COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

LINN-MAR COMMUNITY SCHOOL DISTRICT

Marion, Iowa

For the fiscal year ended June 30, 2014

OFFICIAL ISSUING REPORT

J.T. Anderson, CPA

Chief Financial Officer

Board Treasurer

2999 North 10th Street

Marion, IA 52302

LINN-MAR Community School District

LINN-MAR COMMUNITY SCHOOL DISTRICT

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LINN-MAR COMMUNITY SCHOOL DISTRICT

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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

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

Tim Isenberg
President
Board of Directors

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

Excelsior, 6-8
John Christian
Principal

Oak Ridge, 6-8
Erica Rausch
Principal

Bowman Woods, K-5
Tina Monroe
Principal

Echo Hill, ECBP/PK-5
Dan Ludwig
Principal

Indian Creek, K-5
Marilee McConnell
Principal

Linn Grove, ECBP/PK-5
Chad Schumacher
Principal

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

Westfield, K-5
Ed Rogers
Principal

Wilkins, K-5
John Zimmerman
Principal

Inspire Learning. **Unlock Potential. Empower Achievement.**

December 1, 2014

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, 2014. This report has been prepared to conform to the guidelines recommended by the Association of School Business Officials International.

MANAGEMENT RESPONSIBILITY

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

CAFR

The 2014 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, 2013, the District's Team Leadership Network and a list of the Board of Directors and District Officials.

Financial Section- The School District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. This section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The audited basic financial statements provide both an overview and a

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

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 346 public school systems. The certified enrollment taken on the October 1, 2013 was approximately 6,943 students. The District operates one high school, two middle schools, seven elementary schools, an alternative High School Program, a special education transition program, a home school assistance program and an early childhood preschool program. The District provides a full range of educational services appropriate to students in early childhood and preschool through grade twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational-technical education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students.

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

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

Economic Condition and Outlook

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

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

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

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

The financial solvency ratio of the District measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities. After a declining solvency ratio for several years, the ratio leveled out to around 5% for three consecutive years, 2006-2008; and then steadily increased to a peak of 15.83% in fiscal year 2012. In fiscal years 2013 and 2014, the solvency ratio decreased slightly to 15.27% and 13.68% respectively. The current solvency ratio of 13.68% is within the target range of 5% to 15% as defined by the Iowa Association of School Boards. The State set the supplemental state aid growth rate at 4% for the 2015 fiscal year. However, future supplemental state aid beyond fiscal year 2015 is not known. Despite this unknown, Linn-Mar continues to realize steady enrollment growth and it is anticipated that the District solvency ratio and unspent balance ratio will continue to be within or exceed the target range of 5% to 15%.

Linn-Mar continues to see steady residential growth. In the City of Marion during the 2013 calendar year, 184 new single-family dwelling building permits were issued at a valuation of $22,646,922 and 12 new multi-family dwelling unit permits were issued at a valuation of $3,713,484.

District Major Initiative and Achievements

The staff, board, students, and community members are to be commended for making the 2013-2014 school year a very productive one. Some of the many accomplishments for the year include:

- Through a very competitive application process, Linn-Mar was one of thirty-eight school districts awarded a Teacher Leadership and Compensation Grant from the State of Iowa. The goals of this $2.1 million grant include:

- Attract able and promising new teachers by offering competitive starting salaries and offering short-term and long-term professional development and leadership opportunities.

- Retain effective teachers by providing enhanced career opportunities.

- Promote collaboration by developing and supporting opportunities for teachers in schools and school districts statewide to learn from each other.

- Reward professional growth and effective teaching by providing pathways for career opportunities that come with increased leadership responsibilities and involve increased compensation.

- Improve student achievement by strengthening instruction.

- The District completed construction on a new multi-million dollar aquatic center. This year-round facility serves all Linn-Mar students through organized programs and classes such as voluntary swim lessons, fourth grade swim experience, middle school swim experience, high school physical education courses, lifeguard training courses, swim experience for special education students, and competitive swim teams at both the middle school and high school levels.

- 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 22,670 volunteer hours with over 639 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, 69 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 tenth consecutive Certificate of Excellence in Financial Reporting award for the 2012-2013 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 2013-2014 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 2013-2014 Linn-Mar Community School District composite ACT score was 24.5 compared to 22.0 for the state and 21 national composite scores with a 76% participation rate.

- Several individual students or teams received state and/or national recognition in a variety of academic, extra-curricular and co-curricular competitions. The composite average of the 581 advanced placement tests taken by Linn-Mar students during 2013-14 was 3.85, compared to the state average of 2.97 and national average of 2.87.

Financial Information

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

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

Independent Audit

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

Certificate of Excellence in Financial Reporting

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

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

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

Acknowledgements

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

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

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

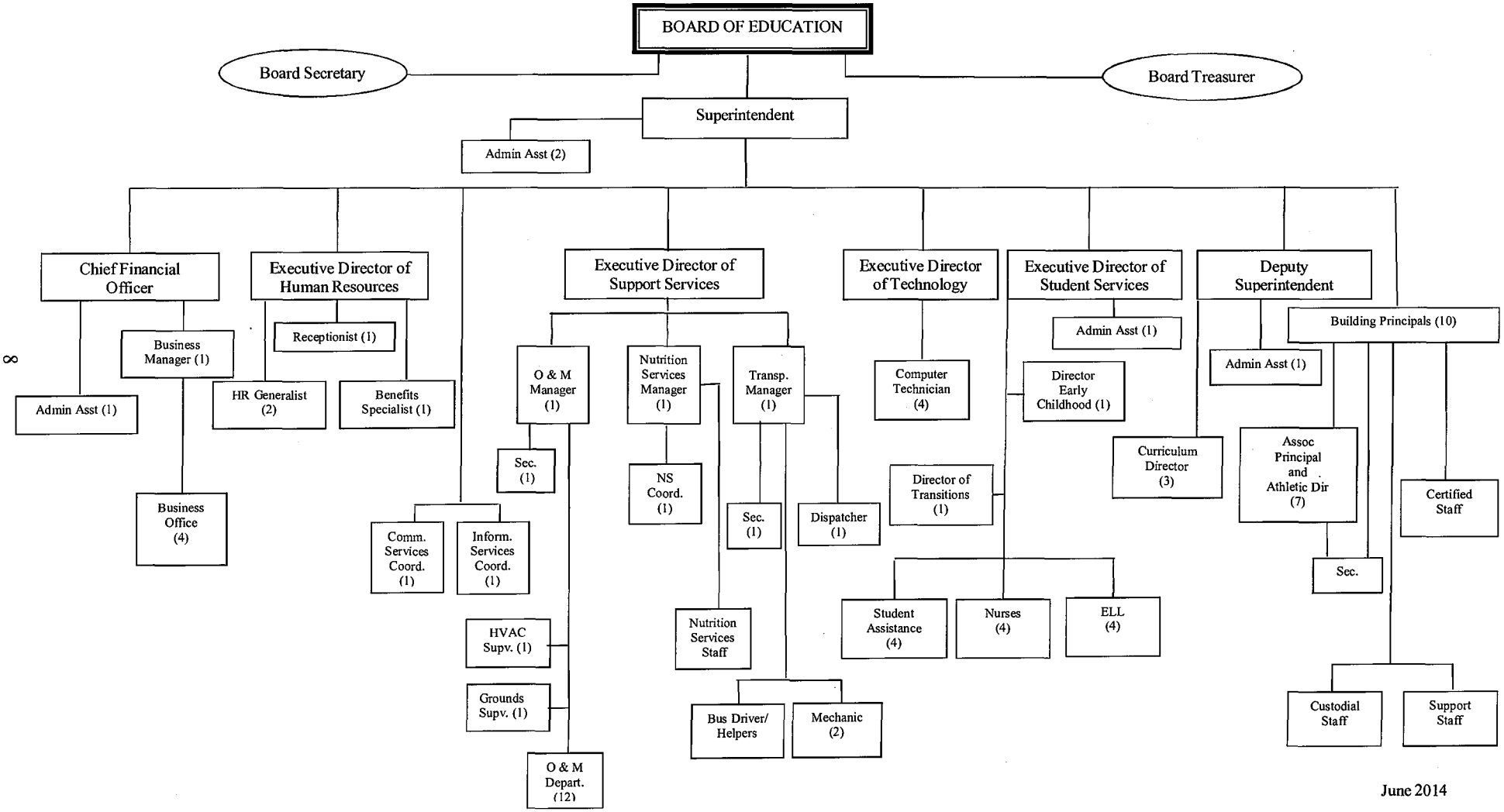
For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013

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

Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director

FY2014
Linn-Mar Community School District
Organizational Chart



June 2014

LINN-MAR COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION

Year Ended June 30, 2014

Board of Education

	Title	Term/Contract Expires
(Before September 2013 election)		
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
(After September 2013 election)		
Barry Buchholz	President	September, 2015
Tina Patterson	Vice President	September, 2017
Tim Isenberg	Director	September, 2015
Elizabeth Wilson	Director	September, 2015
Rene Gadelha	Director	September, 2017
Todd Hutcheson	Director	September, 2017
Ann Stark	Director	September, 2015
Dr. Katie Mulholland	Superintendent	2014
J.T. Anderson	Chief Financial Officer/ Treasurer	2014
Angie Morrison	Business Manager/ Board Secretary	2014
Terry Abernathy	Attorney	Indefinite
Simmons Perrine Moyer Bergman PC	Attorney	Indefinite
Ahlers & Cooney	Attorney	Indefinite

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON, P.C.

Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
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, 2014, 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, 2014, 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 December 1, 2014 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 PC

Nolte, Cornman & Johnson, P.C.

Newton, Iowa
December 1, 2014

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, 2014. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's total net position for governmental activities was $69,548,552 at June 30, 2014 compared to $65,090,386 at June 30, 2013, an increase of 6.85%.

- At the end of the current fiscal year, the total of assigned and unassigned fund balances in the general fund was $9,282,580 or 13.68% of total general fund revenues compared to prior year's total balance of $9,955,659 or 15.27% 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.

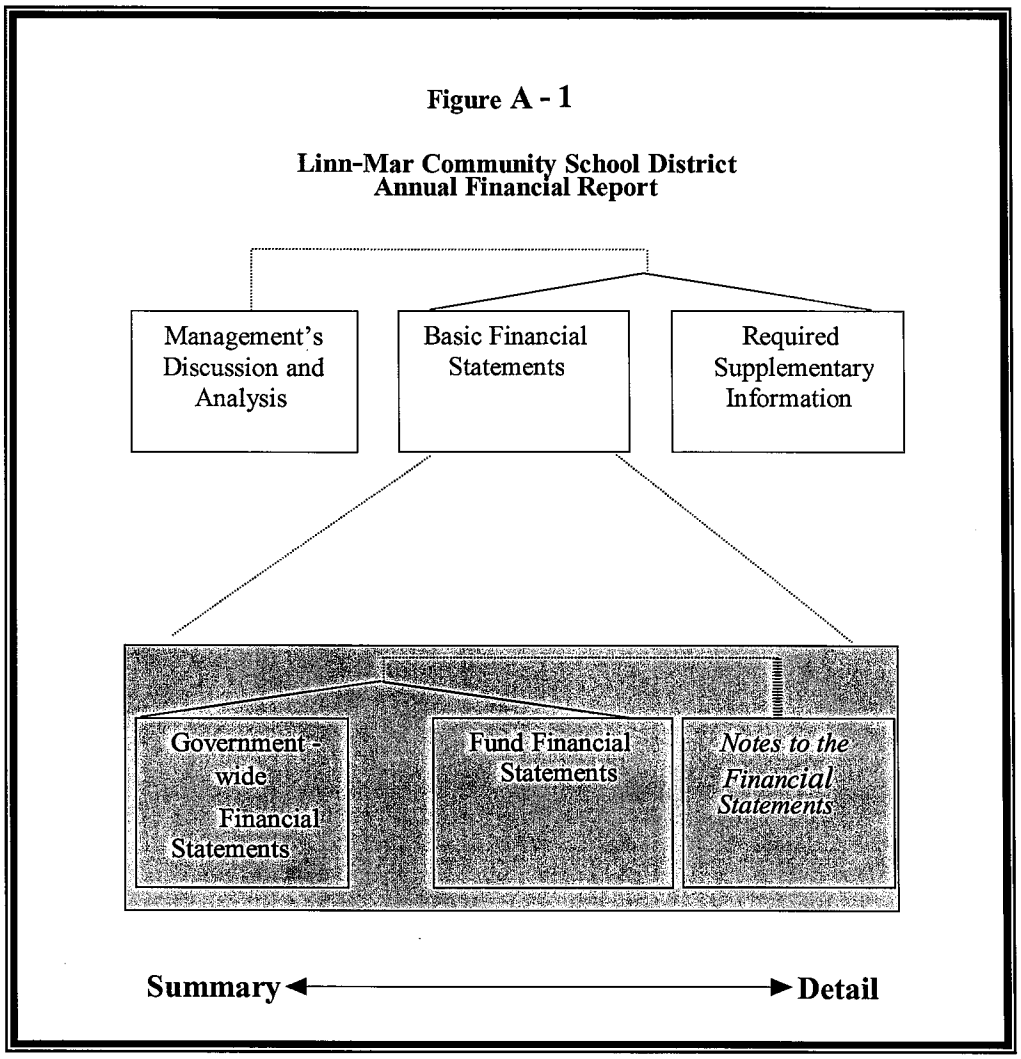


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

- *Business type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service program 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 6.88% increasing from $66.73 million at June 30, 2013 to $71.32 million at June 30, 2014. (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,
	2013	2014	2013	2014	2013	2014	2013-14
Current and other assets	$ 78.53	69.85	1.03	1.30	79.56	71.15	-10.57%
Capital assets	123.91	129.08	0.71	0.61	124.62	129.69	4.07%
Total assets	202.44	198.93	1.74	1.91	204.18	200.84	-1.64%
Long-term obligations	96.93	88.98	-	0.12	96.93	89.10	-8.08%
Other liabilities	9.55	9.28	0.10	0.02	9.65	9.30	-3.63%
Total liabilities	106.48	98.26	0.10	0.14	106.58	98.40	-7.67%
Deferred inflows of resources	30.87	31.12	-	-	30.87	31.12	0.81%
Net position:							
Net investment in capital assets	28.18	41.21	0.71	0.61	28.89	41.82	44.76%
Restricted	29.25	21.07	-	-	29.25	21.07	-27.97%
Unrestricted	7.66	7.27	0.93	1.16	8.59	8.43	-1.86%
Total net position	$ 65.09	69.55	1.64	1.77	66.73	71.32	6.88%

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 $41.82 million. These assets are considered non-spendable since they represent capital assets used to provide services to students. The resources needed to pay the obligations from the debt related to these assets must be provided from other resources. $21.07 million of net position has some external restrictions on how the funds may be used. The remaining balance of $8.43 million represents unrestricted net position which may be used to meet the District's ongoing obligations.

As mentioned before, restricted net position represents resources that are subject to external restrictions such as enabling legislation or constitutional provisions. The District's restricted net position decreased $8.18 million, or 27.97% over the prior year. The decrease in the District's restricted net position was due primarily to the decrease in fund balance for the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Unrestricted net position is the assets that can be used to finance day-to-day operations without constraints established by debt restrictions, enabling legislation or other legal binding requirements. Unrestricted net position decreased $0.16 million, or 1.86%. 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, 2014 compared to the year ended June 30, 2013. (See Figure A-4).

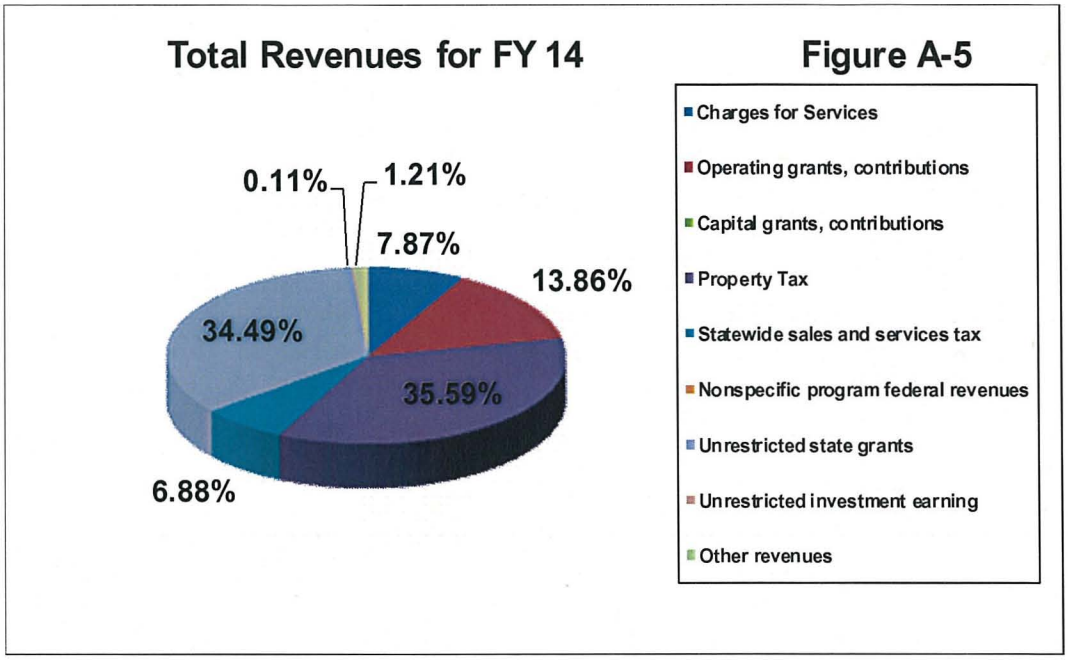
Figure A-4
Changes in Net Position (in millions of dollars)

	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2014	2013	2014	2013	2014	2013-14
Revenues:							
Program revenues:							
Charges for services	$ 4.53	4.75	2.03	2.16	6.56	6.91	5.34%
Operating grants and contributions and restricted interest	9.44	10.87	1.00	1.10	10.44	11.97	14.66%
Capital grants and contributions and restricted interest	0.05	-	-	-	0.05	-	-100.00%
General revenues:							
Property tax	30.32	30.94	-	-	30.32	30.94	2.04%
Statewide sales services and use tax	5.60	5.98	-	-	5.60	5.98	6.79%
Nonspecific program federal revenues	0.19	-	-	-	0.19	-	-100.00%
Unrestricted state grants	28.87	29.98	-	-	28.87	29.98	3.84%
Inrestricted investment earnings	0.13	0.09	-	-	0.13	0.09	-30.77%
Other	1.14	1.05	-	-	1.14	1.05	-7.89%
Total revenues	80.27	83.66	3.03	3.26	83.30	86.92	4.35%
Program expenses:							
Governmental activities:							
Instruction	45.06	48.04	-	-	45.06	48.04	6.61%
Support services	19.87	21.32	0.05	0.06	19.92	21.38	7.33%
Non-instructional programs	0.11	0.12	2.85	3.07	2.96	3.19	7.77%
Other expenditures	8.00	9.72	-	-	8.00	9.72	21.50%
Total expenses	73.04	79.20	2.90	3.13	75.94	82.33	8.41%
Excess of revenues over expenditures before transfers	7.23	4.46	0.13	0.13	7.36	4.59	-37.64%
Transfers	(0.06)	-	0.06	-	-	-	0.00%
Change in net position	7.17	4.46	0.19	0.13	7.36	4.59	-37.64%
Net position beginning of year	57.92	65.09	1.45	1.64	59.37	66.73	12.40%
Net position end of year	$ 65.09	69.55	1.64	1.77	66.73	71.32	6.88%

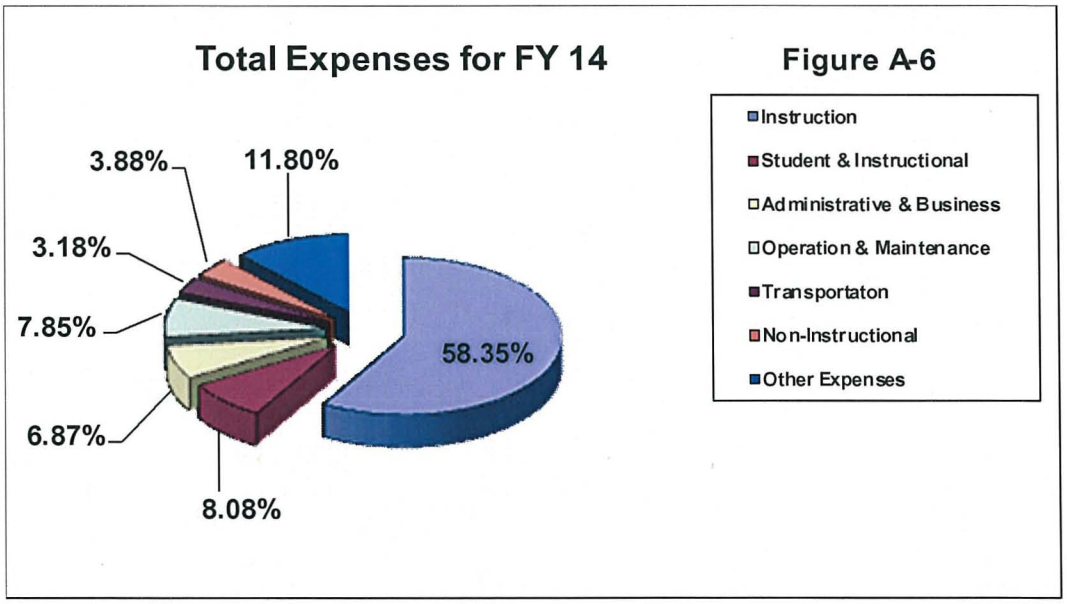
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.

In fiscal year 2014, property tax and unrestricted state grants accounted for 72.82 percent of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for all of business type activities revenue.

The District as a whole experienced a 4.35 percent increase in operating revenue while experiencing an 8.41 percent increase in expenses. The District's total revenue was approximately $86.92 million of which $83.66 million was for governmental activities, while the remaining $3.26 million was for business type activities. Property taxes and unrestricted state grants account for most of the district's revenue, with each contributing approximately 36 percent and 34 percent respectively of the total dollars raised, (See Figure A-5).



The total cost for all programs and services increased 0.20 percent to $82.33 million. The District's total expenditures are listed in Figure A-6. The chart shows that the majority of the District's expenditures (58.35%) are devoted to instruction and student and instructional services. Another .183 percent is spent on transporting students safely to and from school and on extra curricular events.



Governmental Activities

Revenues for the district's governmental activities increased 4.22 percent, while expenses increased 8.43 percent. The increase in revenues can be attributed to the increase in statewide sales, services and use tax and unrestricted grant revenues received during fiscal year 2014 as compared to fiscal year 2013.

The District experienced a $6.16 million increase in governmental activity expenditures, majority of which can be attributed to the increases in expenditures to repay the District's long-term debt and instructional expenditures to educate district students.

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		
	2013	2014	Change 2013-14	2013	2014	Change 2013-14
Instruction	$ 45.06	48.04	6.61%	33.79	35.33	4.56%
Support services	19.87	21.32	7.30%	19.75	21.19	7.29%
Non-instructional programs	0.11	0.12	9.09%	0.11	0.12	9.09%
Other expenses	8.00	9.72	21.50%	5.38	6.94	29.00%
Totals	$ 73.04	79.20	8.43%	59.03	63.58	7.71%

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

For the year ended June 30, 2014:

- The cost of all governmental activities this year was $79.20 million.
- The cost financed by users of the District's programs was $4.75 million.
- Federal and state governments subsidized certain programs with grants and contributions totaling $10.87 million.
- The net cost of governmental activities was financed with $30.94 million in property tax, $5.98 million in statewide sales, services and use tax, $29.98 million in unrestricted state grants and $1.14 million in unrestricted interest and other income.

Business Type Activities

Revenues of the District's business type activities increased by 7.59 percent to approximately $3.26 million while expenses increased 7.93 percent to approximately $3.13 million (Refer to Figure A-4). The School Nutrition Fund and the Aquatic Center Fund are the District's two business type activities. The revenues in these two funds can be broken down into three main categories; charges for services, federal and state reimbursements and investment income.

During the year ending June 30, 2014 the District's net position increased in the business type activities by approximately $0.13 million or 7.93 percent.

Financial Analysis of the District's Funds

Governmental Fund Highlights

At the end of fiscal year 2014, the District's governmental funds reported combined ending fund balances of $30,349,354, a decrease of approximately $8.86 million in comparison with the prior year. A closer look at each individual governmental fund reveals the following:

- The **General Fund** balance decreased from $11.66 million on June 30, 2013 to $11.02 million on June 30, 2014. Although General Fund revenues increased from the prior year by $2.73 million, General Fund expenditures increased by $3.21 million to offset the increase in revenues and causing the fund balance to decrease.

- The **Debt Service Fund** balance increased slightly from $3.21 million to $3.48 million.

- The **Capital Projects Fund** balance decreased from $21.45 million on June 30, 2013 to $12.77 million on June 30, 2014. The decrease in overall Capital Projects Fund balance can be attributed to the completion of construction of the District's new Aquatic Center.

Business Type Fund Highlights

This is the sixth year in a row that the District's business type revenues exceeded expenses. At the close of fiscal 2014, revenues exceeded expenditures by $132,027. 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 and the operation of the district's new aquatic center.

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 $2,105,929 more than budgeted receipts, a variance of 2.48 percent. The main contributing factor to this variance had to do with the District receiving more 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 due to the bond refinancing activities of the district during the year. The district adopted one budget amendment increasing expenditures in the other expenditures function by $24,760,000.

Capital Asset Administration

By the end of 2014, the District had invested, net of depreciation, $129.686 million in various capital assets including land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of $5.08 million or 4.07 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,
	2013	2014	2013	2014	2013	2014	2013-14
Land	$ 5,292	5,292	-	-	5,292	5,292	0.00%
Construction in progress	8,734	2,344	-	-	8,734	2,344	-73.16%
Buildings	89,775	102,111	-	-	89,775	102,111	13.74%
Land improvements	16,869	15,937	-	-	16,869	15,937	-5.52%
Machinery and equipment	3,236	3,392	708	610	3,944	4,002	1.47%
Total	$ 123,906	129,076	708	610	124,614	129,686	4.07%

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

Long-Term Liabilities

At year end, the District had $89.000 million in long-term debt, a decrease of $7.928 million over the previous fiscal year. Of this amount, $6,465,900 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 (Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2014	2013	2014	2013	2014	2013-14
General obligation bonds	$ 42,260	38,805	-	-	42,260	38,805	-8.18%
Revenue bonds	53,360	49,005	-	-	53,360	49,005	-8.16%
Capital leases	109	56	-	-	109	56	-48.62%
Termination benefits	222	-	-	-	222	-	-100.00%
Net OPEB liability	734	909	-	24	734	933	27.11%
Compensated absences	243	201	-	-	243	201	-17.28%
Total	$ 96,928	88,976	-	24	96,928	89,000	-8.18%

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

Factors Bearing on the District's Future

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

- The State has set allowable growth at 4 percent for fiscal year 2015. An allowable growth below 4 percent creates significant challenges for schools in Iowa to meet increasing expenditure demands.

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

Contacting the District's Financial Management

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

LINN-MAR COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	$ 37,402,753	1,283,267	38,686,020
Receivables:			
Property tax:			
Delinquent	100,502	-	100,502
Succeeding year	31,124,849	-	31,124,849
Accounts	58,815	1,944	60,759
Accrued interest	3,278	-	3,278
Due from other funds	14,171	(14,171)	-
Due from other governments	1,147,039	12,438	1,159,477
Inventories	-	19,772	19,772
Capital assets not being depreciated:			
Land	5,291,530	-	5,291,530
Construction in progress	2,343,889	-	2,343,889
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	102,111,563	-	102,111,563
Land improvements	15,936,587	-	15,936,587
Machinery and equipment	3,392,479	609,640	4,002,119
TOTAL ASSETS	198,927,455	1,912,890	200,840,345
LIABILITIES			
Accounts payable	1,578,540	2,098	1,580,638
Salaries and benefits payable	6,795,527	37,167	6,832,694
Advances from grantors	3,137	-	3,137
Accrued interest payable	900,751	-	900,751
Unearned revenue	-	75,340	75,340
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	3,220,000	-	3,220,000
Revenue bonds payable	3,130,000	-	3,130,000
Bus lease payable	55,675	-	55,675
Compensated absences payable	60,225	-	60,225
Portion due after one year:			
General obligation bonds payable	35,585,000	-	35,585,000
Revenue bonds payable	45,875,000	-	45,875,000
Compensated absences payable	140,526	-	140,526
Net OPEB liability	909,673	24,333	934,006
TOTAL LIABILITIES	98,254,054	138,938	98,392,992
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	31,124,849	-	31,124,849
NET POSITION			
Net investment in capital assets	41,210,373	609,640	41,820,013
Restricted for:			
Categorical funding	1,739,691	-	1,739,691
Debt service	8,288,894	-	8,288,894
School infrastructure	5,531,906	-	5,531,906
Physical plant and equipment levy	2,422,187	-	2,422,187
Management levy purposes	2,093,890	-	2,093,890
Student activities	572,778	-	572,778
Public education and recreation levy purposes	417,428	-	417,428
Unrestricted	7,271,405	1,164,312	8,435,717
TOTAL NET POSITION	$ 69,548,552	1,773,952	71,322,504

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	$ 32,223,517	3,205,787	562,359	(28,455,371)	-	(28,455,371)
Special	8,918,859	475,821	1,608,084	(6,834,954)	-	(6,834,954)
Other	6,894,931	1,054,204	5,797,186	(43,541)	-	(43,541)
	48,037,307	4,735,812	7,967,629	(35,333,866)	-	(35,333,866)
Support services:						
Student	3,542,985	-	-	(3,542,985)	-	(3,542,985)
Instructional staff	3,105,544	-	-	(3,105,544)	-	(3,105,544)
Adminstration	5,693,685	-	-	(5,693,685)	-	(5,693,685)
Operation and maintenance of plant	6,368,478	-	-	(6,368,478)	-	(6,368,478)
Transportation	2,615,258	18,181	121,897	(2,475,180)	-	(2,475,180)
	21,325,950	18,181	121,897	(21,185,872)	-	(21,185,872)
Non-instructional programs:						
Food service operations	92,293	-	-	(92,293)	-	(92,293)
Community service operations	28,795	-	-	(28,795)	-	(28,795)
	121,088	-	-	(121,088)	-	(121,088)
Long-term debt interest	3,131,174	-	-	(3,131,174)	-	(3,131,174)
Other expenses:						
AEA flowthrough	2,777,361	-	2,777,361	-	-	-
Depreciation(unallocated)*	3,807,359	-	-	(3,807,359)	-	(3,807,359)
	6,584,720	-	2,777,361	(3,807,359)	-	(3,807,359)
Total governmental activities	79,200,239	4,753,993	10,866,887	(63,579,359)	-	(63,579,359)
Business type activities:						
Support services:						
Adminstration	2,785	-	-	-	(2,785)	(2,785)
Operation and maintenance of plant	57,575	-	-	-	(57,575)	(57,575)
Transportation	22	-	-	-	(22)	(22)
Total support services	60,382	-	-	-	(60,382)	(60,382)
Non-instructional programs:				-		
Nutrition services	3,024,351	2,110,395	1,097,767	-	183,811	183,811
Aquatic center	46,519	53,211	-	-	6,692	6,692
Total non-instructional programs:	3,070,870	2,163,606	1,097,767	-	190,503	190,503
Total business type activities	3,131,252	2,163,606	1,097,767	-	130,121	130,121
Total	$ 82,331,491	6,917,599	11,964,654	(63,579,359)	130,121	(63,449,238)
General Revenues:						
Property tax levied for:						
General purposes				$ 23,907,617	-	23,907,617
Capital outlay				3,285,473	-	3,285,473
Debt service				3,744,536	-	3,744,536
Statewide sales, services and use tax				5,979,539	-	5,979,539
Unrestricted state grants				29,979,713	-	29,979,713
Unrestricted investment earnings				92,990	1,892	94,882
Other				1,047,657	14	1,047,671
Total general revenues				68,037,525	1,906	68,039,431
Change in net position				4,458,166	132,027	4,590,193
Net position beginning of year				65,090,386	1,641,925	66,732,311
Net position end of year				$ 69,548,552	1,773,952	71,322,504

* 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, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	$ 17,965,752	12,860,428	3,465,222	3,111,351	37,402,753
Receivables:					
Property tax:					
Delinquent	73,887	9,827	12,089	4,699	100,502
Succeeding year	22,779,421	3,110,242	4,040,166	1,195,020	31,124,849
Accounts	48,425	10,365	-	25	58,815
Accrued interest	-	3,278	-	-	3,278
Due from other funds	14,256	-	-	5,743	19,999
Due from other governments	673,869	473,170	-	-	1,147,039
TOTAL ASSETS	$ 41,555,610	16,467,310	7,517,477	4,316,838	69,857,235
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 965,258	591,392	-	21,890	1,578,540
Salaries and benefits payable	6,779,695	-	-	15,832	6,795,527
Advances from grantors	3,137	-	-	-	3,137
Due to other funds	5,828	-	-	-	5,828
Total liabilities	7,753,918	591,392	-	37,722	8,383,032
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	22,779,421	3,110,242	4,040,166	1,195,020	31,124,849
Fund balances:					
Restricted for:					
Categorical funding	1,739,691	-	-	-	1,739,691
Debt service	-	4,811,583	3,477,311	-	8,288,894
School infrastructure	-	5,531,906	-	-	5,531,906
Physical plant and equipment levy	-	2,422,187	-	-	2,422,187
Management levy purposes	-	-	-	2,093,890	2,093,890
Student activities	-	-	-	572,778	572,778
Public education and recreation levy purposes	-	-	-	417,428	417,428
Assigned for special specific purposes	484,639	-	-	-	484,639
Unassigned	8,797,941	-	-	-	8,797,941
Total fund balances	11,022,271	12,765,676	3,477,311	3,084,096	30,349,354
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 41,555,610	16,467,310	7,517,477	4,316,838	69,857,235

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, 2014

Total fund balances of governmental funds(page 28)	$	30,349,354
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		129,076,048
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.		(900,751)
Long-term liabilities, including bonds payable, capital leases 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.		(88,976,099)
Net position of governmental activities(page 26)	$	69,548,552

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, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	$ 22,705,206	3,044,008	3,744,536	1,443,876	30,937,626
Tuition	3,350,347	-	-	-	3,350,347
Other	1,017,230	120,102	7,121	1,463,432	2,607,885
State sources	38,582,952	5,980,557	1,252	489	44,565,250
Federal sources	2,197,297	-	-	-	2,197,297
TOTAL REVENUES	67,853,032	9,144,667	3,752,909	2,907,797	83,658,405
EXPENDITURES:					
Current:					
Instruction:					
Regular	31,180,438	1,003,244	-	285,927	32,469,609
Special	8,826,017	-	-	99,228	8,925,245
Other	5,409,697	-	-	1,425,673	6,835,370
	45,416,152	1,003,244	-	1,810,828	48,230,224
Support services:					
Student	3,512,081	-	-	52,266	3,564,347
Instructional staff	2,992,911	68,311	-	11,059	3,072,281
Administration	6,115,815	111,959	117,228	26,842	6,371,844
Operation and maintenance of plant	5,519,067	195,385	-	549,227	6,263,679
Transportation	2,167,828	393,236	-	130,851	2,691,915
	20,307,702	768,891	117,228	770,245	21,964,066
Non-instructional programs:					
Food service operations	-	-	-	92,293	92,293
Community service operations	-	-	-	28,795	28,795
	-	-	-	121,088	121,088
Debt service:					
Principal	-	-	30,663,356	-	30,663,356
Interest and fiscal charges	-	-	3,328,577	-	3,328,577
	-	-	33,991,933	-	33,991,933
Capital outlay	-	8,946,738	-	7,600	8,954,338
Other expenditures:					
AEA flowthrough	2,777,361	-	-	-	2,777,361
	2,777,361	8,946,738	-	7,600	11,731,699
TOTAL EXPENDITURES	68,501,215	10,718,873	34,109,161	2,709,761	116,039,010
Excess(Deficiency) of revenues over(under) expenditures	(648,183)	(1,574,206)	(30,356,252)	198,036	(32,380,605)
OTHER FINANCING SOURCES(USES):					
Sale of equipment	8,288	45,531	-	-	53,819
Transfer in	-	8,939,191	7,160,322	-	16,099,513
Transfer out	-	(16,099,513)	-	-	(16,099,513)
Refunding general obligation bond issuance	-	-	12,645,000	-	12,645,000
Refunding revenue bond issuance	-	-	10,155,000	-	10,155,000
Premium on revenue bond issuance	-	-	734,679	-	734,679
Discount on revenue bond issuance	-	-	(69,104)	-	(69,104)
TOTAL OTHER FINANCING SOURCES(USES)	8,288	(7,114,791)	30,625,897	-	23,519,394
Change in fund balances	(639,895)	(8,688,997)	269,645	198,036	(8,861,211)
Fund balances beginning of year	11,662,166	21,454,673	3,207,666	2,886,060	39,210,565
Fund balances end of year	$ 11,022,271	12,765,676	3,477,311	3,084,096	30,349,354

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, 2014

Net change in fund balances - total governmental funds(page 30)		$ (8,861,211)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Capital outlay	$ 9,665,594	
Depreciation expense	(4,475,568)	
Loss on asset disposal	(20,266)	5,169,760
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	$ (22,800,000)	
Repaid	30,663,356	7,863,356
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.		197,403
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Termination benefits	221,746	
Compensated absences	42,607	
Other postemployment benefits	(175,495)	88,858
Change in net position of governmental activities(page 27)		$ 4,458,166

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2014

	Business Type Activities: Nonmajor Enterprise Funds		
	School Nutrition	Aquatic Center	Total
ASSETS			
Current assets:			
Cash and pooled investments	$ 1,251,587	31,680	1,283,267
Accounts receivable	-	1,944	1,944
Due from other funds	85	-	85
Due from other governments	12,438	-	12,438
Inventories	19,772	-	19,772
Total current assets	1,283,882	33,624	1,317,506
Non-current assets:			
Capital assets:			
Machinery and equipment, net of accumulated depreciation	609,640	-	609,640
TOTAL ASSETS	1,893,522	33,624	1,927,146
LIABILITIES			
Current liabilities:			
Accounts payable	1,290	808	2,098
Salaries and benefits payable	25,299	11,868	37,167
Due to other funds	-	14,256	14,256
Unearned revenues	75,340	-	75,340
Total current liabilities	101,929	26,932	128,861
Long-term liablities:			
Net OPEB liability	24,333	-	24,333
TOTAL LIABILITIES	126,262	26,932	153,194
NET POSITION			
Net investment in capital assets	609,640	-	609,640
Unrestricted	1,157,620	6,692	1,164,312
TOTAL NET POSITION	$ 1,767,260	6,692	1,773,952

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, 2014

	Business Type Activities: Nonmajor Enterprise Funds		
	School Nutrition	Aquatic Center	Total
OPERATING REVENUE:			
Local sources:			
Charges for service	$ 2,110,395	53,211	2,163,606
Miscellaneous	14	-	14
TOTAL OPERATING REVENUES	2,110,409	53,211	2,163,620
OPERATING EXPENSES:			
Support services:			
Administration:			
Services	2,785	-	2,785
Operation and maintenance of plant:			
Services	23,428	-	23,428
Supplies	34,147	-	34,147
Transportation:			
Services	22	-	22
Total support services	60,382	-	60,382
Non-instructional programs:			
Food service operations:			
Salaries	1,267,603	-	1,267,603
Benefits	230,583	-	230,583
Services	5,992	-	5,992
Supplies	1,420,801	-	1,420,801
Depreciation	97,928	-	97,928
Other	1,444	-	1,444
	3,024,351	-	3,024,351
Community service operations:			
Salaries	-	28,686	28,686
Benefits	-	3,217	3,217
Services	-	296	296
Supplies	-	14,320	14,320
	-	46,519	46,519
Total non-instructional programs	3,024,351	46,519	3,070,870
TOTAL OPERATING EXPENSES	3,084,733	46,519	3,131,252
OPERATING INCOME(LOSS)	(974,324)	6,692	(967,632)
NON-OPERATING REVENUES:			
State sources	23,695	-	23,695
Federal sources	1,074,072	-	1,074,072
Interest on investments	1,892	-	1,892
TOTAL NON-OPERATING REVENUES	1,099,659	-	1,099,659
Increase in net position	125,335	6,692	132,027
Net position beginning of year	1,641,925	-	1,641,925
Net position end of year	$ 1,767,260	6,692	1,773,952

SEE NOTES TO FINANCIAL STATEMENTS.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2014

	Business Type Activities: Nonmajor Enterprise Funds		
	School Nutrition	Aquatic Center	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	$ 2,106,024	-	2,106,024
Cash received from aquatic center operations	-	51,267	51,267
Cash received from miscellaneous operating activities	14	-	14
Cash payments to employees for services	(1,464,170)	(20,035)	(1,484,205)
Cash payments to suppliers for goods or services	(1,268,320)	(13,808)	(1,282,128)
Net cash provided by(used by) operating activities	(626,452)	17,424	(609,028)
Cash flows from non-capital financing activities:			
Interfund borrowings(repayments)	(70)	14,256	14,186
State grants received	23,695	-	23,695
Federal grants received	853,614	-	853,614
Net cash provided by non-capital financing activities	877,239	14,256	891,495
Cash flows from investing activities:			
Interest on investments	1,892	-	1,892
Net cash provided by investing activities	1,892	-	1,892
Net increase in cash and cash equivalents	252,679	31,680	284,359
Cash and cash equivalents at beginning of year	998,908	-	998,908
Cash and cash equivalents at end of year	$ 1,251,587	31,680	1,283,267
Reconciliation of operating income(loss) to net cash provided by(used by) operating activities:			
Operating income(loss)	$ (974,324)	6,692	(967,632)
Adjustments to reconcile operating income(loss) to net cash provided by(used by) operating activities:			
Commodities consumed	208,020	-	208,020
Depreciation	97,928	-	97,928
Decrease in inventories	12,163	-	12,163
Increase in accounts receivable	-	(1,944)	(1,944)
Increase in accounts payable	116	808	924
Increase in salaries and benefits payable	9,683	11,868	21,551
Increase in other post employment benefits	24,333	-	24,333
Decrease in unearned revenue	(4,371)	-	(4,371)
Net cash used by operating activities	$ (626,452)	17,424	(609,028)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at $208,020.

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 and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

The District reports the following nonmajor governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

F. Inventories

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

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

Asset Class	Estimated Useful Lives (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 2014, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2014.

I. Advances from Grantors

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

J. Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

K. Unearned Revenue

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

L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future primarily from the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. Thirty percent of the full balance is shown as due within a year using first-in, first-out basis while the other seventy percent is shown as due longer than one year.

M. 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.

N. Fund Balances

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

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

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

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

O. 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 $1,739,691 for categorical funding, $5,531,906 for school infrastructure, $2,093,890 for management levy purposes, $2,422,187 for physical plant and equipment levy, $572,778 for student activities and $417,428 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.

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, 2014 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, 2014, the carrying amount of the District's bank deposits and pooled investments totaled $38,686,020 with bank balances of $38,702,979. 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 $37,702,979 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool. At June 30, 2014, 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, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services & Use Tax	$ 7,102,227
Debt Service	Capital Projects: Physical Plant & Equipment Levy	58,095
Capital Projects: Other Construction Projects	Capital Projects: Statewide Sales, Services & Use Tax	8,939,191
Total		$ 16,099,513

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: Statewide Sales, Services & Use Tax Fund to the Capital Projects: Other Construction Projects Fund was needed to move proceeds of the June 4, 2013 revenue bond issuance.

Note 5. Due From and Due to Other Funds

Receivable Fund	Payable Fund	Amount
Student Activity	General	$ 5,743
Enterprise: School Nutrition	General	85
General	Enterprise: Aquatic Center	14,256
Total		$ 20,084

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	8,734,320	1,576,953	7,967,384	2,343,889
Total capital assets not being depreciated	14,025,850	1,576,953	7,967,384	7,635,419
Capital assets being depreciated:				
Buildings	116,523,548	15,176,831	-	131,700,379
Land improvements	19,567,032	34,863	-	19,601,895
Machinery and equipment	7,600,387	844,331	206,707	8,238,011
Total capital assets being depreciated	143,690,967	16,056,025	206,707	159,540,285
Buildings	26,748,909	2,839,907	-	29,588,816
Land improvements	2,697,856	967,452	-	3,665,308
Machinery and equipment	4,363,764	668,209	186,441	4,845,532
Total accumulated depreciation	33,810,529	4,475,568	186,441	38,099,656
Total capital assets being depreciated, net	109,880,438	11,580,457	20,266	121,440,629
Governmental activities capital assets, net	$ 123,906,288	13,157,410	7,987,650	129,076,048

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	$ 1,452,239	-		1,452,239
Less accumulated depreciation	744,671	97,928		842,599
Business type activities capital assets, net	$ 707,568	(97,928)	-	609,640

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 113,596
Special	1,509
Other	71,966
Administration	9,141
Operation and maintenance of plant	103,611
Transportation	368,386
	668,209
Unallocated depreciation	3,807,359
Total governmental activities depreciation expense	$ 4,475,568
Business type activities:	
Food services	$ 97,928

Note 7. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2014:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 42,260,000	12,645,000	16,100,000	38,805,000	3,220,000
Revenue bonds	53,360,000	10,155,000	14,510,000	49,005,000	3,130,000
Capital leases	109,031	-	53,356	55,675	55,675
Termination benefits	221,746	-	221,746	-	-
Net OPEB liablity	734,178	175,495	-	909,673	-
Compensated absences	243,358	200,751	243,358	200,751	60,225
Total	$ 96,928,313	23,176,246	31,128,460	88,976,099	6,465,900
Business type activities:					
Net OPEB liablity	$ -	24,333	-	24,333	-

General Obligation Bonds

As of June 30, 2014, the District had general obligation bonds outstanding of $38,805,000, 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, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of January 1, 2007			Bond Issue of April 12, 2011		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	4.000 %	$ 110,000	686,606	3.250 %	$ -	343,663
2016	4.000	115,000	682,206	3.250	-	343,662
2017	4.000	850,000	677,607	3.250	-	343,663
2018	4.000	1,950,000	643,606	3.250	-	343,662
2019	4.000	2,035,000	565,606	3.250	-	343,663
2020-2024	4.00-4.125	11,870,000	1,410,794	3.250	2,535,000	1,718,312
2025-2026	-	-	-	3.500	7,465,000	394,275
		$ 16,930,000	4,666,425		$ 10,000,000	3,830,900

Year Ending June 30,	Bond Issue of February 24, 2014			Bond Issue of April 23, 2014			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2015	1.000 %	$ 750,000	75,298	3.000 %	$ 2,360,000	212,598	$ 3,220,000	1,318,165	4,538,165
2016	1.250	765,000	67,798	3.000	2,370,000	121,500	3,250,000	1,215,166	4,465,166
2017	1.250	770,000	58,235	3.000	1,680,000	50,400	3,300,000	1,129,905	4,429,905
2018	1.250	780,000	48,610	-	-	-	2,730,000	1,035,878	3,765,878
2019	1.300	790,000	38,860	-	-	-	2,825,000	948,129	3,773,129
2020-2024	1.650-1.900	1,610,000	43,980	-	-	-	16,015,000	3,173,086	19,188,086
2025-2026	-	-	-	-	-	-	7,465,000	394,275	7,859,275
		$ 5,465,000	332,781		$ 6,410,000	384,498	$ 38,805,000	9,214,604	48,019,604

Revenue Bonds

As of June 30, 2014, the District had statewide sales, services and use tax bonds of $49,005,000, which had been issued for capital facility construction. These bonds will be paid with statewide sales, services and use tax collected in the Capital Projects: Statewide Sales, Services and Use Tax Fund. Details of the District's June 30, 2014 statewide sales, services and use tax bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2010				Bond Issue of October 1, 2012			
	Interest Rates		Principal	Interest	Interest Rates		Principal	Interest
2015	4.000	% $	-	815,030	1.350	% $	-	210,808
2016	4.000		-	815,030	1.350		-	210,808
2017	4.000		-	815,030	1.350		-	210,808
2018	4.000		-	815,030	1.350		-	210,808
2019	4.000		1,215,000	790,730	1.350		730,000	205,880
2020-2024	4.000-4.250		6,925,000	3,158,863	1.500-2.000		3,890,000	845,872
2025-2029	4.300-4.625		8,700,000	1,493,738	2.200-2.600		4,415,000	410,776
2030	4.625		2,010,000	46,481	2.700		965,000	13,027
			$ 18,850,000	8,749,932			$ 10,000,000	2,318,787

Year Ending June 30,	Bond Issue of June 4, 2013				Bond Issue of February 24, 2014			
	Interest Rates		Principal	Interest	Interest Rates		Principal	Interest
2015	1.350	% $	400,000	217,808	2.000	% $	1,840,000	129,216
2016	1.350		100,000	215,308	2.000		1,670,000	119,600
2017	1.350		100,000	214,308	3.000		1,695,000	77,475
2018	1.350		100,000	213,308	3.000		1,735,000	26,025
2019	1.350		760,000	208,058	-		-	-
2020-2024	1.500-2.000		3,900,000	845,955	-		-	-
2025-2029	2.200-2.600		3,940,000	381,455	-		-	-
2030	2.700		700,000	10,500	-		-	-
Total			$ 10,000,000	2,306,700			$ 6,940,000	352,316

Year Ending June 30,	Bond Issue of March 12, 2014				Total		
	Interest Rates		Principal	Interest	Principal	Interest	Total
2015	2.000	% $	890,000	42,719	$ 3,130,000	1,415,581	4,545,581
2016	2.000		760,000	38,900	2,530,000	1,399,646	3,929,646
2017	2.000		775,000	23,550	2,570,000	1,341,171	3,911,171
2018	2.000		790,000	7,900	2,625,000	1,273,071	3,898,071
2019	-		-	-	2,705,000	1,204,668	3,909,668
2020-2024	-		-	-	14,715,000	4,850,690	19,565,690
2025-2029	-		-	-	17,055,000	2,285,969	19,340,969
2030	-		-	-	3,675,000	70,008	3,745,008
Total			$ 3,215,000	113,069	$ 49,005,000	13,840,804	62,845,804

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued in March of 2010, October of 2012, June of 2013, June of 2013, February of 2014 and March of 2014. 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 76 percent of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the bonds is $62,845,804. For the current year, $2,710,000 of principal and $855,871 of interest was paid on the bonds and total statewide sales, services and use tax revenues were $5,979,539.

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

1) $4,811,584 of the proceeds from the issuance of revenue bonds shall be deposited in reserve accounts at Farmer's State Bank, Marion, Iowa and Ohnward Bank & Trust, Cascade, Iowa to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available.

2) All proceeds from the statewide sales, services and use tax will be retained by the District in District bank accounts and be disbursed to the proper paying agents at the time principal and interest payments are due.

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, 2014 are as follows:

Year Ending June 30,	Bus lease of August 1, 2009			
	Interest Rates	Principal	Interest	Total
2015	4.346 %	$ 55,675	2,419	58,094

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/amortization, on a closed basis, taken during the year is as follows:

Asset	Governmental Activities
Machinery and equipment	$ 314,228
Less: Accumulated depreciation/amortization	(194,756) *
	$ 119,472

* $4,738 of amortization expense is included in the depreciation amount.

Debt Margin Computation

The June 30, 2014 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$ 2,915,115,013
Debt limit, 5% of total assessed valuation	$ 145,755,751
Amount of debt applicable to debt limit, total bonded debt	87,865,675
Excess of debt limit over bonded debt	$ 57,890,076

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees and administrators during the year ended June 30, 2013. Eligible employees had to be at least age fifty-five and employees must have completed twenty years of service to the District. Employees completed an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible employee was equal to the employee's base salary calculated by using the fiscal year 2013 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 could also elect to continue participation in the District's group health insurance plan until age 65 or until insurance is acquired elsewhere. Their participation was at the employee's expense with the exception that any unused personal days of separation compensation may be used to cover the cost of premiums.

At June 30, 2014, the District paid obligations to eight participants with a total amount of $221,746. Actual early retirement expenditures for the year ended June 30, 2014 were recorded as expenditures in the Nonmajor Special Revenue: Management Levy Fund.

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 441 active and 41 retired members in the plan. Participants must be age 55 or older at retirement. The plan issues financial statements and required supplementary information which are available in a report publicly available through request at the Metro Interagency Insurance Program at 1120 33rd Avenue SW, Cedar Rapids, Iowa 52404.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$	293,467
Interest on net OPEB obligation		18,354
Adjustment to annual required contribution		(57,179)
Annual OPEB cost		254,642
Contributions made		(54,814)
Increase in net OPEB obligation		199,828
Net OPEB obligation beginning of year		734,178
Net OPEB obligation end of year	$	934,006

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed $54,814 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, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 22,354	221.3 %	$ 521,086
2013	261,078	18.4	734,178
2014	254,642	21.5	934,006

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was $1,910,923, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,910,923. The covered payroll (annual payroll of active employees covered by the plan) was approximately $29,466,220 and the ratio of the UAAL to covered payroll was 6.5%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2013 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 3.5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014 was 29 years.

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

Health insurance - Six public education entities are currently participating in a 28E organization which was established in 1990 to provide a self-insurance plan for employee medical coverage. The Districts contribute to the self-insurance plan an amount equal to 125% of Wellmark Blue Cross/Blue Shield projections of the rating period. The fund reinsures for stop-loss insurance for claims in excess of $200,000 per year per individual. An insurance carrier is paid an administrative fee to process the claims.

The total premium paid into the plan by all six members from July 1, 2013 to June 30, 2014 was $30,536,288, of which $4,314,164 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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary for the year ended June 30, 2014. 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. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were $4,029,326, $3,806,084 and $3,411,978 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, 2014 are as follows:

	General Fund	Statewide Sales, Services & Use Tax Fund	School Nutrition	Total
Local appropriations:				
Tuition	$ 304,550	-	-	304,550
Total local appropriations	304,550	-		304,550
State appropriations:				
Statewide Sales, Services and Use Tax	-	473,170	-	473,170
Nonpublic Transportation	121,897	-	-	121,897
Fuel Tax Refund	2,718	-	-	2,718
District Court Placed SPED	20,560	-	-	20,560
Vocational Aid	21,456	-	-	21,456
Total state appropriations	166,631	473,170	-	639,801
Federal appropriations:				
Federal Breakfast Program	-	-	1,514	1,514
Federal Lunch Program	-	-	10,924	10,924
Medicaid	12,242	-	-	12,242
Internal Revenue Service	747	-	-	747
Title I	38,744	-	-	38,744
Perkins	44,665	-	-	44,665
Advance Placement Program	892	-	-	892
Title IIA	97,991	-	-	97,991
Title VIA	7,407	-	-	7,407
Total federal appropriations	202,688	-	12,438	215,126
Total	$ 673,869	473,170	12,438	1,159,477

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 $2,777,361 for the year ended June 30, 2014 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 restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program		Amount
Gifted and talented	$	107,930
Successful progression for early readers		55,848
Dropout and dropout prevention		640,961
Teacher salary supplement		205,894
Educator quality, professional development		258,686
Beginning teacher mentoring and induction program		2,683
Market factor incentives		14,578
Educator quality, model core curriculum		306,379
Statewide voluntary preschool		146,732
Total restricted for categorical funding	$	1,739,691

Note 14. Construction Commitments

The District has entered into contracts totaling $6,045,208 for various construction projects throughout the District. As of June 30, 2014, costs of $2,343,889 had been incurred against the contracts. The balance of $3,701,319 remaining at June 30, 2014 will be paid as work on the projects progresses.

Note 15. Bond Defeasements

General Obligation Bonds

On February 24, 2014 the District issued $6,235,000 of general obligation bonds with interest rates ranging from 1.000 to 1.900 percent to advance refund $6,170,000 of outstanding July 1, 2005 general obligation bonds with interest rates ranging from 4.000 to 4.125 percent. The general obligation bonds dated July 1, 2005 are considered to be defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position. The new refunding bonds have been added to the appropriate financial statements and schedules. The net economic gain of this bond refunding is $594,793.

On April 23, 2014 the District issued $6,410,000 of general obligation bonds with interest rates of 3.000 percent to advance refund $4,455,000 of outstanding February 1, 2007 general obligation bonds with interest rates ranging from 3.750 to 3.850 percent and advance refund $2,225,000 of outstanding April 1, 2010 general obligation bonds with interest rates ranging from 2.050 to 2.650 percent. The general obligation bonds dated July 1, 2005 and April 1, 2010 are considered to be defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position. The new refunding bonds have been added to the appropriate financial statements and schedules. The net economic gain of this bond refunding is $307,217.

Revenue Bonds

On February 24, 2014 the District issued $6,940,000 of revenue bonds with interest rates ranging from 2.000 to 3.000 percent and used $808,098 of the July 1,2009($1,555,000 total reserve) revenue bond reserve to advance refund $7,950,000 of outstanding July 1, 2009 revenue bonds with interest rates ranging from 3.375 to 4.000 percent. The remaining $746,902 of the July 1, 2009 revenue bond reserve was used to fund the new reserve for the advanced refunding bonds in the amount of $694,000 while the remaining $52,902 was used to pay issuance costs as billed by the paying agent.

The revenue bonds dated July 1, 2009 are considered to be defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position. The new refunding bonds have been added to the appropriate financial statements and schedules. The net economic gain of this bond refunding is $440,394.

On March 12, 2014 the District issued $3,215,000 of revenue bonds with interest rates of 2.000 percent and used $597,766 of the October 1,2008($952,500 total reserve) revenue bond reserve to advance refund $3,850,000 of outstanding October 1, 2008 revenue bonds with interest rates ranging from 3.500 to 3.800 percent. The remaining $354,734 of the October 1, 2008 revenue bond reserve was used to fund the new reserve for the advanced refunding bonds in the amount of $321,500 while the remaining $33,234 was used to pay issuance costs as billed by the paying agent.

The revenue bonds dated October 1, 2008 are considered to be defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position. The new refunding bonds have been added to the appropriate financial statements and schedules. The net economic gain of this bond refunding is $184,375.

Note 16. Lease Agreements

On February 25, 2013, Kids, Inc. entered into an agreement with the District for the rental of a multi-purpose room for fiscal years 2014 and 2015 at Bowman Woods Elementary, Indian Creek Elementary and Westfield Elementary for the purpose of operating a daycare/before and after school program. According to the terms of the agreement, Kids Inc. will pay the District $600 per month per location for September through May and $1,150 per month per location for June through August for the multi-purpose room.

On February 25, 2013, the YMCA entered into an agreement with the District for the rental of a multi-purpose room for fiscal years 2014 and 2015 at Echo Hill Elementary for the purpose of operating a daycare/before and after school program. According to the terms of the agreement, the YMCA will pay the District $600 per month for September through May and $1,150 per month for June through August for the multi-purpose room.

On February 25, 2013, the Hand In Hand Daycare entered into an agreement with the District for the rental of a multi-purpose room for fiscal years 2014 and 2015 at Linn Grove Elementary for the purpose of operating a daycare/before and after school program. According to the terms of the agreement, Hand in Hand Daycare will pay the District $600 per month for September through May and $1,150 per month for June through August for the multi-purpose room.

On August 14, 2013, Hand In Hand Daycare entered into an agreement with the District to rent 2,400 square feet on the main floor of a property owned by the District at 3290 9th Street, Marion, Iowa for the purpose of operating a daycare/before and after school program. According to terms of the agreement, Hand In Hand Daycare will pay the District $2,547 per month commencing on September 1, 2013 through January 1, 2014. Hand In Hand Daycare has the option to extend the agreement through May 31, 2014 with the same terms.

Note 17. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment to GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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, 2014

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 36,895,858	2,165,512	39,061,370	43,928,372	43,928,372	(4,867,002)
State sources	44,565,250	23,695	44,588,945	39,230,383	39,230,383	5,358,562
Federal sources	2,197,297	1,074,072	3,271,369	1,657,000	1,657,000	1,614,369
Total revenues	83,658,405	3,263,279	86,921,684	84,815,755	84,815,755	2,105,929
Expenditures/Expenses:						
Instruction	48,230,224	-	48,230,224	48,323,345	48,323,345	93,121
Support services	21,964,066	60,382	22,024,448	22,547,755	22,547,755	523,307
Non-instructional programs	121,088	3,070,870	3,191,958	3,374,761	3,374,761	182,803
Other expenditures	45,723,632	-	45,723,632	26,080,760	50,840,760	5,117,128
Total expenditures	116,039,010	3,131,252	119,170,262	100,326,621	125,086,621	5,916,359
Excess(Deficiency) of revenues over(under) expenditures/expenses	(32,380,605)	132,027	(32,248,578)	(15,510,866)	(40,270,866)	8,022,288
Other financing sources, net	23,519,394	-	23,519,394	-	-	23,519,394
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	(8,861,211)	132,027	(8,729,184)	(15,510,866)	(40,270,866)	31,541,682
Balance beginning of year	39,210,565	1,641,925	40,852,490	31,184,225	31,184,225	9,668,265
Balance end of year	$ 30,349,354	1,773,952	32,123,306	15,673,359	(9,086,641)	41,209,947

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

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, 2014, the District adopted one budget amendment, increasing budgeted expenditures by $24,760,000 as a result of the four bond refundings mentioned in Note 15 of the Basic Financial Statements.

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

REQUIRED SUPPLEMENTARY INFORMATION
(IN THOUSANDS)

		Employer Contributions for Retiree Health Plan			Schedule of Funding Progress for Retiree Health Plan					
Year Ended June 30,	* Actuarial Valuation Date	Annual Required Contributions (ARC) (a)	Contributions Made By District (b)	Contributions Made By District as a Percentage of ARC (b/a)	Actuarial Value of Assets (c)	Actuarial Accrued Liability (AAL) (d)	Unfunded AAL (UAAL) (d-e)	Funded Ratio (c/d)	Covered Payroll (e)	UAAL as a Percentage of Covered Payroll ((d-c)/e)
2010	July 1, 2009	$ 0.245	$ -	0.0%	$ -	$ 1,761	$ 1,761	0.0%	$ 39,748	4.4%
2012	July 1 ,2011	$ 0.294	$ 0.049	16.7%	$ -	$ 1,290	$ 1,290	0.0%	$ 21,284	6.1%
2014	July 1 ,2013	$ 0.293	$ 0.055	18.8%	$ -	$ 1,911	$ 1,911	0.0%	$ 29,466	6.5%

*** Linn-Mar Community School District's OPEB plan has over 200 participants meaning that each actuarial valuation covers two fiscal years. For basis of presentation, the first year of each two year actuarial report period is presented to illustrate the OPEB plan trends more clearly.**

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

SUPPLEMENTARY INFORMATION

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue			
	Management Fund	Student Activity	Public Education and Recreation Levy	Total
ASSETS				
Cash and pooled investments	$ 2,091,274	601,034	419,043	3,111,351
Receivables:				
Property tax:				
Delinquent	3,917	-	782	4,699
Succeeding year	949,994	-	245,026	1,195,020
Accounts	-	25	-	25
Due from other funds	-	5,743	-	5,743
TOTAL ASSETS	$ 3,045,185	606,802	664,851	4,316,838
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,301	20,589	-	21,890
Salaries and benefits payable	-	13,435	2,397	15,832
Total liabilities	1,301	34,024	2,397	37,722
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	949,994	-	245,026	1,195,020
Fund balances:				
Restricted for:				
Management levy purposes	2,093,890	-	-	2,093,890
Student activities	-	572,778	-	572,778
Public education and recreation levy purposes	-	-	417,428	417,428
Total fund balances	2,093,890	572,778	417,428	3,084,096
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,045,185	606,802	664,851	4,316,838

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, 2014

	Special Revenue			
	Management Fund	Student Activity	Public Education and Recreation Levy	Total
REVENUE:				
Local sources:				
Local tax	$ 1,202,411	-	241,465	1,443,876
Other	38,857	1,421,974	2,601	1,463,432
State sources	408	-	81	489
TOTAL REVENUE	1,241,676	1,421,974	244,147	2,907,797
EXPENDITURES:				
Current:				
Instruction:				
Regular	285,927	-	-	285,927
Special	99,228	-	-	99,228
Other	14,962	1,410,711	-	1,425,673
Support services:				
Student	52,266	-	-	52,266
Instructional staff	11,059	-	-	11,059
Administration	26,842	-	-	26,842
Operation and maintenance of plant	484,100	-	65,127	549,227
Transportation	130,851	-	-	130,851
Non-instructional programs:				
Food service operations	92,293	-	-	92,293
Community service operations	-	-	28,795	28,795
Capital outlay	-	-	7,600	7,600
TOTAL EXPENDITURES	1,197,528	1,410,711	101,522	2,709,761
Change in fund balances	44,148	11,263	142,625	198,036
Fund balances beginning of year	2,049,742	561,515	274,803	2,886,060
Fund balances end of year	$ 2,093,890	572,778	417,428	3,084,096

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS

JUNE 30, 2014

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
ASSETS				
Cash and pooled investments	$ 5,892,068	2,563,477	4,404,883	12,860,428
Receivables:				
Property tax:				
Delinquent	-	9,827	-	9,827
Succeeding year	-	3,110,242	-	3,110,242
Accounts	-	-	10,365	10,365
Accrued interest	3,278	-	-	3,278
Due from other governments	473,170	-	-	473,170
TOTAL ASSETS	$ 6,368,516	5,683,546	4,415,248	16,467,310
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 2,305	151,117	437,970	591,392
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	3,110,242	-	3,110,242
Fund balances:				
Restricted for:				
Debt service	4,811,583	-	-	4,811,583
School infrastructure	1,554,628	-	3,977,278	5,531,906
Physical plant and equipment	-	2,422,187	-	2,422,187
Total fund balances	6,366,211	2,422,187	3,977,278	12,765,676
TOTAL LIABILITIES,DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,368,516	5,683,546	4,415,248	16,467,310

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, 2014

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
REVENUE:				
Local sources:				
Local tax	$ -	3,044,008	-	3,044,008
Other	46,754	46,001	27,347	120,102
State sources	5,979,539	1,018	-	5,980,557
TOTAL REVENUE	6,026,293	3,091,027	27,347	9,144,667
EXPENDITURES:				
Current:				
Instruction:				
Regular	479,208	524,036	-	1,003,244
Support services:				
Instructional staff	28,309	1,742	38,260	68,311
Administration	38,600	73,359	-	111,959
Operation and maintenance of plant	-	195,385	-	195,385
Transportation	-	393,236	-	393,236
Capital outlay	58,791	1,590,825	7,297,122	8,946,738
TOTAL EXPENDITURES	604,908	2,778,583	7,335,382	10,718,873
Excess(Deficiency) of revenues over(under) expenditures	5,421,385	312,444	(7,308,035)	(1,574,206)
OTHER FINANCING SOURCES(USES):				
Sale of equipment	-	45,531	-	45,531
Transfer in	-	-	8,939,191	8,939,191
Transfer out	(16,041,418)	(58,095)	-	(16,099,513)
TOTAL OTHER FINANCING SOURCES(USES)	(16,041,418)	(12,564)	8,939,191	(7,114,791)
Change in fund balances	(10,620,033)	299,880	1,631,156	(8,688,997)
Fund balances beginning of year	16,986,244	2,122,307	2,346,122	21,454,673
Fund balances end of year	$ 6,366,211	2,422,187	3,977,278	12,765,676

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			
	2014	2013	2012	2011
Governmental activities:				
Net investment in capital assets	$ 41,210,373	28,177,257	33,860,908	26,461,367
Restricted	21,066,774	29,254,906	15,744,577	16,905,099
Unrestricted	7,271,405	7,658,223	8,318,403	7,511,620
Business type activities:				
Net Investment in capital assets	609,640	707,568	725,388	713,408
Unrestricted	1,164,312	934,357	721,026	439,480
Total primary government net position	$ 71,322,504	66,732,311	59,370,302	52,030,974

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
12,919,519	22,311,057	24,807,981	21,318,303	20,216,871	18,950,280
25,300,975	11,235,639	3,365,122	2,164,827	1,520,582	1,544,394
4,314,105	3,979,908	2,456,499	1,695,688	1,453,180	1,543,426
573,824	643,946	486,498	214,844	230,113	222,667
231,642	65,575	(30,500)	(3,686)	(11,093)	109,925
43,340,065	38,236,125	31,085,600	25,389,976	23,409,653	22,370,692

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year			
	2014	2013	2012	2011
Expenses:				
Governmental activities:				
Instruction:				
Regular	$ 32,223,517	31,630,043	30,061,936	28,640,227
Special	8,918,859	7,647,660	7,364,222	8,291,861
Other	6,894,931	5,787,883	5,453,547	4,656,988
Support services:				
Student	3,542,985	3,456,656	3,226,515	3,095,443
Instructional staff	3,105,544	2,888,367	3,054,671	2,449,712
Administration	5,693,685	6,369,253	6,041,272	5,671,887
Operation and maintenance of plant	6,368,478	5,152,985	6,369,265	5,128,200
Transportation	2,615,258	2,000,716	2,444,605	2,331,937
Non-instructional programs	121,088	110,098	187,193	112,581
Capital outlay	-	-	-	1,120,778
Interest on long-term debt and fiscal charges	3,131,174	3,212,643	3,216,868	3,621,298
Other expenses:				
AEA flowthrough	2,777,361	2,620,028	2,543,681	2,703,997
Depreciation(unallocated)	3,807,359	2,171,171	3,388,470	2,819,601
Total governmental activities	79,200,239	73,047,503	73,352,245	70,644,510
Business type activities:				
Nutrition services	3,084,733	2,900,675	2,738,897	2,746,151
Aquatic center	46,519	-	-	-
Total business type activities	3,131,252	2,900,675	2,738,897	2,746,151
Total primary government expenses	82,331,491	75,948,178	76,091,142	73,390,661
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction	4,735,812	4,514,187	4,218,399	4,301,403
Support services	18,181	12,607	13,688	1,424,420
Capital outlay	-	-	-	64,537
Operating grants and contributions	10,866,887	9,439,571	5,119,276	9,100,509
Capital grants and contributions	-	49,058	47,975	-
Total governmental activities	15,620,880	14,015,423	9,399,338	14,890,869
Business type activities:				
Charges for services:				
Nutrition services	2,110,395	2,029,545	2,024,234	2,003,376
Aquatic center	53,211	-	-	-
Operating grants and contributions	1,097,767	1,007,836	912,443	860,457
Capital grants and contributions	-	-	94,085	228,761
Total business type activities	3,261,373	3,037,381	3,030,762	3,092,594
Total primary government revenues	18,882,253	17,052,804	12,430,100	17,983,463
Net (Expense)/Revenues				
Total governmental activities	(63,579,359)	(59,032,080)	(63,952,907)	(55,753,641)
Total business type activities	130,121	136,706	291,865	346,443
Total primary government net expense	$ (63,449,238)	(58,895,374)	(63,661,042)	(55,407,198)

Source: School District financial records.

Fiscal Year					
2010	2009	2008	2007	2006	2005
27,660,836	27,781,726	25,437,813	21,937,911	20,178,989	19,081,962
8,880,524	8,818,399	8,420,667	7,519,352	6,679,381	5,164,314
4,878,366	4,026,619	3,571,552	3,579,827	3,188,662	3,059,878
2,236,875	2,175,607	1,990,772	1,594,995	1,412,916	1,223,482
2,386,183	2,294,187	2,299,782	1,878,077	1,899,314	1,605,511
5,444,176	4,674,249	4,672,761	3,891,968	3,763,183	3,378,697
5,496,221	5,191,799	4,667,734	4,203,686	4,095,267	3,846,824
2,363,942	2,159,488	2,169,820	1,919,725	1,703,145	1,888,372
97,096	106,490	528,040	134,998	123,594	35,199
1,317,844	1,223,442	1,600,889	668,614	362,586	547,102
3,837,554	2,464,043	2,749,679	3,187,276	2,679,973	1,841,270
2,582,490	2,285,973	2,103,691	1,851,025	1,675,939	1,522,333
2,228,121	2,184,773	1,590,669	1,421,397	1,418,636	1,365,187
69,410,228	65,386,795	61,803,869	53,788,851	49,181,585	44,560,131
2,714,977	2,722,516	2,551,435	2,246,998	1,975,734	1,737,249
-	-	-	-	-	-
2,714,977	2,722,516	2,551,435	2,246,998	1,975,734	1,737,249
72,125,205	68,109,311	64,355,304	56,035,849	51,157,319	46,297,380
4,191,449	3,631,198	3,369,306	3,135,249	2,636,136	2,583,797
1,210,650	642,461	378,260	268,695	324,150	118,012
24,664	515,733	463,025	31,801	15,869	2,222
8,149,292	7,239,896	5,967,312	4,863,775	4,223,332	3,861,964
37,419	24,030	606,055	32,471	64,059	-
13,613,474	12,053,318	10,783,958	8,331,991	7,263,546	6,565,995
1,997,621	1,991,245	1,781,217	1,636,219	1,376,066	1,255,687
-	-	-	-	-	-
809,883	740,393	681,827	575,908	482,199	457,601
2,572	236,818	327,659	23,861	-	-
2,810,076	2,968,456	2,790,703	2,235,988	1,858,265	1,713,288
16,423,550	15,021,774	13,574,661	10,567,979	9,121,811	8,279,283
(55,796,754)	(53,333,477)	(51,019,911)	(45,456,860)	(41,918,039)	(37,994,136)
95,099	245,940	239,268	(11,010)	(117,469)	(23,961)
(55,701,655)	(53,087,537)	(50,780,643)	(45,467,870)	(42,035,508)	(38,018,097)

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			
	2014	2013	2012	2011
Net (Expense)/Revenues				
Total governmental activities	$ (63,579,359)	(59,032,080)	(63,952,907)	(55,753,641)
Total business type activities	130,121	136,706	291,865	346,255
Total primary government net expense	(63,449,238)	(58,895,374)	(63,661,042)	(55,407,386)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property tax levied for:*				
General purposes	23,907,617	23,421,086	23,341,607	24,868,320
Capital outlay	3,285,473	3,133,993	2,976,713	1,781,832
Debt service	3,744,536	3,766,765	3,807,344	3,684,005
Sales tax	5,979,539	5,600,634	6,441,915	6,121,089
Unrestricted grants and contributions	29,979,713	28,870,083	32,295,010	26,871,830
Nonspecific program federal revenues	-	187,358	939,496	-
Investment earnings	92,990	134,959	124,796	124,865
Miscellaneous	1,047,657	1,083,700	1,071,828	645,187
Total governmental activities	68,037,525	66,198,578	70,998,709	64,097,128
Business type activities:				
Investment earnings	1,892	1,839	1,529	979
Miscellaneous	14	56,966	132	-
Total business type activities	1,906	58,805	1,661	979
Total primary government	68,039,431	66,257,383	71,000,370	64,098,107
Change in Net Position				
Total governmental activities	4,458,166	7,166,498	7,045,802	8,343,487
Total business type activities	132,027	195,511	293,526	347,234
Total primary government	$ 4,590,193	7,362,009	7,339,328	8,690,721

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.

Fiscal Year					
2010	2009	2008	2007	2006	2005
(55,796,754)	(53,333,477)	(51,019,911)	(45,456,860)	(41,918,039)	(37,994,136)
95,099	245,940	239,268	(11,010)	(117,469)	(23,961)
(55,701,655)	(53,087,537)	(50,780,643)	(45,467,870)	(42,035,508)	(38,018,097)
22,702,893	21,831,162	19,280,777	17,325,174	16,602,942	15,597,005
2,979,169	2,475,886	2,160,905	2,448,213	1,383,971	1,197,792
3,899,645	3,888,560	3,445,151	3,955,928	3,625,571	3,618,618
6,709,286	5,592,757	5,678,033	-	-	-
23,992,475	25,677,917	24,618,955	21,510,545	19,940,735	18,313,369
-	-	-	-	-	-
214,798	277,510	879,825	1,839,083	1,129,329	147,868
306,483	486,687	407,049	366,102	388,024	232,652
60,804,749	60,230,479	56,470,695	47,445,045	43,070,572	39,107,304
846	1,866	5,572	3,148	3,897	1,575
-	5,717	-	-	-	-
846	7,583	5,572	3,148	3,897	1,575
60,805,595	60,238,062	56,476,267	47,448,193	43,074,469	39,108,879
5,007,995	6,897,002	5,450,784	1,988,185	1,152,533	1,113,168
95,945	253,523	244,840	(7,862)	(113,572)	(22,386)
5,103,940	7,150,525	5,695,624	1,980,323	1,038,961	1,090,782

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year			
	2014	2013	2012	2011
General Fund:				
Nonspendable	$ -	-	-	37,400
Restricted*	1,739,691	1,706,507	1,536,821	1,487,025
Committed	-	-	-	285,459
Assigned	484,639	443,261	-	110,941
Unassigned**	8,797,941	9,512,398	10,234,148	7,889,075
Total general fund	11,022,271	11,662,166	11,770,969	9,809,900
All Other Governmental Funds:				
Restricted for:				
Capital projects funds	7,954,093	21,454,673	3,749,121	6,251,625
Special revenue funds	11,372,990	6,093,726	10,561,734	10,537,482
Total all other governmental funds	19,327,083	27,548,399	14,310,855	16,789,107
Total governmental funds	$ 30,349,354	39,210,565	26,081,824	26,599,007

Source: School District financial records.

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

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
-	-	-	-	-	-
943,448	462,658	323,383	247,809	3,631	111,397
-	-	-	-	-	-
-	-	-	56,121	291,487	-
5,172,927	4,663,394	2,953,846	2,323,217	2,112,222	2,522,629
6,116,375	5,126,052	3,277,229	2,627,147	2,407,340	2,634,026
15,430,146	7,026,156	1,765,430	9,575,282	9,063,180	-
10,490,979	5,332,590	2,623,576	11,916,369	21,206,259	11,794,551
25,921,125	12,358,746	4,389,006	21,491,651	30,269,439	11,794,551
32,037,500	17,484,798	7,666,235	24,118,798	32,676,779	14,428,577

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year			
	2014	2013	2012	2011
Local sources:				
Property taxes	$ 30,937,626	30,321,844	30,125,664	30,323,051
Statewide sales, services and use tax	5,979,539	5,600,634	6,441,915	6,121,089
Tuition	3,350,347	2,989,998	2,824,909	2,510,058
Other revenues	2,607,885	2,855,684	2,647,870	2,805,732
Total local sources	42,875,397	41,768,160	42,040,358	41,759,930
Intermediate sources:				
Other revenues	-	-	-	-
Total intermediate sources	-	-	-	-
State sources:				
State grants	38,585,711	36,219,406	35,327,946	33,473,648
Total state sources	38,585,711	36,219,406	35,327,946	33,473,648
Federal sources:				
Federal grants	2,197,297	2,277,606	3,029,743	3,752,150
Total federal sources	2,197,297	2,277,606	3,029,743	3,752,150
Total revenues	$ 83,658,405	80,265,172	80,398,047	78,985,728

Source: School District financial records.

Fiscal Year					
2010	2009	2008	2007	2006	2005
29,571,174	28,185,239	24,876,851	23,719,160	21,599,046	20,403,652
6,709,286	5,592,757	5,678,033	-	-	-
2,176,974	1,968,604	1,792,758	1,421,707	1,205,786	1,253,420
2,701,306	3,057,302	3,483,303	4,046,617	3,002,710	2,045,578
41,158,740	38,803,902	35,830,945	29,187,484	25,807,542	23,702,650
-	-	1,892	-	29,089	7,455
-	-	1,892	-	29,089	7,455
27,767,019	31,357,360	29,653,682	25,415,872	23,250,133	21,001,096
27,767,019	31,357,360	29,653,682	25,415,872	23,250,133	21,001,096
5,484,986	2,108,874	1,837,335	1,099,201	1,211,973	962,098
5,484,986	2,108,874	1,837,335	1,099,201	1,211,973	962,098
74,410,745	72,270,136	67,323,854	55,702,557	50,298,737	45,673,299

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

	Fiscal Year			
	2014	2013	2012	2011
Instruction	$ 48,230,224	45,215,491	42,714,244	41,480,379
Student services	3,564,347	3,469,352	3,226,515	3,095,442
Instructional staff services	3,072,281	2,971,449	3,038,724	2,514,172
Administration services	6,371,844	6,221,704	6,086,374	5,821,026
Operation and maintenance of plant services	6,263,679	5,625,511	5,088,137	5,179,501
Transportation services	2,691,915	2,550,324	2,506,679	2,095,187
Non-instructional programs	121,088	167,064	187,193	112,581
Capital outlay	8,954,338	8,560,965	5,946,332	11,932,534
AEA flowthrough	2,777,361	2,620,028	2,543,681	2,703,997
Debt service:				
Principal	30,663,356	6,381,134	6,327,396	17,676,750
Interest and fiscal charges	3,328,577	3,145,633	3,266,476	3,569,922
Total expenditures	$ 116,039,010	86,928,655	80,931,751	96,181,491
Debt service as a percentage of noncapital expenditures	31.74%	12.16%	12.59%	25.24%

Source: School District financial records.

Fiscal Year					
2010	2009	2008	2007	2006	2005
41,092,354	40,272,400	37,737,920	33,157,396	29,974,634	27,496,940
2,236,875	2,175,608	2,012,520	1,611,377	1,439,599	1,250,165
2,369,786	2,356,883	2,202,437	1,881,262	1,879,839	1,609,526
5,432,534	4,766,021	4,599,765	3,888,547	3,763,761	3,404,941
5,165,727	5,144,794	4,703,119	4,179,156	4,073,271	3,819,241
2,477,945	2,373,708	2,281,106	2,011,478	1,606,318	1,509,554
97,096	106,490	108,086	134,998	123,594	35,199
25,726,426	7,635,006	13,889,914	18,135,936	2,097,020	1,997,781
2,582,490	2,285,973	2,103,691	1,851,025	1,675,939	1,522,333
10,729,432	2,683,424	11,462,161	1,990,000	2,065,000	1,965,000
3,409,086	2,304,355	3,075,404	2,730,336	2,561,488	1,876,949
###########	72,104,662	84,176,123	71,571,511	51,260,463	46,487,629
7.69%	20.59%	8.85%	9.45%	8.65%	8.76%

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			
	2014	2013	2012	2011
Excess(Deficiency) of revenues over(under) expenditures	$ (32,380,605)	(6,663,483)	(533,704)	(17,195,763)
Other financing sources(uses)				
Capital lease proceeds	-	-	-	-
Transfer in	16,099,513	16,193,578	6,009,968	5,462,810
Transfer out	(16,099,513)	(16,193,578)	(6,009,968)	(5,462,810)
Sale of equipment	53,819	5,795	16,521	1,769
Sale of real property	-	-	-	500
Revenue bond issuance	-	20,000,000	-	-
Revenue refunding bonds issued	10,155,000	-	-	-
General obligation refunding bonds issued	12,645,000	-	-	-
General obligation bonds issued	-	-	-	11,755,000
General obligation bonds refunded	-	-	-	-
Net premium/discounts on bond issuances	665,575	(213,571)	-	-
Total other financing sources (uses)	23,519,394	19,792,224	16,521	11,757,269
Change in fund balances	$ (8,861,211)	13,128,741	(517,183)	(5,438,494)

Source: School District financial records.

Fiscal Year					
2010	2009	2008	2007	2006	2005
(26,909,006)	165,474	(16,852,269)	(15,868,954)	(961,726)	(814,330)
314,228	-	399,706	-	-	-
4,753,458	2,573,335	1,622,661	9,090	-	42,745
(4,753,458)	(2,573,335)	(1,622,661)	(9,090)	-	(42,745)
7,481	1,119	-	215	-	-
-	19,300	-	-	-	-
34,400,000	9,632,670	-	-	-	-
-	-	-	-	-	-
6,740,000	-	-	6,939,931	14,333,551	10,240,208
-	-	-	17,330,611	9,891,593	-
-	-	-	(16,960,000)	(5,015,000)	-
-	-	-	-	-	-
41,461,709	9,653,089	399,706	7,310,757	19,210,144	10,240,208
14,552,703	9,818,563	(16,452,563)	(8,558,197)	18,248,418	9,425,878

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
2014	$ 45,416,152	$ 20,307,702	$ -	$ 2,777,361	$ 68,501,215	-
2013	43,073,258	19,597,510	-	2,620,028	65,290,796	-
2012	40,918,907	19,237,650	-	2,543,681	62,700,238	-
2011	39,494,522	17,945,296	-	2,703,997	60,143,815	-
2010	38,890,572	16,428,065	-	2,582,490	57,901,127	-
2009	38,388,366	15,781,493	1,488	2,285,973	56,457,320	(1,041)
2008	35,801,791	14,571,626	55,816	2,103,691	52,532,924	(10,500)
2007	31,615,236	12,687,181	82,196	1,851,025	46,235,638	(9,095)
2006	28,781,564	12,012,746	642	1,675,939	42,470,890	-
2005	26,278,462	10,711,877	-	1,565,078	38,555,417	(42,745)

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
2014	$ 22,705,206	$ 38,582,952	$ 2,197,297	$ 4,367,577	$ 67,853,032	$ 8,288
2013	22,570,032	36,216,767	2,277,606	4,058,710	65,123,115	58,878
2012	22,532,908	35,325,267	3,029,743	3,756,868	64,644,786	16,521
2011	23,106,617	33,471,036	3,752,150	3,505,767	63,835,570	1,769
2010	22,681,230	27,764,454	5,484,986	2,953,300	58,883,970	7,481
2009	21,808,516	31,352,545	2,087,217	3,057,787	58,306,065	1,119
2008	19,259,497	29,651,322	1,256,369	3,026,318	53,193,506	-
2007	17,317,744	25,409,145	1,070,730	2,666,485	46,464,104	-
2006	15,500,786	23,243,767	1,211,616	2,288,251	42,244,420	-
2005	14,544,873	20,984,741	969,553	2,129,131	38,628,298	-

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

		Actual Value					
Assessment Year	Collection Year	Residental Property	Commercial Property	Other Property	Less Exemptions	Total Taxable Value	Total Direct Rate
2012	2013-14	2,238,748,147	537,214,072	139,152,794	1,096,153,062	1,818,961,951	17.26780
2011	2012-13	2,204,092,586	520,222,182	135,423,932	1,125,070,806	1,734,667,894	17.73099
2010	2011-12	2,153,396,178	503,990,676	125,663,342	1,136,730,855	1,646,319,341	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

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
2014	$ 30,873,621	$ 30,852,645	99.93%	$ -	$ 30,852,645	99.93%
2013	30,246,623	30,083,367	99.46%	101,105	30,184,472	99.79%
2012	30,028,665	29,867,169	99.46%	147,759	30,014,928	99.95%
2011	30,261,870	29,992,625	99.11%	168,928	30,161,553	99.67%
2010	29,491,293	29,241,244	99.15%	235,142	29,476,386	99.95%
2009	28,092,272	27,873,797	99.22%	229,839	28,083,242	99.97%
2008	25,428,854	24,571,478	96.63%	209,446	24,780,924	97.45%
2007	23,617,541	23,641,299	100.10%	77,861	23,719,160	100.43%
2006	21,764,907	21,366,332	98.17%	214,713	21,581,045	99.16%
2005	20,475,421	20,254,596	98.92%	149,056	20,403,652	99.65%

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
2012	2013-14			
	County	6.11191	6.11191	6.11191
	Schools	17.2678	17.2678	17.2678
	City	15.21621	13.15637	7.77881
	Miscellaneous	1.46096	1.32167	1.32167
	Total Levy	40.05688	37.85775	32.48019
Ratio of Linn-Mar Community School District to Total		43.11%	45.61%	53.16%
2011	2012-13			
	County	6.11191	6.11191	6.11191
	Schools	17.73099	17.73099	17.73099
	City	15.21621	13.62416	8.02375
	Miscellaneous	1.35108	1.64296	1.64296
	Total Levy	40.41019	39.11002	33.50961
Ratio of Linn-Mar Community School District to Total		43.88%	45.34%	52.91%
2010	2011-2012			
	County	6.11117	6.11117	6.11117
	Schools	18.54161	18.54161	18.54161
	City	15.21621	13.5098	8.60023
	Miscellaneous	1.29745	1.59012	1.59012
	Total Levy	41.16644	39.7527	34.84313
Ratio of Linn-Mar Community School District to Total		45.04%	46.64%	53.21%
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%

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robbins
2008	2009-2010			
	County	5.95245	5.95245	5.95245
	Schools	20.22951	20.22951	20.22951
	City	15.21621	13.86482	9.28024
	Miscellaneous	1.22581	1.22581	1.22581
	Total Levy	42.62398	41.27259	36.68801
Ratio of Linn-Mar Community School District to Total		47.46%	49.01%	55.14%
2007	2008-2009			
	County	6.14971	6.14971	6.14971
	Schools	20.40133	20.40133	20.40133
	City	15.07076	14.1385	9.1834
	Miscellaneous	1.25457	1.47989	1.47989
	Total Levy	42.87637	42.16943	37.21433
Ratio of Linn-Mar Community School District to Total		47.58%	48.38%	54.82%
2006	2007-2008			
	County	5.88629	5.88629	5.88629
	Schools	19.39588	19.39588	19.39588
	City	14.6161	13.78572	9.33124
	Miscellaneous	1.26327	1.23029	1.23029
	Total Levy	41.16154	40.29818	35.8437
Ratio of Linn-Mar Community School District to Total		47.12%	48.13%	54.11%
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%

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
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%
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%

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
2014	$ 12.73201	$ 0.67647	$ 0.33000	$ 0.13500	$ 1.34000	$ 2.05432	$ 17.26780
2013	13.26000	0.50000	0.33000	0.13500	1.34000	2.16599	17.73099
2012	13.93153	0.50000	0.33000	0.13500	1.34000	2.30508	18.54161
2011	15.11830	1.14668	0.33000	0.13500	0.67000	2.33841	19.73839
2010	15.56715	0.90000	0.33000	0.13500	0.67000	2.62736	20.22951
2009	15.86000	0.65000	0.33000	0.13500	0.67000	2.75633	20.40133
2008	15.07172	0.65068	0.33000	0.03062	0.67000	2.64286	19.39588
2007	13.79463	0.79637	0.33000	0.13500	0.67000	3.09057	18.81657
2006	12.97192	0.91638	0.33000	0.13500	0.67000	2.97601	17.99931
2005	12.71299	0.91309	0.33000	0.03048	0.67000	3.11169	17.76825

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2012 Taxable Value 1-1-12 Valuation	Percentage of Total Taxable Value Valuation *	2003 Taxable Value 1-1-03 Valuation	Percentage of Total Taxable Value Valuation *
SDG Macerich Properties	$ 35,388,978	1.95 %	33,518,562	2.87 %
Rockwell Collins Inc.	31,361,962	1.72	44,426,811	3.81
Wal-Mart Real Estate Business Trust	13,713,100	0.75	-	-
OPM LC	12,534,468	0.69	-	-
DDR Northland Square LLC	12,147,087	0.67	12,315,628	1.06
Collins Square LLC	11,791,900	0.65	-	-
Timberland Partners	11,004,345	0.60	-	-
Apple Ten Hospitality Ownership, Inc.	10,170,047	0.56	-	-
Atrium Finance	9,101,367	0.50	-	-
Marion Senior Development LLC	9,017,700	0.50	-	-
Davis Realty	-	-	10,409,937	0.89
Hammons John Q Hotels	-	-	9,675,466	0.83
Landmark Development Corporation	-	-	9,237,248	0.79
Target Corporation	-	-	8,419,751	0.72
Nash Finch Company	-	-	7,043,152	0.60
Qwest	-	-	5,973,760	0.51
Midwest Centers	-	-	5,862,506	0.50
Total	$ 156,230,954	9.01 %	$ 146,882,821	12.59 %

* 2012 Total District Taxable Valuation is $1,818,961,951
2003 Total District Taxable Valuation was $1,166,448,020

Note: The 2012 valuation was reported because the taxes collected during the 2014 fiscal year were based on the 2012 valuation.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

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

Fiscal Year	Assessed Values of Property	General Obligation Bonds	Revenue Bonds	Total Bonds	Ratio of Bonded Debt To Assessed Value	Bonded Debt Per Capita *
2014	$ 2,915,115,013	$ 38,805,000	$ 49,005,000	$87,810,000	3.01 %	$ 332
2013	2,859,738,700	42,260,000	53,360,000	95,620,000	3.34	364
2012	2,783,050,196	45,365,000	36,585,000	81,950,000	2.94	315
2011	2,700,703,687	48,440,000	39,705,000	88,145,000	3.26	341
2010	2,545,408,524	51,215,000	42,725,000	93,940,000	3.69	365
2009	2,441,242,271	53,870,000	9,525,000	63,395,000	2.60	248
2008	2,255,811,533	56,485,000	-	56,485,000	2.50	223
2007	2,152,971,640	67,860,000	-	67,860,000	3.15	272
2006	1,988,451,640	62,425,000	-	62,425,000	3.14	253
2005	1,868,577,010	45,265,000	-	45,265,000	2.42	185

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 *
2014	$ 38,805,000	$ 49,005,000	$ 55,675	$ 87,865,675	0.80 %
2013	42,260,000	53,360,000	109,031	95,729,031	0.88
2012	45,365,000	36,585,000	160,165	82,110,165	0.77
2011	48,440,000	39,705,000	292,561	88,437,561	0.87
2010	51,215,000	42,725,000	419,310	94,359,310	0.95
2009	53,870,000	9,525,000	239,512	63,634,512	0.62
2008	56,485,000	-	-	56,485,000	0.58
2007	67,860,000	-	-	67,860,000	0.73
2006	62,425,000	-	-	62,425,000	0.69
2005	45,265,000	-	-	45,265,000	0.51

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, 2014

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Linn-Mar Community School District Share of Debt
Direct:			
Linn-Mar Community School District	$ 38,805,000	100.00%	$ 38,805,000
Overlapping:			
City of Cedar Rapids	145,726,344	11.28%	16,437,932
City of Marion	42,235,000	68.77%	29,045,010
City of Robbins	8,105,000	28.91%	2,343,156
Kirkwood Community College	75,259,000	8.63%	6,494,852
Linn County	18,525,000	18.18%	3,367,845
Total Overlapping	289,850,344		57,688,795
Total Direct and Overlapping Debt	$ 328,655,344		$ 96,493,795

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

	2013-14	2012-13	2011-2012	2010-2011
Total Assessed Valuation	$ 2,915,115,013	$ 2,859,738,700	$ 2,783,050,196	$ 2,700,703,687
Bonded Debit Limit * 5% of assessed valuation	145,755,751	142,986,935	139,152,510	135,035,184
Bonded Debt at end of fiscal year	87,865,675	95,729,031	82,110,165	88,437,561
Debt Margin at end of fiscal year	$ 57,890,076	$ 47,257,904	$ 57,042,345	$ 46,597,623
Legal Debt Margin as a Percentage of debt limit	39.72%	33.05%	40.99%	34.51%

* Code of Iowa Section 296.1

Source: Linn County Auditor
School District Financial Records

2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-05
2,545,408,524 $	2,441,242,271 $	2,255,811,533 $	2,152,971,640 $	1,988,451,640 $	1,868,577,010
127,270,426	122,062,114	112,790,577	107,648,582	99,422,582	93,428,851
94,359,310	63,634,512	56,485,000	67,860,000	62,425,000	45,265,000
32,911,116 $	58,427,602 $	56,305,577 $	39,788,582 $	36,997,582 $	48,163,851
25.86%	47.87%	49.92%	36.96%	37.21%	51.55%

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
2013	264,346	$ 11,014,807,000	$ 45,085	$ 2,972.5	$ 339.7	5.00 %	4.80 %
2012	262,534	10,847,889,000	44,024	2,931.3	341.0	5.30	5.20
2011	259,828	10,640,538,000	42,598	2,862.1	328.9	6.00	5.90
2010	258,467	10,187,699,000	40,303	2,645.4	333.3	6.50	6.70
2009	257,530	9,974,758,000	39,047	2,894.8	351.8	5.70	6.00
2008	255,452	10,228,865,000	39,719	2,576.7	315.6	4.00	4.10
2007	252,780	9,780,244,000	37,839	2,444.5	344.5	3.80	3.80
2006	249,790	9,319,741,000	35,869	2,389.9	337.1	3.70	3.70
2005	246,410	9,013,815,000	34,334	2,398.2	287.1	4.70	4.60
2004	244,310	8,932,194,000	33,790	2,391.9	259.1	4.90	4.80

Source : Cedar Rapids Chamber of Commerce, Woods & Poole Economics (in 2009 dollars)
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 2014 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
2013	64	$ 85,971,266	18	$ 9,608,347
2012	26	44,088,780	6	3,260,541
2011	20	43,488,532	11	2,494,538
2010	22	37,695,793	10	30,148,436
2009	21	19,387,965	6	902,214
2008	26	36,693,287	4	6,200,525
2007	30	58,819,301	10	6,246,039
2006	35	31,775,555	10	10,402,835
2005	52	54,653,299	19	15,823,935
2004	47	16,796,266	9	1,292,890

	City of Cedar Rapids New Industrial		City of Marion New Industrial	
Year	# of Permits	Valualtion	# of Permits	Valualtion
2013	0	$ -	-	$ -
2012	5	1,402,760	-	-
2011	7	1,962,394	-	-
2010	-	-	1	75,000
2009	1	163,900	-	-
2008	12	34,937,383	-	-
2007	23	34,114,203	-	-
2006	2	8,095,188	1	229,680
2005	3	764,800	1	130,000
2004	4	2,989,448	1	91,872

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 2014 in not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NEW SINGLE AND MULTI FAMILY DWELLING PERMITS
Last Ten Years

	City of Cedar Rapids Single-Family			**City of Marion Single-Family**		
Year	# of Permits		Valualtion	# of Permits		Valualtion
2013	246	$	24,631,630	184	$	22,646,922
2012	253		26,111,686	157		18,988,018
2011	212		20,726,818	128		14,949,682
2010	332		29,438,833	145		16,677,433
2009	323		29,770,945	143		16,333,694
2008	292		30,247,887	216		26,585,154
2007	298		33,829,577	215		26,142,204
2006	346		37,911,515	211		25,406,593
2005	348		37,783,146	312		36,446,164
2004	338		34,725,819	289		29,467,226

	City of Cedar Rapids Multi-Family			**City of Marion Multi-Family**		
Year	# of Permits		Valualtion	# of Permits		Valualtion
2013	24(n/a)	$	4,370,772	12(n/a)	$	3,713,484
2012	29(n/a)		6,935,533	24(n/a)		6,193,893
2011	64(n/a)		7,849,210	23(n/a)		5,349,470
2010	33(99).		6,331,267	21(n/a)		3,960,067
2009	73(403)		28,959,453	27(n/a)		6,037,139
2008	41(160)		9,749,758	25(73)		5,933,636
2007	49(254)		14,418,797	38(n/a)		11,562,153
2006	37(134)		9,140,955	37(113)		9,211,430
2005	75(n/a)		24,769,755	44(n/a)		19,879,621
2004	18(108)		33,595,118	14(n/a)		3,245,040

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 2014 in not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2014		2006 *	
Employer	Employees	Percentage of Total Employement	Employees	Percentage of Total Employement
State University of IA/Hospital	30,804	50.00 %	25,249	45.70 %
Rockwell-Avionoics	8,700	14.12	8,500	15.38
Area Schools/AEA	4,665	7.57	4,966	8.99
TransAmerica	3,872	6.29	2,800	5.07
St. Luke's Hospital	3,184	5.17	2,600	4.71
Mercy Medical Center	2,312	3.75	2,060	3.73
Whirlpool Corporation	2,200	3.57	2,650	4.80
Kirkwood Comm. College	1,895	3.08	-	-
Veterans Health Administration	1,562	2.54	-	-
Pearson	1,200	1.95	1,929	3.49
Mercy Iowa City	1,208	1.96	-	-
Hy-Vee Stores	-	-	2,971	5.38
Wal-mart Stores, Inc.	-	-	1,530	2.77
Total	61,602	100.00 %	55,255	100.00 %

* Information not available for 2005 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				
	2014	2013	2012	2011	2010
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	8	6
Deans	2	2	2	2	2
School Admin. Manager	7	7	7	7	5
Other Administrators	5	4	4	4	4
Supervisors	7	7	7	8	7
Instructors					
Regular Program Teachers	376.5	377.5	363.5	367.33	366.6
Special Education Teachers	62	62	64	54.27	56
Student Services					
Guidance Counselors	19	18	17	17	17
Media Specialists	10	10	10	10	10
Curriculum Coordinators	4	4	2	2	2
Other Licensed Staff	6	6	6	6	5
Other Coordinators	9	8	8	6	4
Support Personnel					
Nurse	4	4	4	4	4
Clerical	42.43	43.5	41.26	43.56	43.5
Paraeducators	192.38	187.5	178.48	144.95	154.9
Custodial & Maintenance	70.06	73	61.5	58	63
Food Service	51.02	52.5	48.51	51.57	49.82
Bus Drivers	27.67	26.77	28.18	26.9	28.19
	915.06	912.77	872.43	832.58	840.01

Source: District Personnel Records

2009	2008	2007	2006	2005
1	1	1	1	1
1	1	1	1	1
10	10	9	9	9
6	5	5	5	5
2	2	-	-	-
3	2	2	-	-
4	4	3	3	2.5
7	4.5	4	4	4
362.6	356.92	327.59	309.8	293.39
55	54	52	51	48
17	17	15	14	12.5
10	9	8	8	8
2	2	2	2	2
5	5	5	5	4.5
4	4	3	3	3
4	4	3.75	3	3
43.4	40.36	36.15	36.56	36.44
149	144.27	133.13	122.77	128.48
63	63.06	62.46	58.85	58.97
48.16	48.07	41.59	42.44	37.44
27.09	21.53	22.03	22.19	17.18
824.25	798.71	736.7	701.61	675.4

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 *
2014	$ 198,472,285	$ 8,954,338	$ 20,056,826
2013	150,587,691	8,539,938	20,021,889
2012	148,917,277	4,760,465	20,029,573
2011	138,693,867	11,709,850	6,638,429
2010	138,979,461	24,266,307	4,000,518
2009	120,501,828	6,614,785	345,460
2008	119,383,700	11,906,419	1,152,587
2007	87,310,929	2,097,020	412,829
2006	85,868,742	2,097,020	506,350
2005	78,890,063	1,962,487	1,656,331

* 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
2013-2014	$ 68,501,215	6,714	$ 10,203
2012-2013	65,290,796	6,695	9,752
2011-2012	62,700,238	6,419	9,768
2010-2011	60,143,815	6,252	9,620
2009-2010	57,901,127	5,963	9,710
2008-2009	56,457,320	5,759	9,803
2007-2008	52,532,924	5,491	9,567
2006-2007	46,235,638	5,299	8,725
2005-2006	42,470,890	5,003	8,489
2004-2005	38,512,612	4,765	8,082

* 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 2005	2006	2007	2008
Elementary				
Bowman Woods				
Square Feet	50,906	50,906	50,906	50,906
Capacity	500	500	500	500
Enrollment	499	498	537	474
Echo Hill				
Square Feet				
Capacity				
Enrollment				
Indian Creek				
Square Feet	49,200	49,200	49,200	49,200
Capacity	450	450	450	450
Enrollment	427	478	525	366
Linn Grove				
Square Feet				78,000
Capacity				600
Enrollment				374
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	400	400	400	400
Enrollment	362	366	381	345
Westfield				
Square Feet	58,000	58,000	58,000	58,000
Capacity	500	500	500	500
Enrollment	436	462	443	472
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	473	462	508	411
PreK-8 Building [c]				
Oak Ridge				
Square Feet	105,383	105,383	105,383	105,383
Capacity	750	750	750	750
Enrollment	643	692	781	925
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	836	841	823	785
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	1,399	1,504	1,642	1,694

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.

2009	2010	2011	2012	2013	2014
50,906	50,906	50,906	50,906	50,906	50,906
500	500	500	500	500	550
437	429	417	436	408	419
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
511	542	458	432	502	512
49,200	49,200	49,200	49,200	49,200	49,200
450	450	450	450	450	500
385	430	452	447	502	502
78,000	78,000	78,000	78,000	78,000	78,000
600	600	600	600	600	600
379	392	440	460	454	466
57,300	57,300	57,300	57,300	78,000	78,000
400	400	400	400	600	600
357	351	484	485	504	518
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
427	457	459	446	453	452
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
442	436	447	458	432	440
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,100	1,100	1,100	1,000
767	738	761	849	927	938
105,383	105,383	105,383	105,383	105,383	105,383
750	750	750	750	750	750
599	659	700	670	678	681
305,000	305,000	305,000	305,000	305,000	315,478
1,800	1,800	1,800	1,800	1,800	2,200
1,761	1,806	1,708	1,776	1,928	1,934

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
2013-2014	$ 9,282,580	$67,861,320	13.68%
2012-2013	9,955,659	65,181,993	15.27%
2011-2012	10,234,148	64,661,307	15.83%
2010-2011	8,000,016	63,835,570	12.53%
2009-2010	5,172,928	58,883,970	8.78%
2008-2009	4,663,394	58,306,065	8.00%
2007-2008	2,953,846	53,193,506	5.55%
2006-2007	2,323,216	46,464,104	5.00%
2005-2006	2,112,437	42,244,419	5.00%
2004-2005	2,522,629	38,628,298	6.53%

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

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
2014	6,986	6,714	96.11 %
2013	6,985	6,695	95.85
2012	6,687	6,419	95.99
2011	6,534	6,252	95.68
2010	6,308	5,963	94.53
2009	6,069	5,759	94.89
2008	5,814	5,491	94.44
2007	5,602	5,299	94.59
2006	5,266	5,003	95.01
2005	4,975	4,765	95.78

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)
2014	493	513	(20)
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)

Source: School District Certified Enrollment Records

SINGLE AUDIT SECTION

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

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 14	$ 103,138
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 14	970,934 *
			1,074,072
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 14	323,390
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	3715-GC	91,053
			414,443
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 14	44,665
ADVANCE PLACEMENT PROGRAM	84.330	FY 14	892
IMPROVING TEACHER QUALITY STATE GRANTS(TITLE IIA)	84.367	FY 14	97,991
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 13	18,975
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 14	33,900
			52,875
UNIVERSITY OF NOTHERN IOWA:			
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - INVESTING IN INNOVATION FUND (I3), RECOVERY ACT	84.396	FY 13	2,740
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 14	318,244
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 14	9,620
			$ 2,015,542

* - Includes $208,020 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON, P.C.

Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Linn-Mar Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be 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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Linn-Mar Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Linn-Mar Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Nolte, Cornman & Johnson, P.C.

NOLTE, CORNMAN & JOHNSON, P.C.

December 1, 2014

NOLTE, CORNMAN & JOHNSON, P.C.

Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by 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, 2014. 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, 2014.

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 P.C.

NOLTE, CORNMAN & JOHNSON, P.C.

December 1, 2014

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

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

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

(b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.

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

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

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

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

(g) Major programs were as follows:

Individual Programs:

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

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

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

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Purchase Orders - We noted during our audit that the District currently uses purchase orders in the purchasing process, however approximately one-third of the purchase orders tested in the Student Activity Fund during our audit indicated that the purchase order was being approved after items had already been purchased. Purchasing items before the purchase order is approved circumvents internal controls that have been implemented by the District.

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

Response - The District has developed a formal Business Procedures manual that addresses the purchase order system and the appropriate approval processes. This manual has been shared with all administrators and managers, and will be distributed to all employees through the District intranet.

Conclusion - Response accepted.

II-B-14 Sealed Bids - We noted during our audit that the District currently has Board Policy 803.1 in effect that requires that District's Board of Directors receive sealed bids for purchases made that are over $25,000. The District purchased an illuminated exterior sign for $36,545 without the District's Board of Directors receiving sealed bids for the sign.

Recommendation -The District's should review Board Policy 803.1 and receive sealed bids for the Board of Directors to approve for purchases over $25,000.

Response - The District will review Board Policy 803.1 and the applicable purchasing thresholds and ensure staff is following the stated procurement process.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget - District disbursements for the year ended June 30, 2014 did not exceed the amounts budgeted in any of the functional areas.

IV-B-14 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.

IV-C-14 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-14 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-14 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-14 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-14 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education. The variances noted caused the District's certified enrollment to be understated by 0.06 students.

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-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-14 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-14 Certified Annual Report - The Certified Annual Report was certified timely with the Iowa Department of Education.

IV-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-14 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 16,986,244
Revenues:		
Statewide sales, services and use tax	$ 5,979,539	
Interest on investments	46,754	6,026,293
		23,012,537
Expenditures/transfers out:		
School infrastructure construction	57,293	
Equipment	507,516	
Other	40,099	
Transfers to other funds:		
Debt service	7,102,227	
Other transfers	8,939,191	16,646,326
Ending balance		$ 6,366,211

For the year ended June 30, 2014 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	$ 0.54976	$ 1,000,000

IV-M-14 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.

School Pictures Account: Currently, the District records commissions received from the company that takes school pictures of students.

Recommendation - According to Chapter 298A.2 of the Code of Iowa, all money received by a District must be accounted for in the General Fund except for money required by law to be accounted for in another fund. Commissions are not specifically identified as allowable revenue for the Student Activity Fund; therefore, picture commissions would be more appropriately receipted into the General Fund.

Response - Picture commissions will be receipted to the General Fund.

Conclusion - Response accepted.

IV-N-14 Payroll/Vacation Time Issues - We noted during our audit that the District did not report the following incident involving payroll/vacation time discrepancies with the Auditor of State in a timely manner to be in compliance with Chapter 11.6(7) of the Code of Iowa.

The matter involved a payroll assistant that was responsible for payroll while the payroll lead employee was on maternity leave from August 2013 through November 2013. The payroll assistant still had access to the payroll system after the payroll lead returned from maternity leave. The payroll assistant was placed on administrative leave on March 11, 2014 and subsequently terminated.

Although, the District's internal control structure detected the following discrepancies, the remainder of this comment illustrates weaknesses in the District's payroll/accrued vacation time systems that need to be addressed.

On March 10, 2014, it was brought to the Business Manager's attention by the payroll lead employee discrepancies in accrued vacation hours earned by the payroll assistant. The payroll lead employee noticed that the payroll assistant had more hours accrued than what should have been under normal operating practices of the District.

Initially, reports were run for all employees' accrued vacation time from the Kronos timekeeping system for the fiscal year to verify to other District records to determine if there were any other discrepancies in other employees' accrued vacation amounts. After this procedure, it was determined by the District that the only accrued vacation records affected were the payroll assistant's. The District examined the vacation change report from the Kronos system to determine which employee was responsible for the change in accrued vacation amount for the payroll assistant. The payroll assistant's name was the only name that appeared on the vacation change record from the Kronos system. The affected time period of the change in vacation times was compared to payroll records to verify that that payroll assistant was not paid for any of the changes made to the amount of accrued vacation time.

In addition to investigating accrued vacation time, the District also compared reports from the District's Kronos timekeeping system to the pay journal in the IVisions payroll system for the fiscal year to determine if there were any other discrepancies in pay received by the payroll assistant. It was determined that between the dates of August 5, 2013 and November 5, 2013 there were changes in the total number of overtime hours worked by the payroll assistant to the payroll record in the IVisions payroll system(Illustrated by Table A). It was also determined that between the dates of November 20, 2013 and January 3, 2014, that the total dollar amount paid for overtime and not the total hours of overtime were altered in the IVisions payroll system(Illustrated by Table B).

The following is a summary of the discrepancies discovered by procedures performed by District personnel:

Table A*

Date of Discrepancies	Actual overtime hours earned by payroll assistant	Adjusted total hours altered by payroll assistant	Difference	Pay Rate	Pay Discrepancy
8/5/2013	7.57	10	2.43	$ 24.75	$ 60.14
8/20/2013	8.97	20	11.03	24.75	272.99
9/5/2013	5.70	20	14.3	24.75	353.93
9/20/2013	14.53	20	5.47	24.75	135.38
10/5/2013	0.73	20	19.27	24.75	476.93
10/18/2013	8.55	20	11.45	24.75	283.39
11/5/2013	3.03	20	16.97	24.75	420.01
			Subtotal		$ 2,002.77

Table B*

Date of Discrepancies	Actual overtime hours worked by payroll assistant per District records	Actual amount of overtime pay earned	Total amount of overtime pay altered by payroll assistant	Pay Discrepancy
11/20/2013	1.35	$ 33.41	$ 550	$ 516.59
12/5/2013	1.05	26.78	400	373.22
12/20/2013	1.20	30.60	480	449.40
1/3/2014	4.22	107.61	450	342.39
			Subtotal	$ 1,681.60
			Total discrepancy	$ 3,684.37

*** Amounts do not include FICA and IPERS**

At the conclusion of the District's investigation, it was determined that the payroll assistant was the only employee that could have manipulated the time as shown in Table A and the total overtime dollars paid as shown in Table B. Ultimately, as part of the settlement agreement between the District and the payroll assistant, the District agreed to amend FICA and IPERS reports and receive the refund associated with the amount of the theft and the payroll assistant agreed to reimburse the District $3,684.37 for the amount shown above.

Recommendation - According to Chapter 11.6(7) of the Code of Iowa, instances of theft/fraud should be reported in a timely manner to the Auditor of State.

The District needs to review procedures in the payroll and timekeeping processes. Additional procedures should be implemented to verify that manual changes to the timekeeping records and payroll records are legitimate. The District should contact the Kronos and IVisions software and verify that there are additional programs written in the software to produce a manual change report that either the business manager or CFO could verify that the manual changes are legitimate. Vacation time used and paid by the District should be verified as correct periodically.

Response - We have implemented additional procedures to confirm each pay period that the vacation time and pay received are legitimate for all employees having access to payroll. The Business manager reviews the pay journals and Kronos time for all employees that have access to payroll after each payroll is posted. Hours worked and any adjustments are verified as well as gross pay is calculated and verified for accuracy. The payroll lead reviews the pay journal of the Business Manager to assure it is accurate each pay period as well.

Conclusion - Response accepted.