COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

LINN-MAR COMMUNITY SCHOOL DISTRICT

Marion, Iowa

For the fiscal year ended June 30, 2013

LINN-MAR™ Community School District

OFFICIAL ISSUING REPORT

J.T. Anderson, CPA

Chief Financial Officer

Board Treasurer

2999 North 10th Street

Marion, IA 52302

LINN-MAR
Community School District
Kathleen Mulholland, Ed.D
Superintendent

Dirk Halupnik, Ed.D
Deputy Superintendent
Chief Academic Officer

J.T. Anderson
Chief Financial Officer
Board Treasurer

Karla Christian
Executive Director of
Human Resources

Julie Jensen
Executive Director of
Student Services

Rick Ironside, Ed.D
Executive Director of
Support Services

Jeri Ramos
Executive Director of
Technology Services

Angie Morrison
Business Manager
Board Secretary

Barry Buchholz
President
Board of Directors

DISTRICT SCHOOLS

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

Excelsior, 6-8
John Christian
Principal

Oak Ridge, 6-8
Erica Rausch
Principal

Bowman Woods, ECBP/PK-5
John Zimmerman
Principal

Echo Hill, ECBP/PK-5
Dan Ludwig
Principal

Indian Creek, K-5
Tina Monroe
Principal

Linn Grove, ECBP/PK-5
Chad Schumacher
Principal

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

Westfield, K-5
Ed Rogers
Principal

Wilkins, K-5
Marilee McConnell
Principal

Inspire Learning. Unlock Potential. Empower Achievement.

November 27, 2013

Barry Buchholz, 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, 2013. This report has been prepared to conform to the guidelines recommended by the Association of School Business Officials International.

MANAGEMENT RESPONSIBILITY

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of the operations of the governmental activities, business type activities, each major fund and aggregate of the remaining funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the entire District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

CAFR

The 2013 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, 2012, 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

2999 North Tenth Street ▪ Marion, IA 52302 ▪ Phone 319.447.3000 ▪ FAX 319.377.9252 ▪ www.linnmar.k12.ia.us

financial statements, required supplementary information, and combining and individual fund statements and schedules. The audited basic financial statements provide both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The MD&A is provided by management as a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Statistical Section- This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparison.

Compliance Section- This section includes audit reports relating to the Board's single audit over internal control, federal and state awards, Schedule of Expenditures of Federal and State Awards.

Linn-Mar Community School District

This report includes all funds of the Linn-Mar Community School District. The District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, clerical and extra- and co-curricular activities.

The District is governed by a seven-member elected Board of Education. During the 2008 legislative session, a bill was passed that changed the board terms from three years to four years and requires school elections to be held in September of odd numbered years, beginning in September 2009. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Linn-Mar Community School District is located in Linn County in east central Iowa. The District includes portions of Cities of Cedar Rapids, Marion and Robins, as well as unincorporated land in northern Linn County. The District originated in 1948 as Marion Rural Independent School District, and became the Marion Rural Community School District under the Community School Reorganization Act adopted in 1955. It operated under this name from 1955 to 1963 when its name was changed to Linn-Mar Community School District. The District is currently the 12th largest of Iowa's 348 public school systems. The certified enrollment taken on the October 1, 2012 was approximately 6,880 students. The District operates one high school, two middle schools, seven elementary schools, an alternative High School Program, a special education transition program, a home school assistance program and an early childhood preschool program. The District provides a full range of educational services appropriate to students in early childhood and preschool through grade twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational-technical education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students.

In addition to a strong PK-12 educational program, the District works with Kirkwood Community College to offer courses for qualified high school students and a community education program for adult learners.

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

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1-6
Certificate of Excellence from the Association of School Business Officials of the United States and Canada	7
Organizational Chart	8
Board of Education and School District Administration	9

FINANCIAL SECTION

Independent Auditor's Report	11-12
Management's Discussion and Analysis	13-23
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Governmental Fund Financial Statements:	
Balance Sheet Governmental Funds	28
Reconciliation of the Balance Sheet - Governmental Funds to Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	31
Proprietary Fund Financial Statements:	
Statement of Net Position Proprietary Fund	32
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds	33
Statement of Cash Flows Proprietary Funds	34
Notes to Basic Financial Statements	35-49
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Actual to Budget - All Governmental Funds and Proprietary Funds	52
Notes to Required Supplementary Information - Budgetary Reporting	53
Schedule of Funding Progress for the Retiree Health Plan	54
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	56
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	57
Capital Projects Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	59

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CONTENTS

STATISTICAL SECTION

	Page
Net Position by Component, Last Ten Fiscal Years	62-63
Expenses, Program Revenues and Net (Expense)/Revenue, Last Ten Fiscal Years	64-65
Total Primary Government Net Expenses, General Revenues and Total Change in Net Position, Last Ten Fiscal Years	66-67
Fund Balances, Governmental Funds, Last Ten Fiscal Years	68-69
Governmental Funds Revenues, Last Ten Fiscal Years	70-71
Governmental Funds Expenditures and Debt Ratio, Last Ten Fiscal Years	72-73
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years	74-75
General Fund Expenditures, by Function, and Other Financing Uses	76
General Fund Revenues, By Source, and Other Financing Sources	77
Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	78
Property Tax Levies and Collections, Last Ten Fiscal Years	79
Property Tax Rates per $1,000 assessed Valuation All Direct and Overlapping Governments	80-82
Property Tax Rates by Fund Per $1,000 Assessed Valuation, Last Ten Fiscal Years	83
Principal Property Tax Payers, Current Year and Twelve Years Ago	84
Ratio of Bonded Debt to Assessed Values and Bonded Debt per Capita, Last Ten Fiscal Years	85
Outstanding Debt by Type, Last Ten Fiscal Years	86
Computation of Direct and Overlapping Debt, June 30, 2013	87
Computation of Legal Debt Margin, Last Ten Fiscal Years	88-89
Miscellaneous Demographic Statistics, Last Ten Years	90
New Commercial and Industrial Building Permits, Last Ten Years	91
New Single and Multi-Family Dwelling Permits, Last Ten Years	92
Principal Employers, Current Year and Thirteen Years Ago	93
Full-Time - Equivalent District Employees by Type, Last Ten Fiscal Years	94-95
Property Values, Construction and Bank Deposits, Last Ten Years	96
Operating Cost per Pupil	97
School Building Information, Last Ten Fiscal Years	98-99
Financial Solvency Ratio, Last Ten Fiscal Years	100
Schedule of Average Daily membership (ADM), Average Daily Attendence (ADA) And Ratio of ADA to ADM, Last Ten Fiscal Years	101
Open Enrolled Students, Last Ten Fiscal Years	102

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	104
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	105-106
Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	107-108
Schedule of Findings and Questioned Costs	109-113

Economic Condition and Outlook

Linn-Mar Community School District is located in the Cedar Rapids Metropolitan Service Area (MSA). The District covers 64 square miles and encompasses the north part of the city of Marion and the NE portion of city of Cedar Rapids. The Cedar Rapids Metropolitan Service Area is home to numerous Fortune 500 companies, two of which are located within Linn-Mar's District boundaries.

Rockwell Collins, a Fortune 500 company, is the largest employer, not only in the Linn-Mar District, but in the Cedar Rapids metro area. Rockwell Collins produces advanced communications and aviation electronics for both government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communications systems.

Rockwell Collins currently employs approximately 9,000 people in the Cedar Rapids / Iowa City Corridor and continues to expand their facilities throughout the Cedar Rapids Community. Rockwell Collins has been and will continue to have the state's largest technical workforce. The company also prides itself in the partnerships they have established with the local school districts in the area.

The District's facilities are in average-to-good condition. The oldest building, which opened in 1947 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 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.

The financial solvency ratio of the District measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities. After a declining solvency ratio from fiscal years 2000 to 2006, the ratio leveled out to around 5% for three consecutive fiscal years, 2006-2008; and increased to 8% for the 2009 school year. That upward trend continued as the solvency ratio peaked at 15.83% in the 2012 fiscal year. In fiscal year 2013 the solvency ratio decreased slightly with the District closing out the year at 15.27%. The current solvency ratio of 15.27% exceeds the target range of 5 to 15% as defined by the Iowa Association of School Boards. The State set the allowable growth rate at 2% for the 2014 fiscal year. It is anticipated that the District solvency ratio and spending authority will continue to decrease as the inflationary rate of expenditures exceeds the 2% allowable growth set by the State of Iowa.

Linn-Mar continues to see steady residential growth. In the City of Marion during the 2012 calendar year, 157 new single-family dwelling building permits were issued at a valuation of $18,988,018 and 24 new multi-family dwelling unit permits were issued at a valuation of $6,193,893.

District Major Initiative and Achievements

The staff, board, students, and community members are to be commended for making the 2012-2013 school year a very productive one. Some of the many accomplishments for the year include:

- With the help of very dedicated staff and patient parents, the District was able to successfully implement a new literacy series (Journeys) in all of the district's elementary and middle schools.

- The District began construction on a new multi-million dollar aquatic center. An aquatic center has been on the District's list of projects to be completed ever since HS girls and boys swimming was sanctioned by the board back in 1990. Since that time, the Linn-Mar swimmers have depended on the good will of the YMCA and Coe College for available pool time, which meant they had to swim during the very early morning and late evening hours. Now the swimmers will be able to practice at normal times and have a true home base for swim meets.

- Many staff members received local, regional, state and national recognition from various professional and community organizations for their dedicated work in educating our youth.

- The recording of approximately 24,336 volunteer hours with over 801 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, 67 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 ninth consecutive Certificate of Excellence in Financial Reporting award for the 2011-2012 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 2012-2013 school year, the students, as a group, continued to perform at a high level. Following are a few indicators:

- Student achievement exceeded the primary goal of one year of growth for each grade span in reading, math and science as measured on ITBS standardize test.

- Students in grades 5-8 met or exceeded their target growth on the NWEA MAP mathematics test.

- On the ITBS and ITED assessments, the students out-performed the state and nation in the content areas of reading, math, and science, continuing a multi-year tradition.

- Linn-Mar students continue to score higher than both the state and national averages of student that complete the ACT assessment. The 12-13 Linn-Mar Community School District composite ACT score was 24.2 compared to 22.1 for the state and 20.9 national composite scores with a 75% participation rate.

- Several Individual students or teams received state and/or national recognition in variety of academic, extra-curricular and co-curricular competitions. Fifty eight percent of the students who took AP exam, which totaled 423, scored 4 or better, resulting in multiple advanced placement scholars.

Financial Information

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

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Independent Audit

State law and District policy require an annual audit to be made of the books of account, financial records and transactions of all funds of the District by a Certified Public Accountant selected by the Board of Directors of the District. The District has complied with this requirement. The report of the District's independent accountants, Nolte, Cornman and Johnson, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United State of America and, accordingly, included a review of the District's system of budgetary and accounting controls.

Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO), awards a Certificate of Excellence in Financial Reporting. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of government financial reports

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

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

Acknowledgements

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

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

J.T. Anderson
Business Administrator
Board Treasurer

Dr. Kathleen Mulholland
Superintendent of Schools

Association of School Business Officials International

The Certificate of Excellence in Financial Reporting Award
is presented to

Linn-Mar Community School District

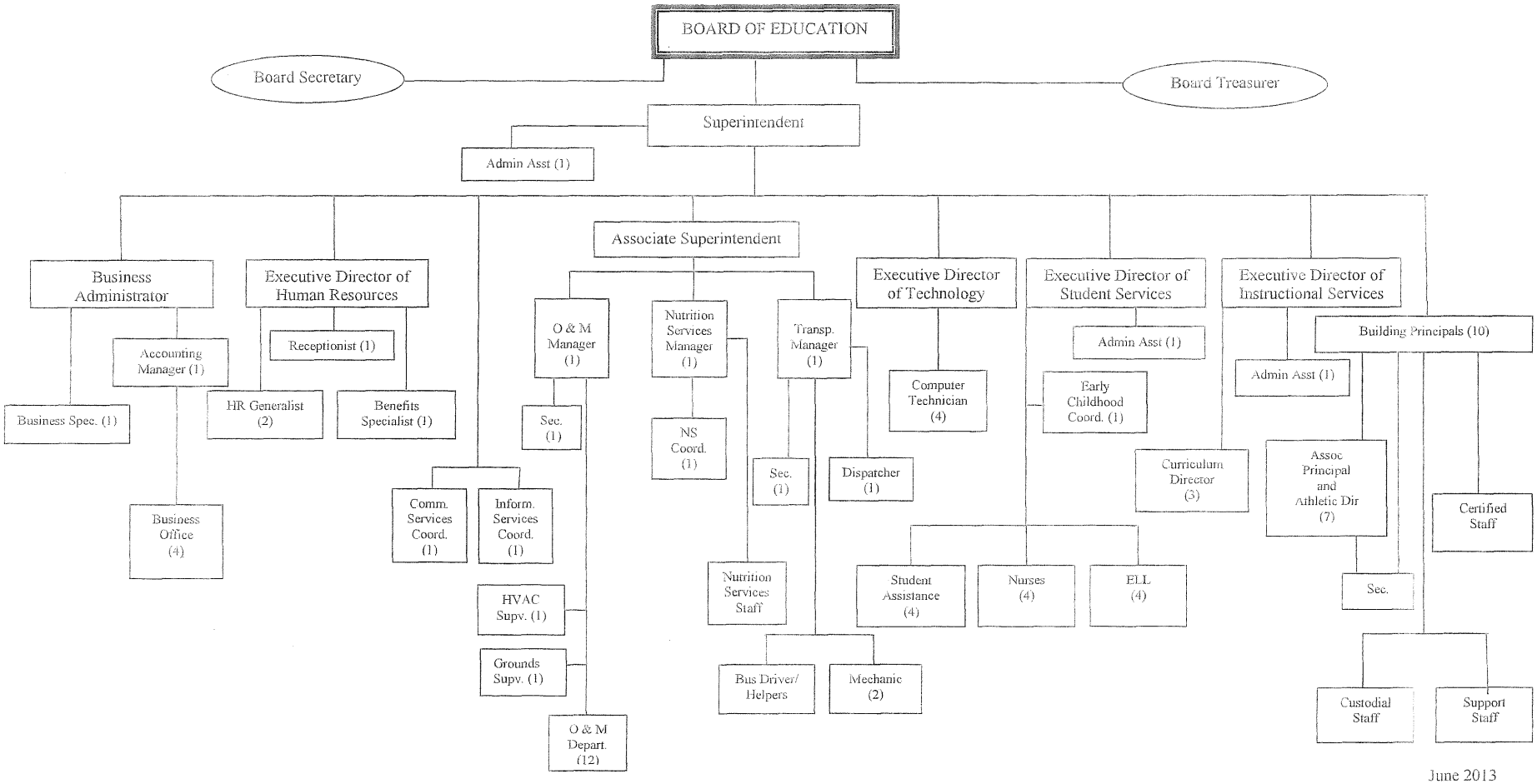
For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012

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

Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

FY2013
Linn-Mar Community School District
Organizational Chart



June 2013

LINN-MAR COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION
Year Ended June 30, 2013

Board of Education

	Title	Term/Contract Expires
Barry Buchholz	President	September, 2015
Tina Patterson	Vice President	September, 2013
Tim Isenberg	Director	September, 2015
Elizabeth Wilson	Director	September, 2015
Robert Crawford	Director	September, 2013
Todd Hutcheson	Director	September, 2013
Ann Stark	Director	September, 2015

School District Administration

Dr. Katie Mulholland	Superintendent	2013
David Nicholson	Chief Financial Officer/ Treasurer and Board Secretary (Resigned December 2012)	2013
Barbara Ritter	Board Secretary/Treasurer (Interim January 2013 - April 2013)	2013
J.T. Anderson	Chief Financial Officer/ Treasurer (Appointed May 2013)	2013
Angie Morrison	Business Manager (Appointed January 2013) Board Secretary (Appointed May 2013)	2013
Terry Abernathy	Attorney	Indefinite
Simmons Perrine Moyer Bergman PC	Attorney	Indefinite
Ahlers & Cooney	Attorney	Indefinite

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON, P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50209-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Linn-Mar Community School District
Marion, Iowa

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the propose 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 account 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, 2013, 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 and the Schedule of Funding Progress for the Retiree Health Plan on pages 13 through 23 and 52 through 54 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. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Linn-Mar Community School District.

The supplementary information contained in this report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements take 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 27, 2013 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.

Nolte, Cornman & Johnson, P.C.

Newton, Iowa
November 27, 2013

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, 2013. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The State of Iowa approved a 2 percent allowable growth rate for the 2012-13 school year. The District had an enrollment increase of 150.2 students, which generated $883,777 in new money.

- The District's total net position for governmental activities was $65,090,386 at June 30, 2013 compared to $57,923,888 at June 30, 2012, an increase of 12.37%.

- At the end of the current fiscal year, the total of assigned and unassigned fund balances in the general fund was $9,955,659 or 15.27% of total general fund revenues compared to prior year's total balance of $10,234,148 or 15.83% of total general fund revenues.

Overview of the Financial Statements

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

- Management Discussion and Analysis

- Basic Financial Statements, which include government-wide financial statements, fund financial statements and notes to the financial statements

- Required supplemental section that represents individual statements and schedules

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

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.

- The *governmental funds statements* show how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.

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

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

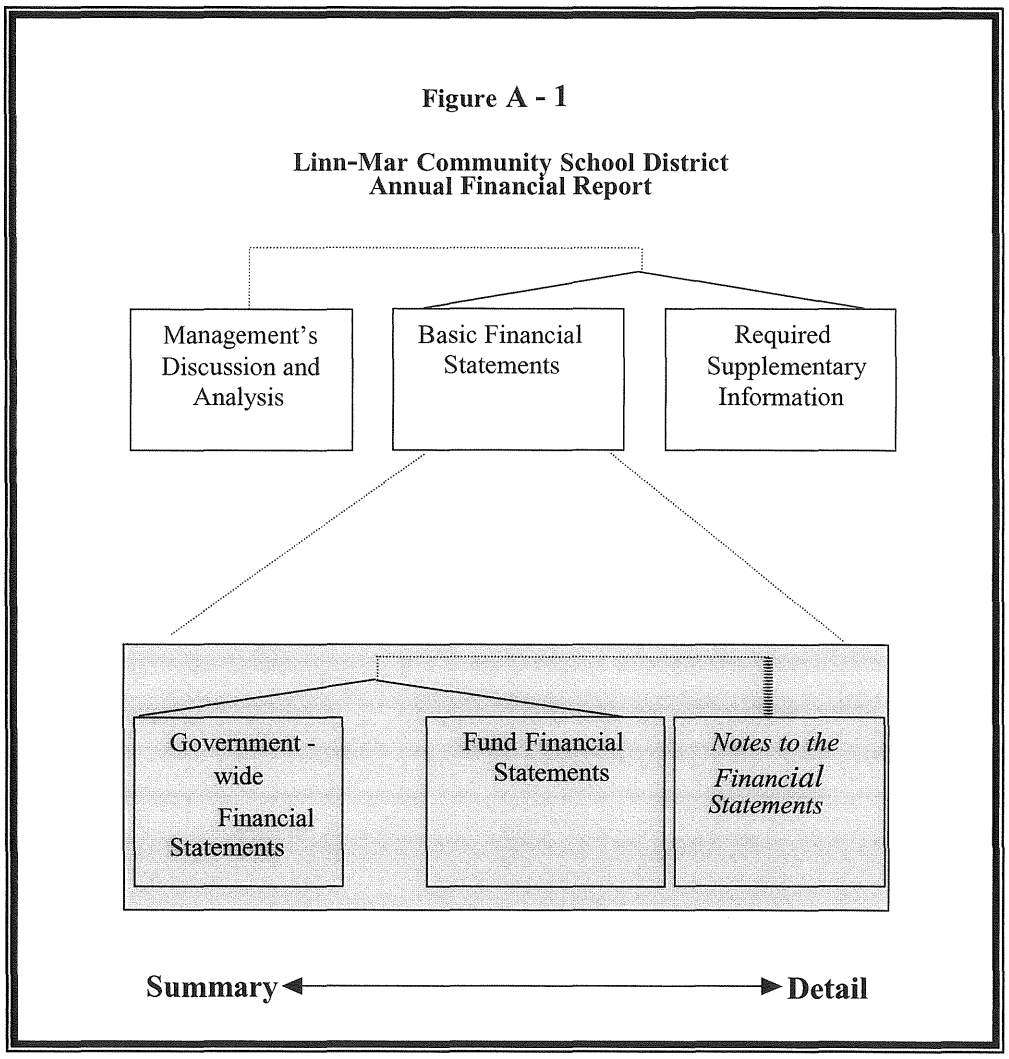


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

Government -Wide Financial Statements

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• 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 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 and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net 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 would be included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.

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

The District has two kinds of funds:

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

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

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 grew by 12.40% increasing from $59.37 million at June 30, 2012 to $66.73 million at June 30, 2013. (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,
	2012	2013	2012	2013	2012	2013	2012-13
Current and other assets	$ 64.53	78.53	0.80	1.03	65.33	79.56	21.78%
Capital assets	115.97	123.91	0.73	0.71	116.70	124.62	6.79%
Total assets	180.50	202.44	1.53	1.74	182.03	204.18	12.17%
Long-term obligations	83.10	96.93	-	-	83.10	96.93	16.64%
Other liabilities	39.48	40.42	0.08	0.10	39.56	40.52	2.43%
Total liabilities	122.58	137.35	0.08	0.10	122.66	137.45	6.20%
Net position:							
Net investment in capital assets	33.86	28.18	0.73	0.71	34.59	28.89	-16.48%
Restricted	15.74	29.25	-	-	15.74	29.25	85.83%
Unrestricted	8.32	7.66	0.72	0.93	9.04	8.59	-4.98%
Total net position	$ 57.92	65.09	1.45	1.64	59.37	66.73	12.40%

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 $28.89 million. These assets are considered non-spendable since they represent capital assets used to proved services to students. The resources needed to pay the obligations from the debt related to these assets must be provided from other resources. $29.25 million of net position has some external restrictions on how the funds may be used. The remaining balance of $8.59 million represents unrestricted net position which may be used to meet the District's ongoing obligations.

As mentioned before, restricted net position represents resources that are subject to external restrictions such as enabling legislation or constitutional provisions. The District's restricted net position increased $13.51 million, or 85.83% over the prior year. The increase in the District's restricted net position was due primarily to an increase in unspent revenue bond proceeds for District projects.

Unrestricted net position is the assets that can be used to finance day-to-day operations without constraints established by debt restrictions, enabling legislation or other legal binding requirements. Unrestricted net position decreased $0.45 million, or 4.98%. The decrease in unrestricted net position can be attributed in part to the decrease in fund balance of the General Fund.

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

The following figure shows changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012. (See Figure A-4).

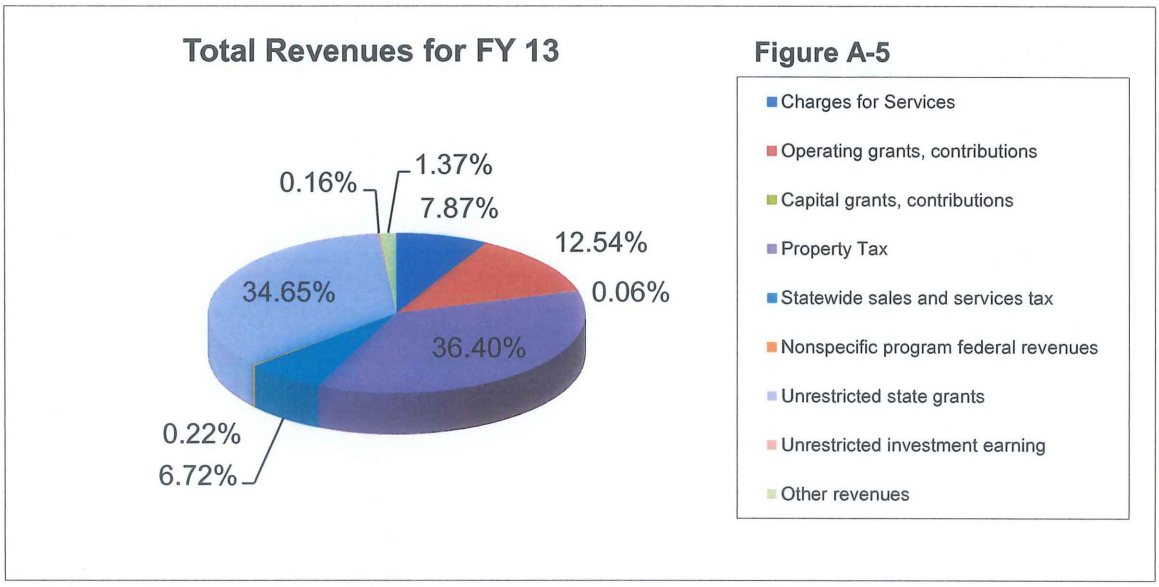
Figure A-4
Changes in Net Position (in millions of dollars)

	Governmental Activities		Business Type Activities		Total District		Total Change
	2012	2013	2012	2013	2012	2013	2012-13
Revenues/Transfers:							
Program revenues:							
Charges for services	$ 4.23	4.53	2.03	2.03	6.26	6.56	4.79%
Operating grants and contributions and restricted interest	5.12	9.44	0.91	1.00	6.03	10.44	73.13%
Capital grants and contributions and restricted interest	0.05	0.05	0.09	-	0.14	0.05	-63.77%
General revenues:							
Property tax	30.13	30.32	-	-	30.13	30.32	0.63%
Statewide sales services and use tax	6.44	5.60	-	-	6.44	5.60	-13.04%
Nonspecific program federal revenues	0.94	0.19	-	-	0.94	0.19	-79.79%
Unrestricted state grants	32.30	28.87	-	-	32.30	28.87	-10.62%
Unrestricted investment earnings	0.12	0.13	-	-	0.12	0.13	8.33%
Other	1.07	1.14	-	-	1.07	1.14	6.54%
Transfers	-	(0.06)	-	0.06	-	-	0.00%
Total revenues	80.40	80.21	3.03	3.09	83.43	83.30	-0.15%
Program expenses:							
Governmental activities:							
Instruction	42.88	45.06	-	-	42.88	45.06	5.08%
Support services	21.14	19.87	0.04	0.05	21.18	19.92	-5.95%
Non-instructional programs	0.19	0.11	2.69	2.85	2.88	2.96	2.78%
Other expenditures	9.15	8.00	-	-	9.15	8.00	-12.57%
Total expenses	73.36	73.04	2.73	2.90	76.09	75.94	-0.20%
Increase in net position	7.04	7.17	0.30	0.19	7.34	7.36	0.30%
Net position beginning of year	50.88	57.92	1.15	1.45	52.03	59.37	14.11%
Net position end of year	$ 57.92	65.09	1.45	1.64	59.37	66.73	12.40%

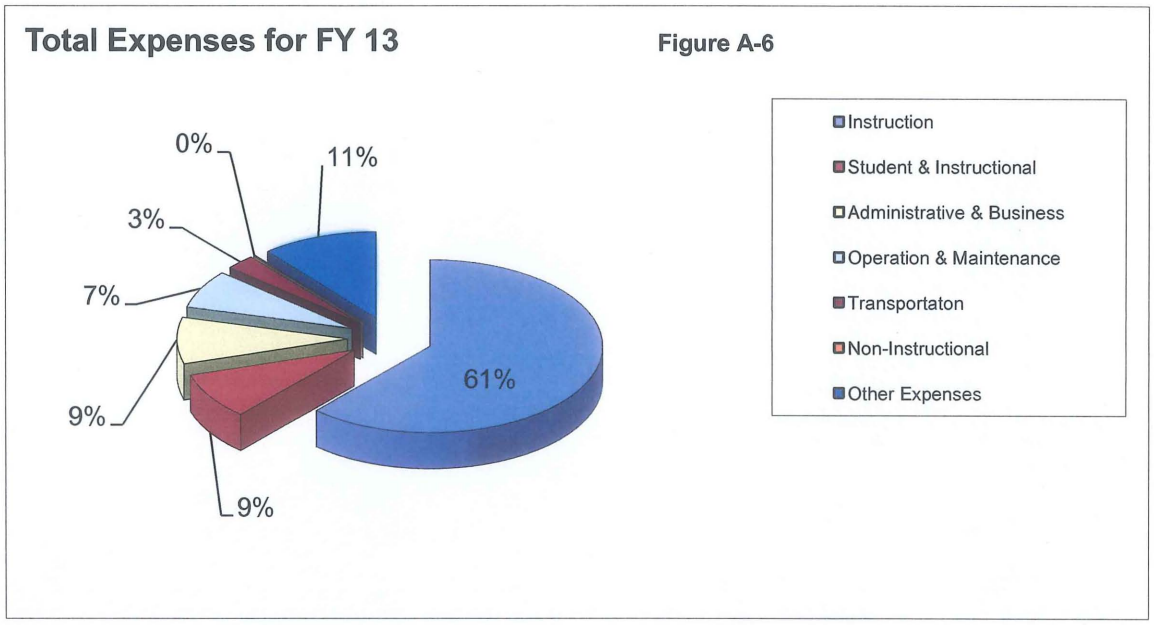
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.

In fiscal year 2013, property tax and unrestricted state grants accounted for 77.65 percent of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 97.03 percent of business type activities revenue.

The District as a whole experienced a 0.15 percent decrease in operating revenue while experiencing a 0.20 percent decrease in expenses. The District's total revenue was approximately $83.30 million of which $80.21 million was for governmental activities, while the remaining $3.09 million was for business type activities. Property taxes and unrestricted state aid account for most of the district's revenue, with each contributing approximately 36 percent and 35 percent respectively of the total dollars raised, (See Figure A-5).



The total cost for all programs and services decreased 0.20 percent to $75.94 million. The District's total expenditures are listed in Figure A-6. The chart shows that the majority of the District's expenditures (61%) are devoted to instruction and student and instructional services. Another 3 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 decreased 0.24 percent, while expenses decreased 0.44 percent. The slight decrease in revenues can be attributed to the decrease in statewide sales, services and use tax received during fiscal year 2013 as compared to fiscal year 2012.

The District experienced a $0.32 million decrease in governmental activity expenditures, majority of which can be attributed to the reduction in expenditures to repay the District's long-term debt.

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		
	2012	2013	Change 2012-13	2012	2013	Change 2012-13
Instruction	$ 42.88	45.06	5.08%	36.27	33.79	-6.84%
Support services	21.14	19.87	-6.01%	20.89	19.75	-5.46%
Non-instructional programs	0.19	0.11	-42.11%	0.19	0.11	-42.11%
Other expenses	9.15	8.00	-12.57%	6.60	5.38	-18.48%
Totals	$ 73.36	73.04	-0.44%	63.95	59.03	-7.69%

For the year ended June 30, 2013:

- The cost of all governmental activities this year was $73.04 million.
- The cost financed by users of the District's programs was $4.53 million.
- Federal and state governments subsidized certain programs with grants and contributions totaling $9.49 million.
- The net cost of governmental activities was financed with $30.32 million in property tax, $5.60 million in statewide sales, services and use tax, $0.19 million in nonspecific federal grants, $28.87 million in unrestricted state grants and $1.21 million in unrestricted interest and other income net of transfers.

Business Type Activities

Revenues of the District's business type activities increased by 1.98 percent to approximately $3.09 million while expenses increased to $2.90 million (Refer to Figure A-4). The School Nutrition Fund is the District's only business type activity. The revenues in the School Nutrition Fund can be broken down into three main categories; charges for services, federal and state reimbursements and investment income.

During the year ending June 30, 2013 the District's net position increased in the business type activities by approximately $0.19 million or 13.10 percent.

Financial Analysis of the District's Funds

Governmental Fund Highlights

At the end of fiscal year 2013, the District's governmental funds reported combined ending fund balances of $39,210,565, an increase of approximately $13.13 million in comparison with the prior year. A closer look at each individual governmental fund reveals the following:

- The **General Fund** balance decreased from $11.77 million on June 30, 2012 to $11.66 million on June 30, 2013. The decrease can be attributed to a reduction in revenues received by the District coupled with increased expenditures as compared to the prior year.

- The **Debt Service Fund** balance increased slightly from $3.16 million to $3.21 million. This increase is due to the dollars needed to make the sales tax revenue bonds that are due by July 1, 2013.

- The **Capital Projects Fund** balance increased from $8.14 million on June 30, 2012 to $21.45 on June 30, 2013. The increase can be attributed to the District receiving the revenue bond proceeds from the $10 million of revenue bonds dated June 4, 2013.

- The **Management Fund** balance increased from $1,982,724 on June 30, 2012 to $2,049,742 on June 30, 2013. The District received more in property tax in fiscal year 2013 as compared to fiscal year 2012. The District raised the management fund tax rate to cover the costs of anticipated future retirements of employees.

- The **Student Activity Fund** balance decreased from $650,050 on June 30, 2012 to $561,515 on June 30, 2013. The decrease in fund balance can be attributed to an accounting change whereby revenues and expenditures related to band, choir and orchestra are accounted for in the General Fund instead of the Student Activity Fund as these activities are more instructional in nature.

- The **Public Education and Recreation Levy Fund** decreased from $374,485 on June 30, 2012 to $274,803 on June 30, 2013. This significant drop in fund balance is attributed to using carryover fund balance to help offset construction costs of new tennis courts at Excelsior Middle School.

Business Type Fund Highlights

This is the fifth year in a row that the District's business type revenues exceeded expenses. At the close of fiscal 2013, revenues exceeded expenditures by $195,511. The steps taken by management to control costs by adjusting the staffing model, additional federal grant funds and managing the expenses has made a difference in the overall financial condition of the nutrition program.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared according to U.S. Generally Accepted Accounting Principles. Over the course of the year, the District amended its annual operating budget one time to reflect higher that expected costs associated expenditures in the other expenditures function.

A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on page 52.

The District's total actual receipts were $43,294 more than budgeted receipts, a variance of less than one percent. The main contributing factor to this variance had to do with the District receiving less in federal revenue than was originally estimated.

By April 15th of each year, the budget must be adopted by the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Because there are a number of unknowns at that time, such as State revenue allocations, insurance premiums, negotiated employee contracts, enrollment increase, and construction project invoicing, the District has the ability to amend its budget before May 31st of each year. By monitoring the budget throughout the year, the District felt that a budget amendment was necessary. In spite of the budget vs. actual comparisons that were done, the certified budget was exceeded in the support services functional area by $254,840, a variance of 1.23%. This difference can be attributed to the change in accounting practice in recording accrued benefits and the budgeting of expenses as instructional instead of support services.

Capital Asset Administration

By the end of 2013, the District had invested, net of depreciation, $124.614 million in various capital assets including land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of $7.92 million or 6.79 percent over the previous fiscal year. Detailed information regarding the District's capital assets can be found in Note 6 of the notes to the basic 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,
	2012	2013	2012	2013	2012	2013	2012-13
Land	$ 5,292	5,292	-	-	5,292	5,292	0.00%
Construction in progress	5,007	8,734			5,007	8,734	74.44%
Buildings	90,154	89,775	-	-	90,154	89,775	-0.42%
Land improvements	13,405	16,869	-	-	13,405	16,869	25.84%
Machinery and equipment	2,113	3,236	725	708	2,838	3,944	38.97%
Total	$ 115,971	123,906	725	708	116,696	124,614	6.79%

Long-Term Liabilities

At year end, the District had $96.928 million in long-term debt, an increase of $13.83 million over the previous fiscal year. Of this amount, $6,378,460 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Figure A-9
Outstanding Long-Term Obligations

	Total District		
	June 30,		Total
	2012	2013	Change
General obligation bonds	$ 45,365	42,260	-6.84%
Revenue bonds	36,585	53,360	45.85%
Capital leases	160	109	-31.88%
Early retirement	251	222	-11.55%
Net OPEB liability	521	734	40.88%
Compensated absences	216	243	12.50%
Totals	$ 83,098	96,928	16.64%

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 allowable growth at 2% for the 2014 fiscal year and 4% for the 2015 fiscal year. An allowable growth below 4% creates significant challenges for schools in Iowa to meet increasing expenditure demands.

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact the office of the Business Administrator, Linn-Mar Community School District, 2999 N. 10th Street, Marion, Iowa 52302.

LINN-MAR COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	$ 45,791,274	998,908	46,790,182
Receivables:			
Property tax:			
Delinquent	153,127	-	153,127
Succeeding year	30,873,629	-	30,873,629
Accounts	50,585	-	50,585
Accrued interest	11,519	-	11,519
Due from other funds	-	15	15
Due from other governments	1,649,706	-	1,649,706
Inventories	-	31,935	31,935
Capital assets not being depreciated:			
Land	5,291,530	-	5,291,530
Construction in progress	8,734,320	-	8,734,320
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	89,774,639	-	89,774,639
Land improvements	16,869,176	-	16,869,176
Machinery and equipment	3,236,623	707,568	3,944,191
TOTAL ASSETS	202,436,128	1,738,426	204,174,554
LIABILITIES			
Accounts payable	2,235,293	1,174	2,236,467
Due to other funds	15	-	15
Salaries and benefits payable	6,191,363	15,616	6,206,979
Accrued interest payable	1,098,154	-	1,098,154
Deferred revenues:			
Succeeding year property tax	30,873,629	-	30,873,629
Other	18,975	-	18,975
Unearned revenue	-	79,711	79,711
Noncurrent liabilities:			
Portion due within one year:			
General obligation bonds payable	3,150,000	-	3,150,000
Revenue bonds payable	2,710,000	-	2,710,000
Bus lease payable	53,356	-	53,356
Early retirement payable	221,746	-	221,746
Compensated absences payable	243,358	-	243,358
Portion due after one year:			
General obligation bonds payable	39,110,000	-	39,110,000
Revenue bonds payable	50,650,000	-	50,650,000
Bus lease payable	55,675	-	55,675
Net OPEB liability	734,178	-	734,178
TOTAL LIABILITIES	137,345,742	96,501	137,442,243
NET POSITION			
Net investment in capital assets	28,177,257	707,568	28,884,825
Restricted for:			
Categorical funding	1,706,507	-	1,706,507
Debt service	9,509,616	-	9,509,616
School infrastructure	13,030,416	-	13,030,416
Physical plant and equipment levy	2,122,307	-	2,122,307
Management levy purposes	2,049,742	-	2,049,742
Student activities	561,515	-	561,515
Public education and recreation levy purposes	274,803	-	274,803
Unrestricted	7,658,223	934,357	8,592,580
TOTAL NET POSITION	$ 65,090,386	1,641,925	66,732,311

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	$ 31,630,043	2,833,732	3,453,303	49,058	(25,293,950)	-	(25,293,950)
Special	7,647,660	457,664	2,083,759	-	(5,106,237)	-	(5,106,237)
Other	5,787,883	1,222,791	1,176,690	-	(3,388,402)	-	(3,388,402)
	45,065,586	4,514,187	6,713,752	49,058	(33,788,589)	-	(33,788,589)
Support services:							
Student	3,456,656	-	-	-	(3,456,656)	-	(3,456,656)
Instructional staff	2,888,367	-	-	-	(2,888,367)	-	(2,888,367)
Adminstration	6,369,253	-	-	-	(6,369,253)	-	(6,369,253)
Operation and maintenance of plant	5,152,985	-	-	-	(5,152,985)	-	(5,152,985)
Transportation	2,000,716	12,607	105,791	-	(1,882,318)	-	(1,882,318)
	19,867,977	12,607	105,791	-	(19,749,579)	-	(19,749,579)
Non-instructional programs:							
Food service operations	79,578	-	-	-	(79,578)	-	(79,578)
Community service operations	30,520	-	-	-	(30,520)	-	(30,520)
	110,098	-	-	-	(110,098)	-	(110,098)
Long-term debt interest	3,212,643	-	-	-	(3,212,643)	-	(3,212,643)
Other expenses:							
AEA flowthrough	2,620,028	-	2,620,028	-	-	-	-
Depreciation(unallocated)*	2,171,171	-	-	-	(2,171,171)	-	(2,171,171)
	4,791,199	-	2,620,028	-	(2,171,171)	-	(2,171,171)
Total governmental activities	73,047,503	4,526,794	9,439,571	49,058	(59,032,080)	-	(59,032,080)
Business type activities:							
Support services:							
Adminstration	2,385	-	-	-	-	(2,385)	(2,385)
Operation and maintenance of plant	50,714	-	-	-	-	(50,714)	(50,714)
Non-instructional programs:					-		
Nutrition services	2,847,576	2,029,545	1,007,836	-	-	189,805	189,805
Total business type activities	2,900,675	2,029,545	1,007,836	-	-	136,706	136,706
Total	$ 75,948,178	6,556,339	10,447,407	49,058	(59,032,080)	136,706	(58,895,374)
General Revenues & Transfers:							
Property tax levied for:							
General purposes					$ 23,421,086	-	23,421,086
Capital outlay					3,133,993	-	3,133,993
Debt service					3,766,765	-	3,766,765
Statewide sales, services and use tax					5,600,634	-	5,600,634
Unrestricted state grants					28,870,083	-	28,870,083
Nonspecific program federal revenues					187,358	-	187,358
Unrestricted investment earnings					134,959	1,839	136,798
Other					1,140,666	-	1,140,666
Transfers					(56,966)	56,966	-
Total general revenues					66,198,578	58,805	66,257,383
Change in net position					7,166,498	195,511	7,362,009
Net position beginning of year					57,923,888	1,446,414	59,370,302
Net position end of year					$ 65,090,386	1,641,925	66,732,311

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

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2013

		General	Capital Projects	Nonmajor	Total
ASSETS					
Cash and pooled investments	$	17,973,902	21,710,762	6,106,610	45,791,274
Receivables:					
Property tax:					
Delinquent		114,217	14,558	24,352	153,127
Succeeding year		22,659,751	3,037,666	5,176,212	30,873,629
Accounts		48,765	-	1,820	50,585
Accrued interest		-	11,519	-	11,519
Due from other funds		1,255	-	-	1,255
Due from other governments		724,480	925,226	-	1,649,706
TOTAL ASSETS	$	41,522,370	25,699,731	11,308,994	78,531,095
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$	1,004,260	1,207,392	23,641	2,235,293
Salaries and benefits payable		6,177,203	-	14,160	6,191,363
Due to other funds		15	-	1,255	1,270
Deferred revenue:					
Succeeding year property tax		22,659,751	3,037,666	5,176,212	30,873,629
Other		18,975	-	-	18,975
Total liabilities		29,860,204	4,245,058	5,215,268	39,320,530
Fund balances:					
Restricted for:					
Categorical funding		1,706,507	-	-	1,706,507
Debt service		-	6,301,950	3,207,666	9,509,616
School infrastructure		-	13,030,416	-	13,030,416
Physical plant and equipment levy		-	2,122,307	-	2,122,307
Management levy purposes		-	-	2,049,742	2,049,742
Student activities		-	-	561,515	561,515
Public education and recreation levy purposes		-	-	274,803	274,803
Assigned for special specific purposes		443,261	-	-	443,261
Unassigned		9,512,398	-	-	9,512,398
Total fund balances		11,662,166	21,454,673	6,093,726	39,210,565
TOTAL LIABILITIES AND FUND BALANCES	$	41,522,370	25,699,731	11,308,994	78,531,095

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, 2013

Total fund balances of governmental funds(page 28)	$	39,210,565
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		123,906,288
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(1,098,154)
Long-term liabilities, including bonds payable, capital leases payable, early retirement payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(96,928,313)
Net position of governmental activities(page 26)	$	65,090,386

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, 2013

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	$ 22,570,032	8,504,844	4,847,602	35,922,478
Tuition	2,989,998	-	-	2,989,998
Other	1,068,712	175,736	1,611,236	2,855,684
State sources	36,216,767	987	1,652	36,219,406
Federal sources	2,277,606	-	-	2,277,606
TOTAL REVENUES	65,123,115	8,681,567	6,460,490	80,265,172
EXPENDITURES:				
Current:				
Instruction:				
Regular	31,083,200	423,489	160,698	31,667,387
Special	7,602,343	-	30,319	7,632,662
Other	4,387,715	-	1,527,727	5,915,442
	43,073,258	423,489	1,718,744	45,215,491
Support services:				
Student	3,458,845	-	10,507	3,469,352
Instructional staff	2,838,756	88,257	44,436	2,971,449
Administration	6,156,582	27,593	37,529	6,221,704
Operation and maintenance of plant	5,007,241	116,160	502,110	5,625,511
Transportation	2,136,086	337,245	76,993	2,550,324
	19,597,510	569,255	671,575	20,838,340
Non-instructional programs:				
Food service operations	-	56,967	79,577	136,544
Community service operations	-	-	30,520	30,520
	-	56,967	110,097	167,064
Debt service:				
Principal	-	-	6,381,134	6,381,134
Interest and fiscal charges	-	67,750	3,077,883	3,145,633
	-	67,750	9,459,017	9,526,767
Capital outlay	-	8,307,479	253,486	8,560,965
Other expenditures:				
AEA flowthrough	2,620,028	-	-	2,620,028
	2,620,028	8,307,479	253,486	11,180,993
TOTAL EXPENDITURES	65,290,796	9,424,940	12,212,919	86,928,655
Deficiency of revenues under expenditures	(167,681)	(743,373)	(5,752,429)	(6,663,483)
OTHER FINANCING SOURCES(USES):				
Sale of equipment	5,795	-	-	5,795
Transfer in	53,083	10,410,491	5,730,004	16,193,578
Transfer out	-	(16,140,495)	(53,083)	(16,193,578)
Revenue bond issuance	-	20,000,000	-	20,000,000
Premium on revenue bond issuance	-	62,914	-	62,914
Discount on revenue bond issuance	-	(276,485)	-	(276,485)
TOTAL OTHER FINANCING SOURCES(USES)	58,878	14,056,425	5,676,921	19,792,224
Change in fund balances	(108,803)	13,313,052	(75,508)	13,128,741
Fund balances beginning of year	11,770,969	8,141,621	6,169,234	26,081,824
Fund balances end of year	$ 11,662,166	21,454,673	6,093,726	39,210,565

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, 2013

Net change in fund balances - total governmental funds(page 30)		$ 13,128,741
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 Net Assets 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	$ 10,686,796	
Depreciation expense	(2,751,581)	7,935,215
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. Current year issuances and repayments are as follows:		
Issued	$ (20,000,000)	
Repaid	6,381,134	(13,618,866)
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.		(67,010)
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.		
Early retirement	29,407	
Compensated absences	(27,897)	
Other postemployment benefits	(213,092)	(211,582)
Change in net position of governmental activities(page 27)		$ 7,166,498

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2013

	School Nutrition
ASSETS	
Current assets:	
Cash and pooled investments	$ 998,908
Due from other funds	15
Inventories	31,935
Total current assets	1,030,858
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	707,568
TOTAL ASSETS	1,738,426
LIABILITIES	
Accounts payable	1,174
Salaries and benefits payable	15,616
Unearned revenues	79,711
TOTAL LIABILITIES	96,501
NET POSITION	
Investment in capital assets	707,568
Unrestricted	934,357
TOTAL NET POSITION	$ 1,641,925

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

YEAR ENDED JUNE 30, 2013

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	$ 2,029,545
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	2,385
Operation and maintenance of plant:	
Services	11,547
Supplies	38,428
Transportation:	
Services	739
Total support services expenses	53,099
Non-instructional programs:	
Food service operations:	
Salaries	1,188,156
Benefits	194,186
Services	3,330
Supplies	1,362,200
Depreciation	98,735
Other	969
Total non-instructional programs	2,847,576
TOTAL OPERATING EXPENSES	2,900,675
OPERATING LOSS	(871,130)
NON-OPERATING REVENUES:	
State sources	24,698
Federal sources	983,138
Interest on investments	1,839
TOTAL NON-OPERATING REVENUES	1,009,675
Increase in net position before capital contributions	138,545
Capital contributions	56,966
Increase in net position	195,511
Net position beginning of year	1,446,414
Net position end of year	$ 1,641,925

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 2,041,003
Cash payments to employees for services	(1,381,311)
Cash payments to suppliers for goods or services	(1,245,096)
Net cash used by operating activities	(585,404)
Cash flows from non-capital financing activities:	
Interfund borrowings	(15)
State grants received	24,698
Federal grants received	814,590
Net cash provided by non-capital financing activities	839,273
Cash flows from capital financing activities and related activities:	
Acquisition of assets	(23,949)
Cash flows from investing activities:	
Interest on investments	1,839
Net increase in cash and cash equivalents	231,759
Cash and cash equivalents at beginning of year	767,149
Cash and cash equivalents at end of year	$ 998,908
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (871,130)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	168,548
Depreciation	98,735
Decrease in inventories	5,808
Decrease in accounts receivable	250
Increase in accounts payable	146
Increase in salaries and benefits payable	1,031
Increase in unearned revenue	11,208
Net cash used by operating activities	$ (585,404)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at $168,548.

During the year ended June 30, 2013, the School Nutrition Fund received contributed capital from the Capital Projects: Physical Plant and Equipment Levy Fund of $56,966.

SEE NOTES TO FINANCIAL STATEMENTS.

Note 1. Summary of Significant Accounting Policies

The Linn-Mar Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally the District operates and sponsors various adult education programs. The geographic area served includes the City of Marion, Iowa, portions of the Cities of Robbins and Cedar Rapids and portions of the agricultural territory in Linn County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Linn-Mar Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Linn-Mar Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Linn County Assessors' Conference Board.

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but 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.

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. Combining schedules are also included for the Capital Project Fund accounts.

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

The District reports the following nonmajor governmental funds:

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

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

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

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

The District reports the following nonmajor proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service 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. The fiduciary fund financial statements are reported using 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

The proprietary fund enterprise fund of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the accrual basis.

D. Cash, Pooled Investments and Cash Equivalents

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

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

E. Property Taxes

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

Property taxes revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax

receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

F. Inventories

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method), or market and food commodities which were received from the federal government and recorded at the contributed value as of the date received.

G. 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	$ 2,000
Buildings	2,000
Land improvements	2,000
Intangibles	175,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

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

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2013, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2013.

I. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

J. Unearned Revenue

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

K. 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, 2013. The full balance is shown as due within a year using first-in, first-out basis.

L. Long-term Obligations

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.

M. Fund Balance

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.

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.

N. Restricted Net Position

In the Government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation consists of $1,706,507 for categorical funding, $13,030,416 for school infrastructure, $2,049,742 for management levy purposes, $2,122,307 for physical plant and equipment levy, $561,515 for student activities and $274,803 for public education and recreation levy.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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. During the year ended June 30, 2013, expenditures in the support services function exceeded the amount budgeted.

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

1. In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.

2. Public hearings are required to be conducted to obtain taxpayer comment.

3. Prior to April 15, the budget is legally enacted through certification by the County Auditor.

4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.

5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.

6. Appropriations lapse at the end of each fiscal year.

7. The budget cannot be amended without the approval of the Board of Education.

8. Unexpended budgetary balances lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit and other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

As of June 30, 2013, the carrying amount of the District's bank deposits and pooled investments totaled $46,790,182 with bank balances of $47,356,158. These amounts are included in the cash and pooled investments on the Statement of Net Position. Of the bank balance, $1,000,000 was covered by federal depository insurance and $46,356,158 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool. At June 30, 2013, the District had no investments.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

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

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

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from		Amount
Debt Service	Capital Projects: Statewide Sales, Services & Use Tax	$	5,671,909
Debt Service	Capital Projects: Physical Plant & Equipment Levy		58,095
Capital Projects: Statewide Sales, Services & Use Tax	Capital Projects: Other Construction Projects		1,885,000
Capital Projects: Other Construction Projects	Capital Projects: Statewide Sales, Services & Use Tax		8,525,491
General	Student Activity		53,083
Total		$	16,193,578

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

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

The transfer from the Capital Projects: Other Construction Projects Fund to the Capital Projects: Statewide Sales, Services & Use Tax Fund was needed to move the March 1, 2010 revenue bond reserve.

The transfer from the Capital Projects: Statewide Sales, Services & Use Tax Fund to the Capital Projects: Other Construction Projects Fund was needed to move proceeds of the October 1, 2012 revenue bond issuance.

The transfer from the Student Activity Fund to the General Fund was needed per auditor request in the prior year's audit report.

Note 5. Due From and Due to Other Funds

Receivable Fund	Payable Fund	Amount
General	Student Activity	$ 1,255
Enterprise:		
School Nutrition	General	15
Total		$ 1,270

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

Note 6. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	5,291,530	-	-	5,291,530
Construction in progress	5,006,904	8,388,782	4,661,366	8,734,320
Total capital assets not being depreciated	10,298,434	8,388,782	4,661,366	14,025,850
Capital assets being depreciated:				
Buildings	115,479,597	1,145,956	102,005	116,523,548
Land improvements	15,457,232	4,109,800	-	19,567,032
Machinery and equipment	8,998,930	1,703,624	3,102,167	7,600,387
Total capital assets being depreciated	139,935,759	6,959,380	3,204,172	143,690,967
Buildings	25,325,157	1,525,757	102,005	26,748,909
Land improvements	2,052,442	645,414	-	2,697,856
Machinery and equipment	6,885,521	580,410	3,102,167	4,363,764
Total accumulated depreciation	34,263,120	2,751,581	3,204,172	33,810,529
Total capital assets being depreciated, net	105,672,639	4,207,799	-	109,880,438
Governmental activities capital assets, net	$ 115,971,073	12,596,581	4,661,366	123,906,288

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	$ 1,371,324	80,915		1,452,239
Less accumulated depreciation	645,936	98,735		744,671
Business type activities capital assets, net	$ 725,388	(17,820)	-	707,568

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 99,300
Special	1,311
Other	62,518
Administration	7,939
Operation and maintenance of plant	57,748
Transportation	351,594
	580,410
Unallocated depreciation	2,171,171
Total governmental activities depreciation expense	$ 2,751,581
Business type activities:	
Food services	$ 98,735

Note 7. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2013:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 45,365,000	-	3,105,000	42,260,000	3,150,000
Revenue bonds	36,585,000	20,000,000	3,225,000	53,360,000	2,710,000
Capital leases	160,165	-	51,134	109,031	53,356
Early retirement	251,153	211,550	240,957	221,746	221,746
Net OPEB liablity	521,086	213,092	-	734,178	-
Compensated absences	215,461	243,358	215,461	243,358	243,358
Total	$ 83,097,865	20,668,000	6,837,552	96,928,313	6,378,460

General Obligation Bonds

As of June 30, 2013, the District had general obligation bonds outstanding of $42,260,000, which had been issued for capital facility construction. The General Obligation Bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year	Bond Issue of July 1, 2005				Bond Issue of January 1, 2007			
Ending June 30,	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2014	4.000 %	$ 670,000	247,900	917,900	4.000 %	$ 105,000	690,806	795,806
2015	4.000	695,000	221,100	916,100	4.000	110,000	686,606	796,606
2016	4.000	730,000	193,300	923,300	4.000	115,000	682,206	797,206
2017	4.000	750,000	164,100	914,100	4.000	850,000	677,607	1,527,607
2018	4.000	785,000	134,100	919,100	4.000	1,950,000	643,606	2,593,606
2019-2023	4.000-4.125	2,540,000	209,100	2,749,100	4.000-4.125	12,955,000	1,937,212	14,892,212
2024	-	-	-	-	4.125	950,000	39,188	989,188
		$ 6,170,000	1,169,600	7,339,600		$ 17,035,000	5,357,231	22,392,231

Year	Bond Issue of February 1, 2007				Bond Issue of April 1, 2010			
Ending June 30,	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2014	4.125 %	$ 1,640,000	236,572	1,876,572	1.700 %	$ 735,000	65,293	800,293
2015	3.750	1,715,000	168,923	1,883,923	2.050	740,000	52,797	792,797
2016	3.800	1,760,000	104,610	1,864,610	2.400	690,000	37,628	727,628
2017	3.850	980,000	37,730	1,017,730	2.650	795,000	21,067	816,067
		$ 6,095,000	547,835	6,642,835		$ 2,960,000	176,785	3,136,785

Year Ending June 30,	Bond Issue of April 12, 2011				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2014	3.250 %	$ -	343,662	343,662	$ 3,150,000	1,584,233	4,734,233
2015	3.250	-	343,663	343,663	3,260,000	1,473,089	4,733,089
2016	3.250	-	343,662	343,662	3,295,000	1,361,406	4,656,406
2017	3.250	-	343,663	343,663	3,375,000	1,244,167	4,619,167
2018	3.250	-	343,662	343,662	2,735,000	1,121,368	3,856,368
2019-2023	3.250	-	1,718,313	1,718,313	15,495,000	3,864,625	19,359,625
2024-2026	3.250-3.500	10,000,000	737,937	10,737,937	10,950,000	777,125	11,727,125
Totals		$ 10,000,000	4,174,562	14,174,562	$ 42,260,000	11,426,013	53,686,013

Revenue Bonds

The District has pledged future statewide sales, services and use tax revenues to repay the $9,525,000, $15,550,000, $18,850,000, $10,000,000 and $10,000,000 bonds issued in October of 2008, July of 2009, March of 2010, October of 2012 and June of 2013 respectively. The bonds were issued for the purpose of financing a portion of the costs of several ongoing projects. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2030. The bonds are not general obligations of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 79 percent of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the notes is $69,373,392. For the current year, $3,225,000 of principal and $1,417,702 of interest was paid on the bonds and total statewide sales, services and use tax revenues were $5,600,634.

Year Ending June 30,	Bond Issue of October 1, 2008				Bond Issue of July 1, 2009			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2014	4.000 %	$ 885,000	158,877	1,043,877	3.375 %	$ 1,825,000	337,016	2,162,016
2015	3.500	915,000	125,165	1,040,165	3.375	1,885,000	274,409	2,159,409
2016	3.600	945,000	92,143	1,037,143	4.000	1,955,000	203,500	2,158,500
2017	3.750	975,000	56,851	1,031,851	4.000	2,020,000	124,000	2,144,000
2018	3.800	1,015,000	19,285	1,034,285	4.000	2,090,000	41,800	2,131,800
		$ 4,735,000	452,321	5,187,321		$ 9,775,000	980,725	10,755,725

Year Ending June 30,	Bond Issue of March 1, 2010				Bond Issue of October 1, 2012			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2014	4.000 %	$ -	815,030	815,030	1.350 %	$ -	263,509	263,509
2015	4.000	-	815,030	815,030	1.350	-	210,808	210,808
2016	4.000	-	815,030	815,030	1.350	-	210,808	210,808
2017	4.000	-	815,030	815,030	1.350	-	210,808	210,808
2018	4.000	-	815,030	815,030	1.350	-	210,808	210,808
2019-2023	4.000-4.125	6,630,000	3,433,650	10,063,650	1.350-1.900	3,805,000	911,332	4,716,332
2024-2028	4.250-4.600	8,300,000	1,872,550	10,172,550	2.000-2.500	4,295,000	512,986	4,807,986
2029-2030	4.625	3,920,000	183,612	4,103,612	2.600-2.700	1,900,000	51,237	1,951,237
		$ 18,850,000	9,564,962	28,414,962		$ 10,000,000	2,582,296	12,582,296

Year Ending June 30,	Bond Issue of June 4, 2013				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2014	1.350 %	$ -	126,388	126,388	$ 2,710,000	1,700,820	4,410,820
2015	1.350	400,000	217,808	617,808	3,200,000	1,643,220	4,843,220
2016	1.350	100,000	215,308	315,308	3,000,000	1,536,789	4,536,789
2017	1.350	100,000	214,308	314,308	3,095,000	1,420,997	4,515,997
2018	1.350	100,000	213,308	313,308	3,205,000	1,300,231	4,505,231
2019-2023	1.350-1.900	3,870,000	916,056	4,786,056	14,305,000	5,261,038	19,566,038
2024-2028	2.000-2.500	4,030,000	487,912	4,517,912	16,625,000	2,873,448	19,498,448
2029-2030	2.600-2.700	1,400,000	42,000	1,442,000	7,220,000	276,849	7,496,849
Total		$ 10,000,000	2,433,088	12,433,088	$ 53,360,000	16,013,392	69,373,392

School Bus Leases

During the year ended June 30, 2010, the District entered into capital lease purchase agreement of $314,228 for the lease purchase of four school buses. The school bus leases are payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's indebtedness under the agreement in effect at June 30, 2013 are as follows:

Year Ending June 30,	Bus lease of August 1, 2009			
	Interest Rates	Principal	Interest	Total
2014	4.346 %	$ 53,356	4,738	58,094
2015	4.346	55,675	2,419	58,094
Total		$ 109,031	7,157	116,188

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the gross amount of assets acquired on the inception date.

The assets acquired through capital bus leases and the corresponding depreciation taken is as follows:

Asset	Governmental Activities
Machinery and equipment	$ 314,228
Less: Accumulated depreciation	(155,477)
	$ 158,751

The June 30, 2013 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$ 2,859,738,700
Debt limit, 5% of total assessed valuation	$ 142,986,935
Amount of debt applicable to debt limit, total bonded debt	95,729,031
Excess of debt limit over bonded debt	$ 47,257,904

Early Retirement

The District offers a voluntary early retirement plan to its certified employees and administrators. Eligible employees must be at least age fifty-five and employees must have completed twenty years of service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay, multiplied by 50 percent (60 percent for administrators), plus all unused personal days compensated for at the rate of substitute pay used during the last year of service. Employees may also elect to continue participation in the District's group health insurance plan until age 65 or until insurance is acquired elsewhere. Their participation is at the employee's expense with the exception that any unused personal days of separation compensation may be used to cover the cost of premiums.

At June 30, 2013, the District had obligations to eight participants with a total liability of $221,746. Actual early retirement expenditures for the year ended June 30, 2013 totaled $240,957 and are recorded as an expenditure in the Nonmajor Special Revenue: Management Levy Fund. Early retirement is recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

Note 8. Other Postemployment Benefits(OPEB)

Plan Description - The District participates in an agent multiple-employer health care plan called the Metro Interagency Insurance Plan (MIIP). This plan provides medical and prescription drug benefits for eligible employees and retirees and their spouses. There are 433 active and 42 retired members in the plan. Participants must be age 55 or older at retirement. The plan issues financial statements and required supplementary information which are available in a report publicly available through request at the Metro Interagency Insurance Program at 1120 33rd Avenue SW, Cedar Rapids, Iowa 52404.

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis. Liabilities of the District's OPEB are paid primarily from the General Fund.

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$ 290,107
Interest on net OPEB obligation	13,027
Adjustment to annual required contribution	(42,056)
Annual OPEB cost	261,078
Contributions made	(47,986)
Increase in net OPEB obligation	213,092
Net OPEB obligation beginning of year	521,086
Net OPEB obligation end of year	$ 734,178

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. 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, 2013.

For the year ended June 30, 2013, the District contributed $47,986 to the medical plan. Plan members eligible for benefits contributed $0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 194,778	25.5 %	$ 548,196
2012	22,354	221.3	521,086
2013	261,078	18.4	734,178

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was $1,717,407, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,717,407. The covered payroll (annual payroll of active employees covered by the plan) was approximately $22,174,466 and the ratio of the UAAL to covered payroll was 7.7%. As of June 30, 2013, there were no trust fund assets.

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

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

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 3.5%.

Mortality rates are from the 94 Group Annuity Mortality Table (Projected to 2000), applied on a 2/3 female, 1/3 male basis. Annual retirement probabilities were developed based upon recent Linn-Mar Community School District experience. Termination probabilities were based upon national termination studies performed by the Society of Actuaries and were adjusted to reflect the recent lower termination rates experienced by Linn-Mar Community School District.

Note 9. Risk Management

Self-Insurance

Health - Six public education entities are currently participating in a 28E organization which was established in 1990 to provide a self-insurance plan for employee medical coverage. The Districts contribute to the self-insurance plan an amount equal to 125% of 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, 2012 to June 30, 2013 was $29,861,511, of which $3,842,477 was paid by Linn-Mar Community School District.

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

Note 10. Pension and Retirement Benefits

Linn-Mar Community School District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary for the year ended June 30, 2013. Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary for the year ended June 30, 2012. Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were $3,806,084, $3,411,978 and $2,800,796 respectively, equal to the required contributions for each year. The District is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer public employees retirement system designed as a supplement to Social Security.

Note 11. Due from Other Governments

Amount due from other governments by fund as of June 30, 2013 are as follows:

	General Fund	Statewide Sales, Services & Use Tax Fund	Total
Local appropriation			
Tuition	$ 300,358	-	300,358
Statewide Sales, Services and Use Tax	-	925,226	925,226
Total local appropriations	300,358	925,226	1,225,584
State appropriations:			
Nonpublic Transportation	105,791	-	105,791
Fuel Tax Refund	2,171	-	2,171
Juvenile Court	30,942	-	30,942
Vocational Aid	22,166	-	22,166
Total state appropriations	161,070	-	161,070
Federal appropriations:			
Medicaid	46,928	-	46,928
Internal Revenue Service	1,752	-	1,752
Title I	60,545	-	60,545
Perkins	42,553	-	42,553
Title IIA	102,832	-	102,832
Title VIA	8,442	-	8,442
Total federal appropriations	263,052	-	263,052
Total	$ 724,480	925,226	1,649,706

Note 12. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $2,620,028 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 13. Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program		Amount
Gifted and talented	$	118,725
Home school assisstance program		18,446
Dropout and dropout prevention		650,696
Teacher salary supplement		168,106
Educator quality, professional development		188,998
Beginning teacher mentoring and induction program		55
Educator quality, market factor		14,578
Educator quality, model core curriculum		396,009
Statewide voluntary preschool		150,894
Total restricted for categorical funding	$	1,706,507

Note 14. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the support services function exceeded the amount budgeted.

Note 15. Construction Commitments

The District has entered into contracts totaling $13,145,705 for various construction projects throughout the District. As of June 30, 2013, costs of $6,527,414 had been incurred against the contracts. The balance of $6,618,291 remaining at June 30, 2013 will be paid as work on the projects progresses.

LINN-MAR COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

LINN-MAR COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISION SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
ACTUAL TO BUDGET - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2013

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 41,768,160	2,031,384	43,799,544	43,395,226	43,395,226	404,318
State sources	36,219,406	24,698	36,244,104	36,555,817	36,555,817	(311,713)
Federal sources	2,277,606	983,138	3,260,744	3,310,055	3,310,055	(49,311)
Total revenues	80,265,172	3,039,220	83,304,392	83,261,098	83,261,098	43,294
Expenditures/Expenses:						
Instruction	45,215,491	-	45,215,491	46,550,685	46,550,685	1,335,194
Support services	20,838,340	53,099	20,891,439	20,636,599	20,636,599	(254,840)
Non-instructional programs	167,064	2,847,576	3,014,640	3,098,443	3,098,443	83,803
Other expenditures	20,707,760	-	20,707,760	22,517,690	45,000,000	24,292,240
Total expenditures	86,928,655	2,900,675	89,829,330	92,803,417	115,285,727	25,456,397
Excess(Deficiency) of revenues over(under) expenditures/expenses	(6,663,483)	138,545	(6,524,938)	(9,542,319)	(32,024,629)	25,499,691
Other financing sources, net	19,792,224	56,966	19,849,190	7,500,000	7,500,000	12,349,190
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	13,128,741	195,511	13,324,252	(2,042,319)	(24,524,629)	37,848,881
Balance beginning of year	26,081,824	1,446,414	27,528,238	25,141,218	25,141,218	2,387,020
Balance end of year	$ 39,210,565	1,641,925	40,852,490	23,098,899	616,589	40,235,901

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2013, the District adopted one budget amendment, increasing budgeted expenditures by $22,482,310.

During the year ended June 30, 2013, expenditures in the support services function exceeded the amount budgeted.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION
(IN THOUSANDS)

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	July 1 ,2009	$ -	$ 1,290	$ 1,290	0.0 %	$ 21,284	6.1 %
2012	July 1 ,2011	-	1,717	1,717	0.0	22,109	7.8
2013	July 1 ,2011	-	1,717	1,717	0.0	22,174	7.7

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

SUPPLEMENTARY INFORMATION

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Special Revenue					Total
	Management Fund	Student Activity	Public Education and Recreation Levy	Total	Debt Service	Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	$ 2,047,987	587,550	282,289	2,917,826	3,188,784	6,106,610
Receivables:						
Property tax:						
Delinquent	4,307	-	1,163	5,470	18,882	24,352
Succeeding year	1,200,000	-	239,477	1,439,477	3,736,735	5,176,212
Accounts	-	1,820	-	1,820	-	1,820
TOTAL ASSETS	$ 3,252,294	589,370	522,929	4,364,593	6,944,401	11,308,994
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 2,552	15,064	6,025	23,641	-	23,641
Salaries and benefits payable	-	11,536	2,624	14,160	-	14,160
Due to other funds	-	1,255	-	1,255	-	1,255
Deferred revenue:						
Succeeding year property tax	1,200,000	-	239,477	1,439,477	3,736,735	5,176,212
Total liabilities	1,202,552	27,855	248,126	1,478,533	3,736,735	5,215,268
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	3,207,666	3,207,666
Management levy purposes	2,049,742	-	-	2,049,742	-	2,049,742
Student activities	-	561,515	-	561,515	-	561,515
Public education and recreation levy purposes	-	-	274,803	274,803	-	274,803
Total fund balances	2,049,742	561,515	274,803	2,886,060	3,207,666	6,093,726
TOTAL LIABILITIES AND FUND BALANCES	$ 3,252,294	589,370	522,929	4,364,593	6,944,401	11,308,994

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	Special Revenue					Total
	Management Fund	Student Activity	Public Education and Recreation Levy	Total	Debt Service	Nonmajor Governmental Funds
REVENUE:						
Local sources:						
Local tax	$ 851,054	-	229,783	1,080,837	3,766,765	4,847,602
Other	116,234	1,476,853	11,490	1,604,577	6,659	1,611,236
State sources	293	-	79	372	1,280	1,652
TOTAL REVENUE	967,581	1,476,853	241,352	2,685,786	3,774,704	6,460,490
EXPENDITURES:						
Current:						
Instruction:						
Regular	160,698	-	-	160,698	-	160,698
Special	30,319	-	-	30,319	-	30,319
Other	15,422	1,512,305	-	1,527,727	-	1,527,727
Support services:						
Student	10,507	-	-	10,507	-	10,507
Instructional staff	44,436	-	-	44,436	-	44,436
Administration	37,529	-	-	37,529	-	37,529
Operation and maintenance of plant	445,082	-	57,028	502,110	-	502,110
Transportation	76,993	-	-	76,993	-	76,993
Non-instructional programs:						
Food service operations	79,577	-	-	79,577	-	79,577
Community service operations	-	-	30,520	30,520	-	30,520
Long-term debt:						
Principal	-	-	-	-	6,381,134	6,381,134
Interest and fiscal charges	-	-	-	-	3,077,883	3,077,883
Capital outlay	-	-	253,486	253,486	-	253,486
TOTAL EXPENDITURES	900,563	1,512,305	341,034	2,753,902	9,459,017	12,212,919
Excess(Deficiency) of revenues over(under) expenditures	67,018	(35,452)	(99,682)	(68,116)	(5,684,313)	(5,752,429)
OTHER FINANCING SOURCES(USES):						
Transfer in	-	-	-	-	5,730,004	5,730,004
Transfer out	-	(53,083)	-	(53,083)	-	(53,083)
TOTAL OTHER FINANCING SOURCES(USES)	-	(53,083)	-	(53,083)	5,730,004	5,676,921
Net change in fund balances	67,018	(88,535)	(99,682)	(121,199)	45,691	(75,508)
Fund balances beginning of year	1,982,724	650,050	374,485	3,007,259	3,161,975	6,169,234
Fund balances end of year	$ 2,049,742	561,515	274,803	2,886,060	3,207,666	6,093,726

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS

JUNE 30, 2013

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
ASSETS				
Cash and pooled investments	$ 16,102,335	2,134,014	3,474,413	21,710,762
Receivables:				
Property tax:				
Delinquent	-	14,558	-	14,558
Succeeding year	-	3,037,666	-	3,037,666
Accrued interest	11,519	-	-	11,519
Due from other governments	925,226	-	-	925,226
TOTAL ASSETS	$ 17,039,080	5,186,238	3,474,413	25,699,731
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 52,836	26,265	1,128,291	1,207,392
Deferred revenue:				
Succeeding year property tax	-	3,037,666	-	3,037,666
Total liabilities	52,836	3,063,931	1,128,291	4,245,058
Fund balances:				
Restricted for:				
Debt service	6,301,950	-	-	6,301,950
School infrastructure	10,684,294	-	2,346,122	13,030,416
Physical plant and equipment	-	2,122,307	-	2,122,307
Total fund balances	16,986,244	2,122,307	2,346,122	21,454,673
TOTAL LIABILITIES AND FUND BALANCES	$ 17,039,080	5,186,238	3,474,413	25,699,731

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

CAPITAL PROJECTS ACCOUNTS

YEAR ENDED JUNE 30, 2013

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
REVENUE:				
Local sources:				
Local tax	$ 5,600,634	2,904,210	-	8,504,844
Other	146,537	8,037	21,162	175,736
State sources	-	987	-	987
TOTAL REVENUE	5,747,171	2,913,234	21,162	8,681,567
EXPENDITURES:				
Current:				
Instruction:				
Regular	423,489	-	-	423,489
Support services:				
Instructional staff	88,257	-	-	88,257
Administration	590	27,003	-	27,593
Operation and maintenance of plant	-	116,160	-	116,160
Transportation	-	337,245	-	337,245
Non-instructional programs:				
Food service operations	-	56,967	-	56,967
Long-term debt:				
Interest and fiscal charges	200	-	67,550	67,750
Capital outlay	632,537	1,275,998	6,398,944	8,307,479
TOTAL EXPENDITURES	1,145,073	1,813,373	6,466,494	9,424,940
Excess(Deficiency) of revenues over(under) expenditures	4,602,098	1,099,861	(6,445,332)	(743,373)
OTHER FINANCING SOURCES(USES):				
Transfer in	1,885,000	-	8,525,491	10,410,491
Transfer out	(14,197,400)	(58,095)	(1,885,000)	(16,140,495)
Revenue bond issuance	20,000,000	-	-	20,000,000
Premium on revenue bond issuance	62,914	-	-	62,914
Discount on revenue bond issuance	(276,485)	-	-	(276,485)
TOTAL OTHER FINANCING SOURCES(USES)	7,474,029	(58,095)	6,640,491	14,056,425
Net change in fund balances	12,076,127	1,041,766	195,159	13,313,052
Fund balances beginning of year	4,910,117	1,080,541	2,150,963	8,141,621
Fund balances end of year	$ 16,986,244	2,122,307	2,346,122	21,454,673

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION

(UNAUDITED)

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

Contents | Page

Financial Trends — 62-77
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity — 78-84
These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.

Debt Capacity — 85-89
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.

Demographic and Economic Information — 90-95
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.

Operating Information — 96-102
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.

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

	Fiscal Year			
	2013	2012	2011	2010
Governmental activities:				
Net investment in capital assets	$ 28,177,257	33,860,908	26,461,367	12,919,519
Restricted	29,254,906	15,744,577	16,905,099	25,300,975
Unrestricted	7,658,223	8,318,403	7,511,620	4,314,105
Business type activities:				
Investment in capital assets	707,568	725,388	713,408	573,824
Unrestricted	934,357	721,026	439,480	231,642
Total primary government net position	$ 66,732,311	59,370,302	52,030,974	43,340,065

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.

2009	2008	2007	2006	2005	2004
22,311,057	24,807,981	21,318,303	20,216,871	18,950,280	17,765,683
11,235,639	3,365,122	2,164,827	1,520,582	1,544,394	1,862,379
3,979,908	2,456,499	1,695,688	1,453,180	1,543,426	1,296,870
643,946	486,498	214,844	230,113	222,667	251,625
65,575	(30,500)	(3,686)	(11,093)	109,925	103,353
38,236,125	31,085,600	25,389,976	23,409,653	22,370,692	21,279,910

LINN-MAR COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE,
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2012	2011	2010
Expenses:				
Governmental activities:				
Regular instruction	$ 31,630,043	30,061,936	28,640,227	27,660,836
Special instruction	7,647,660	7,364,222	8,291,861	8,880,524
Other instruction	5,787,883	5,453,547	4,656,988	4,878,366
Student services	3,456,656	3,226,515	3,095,443	2,236,875
Instructional staff services	2,888,367	3,054,671	2,449,712	2,386,183
Administration services	6,369,253	6,041,272	5,671,887	5,444,176
Operation and maintenance of plant services	5,152,985	6,369,265	5,128,200	5,496,221
Transportation services	2,000,716	2,444,605	2,331,937	2,363,942
Central Services	-	-	-	-
Non-instructional programs	110,098	187,193	112,581	97,096
Capital outlay	-	-	1,120,778	1,317,844
Interest on long-term debt and fiscal charges	3,212,643	3,216,868	3,621,298	3,837,554
AEA flowthrough	2,620,028	2,543,681	2,703,997	2,582,490
Depreciation(unallocated)	2,171,171	3,388,470	2,819,601	2,228,121
Total governmental activities	73,047,503	73,352,245	70,644,510	69,410,228
Business type activities:				
Nutrition services	2,900,675	2,738,897	2,746,151	2,714,977
Total business type activities	2,900,675	2,738,897	2,746,151	2,714,977
Total primary government expenses	75,948,178	76,091,142	73,390,661	72,125,205
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction	4,514,187	4,218,399	4,301,403	4,191,449
Support services	12,607	13,688	1,424,420	1,210,650
Capital outlay	-	-	64,537	24,664
Operating grants and contributions	9,439,571	5,119,276	9,100,509	8,149,292
Capital grants and contributions	49,058	47,975	-	37,419
Total governmental activities	14,015,423	9,399,338	14,890,869	13,613,474
Business type activities:				
Charges for services:				
Nutrition	2,029,545	2,024,234	2,003,376	1,997,621
Operating grants and contributions	1,007,836	912,443	860,457	809,883
Capital grants and contributions	-	94,085	228,761	2,572
Total business type activities	3,037,381	3,030,762	3,092,594	2,810,076
Total primary government revenues	17,052,804	12,430,100	17,983,463	16,423,550
Net (Expense)/Revenues				
Total governmental activities	(59,032,080)	(63,952,907)	(55,753,641)	(55,796,754)
Total business type activities	136,706	291,865	346,443	95,099
Total primary government net expense	$ (58,895,374)	(63,661,042)	(55,407,198)	(55,701,655)

Source: School District financial records.

2009	2008	2007	2006	2005	2004
27,781,726	25,437,813	21,937,911	20,178,989	19,081,962	17,039,534
8,818,399	8,420,667	7,519,352	6,679,381	5,164,314	5,757,573
4,026,619	3,571,552	3,579,827	3,188,662	3,059,878	2,218,068
2,175,607	1,990,772	1,594,995	1,412,916	1,223,482	1,648,627
2,294,187	2,299,782	1,878,077	1,899,314	1,605,511	2,055,120
4,674,249	4,672,761	3,891,968	3,763,183	3,378,697	3,271,431
5,191,799	4,667,734	4,203,686	4,095,267	3,846,824	3,207,633
2,159,488	2,169,820	1,919,725	1,703,145	1,888,372	1,434,039
-	-	-	-	-	89,770
106,490	528,040	134,998	123,594	35,199	29,200
1,223,442	1,600,889	668,614	362,586	547,102	946,714
2,464,043	2,749,679	3,187,276	2,679,973	1,841,270	1,783,718
2,285,973	2,103,691	1,851,025	1,675,939	1,522,333	1,452,261
2,184,773	1,590,669	1,421,397	1,418,636	1,365,187	1,036,958
65,386,795	61,803,869	53,788,851	49,181,585	44,560,131	41,970,646
2,722,516	2,551,435	2,246,998	1,975,734	1,737,249	1,621,131
2,722,516	2,551,435	2,246,998	1,975,734	1,737,249	1,621,131
68,109,311	64,355,304	56,035,849	51,157,319	46,297,380	43,591,777
3,631,198	3,369,306	3,135,249	2,636,136	2,583,797	2,614,374
642,461	378,260	268,695	324,150	118,012	98,871
515,733	463,025	31,801	15,869	2,222	21,291
7,239,896	5,967,312	4,863,775	4,223,332	3,861,964	3,212,119
24,030	606,055	32,471	64,059	-	655,602
12,053,318	10,783,958	8,331,991	7,263,546	6,565,995	6,602,257
1,991,245	1,781,217	1,636,219	1,376,066	1,255,687	1,188,254
740,393	681,827	575,908	482,199	457,601	390,243
236,818	327,659	23,861	-	-	118,253
2,968,456	2,790,703	2,235,988	1,858,265	1,713,288	1,696,750
15,021,774	13,574,661	10,567,979	9,121,811	8,279,283	8,299,007
(53,333,477)	(51,019,911)	(45,456,860)	(41,918,039)	(37,994,136)	(35,368,389)
245,940	239,268	(11,010)	(117,469)	(23,961)	75,619
(53,087,537)	(50,780,643)	(45,467,870)	(42,035,508)	(38,018,097)	(35,292,770)

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			
	2013	2012	2011	2010
Net (Expense)/Revenues				
Total governmental activities	$ (59,032,080)	(63,952,907)	(55,753,641)	(55,796,754)
Total business type activities	136,706	291,865	346,255	95,099
Total primary government net expense	(58,895,374)	(63,661,042)	(55,407,386)	(55,701,655)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property tax levied for:*				
General purposes	23,421,086	23,341,607	24,868,320	22,702,893
Debt service	3,766,765	3,807,344	3,684,005	3,899,645
Capital projects	3,133,993	2,976,713	1,781,832	2,979,169
Sales tax	5,600,634	6,441,915	6,121,089	6,709,286
Unrestricted grants and contributions	28,870,083	32,295,010	26,871,830	23,992,475
Nonspecific program federal revenues	187,358	939,496	-	-
Miscellaneous	1,083,700	1,071,828	645,187	306,483
Investment earnings	134,959	124,796	124,865	214,798
Total governmental activities	66,198,578	70,998,709	64,097,128	60,804,749
Business type activities:				
Miscellaneous	56,966	132	-	-
Investment earnings	1,839	1,529	979	846
Total business type activities	58,805	1,661	979	846
Total primary government	66,257,383	71,000,370	64,098,107	60,805,595
Change in Net Position				
Total governmental activities	7,166,498	7,045,802	8,343,487	5,007,995
Total business type activities	195,511	293,526	347,234	95,945
Total primary government	$ 7,362,009	7,339,328	8,690,721	5,103,940

Note: In February 2007, the patrons of Linn County passed the Local Option Sales Tax. During the 2008 legislative session, the Iowa Legislature passed a 1% statewide sales, services and use tax that replaced the local option sales tax.

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

* Changes in property tax revenues are a product of underlying changes in property values and tax rates.
See Pages 66-70.

Source: School District financial records.

2009	2008	2007	2006	2005	2004
(53,333,477)	(51,019,911)	(45,456,860)	(41,918,039)	(37,994,136)	(35,368,389)
245,940	239,268	(11,010)	(117,469)	(23,961)	75,619
(53,087,537)	(50,780,643)	(45,467,870)	(42,035,508)	(38,018,097)	(35,292,770)
21,831,162	19,280,777	17,325,174	16,602,942	15,597,005	13,825,403
3,888,560	3,445,151	3,955,928	3,625,571	3,618,618	3,527,896
2,475,886	2,160,905	2,448,213	1,383,971	1,197,792	1,267,743
5,592,757	5,678,033	-	-	-	-
25,677,917	24,618,955	21,510,545	19,940,735	18,313,369	16,741,241
-	-	-	-	-	-
486,687	407,049	366,102	388,024	232,652	66,916
277,510	879,825	1,839,083	1,129,329	147,868	94,877
60,230,479	56,470,695	47,445,045	43,070,572	39,107,304	35,524,076
5,717	-	-	-	-	-
1,866	5,572	3,148	3,897	1,575	1,322
7,583	5,572	3,148	3,897	1,575	1,322
60,238,062	56,476,267	47,448,193	43,074,469	39,108,879	35,525,398
6,897,002	5,450,784	1,988,185	1,152,533	1,113,168	155,687
253,523	244,840	(7,862)	(113,572)	(22,386)	76,941
7,150,525	5,695,624	1,980,323	1,038,961	1,090,782	232,628

LINN-MAR COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2012	2011	2010
General Fund:				
Nonspendable	$ -	-	37,400	-
Restricted*	1,706,507	1,536,821	1,487,025	943,448
Committed	-	-	285,459	-
Assigned	443,261	-	110,941	-
Unassigned**	9,512,398	10,234,148	7,889,075	5,172,927
Total general fund	11,662,166	11,770,969	9,809,900	6,116,375
All Other Governmental Funds:				
Restricted for:				
Capital projects funds	21,454,673	3,749,121	6,251,625	15,430,146
Special revenue funds	6,093,726	10,561,734	10,537,482	10,490,979
Total all other governmental funds	27,548,399	14,310,855	16,789,107	25,921,125
Total governmental funds	$ 39,210,565	26,081,824	26,599,007	32,037,500

Source: School District financial records.

Notes: * restricted fund balances have fluctuated over the past ten years due to the state of Iowa's view on how categorical funds could be spent. Pre 9-11 era, the state of Iowa required schools to reserve any unspent categorical funds. Since then, they have opened the door somewhat and allowed schools to spend some of the categorical funds to support general programming, thus the drop off of reserved balances in 2003. In 2004 and on, the District has reserved funds for state categorical funds, debt retirement, and construction of new facilities

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

2009	2008	2007	2006	2005	2004
-	-	-	-	-	-
462,658	323,383	247,809	3,631	111,397	196,692
-	-	-	-	-	-
-	-	56,121	291,487	-	-
4,663,394	2,953,846	2,323,217	2,112,222	2,522,629	2,364,453
5,126,052	3,277,229	2,627,147	2,407,340	2,634,026	2,561,145
7,026,156	1,765,430	9,575,282	9,063,180	-	532,842
5,332,590	2,623,576	11,916,369	21,206,259	11,794,551	1,908,712
12,358,746	4,389,006	21,491,651	30,269,439	11,794,551	2,441,554
17,484,798	7,666,235	24,118,798	32,676,779	14,428,577	5,002,699

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2012	2011	2010
Local sources:				
Property taxes	$ 30,321,844	30,125,664	30,323,051	29,571,174
Statewide sales, services and use tax	5,600,634	6,441,915	6,121,089	6,709,286
Tuition	2,989,998	2,824,909	2,510,058	2,176,974
Other revenues	2,855,684	2,647,870	2,805,732	2,701,306
Total local sources	41,768,160	42,040,358	41,759,930	41,158,740
Intermediate sources				
Other revenues	-	-	-	-
Total intermediate sources	-	-	-	-
State sources:				
State grants	36,219,406	35,327,946	33,473,648	27,767,019
Total state sources	36,219,406	35,327,946	33,473,648	27,767,019
Federal sources:				
Federal grants	2,277,606	3,029,743	3,752,150	5,484,986
Total federal sources	2,277,606	3,029,743	3,752,150	5,484,986
Total revenues	$ 80,265,172	80,398,047	78,985,728	74,410,745

Source: School District financial records.

2009	2008	2007	2006	2005	2004
28,185,239	24,876,851	23,719,160	21,599,046	20,403,652	18,611,587
5,592,757	5,678,033	-	-	-	-
1,968,604	1,792,758	1,421,707	1,205,786	1,253,420	1,051,953
3,057,302	3,483,303	4,046,617	3,002,710	2,045,578	1,790,888
38,803,902	35,830,945	29,187,484	25,807,542	23,702,650	21,454,428
-	1,892	-	29,089	7,455	-
-	1,892	-	29,089	7,455	-
31,357,360	29,653,682	25,415,872	23,250,133	21,001,096	19,492,157
31,357,360	29,653,682	25,415,872	23,250,133	21,001,096	19,492,157
2,108,874	1,837,335	1,099,201	1,211,973	962,098	1,179,748
2,108,874	1,837,335	1,099,201	1,211,973	962,098	1,179,748
72,270,136	67,323,854	55,702,557	50,298,737	45,673,299	42,126,333

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT RATIO,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2012	2011	2010
Instruction	$ 45,215,491	42,714,244	41,480,379	41,092,354
Student services	3,469,352	3,226,515	3,095,442	2,236,875
Instructional staff services	2,971,449	3,038,724	2,514,172	2,369,786
Administration services	6,221,704	6,086,374	5,821,026	5,432,534
Operation and maintenance of plant services	5,625,511	5,088,137	5,179,501	5,165,727
Transportation services	2,550,324	2,506,679	2,095,187	2,477,945
Central and other support services	-	-	-	-
Non-instructional programs	167,064	187,193	112,581	97,096
Capital outlay	8,560,965	5,946,332	11,932,534	25,726,426
AEA flowthrough	2,620,028	2,543,681	2,703,997	2,582,490
Debt service				
Principal	6,381,134	6,327,396	17,676,750	10,729,432
Interest and fiscal charges	3,145,633	3,266,476	3,569,922	3,409,086
Total expenditures	$ 86,928,655	80,931,751	96,181,491	101,319,751
Debt service as a percentage of noncapital expenditures	12.16%	12.59%	25.24%	7.69%

Source: School District financial records.

2009	2008	2007	2006	2005	2004
40,272,400	37,737,920	33,157,396	29,974,634	27,496,940	25,074,989
2,175,608	2,012,520	1,611,377	1,439,599	1,250,165	1,648,627
2,356,883	2,202,437	1,881,262	1,879,839	1,609,526	2,055,120
4,766,021	4,599,765	3,888,547	3,763,761	3,404,941	3,225,940
5,144,794	4,703,119	4,179,156	4,073,271	3,819,241	3,116,221
2,373,708	2,281,106	2,011,478	1,606,318	1,509,554	1,283,566
-	-	-	-	-	89,770
106,490	108,086	134,998	123,594	35,199	29,200
7,635,006	13,889,914	18,135,936	2,097,020	1,997,781	3,144,501
2,285,973	2,103,691	1,851,025	1,675,939	1,522,333	1,452,261
2,683,424	11,462,161	1,990,000	2,065,000	1,965,000	1,875,000
2,304,355	3,075,404	2,730,336	2,561,488	1,876,949	1,792,285
72,104,662	84,176,123	71,571,511	51,260,463	46,487,629	44,787,480
20.59%	8.85%	9.45%	8.65%	8.76%	9.60%

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			
	2013	2012	2011	2010
Excess(Deficiency) of revenues over(under) expenditures	$ (6,663,483)	(533,704)	(17,195,763)	(26,909,006)
Other financing sources(uses)				
Capital lease proceeds	-	-	-	314,228
Transfer in	16,193,578	6,009,968	5,462,810	4,753,458
Transfer out	(16,193,578)	(6,009,968)	(5,462,810)	(4,753,458)
Sale of equipment	5,795	16,521	1,769	7,481
Sale of real property	-	-	500	-
Revenue bond proceeds	20,000,000	-	-	34,400,000
General obligation refunding bonds issued	-	-	-	6,740,000
General obligation bonds issued	-	-	11,755,000	-
General obligation bonds refunded	-	-	-	-
Net premium/discounts on bond issuances	(213,571)	-	-	-
Total other financing sources (uses)	19,792,224	16,521	11,757,269	41,461,709
Change in fund balances	$ 13,128,741	(517,183)	(5,438,494)	14,552,703

Source: School District financial records.

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

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
2013	$ 43,073,258	$ 19,597,510	$ -	$ 2,620,028	$ 65,290,796	$ -
2012	40,918,907	19,237,650	-	2,543,681	62,700,238	-
2011	39,494,522	17,945,296	-	2,703,997	60,143,815	-
2010	38,890,572	16,428,065	-	2,582,490	57,901,127	-
2009	38,388,366	15,781,493	1,488	2,285,973	56,457,320	(1,041)
2008	35,801,791	14,571,626	55,816	2,103,691	52,532,924	(10,500)
2007	31,615,236	12,687,181	82,196	1,851,025	46,235,638	(9,095)
2006	28,781,564	12,012,746	642	1,675,939	42,470,890	-
2005	26,278,462	10,711,877	-	1,565,078	38,555,417	(42,745)
2004	23,947,892	10,924,257	-	1,452,261	36,324,410	-

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
2013	$ 22,570,032	$ 36,216,767	$ 2,277,606	$ 4,058,710	$ 65,123,115	$ 58,878
2012	22,532,908	35,325,267	3,029,743	3,756,868	64,644,786	16,521
2011	23,106,617	33,471,036	3,752,150	3,505,767	63,835,570	1,769
2010	22,681,230	27,764,454	5,484,986	2,953,300	58,883,970	7,481
2009	21,808,516	31,352,545	2,087,217	3,057,787	58,306,065	1,119
2008	19,259,497	29,651,322	1,256,369	3,026,318	53,193,506	-
2007	17,317,744	25,409,145	1,070,730	2,666,485	46,464,104	-
2006	15,500,786	23,243,767	1,211,616	2,288,251	42,244,420	-
2005	14,544,873	20,984,741	969,553	2,129,131	38,628,298	-
2004	13,325,279	19,462,627	551,008	1,744,644	35,083,558	-

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
Last Ten Fiscal Years

		Actual Value					
Assessment Year	Collection Year	Residental Property	Commercial Property	Other Property	Less Exemptions	Total Taxable Value	Total Direct Rate
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	18.54161
2009	2010-11	2,073,971,062	500,753,652	125,978,973	1,129,135,324	1,571,568,363	19.73839
2008	2009-10	1,990,858,611	477,986,759	106,310,922	1,095,573,208	1,479,583,084	20.22951
2007	2008-09	1,893,497,108	483,513,198	98,623,115	1,070,565,207	1,405,068,214	20.40133
2006	2007-08	1,730,138,471	450,605,377	100,148,071	949,477,920	1,331,413,999	19.39588
2005	2006-07	1,613,286,865	443,260,340	99,459,863	881,950,290	1,274,056,778	18.81657
2004	2005-06	1,455,510,174	435,531,201	100,395,689	763,516,914	1,227,920,150	17.99931
2003	2004-05	1,352,545,635	414,483,900	104,473,635	705,055,150	1,166,448,020	17.76825
2002	2003-04	1,229,119,939	376,637,198	108,753,411	600,388,873	1,114,121,675	16.89647

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
2013	$ 30,246,623	$ 30,083,367	99.46%	$ 147,759	$ 30,231,126	99.95%
2012	30,028,665	29,867,169	99.46%	168,928	30,036,097	100.02%
2011	30,261,870	29,992,625	99.11%	235,142	30,227,767	99.89%
2010	29,491,293	29,241,244	99.15%	229,839	29,471,083	99.93%
2009	28,092,272	27,873,797	99.22%	209,446	28,083,242	99.97%
2008	25,428,854	24,703,063	97.15%	77,861	24,780,924	97.45%
2007	23,617,541	23,504,447	99.52%	214,713	23,719,160	100.43%
2006	21,764,907	21,431,989	98.47%	149,056	21,581,045	99.16%
2005	20,475,421	20,403,652	99.65%	-	20,403,652	99.65%
2004	18,490,273	18,495,314	100.03%	116,273	18,611,587	100.66%

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

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

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%
2005	2006-2007			
	County	5.69014	5.69014	5.69014
	Schools	18.81657	18.81657	18.81657
	City	14.38608	13.95525	9.32643
	Miscellaneous	1.288	1.23853	1.23853
	Total Levy	40.18079	39.70049	35.07167
Ratio of Linn-Mar Community School District to Total		46.83%	47.40%	53.65%
2004	2005-2006			
	County	5.73231	5.73231	5.73231
	Schools	17.99931	17.99931	17.99931
	City	13.98997	13.98851	8.69792
	Miscellaneous	1.06205	0.97102	0.97102
	Total Levy	38.78364	38.69115	33.40056
Ratio of Linn-Mar Community School District to Total		46.41%	46.52%	53.89%

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2003	2004-2005			
	County	5.51347	5.51347	5.51347
	Schools	17.76825	17.76825	17.76825
	City	13.11797	13.65104	8.54268
	Miscellaneous	1.08096	0.98101	0.98101
	Total Levy	37.48065	37.91377	32.80541
Ratio of Linn-Mar Community School District to Total		47.41%	46.86%	54.16%
2002	2003-2004			
	County	5.29322	5.29322	5.29322
	Schools	16.89647	16.89647	16.89647
	City	13.06777	13.46667	8.55126
	Miscellaneous	1.07587	0.97726	0.97726
	Total Levy	36.33333	36.63362	31.71821
Ratio of Linn-Mar Community School District to Total		46.50%	46.12%	53.27%

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES BY FUND PER $1,000 ASSESSED VALUATION
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General	Management	Board Physical Plant and Equipment	Playground	Voted Physical Plant and Equipment	Debt Service	Total
2013	$ 13.26000	$ 0.50000	$ 0.33000	$ 0.13500	$ 1.34000	$ 2.16599	$ 17.73099
2012	13.93153	0.50000	0.33000	0.13500	1.34000	2.30508	18.54161
2011	15.11830	1.14668	0.33000	0.13500	0.67000	2.33841	19.73839
2010	15.56715	0.90000	0.33000	0.13500	0.67000	2.62736	20.22951
2009	15.86000	0.65000	0.33000	0.13500	0.67000	2.75633	20.40133
2008	15.07172	0.65068	0.33000	0.03062	0.67000	2.64286	19.39588
2007	13.79463	0.79637	0.33000	0.13500	0.67000	3.09057	18.81657
2006	12.97192	0.91638	0.33000	0.13500	0.67000	2.97601	17.99931
2005	12.71299	0.91309	0.33000	0.03048	0.67000	3.11169	17.76825
2004	12.16085	0.45000	0.33000	0.13500	0.67000	3.15062	16.89647

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TWELVE YEARS AGO

Taxpayer	2011 Taxable Value 1-1-11 Valuation	Percentage of Total Taxable Value Valuation *	2000 Taxable Value 1-1-00 Valuation	Percentage of Total Taxable Value Valuation *
SDG Macerich Properties	$ 35,388,978	2.04 %	-	- %
Rockwell Collins Innc	31,346,726	1.81	59,350,092	5.91
OPM LC	13,380,274	0.77	8,844,466	0.88
Developers Diversified Realty Corp	12,147,087	0.70	-	-
Collins Square LLC	11,503,077	0.66	10,436,860	1.04
Timberland Partners	11,004,345	0.63	-	-
WalMart	10,850,705	0.63	-	-
Apple Ten Hospitality Ownership, Inc.	10,170,047	0.59		
Atrium Finance	9,101,367	0.52	-	-
Target Corporation	8,419,751	0.49		
Busse Investment, Inc.			5,634,170	0.56
Lindale Mall	-	-	30,288,700	3.02
Alliant Energy	-	-	6,627,185	0.66
U.S. West	-	-	5,433,357	0.54
Northland Square Mall	-	-	4,592,610	0.46
Hy-Vee Food Stores	-	-	4,560,062	0.45
Mid American Energy	-	-	2,190,252	0.22
Total	$ 153,312,357	8.84 %	$ 137,957,754	13.74 %

* 2011 Total District Taxable Valuation is $1,734,667,894
2000 Total District Taxable Valuation was $1,004,367,247

Note: The 2011 valuation was reported because the taxes collected during the 2013 fiscal year were based on the 2011 valuation. The 2000 valuation was reported, because the valuation data for 2002 was not available.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

RATIO OF BONDED DEBT TO ASSESSED VALUES
AND BONDED DEBT PER CAPITA
Last Ten Fiscal Years

Fiscal Year	Assessed Values of Property	General Obligation Bonds	Revenue Bonds	Total Bonds	Ratio of Bonded Debt To Assessed Value	Bonded Debt Per Capita *
2013	$ 2,859,738,700	$ 42,260,000	$ 53,360,000	$ 95,620,000	3.34 %	$ 364
2012	2,783,050,196	45,365,000	36,585,000	81,950,000	2.94	315
2011	2,700,703,687	48,440,000	39,705,000	88,145,000	3.26	341
2010	2,545,408,524	51,215,000	42,725,000	93,940,000	3.69	365
2009	2,441,242,271	53,870,000	9,525,000	63,395,000	2.60	248
2008	2,255,811,533	56,485,000	-	56,485,000	2.50	223
2007	2,152,971,640	67,860,000	-	67,860,000	3.15	272
2006	1,988,451,640	62,425,000	-	62,425,000	3.14	253
2005	1,868,577,010	45,265,000	-	45,265,000	2.42	185
2004	1,711,628,836	37,080,000	-	37,080,000	2.17	153

Source: District Financial Records, Woods & Poole Economics

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

LINN-MAR COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Ratio Of Bonded Debt To Personal Income *
2013	$ 42,260,000	$ 53,360,000	$ 109,031	$ 95,729,031	0.98 %
2012	45,365,000	36,585,000	160,165	82,110,165	0.85
2011	48,440,000	39,705,000	292,561	88,437,561	0.95
2010	51,215,000	42,725,000	419,310	94,359,310	1.03
2009	53,870,000	9,525,000	239,512	63,634,512	0.69
2008	56,485,000	-	-	56,485,000	0.63
2007	67,860,000	-	-	67,860,000	0.79
2006	62,425,000	-	-	62,425,000	0.75
2005	45,265,000	-	-	45,265,000	0.55
2004	37,080,000	-	-	37,080,000	0.46

Source: School District financial records.

Notes: (a) See Miscellaneous Demographic Statistics on page 90. These ratios are calculated using personal income and population for the prior calendar year.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2013

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Linn-Mar Community School District Share of Debt
Direct:			
Linn-Mar Community School District	$ 42,260,000	100.00%	$ 42,260,000
Overlapping:			
City of Cedar Rapids	231,650,000	11.58%	26,825,070
City of Marion	24,245,000	69.81%	16,925,435
City of Robbins	6,220,000	33.31%	2,071,882
Kirkwood Community College	64,835,000	8.23%	5,335,921
Linn County	19,630,000	18.01%	3,535,363
Total Overlapping	346,580,000		54,693,670
Total Direct and Overlapping Debt	$ 388,840,000		$ 96,953,670

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 outsanding 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 governement.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

	2012-13	2011-2012	2010-2011	2009-2010
Total Assessed Valuation	$ 2,859,738,700	$ 2,783,050,196	$ 2,700,703,687	$ 2,545,408,524
Bonded Debit Limit * 5% of assessed valuation	142,986,935	139,152,510	135,035,184	127,270,426
Bonded Debt at end of fiscal year	95,729,031	82,110,165	88,437,561	94,359,310
Debt Margin at end of fiscal year	$ 47,257,904	$ 57,042,345	$ 46,597,623	$ 32,911,116
Legal Debt Margin as a Percentage of debt limit	33.05%	40.99%	34.51%	25.86%

* Code of Iowa Section 296.1

Source: Linn County Auditor
School District Financial Records

2008-2009	2007-2008	2006-2007	2005-2006	2004-05	2003-04
$ 2,441,242,271	$ 2,255,811,533	$ 2,152,971,640	$ 1,988,451,640	$ 1,868,577,010	$ 1,711,628,836
122,062,114	112,790,577	107,648,582	99,422,582	93,428,851	85,581,442
63,634,512	56,485,000	56,485,000	67,860,000	45,265,000	37,080,000
$ 58,427,602	$ 56,305,577	$ 51,163,582	$ 31,562,582	$ 48,163,851	$ 48,501,442
47.87%	49.92%	47.53%	31.75%	51.55%	56.67%

LINN-MAR COMMUNITY SCHOOL DISTRICT

MISCELLANEOUS DEMOGRAPHIC STATISTICS
Last Ten Years

Calendar Year	Population	Personal Income	Per Capita Income	Cedar Rapids Retail Sales (In Millions)	Marion Retail Sales (In Millions)	Linn-County Unemployment Rate	State Unemployment Rate
2012	262,534	$ 9,748,004,000	$ 37,130	$ 2,931.3	$ 341.0	5.30 %	5.20 %
2011	259,828	9,657,823,000	37,170	2,862.1	328.9	6.00	5.90
2010	258,467	9,280,075,000	35,904	2,645.4	333.3	6.50	6.70
2009	257,530	9,162,172,000	35,577	2,894.8	351.8	5.70	6.00
2008	255,452	9,248,958,000	36,206	2,576.7	315.6	4.00	4.10
2007	252,780	9,001,524,000	35,610	2,444.5	344.5	3.80	3.80
2006	249,790	8,594,374,000	34,406	2,389.9	337.1	3.70	3.70
2005	246,410	8,316,144,000	33,749	2,398.2	287.1	4.70	4.60
2004	244,310	8,249,963,000	33,768	2,391.9	259.1	4.90	4.80
2003	242,550	8,056,076,000	33,214	2,328.2	252.2	4.80	4.50

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 2013 in not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NEW COMMERCIAL AND INDUSTRIAL BUILDING PERMITS
Last Ten Years

	City of Cedar Rapids New Commerical		City of Marion New Commerical	
Year	# of Permits	Valualtion	# of Permits	Valualtion
2012	26	$ 44,088,780	6	$ 3,260,541
2011	20	43,488,532	11	2,494,538
2010	22	37,695,793	10	30,148,436
2009	21	19,387,965	6	902,214
2008	26	36,693,287	4	6,200,525
2007	30	58,819,301	10	6,246,039
2006	35	31,775,555	10	10,402,835
2005	52	54,653,299	19	15,823,935
2004	47	16,796,266	9	1,292,890
2003	43	15,849,336	9	1,888,957

	City of Cedar Rapids New Industrial		City of Marion New Industrial	
Year	# of Permits	Valualtion	# of Permits	Valualtion
2012	5	$ 1,402,760	-	$ -
2011	7	1,962,394	-	-
2010	-	-	1	75,000
2009	1	163,900	-	-
2008	12	34,937,383	-	-
2007	23	34,114,203	-	-
2006	2	8,095,188	1	229,680
2005	3	764,800	1	130,000
2004	4	2,989,448	1	91,872
2003	3	170,000	1	114,840

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 2013 in not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NEW SINGLE AND MULTI FAMILY DWELLING PERMITS
Last Ten Years

Year	City of Cedar Rapids Single-Family # of Permits		Valualtion	City of Marion Single-Family # of Permits		Valualtion
2012	253	$	26,111,686	157	$	18,988,018
2011	212		20,726,818	128		14,949,682
2010	332		29,438,833	145		16,677,433
2009	323		29,770,945	143		16,333,694
2008	292		30,247,887	216		26,585,154
2007	298		33,829,577	215		26,142,204
2006	346		37,911,515	211		25,406,593
2005	348		37,783,146	312		36,446,164
2004	338		34,725,819	289		29,467,226
2003	378		37,635,431	253		26,452,966

Year	City of Cedar Rapids Multi-Family # of Permits		Valualtion	City of Marion Multi-Family # of Permits		Valualtion
2012	29(n/a)	$	6,935,533	24(n/a)	$	6,193,893
2011	64(n/a)		7,849,210	23(n/a)		5,349,470
2010	33(99).		6,331,267	21(n/a)		3,960,067
2009	73(403)		28,959,453	27(n/a)		6,037,139
2008	41(160)		9,749,758	25(73)		5,933,636
2007	49(254)		14,418,797	38(n/a)		11,562,153
2006	37(134)		9,140,955	37(113)		9,211,430
2005	75(n/a)		24,769,755	44(n/a)		19,879,621
2004	18(108)		33,595,118	14(n/a)		3,245,040
2003	37 (n/a)		7,650,440	39 (n/a)		17,736,558

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 2013 in not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS
Current Year and Thirteen Years Ago

	2013		2000 *	
Employer	Employees	Percentage of Total Employement	Employees	Percentage of Total Employement
State University of IA/Hospital	30,804	48.78 %	21,773	46.48 %
Rockwell-Avionoics	9,470	15.00	6,300	13.45
TransAmerica	3,800	6.02	-	-
St. Lukes Hospital	3,184	5.04	2,250	4.80
Mercy Medical Center	2,312	3.66	1,700	3.63
Whirlpool Corporation	2,200	3.48	2,950	6.30
Kirkwood Comm. College	1,895	3.00	-	-
Pearson	1,200	1.90	-	-
Veterans Health Administration	1,562	2.47	-	-
Mercy Iowa City	1,208	1.91	-	-
Area Schools/AEA	5,512	8.73	-	-
Hy-Vee Stores	-	-	1,950	4.16
IES Utilites	-	-	2,282	4.87
McLeod USA	-	-	1,966	4.20
MCI Communications	-	-	1,600	3.42
Total	63,147	100.00 %	42,771	91.31 %

* Information not available for 2004 for ten year comparison
Source: Cedar Rapids Area Chamber of Commerce

LINN-MAR COMMUNITY SCHOOL DISTRICT

FULL-TIME - EQUIVALENT DISTRICT EMPLOYEES BY TYPE
Last Ten Fiscal Years

	Fiscal Year				
	2013	2012	2011	2010	2009
Administration					
Superintendent	1	1	1	1	1
Associate Superintendent	1	1	1	1	1
Principals	10	10	10	10	10
Assistant Principals	8	8	8	6	6
Deans	2	2	2	2	2
School Admin. Manager	7	7	7	5	3
Other Administrators	4	4	4	4	4
Supervisors	7	7	8	7	7
Instructors					
Regular Program Teachers	377.5	363.5	367.33	366.6	362.6
Special Education Teachers	62	64	54.27	56	55
Student Services					
Guidance Counselors	18	17	17	17	17
Media Specialists	10	10	10	10	10
Curriculum Coordinators	4	2	2	2	2
Other Licensed Staff	6	6	6	5	5
Other Coordinators	8	8	6	4	4
Support Personnel					
Nurse	4	4	4	4	4
Clerical	43.5	41.26	43.56	43.5	43.4
Paraeducators	187.5	178.48	144.95	154.9	149
Custodial & Maintenance	73	61.5	58	63	63
Food Service	52.5	48.51	51.57	49.82	48.16
Bus Drivers	26.77	28.18	26.9	28.19	27.09
	912.77	872.43	832.58	840.01	824.25

Source: District Personnel Records

2008	2007	2006	2005	2004
1	1	1	1	1
1	1	1	1	1
10	9	9	9	8
5	5	5	5	5
2	0	0	0	0
2	2	0	0	0
4	3	3	2.5	1
4.5	4	4	4	4
356.92	327.59	309.8	293.39	284.63
54	52	51	48	41
17	15	14	12.5	12
9	8	8	8	8
2	2	2	2	2
5	5	5	4.5	2
4	3	3	3	4.5
4	3.75	3	3	3
40.36	36.15	36.56	36.44	35.56
144.27	133.13	122.77	128.48	123.14
63.06	62.46	58.85	58.97	97.15
48.07	41.59	42.44	37.44	-1
21.53	22.03	22.19	17.18	16.375
798.71	736.7	701.61	675.4	648.35

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 *
2013	$ 150,587,691	$ 8,539,938	$ 20,021,889
2012	148,917,277	4,760,465	20,029,573
2011	138,693,867	11,709,850	6,638,429
2010	138,979,461	24,266,307	4,000,518
2009	120,501,828	6,614,785	345,460
2008	119,383,700	11,906,419	1,152,587
2007	87,310,929	2,097,020	412,829
2006	85,868,742	2,097,020	506,350
2005	78,890,063	1,962,487	1,656,331
2004	61,678,981	2,320,801	470,382

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

Source: Bouslog Insurance, Inc.
True North Insurance
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
2012-2013	$ 65,290,796	6,695	$ 9,752
2011-2012	62,700,238	6,419	9,768
2010-2011	60,143,815	6,252	9,620
2009-2010	57,901,127	5,963	9,710
2008-2009	56,457,320	5,759	9,803
2007-2008	52,532,924	5,491	9,567
2006-2007	46,235,638	5,299	8,725
2005-2006	42,470,890	5,003	8,489
2004-2005	38,512,612	4,765	8,082
2003-2004	36,324,410	4,702	7,725

* Includes all General Fund Expenditures

Source: School District Financial and attendance reports

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years

School	Fiscal Year 2004	2005	2006	2007
Elementary				
Bowman Woods				
Square Feet	50,906	50,906	50,906	50,906
Capacity	500	500	500	500
Enrollment	514	499	498	537
Echo Hill				
Square Feet				
Capacity				
Enrollment				
Indian Creek				
Square Feet	49,200	49,200	49,200	49,200
Capacity	450	450	450	450
Enrollment	406	427	478	525
Linn Grove				
Square Feet				
Capacity				
Enrollment				
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	400	400	400	400
Enrollment	370	362	366	381
Westfield				
Square Feet	58,000	58,000	58,000	58,000
Capacity	500	500	500	500
Enrollment	405	436	462	443
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	460	473	462	508
PreK-8 Building [c]				
Oak Ridge				
Square Feet	105,383	105,383	105,383	105,383
Capacity	750	750	750	750
Enrollment	577	643	692	781
Middle School/Intermediate [a]				
Excelsior				
Square Feet	126,700	126,700	126,700	126,700
Capacity	1,100	1,100	1,100	1,100
Enrollment	884	836	841	823
Oak Ridge [c]				
Square Feet				
Capacity				
Enrollment				
High School/Junior High [b]				
Square Feet	305,000	305,000	305,000	305,000
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,292	1,399	1,504	1,642

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

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

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

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

2008	2009	2010	2011	2012	2013
50,906	50,906	50,906	50,906	50,906	50,906
500	500	500	500	500	500
474	437	429	417	436	408
	78,000	78,000	78,000	78,000	78,000
	600	600	600	600	600
	511	542	458	432	502
49,200	49,200	49,200	49,200	49,200	49,200
450	450	450	450	450	450
366	385	430	452	447	502
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
374	379	392	440	460	454
57,300	57,300	57,300	57,300	57,300	78,000
400	400	400	400	400	600
345	357	351	484	485	504
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
472	427	457	459	446	453
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
411	442	436	447	458	432
105,383					
750					
925					
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,100	1,100	1,100	1,100
785	767	738	761	849	927
	105,383	105,383	105,383	105,383	105,383
	750	750	750	750	750
	599	659	700	670	678
305,000	305,000	305,000	305,000	305,000	305,000
1,800	1,800	1,800	1,800	1,800	1,800
1,694	1,761	1,806	1,708	1,776	1,928

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
2012-2013	$ 9,955,659	$65,181,993	15.27%
2011-2012	10,234,148	64,661,307	15.83%
2010-2011	8,000,016	63,835,570	12.53%
2009-2010	5,172,928	58,883,970	8.78%
2008-2009	4,663,394	58,306,065	8.00%
2007-2008	2,953,846	53,193,506	5.55%
2006-2007	2,323,216	46,464,104	5.00%
2005-2006	2,112,437	42,244,419	5.00%
2004-2005	2,522,629	38,628,298	6.53%
2003-2004	2,561,145	35,083,588	7.30%

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

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 unforseen 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 considerd adequte 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

Fiscal Year Ending June 30,	Average Daily Membership (ADM)	Average Daily Attendance (ADA)	Ratio of ADA to ADM
2013	6,985	6,695	95.85 %
2012	6,687	6,419	95.99
2011	6,534	6,252	95.68
2010	6,308	5,963	94.53
2009	6,069	5,759	94.89
2008	5,814	5,491	94.44
2007	5,602	5,299	94.59
2006	5,266	5,003	95.01
2005	4,975	4,765	95.78
2004	4,912	4,702	95.72

Source: District Enrollment Records

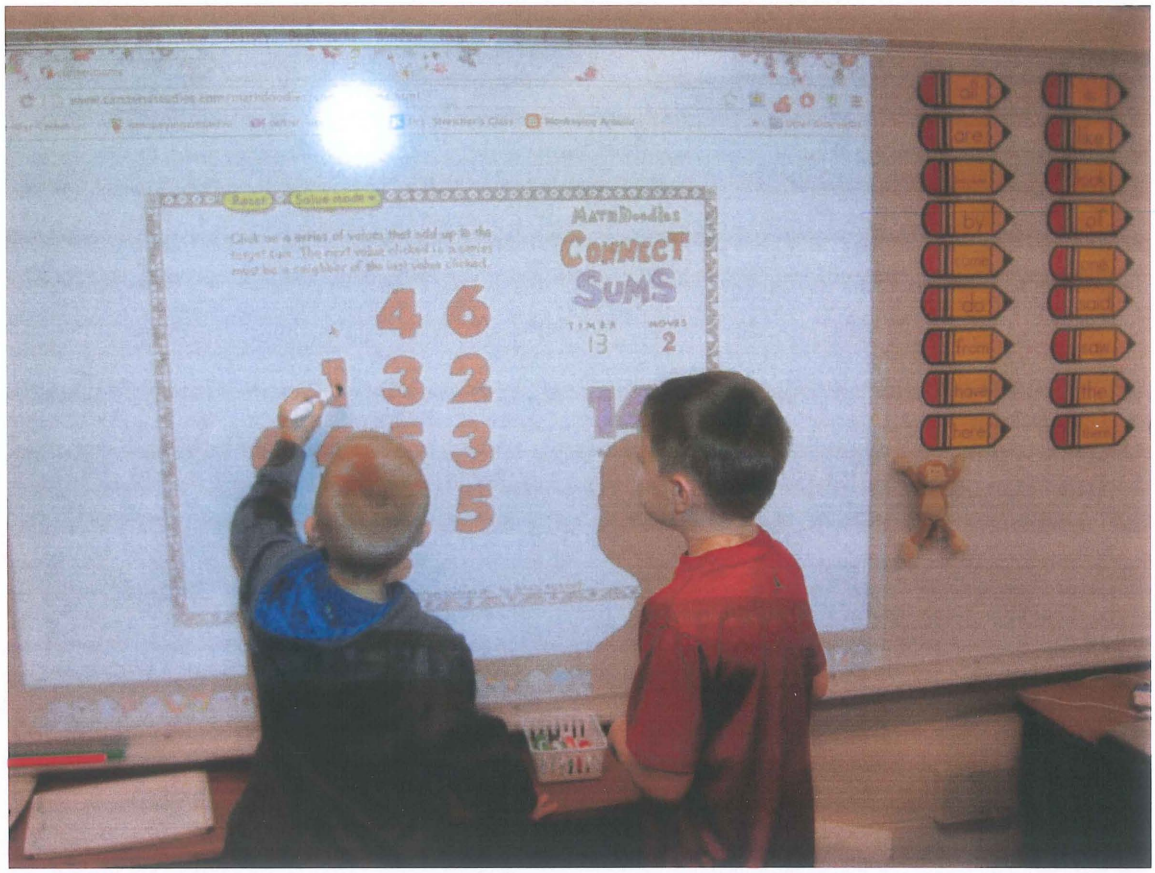
LINN-MAR COMMUNITY SCHOOL DISTRICT

OPEN ENROLLED STUDENTS
Last Ten Fiscal Years

Fiscal Year	Open Enrollment In	Open Enrollment Out	Net Gain (Loss)
2013	442	538	(96)
2012	399	543	(144)
2011	358	532	(174)
2010	309	558	(249)
2009	253	589	(336)
2008	214	667	(453)
2007	174	561	(387)
2006	153	543	(390)
2005	158	491	(333)
2004	135	490	(355)

Source: School District Certified Enrollment Records

SINGLE AUDIT SECTION



LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 13	102,690
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 13	880,448 *
			983,138
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	3715-G	273,206
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 13	42,553
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 13	102,832
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 12	28,116
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 13	23,236
			51,352
EDUCATION JOBS FUND	84.410	FY 12	183,053
UNIVERSITY OF NOTHERN IOWA:			
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - INVESTING IN INNOVATION FUND (I3), RECOVERY ACT	34.396	FY 13	4,305
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 13	346,561
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 13	9,012
			$ 1,996,012

* - Includes $168,548 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Linn-Mar Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON, P.C.
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Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Linn-Mar Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2013.

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. We identified no deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies.

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, 2013 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 PC

NOLTE, CORNMAN & JOHNSON, P.C.

November 27, 2013

NOLTE, CORNMAN & JOHNSON, P.C.
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Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Linn-Mar Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Linn-Mar Community School District's major federal programs for the year ended June 30, 2013. Linn-Mar Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Linn-Mar Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Linn-Mar Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Linn-Mar Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Linn-Mar Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Linn-Mar Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Linn-Mar Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Linn-Mar Community School District's internal control over compliance.

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

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

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

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

November 27, 2013

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

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

(a) Unmodified opinions were issued on the financial statements.

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

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over major programs were noted.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

Individual Programs:

- CFDA Number 84.027 - Special Education - Grants to States (Part B)

Clustered Programs:

Child Nutrition Cluster:

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

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Linn-Mar Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control 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.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget - District expenditures for the year ended June 30, 2013 exceeded budgeted amounts in the support services function.

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

Response - The District will more closely monitor the district expenditures in the particular program functions and amend the budget accordingly.

Conclusion - Response accepted.

IV-B-13 Questionable Expenditures - We noted during our audit that the District purchased gift cards to give as appreciation gifts to parents that did fundraising for the Show Choir. We also noted during our audit that the District purchased clothing for coaches from the Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

The District should review board policy 803.4-R. The District should refrain from purchasing gift cards as appreciation gifts to parents of students for fundraising activities.

Response - The District will review board policy 803.4-R and define any exceptions whereby purchases of personal apparel are deemed acceptable. The District will also modify board policy 803.4-R to preclude any and all purchases of gift cards from district funds.

Conclusion - Response accepted.

IV-C-13 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-13 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-13 Bond Coverage - Surety bond coverage of district officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - The District will make sure the minutes are sent to the paper within two weeks of the Board meeting as required by 279.35 of the Code of Iowa. In addition, the District will document when the minutes were submitted.

Conclusion - Response accepted.

IV-G-13 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education. The variances noted had no net effect to enrollment totals reported to the Department of Education.

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

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter. The District has corrected its aid and levy to show the adjustment.

Conclusion - Response accepted.

IV-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-13 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.

IV-J-13 Certified Annual Report - The Certified Annual Report was certified timely with the Iowa Department of Education.

IV-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 4,910,117
Revenues/transfers in:		
Statewide sales, services and use tax	$ 5,600,634	
Interest on investments	77,440	
Other local revenues	69,097	
Sale of long-term debt	20,000,000	
Transfer from another fund	1,885,000	
Other	62,914	27,695,085
		32,605,202
Expenditures/transfers out:		
School infrastructure construction	401,173	
Equipment	511,746	
Other	508,639	
Transfers to other funds:		
Debt service	5,671,909	
Other transfers	8,525,491	15,618,958
Ending balance		$ 16,986,244

For the year ended June 30, 2013 the District reduced the following levies as a result of the moneys received under Chapter423E or 423F of the Code of Iowa:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt service	$ 0.57648	$ 1,000,000

IV-M-13 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations that have been outstanding for over a year.

Recommendation - The District should determine if the outstanding checks should be reissued, voided or submitted to the State as unclaimed property. If the checks are submitted as unclaimed property, the District must do so annually before November 1st as required by Chapter 556.1(10) and 556.11 of the Code of Iowa.

Response - The District will review those individual checks that have been outstanding for more than one year and determine the appropriate action which may include reissuance, voiding the check, and or submission of checks to the State as unclaimed property.

Conclusion - Response accepted.

IV-N-13 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District.

Response - We will have the Board President sign officials' contracts in the future.

Conclusion - Response accepted.

IV-O-13 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students.

Box Tops Donations: Currently, the District records Box Tops donations in the Student Activity Fund.

Recommendation - Donations given to a school should be expended according to donor request. According to information contained on the website for Box Tops, the donation can be used for items such as books, computers or playground equipment. Since the items listed for purchase with Box Top donations appear instructional in nature, the most logical place to record these donations would be the General Fund.

Response - Donations from Box Tops will be receipted into the District's General Fund. The Business Office will communicate with all schools to ensure they are aware of this process.

Conclusion - Response accepted.

Library Books: It appears that the District was purchasing library books from the Student Activity Fund.

Recommendation - Library books purchased by the District are more instructional in nature and are more appropriately handled in the General Fund. In the future, the District should purchase library books from the General Fund.

Response - The District will monitor library book purchases to ensure they are appropriately expended from the General Fund. The Business Office will communicate with all appropriate school personnel to make them aware of this process.

Conclusion - Response accepted.

Staff meals: We noted during our audit that several meals were purchased from various Student Activity accounts. Purchasing staff meals does not appear appropriate from the Student Activity Fund.

Recommendation - Staff meals would be more appropriately handled from the General Fund.

Response - The District will revise policy 803.4 to clarify that approved payments for certain staff meals may come only from the general fund.

Conclusion - Response accepted.

LINN-MAR COMMUNITY SCHOOL DISTRICT