementary School.
- The recording of approximately 26,584 volunteer hours with over 750 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, 82 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 thirteenth consecutive Certificate of Excellence in Financial Reporting award for the 2015-2016 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 2016-2017 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 the Iowa Assessment standardized test.
- Students in grades 5-8 met or exceeded their target growth on the NWEA MAP mathematics and reading tests.
- On the Iowa Assessments 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 16-17 Linn-Mar Community School District composite ACT score was 24.2 compared to 21.9 for the state.
- The 2016-17 Linn-Mar composite average for Advanced Placement exams was 3.55 compared to 2.92 for the state and 2.87 for the nation.
- On the FAST Assessment Linn-Mar students achieved at a 78.4% proficiency level as compared to 66.1% of students across the state of Iowa.
- Eight Linn-Mar students were recognized as National Merit semi-finalists.

Financial Information

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

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved 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 States 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.

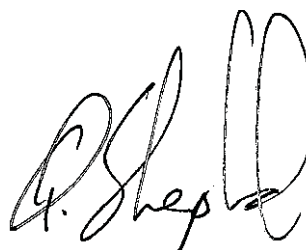
Acknowledgements

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.



J.T. Anderson
Chief Financial Officer
Chief Operating Officer



Dr. Quintin Shepherd
Superintendent of Schools



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Linn-Mar Community School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



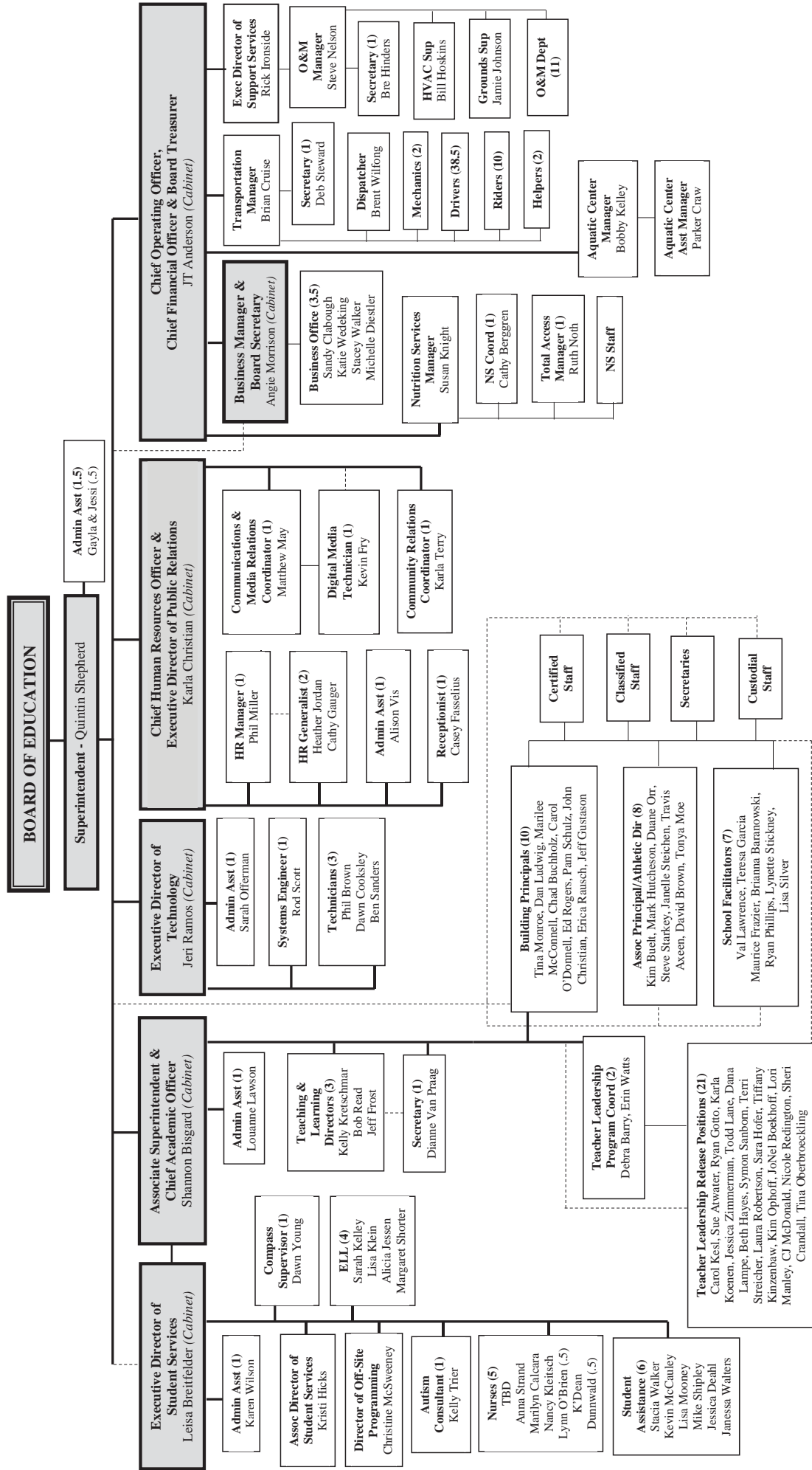
A handwritten signature in black ink, reading 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

2016-17 ORGANIZATIONAL CHART



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

Year Ended June 30, 2017

<u>Board of Education</u>		
	<u>Title</u>	<u>Term/Contract Expires</u>
Tim Isenberg	President	September, 2019
George AbouAssaly	Vice President	September, 2019
Tina Patterson	Director	September, 2017
Rene Gadelha	Director	September, 2017
Todd Hutcheson	Director	September, 2017
	(Resigned November 2016)	
Jim Green	Director	September, 2017
	(Appointed November 2016)	
Sondra Nelson	Director	September, 2019
Clark Weaver	Director	September, 2019
School Officials		
Dr. Quintin Shepherd	Superintendent	2017
J.T. Anderson	Chief Operating Officer/ Chief Financial Officer	2017
Angie Morrison	Business Manager/ Board Secretary	2017
Terry Abernathy	Attorney	Indefinite
Simmons, Perrine, Moyer & Bergman, P.C.	Attorney	Indefinite
Ahlers & Cooney, P.C.	Attorney	Indefinite
Lynch Dallas	Attorney	Indefinite



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, 2017, 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, 2017, 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 five years ended June 30, 2016, (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited the financial statements for the four 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 30, 2017, 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 30, 2017



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, 2017. 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 \$52,310,315 at June 30, 2017, compared to \$48,859,879 at June 30, 2016, an increase of 7.06%.
- At the end of fiscal year 2017, the total of assigned and unassigned fund balances in the General Fund was \$8,883,369 or 11.11% of total General Fund revenues compared to prior year's total balance of \$8,762,447 or 11.45% of total General Fund revenues.
- The State of Iowa approved an increase in supplemental state aid of 2.25% for the 2016-2017 school year. The District had an enrollment increase of 52.7 students, which generated \$1,383,458 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 service, 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.

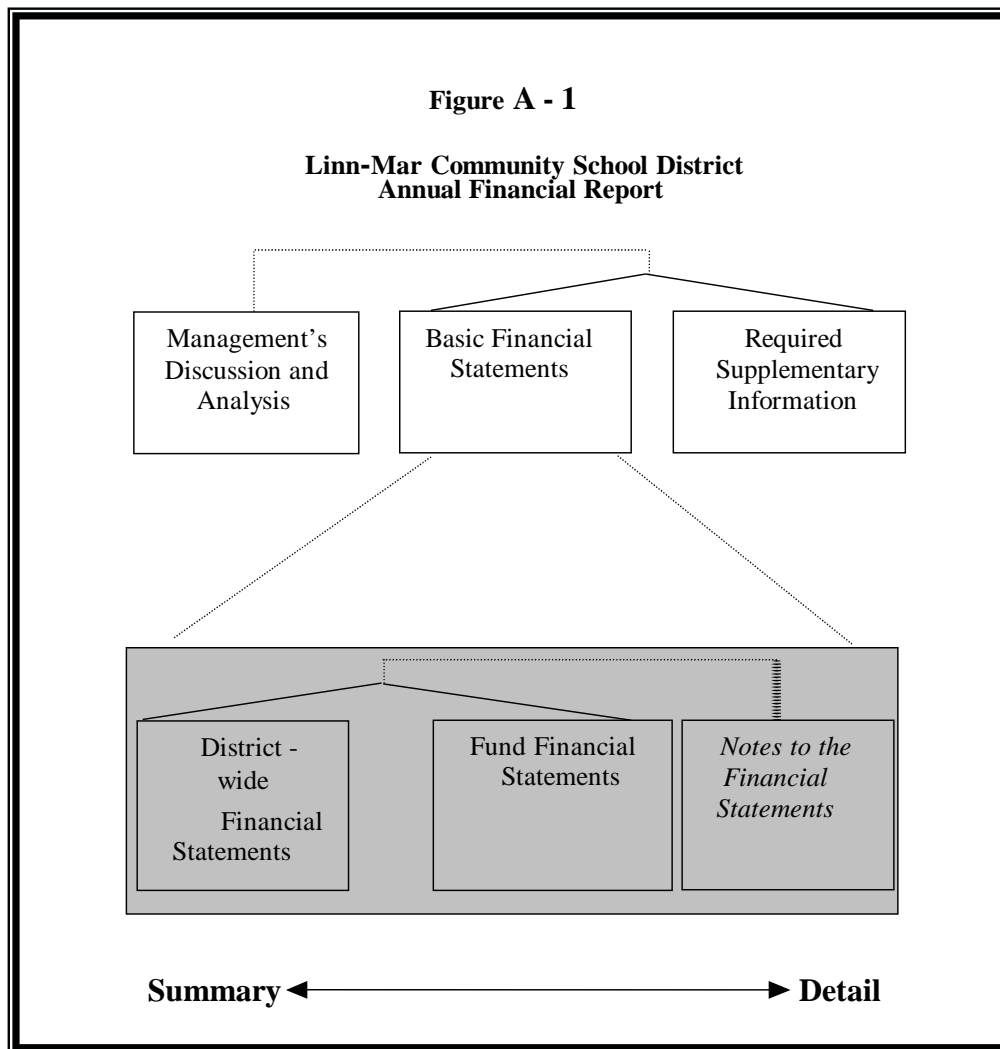


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Government -Wide Financial Statements

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service, aquatic center and ROAR store
Required financial statements	<ul style="list-style-type: none"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how 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 activities 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 governmental fund financial statements follow the governmental 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 6.68%, increasing from approximately \$50.12 million at June 30, 2016, to approximately \$53.47 million at June 30, 2017. (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,
	2016	2017	2016	2017	2016	2017	2016-17
Current and other assets	\$ 76.26	69.40	1.68	1.42	77.94	70.82	-9.14%
Capital assets	147.95	152.15	0.54	0.74	148.49	152.89	2.96%
Total assets	224.21	221.55	2.22	2.16	226.43	223.71	-1.20%
Deferred outflows of resources	7.62	14.27	0.21	0.41	7.83	14.68	87.48%
Long-term obligations	135.41	137.86	0.97	1.27	136.38	139.13	2.02%
Other liabilities	11.66	10.44	0.11	0.12	11.77	10.56	-10.28%
Total liabilities	147.07	148.30	1.08	1.39	148.15	149.69	1.04%
Deferred inflows of resources	35.90	35.21	0.09	0.02	35.99	35.23	-2.11%
Net position:							
Net investment in capital assets	48.61	62.55	0.54	0.74	49.15	63.29	28.77%
Restricted	22.71	14.98	-	-	22.71	14.98	-34.04%
Unrestricted	(22.46)	(25.22)	0.72	0.42	(21.74)	(24.80)	-14.08%
Total net position	\$ 48.86	52.31	1.26	1.16	50.12	53.47	6.68%

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 \$63.29 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 \$14.98 million of net position has some external restrictions on how the funds may be used. The deficit remaining balance of approximately \$24.80 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 decreased approximately \$7.73 million, or 34.04% from the prior year. The decrease in the District's restricted net position was due primarily to the decreases in amounts restricted for school infrastructure and physical plant and equipment levy purposes compared to the prior year. This decrease is due to continued construction expenses incurred by the District during fiscal year 2017.

Unrestricted net position represents the assets that can be used to finance day-to-day operations without constraints established by debt restrictions, enabling legislation or other legal binding requirements. Unrestricted net position decreased approximately \$3.06 million, or 14.08%. The decrease in unrestricted net position was primarily a result of the change in the net pension liability required to be reported at June 30, 2017 compared to the liability reported at June 30, 2016.

The following figure shows changes in net position for the year ended June 30, 2017, compared to the year ended June 30, 2016. (See Figure A-4).

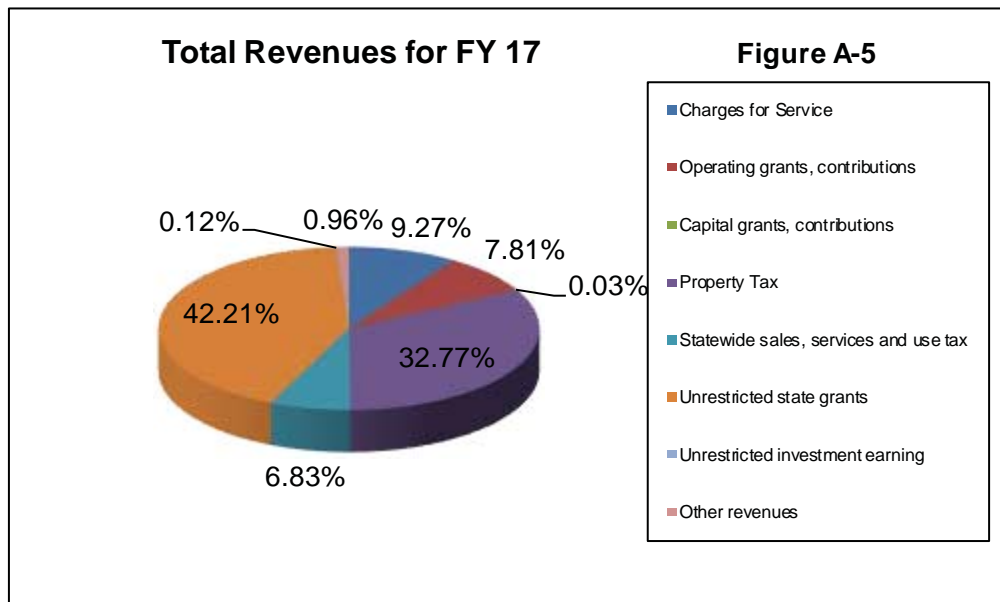
Figure A-4
Changes in Net Position (in millions of dollars)

	Governmental Activities		Business Type Activities		Total District		Total Change
	2016	2017	2016	2017	2016	2017	2016-17
Revenues:							
Program revenues:							
Charges for service	\$ 6.42	6.77	2.47	2.57	8.89	9.34	5.06%
Operating grants, contributions and restricted interest	6.05	6.58	1.23	1.28	7.28	7.86	7.97%
Capital grants, contributions and restricted interest	0.02	0.03	-	-	0.02	0.03	50.00%
General revenues:							
Property tax	32.23	33.04	-	-	32.23	33.04	2.51%
Statewide sales, services and use tax	6.81	6.89	-	-	6.81	6.89	1.17%
Unrestricted state grants	41.33	42.55	-	-	41.33	42.55	2.95%
Unrestricted investment earnings	0.10	0.12	-	-	0.10	0.12	20.00%
Other	0.53	0.96	-	-	0.53	0.96	81.13%
Total revenues	93.49	96.94	3.70	3.85	97.19	100.79	3.70%
Program expenses:							
Instruction	51.17	56.71	-	-	51.17	56.71	10.83%
Support services	26.07	26.19	0.10	0.12	26.17	26.31	0.53%
Non-instructional programs	0.13	0.12	3.51	3.83	3.64	3.95	8.52%
Other expenses	10.22	10.47	-	-	10.22	10.47	2.45%
Total expenses	87.59	93.49	3.61	3.95	91.20	97.44	6.84%
Change in net position	5.90	3.45	0.09	(0.10)	5.99	3.35	-44.07%
Net position beginning of year	42.96	48.86	1.17	1.26	44.13	50.12	13.57%
Net position end of year	\$ 48.86	52.31	1.26	1.16	50.12	53.47	6.68%

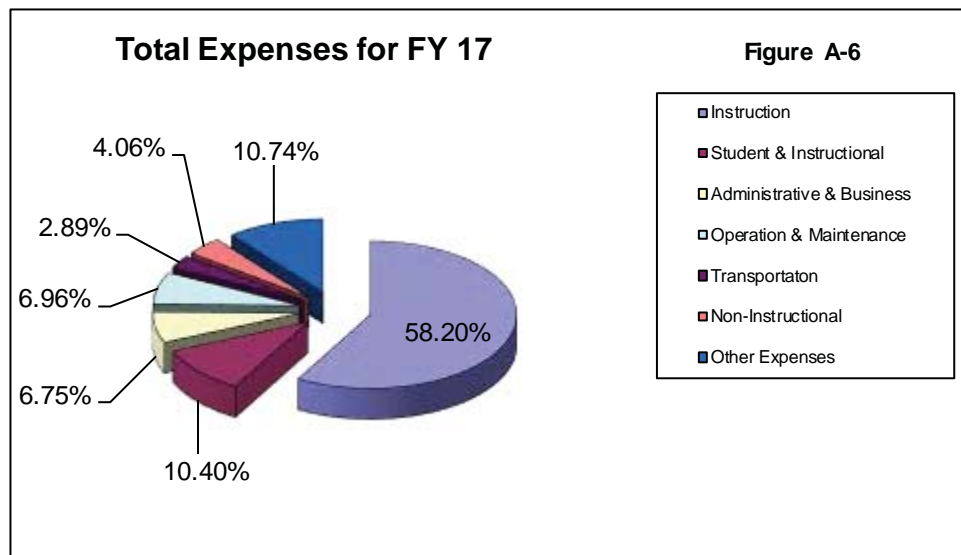
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.

During fiscal year 2017, property tax and unrestricted state grants accounted for 77.98 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 3.70 percent increase in operating revenue while experiencing a 6.84 percent increase in operating expenses. The District's total revenue was approximately \$100.79 million of which \$96.94 million was for governmental activities, while the remaining \$3.85 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 42 percent respectively of the total dollars collected, (See Figure A-5).



The total cost for all programs and services increased 6.84 percent to \$97.44 million. The District's total expenses are listed in Figure A-6. The chart shows that the majority of the District's expenses (68.63 percent) are devoted to instruction and student instructional support services. Another 2.89 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 3.69 percent, while expenses increased 6.74 percent. The increase in revenues can be attributed to the increase in property tax and unrestricted grant revenues received during fiscal year 2017 as compared to fiscal year 2016.

The District experienced a \$5.90 million increase in governmental activities expenses, the majority of which can be attributed primarily to an 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		
	2016	2017	Change 2016-17	2016	2017	Change 2016-17
Instruction	\$ 51.17	56.71	10.83%	42.88	47.91	11.73%
Support services	26.07	26.19	0.46%	24.93	24.72	-0.84%
Non-instructional programs	0.13	0.12	-7.69%	0.13	0.12	-7.69%
Other expenses	10.22	10.47	2.45%	7.16	7.36	2.79%
Totals	\$ 87.59	93.49	6.74%	75.10	80.11	6.67%

For the year ended June 30, 2017:

- The cost of all governmental activities this year was approximately \$93.49 million.
- The cost financed by users of the District's programs was approximately \$6.77 million.
- Federal and state governments subsidized certain programs with grants and contributions as well as contributions from local sources totaling approximately \$6.61 million.
- The net cost of governmental activities was financed with approximately \$33.04 million in property tax, \$6.89 million in statewide sales, services and use tax, \$42.55 million in unrestricted state grants and \$1.08 million in unrestricted interest and other income.

Business Type Activities

Revenues of the District's business type activities increased by 4.05 percent to approximately \$3.85 million while expenses increased 9.42 percent to approximately \$3.95 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 decreased from approximately \$1.26 million at June 30, 2016 to approximately \$1.16 million at June 30, 2017, an approximate decrease of \$0.10 million or 7.94 percent.

Financial Analysis of the District's Funds

Governmental Fund Highlights

At the end of fiscal year 2017, the District's governmental funds reported combined ending fund balances of \$25,464,131 a decrease of approximately \$7.26 million from the prior year. A closer look at each individual major governmental fund reveals the following:

- The **General Fund** balance increased from approximately \$10.13 million on June 30, 2016, to approximately \$10.40 million on June 30, 2017. General Fund revenues increased from the prior year by approximately \$3.42 million, General Fund expenditures increased by \$2.87 million to counteract part of this increase in revenues. Total revenues still outpaced total expenditures ensuring an increase in fund balance at year end.
- The **Capital Projects Fund** balance decreased from approximately \$15.47 million on June 30, 2016 to approximately \$7.49 million on June 30, 2017. The decrease in overall Capital Projects Fund balance can be attributed to the continued expenses incurred on District construction and building improvement projects during the year. These projects included the High School renovation, Oak Ridge and High School cafeteria expansion, Westfield classroom and parking lot addition projects.
- The **Debt Service Fund** balance increased from approximately \$4.24 million on June 30, 2016, to approximately \$4.34 million on June 30, 2017. Revenues and expenditures did not vary significantly from the prior year. However, the District did issue a \$14,125,000 general obligation bond during the year which was used to call \$15,855,000 in principal of outstanding general obligation bonds.

Business Type Fund Highlights

This was the first year the District's business type expenses exceeded revenues. The previous eight years the District's business type revenues exceeded expenses. At the close of fiscal year 2017, expenditures exceeded revenues by \$93,785. Expenditures increased primarily due to salaries and benefit expenses incurred compared to the prior year. Steps taken by management to control costs in prior years include adjusting the staffing model, additional federal grant funds and managing fund expenses. These steps have 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 \$750,165 more than budgeted receipts, a variance of 0.75 percent. The main contributing factor to this variance had to do with the District receiving more in local source revenue than was originally budgeted or anticipated.

By April 15th of each year, the budget must be adopted by the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Because there are a number of unknowns at that time, such as State revenue allocations, insurance premiums, negotiated employee contracts, enrollment increase, and construction project invoicing, the District has the ability to amend its budget before May 31st of each year.

Over the course of the year, the District amended its budget one time to reflect reallocate budgeted expenses between the instruction, support services, and non-instruction programs as well as to reflect additional expenses incurred in the other expenditures function due to the refunding general obligation bond issued during the year.

Capital Asset Administration

By the end of fiscal year 2017, the District had invested, net of depreciation, approximately \$152.89 million in various capital assets including land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of approximately \$4.40 million or 2.96 percent over the previous fiscal year. The primary reason for the increase in capital assets for fiscal year 2017 is due to continued expenses associated with District construction projects including the High School renovation, Oak Ridge and High School cafeteria expansion, Westfield classroom and parking lot addition projects. Costs associated with these projects 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,
	2016	2017	2016	2017	2016	2017	2016-17
Land	\$ 5,262	5,262	-	-	5,262	5,262	0.00%
Construction in progress	20,096	27,813	-	-	20,096	27,813	38.40%
Buildings	102,188	99,135	-	-	102,188	99,135	-2.99%
Land improvements	15,849	14,836	-	-	15,849	14,836	-6.39%
Machinery and equipment	4,557	5,103	542	742	5,099	5,845	14.63%
Total	\$ 147,952	152,149	542	742	148,494	152,891	2.96%

Long-Term Liabilities

At year end, the District had approximately \$139.13 million in long-term debt, an increase of approximately \$2.75 million from the previous fiscal year. Approximately \$7.47 million of the District's long-term debt is due within one year. The primary reason for the increase in long-term liabilities for fiscal year 2017 is due to the increase in amount reported for the net pension liability of the District in accordance with Governmental Accounting Standards Board Statement No. 68. 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		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2016	2017	2016	2017	2016	2017	2016-17
General obligation bonds	\$ 32,335	27,305	-	-	32,335	27,305	-15.56%
Revenue bonds	57,010	53,310	-	-	57,010	53,310	-6.49%
Capital loan notes	10,000	8,985	-	-	10,000	8,985	-10.15%
Bond premiums, net of amortization	-	1,609	-	-	-	1,609	100.00%
Bond discounts, net of amortization	-	(14)	-	-	-	(14)	100.00%
Termination benefits	191	487	-	-	191	487	154.97%
Compensated absences	68	61	-	-	68	61	-10.29%
Net pension liability	34,519	44,644	940	1,228	35,459	45,872	29.37%
Net OPEB liability	1,291	1,478	34	39	1,325	1,517	14.49%
Totals	\$ 135,414	137,865	974	1,267	136,388	139,132	2.01%

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 1.11% for fiscal year 2018. A supplemental state aid below 4 percent creates significant challenges for schools in Iowa to meet increasing expenditure demands.
- Rockwell Collins, the District's largest employer, is in the process of being acquired by United Technologies Corp. based in Farmington, Connecticut. It is not yet known how this acquisition may impact the District and the Cedar Rapids Metropolitan Area.
- 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 10th Street, Marion, Iowa 52302.



BASIC FINANCIAL STATEMENTS



LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 32,942,103	1,387,993	34,330,096
Receivables:			
Property tax:			
Delinquent	82,863	-	82,863
Succeeding year	34,611,614	-	34,611,614
Accounts	18,608	83	18,691
Accrued interest	15,962	-	15,962
Due from other governments	1,725,319	-	1,725,319
Inventories	-	33,257	33,257
Capital assets not being depreciated:			
Land	5,261,530	-	5,261,530
Construction in progress	27,812,936	-	27,812,936
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	99,134,876	-	99,134,876
Land improvements	14,836,241	-	14,836,241
Machinery and equipment	5,103,540	742,173	5,845,713
TOTAL ASSETS	221,545,592	2,163,506	223,709,098
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	14,270,859	407,989	14,678,848
LIABILITIES			
Accounts payable	1,498,743	5	1,498,748
Salaries and benefits payable	7,821,981	41,042	7,863,023
Accrued interest payable	1,111,413	-	1,111,413
Unearned revenue	-	82,064	82,064
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	2,305,000	-	2,305,000
Revenue bonds payable	3,820,000	-	3,820,000
Capital loan note payable	1,040,000	-	1,040,000
Compensated absences payable	60,938	-	60,938
Termination benefits payable	243,379	-	243,379
Portion due after one year:			
General obligation bonds payable, net premiums/discounts	26,595,311	-	26,595,311
Revenue bonds payable	49,490,000	-	49,490,000
Capital loan note payable	7,945,000	-	7,945,000
Termination benefits payable	243,378	-	243,378
Net pension liability	44,643,722	1,228,406	45,872,128
Net OPEB liability	1,477,794	39,448	1,517,242
TOTAL LIABILITIES	148,296,659	1,390,965	149,687,624
DEFERRED INFLOWS OF RESOURCES			
Property tax levies for subsequent fiscal year	34,611,614	-	34,611,614
Pension related deferred inflows	597,863	16,982	614,845
	35,209,477	16,982	35,226,459
NET POSITION			
Net investment in capital assets	62,549,123	742,173	63,291,296
Restricted for:			
Categorical funding	1,513,994	-	1,513,994
Debt service	8,039,870	-	8,039,870
School infrastructure	1,812,123	-	1,812,123
Physical plant and equipment levy	871,058	-	871,058
Management levy purposes	1,534,785	-	1,534,785
Student activities	760,424	-	760,424
Public education and recreation levy purposes	450,338	-	450,338
Unrestricted	(25,221,400)	421,375	(24,800,025)
TOTAL NET POSITION	\$ 52,310,315	1,163,548	53,473,863

SEE NOTES TO FINANCIAL STATEMENTS.

**LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 39,791,542	4,312,687	168,360	-	(35,310,495)	-	(35,310,495)
Special	10,178,227	1,030,543	653,536	-	(8,494,148)	-	(8,494,148)
Other	6,737,649	1,402,523	1,229,078	-	(4,106,048)	-	(4,106,048)
	<u>56,707,418</u>	<u>6,745,753</u>	<u>2,050,974</u>	<u>-</u>	<u>(47,910,691)</u>	<u>-</u>	<u>(47,910,691)</u>
Support services:							
Student	4,355,525	-	1,160,347	-	(3,195,178)	-	(3,195,178)
Instructional staff	5,775,910	12,000	18,120	-	(5,745,790)	-	(5,745,790)
Administration	6,582,752	-	-	-	(6,582,752)	-	(6,582,752)
Operation and maintenance of plant	6,663,099	-	-	25,500	(6,637,599)	-	(6,637,599)
Transportation	2,813,289	12,166	245,244	-	(2,555,879)	-	(2,555,879)
	<u>26,190,575</u>	<u>24,166</u>	<u>1,423,711</u>	<u>25,500</u>	<u>(24,717,198)</u>	<u>-</u>	<u>(24,717,198)</u>
Non-instructional programs:							
Food service operations	87,031	-	-	-	(87,031)	-	(87,031)
Community service operations	36,210	-	-	-	(36,210)	-	(36,210)
	<u>123,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,241)</u>	<u>-</u>	<u>(123,241)</u>
Long-term debt interest	<u>3,153,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,153,088)</u>	<u>-</u>	<u>(3,153,088)</u>
Other expenses:							
AEA flowthrough	3,107,129	-	3,107,129	-	-	-	-
Depreciation(unallocated)*	4,204,016	-	-	-	(4,204,016)	-	(4,204,016)
	<u>7,311,145</u>	<u>-</u>	<u>3,107,129</u>	<u>-</u>	<u>(4,204,016)</u>	<u>-</u>	<u>(4,204,016)</u>
Total governmental activities	<u>93,485,467</u>	<u>6,769,919</u>	<u>6,581,814</u>	<u>25,500</u>	<u>(80,108,234)</u>	<u>-</u>	<u>(80,108,234)</u>
Business type activities:							
Support services:							
Operation and maintenance of plant	122,837	-	-	-	-	(122,837)	(122,837)
Non-instructional programs:							
Food service operations	3,541,796	2,244,925	1,287,140	-	-	(9,731)	(9,731)
Aquatic center operations	258,173	293,629	-	-	-	35,456	35,456
ROAR store operations	31,857	31,494	-	-	-	(363)	(363)
Total non-instructional programs:	<u>3,831,826</u>	<u>2,570,048</u>	<u>1,287,140</u>	<u>-</u>	<u>-</u>	<u>25,362</u>	<u>25,362</u>
Total business type activities	<u>3,954,663</u>	<u>2,570,048</u>	<u>1,287,140</u>	<u>-</u>	<u>-</u>	<u>(97,475)</u>	<u>(97,475)</u>
Total	<u>\$ 97,440,130</u>	<u>9,339,967</u>	<u>7,868,954</u>	<u>25,500</u>	<u>(80,108,234)</u>	<u>(97,475)</u>	<u>(80,205,709)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 25,921,202	-	25,921,202
Capital outlay					3,272,294	-	3,272,294
Debt service					3,841,998	-	3,841,998
Statewide sales, services and use tax					6,889,195	-	6,889,195
Unrestricted state grants					42,547,658	-	42,547,658
Unrestricted investment earnings					121,291	3,560	124,851
Other					965,032	130	965,162
Total general revenues					<u>83,558,670</u>	<u>3,690</u>	<u>83,562,360</u>
Change in net position					3,450,436	(93,785)	3,356,651
Net position beginning of year					48,859,879	1,257,333	50,117,212
Net position end of year					<u>\$ 52,310,315</u>	<u>1,163,548</u>	<u>53,473,863</u>

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 18,000,710	7,343,346	4,330,193	3,267,854	32,942,103
Receivables:					
Property tax:					
Delinquent	62,372	8,107	9,506	2,878	82,863
Succeeding year	26,480,452	3,421,361	3,509,006	1,200,795	34,611,614
Accounts	12,197	5,931	-	480	18,608
Accrued interest	-	15,962	-	-	15,962
Due from other governments	1,152,296	573,023	-	-	1,725,319
TOTAL ASSETS	\$ 45,708,027	11,367,730	7,848,705	4,472,007	69,396,469
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,020,643	451,604	-	26,496	1,498,743
Salaries and benefits payable	7,809,569	-	-	12,412	7,821,981
Total liabilities	8,830,212	451,604	-	38,908	9,320,724
Deferred inflows of resources:					
Property tax levies for subsequent fiscal year	26,480,452	3,421,361	3,509,006	1,200,795	34,611,614
Fund balances:					
Restricted for:					
Categorical funding	1,513,994	-	-	-	1,513,994
Debt service	-	4,811,584	4,339,699	-	9,151,283
School infrastructure	-	1,812,123	-	-	1,812,123
Physical plant and equipment levy	-	871,058	-	-	871,058
Management levy purposes	-	-	-	2,021,542	2,021,542
Student activities	-	-	-	760,424	760,424
Public education and recreation levy purposes	-	-	-	450,338	450,338
Assigned for special specific purposes	476,285	-	-	-	476,285
Unassigned	8,407,084	-	-	-	8,407,084
Total fund balances	10,397,363	7,494,765	4,339,699	3,232,304	25,464,131
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 45,708,027	11,367,730	7,848,705	4,472,007	69,396,469

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, 2017

Total fund balances of governmental funds(page 30) \$ 25,464,131

*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. 152,149,123

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (1,111,413)

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	\$ 14,270,859	
Deferred inflows of resources	(597,863)	13,672,996

Long-term liabilities, including bonds payable, capital loan notes payable, unamortized bond premiums and discounts, 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. Those liabilities at year-end consist of:

General obligation bonds payable	(27,305,000)	
Revenue bonds payable	(53,310,000)	
Capital loan notes payable	(8,985,000)	
Unamortized bond discounts	14,218	
Unamortized bond premiums	(1,609,529)	
Termination benefits	(486,757)	
Compensated absences	(60,938)	
Net pension liability	(44,643,722)	
Net OPEB liability	(1,477,794)	(137,864,522)

Net position of governmental activities(page 28) \$ 52,310,315

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, 2017

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 24,785,704	3,272,294	3,841,998	1,135,498	33,035,494
Tuition	4,869,613	-	-	-	4,869,613
Other	1,375,439	177,506	11,952	1,492,404	3,057,301
Intermediate sources	8,000	-	-	-	8,000
State sources	46,347,416	6,981,776	108,638	33,581	53,471,411
Federal sources	2,494,084	-	-	-	2,494,084
TOTAL REVENUES	79,880,256	10,431,576	3,962,588	2,661,483	96,935,903
EXPENDITURES:					
Current:					
Instruction:					
Regular	37,228,487	1,004,224	-	250,850	38,483,561
Special	9,386,736	-	-	90,088	9,476,824
Other	5,307,381	-	-	1,073,497	6,380,878
	51,922,604	1,004,224	-	1,414,435	54,341,263
Support services:					
Student	4,288,980	-	-	33,052	4,322,032
Instructional staff	5,489,950	106,000	-	26,961	5,622,911
Administration	6,809,868	160,763	-	29,040	6,999,671
Operation and maintenance of plant	5,800,409	175,375	-	523,522	6,499,306
Transportation	2,241,164	441,494	-	146,719	2,829,377
	24,630,371	883,632	-	759,294	26,273,297
Non-instructional programs:					
Food service operations	-	-	-	87,031	87,031
Community service operations	-	-	-	36,210	36,210
	-	-	-	123,241	123,241
Debt service:					
Principal	-	-	23,870,000	-	23,870,000
Interest and fiscal charges	-	-	3,098,806	-	3,098,806
	-	-	26,968,806	-	26,968,806
Capital outlay	-	9,413,471	-	34,635	9,448,106
Intergovernmental:					
AEA flowthrough	3,107,129	-	-	-	3,107,129
	3,107,129	9,413,471	26,968,806	34,635	39,524,041
TOTAL EXPENDITURES	79,660,104	11,301,327	26,968,806	2,331,605	120,261,842
Excess(Deficiency) of revenues over(under) expenditures	220,152	(869,751)	(23,006,218)	329,878	(23,325,939)
OTHER FINANCING SOURCES(USES):					
Compensation for loss of capital assets	13,624	58,248	-	-	71,872
Sale of equipment	49,624	-	-	-	49,624
Transfer in	-	-	7,161,226	12,281	7,173,507
Transfer out	(12,281)	(7,161,226)	-	-	(7,173,507)
Refunding general obligation bond issuance	-	-	14,125,000	-	14,125,000
Premium on general obligation bond issuance	-	-	1,839,462	-	1,839,462
Discount on general obligation bond issuance	-	-	(16,249)	-	(16,249)
TOTAL OTHER FINANCING SOURCES(USES)	50,967	(7,102,978)	23,109,439	12,281	16,069,709
Change in fund balances	271,119	(7,972,729)	103,221	342,159	(7,256,230)
Fund balances beginning of year	10,126,244	15,467,494	4,236,478	2,890,145	32,720,361
Fund balances end of year	\$ 10,397,363	7,494,765	4,339,699	3,232,304	25,464,131

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, 2017

Change in fund balances - total governmental funds(page 32) \$ (7,256,230)

*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	\$ 9,221,026	
Depreciation expense	<u>(5,022,939)</u>	4,198,087

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. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred and amortized in the Statement of Activities.

Current year items are as follows:

Debt issued	(14,125,000)	
Debt repaid	23,870,000	
Premium on issuance of debt	(1,839,462)	
Discount on issuance of debt	16,249	
Amortization of premiums and discounts	<u>227,902</u>	8,149,689

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.

(54,282)

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.

4,732,464

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

Termination benefits	(295,993)	
Compensated absences	6,899	
Pension expense	(5,843,062)	
Other postemployment benefits	<u>(187,136)</u>	<u>(6,319,292)</u>

Change in net position of governmental activities(page 29) \$ 3,450,436

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business Type Activities:</u>
	Nonmajor Enterprise Funds
ASSETS	
Current assets:	
Cash and pooled investments	\$ 1,387,993
Accounts receivable	83
Inventories	33,257
Total current assets	<u>1,421,333</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>742,173</u>
TOTAL ASSETS	<u>2,163,506</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>407,989</u>
LIABILITIES	
Current liabilities:	
Accounts payable	5
Salaries and benefits payable	41,042
Unearned revenues	82,064
Total current liabilities	<u>123,111</u>
Noncurrent liabilities:	
Net pension liability	1,228,406
Net OPEB liability	39,448
Total noncurrent liabilities	<u>1,267,854</u>
TOTAL LIABILITIES	<u>1,390,965</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	<u>16,982</u>
NET POSITION	
Investment in capital assets	742,173
Unrestricted	421,375
TOTAL NET POSITION	<u>\$ 1,163,548</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, 2017

	Business Type Activities:
	Nonmajor Enterprise Funds
OPERATING REVENUES:	
Local sources:	
Charges for service	\$ 2,570,048
Miscellaneous	130
TOTAL OPERATING REVENUES	2,570,178
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant:	
Services	49,258
Supplies	73,579
Total support services	122,837
Non-instructional programs:	
Food service operations:	
Salaries	1,584,369
Benefits	284,750
Services	2,248
Supplies	1,530,965
Depreciation	124,758
Other	5,112
	3,532,202
Other enterprise operations:	
Supplies	31,857
Community service operations:	
Salaries	175,833
Benefits	22,533
Services	2,869
Supplies	56,938
	258,173
Total non-instructional programs	3,822,232
TOTAL OPERATING EXPENSES	3,945,069
OPERATING LOSS	(1,374,891)
NON-OPERATING REVENUES(EXPENSES):	
State sources	25,895
Federal sources	1,261,245
Loss on disposal of capital assets	(9,594)
Interest on investments	3,560
TOTAL NON-OPERATING REVENUES(EXPENSES)	1,281,106
Decrease in net position	(93,785)
Net position beginning of year	1,257,333
Net position end of year	\$ 1,163,548

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business Type Activities: Nonmajor Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 2,251,106
Cash received from aquatic center operations	293,840
Cash received from ROAR store operations	31,794
Cash received from miscellaneous operating activities	130
Cash payments to employees for services	(2,028,409)
Cash payments to suppliers for goods or services	(1,531,100)
Net cash used in operating activities	<u>(982,639)</u>
Cash flows from non-capital financing activities:	
State grants received	25,895
Federal grants received	1,030,123
Net cash provided by non-capital financing activities	<u>1,056,018</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(334,728)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,560</u>
Net decrease in cash and cash equivalents	(257,789)
Cash and cash equivalents beginning of year	<u>1,645,782</u>
Cash and cash equivalents end of year	<u><u>\$ 1,387,993</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (1,374,891)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	231,122
Depreciation	124,758
Increase in inventories	(7,210)
Decrease in accounts receivable	6,361
Decrease in accounts payable	(2,186)
Increase in salaries and benefits payable	11,815
Increase in other postemployment benefits	4,995
Increase in net pension liability	288,430
Increase in deferred outflows of resources	(195,170)
Decrease in deferred inflows of resources	(70,994)
Increase in unearned revenue	331
Net cash used in operating activities	<u><u>\$ (982,639)</u></u>

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2017, the District received Federal commodities valued at \$231,122.

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 Robins 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 the following 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 and insurance as well as early retirement incentive obligations owed by the District to retirees from prior fiscal years.

The Special Revenue - Student Activity Fund is utilized to account for the various student run organizations and athletic accounts operating within 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 – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's 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 non-operating 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 (ISJIT), which are valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, 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. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. 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 in April 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2016.

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, if any, 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 year(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 current school year, but which have balances payable in July and August 2017, have been accrued as liabilities.

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 as 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, 2017.

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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

O. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future year(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, 2017, the carrying amount of the District's bank deposits and pooled investments totaled \$34,326,746 with bank balances of \$34,870,870. These balances are included in the cash and

pooled investments on the Statement of Net Position. Of the bank balance, \$500,000 was covered by federal depository insurance and \$34,370,870 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, 2017, 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, 2017 is as follows:

Transfer to	Transfer from	Amount
Student Activity	General	\$ 12,281
Debt Service	Capital Projects: Statewide Sales, Services & Use Tax	5,951,226
Debt Service	Capital Projects: Physical Plant & Equipment Levy	1,210,000
Total		<u>\$ 7,173,507</u>

The transfer from the General Fund to the Student Activity Fund was to repay the Student Activity Fund for safety equipment purchased during the year as approved by the Board of Education.

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, 2017, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 5,261,530	-	-	5,261,530
Construction in progress	20,095,772	7,798,303	81,139	27,812,936
Total capital assets not being depreciated	25,357,302	7,798,303	81,139	33,074,466
Capital assets being depreciated:				
Buildings	137,847,857	84,658	-	137,932,515
Land improvements	21,555,405	53,673	-	21,609,078
Machinery and equipment	10,578,548	1,365,531	229,195	11,714,884
Total capital assets being depreciated	169,981,810	1,503,862	229,195	171,256,477
Buildings	35,660,191	3,137,448	-	38,797,639
Land improvements	5,706,269	1,066,568	-	6,772,837
Machinery and equipment	6,021,616	818,923	229,195	6,611,344
Total accumulated depreciation	47,388,076	5,022,939	229,195	52,181,820
Total capital assets being depreciated, net	122,593,734	(3,519,077)	-	119,074,657
Governmental activities capital assets, net	\$ 147,951,036	4,279,226	81,139	152,149,123
<u>Business type activities:</u>				
Machinery and equipment	\$ 1,585,412	334,728	68,017	1,852,123
Less accumulated depreciation	1,043,615	124,758	58,423	1,109,950
Business type activities capital assets, net	\$ 541,797	209,970	9,594	742,173
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular			\$	155,868
Special				2,056
Other				98,703
Support services:				
Administration				12,338
Operation and maintenance of plant				142,297
Transportation				407,661
				818,923
Unallocated depreciation				4,204,016
Total governmental activities depreciation expense			\$	5,022,939
Business type activities:				
Food service operations			\$	124,758

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 32,335,000	14,125,000	19,155,000	27,305,000	2,305,000
Premiums on general obligation bonds	-	1,839,462	229,933	1,609,529	-
Discounts on general obligation bonds	-	(16,249)	(2,031)	(14,218)	-
Revenue bonds	57,010,000	-	3,700,000	53,310,000	3,820,000
Capital loan notes	10,000,000	-	1,015,000	8,985,000	1,040,000
Termination benefits	190,764	486,757	190,764	486,757	243,379
Compensated absences	67,837	60,938	67,837	60,938	60,938
Net pension liability	34,519,523	10,124,199	-	44,643,722	-
Net OPEB liability	1,290,658	187,136	-	1,477,794	-
Total	\$ 135,413,782	26,807,243	24,356,503	137,864,522	7,469,317
<u>Business type activities:</u>					
Net pension liability	\$ 939,976	288,430	-	1,228,406	-
Net OPEB liability	34,453	4,995	-	39,448	-
Total	\$ 974,429	293,425	-	1,267,854	-

General Obligation Bonds

As of June 30, 2017, the District had general obligation bonds outstanding of \$27,305,000, which had been issued for capital facility construction/building improvement 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, 2017 general obligation bonded indebtedness are as follows:

Year	Bond Issue of April 12, 2011			Refunding Bond Issue of February 24, 2014		
Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	3.250 %	\$ -	343,662	1.250 %	\$ 780,000	48,610
2019	3.250	-	343,663	1.300	790,000	38,860
2020	3.250	-	343,662	1.650	800,000	28,590
2021	3.250	-	343,663	1.900	810,000	15,390
2022	3.250	-	343,662	-	-	-
2023-2026	3.25-3.50	10,000,000	1,081,600	-	-	-
		<u>\$ 10,000,000</u>	<u>2,799,912</u>		<u>\$ 3,180,000</u>	<u>131,450</u>

Year	Refunding Bond Issue of March 8, 2017			Total		
Ending June 30,	Interest Rates	Principal	Interest	Principal	Interest	Total
2018	5.000 %	\$ 1,525,000	810,226	\$ 2,305,000	1,202,498	3,507,498
2019	5.000	1,790,000	630,000	2,580,000	1,012,523	3,592,523
2020	5.000	1,890,000	540,500	2,690,000	912,752	3,602,752
2021	5.000	1,990,000	446,000	2,800,000	805,053	3,605,053
2022	5.000	3,000,000	346,500	3,000,000	690,162	3,690,162
2023-2026	5.000	3,930,000	235,000	13,930,000	1,316,600	15,246,600
		<u>\$ 14,125,000</u>	<u>3,008,226</u>	<u>\$ 27,305,000</u>	<u>5,939,588</u>	<u>33,244,588</u>

Revenue Bonds

As of June 30, 2017, the District had statewide sales, services and use tax bonds of \$53,310,000, which had been issued for capital facility construction/building improvement projects. These bonds will be paid with statewide sales, services and use tax revenues collected in the Capital Projects: Statewide Sales, Services and Use Tax Fund. Details of the District's June 30, 2017 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2010			Bond Issue of October 1, 2012			Bond Issue of June 4, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	4.000	% \$ -	815,030	1.350	% \$ -	210,808	1.000	% \$ 100,000	213,308
2019	4.000	1,215,000	790,730	1.350	730,000	205,880	1.250	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	1.750	765,000	185,138
2022	4.000	1,380,000	635,030	1.750	775,000	170,456	2.000	790,000	170,545
2023-2027	4.125-4.500	7,920,000	2,227,120	1.900-2.400	4,180,000	607,369	2.000-2.750	4,020,000	588,657
2028-2030	4.600-4.625	5,740,000	406,772	2.500-2.700	2,810,000	112,977	3.000	2,200,000	96,000
		<u>\$ 18,850,000</u>	<u>6,304,842</u>		<u>\$ 10,000,000</u>	<u>1,686,363</u>		<u>\$ 9,400,000</u>	<u>1,659,276</u>

Year Ending June 30,	Refunding Bond Issue of February 24, 2014			Refunding Bond Issue of March 12, 2014		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	3.000	% \$ 1,735,000	26,025	2.000	% \$ 790,000	7,900
2019		-	-		-	-
2020		-	-		-	-
2021		-	-		-	-
2022		-	-		-	-
2023-2027		-	-		-	-
2028-2030		-	-		-	-
		<u>\$ 1,735,000</u>	<u>26,025</u>		<u>\$ 790,000</u>	<u>7,900</u>

Year Ending June 30,	Bond Issue of October 21, 2014			Bond Issue of July 1, 2015			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
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	2.150	260,000	66,653	2.610	585,000	163,060	3,790,000	1,205,744	4,995,744
2023-2027	2.300-3.100	1,300,000	237,192	2.610	3,375,000	565,392	20,795,000	4,225,730	25,020,730
2028-2030	3.400-3.750	805,000	45,178	2.610	2,580,000	104,008	14,135,000	764,935	14,899,935
		<u>\$ 3,405,000</u>	<u>661,848</u>		<u>\$ 9,130,000</u>	<u>1,636,470</u>	<u>\$ 53,310,000</u>	<u>11,982,724</u>	<u>65,292,724</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 78 percent of the statewide sales, services, and use tax revenues. The total

principal and interest remaining to be paid on the bonds is \$65,292,724. For the current year, \$3,700,000 of principal and \$1,677,229 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$6,889,195.

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 have been deposited in reserve accounts at Farmer's State Bank, Marion, 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, 2017, the District had capital loan notes outstanding of \$8,985,000, 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, 2017 capital loan noted indebtedness is as follows:

Year Ending June 30,	Loan Note Issue of January 7, 2016				
	Interest Rates		Principal	Interest	Total
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	1.950		1,135,000	91,455	1,226,455
2023-2025	1.950		3,555,000	139,620	3,694,620
Total			<u>\$ 8,985,000</u>	<u>808,568</u>	<u>9,793,568</u>

Debt Margin Computation

The June 30, 2017 debt outstanding by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 3,185,631,924</u>
Debt limit, 5% of total assessed valuation	\$ 159,281,596
Amount of debt applicable to debt limit,	
total bonded debt	<u>89,600,000</u>
Excess of debt limit over bonded debt	<u>\$ 69,681,596</u>

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees and administrators during the year ended June 30, 2017. 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 2017 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 (\$116/day) 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.

At June 30, 2017, the District had obligations to fourteen participants with a total liability of \$486,757 payable from the Nonmajor Special Revenue: Management Levy Fund. The District paid \$190,764 in early retirement benefits to retirees during fiscal year 2017.

Note 7. Current Refunding

On March 8, 2017, the District issued \$14,125,000 of general obligation bonds with an interest rate of 5.00% to refund \$15,855,000 of the outstanding general obligation bonds dated January 1, 2007 with interest rates from 4.00% to 4.125%. The new refunding general obligation bonds have been added to the appropriate financial statements and schedules. The present value of economic savings to the District associated with this refunding is \$1,248,797.

Note 8. Pension Plan

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

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date 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% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% 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. State 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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2017 were \$4,876,316.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the District reported a liability of \$45,872,128 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the District's collective proportion was 0.728902%, which was an increase of 0.011169% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$6,009,180. At June 30, 2017, 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	\$ 405,419	\$ 547,465
Changes of assumptions	699,866	-
Net difference between projected and actual earnings on IPERS' investments	6,535,328	-
Change in proportion and differences between District contributions and the District's proportionate share of contributions	2,161,919	67,380
District contributions subsequent to the measurement date	4,876,316	-
Total	\$ 14,678,848	\$ 614,845

\$4,876,316 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, 2018. 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,	Amount
2018	\$ 1,449,685
2019	1,449,685
2020	4,033,810
2021	2,228,242
2022	26,265
Total	<u>\$ 9,187,687</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 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% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to 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 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 74,214,896	\$ 45,872,128	\$ 21,950,462

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

Payables to IPERS - At June 30, 2017, the District reported payables to IPERS of \$590,447 for legally required employer contributions and \$393,411 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 9. 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. The District has 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 and the School Nutrition 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, 2017, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 279,541
Interest on net OPEB obligation	33,128
Adjustment to annual required contribution	(90,924)
Annual OPEB cost	<u>221,745</u>
Contributions made	(29,614)
Increase in net OPEB obligation	<u>192,131</u>
Net OPEB obligation beginning of year	<u>1,325,111</u>
Net OPEB obligation end of year	<u><u>\$ 1,517,242</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, 2017.

For the year ended June 30, 2017, the District contributed \$29,614 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
2015	\$ 245,788	18.2 %	\$ 1,135,092
2016	215,878	12.0	1,325,111
2017	221,745	13.4	1,517,242

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$1,716,967 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,716,967. The covered payroll (annual payroll of active employees covered by the plan) was \$36,674,305 and the ratio of the UAAL to covered payroll was 4.7%. As of June 30, 2017, 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 presents 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 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, 2016 to June 30, 2017 was approximately \$33,000,000 of which \$7,030,623 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. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$3,107,129 for the year ended June 30, 2017 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, 2017 is comprised of the following programs:

Programs	Amount
Gifted and talented programs	\$ 118,481
Returning dropouts and dropout prevention programs	95,990
Teacher leadership grants	140,128
Teacher salary supplement	220,255
Successful progression for early readers	240,497
Professional development for model core curriculum	278,953
Professional development	409,603
Market factor incentives	10,087
Total restricted for categorical funding	<u>\$ 1,513,994</u>

Note 13. Construction Commitments

The District has entered into contracts totaling \$28,796,631 for various construction projects throughout the District. As of June 30, 2017, costs of \$27,812,936 had been incurred against these contracts. The remaining balance of \$983,695 at June 30, 2017 will be paid as work on the projects progresses.

Note 14. 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 15. Due from Other Governments

Amount due from other governments by fund as of June 30, 2017 are as follows:

	Statewide Sales, Services & Use Tax		
	General	Account	Total
<u>Local appropriations:</u>			
Tuition	\$ 712,345	-	712,345
Other	11,680	-	11,680
Total local appropriations	724,025	-	724,025
<u>State appropriations:</u>			
Statewide Sales, Services and Use Tax	-	573,023	573,023
Nonpublic Transportation	118,704	-	118,704
SPED - State Personnel Development Grant	1,044	-	1,044
District Court	37,897	-	37,897
Foster Care SPED	8,973	-	8,973
Foster Care	10,441	-	10,441
Total state appropriations	177,059	573,023	750,082
<u>Federal appropriations:</u>			
Title IIA	96,677	-	96,677
Title I	106,675	-	106,675
Perkins	45,674	-	45,674
English Language Acquisition State Grant	2,186	-	2,186
Total federal appropriations	251,212	-	251,212
Total	\$ 1,152,296	573,023	1,725,319

Note 16. 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, 2017 the District paid \$48,888 in principal and \$5,412 on this lease agreement from the Capital Projects: Physical Plant and Equipment Levy Account. At June 30, 2017 twenty-four monthly payments of \$4,525 totaling \$108,600 remain.

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 22, 2016, the Hand In Hand Daycare entered into an agreement with the District for the rental of a multi-purpose room for fiscal years 2017 at Linn Grove Elementary, Novak Elementary, Wilkins Elementary, 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, 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 17. New Accounting Pronouncement

The District adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the District.

Note 18. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Cedar Rapids	Urban Renewal and Economic Development Projects	\$ 309,661
City of Marion	Urban Renewal and Economic Development Projects	\$ 660,534

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2017, this reimbursement amounted to \$434,313.

Note 19. 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)	\$ -	2,021,542	9,151,283	8,407,084
Capital assets,				
net of accumulated depreciation	152,149,123	-	-	-
Revenue bond capitalized indebtedness	(53,310,000)	-	-	-
General obligation bond capitalized indebtedness	(27,305,000)	-	-	-
Unamortized bond premiums	-	-	-	(1,609,529)
Unamortized bond discounts	-	-	-	14,218
Capital loan note capitalized indebtedness	(8,985,000)	-	-	-
Termination benefits payable	-	(486,757)	-	-
Accrued interest payable	-	-	(1,111,413)	-
Compensated absences	-	-	-	(60,938)
Net OPEB liability	-	-	-	(1,477,794)
Pension related deferred outflows	-	-	-	14,270,859
Pension related deferred inflows	-	-	-	(597,863)
Net pension liability	-	-	-	(44,643,722)
Assigned for specific purposes	-	-	-	476,285
Net position (page 28)	\$ 62,549,123	1,534,785	8,039,870	(25,221,400)

Note 20. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

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, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 40,962,408	2,573,738	43,536,146	41,956,063	41,956,063	1,580,083
Intermediate sources	8,000	-	8,000	-	-	8,000
State sources	53,471,411	25,895	53,497,306	54,790,553	54,790,553	(1,293,247)
Federal sources	2,494,084	1,261,245	3,755,329	3,300,000	3,300,000	455,329
Total revenues	96,935,903	3,860,878	100,796,781	100,046,616	100,046,616	750,165
Expenditures/Expenses:						
Instruction	54,341,263	-	54,341,263	54,600,000	54,900,000	558,737
Support services	26,273,297	122,837	26,396,134	26,900,000	26,400,000	3,866
Non-instructional programs	123,241	3,831,826	3,955,067	3,838,000	4,038,000	82,933
Other expenditures	39,524,041	-	39,524,041	25,453,626	41,418,091	1,894,050
Total expenditures	120,261,842	3,954,663	124,216,505	110,791,626	126,756,091	2,539,586
Excess(Deficiency) of revenues over(under) expenditures/expenses	(23,325,939)	(93,785)	(23,419,724)	(10,745,010)	(26,709,475)	3,289,751
Other financing sources, net	16,069,709	-	16,069,709	-	-	16,069,709
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	(7,256,230)	(93,785)	(7,350,015)	(10,745,010)	(26,709,475)	19,359,460
Balances beginning of year	32,720,361	1,257,333	33,977,694	34,955,721	34,955,721	(978,027)
Balances end of year	\$ 25,464,131	1,163,548	26,627,679	24,210,711	8,246,246	18,381,433

SEE ACCOMPANYING NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2017

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. 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 by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$15,964,465.

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

	2017	2016	2015
District's proportion of the net pension liability	0.728902%	0.717733%	0.689442%
District's proportionate share of the net pension liability	\$ 45,872,128	35,459,499	27,342,634
District's covered-employee payroll	\$ 52,340,257	49,198,902	45,121,232
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.64%	72.07%	60.60%
IPERS' net position as a percentage of the total pension liability	81.82%	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 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 4,876,316	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
Contributions in relation to the statutorily required contribution	\$ (4,876,316)	(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)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 54,605,986	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
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2017

Changes of benefit terms:

Legislation enacted 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) 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.

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	Contributions Made By District	Contributions Made By District as a Percentage of ARC	Actuarial Value of Assets	Actuarial			Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		(ARC)	District	Percentage of ARC		Accrued Liability (AAL)	Unfunded AAL (UAAL)				
		(a)	(b)	(b/a)	(c)	(d)	(d-e)	(c/d)	(e)	((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%	
2017	July 1, 2015	\$ 0.279	\$ 0.030	10.8%	\$ -	\$ 1,717	\$ 1,717	0.0%	\$ 36,674	4.7%	

See Note 9 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 NOTES TO FINANCIAL STATEMENTS.



SUPPLEMENTARY INFORMATION



LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue			
	Management Levy	Student Activity	Public Education and Recreation Levy	Total
ASSETS				
Cash and pooled investments	\$ 2,019,308	791,503	457,043	3,267,854
Receivables:				
Property tax:				
Delinquent	2,234	-	644	2,878
Succeeding year	935,002	-	265,793	1,200,795
Accounts	-	480	-	480
TOTAL ASSETS	\$ 2,956,544	791,983	723,480	4,472,007
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	22,226	4,270	26,496
Salaries and benefits payable	-	9,333	3,079	12,412
Total liabilities	-	31,559	7,349	38,908
Deferred inflows of resources:				
Property tax levies for subsequent fiscal year	935,002	-	265,793	1,200,795
Fund balances:				
Restricted for:				
Management levy purposes	2,021,542	-	-	2,021,542
Student activities	-	760,424	-	760,424
Public education and recreation levy purposes	-	-	450,338	450,338
Total fund balances	2,021,542	760,424	450,338	3,232,304
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,956,544	791,983	723,480	4,472,007

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, 2017

	Special Revenue			
	Management	Student	Public Education	
	Levy	Activity	and Recreation	Total
			Levy	
REVENUE:				
Local sources:				
Local tax	\$ 882,371	-	253,127	1,135,498
Other	239,892	1,251,732	780	1,492,404
State sources	26,097	-	7,484	33,581
TOTAL REVENUE	1,148,360	1,251,732	261,391	2,661,483
EXPENDITURES:				
Current:				
Instruction:				
Regular	250,850	-	-	250,850
Special	90,088	-	-	90,088
Other	14,109	1,059,388	-	1,073,497
Support services:				
Student	33,052	-	-	33,052
Instructional staff	26,961	-	-	26,961
Administration	29,040	-	-	29,040
Operation and maintenance of plant	462,538	-	60,984	523,522
Transportation	146,719	-	-	146,719
Non-instructional programs:				
Food service operations	87,031	-	-	87,031
Community service operations	-	-	36,210	36,210
Capital outlay	-	-	34,635	34,635
TOTAL EXPENDITURES	1,140,388	1,059,388	131,829	2,331,605
Excess of revenues over expenditures	7,972	192,344	129,562	329,878
OTHER FINANCING SOURCES:				
Transfer in	-	12,281	-	12,281
Change in fund balances	7,972	204,625	129,562	342,159
Fund balances beginning of year	2,013,570	555,799	320,776	2,890,145
Fund balances end of year	\$ 2,021,542	760,424	450,338	3,232,304

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2017

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 6,341,494	1,001,852	7,343,346
Receivables:			
Property tax:			
Delinquent	-	8,107	8,107
Succeeding year	-	3,421,361	3,421,361
Accounts	5,931	-	5,931
Accrued interest	15,962	-	15,962
Due from other governments	573,023	-	573,023
TOTAL ASSETS	\$ 6,936,410	4,431,320	11,367,730
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 312,703	138,901	451,604
Deferred inflows of resources:			
Property tax levies for subsequent fiscal year	-	3,421,361	3,421,361
Fund balances:			
Restricted for:			
Debt service	4,811,584	-	4,811,584
School infrastructure	1,812,123	-	1,812,123
Physical plant and equipment	-	871,058	871,058
Total fund balances	6,623,707	871,058	7,494,765
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,936,410	4,431,320	11,367,730

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, 2017

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
REVENUE:				
Local sources:				
Local tax	\$ -	3,272,294	-	3,272,294
Other	53,291	120,336	3,879	177,506
State sources	6,889,195	92,581	-	6,981,776
TOTAL REVENUE	6,942,486	3,485,211	3,879	10,431,576
EXPENDITURES:				
Current:				
Instruction:				
Regular	957,622	46,602	-	1,004,224
Support services:				
Instructional staff	106,000	-	-	106,000
Administration	47,375	113,388	-	160,763
Operation and maintenance of plant	-	175,375	-	175,375
Transportation	-	441,494	-	441,494
Capital outlay	288,308	4,164,251	4,960,912	9,413,471
TOTAL EXPENDITURES	1,399,305	4,941,110	4,960,912	11,301,327
Excess(Deficiency) of revenues over(under) expenditures	5,543,181	(1,455,899)	(4,957,033)	(869,751)
OTHER FINANCING SOURCES(USES):				
Compensation for loss of capital assets	-	58,248	-	58,248
Transfer out	(5,951,226)	(1,210,000)	-	(7,161,226)
TOTAL OTHER FINANCING SOURCES(USES)	(5,951,226)	(1,151,752)	-	(7,102,978)
Change in fund balances	(408,045)	(2,607,651)	(4,957,033)	(7,972,729)
Fund balances beginning of year	7,031,752	3,478,709	4,957,033	15,467,494
Fund balances end of year	\$ 6,623,707	871,058	-	7,494,765

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2017

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
ASSETS				
Current assets:				
Cash and pooled investments	\$ 1,203,153	183,092	1,748	1,387,993
Accounts receivable	83	-	-	83
Inventories	33,257	-	-	33,257
Total current assets	1,236,493	183,092	1,748	1,421,333
Noncurrent assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	742,173	-	-	742,173
TOTAL ASSETS	1,978,666	183,092	1,748	2,163,506
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	380,875	27,114	-	407,989
LIABILITIES				
Current liabilities:				
Accounts payable	5	-	-	5
Salaries and benefits payable	8,803	32,239	-	41,042
Unearned revenues	82,064	-	-	82,064
Total current liabilities	90,872	32,239	-	123,111
Noncurrent liabilities:				
Net pension liability	1,199,784	28,622	-	1,228,406
Net OPEB liability	39,448	-	-	39,448
Total noncurrent liabilities	1,239,232	28,622	-	1,267,854
TOTAL LIABILITIES	1,330,104	60,861	-	1,390,965
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	16,106	876	-	16,982
NET POSITION				
Investment in capital assets	742,173	-	-	742,173
Unrestricted	271,158	148,469	1,748	421,375
TOTAL NET POSITION	\$ 1,013,331	148,469	1,748	1,163,548

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, 2017

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
OPERATING REVENUES:				
Local sources:				
Charges for service	\$ 2,244,925	293,629	31,494	2,570,048
Miscellaneous	130	-	-	130
TOTAL OPERATING REVENUES	2,245,055	293,629	31,494	2,570,178
OPERATING EXPENSES:				
Support services:				
Operation and maintenance of plant:				
Services	49,258	-	-	49,258
Supplies	73,579	-	-	73,579
Total support services	122,837	-	-	122,837
Non-instructional programs:				
Food service operations:				
Salaries	1,584,369	-	-	1,584,369
Benefits	284,750	-	-	284,750
Services	2,248	-	-	2,248
Supplies	1,530,965	-	-	1,530,965
Depreciation	124,758	-	-	124,758
Other	5,112	-	-	5,112
	3,532,202	-	-	3,532,202
Other enterprise operations:				
Supplies	-	-	31,857	31,857
Community service operations:				
Salaries	-	175,833	-	175,833
Benefits	-	22,533	-	22,533
Services	-	2,869	-	2,869
Supplies	-	56,938	-	56,938
	-	258,173	-	258,173
Total non-instructional programs	3,532,202	258,173	31,857	3,822,232
TOTAL OPERATING EXPENSES	3,655,039	258,173	31,857	3,945,069
OPERATING INCOME(LOSS)	(1,409,984)	35,456	(363)	(1,374,891)
NON-OPERATING REVENUES(EXPENSES):				
State sources	25,895	-	-	25,895
Federal sources	1,261,245	-	-	1,261,245
Loss on disposal of capital assets	(9,594)	-	-	(9,594)
Interest on investments	3,560	-	-	3,560
TOTAL NON-OPERATING REVENUES(EXPENSES)	1,281,106	-	-	1,281,106
Increase(Decrease) in net position	(128,878)	35,456	(363)	(93,785)
Net position beginning of year	1,142,209	113,013	2,111	1,257,333
Net position end of year	\$ 1,013,331	148,469	1,748	1,163,548

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business Type Activities: Nonmajor Enterprise Funds			
	School Nutrition	Aquatic Center	ROAR Store	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 2,251,106	-	-	2,251,106
Cash received from aquatic center operations	-	293,840	-	293,840
Cash received from ROAR store operations	-	-	31,794	31,794
Cash received from miscellaneous operating activities	130	-	-	130
Cash payments to employees for services	(1,841,817)	(186,592)	-	(2,028,409)
Cash payments to suppliers for goods or services	(1,438,433)	(60,810)	(31,857)	(1,531,100)
Net cash provided by(used in) operating activities	(1,029,014)	46,438	(63)	(982,639)
Cash flows from non-capital financing activities:				
State grants received	25,895	-	-	25,895
Federal grants received	1,030,123	-	-	1,030,123
Net cash provided by non-capital financing activities	1,056,018	-	-	1,056,018
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(334,728)	-	-	(334,728)
Cash flows from investing activities:				
Interest on investments	3,560	-	-	3,560
Net increase(decrease) in cash and cash equivalents	(304,164)	46,438	(63)	(257,789)
Cash and cash equivalents beginning of year	1,507,317	136,654	1,811	1,645,782
Cash and cash equivalents end of year	\$ 1,203,153	183,092	1,748	1,387,993
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (1,409,984)	35,456	(363)	(1,374,891)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	231,122	-	-	231,122
Depreciation	124,758	-	-	124,758
Increase in inventories	(7,210)	-	-	(7,210)
Decrease in accounts receivable	5,850	211	300	6,361
Decrease in accounts payable	(1,183)	(1,003)	-	(2,186)
Increase(Decrease) in salaries and benefits payable	(436)	12,251	-	11,815
Increase in other postemployment benefits	4,995	-	-	4,995
Increase in net pension liability	271,770	16,660	-	288,430
Increase in deferred outflows of resources	(177,158)	(18,012)	-	(195,170)
Increase(Decrease) in deferred inflows of resources	(71,869)	875	-	(70,994)
Increase in unearned revenue	331	-	-	331
Net cash provided by (used in) operating activities	\$ (1,029,014)	46,438	(63)	(982,639)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2017, the District received Federal commodities valued at \$231,122.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.





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.	76-91
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	92-98
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.	99-104
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.	105-111
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.	112-118

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

	Fiscal Year			
	2017	2016	2015	2014
<u>Governmental activities:</u>				
Net investment in capital assets	\$ 62,549,123	48,606,036	48,003,951	41,210,373
Restricted	14,982,592	22,710,019	18,775,506	21,066,774
Unrestricted	(25,221,400)	(22,456,176)	(23,819,849)	7,271,405
<u>Business type activities:</u>				
Net Investment in capital assets	742,173	541,797	603,369	609,640
Unrestricted	421,375	715,536	562,343	1,164,312
Total primary government net position	<u>\$ 53,473,863</u>	<u>50,117,212</u>	<u>44,125,320</u>	<u>71,322,504</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					
2013	2012	2011	2010	2009	2008
28,177,257	33,860,908	26,461,367	12,919,519	22,311,057	24,807,981
29,254,906	15,744,577	16,905,099	25,300,975	11,235,639	3,365,122
7,658,223	8,318,403	7,511,620	4,314,105	3,979,908	2,456,499
707,568	725,388	713,408	573,824	643,946	486,498
934,357	721,026	439,480	231,642	65,575	(30,500)
66,732,311	59,370,302	52,030,974	43,340,065	38,236,125	31,085,600

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

	Fiscal Year			
	2017	2016	2015	2014
Expenses:				
<u>Governmental activities:</u>				
Instruction:				
Regular	\$ 39,791,542	35,749,781	33,767,067	32,223,517
Special	10,178,227	8,969,801	8,164,001	8,918,859
Other	6,737,649	6,448,810	6,209,355	6,894,931
Support services:				
Student	4,355,525	3,677,997	3,663,955	3,542,985
Instructional staff	5,775,910	6,368,459	5,455,726	3,105,544
Administration	6,582,752	6,874,302	5,673,933	5,655,085
Operation and maintenance of plant	6,663,099	6,402,268	6,564,417	6,407,078
Transportation	2,813,289	2,749,936	2,754,810	2,615,258
Non-instructional programs	123,241	128,979	130,525	121,088
Capital outlay	-	-	-	-
Long-term debt interest and fiscal charges	3,153,088	3,031,161	2,802,823	3,131,174
Other expenses:				
AEA flowthrough	3,107,129	3,055,116	2,923,429	2,777,361
Depreciation(unallocated)	4,204,016	4,133,605	4,010,529	3,807,359
Total governmental activities	93,485,467	87,590,215	82,120,570	79,200,239
<u>Business type activities:</u>				
Food service operations	3,664,633	3,357,540	3,113,499	3,084,733
Aquatic center operations	258,173	239,212	161,128	46,519
ROAR store operations	31,857	12,426	7,353	-
Total business type activities	3,954,663	3,609,178	3,281,980	3,131,252
Total primary government expenses	97,440,130	91,199,393	85,402,550	82,331,491
Program Revenues				
<u>Governmental activities:</u>				
Charges for services:				
Instruction	6,745,753	6,407,571	5,516,329	4,735,812
Support services	24,166	12,868	93,335	18,181
Capital outlay	-	-	-	-
Operating grants and contributions	6,581,814	6,047,560	5,991,216	10,866,887
Capital grants and contributions	25,500	18,989	10,000	-
Total governmental activities	13,377,233	12,486,988	11,610,880	15,620,880
<u>Business type activities:</u>				
Charges for services:				
Food service operations	2,244,925	2,185,826	2,165,481	2,030,952
Aquatic center operations	293,629	273,967	239,569	53,211
Roar Store operations	31,494	12,335	9,555	-
Operating grants and contributions	1,287,140	1,226,303	1,170,943	1,177,210
Capital grants and contributions	-	-	-	-
Total business type activities	3,857,188	3,698,431	3,585,548	3,261,373
Total primary government revenues	17,234,421	16,185,419	15,196,428	18,882,253
Net (Expense)/Revenues				
Total governmental activities	(80,108,234)	(75,103,227)	(70,509,690)	(63,579,359)
Total business type activities	(97,475)	89,253	303,568	130,121
Total primary government net expense	\$ (80,205,709)	(75,013,974)	(70,206,122)	(63,449,238)

Source: School District financial records.

Fiscal Year					
2013	2012	2011	2010	2009	2008
31,630,043	30,061,936	28,640,227	27,660,836	27,781,726	25,437,813
7,647,660	7,364,222	8,291,861	8,880,524	8,818,399	8,420,667
5,787,883	5,453,547	4,656,988	4,878,366	4,026,619	3,571,552
3,456,656	3,226,515	3,095,443	2,236,875	2,175,607	1,990,772
2,888,367	3,054,671	2,449,712	2,386,183	2,294,187	2,299,782
6,369,253	6,041,272	5,671,887	5,444,176	4,674,249	4,672,761
5,152,985	6,369,265	5,128,200	5,496,221	5,191,799	4,667,734
2,000,716	2,444,605	2,331,937	2,363,942	2,159,488	2,169,820
110,098	187,193	112,581	97,096	106,490	528,040
-	-	1,120,778	1,317,844	1,223,442	1,600,889
3,212,643	3,216,868	3,621,298	3,837,554	2,464,043	2,749,679
2,620,028	2,543,681	2,703,997	2,582,490	2,285,973	2,103,691
2,171,171	3,388,470	2,819,601	2,228,121	2,184,773	1,590,669
73,047,503	73,352,245	70,644,510	69,410,228	65,386,795	61,803,869
2,900,675	2,738,897	2,746,151	2,714,977	2,722,516	2,551,435
-	-	-	-	-	-
-	-	-	-	-	-
2,900,675	2,738,897	2,746,151	2,714,977	2,722,516	2,551,435
75,948,178	76,091,142	73,390,661	72,125,205	68,109,311	64,355,304
4,514,187	4,218,399	4,301,403	4,191,449	3,631,198	3,369,306
12,607	13,688	1,424,420	1,210,650	642,461	378,260
-	-	64,537	24,664	515,733	463,025
9,439,571	5,119,276	9,100,509	8,149,292	7,239,896	5,967,312
49,058	47,975	-	37,419	24,030	606,055
14,015,423	9,399,338	14,890,869	13,613,474	12,053,318	10,783,958
2,029,545	2,024,234	2,003,376	1,997,621	1,991,245	1,781,217
-	-	-	-	-	-
-	-	-	-	-	-
1,007,836	912,443	860,457	809,883	740,393	681,827
-	94,085	228,761	2,572	236,818	327,659
3,037,381	3,030,762	3,092,594	2,810,076	2,968,456	2,790,703
17,052,804	12,430,100	17,983,463	16,423,550	15,021,774	13,574,661
(59,032,080)	(63,952,907)	(55,753,641)	(55,796,754)	(53,333,477)	(51,019,911)
136,706	291,865	346,443	95,099	245,940	239,268
(58,895,374)	(63,661,042)	(55,407,198)	(55,701,655)	(53,087,537)	(50,780,643)

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			
	2017	2016	2015	2014
Net (Expense)/Revenues				
Total governmental activities	\$ (80,108,234)	(75,103,227)	(70,509,690)	(63,579,359)
Total business type activities	(97,475)	89,253	303,568	130,121
Total primary government net expense	(80,205,709)	(75,013,974)	(70,206,122)	(63,449,238)
General Revenues and Other Changes in Net Position				
<u>Governmental activities:</u>				
Property tax levied for:*				
General purposes	25,921,202	25,236,614	23,949,253	23,907,617
Capital outlay	3,272,294	3,188,525	3,105,578	3,285,473
Debt service	3,841,998	3,800,343	4,033,671	3,744,536
Sales tax	6,889,195	6,811,318	6,587,426	5,979,539
Unrestricted grants and contributions	42,547,658	41,329,762	39,054,690	29,979,713
Nonspecific program federal revenues	-	-	-	-
Investment earnings	121,291	104,072	79,221	92,990
Miscellaneous	965,032	532,864	590,682	1,047,657
Total governmental activities	83,558,670	81,003,498	77,400,521	68,037,525
<u>Business type activities:</u>				
Investment earnings	3,560	2,368	2,180	1,892
Miscellaneous	130	-	414	14
Total business type activities	3,690	2,368	2,594	1,906
Total primary government	83,562,360	81,005,866	77,403,115	68,039,431
Change in Net Position				
Total governmental activities	3,450,436	5,900,271	6,872,640	4,458,166
Total business type activities	(93,785)	91,621	306,162	132,027
Total primary government	\$ 3,356,651	5,991,892	7,178,802	4,590,193

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 92-98.

Source: School District financial records.

Fiscal Year					
2013	2012	2011	2010	2009	2008
(59,032,080)	(63,952,907)	(55,753,641)	(55,796,754)	(53,333,477)	(51,019,911)
136,706	291,865	346,255	95,099	245,940	239,268
(58,895,374)	(63,661,042)	(55,407,386)	(55,701,655)	(53,087,537)	(50,780,643)
23,421,086	23,341,607	24,868,320	22,702,893	21,831,162	19,280,777
3,133,993	2,976,713	1,781,832	2,979,169	2,475,886	2,160,905
3,766,765	3,807,344	3,684,005	3,899,645	3,888,560	3,445,151
5,600,634	6,441,915	6,121,089	6,709,286	5,592,757	5,678,033
28,870,083	32,295,010	26,871,830	23,992,475	25,677,917	24,618,955
187,358	939,496	-	-	-	-
134,959	124,796	124,865	214,798	277,510	879,825
1,083,700	1,071,828	645,187	306,483	486,687	407,049
66,198,578	70,998,709	64,097,128	60,804,749	60,230,479	56,470,695
1,839	1,529	979	846	1,866	5,572
56,966	132	-	-	5,717	-
58,805	1,661	979	846	7,583	5,572
66,257,383	71,000,370	64,098,107	60,805,595	60,238,062	56,476,267
7,166,498	7,045,802	8,343,487	5,007,995	6,897,002	5,450,784
195,511	293,526	347,234	95,945	253,523	244,840
7,362,009	7,339,328	8,690,721	5,103,940	7,150,525	5,695,624

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

	Fiscal Year			
	2017	2016	2015	2014
General Fund:				
Nonspendable	\$ -	-	-	-
Restricted	1,513,994	1,363,797	1,793,043	1,739,691
Committed	-	-	-	-
Assigned	476,285	445,301	521,726	484,639
Unassigned*	8,407,084	8,317,146	8,091,108	8,797,941
Total general fund	10,397,363	10,126,244	10,405,877	11,022,271
All Other Governmental Funds:				
Restricted for:				
Capital projects funds	7,494,765	15,467,494	11,960,248	7,954,093
Special revenue funds	7,572,003	7,126,623	6,363,405	11,372,990
Total all other governmental funds	15,066,768	22,594,117	18,323,653	19,327,083
Total governmental funds	\$ 25,464,131	32,720,361	28,729,530	30,349,354

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					
2013	2012	2011	2010	2009	2008
-	-	37,400	-	-	-
1,706,507	1,536,821	1,487,025	943,448	462,658	323,383
-	-	285,459	-	-	-
443,261	-	110,941	-	-	-
9,512,398	10,234,148	7,889,075	5,172,927	4,663,394	2,953,846
11,662,166	11,770,969	9,809,900	6,116,375	5,126,052	3,277,229
21,454,673	3,749,121	6,251,625	15,430,146	7,026,156	1,765,430
6,093,726	10,561,734	10,537,482	10,490,979	5,332,590	2,623,576
27,548,399	14,310,855	16,789,107	25,921,125	12,358,746	4,389,006
39,210,565	26,081,824	26,599,007	32,037,500	17,484,798	7,666,235

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

	Fiscal Year			
	2017	2016	2015	2014
Local sources:				
Property taxes	\$ 33,035,494	32,225,482	31,088,502	30,937,626
Tuition	4,869,613	4,266,217	3,604,028	3,350,347
Other revenues	3,057,301	2,844,683	2,773,333	2,607,885
Total local sources	40,962,408	39,336,382	37,465,863	36,895,858
Intermediate sources:				
Other revenues	8,000	-	-	-
Total intermediate sources	8,000	-	-	-
State sources:				
Statewide sales, services and use tax	6,889,195	6,811,318	6,587,426	5,979,539
State grants	46,582,216	45,294,013	42,737,570	44,565,250
Total state sources	53,471,411	52,105,331	49,324,996	50,544,789
Federal sources:				
Federal grants	2,494,084	2,048,773	2,220,542	2,197,297
Total federal sources	2,494,084	2,048,773	2,220,542	2,197,297
Total revenues	\$ 96,935,903	93,490,486	89,011,401	89,637,944

Source: School District financial records.

Fiscal Year					
2013	2012	2011	2010	2009	2008
30,321,844	30,125,664	30,323,051	29,571,174	28,185,239	24,876,851
2,989,998	2,824,909	2,510,058	2,176,974	1,968,604	1,792,758
2,855,684	2,647,870	2,805,732	2,701,306	3,057,302	3,483,303
36,167,526	35,598,443	35,638,841	34,449,454	33,211,145	30,152,912
-	-	-	-	-	1,892
-	-	-	-	-	1,892
5,600,634	6,441,915	6,121,089	6,709,286	5,592,757	5,678,033
36,219,406	35,327,946	33,473,648	27,767,019	31,357,360	29,653,682
41,820,040	41,769,861	39,594,737	34,476,305	36,950,117	35,331,715
2,277,606	3,029,743	3,752,150	5,484,986	2,108,874	1,837,335
2,277,606	3,029,743	3,752,150	5,484,986	2,108,874	1,837,335
80,265,172	80,398,047	78,985,728	74,410,745	72,270,136	67,323,854

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

	Fiscal Year			
	2017	2016	2015	2014
Instruction	\$ 54,341,263	52,864,635	49,047,463	48,230,224
Student services	4,322,032	3,704,754	3,673,553	3,564,347
Instructional staff services	5,622,911	5,382,209	5,112,761	3,072,281
Administration services	6,999,671	6,932,883	6,608,157	6,333,244
Operation and maintenance of plant services	6,499,306	6,567,506	6,464,301	6,263,679
Transportation services	2,829,377	2,782,122	2,763,461	2,691,915
Non-instructional programs	123,241	128,979	130,525	121,088
Capital outlay	9,448,106	19,381,436	8,626,662	8,992,938
AEA flowthrough	3,107,129	3,055,116	2,923,429	2,777,361
Debt service:				
Principal	23,870,000	5,780,000	6,405,675	30,663,356
Interest and fiscal charges	3,098,806	2,933,691	2,743,913	3,328,577
Total expenditures	<u>\$ 120,261,842</u>	<u>109,513,331</u>	<u>94,499,900</u>	<u>116,039,010</u>
Debt service as a percentage of noncapital expenditures	24.34%	9.67%	10.65%	31.75%

Source: School District financial records.

Fiscal Year					
2013	2012	2011	2010	2009	2008
45,215,491	42,714,244	41,480,379	41,092,354	40,272,400	37,737,920
3,469,352	3,226,515	3,095,442	2,236,875	2,175,608	2,012,520
2,971,449	3,038,724	2,514,172	2,369,786	2,356,883	2,202,437
6,221,704	6,086,374	5,821,026	5,432,534	4,766,021	4,599,765
5,625,511	5,088,137	5,179,501	5,165,727	5,144,794	4,703,119
2,550,324	2,506,679	2,095,187	2,477,945	2,373,708	2,281,106
167,064	187,193	112,581	97,096	106,490	108,086
8,560,965	5,946,332	11,932,534	25,726,426	7,635,006	13,889,914
2,620,028	2,543,681	2,703,997	2,582,490	2,285,973	2,103,691
6,381,134	6,327,396	17,676,750	10,729,432	2,683,424	11,462,161
3,145,633	3,266,476	3,569,922	3,409,086	2,304,355	3,075,404
86,928,655	80,931,751	96,181,491	101,319,751	72,104,662	84,176,123

12.16%	12.59%	25.24%	7.69%	20.59%	8.85%
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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			
	2017	2016	2015	2014
Excess(Deficiency) of revenues over(under) expenditures \$	(23,325,939)	(16,022,845)	(5,488,499)	(32,380,605)
Other financing sources(uses)				
Capital lease proceeds	-	-	-	-
Transfer in	7,173,507	6,001,233	8,246,454	16,099,513
Transfer out	(7,173,507)	(6,001,233)	(8,246,454)	(16,099,513)
Sale of equipment	49,624	13,676	-	53,819
Compensation for loss on capital assets	71,872	-	-	-
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
General obligation refunding bonds issued	14,125,000	-	-	-
General obligation bonds issued	-	-	-	-
Net premium/discounts on bond issuances	1,823,213	-	-	665,575
Total other financing sources (uses)	16,069,709	20,013,676	3,868,675	23,519,394
Change in fund balances	\$ (7,256,230)	3,990,831	(1,619,824)	(8,861,211)

Source: School District financial records.

Fiscal Year					
2013	2012	2011	2010	2009	2008
(6,663,483)	(533,704)	(17,195,763)	(26,909,006)	165,474	(16,852,269)
-	-	-	314,228	-	399,706
16,193,578	6,009,968	5,462,810	4,753,458	2,573,335	1,622,661
(16,193,578)	(6,009,968)	(5,462,810)	(4,753,458)	(2,573,335)	(1,622,661)
5,795	16,521	1,769	7,481	1,119	-
-	-	-	-	-	-
-	-	500	-	19,300	-
-	-	-	-	-	-
20,000,000	-	-	34,400,000	9,632,670	-
-	-	-	6,740,000	-	-
-	-	11,755,000	-	-	-
(213,571)	-	-	-	-	-
19,792,224	16,521	11,757,269	41,461,709	9,653,089	399,706
13,128,741	(517,183)	(5,438,494)	14,552,703	9,818,563	(16,452,563)

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
2017	\$ 51,922,604	\$ 24,630,371	\$ -	\$ 3,107,129	\$ 79,660,104	(12,281)
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)

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
2017	\$ 24,785,704	\$ 46,347,416	\$ 2,494,084	\$ 6,253,052	\$ 79,880,256	\$ 63,248
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	-

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			
2015	2016-17	2,436,608,100	484,766,546	267,382,298	1,233,351,437	1,955,405,507	17.37723
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

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
2017	\$ 32,941,467	\$ 32,848,881	99.72%	\$ -	\$ 32,848,881	99.72%
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%

Source: School District Financial Records

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

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2015	2016-17			
	County	6.14108	6.14108	6.14108
	Schools	17.37723	17.37723	17.37723
	City	15.21621	13.82108	7.96103
	Miscellaneous	1.48018	1.45693	1.45693
	Total Levy	40.21470	38.79632	32.93627
Ratio of Linn-Mar Community School District to Total		43.21%	44.79%	52.76%
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%

Source: Linn County Auditor

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2011	2012-13			
	County	6.11191	6.11191	6.11191
	Schools	17.73099	17.73099	17.73099
	City	15.21621	13.62416	8.02375
	Miscellaneous	1.35108	1.64296	1.64296
	Total Levy	40.41019	39.11002	33.50961
Ratio of Linn-Mar Community School District to Total		43.88%	45.34%	52.91%
2010	2011-2012			
	County	6.11117	6.11117	6.11117
	Schools	18.54161	18.54161	18.54161
	City	15.21621	13.5098	8.60023
	Miscellaneous	1.29745	1.59012	1.59012
	Total Levy	41.16644	39.7527	34.84313
Ratio of Linn-Mar Community School District to Total		45.04%	46.64%	53.21%
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%

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

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2007	2008-2009			
	County	6.14971	6.14971	6.14971
	Schools	20.40133	20.40133	20.40133
	City	15.07076	14.1385	9.1834
	Miscellaneous	1.25457	1.47989	1.47989
	Total Levy	42.87637	42.16943	37.21433
Ratio of Linn-Mar Community School District to Total		47.58%	48.38%	54.82%
2006	2007-2008			
	County	5.88629	5.88629	5.88629
	Schools	19.39588	19.39588	19.39588
	City	14.6161	13.78572	9.33124
	Miscellaneous	1.26327	1.23029	1.23029
	Total Levy	41.16154	40.29818	35.8437
Ratio of Linn-Mar Community School District to Total		47.12%	48.13%	54.11%

LINN-MAR COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES 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
2017	\$ 13.14183	\$ 0.47075	\$ 0.33000	\$ 0.13500	\$ 1.34000	\$ 1.95965	\$ 17.37723
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

Source: School District Financial Records

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

Taxpayer	2015 Value 1-1-15 Valuation	Percentage of Total Taxable Value Valuation *	2006 Taxable Value 1-1-06 Valuation	Percentage of Total Taxable Value Valuation **
SDG Macerich Properties	\$ 35,274,770	1.80 %	35,189,860	2.64 %
Rockwell Collins Inc.	29,525,806	1.51	37,345,534	2.80
Wal-Mart Real Estate Business Trust	12,341,790	0.63	8,897,422	0.67
Collins Square LLC	10,619,910	0.54	-	-
Apple Ten Hospitality Ownership, Inc.	8,945,730	0.46	-	-
Marion Senior Development LLC	7,777,767	0.40	6,982,253	0.52
Atrium Finance	7,318,800	0.37	9,675,466	0.73
National Retail Properties LP	7,305,480	0.37	-	-
Target Corporation	7,240,410	0.37	-	-
CR-Collins LLC	7,210,530	0.37	-	-
OPM, LC	-	-	11,776,486	0.88
Developers Diversified Realty Corp	-	-	11,552,641	0.87
Davis Realty	-	-	10,457,343	0.79
Interstate Power/Alliant	-	-	8,218,530	0.62
Hy-Vee Food Stores	-	-	6,371,031	0.48
Total	<u>\$ 133,560,993</u>	6.82 %	<u>\$ 146,466,566</u>	11.00 %

* 2015 Total District Taxable Valuation is \$1,955,405,507

** 2006 Total District Taxable Valuation was \$1,331,413,999

Note: The 2015 valuation was reported because the taxes collected during the 2017 fiscal year were based on the 2015 valuation.

Note: The 2006 valuation was reported because the taxes collected during the 2008 fiscal year were based on the 2006 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	Capital Loan Notes	Total Bonds	Ratio of Bonded Debt To Assessed Value	Bonded Debt Per Capita *
2017	\$ 3,188,756,944	\$ 27,305,000	\$ 53,310,000	\$ 8,985,000	\$ 89,600,000	2.81 %	\$ 335
2016	3,086,175,472	32,335,000	57,010,000	10,000,000	99,345,000	3.22	372
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

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 *	Outstanding Debt Per Capita
2017	\$ 27,305,000	\$ 53,310,000	\$ 8,985,000	\$ -	\$ 89,600,000	0.67 %	\$ 335
2016	32,335,000	57,010,000	10,000,000	-	99,345,000	0.81	372
2015	35,585,000	49,540,000	-	-	85,125,000	0.75	320
2014	38,805,000	49,005,000	-	55,675	87,865,675	0.80	332
2013	42,260,000	53,360,000	-	109,031	95,729,031	0.88	365
2012	45,365,000	36,585,000	-	160,165	82,110,165	0.77	316
2011	48,440,000	39,705,000	-	292,561	88,437,561	0.87	342
2010	51,215,000	42,725,000	-	419,310	94,359,310	0.95	366
2009	53,870,000	9,525,000	-	239,512	63,634,512	0.62	249
2008	56,485,000	-	-	-	56,485,000	0.58	223

Source: School District financial records.

Notes: * See Miscellaneous Demographic Statistics on page 105. These ratios are calculated using personal income and population for the prior calendar year.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Bonds				Capital Loan Notes			
	Revenue*	Debt Service		Coverage	Revenue**	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2017	\$ 6,889,195	\$ 3,700,000	\$ 1,677,229	1.28	\$ 3,364,875	\$ 1,015,000	\$ 195,000	2.78
2016	6,811,318	2,530,000	1,634,525	1.64	3,290,745	-	-	N/A
2015	6,587,426	3,130,000	1,415,579	1.45	3,164,958	-	-	N/A
2014	5,979,539	2,710,000	855,871	1.68	3,045,026	-	-	N/A
2013	5,600,634	3,225,000	1,417,702	1.21	2,905,197	-	-	N/A
2012	6,441,915	3,120,000	1,532,367	1.38	2,759,337	-	-	N/A
2011	6,121,089	3,020,000	1,507,500	1.35	1,575,427	-	-	N/A
2010	6,709,286	1,200,000	726,581	3.48	1,484,240	-	-	N/A
2009	5,592,757	-	-	N/A	1,413,156	-	-	N/A
2008	-	-	-	N/A	1,303,516	-	-	N/A

Source: School District financial records.

* Revenue collected is the statewide sales, services and use tax collected each year in the District's Capital Projects: Statewide Sales, Services and Use Tax Account.

** Revenue shown is property tax revenue collected for each fiscal year in the District's Capital Projects: Physical Plant and Equipment Levy Account.

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

	2016-17	2015-16	2014-15	2013-14
Total Assessed Valuation	<u>\$ 3,185,631,924</u>	<u>\$ 3,083,040,792</u>	<u>\$ 3,002,346,722</u>	<u>\$ 2,915,115,013</u>
Bonded Debit Limit *				
5% of assessed valuation	159,281,596	154,152,040	150,117,336	145,755,751
Bonded Debt at end of fiscal year	<u>89,600,000</u>	<u>99,345,000</u>	<u>85,125,000</u>	<u>87,865,675</u>
Debt Margin at end of fiscal year	<u>\$ 69,681,596</u>	<u>\$ 54,807,040</u>	<u>\$ 64,992,336</u>	<u>\$ 57,890,076</u>
Legal Debt Margin as a Percentage of debt limit	43.75%	35.55%	43.29%	39.72%

* Code of Iowa Section 296.1

Source: Linn County Auditor
School District Financial Records

2012-13	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
\$ 2,859,738,700	\$ 2,783,050,196	\$ 2,700,703,687	\$ 2,545,408,524	\$ 2,441,242,271	\$ 2,255,811,533
142,986,935	139,152,510	135,035,184	127,270,426	122,062,114	112,790,577
95,729,031	82,110,165	88,437,561	94,359,310	63,634,512	56,485,000
\$ 47,257,904	\$ 57,042,345	\$ 46,597,623	\$ 32,911,116	\$ 58,427,602	\$ 56,305,577
33.05%	40.99%	34.51%	25.86%	47.87%	49.92%

LINN-MAR COMMUNITY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2017

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Linn-Mar Community School District Share of Debt
<u>Direct:</u>			
Linn-Mar Community School District	\$ 27,305,000	100.00%	\$ 27,305,000
<u>Overlapping:</u>			
City of Cedar Rapids	160,955,075	11.12%	17,898,204
City of Marion	48,305,000	70.42%	34,016,381
City of Robbins	7,645,000	25.96%	1,984,642
Kirkwood Community College	56,343,000	8.16%	4,597,589
Linn County	23,980,000	18.49%	4,433,902
Total Overlapping	297,228,075		62,930,718
Total Direct and Overlapping Debt	<u>\$ 324,533,075</u>		<u>\$ 90,235,718</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
MISCELLANEOUS DEMOGRAPHIC STATISTICS
Last Ten Years

				Cedar Rapids	Marion	Linn-County		State	
Calendar		Personal	Per Capita	Retail Sales	Retail Sales	Unemployment		Unemployment	
Year	Population	Income	Income	(In Millions)	(In Millions)	Rate		Rate	
2016	267,447	\$ 13,375,291,917	\$ 50,011	\$ 3,190.5	\$ 364.4	3.70	%	3.50	%
2015	266,998	12,816,704,994	48,003	3,525.8	456.6	3.90		3.80	
2014	265,624	12,429,078,208	46,792	3,044.2	351.2	4.40		4.00	
2013	264,346	11,973,287,724	45,294	2,972.5	339.7	5.00		4.40	
2012	262,534	11,870,474,810	45,215	2,931.3	341.0	5.20		4.90	
2011	259,828	11,174,162,968	43,006	2,862.1	328.9	5.70		5.30	
2010	258,467	10,693,813,658	41,374	2,645.4	333.3	6.00		5.70	
2009	257,530	10,417,088,500	40,450	2,894.8	351.8	6.10		6.40	
2008	255,452	10,455,139,456	40,928	2,576.7	315.6	4.10		5.30	
2007	252,780	9,823,030,800	38,860	2,444.5	344.5	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 2017 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	Valuation	
2016	65	\$ 95,888,669	16	\$ 12,384,735	
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	

City of Cedar Rapids New Industrial			City of Marion New Industrial		
Year	# of Permits	Valualtion	# of Permits	Valuation	
2016	-	\$ -	-	\$ -	
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	-	-	

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 2017 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	
2016	219	\$ 22,354,265	164	\$ 19,773,834	
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	

City of Cedar Rapids Multi-Family			City of Marion Multi-Family		
Year	# of Permits	Valuation	# of Permits	Valuation	
2016	46(n/a)	\$ 6,783,769	27(n/a)	\$ 7,329,250	
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	

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 2017 is not yet available.



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

Employer	2016			2007		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
State University of IA/Hospital	34,378	17.11	%	25,751	13.63	%
Rockwell-Avionics	8,000	3.98		8,900	4.71	
Area Schools/AEA	6,416	3.19		5,124	2.71	
TransAmerica	3,800	1.89		2,800	1.48	
St. Luke's Hospital	2,979	1.48		2,400	1.27	
Mercy Medical Center	2,140	1.07		2,418	1.28	
Whirlpool Corporation	3,400	1.69		826	0.44	
Kirkwood Comm. College	810	0.40		1,443	0.76	
Veterans Health Administration	1,562	0.78		1,232	0.65	
Pearson	1,756	0.87		1,929	1.02	
Mercy Iowa City	900	0.45		1,250	0.66	
Hy-Vee Stores	2,425	1.21		2,971	1.57	
Wal-mart Stores, Inc.	1,048	0.52		1,530	0.81	
Total	69,614	34.65	%	58,574	31.01	%

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

Note: These numbers are prepared on a calendar year basis so 2017 information would be unavailable at this time.
In addition, we have provided the 2007 data to retain a ten year reference from the 2016 data presented in the table above.

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

	Fiscal Year			
	2017	2016	2015	2014
<u>Administration</u>				
Superintendent	1	1	1	1
Associate Superintendent	1	1	1	1
Principals	10	10	10	10
Assistant Principals	9	9	9	8
Deans	1	1	1	2
School Admin. Manager	7	7	7	7
Other Administrators	5	5	5	5
Supervisors	7	8	7	7
<u>Instructors</u>				
Regular Program Teachers	417.17	419.37	402.5	376.5
Special Education Teachers	65.50	65	65	62
<u>Student Services</u>				
Guidance Counselors	19	18	19	19
Media Specialists	10	10	10	10
Curriculum Coordinators	5	5	5	4
Other Licensed Staff	7	7	6	6
Other Coordinators	9	9	9	9
<u>Support Personnel</u>				
Nurse	5.5	4.5	4	4
Clerical	41	42.5	42.43	42.43
Paraeducators	224.7	212.5	195	192.38
Custodial & Maintenance	70.5	70.1	73	70.06
Food Service	54	54	53	51.02
Bus Drivers	30	30	28	27.67
	<u>999.37</u>	<u>988.97</u>	<u>952.93</u>	<u>915.06</u>

Source: District Personnel Records

Fiscal Year					
2013	2012	2011	2010	2009	2008
1	1	1	1	1	1
1	1	1	1	1	1
10	10	10	10	10	10
8	8	8	6	6	5
2	2	2	2	2	2
7	7	7	5	3	2
4	4	4	4	4	4
7	7	8	7	7	4.5
377.5	363.5	367.33	366.6	362.6	356.92
62	64	54.27	56	55	54
18	17	17	17	17	17
10	10	10	10	10	9
4	2	2	2	2	2
6	6	6	5	5	5
8	8	6	4	4	4
4	4	4	4	4	4
43.5	41.26	43.56	43.5	43.4	40.36
187.5	178.48	144.95	154.9	149	144.27
73	61.5	58	63	63	63.06
52.5	48.51	51.57	49.82	48.16	48.07
26.77	28.18	26.9	28.19	27.09	21.53
912.77	872.43	832.58	840.01	824.25	798.71

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 *
2017	\$ 213,076,371	\$ 9,448,106	\$ 20,017,152
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

* 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
2016-2017	\$ 79,672,385	7,140	\$ 11,159
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

* 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			
	2008	2009	2010	2011
<u>Elementary</u>				
Bowman Woods				
Square Feet	50,906	50,906	50,906	50,906
Capacity	500	500	500	500
Enrollment	474	437	429	417
Echo Hill				
Square Feet	-	78,000	78,000	78,000
Capacity	-	600	600	600
Enrollment	-	511	542	458
Indian Creek				
Square Feet	49,200	49,200	49,200	49,200
Capacity	450	450	450	450
Enrollment	366	385	430	452
Linn Grove				
Square Feet	78,000	78,000	78,000	78,000
Capacity	600	600	600	600
Enrollment	374	379	392	440
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	400	400	400	400
Enrollment	345	357	351	484
Westfield				
Square Feet	58,000	58,000	58,000	58,000
Capacity	500	500	500	500
Enrollment	472	427	457	459
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	411	442	436	447
<u>PreK-8 Building ^c</u>				
Oak Ridge				
Square Feet	105,383	-	-	-
Capacity	750	-	-	-
Enrollment	925	-	-	-
<u>Middle School/Intermediate ^a</u>				
Excelsior				
Square Feet	126,700	126,700	126,700	126,700
Capacity	1,100	1,100	1,100	1,100
Enrollment	785	767	738	761
Oak Ridge ^c				
Square Feet	-	105,383	105,383	105,383
Capacity	-	750	750	750
Enrollment	-	599	659	700
<u>High School/Junior High ^b</u>				
Square Feet	305,000	305,000	305,000	305,000
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,694	1,761	1,806	1,708

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

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

^b 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.

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

Source: School District financial records.

Fiscal Year					
2012	2013	2014	2015	2016	2017
50,906	50,906	50,906	50,906	50,906	50,906
500	500	550	550	550	550
436	408	419	484	484	482
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
432	502	512	567	612	610
49,200	49,200	49,200	49,200	49,200	49,200
450	450	500	500	500	500
447	502	502	509	516	529
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
460	454	466	491	562	568
57,300	78,000	78,000	78,000	78,000	78,000
400	600	600	600	600	600
485	504	518	454	529	547
58,000	58,000	58,000	58,000	58,000	66,763
500	500	500	500	500	600
446	453	452	426	437	427
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
458	432	440	479	465	446
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,000	1,000	1,000	1,100
849	927	938	928	947	974
105,383	105,383	105,383	105,383	117,013	119,712
750	750	750	750	800	800
670	678	681	713	756	753
305,000	305,000	315,478	315,478	315,478	302,704
1,800	1,800	2,200	2,200	2,200	2,400
1,776	1,928	1,934	1,979	2,012	2,061

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*
2016-2017	\$ 8,883,369	\$ 79,943,504	11.11%
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%

* 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>
2017	7,478	7,140	95.48 %
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

Source: District Enrollment Records

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

<u>Fiscal Year</u>	<u>Open Enrollment In</u>	<u>Open Enrollment Out</u>	<u>Net Gain/(Loss)</u>
2017	590	555	35
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)

Source: School District Certified Enrollment Records

SINGLE AUDIT SECTION



LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

GRANTOR/PROGRAM	PASS-THROUGH ENTITY		EXPENDITURES
	CFDA NUMBER	IDENTIFYING NUMBER	
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 17	130,089
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 17	1,131,156 *
			<u>1,261,245</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 17	<u>452,146</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 17	<u>45,674</u>
SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	84.323	FY17	<u>11,773</u>
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	FY 17	<u>96,677</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 17	<u>14,314</u>
GRANTWOOD AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 17	<u>331,742</u>
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 17	<u>2,186</u>
Total			\$ 2,215,757

* - Includes \$231,122 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Linn-Mar Community School District under programs of the federal government for the year ended June 30, 2017. 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.

Indirect Cost Rate - 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, 2017, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2017.

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, 2017 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 30, 2017
Newton, Iowa

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 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, 2017. 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, 2017.

Report on Internal Control Over Compliance

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 internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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 material weaknesses or significant deficiencies. 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.



NOLTE, CORNMAN & JOHNSON, P.C.

November 30, 2017
Newton, Iowa

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (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 the major programs were noted by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (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, 2017

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, 2017

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-17 Certified Budget - District expenditures for the year ended June 30, 2017 did not exceed amended certified budgeted amounts.

IV-B-17 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-17 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-17 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	\$ 1,389

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-17 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-17 Board Minutes - No transactions requiring Board approval which have not been approved by the Board were noted.

IV-G-17 Certified Enrollment - We noted variances in the basic enrollment data certified to the Iowa Department of Education. The number of students certified to the Iowa Department of Education was understated by 1.00 student for the Fall 2016 count.

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

Response – The District and/or District's auditors will contact the Iowa Department of Education and the Department of Management to resolve this matter.

Conclusion - Response accepted.

IV-H-17 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-17 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-17 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-17 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-L-17 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses 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, 2017, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	7,031,752
Revenues:			
Statewide sales, services and use tax	\$	6,889,195	
Interest on investments		53,291	6,942,486
			<u>13,974,238</u>
Expenditures/transfers out:			
School infrastructure construction		120,322	
Land purchased		94,123	
Equipment		1,063,622	
Other		121,238	
Transfers to other funds:			
Debt service		5,951,226	7,350,531
Ending balance			<u><u>\$ 6,623,707</u></u>

For the year ended June 30, 2017, the District reduced the following levy 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	<u><u>\$ 0.26000</u></u>	<u><u>\$ 500,000</u></u>