

PATHWAYS		TECHNOLOGY		FACILITIES	
Goal #1 Inspire Learning	Goal #2 Inspire Learning	Goal #3 Unlock Potential	Goal #4 Unlock Potential	Goal #5 Empower Achievement	Goal #6 Empower Achievement
<i>Articulate</i>	<i>Support</i>	<i>Challenge</i>	<i>Success</i>	<i>Involve</i>	<i>Build</i>
Implement pathway and framework for PK-14 programming to ensure all students graduate future-ready.	Create effective and agile organization that is individually responsible to the needs of the whole child.	Become an excellent learning organization through a culture of continuous improvement.	Maximize achievement by increasing digital literacy utilizing 21 st century digital tools.	Enhance engagement opportunities through focused strategic partnerships.	Construct physical learning environments using fiscally responsible and sustainable practices.

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Goal #1: Inspire Learning (Articulate)

Implement pathway and framework for PK-14 programming to ensure all students graduate future-ready.

Year 1:

Strategic Initiatives	Measures of Success
Develop a framework for students to experience and successfully pursue post-secondary career offerings.	Begin baseline tracking and reporting of % college acceptance rates (2017-18) and graduation rates (2011-2017) in order to establish reliable benchmark targets and enhance program offerings. {Improve college acceptance and college graduation rates (post-secondary student success metrics)}
Review policies to ensure the district's theory of action for teaching and learning is articulated.	By summer 2017: Administration will work with Policy Committee to review, edit, and recommend policy changes, if necessary (Instructional Consistency).
Curricular alignment to essential knowledge and skills supported by a coherent and aligned assessment system.	K-4: In 2017-18, in the area of literacy (reading, foundational, literature, and informational text and writing) we will document unwrapped standards, student "I can" statements, and identification of priority standards (on report card). Once priority standards are determined, we will begin to work on developing assessments and rubrics that ensure priority standards are being learned by students.
	Grades 5-7: In 2017-18, common assessments will be created for each unit of study in all subject areas. The creation of a middle level report card based on standards will be developed. Common assessments and the middle level report card will be used for reporting purposes in the 2017-18 school year.
	Grades 10-12: By the fall of 2017, identification of priority standards will be documented (via PowerSchool) to ensure priority standards are being learned by students.
	High School: By 2017-18 the Linn-Mar High School Program of Studies will be updated to include Innovation Center and Iowa BIG. This allows for a more aligned curriculum for core courses, AP coursework and Kirkwood offerings.
	Special Education Programming: By the end of 2017-18, using Iowa's Specially Designed Instruction Framework, a core special education group will analyze the recommended key components and critical features to operationally define specially designed instruction in our district.

Refer to the Strategic Plan for Year 2 Strategic Initiatives and Measures of Success.

Updates on Goal #1: Inspire Learning (Articulate)

Implement pathway and framework for PK-14 programming to ensure all students graduate future-ready.

LM High School Event - Focus Your Future: Chris Patterson, Industrial Technology Teacher, has organized the first Project Lead the Way night entitled, *Focus Your Future*. The evening is a chance to raise student awareness of the STEM opportunities offered at the High School. The event will be held in the new lecture hall (enter at Door #1) on February 2nd from 6:00-7:30 PM. The evening will offer tours and discussion on the programs offered and sequences for college credit courses. All middle school and high school students and families are invited to attend. *STEM = Science, Technology, Engineering, and Mathematics.*

Goal #2: Inspire Learning (Support)

Create effective and agile organization that is individually responsible to the needs of the whole child.

Year 1:

Strategic Initiatives	Measures of Success
Individualized and data-driven instruction.	During the 2017-18 school year, all schools will plan for individualized academic interventions (priority standards/content) for all students regardless of need based on an understanding of child development and learning theories within PLCs 100% of the time as measured by team notes. PLCs will develop and implement differentiated classroom instructional opportunities (in specified areas per grade level) for all students. Measure: The use of common formative assessments to differentiate instruction.
	Explore opportunities to better communicate pathway opportunities for students through better articulation during instruction.
Each student enters school healthy and learns about/practices healthy lifestyle.	Develop a Health Curriculum Committee to review health education guidelines and determine district needs. Final recommendations will be made by June of 2017.
	Work with Community Relations on a communications plan to engage parents prior to students entering school regarding wellness and well-being of children to be completed in spring 2017.
Each student learns in a physically and emotionally safe environment.	Staff, students, and family members establish and maintain school and classroom behavioral expectations, rules, and routines that teach students how to manage their behavior and help students improve problem behavior.
	Schools teach, model, and provide opportunities to practice social-emotional skills, including effective listening, conflict resolution, problem solving, personal reflection and responsibility, and ethical decision making.
	Mental Health Needs: In 2017-18, continue partnerships and continue to explore additional family/staff education opportunities as they arise.
	Throughout the 2017-18 school year, Board of Education members will serve as PBIS "School Champions" and report school successes as part of regular board meetings in order to facilitate district-wide communication and support of the program.
	In 2017-18, schools will report goals, benchmarks and outcome data regularly through the Administrative Report to the Board and community.
	As a district focus on making connections with kids. Progress will be tracked via Gallup Poll and Olweus.
	ALICE Trainings: begin classroom lessons, communication on training w/ staff, families, and community, active trainings to begin spring or early fall.

Refer to the Strategic Plan for Year 2 Strategic Initiatives and Measures of Success.

Updates on Goal #2: Inspire Learning (Support)

Create effective and agile organization that is individually responsible to the needs of the whole child

No updates at this time.

Goal #3: Unlock Potential (Challenge)

Become an excellent learning organization through a culture of continuous improvement.

Year 1:

Strategic Initiatives	Measures of Success
Promote understanding of total compensation at Linn-Mar and recognize compensation as a competitive tool to drive organizational results.	Conduct a thorough job analysis for each certified and classified position over the 2017-18 school year.
Provide ongoing professional development for teaching staff that supports core instruction, interventions and curriculum implementation.	Create and implement a three-year flexible, professional development plan; thoughtfully allocating state categorical funding to support PD plan. This plan will be shared with the Board of Education in the Winter of 2016-17.
	Throughout the 2016-17 school year, provide professional learning at each PDD on measuring the success of specific teaching strategies in an effort to identify and know how to utilize the most 'high impact' learning strategies. (Many resources can be used to do this including Hattie's Visible Learning and Marzano's Art and Science of Teaching).
Effective and efficient use of data.	By March 2017 we will develop a foundational understanding of Smarter Balanced Assessment with staff, students, and community and be prepared to implement Smarter Balanced for the 2017-18 school year.
	Explore dashboard (performance metrics) possibilities for % of students in AP/honors/IB; % of students who show academic growth on NWEA, FAST, Iowa Assessment; % of students who achieve IEP Goals; and other relevant "predictive gateways" for academic success.
Curriculum, instruction and assessment demonstrate high expectations for all students.	Using relevant achievement gap information, identify opportunities to increase the number of students performing at or above grade level in math and reading.
	Expand early literacy within the early childhood programs by using creative curriculum assessment information to drive instruction.
	Provide substantive support to enhance math and reading skills PreK-5.
	During the 2016-17 school year, identify all level 3 and level 4 questions used on all common formative or summative assessments within each course at the high school level.
	During the 2016-17 school year we will closely monitor and update our stakeholders as appropriate, federal and state initiatives including Smarter Balanced, ESSA, ELI and CASA.
	By the end of 2016-17, develop a K-8 standards based report card.

Goal #3: Unlock Potential (Challenge) *Continued*

Become an excellent learning organization through a culture of continuous improvement.

Year 1:

Strategic Initiatives	Measures of Success
Becoming Deliberately Developmental about our staff as we shift from "Human Resources" to "Talent Management".	Research well-being and insurance models/best practices and explore community partnerships (Ex. Blue Zones) to improve Linn-Mar and community health and well-being, reduce health care claim costs from 5 year historical averages, and enhance productivity.
	Reduce employee workers compensation claims from 5-year average info.
	By spring 2017, develop integrated marketing and communications programs that position Linn-Mar as the district of choice for world class teaching, learning and student achievement. Develop and begin to execute and assess integrated strategic marketing and communications programs, both internal and external, to strengthen, promote and protect Linn-Mar's brand identity, relevance, accomplishments and excellence.
	Explore opportunities to expand mentor programs for all employee groups and leverage their talent/knowledge to improve our overall performance.
	Work to create and maintain a predictable, respectful, compliant, labor relations environment, alignment and consistency with the overall employee relations strategy based on proactive and open communications.
	Research comprehensive and engaging performance management plans for classified and professional staff.
	Foster a positive, engaging, diverse and inclusive work environment while identifying and responding to the changing needs of the Linn-Mar community.
Cultivate a high achieving performance culture.	Revise recruitment strategy and branding program by late winter (2016-17).
	Always promote a school culture with the belief system of all students can learn.

Goal #3: Unlock Potential (Challenge) *Continued**Become an excellent learning organization through a culture of continuous improvement.***Year 1:**

Strategic Initiatives	Measures of Success
Strengthen leadership capability throughout Linn-Mar to promote high levels of performance and productivity and sustain excellence.	Make school building-level communication the major focus of the communication efforts.
	Provide training to district leaders to address all aspects of the employee life cycle.
	Begin to develop a leadership ladder (succession planning) throughout Linn-Mar in all employee groups with a focus on recruitment and retention.
	Identify employee skill gaps, provide opportunity for improvement/workout plan or coaching out (coach up or counsel out).
	School Board, district leaders, and building administrators continually seek to improve knowledge of upcoming trends in education and research on school improvement by having memberships to professional organizations, attending relevant conferences, and networking with other administrative professionals.
	School Board Policy Committee to develop and deploy Board Learning Plan and work to strategically align all board committee work under the Strategic Plan.

Refer to the Strategic Plan for Year 2 Strategic Initiatives and Measures of Success.

Updates on Goal #3: Unlock Potential (Challenge)

Become an excellent learning organization through a culture of continuous improvement.

Smarter Balanced Assessments Update: The State of Iowa has been moving toward a 2017-18 implementation of the Smarter Balanced Assessments as a replacement for the Iowa Assessments. This plan has been put on hold while the new State Legislature discusses this topic in more detail. We will continue to monitor this situation very closely as it will potentially have a direct and immediate impact on which statewide assessments we give as a district.

Iowa School Report Card: As a result of the 2013 legislative requirements (*House File 215*), the Iowa Department of Education developed a web-based tool that provides a snapshot of every Iowa public school's performance on eight specific educational measures. This is the second year of the Iowa School Report Card. The data that is used for this report is compiled from the 2014-15 school year as well as the 2015-16 school year. Based on a school's overall score, one of the following ratings is assigned: 1) exceptional, 2) high-performing, 3) commendable, 4) acceptable, 5) needs improvement, and 6) priority. The Iowa School Report Card is only one tool to help Iowans understand how schools are doing, it does not represent a complete picture of any one school or district. To view the report visit: www.educateiowa.gov/schoolreportcard

Goal #4: Unlock Potential (Success)

Maximize achievement by increasing digital literacy utilizing 21st century digital tools.

Year 1:

Strategic Initiatives	Measures of Success
Digital Content	Explore and clarify LM working definitions related to digital learning (blended learning, digital content, etc.) to establish a shared vision.
	Identify specific areas to provide district, building, and instructional support for technology integration and implementation.
	Review, update and curate our PreK-12 digital curriculum to ensure it is rigorous and relevant.
	Identify and develop an online course option, aimed primarily at LMHS 11th and 12th grade students, in each department area that may or may not be a required course.
Digital Citizenship	During 2016-17 explore PreK-12 Digital Citizenship Curriculum (i.e. CommonSense Media).
	2016-17 TICs provide professional development on digital citizenship.
Digital Equity	Review technology equity procedures to inform future policy decisions.
	Establish a uniform, digital checkout process for students who do not have WiFi or computer outside of school.
	Using assessment information, implement the appropriate assistive technology tool(s) for students with special needs in the general education classroom.
	By increasing understanding of assistive technology, promote a culture of individualizing learning needs.
Digital Pedagogy	Begin a process to ensure all faculty have the qualifications and training necessary to deliver courses in a variety of modes; specifically regarding online instruction.
	Create a faculty mentor program or peer review system as a way to improve online/hybrid courses.
	Explore potential resources and processes for future curriculum.
	Utilize Technology Instructional Coaches (TICs) to provide coaching support for teachers integrating technology into their instruction.
Digital Communication	Use annual staff/student/parent/community survey data to determine effective use of school website for consistent district and building level communication.
	Explore possibilities for better alignment and integration of systems used by parents (i.e. PowerSchool, TouchBase and Total Access).
	Promote current electronic communication services for staff to access relevant information regarding resources.

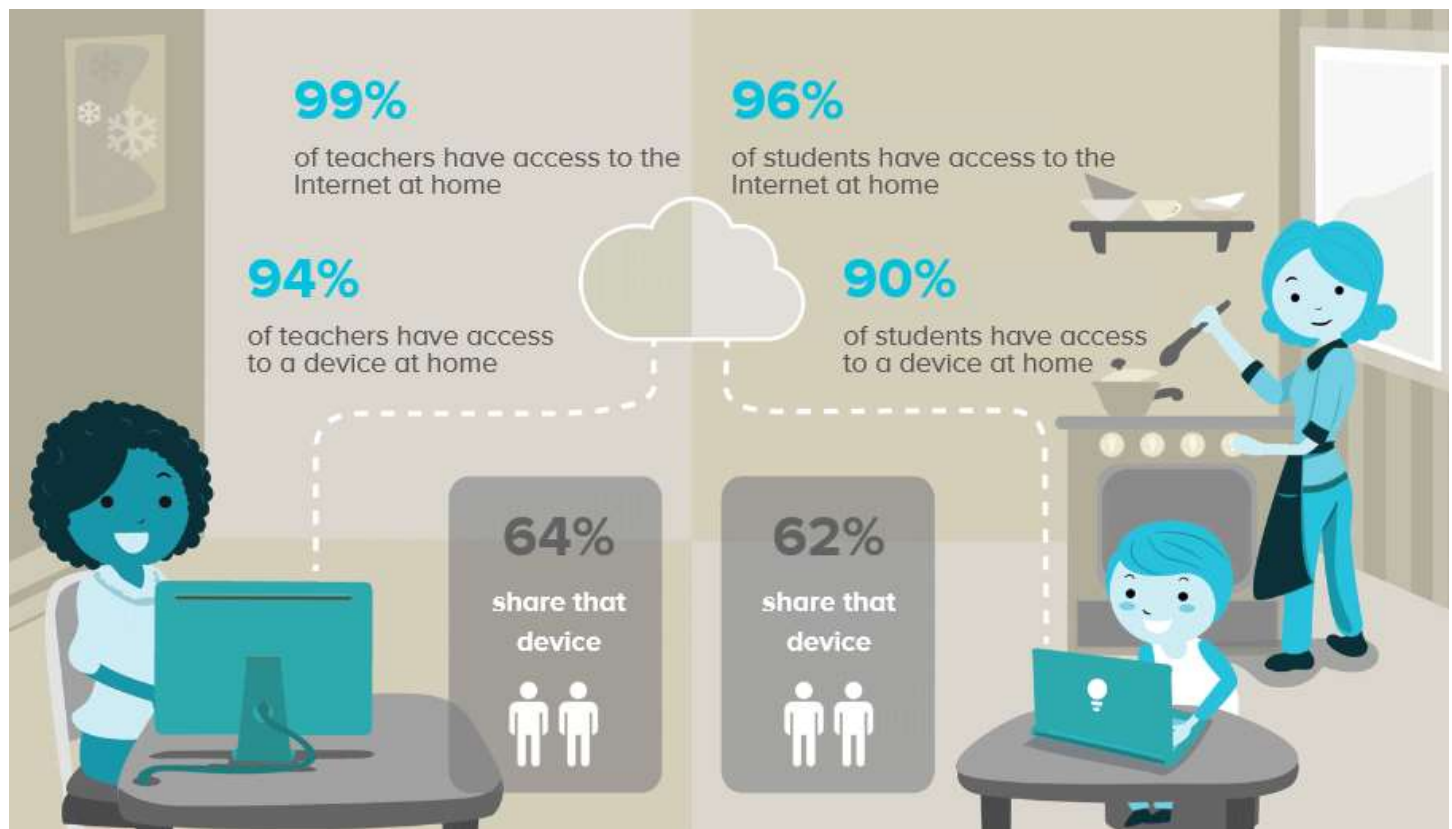
Refer to the Strategic Plan for Year 2 Strategic Initiatives and Measures of Success.

Updates on Goal #4: Unlock Potential (Success)

Maximize achievement by increasing digital literacy utilizing 21st century digital tools.

BrightBytes Survey Results:

In the fall we conducted our second, annual Clarity BrightBytes Survey throughout the district. Staff, students, and parents participated. This is a summary of the responses regarding access to technology:



Goal #5: Empower Achievement (Involve)*Enhance engagement opportunities through focused strategic partnerships.***Year 1:**

Strategic Initiatives	Measures of Success
Internal Partnerships	Investigate and research district administration practices and processes to enable principals to focus more on instructional leadership.
	Promote opportunities for district employees to volunteer in classrooms.
	Explore and clarify the purpose and structure of district leadership meetings to align with strategic plan.
External Partnerships	Create conditions to provide transparent, accurate and accessible information through dashboards.
	Broaden opportunities for local businesses and historically underutilized businesses to work with the district.
	Explore opportunities for the city and local districts to share costs for shared services.
	Develop/nurture relationships and work with community partners and media to define, promote, expand and market signature programs.
	Begin to establish a network of information ambassadors.
	Enhance established partnerships with the business community, as well as nationwide, to broaden recruitment, wellness, volunteer and diversity initiatives.
	Promote external partners to join district committees and district staff participate in outside committee groups.

Refer to the Strategic Plan for Year 2 Strategic Initiatives and Measures of Success.

Updates on Goal #5: Empower Achievement (Involve)

Enhance engagement opportunities through focused strategic partnerships.

Board Visit to the Success Center: On January 18, the Board of Education visited the success center where our conversation focused largely on the great business and community partnerships, which directly benefit the student experience. Students in the program are given great opportunities throughout our community to engage in meaningful work life experiences, none of which would be possible without the support of numerous business partners.

Bond Campaign Leadership Team: The Bond Campaign Leadership Team came together for the first time on the evening of January 18. There were approximately 60 people in attendance. During the meeting we outlined how our district focus needs to shift from the Vision and Strategic Plan into the technicalities of renovations to be completed, site selection, bond amounts, etc. We then introduced the Leadership Team to our Architects (OPN) and described their role in this process. Next, we gathered input from the Leadership Team about ideas and topics they would like to explore further. We concluded by setting our next meeting for February 8th at 5:30 PM, at which time we will visit our three historic buildings (Indian Creek, Bowman Woods and Wilkins) to discuss and prioritize renovations to those buildings.

Goal #6: Empower Achievement (Build)

Construct physical learning environments using fiscally responsible and sustainable practices.

Year 1:

Strategic Initiatives	Measures of Success
Facilities Restructure	During the 2016-17 school year the Board of Education, with feedback from community patrons, will approve a long-term facility structure plan that benefits all Linn-Mar students.
	Determine what the most appropriate and cutting edge learning environments look like at each of the grade level configurations and prioritize goals for the physical components for each of the environments.
	Establish a communication campaign to foster support and approval of district restructure needs.
	Develop a funding plan to support 10-year restructure plan, including the outline of a possible bond campaign strategy.
	Engage architects, engineers, demographers and other applicable services to assist in the planning and implementation of the facility restructure plan.
	Identify an off-site facility for Applied Innovation Center.
Facilities Preservation	Address priority needs to improve district facilities by actively maintaining 10-year facilities and preventative maintenance plan, including identifying energy-saving opportunities.
	Develop a funding plan to support 10-year preventative maintenance schedule.
	Complete walkthroughs with principals, Crisis Committee members, and Operations & Maintenance to determine building needs in reference to safety and security.
Operational Resource Allocation	Work to optimize resources (buildings, personnel, programs, etc.) to ensure they are utilized efficiently and effectively.
	Explore procedures to effectively evaluate programs from a financial aspect to ensure resources are being utilized to full potential.
	Continually review categorical funding streams to ensure resources are being properly spent and that all expenditures are properly allocated.

Refer to the Strategic Plan for Year 2 Strategic Initiatives and Measures of Success.

Updates on Goal #6: Empower Achievement (Build)

Construct physical learning environments using fiscally responsible and sustainable practices.

1. **Certified Budget Timeline & Assumptions:** *Refer to Exhibit 604.2 found on page 18* for information on the FY2018 certified budget timeline and assumptions.
2. **Bond Refinance:** The district is planning to refinance approximately \$16 million of general obligation bonds in order to realize an estimated savings of \$1 million due to lower interest costs. Standard and Poor's has affirmed the district's bond rating of AA-/Stable, which is a very strong credit rating for public schools.

Next steps:

- January 23: The board reviews and approves the Preliminary Official Statement (POS) and sets public sale date for February 6
- February 6: Public sale of the bonds and board action to direct sale to lowest responsive bidder
- February 20: Board adopts various bond issuance paperwork as provided by bond attorney
- March 8: Transaction closes

Note: The preparation of the POS is subject to Federal Securities Law regulation and the district (including board members) should be certain that any facts and representations contained in the POS are true and correct in all material respects.

3. **Property Valuations:** Fiscal year 2017-18 valuations were released by the Linn County Auditor. The FY2018 budget taxable valuations are based on January 2016 assessments. For 2017-18, the total growth in valuation was 4.77%. This compares to the 10-year average total annual growth rate of 4.4%. Non-TIF taxable valuation growth was 5.32%, while TIF valuation decreased 7.18%. *Note that approximately 71% of Linn-Mar's tax base is residential, 23% commercial and industrial, 2% agriculture, 3% multi-residential, and 1% other.*

Non-TIF Valuation	= \$1,968,840,115
TIF Valuation	= \$ <u>79,879,411</u>
Total Valuation	= \$2,048,719,526

4. **State Budget Picture:** The Revenue Estimating Conference (REC) met in December and reduced revenue projections for the current fiscal year (FY2017) and, therefore, the state is facing a deficit of approximately \$100 million in the current year. The state is working to mitigate this deficit and it appears that K-12 schools will not be impacted by any budget cuts.

For FY2018, the REC is projecting 4.8% growth in state revenues, which is lower than originally projected. Based on this REC projection, the governor proposed a 2% Supplemental State Aid (SSA) state percent of growth for fiscal years 2018 and 2019. This amounts to an increase of about \$83 million for FY2018. The governor's proposal serves as the starting point for the legislature to work off of, but K-12 schools are hopeful that the legislature will finalize SSA within 30 days of the governor's recommendation.

5. Other Updates from Finance/Audit Committee Meeting on January 19th:

- The committee discussed the change in merchant processing company from Frontstream to Elavon/US Bank. This cooperative contract is estimated to save the district \$300 per month on average.
- The High School auxiliary gym floor is in need of replacement. Committee members reviewed competitive quotes from Phillips Floors (\$62,033) and Integrity Hardwood Floors Inc. (\$51,026). Recommend awarding project to Integrity Hardwood. To be paid from PPEL.
- Bond Refinance: *Refer to item 2 on page 15.*
- FY2018 Certified Budget Timeline and Assumptions: *Refer to Exhibit 604.2 found on page 18.*
- Legislative updates on state revenues (SSA%) and collective bargaining.

Construction Updates:

High School Renovations:

1. Work on the stairs at the cafe' has started. Tile installation is scheduled to be completed by 1/23/17.
2. The lecture hall concrete flooring is installed. Finish paint work on the room has started. All lighting, audio, and sound wiring of the systems are installed. Next steps will be table installation, flooring, and the seating. Work should be completed by 2/10/17.
3. Speech classroom beside door 16 will be the final two weeks. Work completion date is 2/10/17.
4. Door 16 area flooring is scheduled for completion on 2/10/17.
5. Punch list work continues throughout the building and will continue until all work is completed.

Westfield Addition:

1. One new classroom is occupied with teacher and students.
2. All other classrooms have received a punch list and will be completed by 1/27/17.
3. Restrooms, coatroom, reading/Grant Wood room are completed.
4. The only classroom that remains under construction is the technology room and associated hallway. Work is currently underway to complete these areas.
5. Punch list work will continue until all work is complete.

Achievements and Honors:

KCRG Student of the Month: [Linn-Mar Senior Jennifer Jenks](#) was named a semifinalist for KCRG's Student of the Month. The 17-year-old is a National Merit Scholar Semi-Finalist, an AP Scholar, National Honor Society Member, and also belongs to the National Council on Youth Leadership. Jenks is director of Iowa's first high school writing center, playing a huge role in organizing tutor committees and designing the center's website. Congratulations Jennifer!



LMHS Student Honored with Service Above Self Award: On Martin Luther King Day, the Cedar Rapids Rotary honored eight, area high school seniors who are modeling the thoughts shared in MLK's 1968 sermon on service/outreach. [Linn-Mar Senior Lubna Hossain](#) was one of the students honored. Linn-Mar administrators describe Lubna as a quiet leader who works to get things done. Among her many projects, Linn-Mar High School students and staff immediately recognize her design and layout work on a special poster found throughout the school. The posters, which she has updated each of the past three years, help raise student awareness of the High School's Student Assistance Team; a group of specially trained staff members who students can seek out when they need help. The poster includes individual photos of members of the team and the subjects they teach. Lubna takes the time to gather the information for each member and takes their picture for the poster. As a result of her efforts, awareness of the program has improved and the number of

students seeking out team members has increased over the three years. She also spends many hours volunteering at St. Luke's Hospital. Lubna was nominated for the Service Above Self Award by administrators and staff. She calls it a special honor.

Breaking Education Barriers: On January 19th the Iowa Department of Education released this year's recipients of their Breaking Barriers to Teaching and Learning Award which recognizes efforts to successfully eliminate student achievement gaps. This year, schools were selected for having the highest proficiency rates statewide in math and reading in a specific subgroup of students based on assessment results from over the last three years. Congratulations to the students and staff of [Oak Ridge Middle School](#) for being selected! Oak Ridge was chosen for their work with Hispanic students who are 98% proficient in reading and math. *The statewide average is 66% proficient!*



**LINN-MAR COMMUNITY SCHOOL DISTRICT
FY2018 PRELIMINARY BUDGET DISCUSSION**



Purposes of Certified Budget:

1. Establish a maximum tax rate
2. Establish an estimate of budget year expenditures

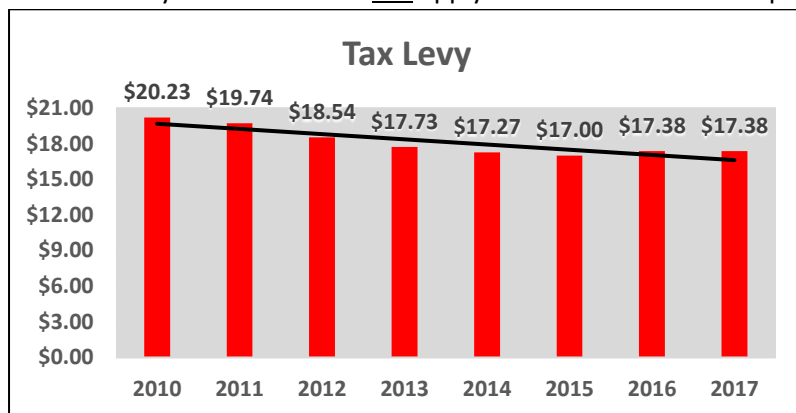
Tentative Process/Timeline:

- | | |
|-------------------------|---|
| • January 23, 2017 | Report known budget variables and assumptions to Board |
| • February – March 2017 | Development of budget; monitor legislative progress |
| • March 6, 2017 | Budget Presentation and establishment of proposed budget hearing |
| • March 23, 2017 | Publish proposed budget in Marion Times |
| • April 10, 2017 | Public hearing, budget presentation, and board adoption of certified budget |
| • By April 15, 2017 | File budget with the Iowa Department of Management and County Auditor |

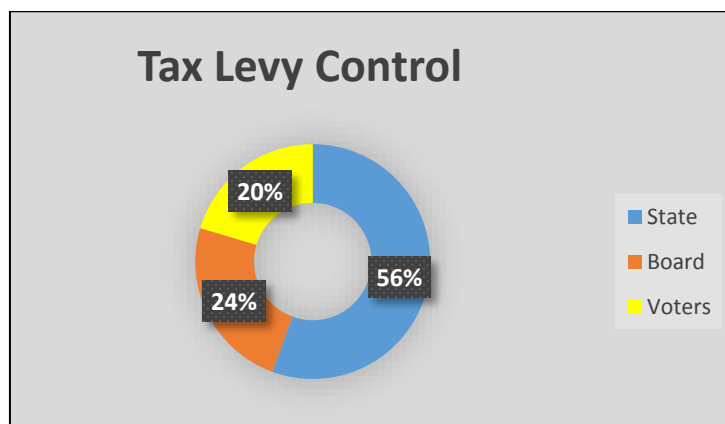
Budget Variables and Assumptions:

- 1. The District will be mindful of the property tax rate and the amount of tax support being asked from community patrons to support District programming.***

From 2009 to 2015 the tax levy rate steadily decreased, but inadequate state funding and low property valuation growth lead to a levy increase in 2016. This current year (FY2017) the overall levy rate is set at \$17.38 / \$1,000 assessed valuation, which was similar to the previous year. Statewide, the highest district tax rate for FY2017 is \$22.05 (Ballard) and the lowest is \$7.62 (Okoboji) with a median tax rate for 335 Iowa schools in FY2017 of \$13.77. Note that approximately 80% of school districts in the State use some sort of income surtax, which reduces their overall tax levy. Linn-Mar does not apply an income surtax to its patrons.



The total tax levy is comprised of several different funds; General, Management, PPEL, PERL, and Debt Service. Although some people may assume that the Board has sole control of whether or not the tax levy increases or decreases, the reality is that this is not true. For example, the General Fund levy is primarily formula driven, which is controlled by the State of Iowa. Other levies such as PPEL and PERL were authorized by voters within the District. For FY2017 the tax levy control can be broken down as follows:



The taxation objective, when possible, is to keep rates stable for district patrons.

2. The District's property tax base steadily grows, but the District continues to be considered a "property poor" school district in Iowa.

The FY2018 budget taxable valuations are based upon January 2016 assessments. For FY2018 the total growth in valuation was 4.77%. This compares to the 10-year average total annual growth rate of 4.4%.

For FY2018 the Non-TIF taxable valuation growth was 5.32% and the TIF valuation decreased (7.18%). This compares to 10 year average growth rates of 4.1% and 17% respectively. The chart below summarizes the FY2018 valuations:

Budget Year	Non-TIF Taxable Valuation	TIF Valuation	Total Value
FY2017	\$1,869,534,101	\$86,054,675	\$1,955,588,776
FY2018	\$1,968,840,115	\$79,879,411	\$2,048,719,526
% Change	5.32%	-7.18%	4.77%

Taxable valuation growth for FY2018 has rebounded due to steady residential and commercial development within the District. From FY2015 to FY2017 the District's tax base growth had slowed in part by the Property Tax Reform measures that the Iowa Legislature passed in 2013. From this legislation the commercial and industrial (C&I) property rollback decreased from 100% to 95% for the FY2015 budget, and decreased again from 95% to 90% for the FY2016 budget cycle. This rollback is expected to remain at the 90% level for FY2018 and future years.

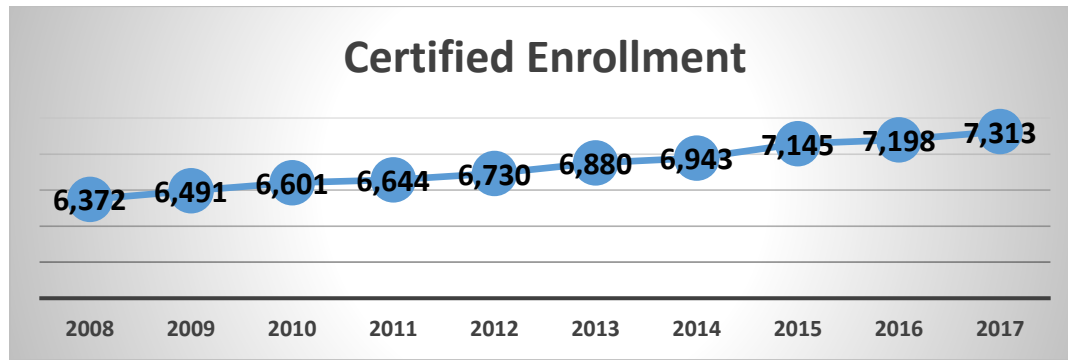
Also, as part of the legislation a new multi-residential property classification was created whereby the property rollback decreased from 100% to 95% for the FY2015 budget and decreased again from 95% to 90% for the FY2016 budget cycle. For FY2018 the rollback for multi-residential property is 82.5%. This rollback will continue to decrease steadily over the next several years until it is equal to the residential rollback in FY2022.

Over the last several years enacted tax increment financing property within the District has expanded. **The impact of the \$79.8 million TIF property on the District's overall tax levy is estimated at \$.10 - \$.20 per \$1,000 of valuation.**

For FY2017 Linn-Mar ranks 15th in the state for overall taxable valuation. However, on a per pupil basis we rank 274th in the state with a valuation per pupil of \$271,663. The state median for taxable valuation per student is \$359,197. Because Linn-Mar is considered a property poor district, its general fund levy tends to be higher than average because it has to "work harder" to generate the same amount of funding as compared to a property rich district.

3. The Iowa school aid formula for K-12 schools primarily pupil driven. As a result, accurate annual enrollment projections are vital to the budgeting process.

Linn-Mar is fortunate to be a district that has experienced enrollment growth over the past several years. The chart below shows that over the last 10 years certified enrollment has grown by almost 1,000 students.



In the past, the District has used resources such as the Iowa Department of Education and a demographer to assist in predicting future enrollment. Although these resources have been helpful to a certain extent, Linn-Mar enrollment has proven to be difficult to predict accurately. In order to prepare a five-year budget projection, it will be assumed that certified enrollment will grow by 100 students each year as follows:

Budget Year	2018	2019	2020	2021	2022	2023
Certified Enrollment	7,313	7,413	7,513	7,613	7,713	7,813

4. Supplemental state aid (formerly allowable growth) is legislatively set each year and is the primary source of revenue the District requires to deliver the educational program.

Growth in the District Regular Program District Cost, which is a function of student enrollment growth and state percent of growth, is a significant funding stream within the General Fund. By law the state percent of growth is to be set each January/February for the year following the current budget construction year. During the FY2016 legislative session the legislature failed to set the state percent of growth for the FY2018 budget year.

Recently the Iowa Legislative Services Agency released a preliminary summary of the Governor's FY2018 Budget Recommendations. This document specifies a 2% growth rate for FY2018. This compares to the FY2017 growth rate of 2.25%. It should be noted that state growth rate has averaged 1.9% over the last seven years, which are some of the lowest growth rates on record since the school aid formula was introduced over 45 years ago.

With enrollment growth of 115 students, the following increase (also called “new money”) in Regular Program District Cost can be projected depending on where the Legislature sets the state percent of growth:

State % of Growth	Linn-Mar Growth (%)	Linn-Mar Growth (\$)
0%	1.59%	\$ 755,443
1%	2.61%	\$ 1,238,071
1.5%	3.12%	\$ 1,479,385
2%	3.63%	\$ 1,720,698
3%	4.64%	\$ 2,203,326
4%	5.66%	\$ 2,685,954

The Governor’s recommendation is a starting point for the state percent of growth. In recent years the state percent of growth has been established very late in the Legislative process, often after the deadline when school budgets are to be filed. However, with the change in the political environment at the State, there is cautious optimism that SSA% for FY2018 will be set within 30 days of the Governor’s recommended budget. For the purpose of projecting the 5-year budget, the following parameters will be assumed:

Fiscal Year	2018	2019	2020	2021	2022	2023
State Percent of Growth Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

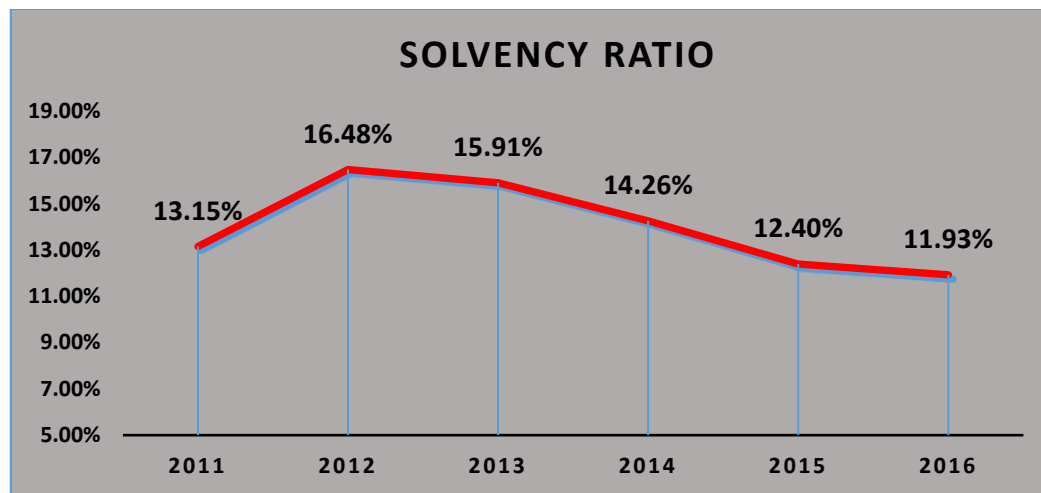
- 5. The cash reserve levy will be used to backfill resources expended for certain unfunded mandates, under-funded mandates, and board approved allowable growth items. The cash reserve levy will also be used to ensure that General Fund cash reserves are equal to or exceed the financial metrics as stated in Board policy 801.4.**

The cash reserve levy, of which the Board controls, is divided into two parts. First, the SBRC cash reserve levy portion includes items that the Board has requested modified allowable growth (additional spending authority) and that the School Budget Review Committee has subsequently approved. Examples of these items include the special education deficit, ELL deficit, and on-time funding for enrollment growth. The table below shows the FY2016 SBRC cash reserve levy compared to the tentative FY2017 SBRC cash reserve levy:

	2017	2018	Difference
Special Education Deficit	\$ 2,016,574	\$ 2,628,137	\$ 611,563
ELL Deficit	\$ 165,746	\$ 122,865	\$ (42,881)
Increasing Enrollment Growth	\$ 339,757	\$ 755,443	\$ 415,686
Open Enrollment Out Growth	\$ 551,296	\$ 56,725	\$ (494,571)

Limited English Proficiency Growth	\$ 14,183	\$ 14,502	\$ 319
Total SBRC Cash Levy	\$ 3,087,556	\$ 3,577,672	\$ 490,116

The other portion of the cash reserve levy is referred to as the regular or other cash reserve levy. This part of the levy is used to ensure the District's has an adequate cash reserve balance and helps to maintain an appropriate solvency ratio. Iowa Association of School Boards recommends a target solvency ratio of 5% - 15%. Our Board policy sets forth that the solvency ratio will not fall below 7%. The District's financial solvency ratio for the last five years is as follows:



The FY2017 solvency ratio is projected to be 10.9%, which is a decrease from the previous year. Although the current solvency ratio falls within IASB targets and above the 7% Board policy, the decreasing solvency trend cannot be ignored as it is projected to continue to decrease over the next five years. The primary reason for the negative trend is that the supplemental state aid growth percent of 2% or less has not been able to keep pace with inflationary costs of 3-4%. In order to mitigate the declining trend the Board will likely have to consider 1) utilizing the cash reserve levy (this increases the District property tax rate) and/or 2) implementing operational efficiency measures, which may include budget reductions.

6. *Expenditure categories within the General Fund are influenced by many factors including student growth pressure and market based inflationary trends.*

As is the case for any school district in Iowa, salaries and benefits costs are the single largest expense in the General Fund. Approximately 82% of the costs in our General Fund can be attributed to personnel. Such items that impact personnel costs are IPERS contribution rates, medical and other insurance renewal rates, and additional staffing due to enrollment growth. At Linn-mar, there are five bargaining groups that the District negotiates with; LMEA, SEIU, LMSEAA, bus drivers, and part-time nutrition services. On average, salaries and benefits have

increased 3.5% - 4.5% annually over the last five years. Non-personnel expenditures (e.g. supplies, utilities, equipment, etc.) have increased about 3% annually over the last several years.

For budget projections, a 4% annual increase in salaries and benefits and a 3% increase in non-personnel expenditures will be used as assumptions.

7. Other District Tax Supported Funds:

- **Physical Plant and Equipment Levy (PPEL):**

On April 1, 2014 voters extended the voted PPEL 10-years (expires June 30, 2025). This \$1.34 levy combined with the board approved \$.33 PPEL levy (\$1.67 total) is expected to generate approximately \$3.4 million in FY2018.

Major expenditures from this fund in FY2018 include bus replacement purchases, PPEL notes (from high school renovation) payment, small capital improvements, other preventative maintenance, and equipment costs.

- **Public Education and Recreation Levy (PERL):**

This \$.135 levy is expected to generate approximately \$265,000 in FY2018. Expenditures from this fund are expected to include a portion of the Westfield playground, other playgrounds maintenance, and a portion of Community Education staffing costs.

- **Sales Tax (LOST) Fund**

Based on the District's current certified enrollment of 7,312 and an estimate of \$968 per student (assumes no change from FY2017), the projected revenue for FY2018 is \$7 million. Approximately \$5 million of these funds are committed to principal and interest payments of outstanding revenue bonds. \$1 million of these funds are committed toward the District technology plan and \$800,000 for the Westfield parking lot.

- **Debt Service Fund**

It is anticipated that the District will have \$29,035,000 of outstanding general obligation debt as of June 30, 2017. For FY2018, it is projected that the District will need approximately \$3.8 million in taxes to service this amount. The debt service levy for FY2017 is \$1.96 and this levy is expected to decrease slightly for FY2018.

- **Management Fund**

Primary expenditures from the Management Fund include property/liability insurance, workers compensation, unemployment costs, and early separation. The management fund tax levy for FY2017 is \$.47 and it is anticipated that this levy will be similar in FY2018.

Important Definitions:

- ✓ Maximum spending authority – the maximum amount authorized under the school funding formula for a school district to spend on its general fund budget for a fiscal year. It includes the sum of the combined district cost, pre-school funding, instructional support levy, educational improvement funds, miscellaneous income, modified allowable growth and prior year unspent balance. **Iowa Code §257.7.**
- ✓ Combined district cost – the major element of a school district's authorized spending authority. Primarily, it is determined by multiplying the district cost per pupil by the number of pupils in the school district, plus the special weightings for the district. It is funded by state foundation aid, the uniform levy, the additional levy, and supplemental state aid. It is often referred to as controlled budget. **Iowa Code §257.1, 4.**
- ✓ Unspent balance (also known as unspent authorized budget) – the amount of the maximum spending authority (maximum authorized budget) not expended during the fiscal year. This includes previous year's accumulation of unexpended total spending authority. It is a measure created by statute to determine if a school district has exceeded its total spending authority in a given fiscal year. It is an element of total maximum spending authority. **Iowa Code §257.7(1).**
- ✓ Solvency ratio – provides a picture at fiscal year-end of the financial health of a school district and represents the percent of the district's available funding. It is calculated by dividing the unassigned and assigned general fund balance by the general fund actual/total revenue of the school district for the fiscal year less the district's AEA flow-through funding.

**LINN-MAR CSD
GENERAL FUND
5-YEAR FINANCIAL PROJECTIONS**

SUMMARY RESULTS:

Fund/Cash Balance

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Beginning Fund Balance	\$11,662,166	\$11,022,271	\$10,405,877	\$10,126,244	\$9,529,102	\$9,413,032	\$9,024,320	\$8,048,123	\$6,493,268
Revenues	\$67,861,320	\$72,405,068	\$76,520,627	\$78,945,389	\$82,405,041	\$85,211,425	\$87,820,828	\$90,558,908	\$93,379,654
Expenditures	\$68,501,215	\$73,021,462	\$76,800,261	\$79,542,531	\$82,521,111	\$85,600,136	\$88,797,025	\$92,113,762	\$95,555,304
Surplus/(Deficit)	(\$639,895)	(\$616,395)	(\$279,633)	(\$597,142)	(\$116,070)	(\$388,712)	(\$976,197)	(\$1,554,854)	(\$2,175,650)
Ending Fund Balance	\$11,022,271	\$10,405,877	\$10,126,244	\$9,529,102	\$9,413,032	\$9,024,320	\$8,048,123	\$6,493,268	\$4,317,618
Solvency Ratio	14.26%	12.40%	11.93%	10.85%	10.25%	9.44%	8.00%	5.97%	3.37%

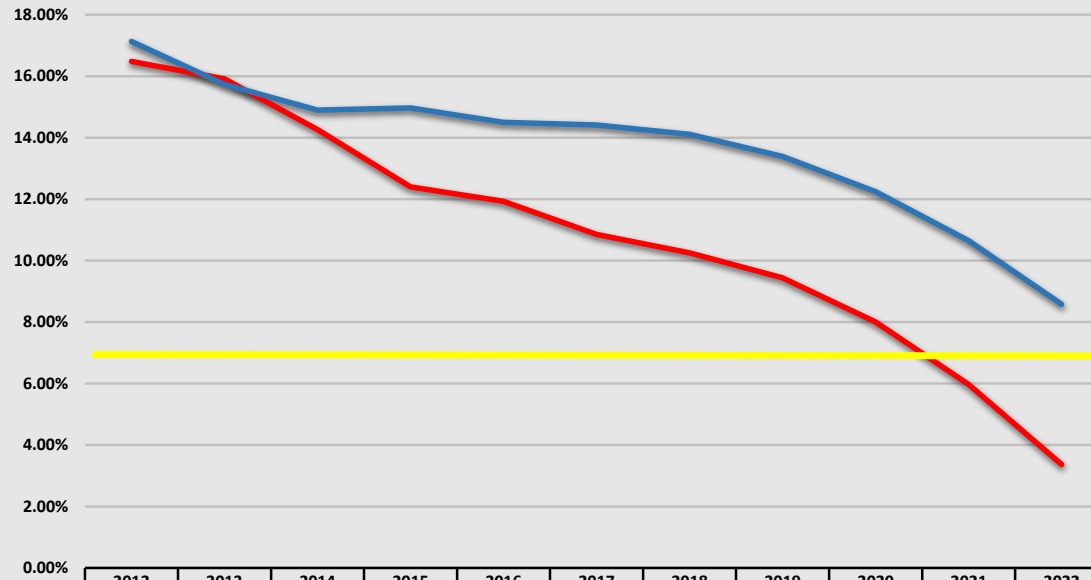
Spending Authority Balance

Beginning Fund Balance	\$12,191,131	\$11,986,993	\$12,851,067	\$13,019,520	\$13,393,201	\$13,555,373	\$13,232,257	\$12,385,733	\$10,977,559
Revenues	\$68,297,077	\$73,885,536	\$76,968,714	\$79,916,211	\$82,683,283	\$85,277,021	\$87,950,501	\$90,705,588	\$93,544,177
Expenditures	\$68,501,215	\$73,021,462	\$76,800,261	\$79,542,531	\$82,521,111	\$85,600,136	\$88,797,025	\$92,113,762	\$95,555,304
Surplus/(Deficit)	(\$204,138)	\$864,074	\$168,453	\$373,680	\$162,172	(\$323,116)	(\$846,524)	(\$1,408,174)	(\$2,011,127)
Ending Authority Balance	\$11,986,993	\$12,851,067	\$13,019,520	\$13,393,201	\$13,555,373	\$13,232,257	\$12,385,733	\$10,977,559	\$8,966,432
UAB Ratio	14.89%	14.97%	14.50%	14.41%	14.11%	13.39%	12.24%	10.65%	8.58%

Est. General Fund Tax Levy

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
\$12.7319	\$12.5064	\$13.0345	\$13.1246	\$13.2110	\$13.3263	\$13.3269	\$13.3283	\$13.3303

Linn-Mar Financial Ratios



Assumptions:

Annual Enrollment Growth	+	100
Supplemental State %		2.00%
Salaries/Benefits Inflation %		4.0%
Non-Staffing Inflation %		3.0%

Calculations:

1 Solvency Ratio: Measure of the District's general fund financial health

(Assigned + Unassigned Fund Balance)
(Total General Fund Revenue - AEA Flowthrough)

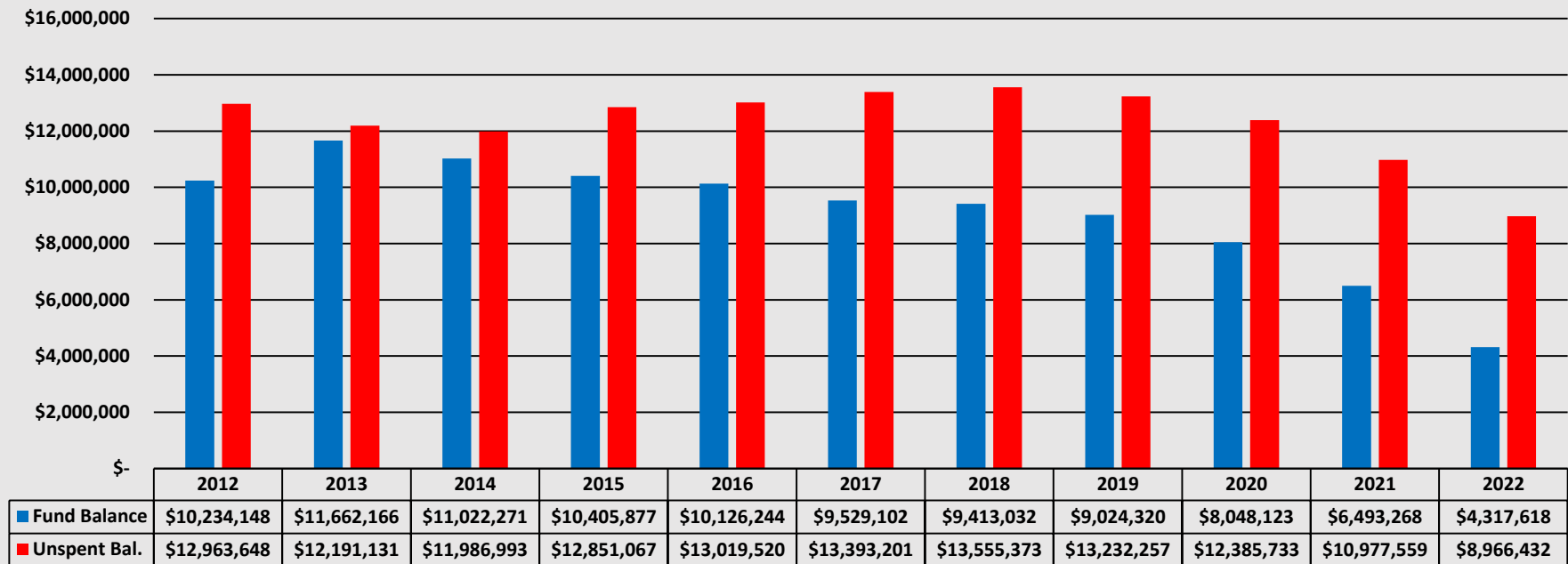
Target = 5%- 15%

2 Unspent Authorized Budget (UAB): Amount of spending authority left at the end of the year after deducting general fund expenditures incurred during the year

Unspent Authorized Budget
Maximum Authorized Budget

Target = 5%- 15%

Linn-Mar Fund Balance & Unspent Balance



Assumptions:

Annual Enrollment Growth	+	100
Supplemental State %		2.00%
Salaries/Benefits Inflation %		4.0%
Non-Staffing Inflation %		3.0%