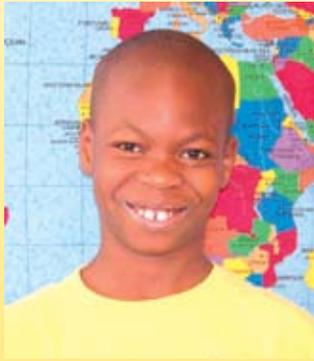
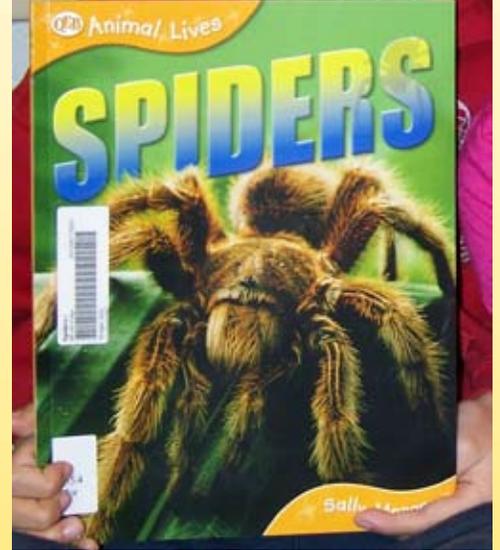


Cedar Rapids Community School District  
Cedar Rapids, Iowa  
in the County of Linn, State of Iowa

# Comprehensive Annual Financial Report

for the Fiscal Year Ended  
June 30, 2007



Comprehensive Annual Financial Report

Cedar Rapids Community School District

Fiscal Year Ended June 30, 2007

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# CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

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# Introductory Section



December 31, 2007

To the Board of Directors:

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the Cedar Rapids Community School District, (the "District") for the year ending June 30, 2007. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

For fiscal year 2001-2002, Governmental entities, whose revenues exceed \$100 million, were required to meet the new reporting guidelines as promulgated by the Governmental Accounting Standards Board, (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments." (GASB-34). Consequently, fiscal year ending June 30, 2007, marks the sixth year in which our report includes all required revisions to conform to the new standards promulgated under GASB-34.

For fiscal year 2005-2006, Governmental entities, whose revenues exceed \$100 million, were required to meet the new reporting guidelines as promulgated by the Governmental Accounting Standards Board, (GASB) Statement No. 44. This year's CAFR marks the second year in which a newly revised and improved statistical section as required by GASB-44 is provided. The purpose of GASB-44 is to provide statement readers an improved historical perspective, context and detail to assist in using the information in the financial statements to better understand and assess the District's economic condition.

The statistical section is divided into five categories including financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.

### **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 operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes the entire District. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

## CAFR

The 2007 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Internal Controls and Compliance.

**1. The Introductory Section.** This section includes a transmittal letter, economic outlook of the community, the District's accomplishments, a District Financial Profile, the District's Leadership Team and a list of the Board of Directors and District officials.

**2. The 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. The financial section consists of the independent auditor's report, Management's Discussion and Analysis (MD&A), audited basic financial statements, required supplemental information, and combined and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. 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.

**3. The Statistical Section.** The revised and improved statistical section as previously stated above, provides the reader with unaudited financial and demographic information, generally presented on a multi-year basis.

**4. The Internal Controls and Compliance Section.** The School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

## Reporting Entity

This report includes all entities or organizations that are required to be included in the School District's reporting entity. The District is not included in any other reporting entity, nor is any other entity included within this report. The basic criteria for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a governmental unit's reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and either the ability of the primary government to impose its will on the organization or a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity.

A seven-member elected Board of Directors who serve three-year terms governs the Cedar Rapids Community School District. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The District is the second largest of Iowa's public school systems with a "certified" enrollment of 17,677 students. The District operates a total of three regular high schools and one alternative high school, six middle schools and twenty-four elementary schools. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and

numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Metro High School is an alternative school for students who function better in a less-structured environment. Public preschool, called the Step Up Preschool Program, is available to approximately 128 four-five year olds based on income levels and student needs. Finally, a Gifted and Talented learning program provides identified students at all levels an enriched and differentiated curricular program.

The District also provides day care services for infants through age five and extended day programs for students in several of the school buildings through a partnership with St. Luke's Hospital. The District is supported financially by state aid, property taxes, income surtaxes, state and federal grants for special projects, and local revenue received for tuition and other services.

## **Economic Condition and Outlook**

Because of its central location, Cedar Rapids has a tradition as an economic capital for more than 600,000 Eastern Iowans living within 60 minutes of the city. Cedar Rapids takes pride in its leadership in service industries, retail sales, and other related business such as insurance and government services. Cedar Rapids is home to more than 275 different manufacturing plants. It has some two-dozen Fortune 500 companies, international exports reaching record numbers for the United States, and ties with companies from around the world. These include including Canada, Denmark, France, China, Germany, Ireland, Korea, Japan, the Netherlands and the United Kingdom.

Cedar Rapids is the manufacturing capital of Iowa and the state's second largest city. Manufactured exports from the Cedar Rapids area are estimated at over \$500 million. More than 100 countries receive an almost endless variety of products and services from businesses and industries located in Cedar Rapids. Export products include road-building, earth moving, pharmaceutical and food processing equipment, home appliances, avionics and telecommunications equipment, grains and their by-products, computer software, computer hardware and more.

More than 120,000 people live in Cedar Rapids. The surrounding towns make Linn County a community of more than 190,000 residents. The 2000 Census showed this area as one of the strongest growth areas in Iowa.

Cedar Rapids is a regional hub for Eastern Iowa because of its proximity to several of the country's largest metropolitan areas and major interstate highways. Cedar Rapids enjoys direct access to cities in the Midwest like Chicago, Minneapolis, Milwaukee, Omaha, St. Louis and Kansas City.

Rockwell Collins remains the largest employer in the Cedar Rapids area producing advanced communications and aviation electronics for government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communication systems.

Virtually every commercial airliner worldwide flies with Collins equipment and almost 70 percent of all U. S. military airborne communications is transmitted on Collins equipment. In new business dimensions, the company is advancing the technologies of interactive in-flight

entertainment, direct broadcast satellite TV and cabin management systems for commercial and business aircraft. As a leader in GPS technology, Rockwell Collins is applying its expertise to improve air traffic management and safety in increasingly crowded airways. Employing more than 2,500 scientists and engineers, Rockwell Collins has the state's largest technical workforce. Rockwell Collins also supports the teaching of math and science in schools with a well-established K-12 education partnership program.

Other companies within the electronic equipment and components industry include Siemens VDO, Intermec, Skyworks Solutions, WABTEC, Trapeze Group, SiRF Technology and Schneider Electric, just to name a few. These companies make the Cedar Rapids area one of the largest communities per capita for electrical and software engineers.

Construction activity, which includes developments in commercial, industrial and single/multiple dwelling categories, increased 25 percent from the previous year. Building permit valuation for all construction activity in the City of Cedar Rapids stood at \$199,620,736 in 2005, compared to \$158,936,944 in 2004. Single-family housing starts in Cedar Rapids metropolitan area experienced an increase over the prior year growing from \$71,329,930 in 2004, to \$77,815,377 in 2005. Permits for 348 new single-family dwellings were issued in Cedar Rapids in 2005 compared to 338 permits issued the previous year. In the Cedar Rapids metropolitan area, 687 permits for single-family dwellings were issued, virtually the same number as the 683 permits issued the previous year. Construction data for 2006 was not available at publication time.

Retail sales in the Cedar Rapids metropolitan area reached an all time high in 2006. Retail sales (as measured in 2004 dollars) were \$3.36 billion in 2006 up from \$3.26 billion in 2005. The three largest sectors of retail sales in the Cedar Rapids metropolitan area were automobile sales at \$753.9 million, general merchandise at \$492.9 million and food store sales at \$425.3 million. Discounting the effects of inflation, retail sales have increased by 12.5% since 2000.

Mean household income, (as measured in 2004 dollars) in the Cedar Rapids metropolitan area increased to \$80,786 in 2006, from \$78,667 in 2005. Income per capita, (also measured in 2004 dollars) shows similar trends increasing to \$33,620 in 2006 from \$32,592 the previous year. Total employment in the Cedar Rapids metropolitan area increased from 165,290 in 2005 to 167,910 in 2006. Unemployment was 4.6% for 2005 compared to 3.8% for 2006.

Steeped in the lore and history of Cedar Rapids is the early emergence of agricultural-based businesses. The food ingredients and food processing industries continue to make up an important base of the economy. Quaker Food and Beverages, a division of Pepsico, Inc., runs the world's largest cereal milling plant in Cedar Rapids. General Mills, Inc., HJ Heinz Company, Ralston Foods, Diamond V Mills, Inc., Penford Products Company, ADM Corn Processing Division and Cargill, Inc., all have key positions in our ag-based economy.

Cedar Rapids is also home to Genencor International, Inc., SunOpta Ingredients, JRS Pharma LP, J. Rettenmaier USA LP, and Red Star Yeast LLC. These bioproduct plants illustrate good marriages between biotechnology and agribusiness. Genencor is a leading producer of industrial enzymes and other natural chemicals. Customers routinely use their products to make common household items such as laundry detergents and soft drinks.

The insurance and financial services sector continues to be a source of growth and strength in the area economy. United Fire Group and GreatAmerica Leasing are headquartered in Cedar Rapids. AEGON, the fifth largest insurance company in the world, has its largest U.S. employee presence and corporate offices in Cedar Rapids.

Toyota Financial Services Center, Principal Financial Group, Fiserv Insurance Solutions and GE Capital/Vendor Financial Services Center are just a few of the other highly recognized companies from this industry that are located in the Cedar Rapids area. Our community is also a regional leader in service industries, retail sales and other businesses such as health care and educational services.

Cedar Rapids is also a regional leader in service industries, retail sales, and other businesses such as health care and government services. The variety of business and industry not only helps insulate the community from rocky economic times, it also virtually assures newcomers of finding a job that fits their skills and education.

Economic development organizations and local governments in Linn County have teamed with colleagues to the south in Johnson County to market the region as an ideal location for companies using the highest level of technology within their given industries. The Technology Corridor™ encompasses a wide region including the Cedar Rapids and Iowa City metropolitan areas, and several surrounding communities.

The Technology Corridor has a dynamic line-up of companies utilizing the highest level of technology within their industries, like Rockwell Collins, ACT, Integrated DNA, Genencor International, and Pearson. In addition to the synergies with existing companies, new businesses can look forward to abundant energy, public utilities, telecommunications infrastructure, and a talented, highly educated and productive workforce. The Corridor also competes favorably with other areas of the country in comparisons of taxes, regulations, and transportation.

### **District Accomplishments and Activities in 2006-2007**

Past efforts on behalf of our children have been legion, and we are especially grateful to our wonderful community as we look back on the 2006-07 school year. It was a year of notable activities, accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

**Student-Built House Celebrates 35th Year:** The Cedar Rapids Community School District celebrated the 35th year of its Student-Built House Project! The latest construction, located at 1029 Koudsi Boulevard NW, Cedar Rapids, features 1508 square feet of finished living space on the main floor. Over the years, more than 1080 vocational education students have been involved in building 35 houses. The activity is a partnership between the Cedar Rapids Community Schools and the Cedar Rapids Area Association of Realtors.

**Ethnic Week Celebrates Cultural Diversity:** The annual Ethnic Week Festival at Washington High School recently marked 10 years of celebrating diversity. The 2007 event featured both a fashion show and food fair that showcased the cultures of several different countries.

**Jefferson High School Marks 50th Anniversary:** Jefferson High School commemorated its 50th anniversary with several special events on May 18 and 19, 2007 and by the creation of a new J-Hawk scholarship fund. Jefferson High School was built in 1956. The first class graduated in 1958.

**District Honors Retirees:** Student entertainment added a festive flair to District's annual recognition of retiring staff members, held May 4, 2007. The special event included lunch, comments by district leaders, the introduction of each retiree, and a musical presentation by the

Jefferson High School Meistersingers. The District retired 65 staff persons this year. These include administrators, teachers, and support staff personnel.

**Hoover Students Plant Trees To Mark Arbor Day:** Hoover Elementary fifth graders pitched in to help green up their neighborhood park by planting a tree. The tree planting at Cherokee Trail Park was held as part of an Arbor Day celebration. Students were joined by local dignitaries, school neighbors and partners, and representatives from Trees Forever. Together, the group planted 12 Bur Oak trees.

**Washington High School Officially Opens Art Gallery:** Washington High School's art gallery was unveiled. The Grant Wood Gallery was completed with funds raised to commemorate the high school's 50th anniversary in the current building. Wood is a 1910 graduate of "old Washington." The Gallery houses several original works by Grant Wood and his 1910 Washington High School classmate, Marvin Cone.

**Heritage Wall Unveiled at Gibson Elementary:** The Viola Gibson Elementary School community celebrated the heritage of its namesake with the dedication of a pictorial timeline, commissioned for the school and funded by private donations. The artwork tells the life story of Mrs. Gibson, a well known community leader, volunteer, and champion of education. It also details the first five years of her namesake elementary school. Viola Gibson Elementary opened the fall of 2002.

**U.S. Attorney Visits Franklin to Talk About Internet Safety:** U.S. Attorney Matt Dummermuth shared Internet safety information with Franklin Middle School students during a special all-school assembly.

**Students Make The Switch to Healthier Habits:** Making healthy choices was the focus of a year-long pilot program that included third, fourth, and fifth grade students from six district schools. Results of the study, recently shared with the public, indicated the 600 participating students benefited from their involvement. The Switch program was launched in fall 2005 by the National Institute on Media and the Family. The program was designed to encourage students to Switch what they do, view, and chew.

**SILO Approved For Linn County:** Voters in Linn County approved a 10-year School Infrastructure Local Option Sales Tax (SILO) on February 13, 2007. The measure succeeded by a vote of 58 percent to 42 percent. A simple majority was required to pass. The funds collected by the SILO tax will be distributed across all school districts in Linn County. In the District, the monies will be used for building improvements, property tax relief and technology updates.

**Iowa Recognition for Performance Excellent (IRPE):** In keeping with a new era of continuous improvement initiatives throughout the Cedar Rapids Community School District, in August of 2006, the Cedar Rapids Community School District submitted a "Tier 3" IRPE Application. This was the District's second IRPE application submitted. Recognizing the excellent progress the District has made in the area of continuous improvement, the team of IRPE judges awarded the Cedar Rapids Community School District the bronze award for its efforts. A copy of this application can be found at the Cedar Rapids Community School District web site at <http://www.cr.k12.ia.us/>.

Additionally, the Cedar Rapids Community School District received a 2006 Iowa Recognition for Performance Excellence Award from the Executive Council of the Iowa Recognition for Performance Excellence (IRPE), the Office of the Governor, and the Iowa Quality Center. The

Iowa Recognition for Performance Excellence awards recognize businesses and organizations that have completed a strenuous review and evaluation of their leadership, strategic planning, customer focus, measurement, analysis, and knowledge management, human resource focus, process management and results. The process is aligned with the Malcolm Baldrige National Quality Award.

**District Collaborates to Strengthen Math and Science:** The Cedar Rapids Community School District joined forces with education and business leaders from throughout the Cedar Rapids and Iowa City areas to implement a new Science, Technology, Engineering and Mathematics (STEM) initiative. The program is aimed at enhancing science and math skills to better prepare students to compete globally.

**Partnerships Recognized For Support to Education:** The District recognized more than 50 area businesses and organizations with Partnership and Special Service Awards on November 8, 2006. Community business partners are involved in everything from one-on-one classroom volunteering to large group business development activities to physically pitching in with campus landscape projects.

**Annual Report Presented To Community:** Dr. Dave Markward, Superintendent, presented the District's Annual Report to the Community on November 3, 2006. The 2005-2006 report included information about student achievement, initiatives in teaching and learning, finances, and facilities.

**AMERICA READS Event Honors Founders and Supporters:** The Cedar Rapids metro area hosted the 10th annual AMERICA READS: Reading Is Contagious, in mid-October 2006. Over a two-day period, more than 2,000 volunteers poured into elementary schools across the community to share a favorite book with area children. The program is a collaborative effort between the five metro area school districts with support from area organizations and businesses.

## **Budgetary Highlights**

### **Budgetary Controls**

The Board of Directors annually adopts a budget on a basis consistent with generally accepted accounting principles. In accordance with state law, annual budgets are adopted for the General, Management, Student Activity, Physical Plant and Equipment, Capital Projects, Debt Service, School Nutrition and Day Care Funds as a whole. Appropriations lapse at fiscal year-end and then are reappropriated for the next year, if necessary. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

By April 15 of each year, the budget must be adopted by an affirmative vote of a majority of the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Once adopted, the budget can be amended through the same process, with all budget amendments to be completed by May 31 of the budget year affected.

Expenditures during a school year may not exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District cost for that year plus the actual miscellaneous revenue received for that year plus the actual unspent balance from the preceding year.

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. Combined budgeted expenditures from all District funds, Governmental and Proprietary, are “certified” based upon four functional categories. These four functional areas are instruction, support services, non-instructional programs and other expenditures.

It is the actual expenditures in each of these categories that are compared at year-end to the “certified” spending levels to determine whether or not the District has exceeded its certified budget in any one of these respective categories. Overall, District expenditures were \$8.8 million or 4.7% under budget. However, in the “other expenditures” functional category expenditures did exceed the published budget by \$1.2 million.

Additional information regarding budgetary legal compliance may be found in the Required Supplementary Information section following the Notes to the Financial Statements.

**Long Term Financial Planning:** A key part of the budgeting process is providing a five year forecast of General Fund revenues and expenditures. The most likely State revenue growth scenarios are identified and used in the forecast of future revenues. In addition, trends involving negotiated settlements with District employee groups are identified and used in quantifying expenditure forecasts. This long term financial outlook provides for critical information in which to make timely decisions involving the General Fund’s financial stability.

**Financial Policies:** In the fall of each year, the Board of Education reviews annually a document called the “Budget Assumptions.” The budget assumptions serve as the “financial policy foundation” from which decisions are made in preparation and formulation of the District budget for the upcoming budget year. Among many key policies with financial implications included in the budget assumptions, is the policy related to fund reserve level targets. The District has committed itself to establishing and maintaining a General Fund reserve level of between 8 and 10% of budgeted expenditures. For June 30, 2007 a 13.5% reserve level was achieved. Further reductions in the District’s cash reserve levy will be implemented to maintain the General Fund reserve level closer to the targeted range in future years.

### **General Fund Budgetary Highlights**

Of all Governmental Funds, the General Fund is by far the largest, comprising over three quarters of all Governmental Fund expenditures in the fiscal year. Due to the sheer size of the General Fund it is important to point out a few important highlights that occurred during the 2006-2007 fiscal year.

- State allowable growth for public schools in fiscal year 2006-2007 was 4%. Combined with a slight increase in the “budget enrollment” of 62.2 pupils to 17,753.3, the rate of revenue growth or “new money” was 4.37% over the prior year. This was an improvement from the 4.04% growth rate in the prior year.
- The impact of maintaining a strong cash reserve levy, as well as targeted budget reductions over four consecutive fiscal years ending in FY2005, is reflected in the improved ending fund balance trends of the General Fund as follows:
  - FY03: \$4.9 million, or 3.7% of fund expenditures
  - FY04: \$10.1 million, or 7.6% of fund expenditures
  - FY05: \$16.8 million, or 12.3% of fund expenditures
  - FY06: \$18.8 million, or 12.7% of fund expenditures

- FY07: \$21.1 million, or 13.6% of fund expenditures
  
- Due to the significant improvements in General Fund reserves, the District reduced the cash reserve levy from \$7.92 million in FY05, to \$4.95 million in FY06. For FY07 this levy was further reduced to \$3.70 million, and will likely be reduced further for FY08 based upon current trends.
  
- General Fund expenditures, excluding other financing uses, totaled \$154.8 million for the fiscal year compared with \$148 million in the previous year, representing an increase of \$6.8 million in expenditures, or 4.6% budget growth.
  
- General Fund revenues, excluding other financing sources, totaled \$155.5 million for the fiscal year compared with \$148.6 million in the previous year, representing an increase of \$6.9 million in revenues, or 4.6% budget growth.

### **Internal Control**

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.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

### **Enterprise Operation**

Revenues in the School Nutrition Fund totaled \$7,075,213, representing an increase of \$215,843 over the fiscal year 2006 amount. Operating expenses and transfers to other funds for the School Nutrition Fund totaled \$6,840,658, representing an increase of \$327,718, from the fiscal year 2006 amount. Retained earnings were \$2,042,022 at June 30, 2007 compared to \$1,807,467 for the prior fiscal period, resulting in an increase of \$234,555 for the year.

The fund's finances were solid for fiscal year 2006-2007, despite no increases in meal ticket prices. Increases in student meal participation of nearly 15% since the 2000-2001 school year, in a period of flat overall District enrollments, is the fundamental reason for financial improvement in the fund.

Retained earnings continue to trend upward in the School Nutrition Fund. These resources will play a vital role in the continuation and perhaps acceleration of the replacement of aging kitchen equipment at many locations in our District.

## **Debt Administration**

On December 12, 2000, the District successfully passed a \$46 million dollar bond referendum for improvement of District facilities. In January of 2001, the District sold \$10 million in general obligation bonds for the purpose of financing school building renovations and new construction. In December 2001, the District sold the remaining \$36 million in general obligation bonds to take advantage of historically low interest rates. School Refunding Bonds were issued on March 1, 2006 in the amount of \$31,385,000. The purpose of the sale was to reduce interest costs of the general obligation debt over the life of the bonds. As of June 30, 2007, the District has total outstanding debt of \$68,785,000, with total statutory debt subject to the 5% debt limit of \$37,210,000.

## **Cash Management**

The District, in its effort to be a good manager of public funds, competitively bids its banking services. To maximize investment return while complying with Iowa Code Chapters 12B and 12C, related to allowable investments of the District's public funds, the District invested in savings accounts, bank certificates of deposit and short-term commercial paper during the fiscal year ended June 30, 2007.

Interest revenue of \$3,441,530 was earned on all investments for the year ending June 30, 2007. This represents an increase of \$1,872,270 or 119% over fiscal year 2006 earnings. Higher investment revenues experienced by the District are attributable to two factors:

- The District recognized \$1,574,875 in interest revenue in the Debt Service Fund related to the \$31.4 million School Refunding Bond sale. Total interest recognized in the Debt Service Fund for fiscal year 2007 was \$1,623,510 compared to \$48,695 the prior year.
- Growing fund balances in the General, PPEL and Food & Nutrition Funds combined with higher interest rates have provided additional investment earnings.

## **Risk Management**

The District currently covers property, liability and worker's compensation losses with traditional insurance coverage through the Iowa Association of School Board's, (IASB) group plan carried by Employer's Mutual Insurance Company. The IASB insurance plan continues to be used by almost all of the K-12 public school districts and Area Education Agencies in the State of Iowa.

## **Independent Audit**

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitive bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the basic financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

## **Certificate of Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada, (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International, (ASBO) awards a Certificate of Excellence in Financial Reporting. The Cedar Rapids Community School District received both of these Certificates for its comprehensive annual financial report for the fiscal year ending June 30,

2006. This was the twelfth consecutive year that the District has achieved these prestigious awards. Each Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of governmental financial reports.

In order to be eligible to receive the Certificates, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principals and applicable legal requirements.

These Certificates are valid for a period of one year only. We believe that our current CAFR continues to meet the requirements for both awards and therefore, we are submitting it to GFOA and ASBO to determine its eligibility for each Certificate.

### **Acknowledgments**

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 report would not have been possible without the help of several people. We would like to express our appreciation to District staff, and public employees at various Linn County agencies who assisted in providing valuable information in the preparation of this report. A special thank you is extended to Beth McGrath the Accounting Manager, for assistance in planning, designing, preparing and reviewing this financial report.

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



Steve Graham  
Executive Director of Business  
Services, Board Treasurer



Dr. David Markward  
Superintendent of Schools

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cedar Rapids

Community School District

Iowa

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to  
**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**  
For the Fiscal Year Ended June 30, 2006

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



**Cedar Rapids Community School District**

**Board of Directors and District Officials**

**Year ended June 30, 2007**

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
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**Board of Directors**

(Before September 2006 election)

Mary Meisterling	President	2008
Keith J. Westercamp	Vice-President	2006
Ken Childress	Director	2006
Jeff Ilten	Director	2006
Becki Lynch	Director	2007
Melissa Kiliper-Ernst	Director	2007
Ann Rosenthal	Director	2008

**Board of Directors**

(After September 2006 election)

Keith J. Westercamp	President	2009
Melissa Kiliper-Ernst	Vice-President	2007
Becki Lynch	Director	2007
Mary Meisterling	Director	2008
Ann Rosenthal	Director	2008
Ken Childress	Director	2009
Judy Goldberg	Director	2009

**District Officials**

Dr. David Markward	Superintendent
Laurel Day	Board Secretary
Steve Graham	Board Treasurer

## **Financial Section**

## Independent Auditor's Report

Board of Directors  
Cedar Rapids Community School District  
Cedar Rapids, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 2007 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cedar Rapids Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007 on our consideration of Cedar Rapids 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 28 through 46 and 84 through 86 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedar Rapids Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining and individual fund financial statements and schedules, and internal controls and compliance section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Clinton, Iowa  
December 19, 2007



**Management's Discussion  
and Analysis  
(MD&A)**

## Management Discussion and Analysis

This section of the Cedar Rapids 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, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### SILO Financial Highlights

#### SILO Passage

On September 11, 2006 the Board of Education approved an administrative recommendation to pursue a one-cent School Infrastructure Local Option Tax (commonly known as SILO). The SILO was developed by the Iowa Legislature in the mid-1990s to give school districts a revenue-producing alternative to property tax for infrastructure and technology needs.

At the time of this Board recommendation, 97 of Iowa's 99 counties benefited from the SILO with only Linn and Johnson Counties not participating. On February 13, 2007 voters in both Linn and Johnson Counties approved the SILO.

Revenues will be collected on a monthly basis beginning in September, 2007 and will continue for 10 years. It is estimated, based upon 2005 Linn County Sales, that \$125.6 million will be collected by the District over the ten year life of the SILO.

#### Legal uses for SILO Tax Funds

According to the Iowa Code, uses for SILO tax funds and interest are limited to infrastructure purposes, including:

- Construction, reconstruction or repair.
- Purchasing or remodeling schoolhouses, stadiums, gyms, field houses and bus garages.
- Procurement of schoolhouse construction sites and making of site improvements.
- Payment or retirement of bonds issued for school infrastructure purposes.
- Payment of 10-year negotiable interest-bearing bonds issued by school board action.
- Any PPEL or PERL purpose.
- Property tax relief for PPEL or PERL levies.

#### Planned Use of SILO Revenues

The District plans to use the SILO revenue in three areas: basic building needs (infrastructure), property tax relief, and technology for classrooms.

#### Basic Building Needs (Infrastructure)

Total estimated infrastructure cost: \$65 million, (2006 dollars)

Infrastructure improvements will include:

Energy efficient geothermal Heating and Air Conditioning for:

- Jefferson HS
- Washington HS
- Kennedy HS
- Harding MS
- Taft MS

Energy efficient replacement Window Walls for:

- Washington HS
- Jefferson HS

Plumbing, wiring, and other building upgrades at Kingston Stadium

### **Property Tax Relief**

SILO tax dollars will be used to help retire debt from the 2000 bond referendum. Approximately \$4 million on average would be realized each year, with a total amount of property tax relief expected to total \$40 million over the ten year period.

### **Technology for Classrooms**

Total estimated technology cost: \$20.6 million, (2006 dollars)

Technology Improvements will include:

- Upgrade backbone system
- Upgrade classroom computers/equipment
- Maintain system over 10 years

### **Other Financial Highlights**

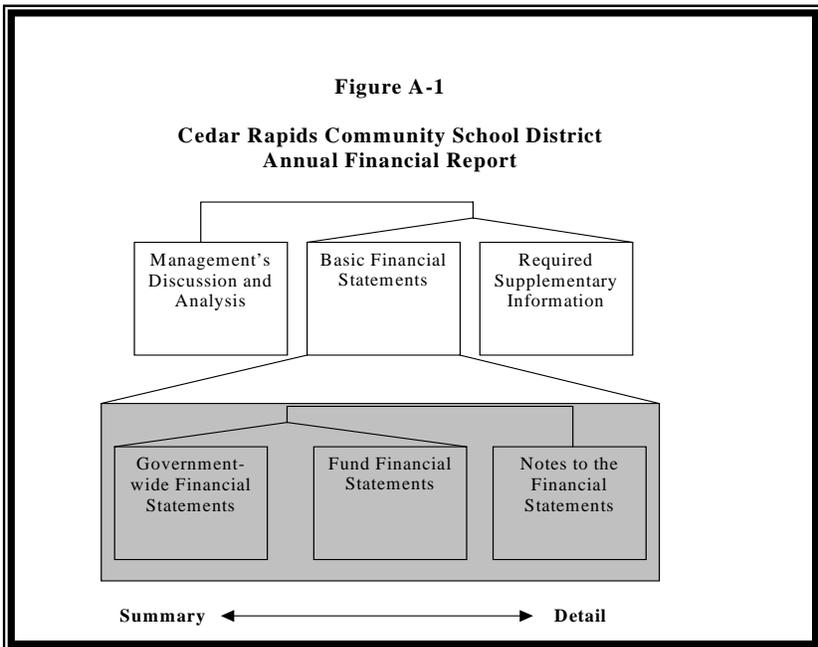
- For the third consecutive year, the District has lowered its tax levy rate. Levy rates for the current and prior years are as follows: FY05: \$15.74 (per thousand of taxable valuation), FY06: \$15.25, and FY07: \$14.90. For FY08 the District levy rate has been further reduced to \$14.37. In the past, the reduction in levy rates has been possible in large part by the reduction of the cash reserve levy. For FY08 in the District is using \$2 million in School Infrastructure Local Option sales tax, (SILO) revenues for property tax relief in addition to a further reduction of the cash reserve levy.
- The District's \$52.7 million plan of facilities construction and improvement progressed through its seventh and final fiscal year. In fiscal year 2007, the Board of Education approved a transfer of \$1.5 million in unspent reserves remaining from this program and accounted for in the Capital Project fund to the District's Physical Plant and Equipment Levy (PPEL) fund. These funds will be used to help fund infrastructure improvements at Kenwood Elementary School.
- On March 1, 2006, the District issued \$31.385 million in school refunding bonds. The purpose of the sale was to reduce interest costs of the general obligation debt over the life of the bonds. Total interest costs have been reduced from \$18,784,600 to \$17,251,921, for a net savings of \$1,532,679 over the remaining life of the general obligation debt ending on June 1, 2021.
- The impact of maintaining a strong cash reserve levy, as well as targeted budget reductions over four consecutive fiscal years ending in FY2005, is reflected in the improved ending fund balance trends of the General Fund as follows:
  - FY03: \$4.9 million, or 3.7% of fund expenditures
  - FY04: \$10.1 million, or 7.6% of fund expenditures
  - FY05: \$16.8 million, or 12.3% of fund expenditures
  - FY06: \$18.8 million, or 12.7% of fund expenditures
  - FY07: \$21.1 million, or 13.6% of fund expenditures

- General Fund investment revenues continue the rebound that began in fiscal year 2004. Interest revenues totaled \$1,270,606 for fiscal year 2007 compared to \$1,099,453 million for fiscal year 2006 and \$535,146 for fiscal year 2005. This continued growth is a result of a slight increase in interest rates from 5.18% to 5.26% during the fiscal year as well as increases in the fund's cash reserves.

## Overview of the Financial Statements

- This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. 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** tell 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.
- **Fiduciary funds statements** provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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.

Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary 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 is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic 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	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
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 and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## Government-Wide Financial Statements

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 assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net assets 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 three 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 following 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. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

An increase of 11.1% or \$5.2 million in the District's net assets is evidenced in **Figure A-3**. Combined total assets increased by 2.1 percent or \$4.3 million while combined total liabilities decreased by 0.6 percent or \$0.9 million. A decrease of \$1.7 million in Capital assets occurred over the fiscal year, due to increases of \$2.7 million in accumulated depreciation while depreciable capital assets grew by only \$1.0 million.

**Figure A-3**  
**Condensed Statement of Net Assets (in millions of dollars)**

	Governmental		Business-type		Total		Total Percentage Change 2006-2007
	Activities		Activities		School District		
	2006	2007	2006	2007	2006	2007	
Current and other assets	\$138.2	\$143.7	\$1.5	\$2.0	\$139.7	\$145.7	4.3%
Capital assets	68.2	66.5	0.5	0.5	68.7	67.0	-2.5%
<b>Total assets</b>	<b>206.4</b>	<b>210.2</b>	<b>2.0</b>	<b>2.5</b>	<b>208.4</b>	<b>212.7</b>	<b>2.1%</b>
Current liabilities	87.7	85.2	0.1	0.4	87.8	85.6	-2.5%
Long term debt	73.7	75.0	0.0	0.0	73.7	75.0	1.8%
<b>Total liabilities</b>	<b>161.4</b>	<b>160.2</b>	<b>0.1</b>	<b>0.4</b>	<b>161.5</b>	<b>160.6</b>	<b>-0.6%</b>
Net assets							
Invested in capital assets							
net of related debt	30.0	29.1	0.5	0.5	30.5	29.6	-3.0%
Restricted	5.0	7.5	0.0	0.0	5.0	7.5	50.0%
Unrestricted	9.9	13.3	1.3	1.5	11.2	14.8	32.1%
<b>Total net assets</b>	<b>\$44.9</b>	<b>\$49.9</b>	<b>\$1.8</b>	<b>\$2.0</b>	<b>\$46.7</b>	<b>\$51.9</b>	<b>11.1%</b>

Note: totals may not add due to rounding and may differ slightly from the amounts reported in the Basic Financial Statements due to rounding differences.

Changes in Net Assets, as shown in **Figure A-4**, show that the District as a whole experienced an increase of \$5 million in net assets. This matches the \$5 million increase in net assets in the previous fiscal year. A 5.4% increase in revenues was largely balanced with a 5.6% increase in expenses. On the revenue side, the increase of 68% or \$1.7 million in "Other" revenues is

**Figure A-4**  
**Changes in Net Assets from Operating Results (in millions of dollars)**

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2006	2007	2006	2007	2006	2007	2006-2007
<b>Revenues</b>							
<b>Program revenues</b>							
Charges for services	\$ 14.2	\$ 13.0	\$ 3.4	\$ 5.0	\$ 17.6	\$ 18.0	2.3%
Operating Grants & Contributions	19.1	21.3	3.4	3.5	22.5	24.8	10.2%
Capital Grants & Contributions	0.1	-	-	-	0.1	-	-100.0%
<b>General revenues</b>							
Property taxes	65.1	67.0	-	-	65.1	67.0	2.9%
State formula aid not restricted	68.0	71.3	-	-	68.0	71.3	4.9%
Other	2.5	4.1	-	0.1	2.5	4.2	68.0%
<b>Total revenues</b>	<b>169.0</b>	<b>176.7</b>	<b>6.8</b>	<b>8.6</b>	<b>175.8</b>	<b>185.3</b>	<b>5.4%</b>
<b>Expenses</b>							
Instruction	\$ 90.9	\$ 110.3	-	-	\$ 90.9	\$ 110.3	21.3%
Pupil & Instructional Services	11.5	10.8	-	-	11.5	10.8	-6.1%
Administrative & Business	18.1	18.3	-	-	18.1	18.3	1.1%
Maintenance & operations	26.5	15.5	-	-	26.5	15.5	-41.5%
Transportation	3.2	3.4	-	-	3.2	3.4	6.3%
Other	14.3	13.8	6.3	8.2	20.6	22.0	6.8%
<b>Total expenses</b>	<b>164.5</b>	<b>172.1</b>	<b>6.3</b>	<b>8.2</b>	<b>170.8</b>	<b>180.3</b>	<b>5.6%</b>
<b>Excess (deficiency) before transfers</b>	<b>\$ 4.5</b>	<b>\$ 4.6</b>	<b>\$ 0.5</b>	<b>\$ 0.4</b>	<b>\$ 5.0</b>	<b>\$ 5.0</b>	
Transfers In	0.2	0.3			0.2	0.3	50.0%
Transfers out			(0.2)	(0.3)	(0.2)	(0.3)	50.0%
<b>Total transfers</b>	<b>0.2</b>	<b>0.3</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 4.7</b>	<b>\$ 4.9</b>	<b>\$ 0.3</b>	<b>\$ 0.1</b>	<b>\$ 5.0</b>	<b>\$ 5.0</b>	<b>0.0%</b>

Note: totals may not add due to rounding and may differ slightly from the amounts reported in the Basic Financial Statements due to rounding differences.

related to an increase in interest and investment earnings from \$1.6 million to \$3.4 million over the past fiscal year. This was largely due to earnings credited to the \$31.385 million in school refunding general obligation bonds sold in 2006 that are currently held in escrow. An increase of \$3.2 million in state foundation aid during the period is largely responsible for the 4.9% increase in state revenue.

On the expense side of the ledger, an overall increase of \$9.5 million occurred. An increase in instruction expenses of 21.3% or \$19.4 million and a decrease in maintenance and operations expenses of \$11 million or 41.5% are both connected to reporting requirements related to the completion of capital improvement projects. In the year of completion of a capital improvement project, all related expenses are added to operations and maintenance because that is where the expenses would have been incurred. These same expenses are subtracted out of instruction as capital asset additions because the final product - school improvements - are considered instructional. In fiscal year 2006, \$11.7 million was added to maintenance and operations and subtracted from instruction.

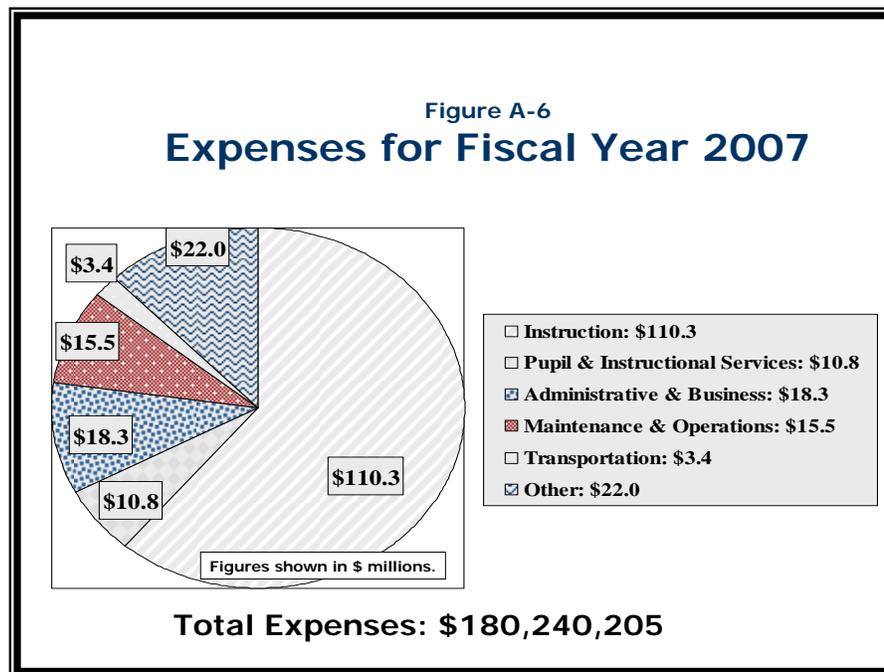
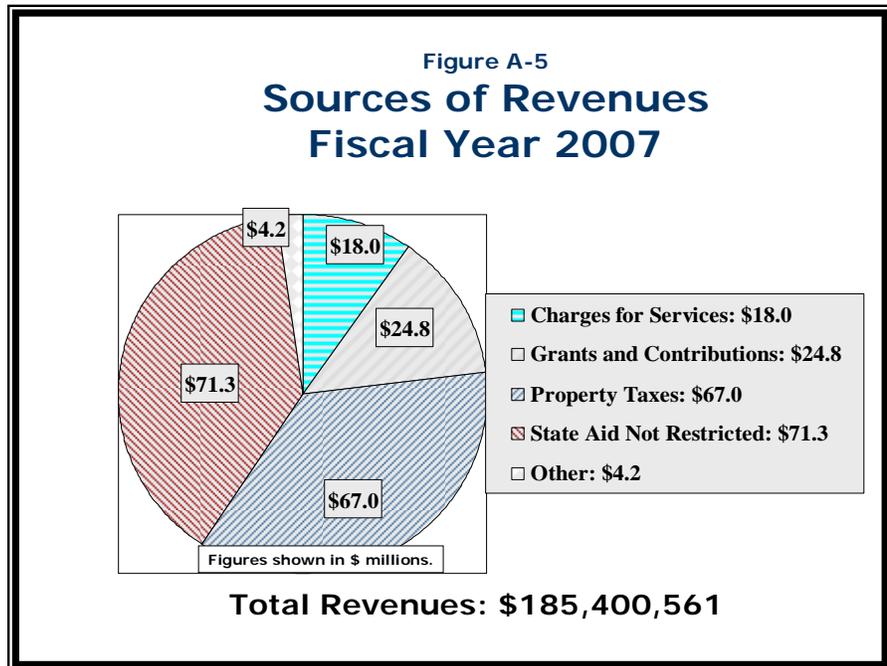
Additional increases in instruction expenses were related to increases of \$4 million in teacher salaries and \$0.6 million in teacher associates salaries.

**Figure A-5** shows the sources of total District revenues. Property Taxes, the second largest revenue source, comprise 36% of District revenues while State Foundation Aid the largest funding source comprises 38%. Grant revenues from Federal, State and local sources, playing an increasingly important role in funding District programs, represent 13% of District revenues. Charges for services, largely tuition charges, comprise 10% of District revenues.

Total District expenses are reflected in **Figure A-6**. As can be seen, the majority of District resources (67%) are devoted to direct Instruction and Pupil & Instructional Services. Investments in community services, capital improvements, interest on long term debt and AEA flow through make up the "Other" expense category. AEA flow through expenses of \$5.9 million represent state mandated "flow through" funding support to Grant Wood Area Education Agency. Grant Wood AEA is an intermediary educational unit providing instructional support to 33 public school Districts and 35 nonpublic schools in eastern Iowa.

**Governmental Activities**

The strength of the local economy was evident with a continued reduction in the overall unemployment rate which with the most current data available, now stands at 4.7% in the Cedar Rapids Metropolitan Statistical Area. Additionally, the District continues to experience an increase in the overall property tax base.



As can be seen in **Figure A-7**, taxable valuation increased slightly from \$4.05 billion to \$4.09 billion for FY2007. Overall property tax valuation trends over the past ten years show an

average increase of 2.4%. However, growth in valuations from the previous year was only 1.0% with growth from FY05 to FY06 only 1.5%. If this low growth trend continues, upward pressure on the District levy rate will result.

Despite the low growth rate in the District's tax base, the levy rate since FY05, as depicted in **Figure A-8**, has declined. Historically the District experienced a significant levy increase of over 18% between FY2002 and FY2003.

The reasons for this significant increase were three fold: First, the District increased its cash reserve levy in order to replace a loss of \$2.75 million due to an across the board cut in state foundation aid, and to build cash reserves that had been depleted in recent years.

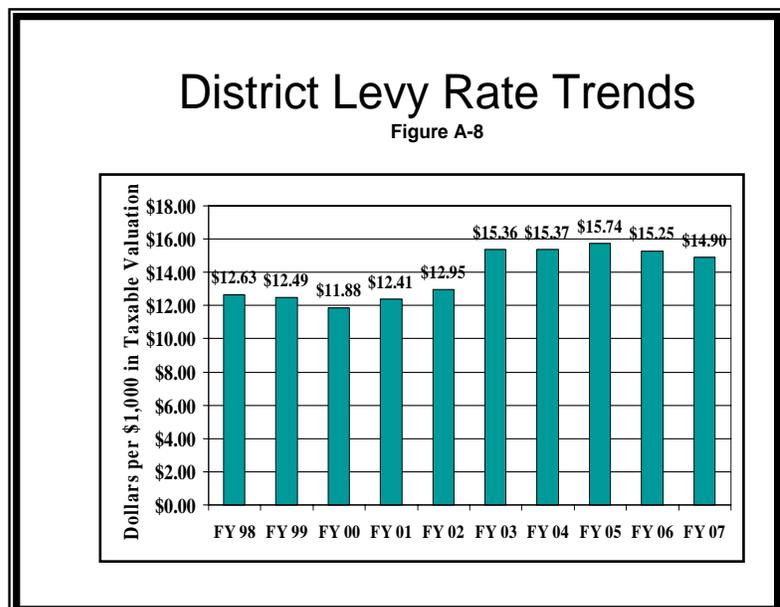
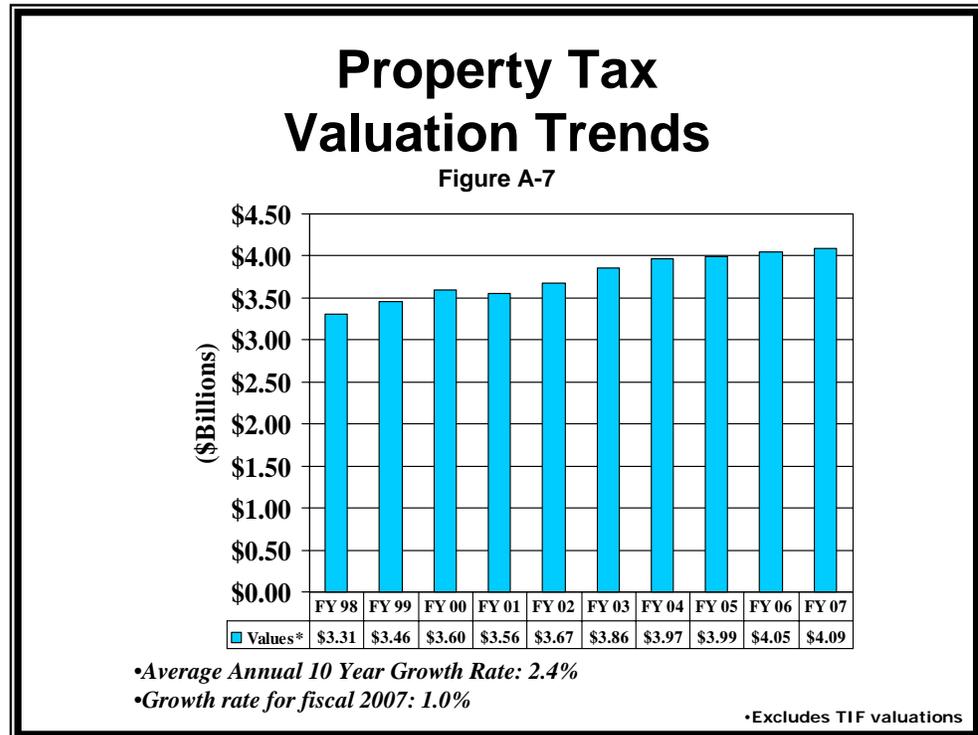
Second, the District began full payment on general obligation

bond debt as authorized by voters following a December 12, 2000, voter approved \$46 million bond issue to fund District infrastructure improvements.

Finally, the Board of Education approved an increase in the property tax funded early retirement program to encourage District staff to retire and allow attrition to reduce the number of employees on the payroll in order to reduce the General Fund budget.

The levy rate declined from \$15.25 per \$1,000 of taxable valuation in FY06 to \$14.90, in FY07. This was due in large part to the District's reduction in the property tax dependant, "cash reserve levy" from \$4.95 million in FY06 to \$3.7 million in FY07.

Additionally, the District increased its reliance on income surtax as a funding stream for the General Fund's Instructional Support program shifting away from local property tax.



**Figure A-9** presents the cost of six major District activities: Instruction, Pupil and Instructional Services, Administrative and Business, Maintenance and Operations, Transportation and Other. 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. Several highlights include the following:

- The cost of all governmental activities this year was \$172.1 million.
- Some of the cost was financed by the users of the District's programs, (\$13 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$21.3 million).
- Most of the District's costs (\$137.7 million), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$67 million in property taxes/income surtaxes and \$71.3 million in unrestricted state aid based on the statewide education aid formula.
- Property taxes and state education aid exceeded net governmental costs by \$0.6 million combined with an increase in program revenues of \$0.9 million contributed partly to an overall increase of \$4.9 million in Government-wide net assets from Governmental Activities.

**Figure A-9**  
**Net Cost of Governmental Activities (in millions of dollars)**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2006	2007	2006-2007	2006	2007	2006-2007
Instruction	\$ 90.9	\$ 110.3	21.3 %	\$ 66.8	\$ 84.4	26.3 %
Pupil & Instructional Services	11.5	10.8	-6.1	11.2	10.4	-7.1
Administrative & Business	18.1	18.3	1.1	18.0	18.2	1.1
Maintenance & Operations	26.5	15.5	-41.5	26.5	15.5	-41.5
Transportation	3.2	3.4	6.3	3.0	3.3	10.0
Other	14.3	13.8	-3.5	5.7	5.9	3.5
<b>Total</b>	<b>\$ 164.5</b>	<b>\$ 172.1</b>	<b>4.6 %</b>	<b>\$ 131.2</b>	<b>\$ 137.7</b>	<b>5.0 %</b>

Note: totals may not add due to rounding and may differ slightly from the amounts reported in the Basic Financial Statements due to rounding differences.

### Business-Type Activities

Revenues and expenses rose significantly over the prior year due to the first year inclusion of the Day Care fund as a business type activity. As a result of this accounting change previously explained in this Management Discussion and Analysis section, revenues of the District's business-type activities rose approximately 26% over the previous year from \$6.8 million to \$8.5 million. Charges for services totaled \$5.0 million, with operating grants and contributions (federal and state subsidies) totaling \$3.5 million. Similarly, expenses for the year increased 30% over the previous year from \$6.3 million to \$8.2 million. (Refer to **Figure A-4**.) At the present time, the Food and Nutrition Fund the Day Care Fund are the only funds categorized as a Business-Type Activity.

### Highlights of the Food and Nutrition Fund include:

- Students qualifying for free and reduced meals remained steady at approximately 37.5% of District students.
- In May 2004, a comprehensive equipment replacement schedule was developed and approved, designating a line item in the Food and Nutrition budget for years 2005-2010.
- The department was able to adhere to the 2006-2007 replacement schedules with plans underway to implement year two.
- Meal prices remain the same for the 3rd consecutive year.
- Nutrient analysis for K-5 menus is now available on the District's Internet as a service for parents, students and school personnel.
- Continued growth in student lunch participation of 12.2% over the past seven years is quite remarkable when considering that the District's overall certified budget enrollment for the same period has declined by 2.4%. Lunch and breakfast participation trends are as follows:
  - 2000-01            Lunch 10,400            Breakfast 2,168
  - 2001-02            Lunch 10,462            Breakfast 2,157
  - 2002-03            Lunch 10,754            Breakfast 2,192
  - 2003-04            Lunch 10,992            Breakfast 2,221
  - 2004-05            Lunch 11,273            Breakfast 2,396
  - 2005-06            Lunch 11,471            Breakfast 2,540
  - 2006-07            Lunch 11,672            Breakfast 2,755

### Financial Analysis of the District's Funds

A summary financial analysis of each individual District Fund follows:

#### Business-Type Fund Highlights

- **Food and Nutrition Fund:** Retained earnings increased a solid 13% from \$1.81 million to \$2.04 million over the past fiscal year. This increase reflects sound business practices in aligning meal pricing to reflect all costs of operations. Continued vigilance over the renewal of the program's aging equipment continues to be an important focus. Currently, the program has equipment valued at \$2.80 million with total accumulated depreciation of \$2.29 million. With nearly 82 percent of kitchen equipment fully depreciated it is clear that the program's equipment is aging and in need of continued investment.
- **Day Care Fund:** Day care related financial activity had been reported within the District's General Fund prior to fiscal year 2007. During fiscal year 2007, the District assumed full accounting responsibilities for the Rockwell Day Care program. As a result of this operating change, the District began transferring reporting of all day care expenses and revenues related to both Rockwell and Five Seasons Day Care programs into a separate enterprise Day Care Fund. This reporting shift will be fully implemented in fiscal year 2008. For fiscal year 2007 retained earnings were \$2,194.

#### Governmental Fund Highlights

Most District functions are financed through the governmental fund types, which include the General, Special Revenue, Debt Service and Capital Projects Funds. Due to the significant size and scope of the General Fund, revenues and expenditure summaries that follow will be separated into General Fund only and then "all other Governmental Funds."

## General Fund

General educational activities, which are accounted for in the General Fund, are supported principally by local taxes and state aid. A breakdown of General Fund revenues by source follows in **Figure A-10**. Compared with the prior fiscal year, total General Fund revenues increased by 4.7 % in FY 2007. Highlights of significant changes in revenues are summarized as follows:

- An increase of 4.1% or \$2.1 million in local taxes reflects the State of Iowa allowable growth rate of 4% for Iowa's public schools in FY2007.
- Investment revenues increased due to a combination of increases in fund reserves and interest rate increases over the past year. Interest rates increased from 5.18% on June 30, 2006 to 5.26% on June 30, 2007.
- The significant decrease of 65% in Student Fees and Activities is largely related to departmental reductions in expenditures for District provided student activity trip transportation services.
- A reduction in revenues related to local categorical programs is largely the reason for a reduction of 16.2% or \$0.8 million in the Other Local Services category.
- State Foundation Aid revenues increased by 4.9% or \$3.3 million over the previous year. As stated previously, this reflects the State of Iowa allowable growth rate of 4% for Iowa's public schools in FY2007.
- Increases in Other State Aid of 15.1% are a result of increases in state grants related to staff development and compensation for the District's teaching staff.
- Increases in Title I revenues of 8.3% are reflective of the utilization of the Title I carry over provision in FY07 in the amount of \$262,905. This was not used in FY06.

<b>General Fund Revenues by Source</b>	<b>FY 2007</b>		<b>FY 2006</b>		<b>Change</b>
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	
<b>Local Sources</b>					
Local Taxes	\$52,634,536	33.8%	\$50,555,395	34.0%	4.1%
Tuition	5,197,330	3.3%	5,073,800	3.4%	2.4%
Student Fees and Activities	65,534	0.0%	188,769	0.1%	-65.3%
Investment Earnings	1,270,606	0.8%	1,099,453	0.7%	15.6%
Other Local Sources	4,119,695	2.6%	4,913,447	3.3%	-16.2%
<b>State Sources</b>					
State Foundation Aid	70,348,123	45.2%	67,090,548	45.1%	4.9%
Phase I, II and III	1,490,828	1.0%	1,480,443	1.0%	0.7%
Other State Aid	13,835,804	8.9%	12,016,475	8.1%	15.1%
<b>Federal Sources</b>					
Title I	2,380,269	1.5%	2,197,092	1.5%	8.3%
Other Federal Aid	4,165,283	2.7%	3,997,553	2.7%	4.2%
<b>Total Revenues</b>	<b>\$155,508,008</b>	<b>100.0%</b>	<b>\$148,612,975</b>	<b>100.0%</b>	<b>4.6%</b>
Other Financing Sources	<b>1,946,569</b>		<b>1,726,069</b>		<b>12.8%</b>
<b>Grand Total Resources</b>	<b>\$157,454,577</b>		<b>\$150,339,044</b>		<b>4.7%</b>

General

expenditures by function for fiscal years 2006 and 2007 are summarized in **Figure A-11**, as follows:

Fund

- Total Expenditures, before “Other Financing Uses” increased by 4.6% or \$6.8 million from the previous fiscal year.
- A reduction of 9.4% in the General Administration category was due to an 85% reduction in expenditures for supplies.
- An increase of 11.7% in the School Administration category was due to increases in wages and benefits of 11.75% or \$1.0 million.
- An increase of 8.2% in the Business Services category was due to increases in wages and benefits of \$274,000.
- A decrease of 45.3% occurred in the Community Services category. During FY07, the District began to reclassify expenditures and revenues related to the Five Seasons Daycare and Rockwell Daycare programs out of the General Fund and into a separate Day Care fund. This reclassification will be complete in FY08.

**Figure A-11**

<b>General Fund Expenditures by Function</b>	<b>FY 2007</b>		<b>FY 2006</b>		<b>Change</b>
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	
Instruction	\$102,754,417	66.4 %	\$96,510,377	65.2 %	6.5 %
Student Support Services	4,195,283	2.7	4,403,381	3.0	-4.7
Instructional Staff Support Services	6,588,129	4.3	6,852,994	4.6	-3.9
General Administration	2,276,831	1.5	2,513,731	1.7	-9.4
School Administration	10,280,151	6.6	9,207,110	6.2	11.7
Business Services	4,953,442	3.2	4,578,889	3.1	8.2
Operations and Maintenance	13,820,036	8.9	13,358,023	9.0	3.5
Student Transportation	2,668,030	1.7	2,524,208	1.7	5.7
Community Services	1,366,515	0.9	2,496,242	1.7	-45.3
AEA Support - Direct to AEA	5,916,552	3.8	5,527,722	3.7	7.0
<b>Total Expenditures</b>	<b>\$154,819,386</b>	<b>100.0 %</b>	<b>\$147,972,677</b>	<b>100.0 %</b>	<b>4.6 %</b>
Other Financing Uses	<b>383,751</b>		<b>379,606</b>		<b>1.1</b>
<b>Total Expenditures and Uses</b>	<b>\$155,203,137</b>		<b>\$148,352,283</b>		<b>4.6 %</b>

**Figure A-12** provides a comparison of the original budget, re-estimated budget and actual revenues and expenditures in the General Fund for fiscal year 2007. Actual revenues were less than re-estimated budget revenues by \$.4 million or 0.2% while actual expenditures were \$1.6 million or 1% less than re-estimated budget expenditures for the period.

### **All Other Governmental Funds**

The revenue and expenditure summaries that follow include all other Governmental Funds. These funds include the Special Revenue Funds, (comprised of the Activity, Management and PPEL Funds) Debt Service and Capital Projects Funds. The term, “Major Funds” is a designation required under reporting standards promulgated by the Governmental Accounting Standards Board statement number 34 (GASB 34).

In addition to the General Fund, which is automatically included as a major fund, the District's most "significant" governmental and enterprise funds are also included. Significant, is determined by measuring the "value" of the fund's total assets, liabilities, revenues, or expenditures and applying a 10% and 5% test. The ten percent test measures these values against all funds in the respective governmental or enterprise category. The five percent test

**Figure A-12  
General Fund Budget and Actual Comparison  
Fiscal Year 2007**

	Budget		Actual
	Original	Re-estimated	
<b>Revenues</b>			
Local Taxes	\$52,169,491	\$51,960,080	\$52,634,536
Tuition	5,900,000	5,647,500	5,197,330
Other local sources	\$5,488,005	5,425,616	5,455,835
State sources	84,922,866	86,071,192	85,674,755
Federal sources	5,076,839	6,866,145	6,545,552
<b>Total Revenues</b>	<b>\$153,557,201</b>	<b>\$155,970,533</b>	<b>\$155,508,008</b>
Other Financing Sources	67,251	1,913,161	1,946,569
<b>Total Revenues &amp; other sources</b>	<b>\$153,624,452</b>	<b>\$157,883,694</b>	<b>\$157,454,577</b>
<b>Expenditures</b>			
Instruction	\$105,085,411	\$105,252,472	\$102,754,417
Student Support Services	2,220,022	4,481,067	4,195,283
Instructional Staff Support Services	10,709,801	5,899,599	6,588,129
General Administration	1,828,221	2,727,185	2,276,831
School Administration	8,062,560	10,231,645	10,280,151
Business Services	4,067,383	5,152,002	4,953,442
Operations and maintenance	11,421,122	13,766,035	13,820,036
Student transportation	2,526,283	2,639,069	2,668,030
Community Services	2,632,031	444,058	1,366,515
AEA Support - Direct to AEA	6,217,526	5,916,552	5,916,552
<b>Total Expenditures</b>	<b>\$154,770,360</b>	<b>\$156,509,684</b>	<b>\$154,819,386</b>
Other Financing Uses	334,730	334,730	383,751
<b>Total Expenditures &amp; Sources (Uses)</b>	<b>\$155,105,090</b>	<b>\$156,844,414</b>	<b>\$155,203,137</b>

measures these values against all governmental and enterprise funds combined. In addition, a fund may be considered major if the District believes that the fund is important to the users of its financial statements.

As can be seen in **Figure A-13**, in addition to the General Fund, the Management, Physical Plant and Equipment Levy (PPEL) and Debt Service Funds are considered "major funds" in the "Governmental Funds Group" for the reasons described above.

### Summary of Revenues

In the "All Other Governmental Funds" group as depicted in **Figure A-13**, the District experienced an increase of \$1.4 million in "Total Revenues" from the prior year (excluding other financing sources) and a revenue decrease of \$29.2 million when all sources are included. The following points highlight revenue changes in each fund. This sizeable overall decrease was due to the sale and receipt of \$31.4 million in School Refunding Bonds in the prior fiscal year.

- **Management Fund** revenues were largely unchanged from the previous fiscal year.
- **PPEL Fund** revenues are up by \$1.8 million from the prior fiscal year. The majority of this increase was a result of a one time transfer of \$1.5 million from the Capital Projects

fund into the PPEL fund to close out remaining balances from the District's \$46 million, general obligation bond funded infrastructure improvements that were completed during fiscal year 2007.

- **Debt Service Fund** total revenue and other financing sources decreased from \$36.4 million in FY06 to \$5.8 million in FY07. As previously stated, this was due to the sale \$31.4 million in School Refunding Bonds during the prior fiscal period.
- **Capital Projects Fund** revenues were largely unchanged from the previous fiscal year.
- **Activity Fund** revenues declined from \$4.7 million in FY06 to \$4.5 million in FY07.

**Figure A-13**  
**All Other Governmental Funds, (Excluding General Fund)**  
**Fiscal Year 2007 Revenues**

Revenue Source	Major Funds		Other Gov. Funds			Total	% of Total	Dollar Change Previous Yr.
	Management	PPEL	Debt Service	Capital Projects	Activity Fund			
Local	\$6,507,267	\$4,719,172	\$ 5,467,139	\$ 77,731	\$ 4,455,644	\$21,226,953	91.8 %	\$ 1,439,345
State	4,327	2,831	2,519	-	-	9,677	0.0	(629)
Federal	-	-	-	-	-	-	0.0	(25,225)
<b>Total Revenues</b>	<b>\$6,511,594</b>	<b>\$4,722,003</b>	<b>\$ 5,469,658</b>	<b>\$ 77,731</b>	<b>\$ 4,455,644</b>	<b>\$21,236,630</b>		<b>\$ 1,413,491</b>
Bond Proceeds	-	-	-	-	-	-	0.0	(32,138,774)
Other Financing Sources	-	1,546,320	336,125	-	-	1,882,445	8.1	1,502,839
<b>Total Revenue &amp; Other</b>	<b>\$6,511,594</b>	<b>\$6,268,323</b>	<b>\$ 5,805,783</b>	<b>\$ 77,731</b>	<b>\$ 4,455,644</b>	<b>\$23,119,075</b>	<b>100.0 %</b>	<b>\$(29,222,444)</b>

### Summary of Expenditures

In the "All Other Governmental Funds" group, as depicted in **Figure A-14**, the District experienced an increase of \$0.8 million in "Total Expenditures" (excluding other financing uses) from the previous year. The following points highlight individual fluctuations within each of the fund's expenditures from the previous year.

- **Management Fund** expenditures were relatively steady, up slightly by \$0.1 million from the previous year. The District provides, early retirement, unemployment and property-casualty-worker compensation benefits from this fund.
- **PPEL Fund** expenditures for infrastructure projects were approximately \$0.24 million higher than the previous fiscal year. This fund is used for District infrastructure maintenance and repair needs as well as the purchase of school busses, various other vehicles and large equipment purchases.
- **Debt Service** expenditures were up by \$1.3 million over the previous year due to a payment of \$1.53 million in interest related to the issuance of a \$31.4 million School Refunding Bond in the prior fiscal period.
- **Capital Projects Fund** expenditures were up by \$1.0 million due to the one time transfer of \$1.5 million from this fund to the PPEL fund. As stated previously, this transfer was to close out remaining unused balances in this fund related to the District's \$46 million, general obligation bond funded infrastructure improvements that were completed during fiscal year 2007.

- **Activity Fund** expenditures were down slightly from \$4.8 million in FY2006 to \$ 4.4 million in FY2007.

**Figure A-14**

**All Other Governmental Funds, (Excluding General Fund)**  
**Fiscal Year 2007 Expenditures**

Expenditure Function	Major Funds			Other Gov. Funds		Total	% of Total	Dollar Change Previous Yr.
	Management	PPEL	Debt Service	Capital Projects	Activity Fund			
Regular instruction	\$2,587,907	\$ 43,994	\$ -	\$ -	\$ -	\$ 2,631,901	12.3%	\$ (113,597)
Special Instruction	255,890	-	-	-	-	255,890	1.2%	\$ 64,079
Other instruction	4,069	17,326	-	-	-	21,395	0.1%	\$ (638)
Student support services	3,745	-	-	-	4,385,165	4,388,910	20.4%	\$ (374,292)
Instructional staff support	106,408	-	-	-	-	106,408	0.5%	\$ 11,682
General administration services	165,844	-	-	-	-	165,844	0.8%	\$ (5,189)
School administration services	604,797	-	-	-	-	604,797	2.8%	\$ (123,329)
Business services	52,256	1,014	-	-	-	53,270	0.2%	\$ 31,354
Operations and maintenance	1,142,471	-	-	-	-	1,142,471	5.3%	\$ 59,169
Student transportation	250,169	456,532	-	-	-	706,701	3.3%	\$ 375,465
Food Service	156,605	-	-	-	-	156,605	0.7%	\$ 28,860
Community services	681	-	-	-	-	681	0.0%	\$ 681
Facilities/construction	-	2,186,552	-	31,305	-	2,217,857	10.3%	\$ (736,400)
Debt Service Principal	-	-	2,250,000	-	-	2,250,000	10.5%	\$ 40,000
Debt Service Interest	-	-	3,569,506	-	-	3,569,506	16.6%	\$ 1,547,663
<b>Total Expenditures</b>	<b>\$5,330,842</b>	<b>\$ 2,705,418</b>	<b>\$ 5,819,506</b>	<b>\$ 31,305</b>	<b>\$ 4,385,165</b>	<b>\$18,272,236</b>		<b>\$ 805,508</b>
Other Financing Uses	52,685	1,641,419	-	1,499,481	-	3,193,585	14.9%	1,398,564
<b>Total Expenditures &amp; Other</b>	<b>\$5,383,527</b>	<b>\$ 4,346,837</b>	<b>\$ 5,819,506</b>	<b>\$ 1,530,786</b>	<b>\$ 4,385,165</b>	<b>\$21,465,821</b>	<b>100.0%</b>	<b>\$ 2,204,072</b>

### Fund Balances: Governmental Funds

Fund balances reflect the accumulated excess of revenues over expenditures for governmental functions. A comparison of individual fund(s) balances can be seen in **Figures A-15 and A-16**.

The **General Fund** balance experienced an increase of \$2.3 million or 12% from the previous fiscal year. This is a result of the District maintaining a cash reserve levy of \$3.8 million for the fiscal year. In addition, several categorical grants were left with "planned" unspent reserves in anticipation of several long-term program initiatives.

**Figure A-15**

Fund Balances	June 30, 2007	June 30, 2006	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$ 21,007,575	\$ 18,756,135	\$ 2,251,440	12.0%
Special Revenue Funds	9,200,637	6,080,605	3,120,032	51.3%
Capital Projects Fund	-	1,453,055	(1,453,055)	-100.0%
Debt Service Fund	31,884,219	31,897,942	(13,723)	0.0%
<b>Total</b>	<b>\$ 62,092,431</b>	<b>\$ 58,187,737</b>	<b>\$ 3,904,694</b>	<b>6.7%</b>

The **Special Revenue Funds**, (Activity, Management and PPEL funds combined) experienced an increase of approximately \$3.1 million in fund balance from the previous year. This was attributed to fund balance increases of \$1.92 million in the PPEL fund and \$1.11 million in the Management fund. The majority of the PPEL fund balance increase was a result of a one time

transfer of \$1.5 million from the Capital Projects fund to close out remaining balances from the District's \$46 million, general obligation bond funded infrastructure improvements that were completed during fiscal year 2007.

As stated immediately above, the **Capital Projects Fund** ended the fiscal period with a zero balance. With the passage of the 10 year, \$143 million, School Infrastructure Local Option, (SILO) sales tax measure on February 13, 2007, all expenditures and revenues will be accounted for in the SILO Capital Projects Fund, beginning July 1, 2007.

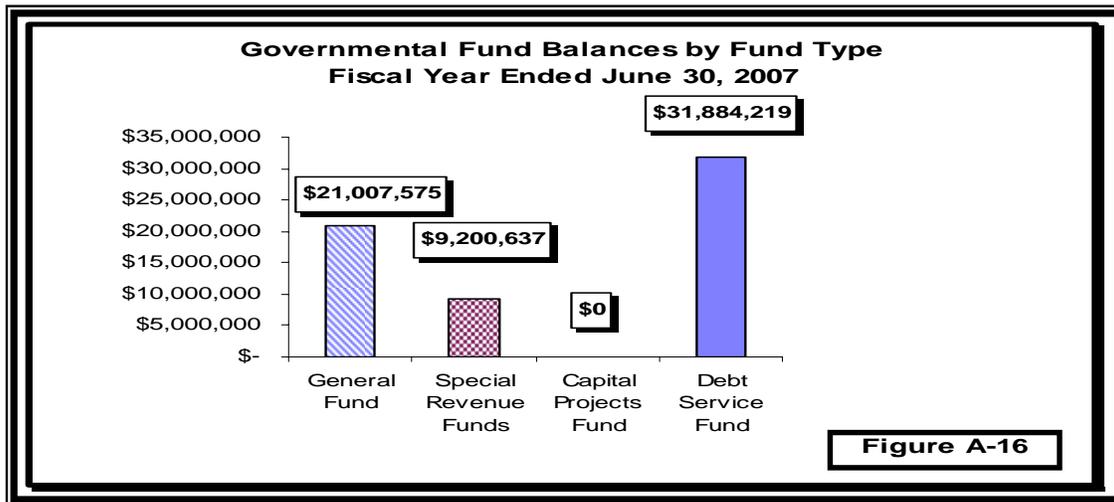


Figure A-16

### Capital Asset and Debt Administration

#### Capital Assets

As indicated in **Figure A-17**, by the end of 2007, the District had invested, net of depreciation, \$66.9 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. This amount represents no material change from last fiscal year.

Despite this slight drop in net value from the previous fiscal year, since the end of fiscal year 2002 the District has added over \$40 million in

Figure A-17

Capital Assets (net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2006-2007
	2006	2007	2006	2007	2006	2007	
Land	\$ 8.4	\$ 8.5	\$ -	\$ -	\$ 8.4	\$ 8.5	1.2%
Construction in progress	7.7	7.7	-	-	7.7	7.7	0.0%
Buildings	45.9	44.2	-	-	45.9	44.2	-3.7%
Equipment	4.1	4.0	0.5	0.5	4.6	4.5	-2.2%
Vehicles	2.1	2.0	-	-	2.1	2.0	-4.8%
	<b>\$ 68.2</b>	<b>\$ 66.4</b>	<b>\$ 0.5</b>	<b>\$ 0.5</b>	<b>\$ 68.7</b>	<b>\$ 66.9</b>	<b>-2.6%</b>

Note: totals may not add due to rounding.

capital assets net of depreciation. This is reflective of the construction and improvements to the District's infrastructure made possible with a voter approved \$46 million bond issue passed in December 12, 2000.

Excluding depreciation, the District has \$126 million in capital assets. Governmental funds account for \$123.3 million, with the remainder, \$2.8 million, in the Food and Nutrition Fund, (Business-Type Fund). More detailed information about capital assets can be found in Note 6 to the financial statements.

### Long-Term Debt

At year-end, the District had \$68.8 million in general obligation bonds, school refunding bonds and other long-term debt outstanding. Of this amount, \$37.2 million is subject to the 5% statutory debt limit. This represents a decrease of nearly 6% over the previous fiscal year as can be seen in **Figure A-18**.

**Figure A-18**

**Outstanding Long-Term \*Debt (in millions of dollars)**

	Total School District		Total Percentage Change
	<u>2006</u>	<u>2007</u>	<u>2006-2007</u>
General obligation bonds** & notes (financed with property taxes)	\$7,750,000	\$5,825,000	-24.8%
School refunding bonds	31,385,000	31,385,000	0.0%
Capital loan payable	325,000	-	-100.0%
<b>Total</b>	<b>\$39,460,000</b>	<b>\$37,210,000</b>	<b>-5.7%</b>

\* Debt subject to the 5% statutory limit.

\*\*Total District long term debt is \$68,785,000. However, general obligation bond debt of \$31,575,000 is not subject to the 5% statutory limit as payment of this principal is derived from interest earnings from the School refunding bonds.

The District sold \$46 million in general obligation bonds, approved by voters on December 12, 2000, to help finance a five-year, \$52.7 million in facilities construction and improvements throughout the District. Ten million in general obligation bonds were sold in fiscal year 2000-2001, with the remaining \$36 million sold in fiscal year 2001-2002. Both sales are to be repaid over a twenty-year period.

On March 1, 2006, the District issued \$31.4 million in school refunding bonds. The purpose of the sale was to reduce interest costs of the general obligation debt over the life of the bonds. Total interest costs have been reduced from \$18,784,600 to \$17,251,921, for a net savings of \$1,532,679 over the remaining life of the general obligation debt ending on June 1, 2021.

As of June 30, 2007 the District did not exceed its 5% legal debt margin. The District had \$37.2 million in debt applicable to the 5% statutory limit compared to a debt limit of \$362.2 million. More detailed information about long-term debt can be found in Note 7 to the financial statements as well as the statistical section at the end of this report.

### Factors Bearing on the District's Future

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

- The Board of Education submitted a request to the Linn County Commissioner of Elections and scheduled a county wide vote on February 13, 2007 to eligible county residents to vote for or against a School Infrastructure Local Option, (SILO) sales tax measure. The measure passed with a majority vote of 58.3% countywide and resulted in the addition of one penny to the retail sales tax. The Cedar Rapids Community School District will collect an estimated \$143.1 million in sales tax revenues over the ten year life of the tax. The District will use these monies for heating, ventilation and air

conditioning repairs in various secondary school buildings, improvements to Kingston Stadium, as well as investments in instructional technology and property tax relief.

- Factors of concern related to the SILO program are the rate of growth between construction costs and retail sales. At this time, the District has used a cash forecast model that assumes an annual increase in Linn County retail sales of 3.9% with a 5% annual rate of growth in construction inflation. If these forecasts fall short of the mark, it may force the District to modify its SILO facilities, technology and property tax relief plan.
- In fiscal year 2002 and again in fiscal year 2004, the state cut, at mid-year, state aid to schools by 4.3% and 2.5% respectively. The impact upon the Cedar Rapids Community School District totaled approximately \$4.6 million in funding cuts. It is certainly a possibility that the state could reduce this funding to schools again and force Districts to consider increasing the property tax supported cash reserve levy to replace these losses.
- Future enrollment stability is a critical element in maintaining a sound financial foundation. Over the past ten years, District “budget enrollments” a key factor in determining funding, have indicated a long-term pattern of slow decline. Between September 1997 and October 2006 when student enrollments are officially counted, the budget enrollment count declined overall by 1.2%. The October 2007 budget enrollment showed a slight increase over 2006 with a gain of 67 students or 0.38%.
- In past years, growth in employee wages and benefits has outpaced state funding to schools. Relative growth between these two financial indicators has profound effects on the General Fund budget as approximately 77% of all expenditures in this fund are related to staff salaries and benefits.
- Health insurance premiums have historically increased at a rate exceeding both the consumer price index and increases in District revenues. For fiscal years 2007 and 2008, health insurance premiums have increased by only 4.3% and 1.8% respectively. This compares to a 16% increase in fiscal year 2006 and increases that have at times exceeded 20% in the recent past. Because most District employees pay all or a significant share of their health insurance premiums through a salary reduction program, net incomes for many of our District employees are adversely effected when insurance rate increases exceed wage growth rates. At this time it is unknown what rate increase will be requested for fiscal year 2009.
- The continued link between residential and agriculture property values in the State of Iowa for taxation purposes have caused increases in the valuation of commercial property. Many commercial property interests believe this is unfair. In recent years in response to this dilemma, an increasing number of commercial property owners have successfully appealed their property assessments and have effectively reduced their tax burden. Unfortunately, a reduction in property tax collections, some retroactive, has adversely impacted the District’s tax receipts. A solution to this dilemma is in the hands of the State legislature.

### **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 Steve Graham, Executive Director – Business Services, Cedar Rapids Community School District, 346 Second Avenue SW, Cedar Rapids, IA 52404.

# **Government-wide Financial Statements**

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Net Assets**

**June 30, 2007**

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 44,253,375	\$ 1,704,129	\$ 45,957,504
U.S. Treasury securities on deposit with escrow agent	31,758,699	-	31,758,699
Receivables:			
Property tax:			
Delinquent	823,801	-	823,801
Succeeding year	59,891,000	-	59,891,000
Other	1,334,992	601,804	1,936,796
Due from other governments	4,841,812	39,153	4,880,965
Internal balances	585,431	(585,431)	-
Inventories	156,578	226,997	383,575
Prepaid items	27,522	-	27,522
<b>Total current assets</b>	<b>143,673,210</b>	<b>1,986,652</b>	<b>145,659,862</b>
<b>Noncurrent assets:</b>			
Capital assets:			
Land and construction in progress	16,217,095	-	16,217,095
Depreciable assets	107,038,740	2,800,251	109,838,991
Less: accumulated depreciation	(56,783,941)	(2,295,016)	(59,078,957)
<b>Total noncurrent assets</b>	<b>66,471,894</b>	<b>505,235</b>	<b>66,977,129</b>
<b>Total assets</b>	<b>210,145,104</b>	<b>2,491,887</b>	<b>212,636,991</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	3,306,230	33,774	3,340,004
Accrued expenses	12,464,957	194,156	12,659,113
Due to other governments	1,420,251	-	1,420,251
Accrued interest payable	257,918	-	257,918
Unearned revenue:			
Succeeding year property tax	59,891,000	-	59,891,000
Other	1,252,803	219,741	1,472,544
Current portion of long-term obligations	6,628,060	-	6,628,060
<b>Total current liabilities</b>	<b>85,221,219</b>	<b>447,671</b>	<b>85,668,890</b>
<b>Noncurrent liabilities:</b>			
Noncurrent portion of long-term obligations	75,048,143	-	75,048,143
<b>Total noncurrent liabilities</b>	<b>75,048,143</b>	<b>-</b>	<b>75,048,143</b>
<b>Total liabilities</b>	<b>160,269,362</b>	<b>447,671</b>	<b>160,717,033</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	29,071,894	505,235	29,577,129
Restricted for:			
Debt service purposes	241,301	-	241,301
Other purposes	7,461,445	-	7,461,445
Unrestricted	13,101,102	1,538,981	14,640,083
<b>Total net assets</b>	<b>\$ 49,875,742</b>	<b>\$ 2,044,216</b>	<b>\$ 51,919,958</b>

*The notes to the basic financial statements are an integral part of this statement.*

**Cedar Rapids Community School District**

**Statement of Activities**

**For the Year ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular instruction	\$ 52,798,449	\$2,878,643	\$ 6,887,013	\$ -	\$ (43,032,793)	\$ -	\$ (43,032,793)
Special instruction	49,433,979	3,149,765	7,308,737	-	(38,975,477)	-	(38,975,477)
Vocational instruction	1,052,903	8,511	260,916	-	(783,476)	-	(783,476)
Other instruction	6,991,546	4,558,329	816,895	-	(1,616,322)	-	(1,616,322)
Total Instruction	110,276,877	10,595,248	15,273,561	-	(84,408,068)	-	(84,408,068)
Support services:							
Student services	4,195,708	-	59,264	-	(4,136,444)	-	(4,136,444)
Instructional staff services	6,579,274	291,982	-	-	(6,287,292)	-	(6,287,292)
General administration services	2,351,789	-	-	-	(2,351,789)	-	(2,351,789)
School administration services	10,869,328	-	-	-	(10,869,328)	-	(10,869,328)
Business services	5,092,014	72,861	-	-	(5,019,153)	-	(5,019,153)
Operations and maintenance	15,502,986	-	-	-	(15,502,986)	-	(15,502,986)
Student transportation	3,383,138	65,534	5,851	-	(3,311,753)	-	(3,311,753)
Total support services	47,974,237	430,377	65,115	-	(47,478,745)	-	(47,478,745)
Non-instructional programs:							
Food services	156,605	-	-	-	(156,605)	-	(156,605)
Community services	1,266,905	1,965,778	-	-	698,873	-	698,873
Total non-instructional programs	1,423,510	1,965,778	-	-	542,268	-	542,268
Other expenditures:							
Facilities acquisition/construction	3,251,130	-	26,569	-	(3,224,561)	-	(3,224,561)
Interest on long-term debt	3,230,399	-	-	-	(3,230,399)	-	(3,230,399)
AEA flowthrough	5,916,552	-	5,916,552	-	-	-	-
Total other expenditures	12,398,081	-	5,943,121	-	(6,454,960)	-	(6,454,960)
Total governmental activities	172,072,705	12,991,403	21,281,797	-	(137,799,505)	-	(137,799,505)
<b>Business-type activities:</b>							
Non-instructional programs:							
Day care services	1,565,083	1,536,100	4,591	-	-	(24,392)	(24,392)
Food services	6,602,417	3,455,744	3,524,044	-	-	377,371	377,371
Total business-type activities	8,167,500	4,991,844	3,528,635	-	-	352,979	352,979
<b>Total school district</b>	<b>\$180,240,205</b>	<b>\$17,983,247</b>	<b>\$24,810,432</b>	<b>\$ -</b>	<b>\$ (137,799,505)</b>	<b>\$ 352,979</b>	<b>\$ (137,446,526)</b>
<b>General revenues:</b>							
Taxes							
Property taxes, levied for general purposes					53,809,700	-	53,809,700
Property taxes, levied for debt service					3,606,784	-	3,606,784
Property taxes, levied for capital outlay					4,024,504	-	4,024,504
Income surtaxes					5,614,790	-	5,614,790
Grants not restricted to specific programs					71,330,072	-	71,330,072
Interest and investment earnings					3,346,105	95,425	3,441,530
Miscellaneous					739,479	40,023	779,502
Transfers					251,678	(251,678)	-
<b>Total general revenues and transfers</b>					<b>142,723,112</b>	<b>(116,230)</b>	<b>142,606,882</b>
<b>Change in net assets</b>					<b>4,923,607</b>	<b>236,749</b>	<b>5,160,356</b>
Net assets - beginning					44,952,135	1,807,467	46,759,602
Net assets - ending					<b>\$ 49,875,742</b>	<b>\$ 2,044,216</b>	<b>\$ 51,919,958</b>

The notes to the basic financial statements are an integral part of this statement.



## **Fund Financial Statements**

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Balance Sheet  
Governmental Funds**

**As of June 30, 2007**

	General	Management
<b>Assets</b>		
Cash and cash equivalents	\$ 30,261,989	\$ 5,394,229
U.S. Treasury securities on deposit with escrow agent	-	-
Receivables:		
Property tax:		
Delinquent	630,318	83,764
Succeeding year	48,038,000	5,683,000
Other	1,271,877	17,982
Due from other governments	4,841,812	-
Due from other funds	887,354	-
Inventories-supplies and materials	156,578	-
Prepaid items	27,522	-
<b>Total Assets</b>	<b>\$ 86,115,450</b>	<b>\$ 11,178,975</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 2,227,473	\$ 112,220
Accrued expenditures	12,570,749	3,139,746
Due to other governments	1,420,251	-
Due to other funds	-	28,306
Unearned revenue:		
Succeeding year property tax	48,038,000	5,683,000
Other	851,402	-
<b>Total Liabilities</b>	<b>65,107,875</b>	<b>8,963,272</b>
Fund Balances:		
Reserved for encumbrances	518,045	354
Reserved for inventories	156,578	-
Reserved for prepaid items	27,522	-
Reserved for categorical programs	390,941	-
Unreserved, undesignated reported in:		
General fund	19,914,489	-
Special revenue funds	-	2,215,349
Debt service	-	-
<b>Total Fund Balances</b>	<b>21,007,575</b>	<b>2,215,703</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 86,115,450</b>	<b>\$ 11,178,975</b>

*The notes to the basic financial statements are an integral part of this statement.*

Physical Plant and Equipment Levy	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,474,465	\$ 73,643	\$ 1,049,049	\$ 44,253,375
-	31,758,699	-	31,758,699
58,246	51,473	-	823,801
4,349,000	1,821,000	-	59,891,000
42,087	404	2,642	1,334,992
-	-	-	4,841,812
-	-	-	887,354
-	-	-	156,578
-	-	-	27,522
<u>\$ 11,923,798</u>	<u>\$ 33,705,219</u>	<u>\$ 1,051,691</u>	<u>\$ 143,975,133</u>

\$ 884,053	\$ -	\$ 82,484	\$ 3,306,230
-	-	-	15,710,495
-	-	-	1,420,251
218,144	-	55,473	301,923
4,349,000	1,821,000	-	59,891,000
401,401	-	-	1,252,803
<u>5,852,598</u>	<u>1,821,000</u>	<u>137,957</u>	<u>81,882,702</u>

1,759,972	-	-	2,278,371
-	-	-	156,578
-	-	-	27,522
-	-	-	390,941
-	-	-	19,914,489
4,311,228	-	913,734	7,440,311
-	31,884,219	-	31,884,219
<u>6,071,200</u>	<u>31,884,219</u>	<u>913,734</u>	<u>62,092,431</u>
<u>\$ 11,923,798</u>	<u>\$ 33,705,219</u>	<u>\$ 1,051,691</u>	<u>\$ 143,975,133</u>

**Cedar Rapids Community School District  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Assets  
 June 30, 2007**

Amounts reported for governmental activities in the statement of net assets are different because:

<b>Total fund balance - governmental funds (page 53)</b>	<b>\$ 62,092,431</b>
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets is	\$ 123,255,835	
Accumulated depreciation is	<u>56,783,941</u>	66,471,894

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	68,785,000	
Accrued interest on long-term debt	257,918	
Compensated absences (vacations)	1,332,522	
Special termination benefits payable	<u>8,313,143</u>	<u>(78,688,583)</u>

<b>Total net assets - governmental activities (page 48)</b>	<b><u>\$ 49,875,742</u></b>
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*The notes to the basic financial statements are an integral part of this statement.*

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds**

**Year ended June 30, 2007**

	General	Management	Physical Plant and Equipment Levy	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Local sources:						
Local Taxes	\$ 52,634,536	\$ 6,257,613	\$ 4,319,999	\$ 3,843,630	\$ -	\$ 67,055,778
Tuition	5,197,330	-	-	-	-	5,197,330
Other local sources	5,455,835	249,654	399,173	1,623,509	4,533,375	12,261,546
State sources	85,674,755	4,327	2,831	2,519	-	85,684,432
Federal sources	6,545,552	-	-	-	-	6,545,552
<b>Total Revenues</b>	<b>155,508,008</b>	<b>6,511,594</b>	<b>4,722,003</b>	<b>5,469,658</b>	<b>4,533,375</b>	<b>176,744,638</b>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular instruction	49,810,492	2,587,907	43,994	-	-	52,442,393
Special instruction	49,265,890	255,890	-	-	-	49,521,780
Vocational instruction	1,072,967	4,069	-	-	-	1,077,036
Other instruction	2,605,068	-	17,326	-	4,385,165	7,007,559
<b>Total instruction</b>	<b>102,754,417</b>	<b>2,847,866</b>	<b>61,320</b>	<b>-</b>	<b>4,385,165</b>	<b>110,048,768</b>
Support Services:						
Student services	4,195,283	3,745	-	-	-	4,199,028
Instruction staff services	6,588,129	106,408	-	-	-	6,694,537
General administration services	2,276,831	165,844	-	-	-	2,442,675
School administration services	10,280,151	604,797	-	-	-	10,884,948
Business services	4,953,442	52,256	1,014	-	-	5,006,712
Operations and maintenance	13,820,036	1,142,471	-	-	-	14,962,507
Student transportation	2,668,030	250,169	456,532	-	-	3,374,731
<b>Total support services</b>	<b>44,781,902</b>	<b>2,325,690</b>	<b>457,546</b>	<b>-</b>	<b>-</b>	<b>47,565,138</b>
Non-instructional programs:						
Food service	-	156,605	-	-	-	156,605
Community services	1,366,515	681	-	-	-	1,367,196
<b>Total non-instructional programs</b>	<b>1,366,515</b>	<b>157,286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,523,801</b>
Other expenditures:						
Debt Service:						
Principal	-	-	-	2,250,000	-	2,250,000
Interest	-	-	-	3,569,506	-	3,569,506
Capital Outlay:						
Facilities acquisition	-	-	2,186,552	-	31,305	2,217,857
Other support services	5,916,552	-	-	-	-	5,916,552
<b>Total other expenditures</b>	<b>5,916,552</b>	<b>-</b>	<b>2,186,552</b>	<b>5,819,506</b>	<b>31,305</b>	<b>13,953,915</b>
<b>Total Expenditures</b>	<b>154,819,386</b>	<b>5,330,842</b>	<b>2,705,418</b>	<b>5,819,506</b>	<b>4,416,470</b>	<b>173,091,622</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>688,622</b>	<b>1,180,752</b>	<b>2,016,585</b>	<b>(349,848)</b>	<b>116,905</b>	<b>3,653,016</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	1,946,569	-	1,546,320	336,125	-	3,829,014
Transfers out	(383,751)	(52,685)	(1,641,419)	-	(1,499,481)	(3,577,336)
<b>Total Other Financing Sources (Uses)</b>	<b>1,562,818</b>	<b>(52,685)</b>	<b>(95,099)</b>	<b>336,125</b>	<b>(1,499,481)</b>	<b>251,678</b>
<b>Net Change in Fund Balances</b>	<b>2,251,440</b>	<b>1,128,067</b>	<b>1,921,486</b>	<b>(13,723)</b>	<b>(1,382,576)</b>	<b>3,904,694</b>
Fund balances (deficits) at beginning of year	18,756,135	1,087,636	4,149,714	31,897,942	2,296,310	58,187,737
Fund balances at end of year	\$ 21,007,575	\$ 2,215,703	\$ 6,071,200	\$ 31,884,219	\$ 913,734	\$ 62,092,431

The notes to the basic financial statements are an integral part of this statement.

**Cedar Rapids Community School District  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
 and Changes in Fund Balances to the Government-wide Statement of Activities  
 Year Ended June 30, 2007**

**Total net change in fund balances - governmental funds (page 55) \$ 3,904,694**

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, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	\$ 1,134,860	
Depreciation expense	<u>(2,871,612)</u>	(1,736,752)

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits earned (\$1,744,210) was less than the amounts paid (\$1,784,763) by \$40,553. Vacation earned (\$1,332,522) was less than the amounts paid (\$1,458,526) by \$126,004.

166,557

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 assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Repayment of long-term liabilities	2,250,000
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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 it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest on bonds decreased by \$339,107.

339,107

**Change in net assets - governmental activities (page 49) \$ 4,923,606**

*The notes to the basic financial statements are an integral part of this statement.*

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Net Assets  
Proprietary Funds**

**As of June 30, 2007**

	Business-Type Activity		Total
	Nutrition Services	Daycare Services	
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,495,749	\$ 208,380	\$ 1,704,129
Other receivables	79,635	522,169	601,804
Due from other governments	39,153	-	39,153
Inventories - supplies and materials	226,997	-	226,997
<b>Total current assets</b>	<b>1,841,534</b>	<b>730,549</b>	<b>2,572,083</b>
Noncurrent Assets:			
Furniture and equipment (net)	505,235	-	505,235
<b>Total assets</b>	<b>2,346,769</b>	<b>730,549</b>	<b>3,077,318</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	27,582	6,192	33,774
Accrued expenses	20,891	173,265	194,156
Due to other funds	126,411	459,020	585,431
Unearned revenue	129,863	89,878	219,741
<b>Total liabilities</b>	<b>304,747</b>	<b>728,355</b>	<b>1,033,102</b>
<b>Net Assets</b>			
Invested in capital assets	505,235	-	505,235
Unrestricted	1,536,787	2,194	1,538,981
<b>Total net assets</b>	<b>\$ 2,042,022</b>	<b>\$ 2,194</b>	<b>\$ 2,044,216</b>

*The notes to the basic financial statements are an integral part of this statement.*

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds**

**For the Year ended June 30, 2007**

	Business-Type Activity		Total
	Nutrition Services	Daycare Services	
<b>Operating revenues:</b>			
Local sources	\$ 3,455,744	\$ 1,576,123	\$ 5,031,867
<b>Total operating revenues:</b>	3,455,744	1,576,123	5,031,867
<b>Operating expenses:</b>			
Payroll costs	3,300,626	1,385,473	4,686,099
Purchased services	71,666	29,509	101,175
Supplies and materials	3,153,995	150,101	3,304,096
Depreciation	76,130	-	76,130
<b>Total operating expenses</b>	6,602,417	1,565,083	8,167,500
<b>Operating income (loss)</b>	(3,146,673)	11,040	(3,135,633)
<b>Nonoperating revenues:</b>			
State sources	77,575	-	77,575
Federal sources	3,446,469	4,591	3,451,060
Interest income	95,425	-	95,425
<b>Total nonoperating revenues</b>	3,619,469	4,591	3,624,060
<b>Income before transfers</b>	472,796	15,631	488,427
<b>Transfers out</b>	(238,241)	(13,437)	(251,678)
Change in net assets	234,555	2,194	236,749
Net assets beginning of year	1,807,467	-	1,807,467
Net assets end of year	\$ 2,042,022	\$ 2,194	\$ 2,044,216

*The notes to the basic financial statements are an integral part of this statement.*

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year ended June 30, 2007**

	Business-Type Activity		Total
	Nutrition Services	Daycare Services	
<b>Cash Flows from Operating Activities:</b>			
Cash received from sale of lunches and breakfasts	\$ 3,303,825	\$ -	\$ 3,303,825
Cash received from services	164,362	1,053,954	1,218,316
Cash received from miscellaneous operating activities	7,289	89,878	97,167
Cash payments to employees for services	(3,513,741)	(753,188)	(4,266,929)
Cash payments to suppliers for good and services	(2,916,479)	(173,418)	(3,089,897)
Net cash provided by (used in) operating activities	(2,954,744)	217,226	(2,737,518)
<b>Cash Flows from Non-Capital Financing Activities:</b>			
State lunch and breakfast reimbursements	85,044	-	85,044
Federal lunch and breakfast reimbursements	3,051,257	4,591	3,055,848
Transfers to other funds	(238,241)	(13,437)	(251,678)
Net cash provided by (used in) non-capital financing activities	2,898,060	(8,846)	2,889,214
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(118,515)	-	(118,515)
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	94,532	-	94,532
Net increase (decrease) in cash and cash equivalents	(80,667)	208,380	127,713
Cash and cash equivalents at beginning of year	1,576,416	-	1,576,416
Cash and cash equivalents at end of year	\$ 1,495,749	\$ 208,380	\$ 1,704,129
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (3,146,673)	\$ 11,040	\$ (3,135,633)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	76,130	-	76,130
Commodities consumed	303,232	-	303,232
Changes in assets and liabilities:			
Increase in receivables, net	(15,565)	(522,169)	(537,734)
Increase in inventories	(4,234)	-	(4,234)
Increase in accounts payable and accrued expenses	11,289	179,457	190,746
Increase (decrease) in due to other funds	(214,219)	459,020	244,801
Increase in unearned revenues	35,296	89,878	125,174
Net cash provided by (used in) operating activities	\$ (2,954,744)	\$ 217,226	\$ (2,737,518)

**Non-Cash Investing, Capital and Financing Activities:**

During the year ended June 30, 2007, the District received federal commodities valued at \$391,249.

*The notes to the basic financial statements are an integral part of this statement.*

**Cedar Rapids Community School District**  
**Statement of Fiduciary Assets and Liabilities**  
**As of June 30, 2007**

	<b>Agency Fund</b>
<b>Assets:</b>	
Cash	\$ 20,955
Total Assets	\$ 20,955
 <b>Liabilities:</b>	
Accounts payable	\$ 20,955
Total Liabilities	\$ 20,955

*The notes to the basic financial statements are an integral part of this statement.*

# **Cedar Rapids Community School District**

## **Notes to the Financial Statements**

**June 30, 2007**

### **1. Summary of Significant Accounting Policies**

The Cedar Rapids Community School District (the "District") is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve with a student enrollment of 17,677. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education, as well as vocational and recreational courses. The geographic area served includes the cities of Cedar Rapids, Bertram, Hiawatha, Palo, Robins and portions of Marion, Iowa. The District is governed by a Board of Directors whose members are elected on a nonpartisan basis.

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

#### **A. Reporting Entity**

For financial reporting purposes, the 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 GASB 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 District has no component units that meet the GASB criteria, and is not a component unit for another entity.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2007

#### B. Basis of Presentation

##### Government-wide Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used have not been eliminated during the process of consolidation. *Governmental activities*, which normally are supported by taxes 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 assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2007

#### B. Basis of Presentation (continued)

##### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, 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 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 revenues 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 expenditures, including instructional, support and other costs.

The *management fund* accounts for the resources accumulated and payments made for property insurance, fidelity bonds, worker compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

The *physical plant and equipment levy fund* accounts for the resources accumulated and payments made for the purchase and improvement of grounds; purchase of buildings; major repairs, remodeling, reconstructing, improving or expanding the schoolhouses or buildings; expenditures for energy conservation; and for equipment purchases which must be equal to or greater than \$1,500 in unit value. The purchase of transportation vehicles qualifies under the law.

The *debt service fund* is utilized to account for the payment of interest and principal on the District's general long term-debt.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2007

#### B. Basis of Presentation (continued)

The District reports the following major proprietary funds:

The *nutrition services fund* is used to account for the food service operations of the District.

The *day care fund* is used to account for the day care services operations of the District.

Proprietary funds are used to account for activities similar to those found in private industry, where the determination of net income is necessary or useful to provide sound financial administration.

Additionally, the District reports the following fund type:

The *agency fund* is used to account for assets held by the District as an agent for private donations from individuals. These donations are to be used for specific purposes, such as scholarships. The agency fund is custodial in nature; assets equal liabilities, and do not involve measurement of results of operations.

#### C. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary, and Fiduciary Fund 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 taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. The agency fund is custodial in nature and has no measurement focus.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2007

#### C. Measurement Focus and Basis of Accounting (continued)

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Under the 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 assets 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.

The proprietary funds 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 principal ongoing operations. The principal operating revenues of the District's enterprise funds 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.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2007**

#### **D. Cash, Cash Equivalents and Investments**

The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for 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, have a maturity date no longer than three months.

#### **E. Property Taxes Receivable**

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April 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 in both the government-wide and fund financial statements and will not be recognized 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 1.5% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2007**

#### **F. Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transfers between funds had not been received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

#### **G. Due from Other Governments**

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

#### **H. Inventories**

Inventories of the General Fund are stated at the moving average cost for purchased items and are accounted for using the consumption method, whereby inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. Reported inventories in the General Fund are offset by a fund balance reserve which indicates these assets are unavailable for appropriation even though they are a component of reported assets.

Inventories of the Nutrition Services Fund are valued at cost using the first-in, first-out method for purchased items and government commodities.

#### **I. Capital Assets**

Capital assets, which include property, furniture and equipment are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2007**

**I. Capital Assets (continued)**

The District defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Furniture	20
Kitchen equipment	15
Office/school equipment	10
Vehicles	8
Computer equipment	5

**J. Salaries and Benefits Payable**

Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**K. Deferred Revenue**

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

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2007**

#### **L. Compensated Absences**

District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability attributable to the governmental activities will be paid primarily by the general fund.

#### **M. Long-Term Liabilities**

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

#### **N. Fund Equity**

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

#### **O. Restricted Net Assets**

In the Government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### **P. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the other expenditures functional area exceeded the amount budgeted. The District did not exceed its General Fund unspent authorized budget.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2007**

**2. Deposits and Investments**

The District's deposits in banks at June 30, 2007 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 or other evidences 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.

The District's investments at June 30, 2007 are as follows:

<u>Type</u>	<u>Fair Value</u>
U.S. Treasury Securities	<u>\$ 31,758,699</u>

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.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2007**

**3. Due from Government Agencies**

The following amounts are due to the General Fund of the District by various local, state and federal government agencies at June 30, 2007:

Tuition from other districts	\$1,117,278
IDEA part B grant	509,480
Title I program	772,784
Non-public transportation	438,764
Foster care/district court claim	353,960
Perkins grant	111,399
Other	<u>1,538,147</u>
	<u>\$4,841,812</u>

**4. Interfund Receivables and Payables**

As of June 30, 2007, interfund receivables and payables were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 887,354	\$ -
Management Fund	-	28,306
Physical Plant and Equipment Levy Fund	-	218,144
Student Activity Fund	-	<u>55,473</u>
Total Governmental Funds	<u>887,354</u>	<u>301,923</u>
Nutrition Services Fund	-	126,411
Day Care Fund	-	<u>459,020</u>
Total Proprietary Funds	-	<u>585,431</u>
Total All Funds	<u>\$ 887,354</u>	<u>\$ 887,354</u>

The interfund balances relate to expenditures initially paid from the General Fund for supplies and payroll costs, which need to be reimbursed by other proprietary and governmental funds. All balances will be repaid by June 30, 2008.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2007**

**5. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Food & Nutrition Fund	\$ 238,241
General Fund	Day Care Fund	13,437
General Fund	Management Fund	52,685
General Fund	Physical Plant and Equipment Levy Fund	1,641,419
General Fund	Capital Projects Fund	787
Physical Plant and Equipment Levy Fund	General Fund	47,626
Physical Plant and Equipment Levy Fund	Capital Projects Fund	1,498,694
Debt Service Fund	General Fund	<u>336,125</u>
		<u><u>\$ 3,829,014</u></u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2007

#### 6. Capital Assets

Capital asset balances and activity for the year ended June 30, 2007 were as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,461,203	\$ 29,535	\$ (4,697)	\$ 8,486,041
Construction in progress	7,698,963	32,091	-	7,731,054
Total capital assets, not being depreciated	16,160,166	61,626	(4,697)	16,217,095
Capital assets, being depreciated:				
Buildings and improvements	81,037,019	42,644	-	81,079,663
Furniture and equipment	17,381,874	567,059	(15,643)	17,933,290
Vehicles	7,836,302	463,531	(274,046)	8,025,787
Total capital assets being depreciated	106,255,195	1,073,234	(289,689)	107,038,740
Less accumulated depreciation for:				
Buildings and improvements	35,234,928	1,602,601	(4,697)	36,832,832
Furniture and equipment	13,238,358	722,889	(15,643)	13,945,604
Vehicles	5,733,429	546,122	(274,046)	6,005,505
Total accumulated depreciation	54,206,715	2,871,612	(294,386)	56,783,941
Total capital assets, being depreciated, net	52,048,480	(1,798,378)	4,697	50,254,799
<b>Governmental activities capital assets, net</b>	<b>\$ 68,208,646</b>	<b>\$ (1,736,752)</b>	<b>\$ -</b>	<b>\$ 66,471,894</b>
<b>Business-type activities:</b>				
Furniture and equipment	\$ 2,681,736	\$ 118,515	\$ -	\$ 2,800,251
Less accumulated depreciation:	2,218,886	76,130	-	2,295,016
<b>Business-type activities, capital assets, net</b>	<b>\$ 462,850</b>	<b>\$ 42,385</b>	<b>\$ -</b>	<b>\$ 505,235</b>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 711,058
Instructional staff services	105,552
General administration services	3,142
School administration services	6,964
Business services	85,731
Operations and maintenance	372,685
Student transportation	467,242
Facilities acquisition/construction	1,119,238
<b>Total</b>	<b><u>\$ 2,871,612</u></b>

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2007**

**6. Capital Assets (continued)**

During 1995, the District completed an inventory of its capital assets, including the property and equipment held by the Nutrition Services Fund. The District used the historical cost of the capital asset, if available, or estimated a historical cost using industry back trending factors. Approximately \$13.1 million of the total historical cost balance was estimated.

**7. Works of Art**

The District is the owner of works of art with an estimated market value of \$12,646,975. The historical cost of these works of art is negligible and is not required to be capitalized by the District.

**8. Bonded and Other Long-Term Liabilities**

Long-term liability balances and activity for the year ended June 30, 2007 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
General obligation debt	\$ 39,325,000	\$ -	\$ (1,925,000)	\$ 37,400,000	\$ 2,050,000
School refunding bonds	31,385,000	-	-	31,385,000	-
Other liabilities:					
Compensated absences	1,458,526	1,332,522	(1,458,526)	1,332,522	1,332,522
Early retirement payable	11,805,906	3,278,280	(3,525,505)	11,558,681	3,245,538
Capital loan payable	325,000	-	(325,000)	-	-
<b>Total long-term liabilities</b>	<b>\$ 84,299,432</b>	<b>\$ 4,610,802</b>	<b>\$ (7,234,031)</b>	<b>\$ 81,676,203</b>	<b>\$ 6,628,060</b>

In previous years, the Management Fund (for early retirement pay) and General Fund (for compensated absences) typically have been used to liquidate long-term liabilities other than debt.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2007

#### 8. Bonded and Other Long-Term Liabilities (continued)

##### Early Retirement

The District offers a voluntary early retirement plan to its certified and administrative employees. Certified employees who have completed at least 20 years of service and who are at least 55 years of age shall be eligible. Employees will be allowed benefits upon submission of a written resignation accepted by Human Resources by February 1 of the current contract year. The early retirement incentive for each eligible certified employee is equal to an amount representing 105 days' pay calculated by using the current year basic salary schedule, subject to a proration formula by age. During the year ended June 30, 2004 there was an enhancement to the normal plan, with an additional payment for unused days of accrued sick leave of \$100 per day, up to a maximum of 100 days for certified employees.

The District will pay eligible employees an early retirement benefit to be contributed by the district directly to a tax-sheltered annuity owned by the employee and qualifying under section 403(b) of the Internal Revenue Code of 1986, as amended. An employee may choose to receive the accumulated days' salary in equal annual installments spread out over three to five years beginning in October of the same year following early separation.

Administrators age 55 through 65 whose age plus years of service with the District totals 75 shall be eligible for early retirement pay. Administrators will be allowed benefits upon submission of a written resignation accepted by the Board of Directors. The early retirement incentive for each eligible administrative employee is equal to an amount representing 195 days' pay. The daily rate of pay shall be the administrator's contract salary in effect during the last full year of employment. During the year ended June 30, 2004 there was an enhancement to the normal plan, with an additional payment for unused days of accrued sick leave of \$100 per day, up to a maximum of 100 days for administrators.

The District will pay eligible employees an early retirement benefit to be contributed by the district directly to a tax-sheltered annuity owned by the employee and qualifying under section 403(b) of the Internal Revenue Code of 1986, as amended. An administrator may choose to receive the accumulated days' salary in equal annual installments spread out over four or five years beginning in October of the same year following early separation.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2007**

**8. Bonded and Other Long-Term Liabilities (continued)**

Early retirement benefits paid during the year ended June 30, 2007 totaled \$3,525,505 of which the Management Fund paid \$3,491,082 and the General Fund paid \$34,423. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Management and General Funds. A liability has been recorded in the government-wide financial statements representing the District's commitment to fund non-current early retirement benefits.

Bonded Debt

On March 1, 2006, the District issued \$31,385,000 of general obligation refunding bonds, with interest rates ranging from 3.75% to 5.00%, for a crossover refunding of a portion of the general obligation bonds issued February 1, 2001 and January 1, 2002. The District entered in to an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. securities. These securities were placed in an escrow account for the express purpose of paying the \$31,575,000 principal on the refunded general obligation bonds when they become callable on June 1, 2009 and June 1, 2010 and the interest on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished.

Details of the District's June 30, 2007 bonded indebtedness are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 2,050,000	\$ 3,137,998	\$ 5,187,998
2009	2,075,000	3,041,373	5,116,373
2010	2,705,000	2,943,260	5,648,260
2011	4,715,000	2,819,773	7,534,773
2012	4,945,000	2,619,110	7,564,110
2013-2017	27,225,000	9,660,938	36,885,938
2018-2021	<u>25,070,000</u>	<u>2,816,414</u>	<u>27,886,414</u>
<b>Totals</b>	<b><u>\$ 68,785,000</u></b>	<b><u>\$ 27,038,866</u></b>	<b><u>\$ 95,823,866</u></b>

As of June 30, 2007 the District did not exceed its legal debt margin of \$362,226,247.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2007**

#### **9. Pension and Retirement Benefits**

The 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 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$6,214,201, \$5,994,041 and \$5,601,896 respectively, equal to the required contribution for each year.

#### **10. Post-Employment Benefits Other Than Pension Benefits**

The District provides two types of post-employment benefits other than pension benefits: health insurance and life insurance. These benefits are provided to qualified employees under collective bargaining agreements and are financed and accounted for on a pay-as-you-go-basis. Therefore, no liability has been actuarially determined or provided for in the financial statements.

##### **Health Insurance**

For the employee groups of teachers, administrators, supervisor/technicians, confidential secretaries, custodial/maintenance, food service and secretary/clerical, the District provides for health insurance coverage under contract provisions for those electing early retirement. The District pays the premium amount specified in the individual contracts on the date of separation.

##### **Administrators**

An administrator electing early retirement shall continue to receive health insurance coverage, not to exceed the cost of the premium on the date of separation of the Alliance Select Standard family plan. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. When an administrator who has elected early separation reaches age 65, his/her spouse shall continue to receive the premium for a period not to exceed three years or age 65. The spouse of an

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2007**

#### **10. Post-Employment Benefits Other Than Pension Benefits (continued)**

administrator who has elected early retirement or has attained eligibility for early retirement, shall, upon death of the administrator, continue to receive health insurance until the date the deceased administrator would have reached age 65. In no instance shall the spouse continue to receive health insurance for a period longer than ten years. For the year ended June 30, 2007 the District recognized \$219,465 in expenditures for 31 former employees.

##### **Teachers**

For a certified employee electing early retirement, the District shall continue to pay the premium for the elected health coverage selected on the date of early separation. Coverage shall cease when the retired employee reaches age 65, secures other employment or dies. For the year ended June 30, 2007, the District recognized \$1,334,602 in expenditures for 281 former employees.

##### **Supervisors/Technicians/Confidential Secretaries**

For an employee electing early retirement, the District shall continue to pay the premium for the elected health coverage, in an amount not to exceed the premium for the Alliance Select Standard plan on the date of early separation. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. For the year ended June 30, 2007 the District recognized \$25,097 in expenditures for 3 former employees.

##### **Custodial/Maintenance/Food Service/Secretary/Clerical**

Employees who separate from the District before becoming eligible for Medicare shall have the option to continue participation in the District's health insurance plan. The employee must be at least age 55 and must have completed at least 20 years of service with the District. The District will pay the cost of the premium specified in the individual group contracts. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. For the year ended June 30, 2007 the District recognized \$161,577 in expenditures for 34 former employees.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2007**

#### **10. Post-Employment Benefits Other Than Pension Benefits (continued)**

##### **Life Insurance**

An administrator electing early retirement as provided above shall continue to receive life insurance coverage and an accidental death and dismemberment benefit of \$100,000 until the administrator secures other employment covered by a life insurance program or reaches age 65. For the year ended June 30, 2007, 28 administrators had qualified under this provision, with the District recognizing \$5,610 in expenditures.

#### **11. Construction Contractual Commitments**

Total outstanding contractual commitments for construction projects at June 30, 2007 for the Physical Plant and Equipment Levy Fund was \$1,650,531 and for the Capital Projects Fund was \$-0-.

#### **12. Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **13. 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 Grant Wood Area Education Agency. The District's actual amount for this purpose totals \$5,916,522 for the year ended June 30, 2007. The District's budgeted and actual share is included in these financial statements.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2007**

#### **14. Joint Venture**

The District is a member of a joint venture with five other local government units. The joint venture, the Metro Interagency Insurance Program (MIIP), provides services necessary and appropriate for the establishment, operation and maintenance of an insurance program for employee health and medical claims. MIIP is not intended to function as an insurance company for the participants. Rather, it is a means of combining the administration of claims and of obtaining lower insurance rates. Although premiums billed to the participants are determined on an actuarial basis, ultimate liability for claims remains with the respective participant and, accordingly, the insurance risks are not transferred to MIIP. In the event that a member withdraws from MIIP, the withdrawn member continues to be responsible for its share of cost arising from events occurring while it was a participating member. If the withdrawn member at any time has a negative equity balance, the withdrawn member is immediately liable and obligated to MIIP for that amount.

#### **15. New Pronouncements**

Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 30, 2004, will be effective for the District beginning with its year ending June 30, 2008. The Statement requires governments to report any liability associated with providing employees benefits other than pensions subsequent to their employment with the District that have not been fully funded.

Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, issued in September, 2006, will be effective for the District beginning with its year ending June 30, 2008. The Statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or a collateralized borrowing. The Statement also includes disclosure requirements for future revenues that are pledged or sold.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2007**

**15. New Pronouncements (continued)**

Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, issued in November, 2006, will be effective for the District beginning with its year ending June 30, 2009. The Statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

Statement No. 50, Pension Disclosures, issued in May 2007, will be effective for the District beginning with its year ending June 30, 2008. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

Statement No. 51, Accounting and Financial Reporting for Intangible Assets, issued in June 2007, will be effective for the District beginning with its year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by their scope be classified as capital assets.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.



## **Required Supplementary Information**

**Cedar Rapids Community School District**

**Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund**

**Required Supplementary Information**

**For the Year Ended June 30, 2007**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budget Amounts		Variances -- Positive (Negative)	
				Original	Final	Original to Final	Final to Actual
<b>Revenues:</b>							
Local sources	\$ 84,514,654	\$ 5,127,292	\$ 89,641,946	\$ 85,976,076	\$ 86,321,480	\$ 345,404	\$ 3,320,466
State sources	85,684,432	77,575	85,762,007	84,869,564	86,174,681	1,305,117	(412,674)
Federal sources	6,545,552	3,451,060	9,996,612	7,826,839	9,775,659	1,948,820	220,953
<b>Total revenues</b>	<b>176,744,638</b>	<b>8,655,927</b>	<b>185,400,565</b>	<b>178,672,479</b>	<b>182,271,820</b>	<b>3,599,341</b>	<b>3,128,745</b>
<b>Expenditures:</b>							
Instruction	110,048,768	-	110,048,768	109,481,216	114,547,080	(5,065,864)	4,498,312
Support Services	47,565,138	-	47,565,138	46,328,561	52,869,149	(6,540,588)	5,304,011
Non-instructional programs	1,523,801	8,167,500	9,691,301	9,237,049	9,835,125	(598,076)	143,824
Other expenditures	13,953,915	-	13,953,915	14,136,263	12,773,032	1,363,231	(1,180,883)
<b>Total expenditures</b>	<b>173,091,622</b>	<b>8,167,500</b>	<b>181,259,122</b>	<b>179,183,089</b>	<b>190,024,386</b>	<b>(10,841,297)</b>	<b>8,765,264</b>
Excess (deficiency) of revenues over (under) expenditures	3,653,016	488,427	4,141,443	(510,610)	(7,752,566)	(7,241,956)	11,894,009
<b>Other Financing Sources (uses):</b>							
Sale of fixed assets	-	-	-	7,000	7,000	-	(7,000)
Transfers in	3,829,014	-	3,829,014	394,981	3,708,946	3,313,965	120,068
Transfers out	(3,577,336)	(251,678)	(3,829,014)	(394,981)	(3,708,946)	(3,313,965)	(120,068)
<b>Total other financing sources (uses)</b>	<b>251,678</b>	<b>(251,678)</b>	<b>-</b>	<b>7,000</b>	<b>7,000</b>	<b>-</b>	<b>(7,000)</b>
<b>Net change in fund balances</b>	<b>3,904,694</b>	<b>236,749</b>	<b>4,141,443</b>	<b>(503,610)</b>	<b>(7,745,566)</b>	<b>(7,241,956)</b>	<b>11,887,009</b>
Fund balance--Beginning	58,187,737	1,807,467	59,995,204	20,683,970	60,017,457	(39,333,487)	22,253
Fund balance--Ending	<u>\$ 62,092,431</u>	<u>\$ 2,044,216</u>	<u>\$ 64,136,647</u>	<u>\$ 20,180,360</u>	<u>\$ 52,271,891</u>	<u>\$ 32,091,531</u>	<u>\$ 11,864,756</u>

## **Cedar Rapids Community School District**

### **Notes to Required Supplementary Information – Budgetary Reporting**

#### **Year ended June 30, 2007**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental 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 Directors annually adopts a budget following required public notice and hearing for all funds as a whole 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 a GAAP basis. Appropriations lapse at fiscal year-end and then are reappropriated for the next year, if necessary.

Around January 15 of each year, all departments of the District must submit budget requests to the Executive Director of Business Services so that the budget for the next fiscal year may be prepared. The budget is prepared by fund, function, program, object and facility and is presented in the 2006-07 Budget document. The 2006-07 Budget also includes information on the past year, current year estimates, requested appropriations for the next fiscal year and the number of full-time equivalent personnel available to be utilized next year.

Before March 1, the proposed budget is presented to the Board of Directors for review. The Board of Directors holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget must be adopted by an affirmative vote of a majority of the Board of Directors by April 15.

Once adopted, the budget can be amended through the same process, with all budget amendments to be completed by May 31 of the budget year affected. For 2006-2007, amendments increased the instructional functional area by \$5,065,864, total support services by \$6,540,588 and the non-instructional programs by \$598,076. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures were decreased by \$1,363,231 for decreased facilities construction costs. The budgetary data presented in the required supplementary information reflect all approved budget amendments.

## **Cedar Rapids Community School District**

### **Notes to Required Supplementary Information – Budgetary Reporting**

**Year ended June 30, 2007**

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year, expenditures in the other expenditures function exceeded the amount budget by \$1,180,883.

The District utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods and services that have not been received or rendered are recorded to reserve that portion of the applicable fund balances. Encumbrances of \$518,045 in the General Fund, \$354 in the Management Fund and \$1,759,972 in the Physical Plant and Equipment Levy Fund were carried forward to fiscal year 2007-2008.

## **Supplemental Information**



## **Cedar Rapids Community School District**

### **General Fund**

The General Fund accounts for all revenues and expenditures traditionally associated with government, which are not required legally or by sound financial management to be accounted for in other funds.

The District's General Fund is the operating fund that is used to account for most of the instructional and administrative aspects of the District's operations. The Fund's revenue consists primarily of local property taxes, and state and federal government aid.

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Major Fund - General**

**Year ended June 30, 2007**

	Actual
<b>Revenues:</b>	
<b>Local sources:</b>	
Property taxes	\$ 44,125,297
Utility tax replacement excise tax	2,894,449
Income surtax	5,614,790
Tuition	5,197,330
Transportation	65,534
Investment earnings	1,270,606
Student activities	15,692
Fees and rents	506,568
Sales of services	2,663,022
Other	934,413
Total local sources	63,287,701
<b>State sources:</b>	
Foundation aid	70,348,123
Instructional support	585,801
Educational excellence program	1,490,828
AEA flowthrough	5,916,552
Nonpublic aid	816,895
Iowa Early Intervention Block grant	1,111,044
At-risk grants	1,008,203
Miscellaneous state grants	4,364,797
Other	32,512
Total state sources	85,674,755
<b>Federal sources:</b>	
Title I grants	2,380,269
Title V grants	33,456
Carl Perkins grant	226,157
Class size reduction	703,260
Individuals with Disabilities Education Act	1,028,680
Reading First grant	300,091
Medicaid direct reimbursement	1,175,048
Medicaid administration (time study)	59,264
Other	639,327
Total federal sources	6,545,552
Total revenues	155,508,008

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Major Fund - General**

**Year ended June 30, 2007**

	<u>Actual</u>
<b>Expenditures:</b>	
<b>Instruction:</b>	
<b>Regular instruction:</b>	
Salaries	\$ 40,508,621
Employee benefits	12,830,244
Purchased services	3,817,591
Supplies	2,298,933
Capital outlay	387,796
Other	(10,032,693)
	<u>49,810,492</u>
<b>Special education:</b>	
Salaries	18,211,324
Employee benefits	5,000,466
Purchased services	3,296,015
Supplies	296,552
Capital outlay	48,250
Other	10,781,374
	<u>37,633,981</u>
<b>Other special instruction:</b>	
Salaries	7,433,063
Employee benefits	2,168,578
Purchased services	357,824
Supplies	447,470
Capital outlay	207,563
Other	1,017,411
	<u>11,631,909</u>
<b>Vocational instruction:</b>	
Salaries	710,282
Employee benefits	220,780
Purchased services	28,989
Supplies	48,018
Capital outlay	43,224
Other	21,674
	<u>1,072,967</u>

(continued)

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Major Fund - General**

**Year ended June 30, 2007**

	<u>Actual</u>
<b>Co-curricular instruction:</b>	
Salaries	\$ 2,042,345
Employee benefits	280,861
Purchased services	71,886
Supplies	32,410
Other	122,910
	<u>2,550,412</u>
<b>Nonpublic instruction:</b>	
Supplies	54,656
	<u>54,656</u>
<b>Total instruction</b>	<u>102,754,417</u>
<b>Support services:</b>	
<b>Guidance services:</b>	
Salaries	2,475,268
Employee benefits	780,346
Purchased services	322
Supplies	3,994
Other	458
	<u>3,260,388</u>
<b>Health services:</b>	
Salaries	490,768
Employee benefits	209,741
Purchased services	97,969
Supplies	24,281
Capital outlay	1,798
Other	2,688
	<u>827,245</u>
<b>Other student services:</b>	
Salaries	95,437
Employee benefits	12,213
	<u>107,650</u>

(continued)

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Major Fund - General**

**Year ended June 30, 2007**

	<u>Actual</u>
<b>Improvement of instruction:</b>	
Salaries	\$ 2,045,943
Employee benefits	496,015
Purchased services	711,183
Supplies	574,298
Capital outlay	988,613
Other	(3,950)
	<u>4,812,102</u>
<b>Educational media:</b>	
Salaries	1,264,838
Employee benefits	400,260
Purchased services	5,152
Supplies	101,327
Capital outlay	2,897
Other	1,553
	<u>1,776,027</u>
<b>Board of education:</b>	
Employee benefits	5,610
Purchased services	212,283
Supplies	4,892
Other	10,544
	<u>233,329</u>
<b>Executive administration:</b>	
Salaries	1,463,593
Employee benefits	408,712
Purchased services	75,892
Supplies	50,995
Capital outlay	3,492
Other	40,818
	<u>2,043,502</u>

(continued)

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Major Fund - General**

**Year ended June 30, 2007**

	<u>Actual</u>
<b>School administration:</b>	
Salaries	\$ 7,696,130
Employee benefits	2,339,568
Purchased services	115,870
Supplies	85,582
Capital outlay	14,079
Other	28,922
	<u>10,280,151</u>
<b>Business administration:</b>	
Salaries	3,137,624
Employee benefits	895,776
Purchased services	447,928
Supplies	377,142
Capital outlay	134,484
Other	(39,512)
	<u>4,953,442</u>
<b>Operations &amp; maintenance:</b>	
Salaries	6,135,585
Employee benefits	2,123,091
Purchased services	1,253,594
Supplies	4,377,336
Capital outlay	61,018
Other	(130,588)
	<u>13,820,036</u>
<b>Student transportation:</b>	
Salaries	2,637,151
Employee benefits	441,175
Purchased services	438,882
Supplies	731,834
Capital outlay	8,588
Other	(1,589,600)
	<u>2,668,030</u>
<b>Total support services</b>	<u>44,781,902</u>

(continued)

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Major Fund - General**

**Year ended June 30, 2007**

	<u>Actual</u>
<b>Non-instructional programs:</b>	
<b>Community service:</b>	
Salaries	\$ 1,157,536
Employee benefits	208,979
<b>Total non-instructional programs</b>	<u>1,366,515</u>
<b>Other expenditures:</b>	
AEA flow-through	5,916,552
<b>Total expenditures</b>	<u>154,819,386</u>
Excess of revenues over expenditures	<u>688,622</u>
<b>Other financing sources (uses):</b>	
Transfers in	1,946,569
Transfers out	(383,751)
<b>Total other financing sources (uses)</b>	<u>1,562,818</u>
Excess of revenues and other financing sources over expenditures and other financing uses	2,251,440
Fund balance, beginning of year	<u>18,756,135</u>
Fund balance, end of year	<u><u>\$ 21,007,575</u></u>

(concluded)



## **Cedar Rapids Community School District**

### **Nonmajor Governmental Funds**

#### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

##### **Student Activity Fund**

This fund accounts for the funds raised by student groups. Under state law the Board retains responsibility for the Student Activity Fund's ultimate disposition.

#### **Capital Projects Funds**

##### **Capital Projects Fund**

This fund accounts for the resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Combining Balance Sheet**

**Non major Governmental Funds**

**June 30, 2007**

	Special Revenue - Student Activity	Capital Projects	Total Non major Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,049,049	\$ -	\$ 1,049,049
Receivables:			
Other	2,642	-	2,642
Total Assets	\$ 1,051,691	\$ -	\$ 1,051,691
 <b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued items	\$ 82,484	\$ -	\$ 82,484
Due to other funds	55,473	-	55,473
Total Liabilities	137,957	-	137,957
 Fund Balances:			
Unreserved and undesignated	913,734	-	913,734
Total Fund Balances	913,734	-	913,734
Total Liabilities and Fund Balances	\$ 1,051,691	\$ -	\$ 1,051,691

See accompanying independent auditor's report.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances**

**Non major Governmental Funds**

**Year ended June 30, 2007**

	Special Revenue - Student Activity	Capital Projects	Total Non major Governmental Funds
<b>Revenues:</b>			
Local sources:			
Other local sources	\$ 4,455,644	\$ 77,731	\$ 4,533,375
Total Revenues	4,455,644	77,731	4,533,375
<b>Expenditures:</b>			
Current:			
Other instruction	4,385,165	-	4,385,165
Facilities acquisition	-	31,305	31,305
Total Expenditures	4,385,165	31,305	4,416,470
Deficiency of Revenues under Expenditures	70,479	46,426	116,905
<b>Other Financing Uses:</b>			
Transfers out	-	(1,499,481)	(1,499,481)
Net Changes in Fund Balances	70,479	(1,453,055)	(1,382,576)
Fund balance, beginning of year	843,255	1,453,055	2,296,310
Fund balance, end of year	\$ 913,734	\$ -	\$ 913,734

See accompanying independent auditor's report.

**Cedar Rapids Community School District**

**Schedule of Changes in Fiduciary Assets and Liabilities -  
Agency Fund**

**Year ended June 30, 2007**

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>Assets:</b>				
Cash	\$ 10,657	\$ 31,747	\$ (21,449)	\$ 20,955
Total assets	<u>\$ 10,657</u>	<u>\$ 31,747</u>	<u>\$ (21,449)</u>	<u>\$ 20,955</u>
 <b>Liabilities:</b>				
Accounts payable	\$ 10,657	\$ 31,747	\$ (21,449)	\$ 20,955
Total liabilities	<u>\$ 10,657</u>	<u>\$ 31,747</u>	<u>\$ (21,449)</u>	<u>\$ 20,955</u>

*See accompanying independent auditor's report.*

## **Cedar Rapids Community School District**

### **Capital Assets Used in the Operation of Governmental Funds**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The following schedules include the information previously reported in the general fixed assets account group.

**Cedar Rapids Community School District**

**Schedule of Capital Assets - By Source**

**June 30, 2007**

**Capital Assets:**

Land	\$ 8,486,041
Construction in progress	7,731,054
Buildings and improvements	81,079,663
Furniture and equipment	17,933,290
Vehicles	8,025,787
Total capital assets	<u>\$ 123,255,835</u>

**Investment in capital assets by source:**

General fund	\$ 12,469,989
Special revenue funds	14,530,146
Capital projects funds	96,255,700
Total investment in capital assets	<u>\$ 123,255,835</u>

**Cedar Rapids Community School District**

**Schedule of Changes in Capital Assets  
By Function**

**Year ended June 30, 2007**

Function	Capital Assets July 1, 2006	Additions	Disposals	Capital Assets June 30, 2007
Instruction	\$ 109,498,832	\$ 640,640	\$ 5,935	\$ 110,133,537
Pupil Transportation	7,516,834	446,532	286,976	7,676,390
Maintenance	1,792,170	42,879	1,475	1,833,574
Administration	3,607,525	4,809	-	3,612,334
Total Capital Assets	<u>\$ 122,415,361</u>	<u>\$ 1,134,860</u>	<u>\$ 294,386</u>	<u>\$ 123,255,835</u>

**Cedar Rapids Community School District**

**Schedule of Capital Assets -  
By Function**

**June 30, 2007**

Function	Land	Construction in Progress	Buildings and Improvements	Furniture and Equipment	Vehicles	Total
Instruction	\$ 7,760,477	\$ 7,731,054	\$ 80,300,684	\$ 13,918,765	\$ 422,557	\$ 110,133,537
Pupil Transportation	571,504	-	333,800	232,953	6,538,133	7,676,390
Maintenance	96,144	-	85,455	667,917	984,058	1,833,574
Administration	57,916	-	359,724	3,113,655	81,039	3,612,334
	<u>\$ 8,486,041</u>	<u>\$ 7,731,054</u>	<u>\$ 81,079,663</u>	<u>\$ 17,933,290</u>	<u>\$ 8,025,787</u>	<u>\$ 123,255,835</u>

## **Statistical Section**



**Schedule 1  
Cedar Rapids Community School District**

**Net Assets by Component**

**Last Five Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year					
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 29,071,894	\$ 30,011,701	\$ 26,105,053	\$ 19,839,878	\$ 18,250,136	\$ (33,633,164)
Restricted	7,474,637	4,992,969	1,861,374	1,536,577	610,709	38,227,534
Unrestricted	13,329,211	9,947,465	12,381,158	6,312,509	284,318	(1,323,510)
<b>Total Governmental activities</b>	<b>49,875,742</b>	<b>44,952,135</b>	<b>40,347,585</b>	<b>27,688,964</b>	<b>19,145,163</b>	<b>3,270,860</b>
<b>Business type activities</b>						
Invested in capital assets, net of related debt	505,235	462,850	453,163	522,688	596,672	697,140
Restricted	-	-	-	-	-	-
Unrestricted	1,538,981	1,344,617	1,007,875	506,992	226,323	168,501
<b>Total Business type activities</b>	<b>2,044,216</b>	<b>1,807,467</b>	<b>1,461,038</b>	<b>1,029,680</b>	<b>822,995</b>	<b>865,641</b>
<b>Total primary government net assets</b>	<b>\$ 51,919,958</b>	<b>\$ 46,759,602</b>	<b>\$ 41,808,623</b>	<b>\$ 28,718,644</b>	<b>\$ 19,968,158</b>	<b>\$ 4,136,501</b>

Source: CRCSD Financial Records

**Note:** The district began to report accrual information when it implemented GASB Statement 34 in 2001-2002.

**Schedule 2  
Cedar Rapids Community School District**

**Expenses, Program Revenues, and Net (Expense)/Revenue**

**Last Six Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year					
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Expenses</b>						
Governmental activities:						
Instruction:						
Regular instruction	\$ 52,798,449	\$ 35,244,717	\$ 44,819,744	\$ 44,043,950	\$ 43,002,781	\$ 52,772,992
Special instruction	49,433,979	47,377,434	46,809,075	45,228,653	43,274,213	39,546,723
Vocational instruction	1,052,903	1,033,006	955,000	892,460	976,293	1,292,609
Other instruction	6,991,546	7,269,449	6,501,494	6,946,843	6,195,022	6,390,416
Total Instruction	110,276,877	90,924,606	99,085,313	97,111,906	93,448,309	100,002,740
Support services:						
Student services	4,195,708	4,413,031	3,310,220	4,632,090	4,488,899	4,412,362
Instructional staff services	6,579,274	7,037,494	9,805,511	7,727,069	7,751,257	10,411,622
General administration services	2,351,789	2,811,090	1,436,593	1,034,397	1,121,162	1,952,978
School administration services	10,869,328	10,216,281	8,142,005	7,672,309	7,816,080	8,138,354
Business services	5,092,014	4,771,895	3,461,843	3,607,752	3,606,091	3,954,081
Operations and maintenance	15,502,986	26,502,896	11,312,146	10,913,085	10,968,971	10,437,019
Student transportation	3,383,138	3,212,985	2,746,897	2,314,212	2,448,558	2,394,106
Total support services	47,974,237	58,965,672	40,215,215	37,900,914	38,201,018	41,700,522
Non-instructional programs:						
Food Services	156,605	124,903	-	-	-	-
Community services	1,266,905	2,511,824	2,438,130	2,361,262	2,242,229	2,185,561
Total non-instructional expenditure	1,423,510	2,636,727	2,438,130	2,361,262	2,242,229	2,185,561
Other expenditures:						
Facilities acquisition/construction	3,251,130	4,008,904	1,953,053	3,967,494	(1,753,066)	8,817,447
Interest on long-term debt	3,230,399	2,452,755	2,108,287	2,205,516	2,319,305	1,293,956
AEA flowthrough	5,916,552	5,527,722	5,231,164	5,232,029	5,474,160	5,452,927
Total other expenditures	12,398,081	11,989,381	9,292,504	11,405,039	6,040,399	15,564,330
Total governmental activities	172,072,705	164,516,386	151,031,162	148,779,121	139,931,955	159,453,153
Business type activities:						
Non-instructional programs:						
Day care services	1,565,083	-	-	-	-	-
Food services	6,602,417	6,281,144	6,078,235	5,823,143	5,804,394	5,747,692
Total Business type activities	8,167,500	6,281,144	6,078,235	5,823,143	5,804,394	5,747,692
<b>Total primary government expenses</b>	<b>180,240,205</b>	<b>170,797,530</b>	<b>157,109,397</b>	<b>154,602,264</b>	<b>145,736,349</b>	<b>165,200,845</b>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services						
Instruction	12,991,403	14,168,752	13,770,602	13,541,760	12,466,910	12,349,028
Operating grants and contributions	21,281,797	19,133,035	17,091,295	16,448,596	15,846,308	16,041,119
Capital grants and contributions	-	25,225	560,383	1,207,873	1,904,931	853,180
Total governmental activities	34,273,200	33,327,012	31,422,280	31,198,229	30,218,149	29,243,327
Business type activities:						
Charges for services						
Day care services	1,536,100	-	-	-	-	-
Food Services	3,455,744	3,427,753	3,456,798	3,333,124	3,263,203	3,280,215
Operating grants and contributions						
Day care services	4,591	-	-	-	-	-
Food Services	3,524,044	3,370,984	3,082,460	2,737,108	2,491,795	2,563,280
Capital grants and contributions	-	-	-	-	-	-
Total business type activities	8,520,479	6,798,737	6,539,258	6,070,232	5,754,998	5,843,495
<b>Total primary government revenues</b>	<b>42,793,679</b>	<b>40,125,749</b>	<b>37,961,538</b>	<b>37,268,461</b>	<b>35,973,147</b>	<b>35,086,822</b>
Net (Expense)/Revenue						
Governmental activities	(137,799,505)	(131,189,374)	(119,608,882)	(117,580,892)	(109,713,806)	(130,209,826)
Business type activities	352,979	517,593	461,023	247,089	(49,396)	95,803
<b>Total primary government net expense</b>	<b>\$ (137,446,526)</b>	<b>\$ (130,671,781)</b>	<b>\$ (119,147,859)</b>	<b>\$ (117,333,803)</b>	<b>\$ (109,763,202)</b>	<b>\$ (130,114,023)</b>

Source: CRCSO Financial Records

**Note:** The district began to report accrual information when it implemented GASB Statement 34 in 2001-2002.

**Schedule 3  
Cedar Rapids Community School District**

**General Revenues and Total Change in Net Assets**

**Last Six Fiscal Years**  
*(accrual basis of accounting)*

**Fiscal Year**

	<b>2006-2007</b>	<b>2005-2006</b>	<b>2004-2005</b>	<b>2003-2004</b>	<b>2002-2003</b>	<b>2001-2002</b>
<b>Net (Expense)/Revenue</b>						
Total primary government net expense	\$(137,446,526)	\$(130,671,781)	\$(119,147,859)	\$(117,333,803)	\$(109,763,202)	\$(130,114,023)
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental and Business-type activities:						
Taxes						
Property taxes levied for general purposes*	53,809,700	54,246,327	55,101,108	52,321,560	51,504,978	43,283,324
Property taxes levied for debt service	3,606,784	3,667,686	3,886,785	3,866,591	3,999,249	757,630
Property taxes levied for capital projects	4,024,504	3,985,918	4,197,782	4,053,427	4,039,955	3,816,108
Income surtaxes	5,614,790	3,239,523	3,001,098	2,886,724	2,947,528	3,275,396
Grants not restricted to specific programs	71,330,072	67,945,624	64,003,288	61,534,656	61,187,961	59,253,362
Investment earnings	3,441,530	1,569,260	919,888	505,751	1,103,336	1,161,986
Miscellaneous	779,502	968,422	1,127,889	915,579	811,851	916,710
Total primary government	<u>142,606,882</u>	<u>135,622,760</u>	<u>132,237,838</u>	<u>126,084,288</u>	<u>125,594,858</u>	<u>112,464,516</u>
<b>Change in Net Assets</b>						
<b>Total primary government</b>	<b><u>\$ 5,160,356</u></b>	<b><u>\$ 4,950,979</u></b>	<b><u>\$ 13,089,979</u></b>	<b><u>\$ 8,750,485</u></b>	<b><u>\$ 15,831,656</u></b>	<b><u>\$ (17,649,507)</u></b>

Source: CRCSD Financial Records

**Notes:** The district began to report accrual information when it implemented GASB Statement 34 in 2001-2002.  
\* Changes in property tax revenues are a product of underlying changes in property values and tax rates.  
See Schedules 8-11.

**Schedule 4  
Cedar Rapids Community School District**

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
General Fund										
Reserved	\$ 1,093,086	\$ 2,210,914	\$ 1,501,870	\$ 1,813,396	\$ 1,603,047	\$ 3,194,186	\$ 2,169,982	\$ 1,178,063	\$ 760,598	\$ 3,232,367
Unreserved	19,914,489	16,545,221	15,267,504	8,294,363	3,340,298	(2,290,884)	1,501,722	3,888,868	4,842,330	3,697,311
Total general fund	<u>21,007,575</u>	<u>18,756,135</u>	<u>16,769,374</u>	<u>10,107,759</u>	<u>4,943,345</u>	<u>903,302</u>	<u>3,671,704</u>	<u>5,066,931</u>	<u>5,602,928</u>	<u>6,929,678</u>
All Other Governmental Funds										
Reserved*	1,760,326	2,743,460	3,858,076	6,855,379	13,403,729	35,833,127	10,821,124	22,278	27,186	31,673
Unreserved, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Special revenue funds	7,440,311	4,790,200	2,467,660	3,771,615	4,255,298	967,374	3,653,189	4,880,985	4,873,323	5,091,138
Debt service funds**	31,884,219	31,897,942	26,096	714	64,570	59,026	-	-	84,147	66,016
Total all other governmental funds	<u>41,084,856</u>	<u>39,431,602</u>	<u>6,351,832</u>	<u>10,627,708</u>	<u>17,723,597</u>	<u>36,859,527</u>	<u>14,474,313</u>	<u>4,903,263</u>	<u>4,984,656</u>	<u>5,188,827</u>
<b>Total all governmental funds</b>	<b><u>\$ 62,092,431</u></b>	<b><u>\$ 58,187,737</u></b>	<b><u>\$ 23,121,206</u></b>	<b><u>\$ 20,735,467</u></b>	<b><u>\$ 22,666,942</u></b>	<b><u>\$ 37,762,829</u></b>	<b><u>\$ 18,146,017</u></b>	<b><u>\$ 9,970,194</u></b>	<b><u>\$ 10,587,584</u></b>	<b><u>\$ 12,118,505</u></b>

Source: CRCSD Financial Records

**Notes:** \* The district reserved capital projects funds provided by G.O. bond sales beginning in 2001 totaling \$46 million using these funds for the district's five year program of building additions and improvements.

\*\* During fiscal year 2006, the District sold \$31.385 million in school refunding general obligation bonds.

**Schedule 5  
Cedar Rapids Community School District**

**Governmental Funds Revenues**

**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
Federal Sources:										
Federal grants	\$ 6,545,552	\$ 6,219,870	\$ 5,915,332	\$ 6,316,278	\$ 5,405,830	\$ 3,891,638	\$ 4,092,614	\$ 2,575,067	\$ 2,170,928	\$ 2,544,427
<b>Total federal sources</b>	<b>6,545,552</b>	<b>6,219,870</b>	<b>5,915,332</b>	<b>6,316,278</b>	<b>5,405,830</b>	<b>3,891,638</b>	<b>4,092,614</b>	<b>2,575,067</b>	<b>2,170,928</b>	<b>2,544,427</b>
State Sources:										
State foundation aid	70,348,123	67,090,548	63,294,455	60,876,493	60,516,196	58,582,107	58,506,061	54,223,132	50,121,925	54,032,557
State grants and other	15,336,309	13,507,224	11,942,916	11,529,278	12,905,054	13,577,661	12,441,150	12,457,350	10,957,676	4,863,663
<b>Total state sources</b>	<b>85,684,432</b>	<b>80,597,772</b>	<b>75,237,371</b>	<b>72,405,771</b>	<b>73,421,250</b>	<b>72,159,768</b>	<b>70,947,211</b>	<b>66,680,482</b>	<b>61,079,601</b>	<b>58,896,220</b>
Local sources										
Local taxes	67,055,778	64,684,608	66,185,898	63,128,302	62,491,708	51,108,087	47,436,156	45,983,924	46,861,285	41,816,201
Tuition	5,197,330	5,073,800	5,320,560	5,016,438	4,835,499	4,718,608	4,360,261	4,426,811	3,339,307	3,060,407
Other local sources	12,261,546	11,860,064	10,970,372	10,419,494	9,591,056	9,822,688	9,348,665	9,488,766	9,394,765	8,649,636
<b>Total local sources</b>	<b>84,514,654</b>	<b>81,618,472</b>	<b>82,476,830</b>	<b>78,564,234</b>	<b>76,918,263</b>	<b>65,649,383</b>	<b>61,145,082</b>	<b>59,899,501</b>	<b>59,595,357</b>	<b>53,526,244</b>
<b>Total governmental revenues</b>	<b>\$ 176,744,638</b>	<b>\$ 168,436,114</b>	<b>\$ 163,629,533</b>	<b>\$ 157,286,283</b>	<b>\$ 155,745,343</b>	<b>\$ 141,700,789</b>	<b>\$ 136,184,907</b>	<b>\$ 129,155,050</b>	<b>\$ 122,845,886</b>	<b>\$ 114,966,891</b>

Source: CRCSD Financial Records

**Schedule 6  
Cedar Rapids Community School District**

**Governmental Funds Expenditures and Debt Service Ratio**

**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
<b>Instruction:</b>										
Regular instruction	\$ 52,442,393	\$ 48,617,588	\$ 44,149,724	\$ 44,159,520	\$ 43,398,767	\$ 47,404,617	\$ 43,409,029	\$ 42,331,896	\$ 39,658,463	\$ 40,354,312
Special instruction	49,521,780	47,346,296	46,773,440	45,087,005	43,189,688	39,448,934	36,885,023	30,524,131	28,774,635	25,185,070
Vocational instruction	1,077,036	1,028,230	950,062	881,919	981,137	1,233,039	1,258,641	1,520,876	1,525,808	1,406,220
Other instruction	7,007,559	7,236,953	6,562,032	6,909,855	6,170,796	6,391,235	5,775,058	5,611,763	5,173,234	5,096,795
<b>Total Instruction</b>	<b>110,048,768</b>	<b>104,229,067</b>	<b>98,435,258</b>	<b>97,038,299</b>	<b>93,740,388</b>	<b>94,477,825</b>	<b>87,327,751</b>	<b>79,988,666</b>	<b>75,132,140</b>	<b>72,042,397</b>
<b>Support services:</b>										
Student services	4,199,028	4,407,235	3,310,383	4,609,843	4,488,170	4,410,695	4,358,193	6,468,644	6,048,828	5,503,180
Instructional staff services	6,694,537	6,947,720	9,725,924	7,760,042	7,575,813	9,926,376	9,009,415	6,127,059	6,295,676	4,676,482
General administration services	2,442,675	2,684,763	1,535,511	1,130,527	1,219,536	1,563,021	1,516,467	2,365,570	2,230,957	2,862,752
School administration services	10,884,948	9,935,238	8,211,615	7,632,131	7,681,205	7,116,765	6,502,732	6,395,584	6,171,572	5,921,674
Business services	5,006,712	4,600,804	3,468,775	3,597,888	3,631,611	3,755,669	3,237,950	4,458,052	3,967,255	2,741,838
Operations and maintenance	14,962,507	14,441,325	11,337,023	10,923,158	11,017,275	10,406,554	10,842,202	13,534,660	12,197,792	12,252,873
Student transportation	3,374,731	2,855,444	2,924,427	2,287,491	2,655,153	2,605,828	2,716,927	2,789,168	2,334,338	1,827,629
<b>Total support services</b>	<b>47,565,138</b>	<b>45,872,529</b>	<b>40,513,658</b>	<b>37,941,080</b>	<b>38,268,763</b>	<b>39,784,908</b>	<b>38,183,886</b>	<b>42,138,737</b>	<b>39,246,418</b>	<b>35,786,428</b>
<b>Non-instructional programs:</b>										
Food service	156,605	124,903	-	-	-	-	-	-	-	-
Community services	1,367,196	2,499,084	2,439,805	2,336,378	2,354,653	2,177,633	2,034,055	2,198,383	2,008,059	1,902,186
<b>Total non-instructional services</b>	<b>1,523,801</b>	<b>2,623,987</b>	<b>2,439,805</b>	<b>2,336,378</b>	<b>2,354,653</b>	<b>2,177,633</b>	<b>2,034,055</b>	<b>2,198,383</b>	<b>2,008,059</b>	<b>1,902,186</b>
<b>Other expenditures:</b>										
AEA flowthrough	5,916,552	5,527,722	5,231,164	5,232,029	5,474,160	5,452,927	5,472,512	5,247,803	5,016,595	4,836,660
Debt Service										
Principal	2,250,000	2,210,000	3,105,000	2,070,000	1,345,000	200,000	50,000	50,000	700,000	600,000
Interest	3,569,506	2,021,843	2,115,993	2,208,143	3,001,665	599,534	3,584	3,584	47,476	84,375
Capital Outlay										
Facility acquisition/construction	2,217,857	2,954,257	9,463,167	12,464,906	26,724,555	17,928,007	4,856,268	145,267	192,870	647,566
Total other expenditures	13,953,915	12,713,822	19,915,324	21,975,078	36,545,380	24,180,468	10,382,364	5,446,654	5,956,941	6,168,601
<b>Total expenditures</b>	<b>\$ 173,091,622</b>	<b>\$ 165,439,405</b>	<b>\$ 161,304,045</b>	<b>\$ 159,290,835</b>	<b>\$ 170,909,184</b>	<b>\$ 160,620,834</b>	<b>\$ 137,928,056</b>	<b>\$ 129,772,440</b>	<b>\$ 122,343,558</b>	<b>\$ 115,899,612</b>
Transfers out	\$ 3,577,336	\$ 1,873,918	\$ 1,336,130	\$ 333,480	\$ 338,411	\$ 53,584	\$ 95,653			
<b>Total expenditures and transfers</b>	<b>\$ 176,668,958</b>	<b>\$ 167,313,323</b>	<b>\$ 162,640,175</b>	<b>\$ 159,624,315</b>	<b>\$ 171,247,595</b>	<b>\$ 160,674,418</b>	<b>\$ 138,023,709</b>	<b>\$ 129,772,440</b>	<b>\$ 122,343,558</b>	<b>\$ 115,899,612</b>
Debt service as a percentage of noncapital expenditures*	3.41%	2.60%	3.44%	2.91%	3.01%	0.56%	0.04%	0.04%	0.61%	0.59%

Source: CRCSO Financial Records

\* Principal and Interest expenditures are divided by the net of Total expenditures less Facility acquisition/construction expenditures.

**Schedule 7  
Cedar Rapids 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									
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
<b>Excess of revenues over (under) expenditures</b>	\$ 3,653,016	\$ 2,996,709	\$ 2,325,488	\$ (2,004,552)	\$ (15,163,841)	\$ (18,920,045)	\$ (1,743,149)	\$ (617,390)	\$ 502,328	\$ (932,721)
<b>Other Financing Sources (Uses)</b>										
General obligation bond proceeds	-	31,385,000	-	-	-	36,000,000	10,000,000	-	-	-
Qualified zone academy bond proceeds, (QZAB)	-	-	-	-	-	1,000,000	-	-	-	-
Capital loan proceeds	-	-	-	-	-	1,530,000	-	-	-	-
Premium on bonds	-	753,744	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	13,051	7,040	6,857	14,625	7,814	4,002	7,085
Payment to refunding escrow agent	-	(300,709)	-	-	-	-	-	-	-	-
Operating transfers in	3,829,014	2,105,675	1,396,381	393,506	399,325	53,584	-	-	-	-
Operating transfers out	(3,577,336)	(1,873,918)	(1,336,130)	(333,480)	(338,411)	(53,584)	(95,653)	-	-	-
Total other financing sources (uses)	251,678	32,069,792	60,251	73,077	67,954	38,536,857	9,918,972	7,814	4,002	7,085
<b>Net change in fund balances</b>	<b>\$ 3,904,694</b>	<b>\$ 35,066,501</b>	<b>\$ 2,385,739</b>	<b>\$ (1,931,475)</b>	<b>\$ (15,095,887)</b>	<b>\$ 19,616,812</b>	<b>\$ 8,175,823</b>	<b>\$ (609,576)</b>	<b>\$ 506,330</b>	<b>\$ (925,636)</b>

Source: CRCSD Financial Records

**Schedule 8**  
**Cedar Rapids Community School District**  
**Assessed Value and Taxable Value of Property**  
**Last Ten Fiscal Years**

		<b>Assessed Valuations</b> <i>(Excluding Tax Increment Financing (TIF) Property)</i>							
<u>Calendar Year Assessed</u>	<u>Fiscal Year Collected</u>	<u>Agriculture</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility with Gas &amp; Elect</u>	<u>Total</u>	
			<small>(net of personal exemptions)</small>						
2005	2007	\$28,105,239	\$5,052,746,435	\$1,391,845,115	\$108,357,318	\$6,628,899	\$416,205,516	\$7,003,888,522	
2004	2006	26,721,250	4,673,169,700	1,416,088,184	111,510,494	5,678,904	392,181,745	6,625,350,277	
2003	2005	26,898,374	4,567,720,955	1,413,663,727	104,146,346	5,460,717	338,158,932	6,456,049,051	
2002	2004	31,614,255	4,293,041,283	1,327,891,772	108,055,279	5,074,030	330,391,784	6,096,068,403	
2001	2003	31,997,563	4,198,200,409	1,252,367,367	134,711,473	6,085,605	321,044,309	5,944,406,726	
2000	2002	32,188,073	3,629,161,858	1,117,130,255	176,414,558	6,750,754	317,453,344	5,279,098,842	
1999	2001	32,432,339	3,551,630,856	1,076,119,822	212,345,476	6,237,502	316,051,773	5,194,817,768	
1998	2000	25,758,484	3,482,344,994	1,051,954,250	229,440,590	6,598,226	337,970,014	5,134,066,558	
1997	1999	25,901,143	3,410,308,410	1,026,704,811	233,553,035	6,108,075	341,695,236	5,044,270,710	
1996	1998	23,520,050	3,079,976,615	924,801,889	247,610,467	6,488,087	307,165,210	4,589,562,318	

<u>Calendar Year Assessed</u>	<b>State Rollback Factors</b>					
	<u>Agriculture</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility</u>
2005	100.0000%	45.9960%	99.1509%	100.0000%	100.0000%	100.0000%
2004	100.0000%	47.9642%	100.0000%	100.0000%	100.0000%	100.0000%
2003	100.0000%	48.4558%	99.2570%	100.0000%	99.2570%	100.0000%
2002	100.0000%	51.3874%	100.0000%	100.0000%	100.0000%	100.0000%
2001	100.0000%	51.6676%	97.7701%	100.0000%	97.7701%	100.0000%
2000	100.0000%	56.2651%	100.0000%	100.0000%	100.0000%	100.0000%
1999	96.3381%	54.8525%	98.7732%	100.0000%	98.7732%	100.0000%
1998	100.0000%	56.4789%	100.0000%	100.0000%	100.0000%	100.0000%
1997	96.4206%	54.9090%	97.3606%	100.0000%	97.3606%	100.0000%
1996	100.0000%	58.8284%	100.0000%	100.0000%	100.0000%	100.0000%

Source: Linn County Auditor

Note: Property is "Assessed" at actual value. Taxable value is arrived through a series of calculations largely involving the use of the State Rollback Factor related to the corresponding property class. The District levy rate is then applied to the "Taxable Value" of property lying within District boundaries.

**Schedule 8 (continued)**  
**Cedar Rapids Community School District**

**Assessed Value and Taxable Value of Property**

**Last Ten Fiscal Years**

<b>Taxable Valuations</b>							<b>Total</b>
<i>(Excluding Tax Increment Financing (TIF) Property)</i>							<b>District</b>
<b>Agriculture</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Railroad</b>	<b>Utility</b>	<b>Total</b>	<b>Levy</b>
	<small>(net of personal exemptions)</small>						<b>Rate</b>
<b>\$28,105,239</b>	<b>\$2,266,746,134</b>	<b>\$1,378,968,921</b>	<b>\$108,357,318</b>	<b>\$6,572,612</b>	<b>\$296,967,354</b>	<b>\$4,085,717,578</b>	<b>\$ 14.90212</b>
26,721,250	2,194,766,570	1,416,088,184	111,510,494	5,678,904	295,602,568	4,050,367,970	15.25042
26,898,374	2,164,914,409	1,401,577,549	104,146,338	5,420,144	285,528,198	3,988,485,012	15.74784
31,614,255	2,173,848,334	1,327,299,507	108,055,279	5,074,030	330,391,784	3,976,283,189	15.36838
31,997,563	2,143,678,803	1,220,896,028	134,711,472	5,949,904	321,044,309	3,858,278,079	15.35946
32,188,073	2,022,130,720	1,116,933,762	176,414,558	6,750,754	317,453,344	3,671,871,211	12.94707
31,241,523	1,930,535,344	1,061,853,323	212,345,476	6,160,979	316,051,773	3,558,188,418	12.40887
25,758,484	1,952,275,002	1,051,954,250	229,440,590	6,598,226	337,970,014	3,603,996,566	11.88387
24,973,661	1,859,737,030	998,198,273	233,553,035	5,946,857	341,695,236	3,464,104,092	12.48780
23,520,048	1,800,970,558	924,801,889	247,610,467	6,488,087	307,165,210	3,310,556,259	12.63584

**Schedule 9**  
**Cedar Rapids Community School District**  
**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**  
*(rate per \$1,000 of taxable value)*

<u>Fiscal Year</u>	<u>Cedar Rapids Community Schools District Direct Rates</u>			<u>Overlapping Rates *</u>						
	<u>General Purposes</u>	<u>Capital Purposes</u>	<u>Total</u>	<u>City of Cedar Rapids</u>	<u>Town of Bertram</u>	<u>City of Hiawatha</u>	<u>City of Marion</u>	<u>Town of Palo</u>	<u>Town of Robins</u>	<u>Linn County</u>
2007	\$ 13.01231	\$ 1.88981	\$14.90212	\$14.38608	\$4.39995	\$12.43336	\$13.95525	\$12.04938	\$9.32643	\$5.69014
2006	13.33022	1.92020	15.25042	13.98997	4.39991	12.14137	13.98851	10.60285	8.69792	5.73231
2005	13.82230	1.92554	15.74784	13.11797	4.39999	12.01697	13.65104	10.81387	8.54268	5.51347
2004	13.41427	1.95411	15.36838	13.06777	4.39996	11.31981	13.46667	10.68073	8.55126	5.29322
2003	13.36935	1.99011	15.35946	12.82969	4.39989	11.11468	13.25744	10.59898	8.58425	5.25419
2002	11.75136	1.19571	12.94707	13.04000	4.39994	10.93415	12.78971	10.54580	8.61467	5.24684
2001	11.40887	1.00000	12.40887	12.74497	4.39994	10.85444	12.75826	10.01942	9.04828	5.31110
2000	10.88387	1.00000	11.88387	12.40000	4.39991	10.87986	12.39855	9.99010	9.04591	5.31110
1999	11.29184	1.19596	12.48780	12.32432	4.39987	10.34467	12.46129	9.66518	9.00902	5.38110
1998	11.45207	1.18377	12.63584	12.07416	4.39996	10.94417	13.16082	9.65405	9.96845	5.61839

Source: Linn County Auditor

\* Note: Includes levies for operating and debt service costs.

**Schedule 10  
Cedar Rapids Community School District**

**Principal Property Tax Payers  
Current Year and Ten Years Ago**

Taxpayer	Type of Business	Assessed Value 2005 for FY 2007 Revenue			Assessed Value 1995 for FY 1997 Revenue		
		FY07 Rank	Amount	Percentage of Total Assessed Valuation	FY97 Rank	Amount	Percentage of Total Assessed Valuation
Interstate Power/Alliant	Electrical and gas utility	1	\$ 221,195,480	3.2%	1	\$ 235,430,076	5.3%
AEGON USA, Inc.	Insurance	2	49,577,945	0.7%	6	26,228,896	0.6%
Robert K Miell	Real Estate Holdings	3	33,961,329	0.5%	-	-	-
St. Lukes Hospital & Development	Hospital/Health Care	4	26,141,547	0.4%	-	-	-
Qwest	Telephone utility	5	24,222,300	0.3%	9	18,484,838	0.4%
MidAmerican Energy	Electrical and gas utility	6	23,810,216	0.3%	7	26,069,165	0.6%
Westdale Investments Inc. (Mall)	Real estate developer	7	19,924,119	0.3%	2	43,278,548	1.0%
Hy-Vee Food Stores Inc.	Grocery	8	18,726,481	0.3%	-	-	-
OPM LC	Real Estate Holdings	9	17,443,007	0.2%	-	-	-
Windsor Joint Ventures	Residential	10	15,906,591	0.2%	-	-	-
Quaker Oats Company	Cereal grain processing	-	-	-	5	27,106,743	0.6%
Penford Products	Cornstarch processing	-	-	-	4	30,406,496	0.7%
Rockwell International Corp.	Avionics and communications	-	-	-	8	22,564,912	0.5%
Cargill Incorporated	Corn and soybean processing	-	-	-	3	38,503,222	0.9%
MCI Telecommunications Corp.	Telephone utility	-	-	-	10	16,079,838	0.4%
<b>Total</b>			<b>\$ 450,909,015</b>	<b>6.4%</b>		<b>\$ 484,152,734</b>	<b>11.0%</b>

Source: Linn County Auditor

**Schedule 11  
Cedar Rapids Community School District**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Total Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
<b>2007</b>	<b>\$61,312,422</b>	<b>\$60,642,117</b>	<b>98.9%</b>	<b>\$94,699</b>	<b>\$60,736,816</b>	<b>99.1%</b>
2006	62,132,270	61,156,761	98.4%	50,584	61,207,345	98.5%
2005	63,213,538	62,096,019	98.2%	572,181	62,668,200	99.1%
2004	61,416,731	59,554,158	97.0%	(17,118)	59,537,040	96.9%
2003	59,637,988	58,840,329	98.7%	161,615	59,001,944	98.9%
2002	47,704,561	47,061,340	98.7%	45,241	47,106,581	98.7%
2001	44,274,300	44,605,450	100.7%	(129,448)	44,476,002	100.5%
2000	42,829,427	42,949,653	100.3%	159,419	43,109,072	100.7%
1999	43,274,721	43,234,539	99.9%	84,651	43,319,190	100.1%
1998	41,843,276	41,316,840	98.7%	238,312	41,555,152	99.3%

Source: District financial records and Linn County Auditor

(1) Delinquent tax collections reflect the amounts of delinquent taxes received during the year. Information is not available as to the years for which the delinquent tax collections apply.

**Schedule 12  
Cedar Rapids Community School District**

**Total Outstanding Debt by Type**

**Last Ten Fiscal Years**

**Governmental Activities**

<u>Fiscal Year</u>	<u>School Refunding Bonds</u>	<u>General Obligation Bonds</u>	<u>Capital Loan Note</u>	<u>Qualified Zone Academy Bond (QZAB)</u>	<u>Anticipatory Warrants</u>	<u>Lease Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income *</u>	<u>Total Debt Per Capita *</u>	<u>Bonded Debt** Per Capita *</u>	<u>Taxable Value of Property</u>	<u>Ratio of Bonded Debt** to Taxable Value of Property</u>
2007	\$31,385,000	\$37,400,000	\$ -	\$ -	\$ -	\$ -	\$68,785,000	0.82%	\$276	\$276	4,085,717,578	1.68%
2006	31,385,000	39,325,000	325,000	-	-	-	71,035,000	0.88%	288	286	4,050,367,970	1.75%
2005	-	41,225,000	635,000	-	5,000,000	-	46,860,000	0.59%	191	168	3,988,485,012	1.03%
2004	-	43,025,000	940,000	1,000,000	-	-	44,965,000	0.58%	185	177	3,976,283,189	1.08%
2003	-	44,800,000	1,235,000	1,000,000	5,600,000	-	52,635,000	0.69%	218	185	3,858,278,079	1.16%
2002	-	45,850,000	1,530,000	1,000,000	-	-	48,380,000	0.64%	202	191	3,671,871,211	1.25%
2001	-	10,000,000	-	-	5,000,000	50,000	15,050,000	0.20%	63	42	3,558,188,418	0.28%
2000	-	-	-	-	5,000,000	100,000	5,100,000	0.07%	22	0	3,603,996,566	0.00%
1999	-	-	-	-	5,000,000	150,000	5,150,000	0.07%	22	0	3,464,104,092	0.00%
1998	-	650,000	-	-	5,000,000	-	5,650,000	0.09%	25	3	3,310,556,259	0.02%

Source: District Financial Reports, 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. \*\* Includes School Refunding Bonds and General Obligation Bonds.

**Schedule 13  
Cedar Rapids Community School District**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2007**

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$37,400,000	100.00 %	37,400,000
Overlapping:			
City of Cedar Rapids	73,533,554	70.88	52,120,583
City of Hiawatha	14,305,000	100.00	14,305,000
City of Marion	11,546,437	2.08	240,166
City of Robins	4,625,000	62.09	2,871,663
Kirkwood Community College	24,120,029	25.83	6,230,203
Linn County	2,345,000	55.20	1,294,440
Total Overlapping	130,475,020	59.06	77,062,055
 Total Direct and Overlapping Debt	 \$167,875,020	 68.18 %	 \$114,462,055

Source: Linn County Auditor

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

**Schedule 14  
Cedar Rapids Community School District**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year									
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
Assessed valuation	\$7,244,524,945	\$6,625,350,277	\$6,456,049,051	\$6,096,068,403	\$5,944,406,726	\$5,279,098,842	\$5,194,817,768	\$5,134,066,558	\$5,044,270,710	\$4,589,562,318
Legal debt limit (5% of Assessed Valuation)	362,226,247	331,267,514	322,802,453	304,803,420	297,220,336	263,954,942	259,740,888	256,703,328	252,213,536	229,478,116
District debt applicable*	37,210,000	39,460,000	41,860,000	44,965,000	47,035,000	48,380,000	11,000,000	-	-	650,000
Legal debt margin	<u>\$ 325,016,247</u>	<u>\$ 291,807,514</u>	<u>\$ 280,942,453</u>	<u>\$ 259,838,420</u>	<u>\$ 250,185,336</u>	<u>\$ 215,574,942</u>	<u>\$ 248,740,888</u>	<u>\$ 256,703,328</u>	<u>\$ 252,213,536</u>	<u>\$ 228,828,116</u>
District debt applicable as a percentage of Legal debt limit	10.3%	11.9%	13.0%	14.8%	15.8%	18.3%	4.2%	0.0%	0.0%	0.3%

\*Total District long term debt for 2006-2007 is \$68,785,000. However, general obligation bond debt of \$31,575,000 is not subject to the 5% statutory limit as payment of this principal is derived from interest earnings from the School refunding bonds.

Source: District Financial Records and Linn County Auditor

**Schedule 15**  
**Cedar Rapids Community School District**

**Demographic and Economic Statistics**

**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Unemployment Rate %</b>
2006	249,320	\$ 8,382,060,000	\$ 33,620	N/A
2005	246,990	8,049,840,000	32,592	4.7
2004	244,860	7,930,390,000	32,387	4.9
2003	242,970	7,687,100,000	31,638	4.8
2002	241,840	7,679,150,000	31,753	4.4
2001	239,930	7,611,480,000	31,724	2.9
2000	237,820	7,707,400,000	32,409	2.5
1999	235,360	7,422,800,000	31,538	1.8
1998	232,400	7,190,500,000	30,940	1.9
1997	230,490	6,630,210,000	28,766	2.6

Source: Woods & Poole Economics

Note: Cedar Rapids Metropolitan Statistical Area Data.

Dollars stated in 2004 dollars.

**Schedule 16  
Cedar Rapids Community School District**

**Principal Employers  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment *</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment *</u>
Rockwell Collins Inc.	9,000	1	5.36%	6,800	1	4.05%
Cedar Rapids Community Schools	2,900	2	1.73%	2,537	3	1.51%
AEGON USA, Inc.	2,800	3	1.67%	1,465	10	0.87%
St. Luke's Hospital	2,800	4	1.67%	2,155	6	1.28%
Whirlpool Corporation	2,650	5	1.58%			
Hy-Vee Food Stores	2,545	6	1.52%	1,950	7	1.16%
Mercy Medical Center	2,498	7	1.49%	1,700	9	1.01%
City of Cedar Rapids	1,493	8	0.89%			
Kirkwood Community College	1,410	9	0.84%			0.00%
Walmart Stores Inc.	1,030	10	0.61%			
Amana Appliances				2,578	2	1.54%
MCI Communications (Worldcom)				2,500	4	1.49%
Alliant Energy - Interstate Power and Light				2,282	5	1.36%
McLeodUSA				1,830	8	1.09%
<b>Totals</b>	<b><u>29,126</u></b>		<b><u>17.36%</u></b>	<b><u>25,797</u></b>		<b><u>15.36%</u></b>

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

\* Note: Total employment encompasses the Cedar Rapids Metropolitan Statistical Area

**Schedule 17**  
**Cedar Rapids Community School District**

**Full Time-Equivalent\* District Employee by Type**

**Last Ten Fiscal Years**

	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>	<b>FY03</b>	<b>FY02</b>	<b>FY01</b>	<b>FY00</b>	<b>FY99</b>	<b>FY98</b>	<b>Percentage Change 1998-2007</b>
<b>Administration</b>											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Deputy/Assistant Superintendent	2.0	2.0	0.0	1.0	1.0	3.0	3.0	3.0	2.0	3.0	-33.3%
Principals and Assistants	49.0	49.0	51.0	50.0	50.0	48.0	48.0	48.0	48.0	49.0	0.0%
District Administrators	13.0	13.0	13.0	15.0	14.0	16.0	16.0	13.0	13.0	21.0	-38.1%
Supervisors	8.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	0.0%
<b>Total Administration</b>	<b>73.0</b>	<b>72.0</b>	<b>72.0</b>	<b>74.0</b>	<b>74.0</b>	<b>76.0</b>	<b>76.0</b>	<b>73.0</b>	<b>72.0</b>	<b>82.0</b>	<b>-11.0%</b>
<b>Teachers</b>											
K-12, Music, Physical Education and Art	933.0	930.5	906.1	921.7	940.0	977.9	988.8	967.1	922.6	929.9	0.3%
Special Education	265.5	255.8	249.5	257.0	253.2	238.7	227.9	216.3	203.8	201.3	31.9%
Federal Programs	23.0	22.3	20.2	19.2	21.0	14.5	18.0	15.1	15.8	13.7	67.9%
Media Specialist	23.7	24.7	24.7	32.4	32.4	32.4	32.4	33.4	31.7	31.4	-24.5%
Counselors	46.0	45.5	45.1	45.4	44.4	44.0	45.0	42.0	43.3	42.7	7.7%
<b>Total Teachers</b>	<b>1,291.1</b>	<b>1,278.8</b>	<b>1,245.6</b>	<b>1,275.7</b>	<b>1,291.0</b>	<b>1,307.5</b>	<b>1,312.1</b>	<b>1,273.9</b>	<b>1,217.2</b>	<b>1,219.0</b>	<b>5.9%</b>
<b>Support Personnel</b>											
Clerical	180.7	182.3	175.3	180.5	187.3	184.7	185.5	177.0	175.1	174.0	3.9%
Teacher aides, Special Education	281.2	274.7	264.5	258.7	243.1	215.5	186.8	171.4	139.9	135.4	107.7%
Teacher aides, regular	90.4	81.6	84.2	82.2	90.0	98.1	105.3	113.5	134.0	120.5	-25.0%
Custodial and maintenance	169.9	171.9	174.4	173.3	179.0	178.8	175.0	176.8	174.8	137.8	23.3%
Bus drivers/Attendants	104.1	98.9	98.2	92.9	93.0	92.8	82.3	82.8	74.7	74.5	39.7%
Food service workers	133.6	130.6	129.4	132.1	130.1	135.3	130.7	129.1	125.8	127.6	4.7%
Nurses/Volunteer Coordinator	15.1	14.7	14.7	14.5	13.3	11.7	11.7	11.8	9.5	8.4	79.8%
Crafts and trades	19.6	18.1	18.4	19.4	20.1	20.4	20.4	19.4	41.6	42.0	-53.3%
Data processing	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.6	8.6	-55.8%
Day care	97.1	92.3	88.0	87.1	85.3	87.7	91.6	100.7	93.6	105.0	-7.5%
Other	58.1	63.6	66.4	64.9	67.1	60.5	56.9	47.7	17.4	40.0	45.3%
<b>Total Support Personnel</b>	<b>1,153.6</b>	<b>1,132.5</b>	<b>1,117.3</b>	<b>1,109.4</b>	<b>1,112.1</b>	<b>1,089.3</b>	<b>1,050.0</b>	<b>1,034.0</b>	<b>990.0</b>	<b>973.8</b>	<b>18.5%</b>
<b>Total Staff</b>	<b>2,517.7</b>	<b>2,483.3</b>	<b>2,434.9</b>	<b>2,459.1</b>	<b>2,477.1</b>	<b>2,472.8</b>	<b>2,438.1</b>	<b>2,380.9</b>	<b>2,279.2</b>	<b>2,274.8</b>	<b>10.7%</b>

Source: District Human Resources Department

Notes: \* FTE (full time equivalent) as of the third Friday in September within each fiscal year.

\* FTE: While the number of annual hours a full time "instructional school year" employee works, (veteran teachers work 1,520 annual hours) is less than the annual of hours a full time "12 month" employee works, (2,080 hours for a 260 day contract) they are both be considered 1.0 FTE. Part time employees in any employee group carry less than 1.0 FTE based upon annual hours worked.

**Schedule 18  
Cedar Rapids Community School District**

**Operating Statistics**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Fund - Expenditures</u>				<u>All District Funds - Expenses</u>			<u>Teaching Staff (FTE*)</u>	<u>Resident Pupil-Teacher Ratio</u>	<u>Students Receiving Free or Reduced Price Meals</u>	
	<u>Certified Enrollment*</u>	<u>Net Expenditures *</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Statement of Activities Expenses</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>			<u>Number</u>	<u>Percentage</u>
2007	17,677	\$ 142,338,991	\$ 8,052	6.0%	\$ 180,240,205	\$ 10,196	6.0%	1,291.1	13.7	6,791	38.4%
2006	17,754	134,874,912	7,597	8.6%	170,797,530	9,620	8.3%	1,278.8	13.9	6,455	36.4%
2005	17,691	123,723,873	6,994	3.3%	157,109,397	8,881	1.4%	1,245.6	14.2	6,246	35.3%
2004	17,656	119,487,777	6,768	1.9%	154,602,264	8,756	7.3%	1,275.7	13.8	5,749	32.6%
2003	17,861	118,590,073	6,640	-1.5%	145,736,349	8,159	-11.8%	1,291.0	13.8	5,554	31.1%
2002	17,860	120,334,376	6,738	6.3%	165,200,845	9,250	N/A	1,307.5	13.7	5,228	29.3%
2001	18,114	114,792,631	6,337	4.2%	N/A	N/A	N/A	1,312.1	13.8	4,676	25.8%
2000	18,083	109,927,293	6,079	7.3%	N/A	N/A	N/A	1,273.9	14.2	4,836	26.7%
1999	18,110	102,565,169	5,663	4.3%	N/A	N/A	N/A	1,217.2	14.9	4,958	27.4%
1998	17,887	97,136,074	5,431	8.7%	N/A	N/A	N/A	1,219.0	14.7	N/A	N/A

Source: District Human Resources Department, District Food and Nutrition Department, District Financial Records

Notes: \*

FTE: A full time veteran teacher who works 1,520 annual hours is considered a 1.0 "Full Time Equivalent" position.

Certified Enrollment counts of resident students only, in the fall of each fiscal year are used for calculations. For example fall 2005 counts are used for FY2006 calculations. "Net Expenditures" in the General Fund include credits for tuition receipts for services provided to non-resident pupils.

Increases in resident pupil expenditures of 16% over the prior fiscal year are partly a result of a reclassification of \$1.67 million in inter-fund transfers from an "expenditure credit" to a "revenue item" in the General Fund. This was mandated by the State of Iowa for the fiscal year ending June 30, 2006.

**Schedule 19**  
**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**Last Ten Fiscal Years**

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year									
	2007	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	
<b>High Schools (9-12)</b>												
<b>Jefferson (1959)</b>												
Square feet		<b>310,110</b>	310,110	310,110	310,110	271,292	271,292	271,292	271,292	271,292	271,292	
Capacity	<b>1,723</b>	<b>1,800</b>	1,800	1,803	1,803	1,577	1,577	1,577	1,577	1,577	1,577	
Enrollment		<b>1,632</b>	1,579	1,563	1,614	1,651	1,595	1,607	1,550	1,611	1,664	
<b>Kennedy</b>												
Square feet		<b>288,600</b>	288,600	288,600	288,600	249,342	249,342	249,342	249,342	249,342	249,342	
Capacity	<b>1,603</b>	<b>1,800</b>	1,800	1,804	1,804	1,558	1,558	1,558	1,558	1,558	1,558	
Enrollment		<b>1,829</b>	1,885	1,781	1,748	1,677	1,572	1,578	1,586	1,582	1,647	
<b>Metro</b>												
Square feet		<b>47,399</b>	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	
Capacity	<b>263</b>	<b>450</b>	450	451	451	451	451	451	451	451	451	
Enrollment		<b>556</b>	569	575	543	578	578	651	678	762	667	
<b>Washington</b>												
Square feet		<b>312,694</b>	312,694	312,694	312,694	277,844	277,844	277,844	277,844	277,844	277,844	
Capacity	<b>1,737</b>	<b>1,800</b>	1,800	1,797	1,797	1,597	1,597	1,597	1,597	1,597	1,597	
Enrollment		<b>1,651</b>	1,620	1,595	1,539	1,626	1,650	1,645	1,638	1,600	1,520	
<b>Middle Schools (6-8)</b>												
<b>Franklin (1922)</b>												
Square feet		<b>146,148</b>	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	
Capacity	<b>860</b>	<b>700</b>	700	699	699	699	699	699	699	699	699	
Enrollment		<b>630</b>	651	657	658	667	665	687	669	691	680	
<b>Harding (1964)</b>												
Square feet		<b>139,634</b>	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	
Capacity	<b>821</b>	<b>900</b>	900	901	901	901	901	901	901	901	901	
Enrollment		<b>952</b>	928	926	883	872	913	893	923	932	928	

**Schedule 19  
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
Last Ten Fiscal Years**

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year									
	2007	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	
<b>McKinley (1922)</b>												
Square feet		<b>138,476</b>	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476
Capacity	<b>815</b>	<b>700</b>	700	699	699	699	699	699	699	699	699	699
Enrollment		<b>555</b>	618	659	712	736	741	695	645	628	648	
<b>Roosevelt (1924)</b>												
Square feet		<b>139,350</b>	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350
Capacity	<b>820</b>	<b>700</b>	700	700	700	700	700	700	700	700	700	700
Enrollment		<b>628</b>	645	646	643	651	598	567	589	621	612	
<b>Taft (1965)</b>												
Square feet		<b>127,507</b>	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507
Capacity	<b>750</b>	<b>700</b>	700	701	701	701	701	701	701	701	701	701
Enrollment		<b>730</b>	738	713	699	685	694	669	657	639	654	
<b>Elementary Schools</b>												
<b>Arthur (1914)</b>												
Square feet		<b>K-5 46,214</b>	K-5 46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214
Capacity	<b>308</b>	<b>400</b>	400	398	398	398	398	398	398	398	398	398
Enrollment		<b>312</b>	328	333	318	334	332	355	356	359	355	
<b>Cleveland (1950)</b>												
Square feet		<b>K-5 46,819</b>	K-5 46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819
Capacity	<b>312</b>	<b>500</b>	500	498	498	498	498	498	498	498	498	498
Enrollment		<b>359</b>	370	375	385	409	438	417	412	431	436	
<b>Coolidge (1967)</b>												
Square feet		<b>K-5 48,557</b>	K-5 48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557
Capacity	<b>324</b>	<b>500</b>	500	501	501	501	501	501	501	501	501	501
Enrollment		<b>413</b>	421	420	410	379	426	431	398	413	415	

**Schedule 19**  
**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**Last Ten Fiscal Years**

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year										
			2007	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Erskine (1955)		K-5	K-5										
	Square feet	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675
	Capacity	271	400	400	399	399	399	399	399	399	399	399	399
	Enrollment		362	362	356	330	341	356	386	395	394	394	394
Garfield (1930)		K-5	K-5										
	Square feet	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224
	Capacity	268	400	400	398	398	398	398	398	398	398	398	398
	Enrollment		328	318	309	295	281	281	276	247	240	242	242
Gibson (2002)		K-5	K-5										
	Square feet	74,805	74,805	74,805	74,805	74,805	74,805						
	Capacity	499	600	600	598	598	598						
	Enrollment		521	542	503	448	451	0	0	0	0	0	0
Grant (1961)		K-1	K-1										
	Square feet	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919
	Capacity	293	450	450	448	448	448	448	448	448	448	448	448
	Enrollment		234	237	192	179	180	224	228	227	211	225	225
Grant Wood (1948)		K-5	K-5										
	Square feet	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172
	Capacity	348	500	500	502	502	502	502	502	502	502	502	502
	Enrollment		335	321	335	362	363	383	437	473	477	466	466
Harrison (1930)		K-5	K-5										
	Square feet	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677
	Capacity	365	550	550	552	552	552	552	552	552	552	552	552
	Enrollment		404	397	406	407	431	461	469	519	480	470	470
Hiawatha (1956)		K-5	K-5										
	Square feet	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787
	Capacity	339	550	550	552	552	552	552	552	552	552	552	552
	Enrollment		400	457	412	399	391	509	543	523	551	532	532
Hoover (1954)		K-5	K-5										
	Square feet	56,260	56,260	56,260	56,260	39,427	39,427	39,427	39,427	39,427	39,427	39,427	39,427

**Schedule 19**  
**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**Last Ten Fiscal Years**

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year									
	2007	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	
	Capacity	375	500	500	498	349	349	349	349	349	349	349
	Enrollment		307	282	291	284	304	317	319	298	321	309
<b>Jackson (1970)</b>			<b>K-5</b>	<b>K-5</b>								
	Square feet		37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
	Capacity	251	540	540	537	537	537	537	537	537	537	537
	Enrollment		318	305	286	282	283	411	440	541	486	455
<b>Johnson (1955)</b>			<b>K-5</b>	<b>K-5</b>								
	Square feet		49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
	Capacity	328	500	500	502	502	502	502	502	502	502	502
	Enrollment		311	319	353	366	397	418	422	389	385	390
<b>Kenwood (1950)</b>			<b>K-5</b>	<b>K-5</b>								
	Square feet		52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660
	Capacity	351	500	500	502	502	502	502	502	502	502	502
	Enrollment		319	276	267	285	303	307	304	319	320	308
<b>Madison (1961)</b>			<b>K-5</b>	<b>K-5</b>								
	Square feet		35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919
	Capacity	239	400	400	399	399	399	399	399	399	399	399
	Enrollment		277	280	279	262	256	273	282	260	241	270
<b>Monroe (1961)</b>			<b>K-only</b>	<b>K-only</b>								
	Square feet		27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175
	Capacity	181	350	350	348	348	348	348	348	348	348	348
	Enrollment		280	262	237	255	251	248	251	254	270	290
<b>Nixon (1970)</b>			<b>K-5</b>	<b>K-5</b>								
	Square feet		37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
	Capacity	251	540	540	537	537	537	537	537	537	537	537
	Enrollment		318	325	351	309	332	428	455	484	486	469
<b>Pierce (1965)</b>			<b>K-5</b>	<b>K-5</b>								
	Square feet		47,308	47,308	43,471	43,471	43,471	43,471	43,471	43,471	43,471	43,471
	Capacity	315	475	475	473	435	435	435	435	435	435	435
	Enrollment		439	466	459	450	440	435	426	429	452	458

**Schedule 19  
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
Last Ten Fiscal Years**

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year									
	2007	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	
<b>Polk (1961)</b>		K-5	K-5									
	Square feet	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934
	Capacity	200	350	350	348	348	348	348	348	348	348	348
	Enrollment	224	209	204	200	221	237	263	271	282	257	
<b>Taylor (1973)</b>		K-5	K-5									
	Square feet	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170
	Capacity	321	475	475	477	477	477	477	477	477	477	477
	Enrollment	232	239	256	270	275	310	340	341	339	327	
<b>Truman (1961)</b>		K-5	K-5									
	Square feet	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129
	Capacity	294	400	400	401	401	401	401	401	401	401	401
	Enrollment	339	319	334	336	344	377	358	374	352	342	
<b>Van Buren (1970)</b>		K-5	K-5									
	Square feet	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
	Capacity	251	475	475	476	476	476	476	476	476	476	476
	Enrollment	360	369	374	412	418	403	395	387	374	364	
<b>Wright (1953)</b>		K-5	K-5									
	Square feet	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502
	Capacity	277	375	375	374	374	374	374	374	374	374	374
	Enrollment	232	251	241	230	210	227	247	264	288	302	

**Schedule 19**  
**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**Last Ten Fiscal Years**

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year									
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	
<b>Grades 2-8 School Wilson (1928)</b>												
Square feet		<b>108,807</b>	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807
Capacity	<b>725</b>	<b>650</b>	650	652	652	652	652	652	652	652	652	652
Enrollment (2-5)		<b>229</b>	216	236	276	272	302	293	275	254	258	
Enrollment (6-8)		<b>302</b>	315	301	314	327	332	322	320	316	332	
Total Enrollment		<b>531</b>	531	537	590	599	634	615	595	570	590	
<b>Totals</b>												
Square feet		<b>2,802,562</b>	2,802,562	2,802,562	2,781,892	2,668,966	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161
Capacity	<b>17,078</b>	<b>20,930</b>	20,930	20,925	20,738	20,066	19,468	19,468	19,468	19,468	19,468	19,468
Enrollment		<b>17,318</b>	17,419	17,225	17,103	17,336	17,441	17,651	17,691	17,788	17,686	
<b>Percent Capacity</b>	<b>101.41%</b>	<b>82.74%</b>										

Source: District Records

\* DC Public School Capacity Standards May 2001:  
Source Document located at: [http://www.ncbg.org/schools/design\\_capacity.htm](http://www.ncbg.org/schools/design_capacity.htm)



## **Internal Controls and Compliance Section**



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

Board of Directors  
Cedar Rapids Community School District  
Cedar Rapids, Iowa

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District as of and for the year ended June 30, 2007, which collectively comprise Cedar Rapids Community School District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cedar Rapids 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, noncompliance 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 noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we did note an immaterial instance of noncompliance that we have reported to management of Cedar Rapids Community School District in a separate letter dated December 19, 2007.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on the 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 the statutes.

Cedar Rapids Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Cedar Rapids Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cedar Rapids Community School District and other parties to whom Cedar Rapids Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Cedar Rapids 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.

*Clifton Henderson LLP*

Clinton, Iowa  
December 19, 2007



**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

Board of Directors  
Cedar Rapids Community School District  
Cedar Rapids, Iowa

**Compliance**

We have audited the compliance of Cedar Rapids Community School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Cedar Rapids Community School District's major federal programs are identified in the summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cedar Rapids Community School District's management. Our responsibility is to express an opinion on Cedar Rapids Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 noncompliance 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 Cedar Rapids Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cedar Rapids Community School District's compliance with those requirements.

In our opinion, Cedar Rapids Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item *III-A-07*.



## Internal Control Over Compliance

The management of Cedar Rapids Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the entity's internal control over compliance.

A *control deficiency* in an entity'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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Cedar Rapids Community School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Cedar Rapids Community School District's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cedar Rapids Community School District and other parties to whom Cedar Rapids Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Clinton, Iowa  
December 19, 2007

**Cedar Rapids Community School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<b>Indirect:</b>			
<b>U.S. Department of Agriculture:</b>			
<b>Iowa Department of Education:</b>			
National School Lunch Program	10.555	FY 07	\$ 2,382,003
School Breakfast Program	10.553	FY 07	577,704
Fresh Fruit & Vegetable Pilot Program	10.555	FY 07	95,513
Child and Adult Care Food Program	10.558	FY 07	4,591
Total cash expenditures			<u>3,059,811</u>
Food Distribution-USDA Commodities (non-cash)	10.550	FY 07	391,249
Total cash and non-cash expenditures			<u>3,451,060</u>
<b>U.S. Department of Education:</b>			
<b>Iowa Department of Education:</b>			
Title I	84.010	1053-G-07	2,584,907
Title I - Carryover	84.010	1053-GC-07	262,905
Title I - SINA	84.010	1053-SI-07	70,000
			<u>2,917,812</u>
Title IIA - Improving Teacher Quality State Grants	84.367	FY 07	380,863
Title IIA - Class Size Reduction Program	84.367	FY 07	744,883
			<u>1,125,746</u>
Title V - State Grants for Innovative Programs	84.298A	FY 07	33,880
Special Education Grants to States (IDEA Part B)	84.027	FY 07	1,028,180
IDEA Tech Assistance	84.326	FY 07	500
Second Chance Reading	84.323	FY 07	2,850
Reading First	84.357	FY 07	322,750
Safe and Drug Free Schools and Communities	84.186	FY 07	89,884
Perkins Vocational Education Program - Basic Grant	84.048A	FY 07	226,157
Title VI A - NCLB Assessment Grant	84.369	FY 07	119,000
Grants for Enhanced Assessment Instruments	84.368	FY 06	-
E2T2 - Enhancing Education Through Technology	84.318	FY 07	72,441
21st Century Community Learning Centers Grant	84.287	FY 04 - 08	83,025
Fund for the Improvement of Education	84.215	FY 07	400
Success4 Comprehensive School Improvement	84.027	FY 07	-
Building Foundations for Learning	84.215H	FY 07	70,691
Education for Homeless Children and Youth	84.196	FY 07	25,000
AIDS Education - YRBS	93.938	FY 07	-
<b>U.S. Department of Justice:</b>			
<b>Linn County, Iowa:</b>			
Juvenile Justice and Delinquency Prevention	16.540	FY 07	23,105
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	FY 07	30,062
			<u>53,167</u>
<b>U.S. Department of Human Services</b>			
<b>Linn County, Iowa:</b>			
Medicaid Time Study Program	93.778	FY 07	36,000
<b>Total</b>			<u><u>\$ 9,586,102</u></u>
Total cash expenditures			
Total non-cash expenditures			

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

See accompanying independent auditor's report.

Balance 6/30/2006	Grant Revenue Receipts	Program Contributions and Miscellaneous Related Receipts	Program Expenditures	Balance 6/30/2007
\$ -	\$ 2,382,003	\$ -	\$ 2,382,003	\$ -
-	577,704	-	577,704	-
-	95,513	-	95,513	-
-	4,591	-	4,591	-
-	3,059,811	-	3,059,811	-
72,956	391,249	-	303,232	160,973
72,956	3,451,060	-	3,363,043	160,973
-	2,013,455	-	2,013,455	-
-	262,905	-	262,905	-
-	103,908	-	85,534	18,374
-	2,380,268	-	2,361,894	18,374
97,090	66,903	-	163,993	-
304,250	724,406	-	703,260	325,396
401,340	791,309	-	867,253	325,396
1,734	32,254	-	33,456	532
-	1,028,180	-	1,028,180	-
-	500	-	500	-
-	2,850	-	1,303	1,547
-	322,750	-	300,091	22,659
-	82,323	-	82,323	-
-	226,157	-	226,157	-
18,721	100,279	-	119,000	-
103	-	-	-	103
2,000	87,974	-	86,013	3,961
-	78,900	-	78,900	-
579	-	-	-	579
21,243	-	-	416	20,827
-	21,921	-	20,754	1,167
-	24,500	-	24,500	-
1,025	-	-	-	1,025
-	23,105	-	23,105	-
-	39,019	-	39,019	-
-	62,124	-	62,124	-
32,876	59,264	-	-	92,140
\$ 552,577	\$ 8,752,613	\$ -	\$ 8,655,907	\$ 649,283
			\$ 8,352,675	
			303,232	
			\$ 8,655,907	

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007**

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

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor's report issued on compliance for major programs:  
unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
<u>10.550</u>	<u>Food Distribution-USDA Commodities</u>
<u>84.010</u>	<u>Title I</u>
<u>84.357</u>	<u>Reading First</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007**

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

**Significant Deficiencies:**

None

**Instances of Non-Compliance:**

No matters were reported

**Part III: Findings and Questioned Costs For Federal Awards:**

**Instances of Non-Compliance:**

**CFDA Number 84.357  
Federal Award Year: 2007  
U.S. Department of Education  
Passed through the Iowa Department of Education**

III-A-07 Interest Earned on Advances

Criteria - The District should have adequate procedures in place to track interest earned on funds received from Federal awarding agencies.

Condition - During the course of the audit, it was noted that interest was being earned on Federal funds. Interest earned is required to be submitted promptly, but at least quarterly, to the Federal awarding agency. The District failed to return any interest earned on funds held throughout the year.

Effect - As a result of this finding, the District is currently not in compliance with the grant agreement.

Cause - The District does not have any non-interest bearing accounts. Also, the District is not tracking the amount of interest earned on Federal funds.

Recommendation - The District should monitor the amount of interest income earned on federal funds deposited into its general checking account. Alternatively, the District may choose to deposit all federal funds into a non-interest bearing account.

Response and Corrective Action Planned - The District will work with the auditors to determine what amount of interest should be submitted back to the Federal awarding agency, and will return these funds. The District will also work with the auditors to determine an appropriate method of calculating this interest earned in the future.

Conclusion - Response accepted.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007**

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

IV-A-07 Certified Budget - Expenditures for the year ended June 30, 2007, exceeded the amended certified budget amount in the other expenditures function.

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

Response - Total "other expenditures" exceeded the certified budget because the District neglected to include the interest payment paid on general obligation refunding bonds during the year. This payment will be included in the budget in future years.

Conclusion - Response accepted.

IV-B-07 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

IV-C-07 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-07 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-F-07 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted. However, we did note the monthly publication of the schedule of bills allowed did not include the bills allowed for the District's Activity Funds.

Recommendation - The monthly publication of the schedule of bills allowed should include all funds of the District.

Response - Our current Activity Fund software does not allow for a consolidated list of bills for the 11 separate schools generating checks. We are working on deriving a way for these bills to be consolidated, presented to the Board, and published and will be changing our current procedures to facilitate this change.

Conclusion - Response accepted.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007**

**Part IV: Other Findings Related to Required Statutory Reporting: (Continued)**

IV-G-07 Certified Enrollment - The number of basic resident students reported to the Iowa Department of Education on lines 7, 9, and 11 were understated by .1, 9, and 9.1, respectively. Differences were due to variances in the number of tuition in students reported.

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

Response - Information on the number of students "tuitioned in" to the District is automatically generated in the Certified Enrollment reporting system by the District that has "tuitioned out" students. The District will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter. The District will also work closely with the Special Services department and sending Districts to make sure all parties have accurate records in the future.

Conclusion - Response accepted.

IV-H-07 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-07 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2007**

N/A

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2007**

**Comment No. III-A-07 - Interest Earned on Advances**

The District will work with the auditors to determine what amount of interest should be submitted back to the Federal awarding agency, and will return these funds. The District will also work with the auditors to determine an appropriate method of calculating this interest earned in the future.