



**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, 2008**

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Comprehensive Annual Financial Report

Cedar Rapids Community School District

Fiscal Year Ended June 30, 2008

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CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

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Introductory Section



January 7, 2009

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, 2008. 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, the fiscal year ending June 30, 2008, marks the seventh 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 third 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 trend information, and operating information.

The Government Accounting Standards Board (GASB), in June of 2004 established accounting valuation rules for OTHER POST-EMPLOYMENT BENEFITS (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. This is in Statement No. 45 (GASB-45).

GASB-45 establishes standards of accounting and financial reporting for OPEB expense/expenditures and related liabilities. The requirements apply to all state and local governmental employers that provide OPEB, other than pension benefits.

Inducements offered by employers to employees to hasten termination of services or payments made as a consequence of early termination of services are distinguished from OPEB and are excluded from GASB-45 reporting requirements.

The latest effective date on implementation depends on the size of the public body where size is measured by total annual revenue. For revenues in excess of \$100 million, the requirement is for reporting periods starting after December 15, 2006. As a result GASB-45 reporting requirements apply to the Cedar Rapids Community School District for fiscal year 2007-2008 and are appropriately included in this report.

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 2008 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 17,746 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 operations. 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 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. 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 including 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.

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, decreased 5% percent from the previous year with construction valuations totaling \$141.5 million in 2007 and \$148.4 million in 2006.

Single-family housing starts in the City of Cedar Rapids experienced a slight dip when compared to the prior year declining from \$38,719,976 in 2006 to \$33,858,136 in 2007. Permits for 301 new single-family dwellings were issued in Cedar Rapids in 2007 compared to 355 permits issued the previous year. New multi-family housing starts in the City of Cedar Rapids grew from \$9,771,787 in 2006 to \$14,680,791 in 2007 representing an increase of 12 permits for a total of 49 permits.

Retail sales in the Cedar Rapids metropolitan area reached an all time high in 2007. Retail sales (as measured in 2004 dollars) were \$3.42 billion in 2007 up from \$3.36 billion in 2006. The three largest sectors of retail sales in the Cedar Rapids metropolitan area were automobile sales at \$768.72 million, general merchandise at \$504.8 million and food store sales at \$429.2 million. Discounting the effects of inflation, retail sales have increased by 14.6% since 2000.

Mean household income, (as measured in 2004 dollars) in the Cedar Rapids metropolitan area increased to \$81,097 in 2007, from \$80,786 in 2006. Income per capita, (also measured in 2004 dollars) shows similar trends increasing to \$33,899 in 2007 from \$33,620 the previous year. Total employment in the Cedar Rapids metropolitan area increased from 167.91 in 2006 to 170.52 in 2007. Unemployment was 3.6% for 2007 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 agriculture based economy.

Cedar Rapids is also home to Genencor, a Danisco Division, SunOpta Ingredients, JRS Pharma LP, J. Rettenmaier USA LP, and Red Star Yeast LLC. These bioproduct plants illustrate good

marrriages between biotechnology and agribusiness. Genencor is a leading producer of industrial enzymes and other natural chemicals. Total community employment in this industry is approximately 5,675.

The insurance and financial services sector continues to be a source of growth and strength in the area economy. United Fire Group and Great America Leasing are headquartered in Cedar Rapids. AEGON, the fifth largest insurance company in the world, has its U.S. corporate offices in Cedar Rapids, employing approximately 3,500. 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. Total community employment in this industry is more than 6,150.

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 2007-2008

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 2007-08 school year. It was a year of notable activities, accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

One-Minute Exercises Help Students Refocus - Several District schools began doing 'Just-a-Minute' (JAM) exercises to refocus energies and promote fitness. The JAMmin' Program uses daily one-minute exercise routines called the JAMmin' Minute that help students refocus through exercise.

Truman and Coe Partner for Carver Study - Fifth grade students from Truman Elementary School and communication students from Coe College shared an historical adventure at the African American Historical Museum as a way to learn more about George Washington Carver and his Iowa connection.

Kaizen Process Introduced as Part of Continuous Improvement Effort - Two teams, one devoted to improvements in custodial restroom cleaning and the other dedicated to improving the response time to software testing and implementation, participated in KAIZEN-LEAN events. This professional development activity is designed to improve work effectiveness by creating a

more efficient process and eliminating waste. These were the first Kaizen events for the District in support of the District's guiding philosophy of continuous improvement.

Harding Team Wins National Engineering Award - A team from Harding Middle School won the IEEE-USA Best Communications System Award during the National Future City Competition, held February 16 - 21 in Washington DC. The award was presented for the most "efficient and accurate communications system."

Kennedy Students Join Battle Against Hunger - The ONE program is an international awareness outreach. At Kennedy, students involved in the program purchased special t-shirts to spread the message. The entire school community wore the matching shirts on the same day to display solidarity of commitment to the cause of world hunger.

Taft Students Focus on Civil War Era - As part of a new social studies curriculum, seventh grade students at Taft Middle School became very familiar with the Civil War era. The students researched the 1846-1877 time period. Students focused on such themes and personalities as Abraham Lincoln, the Battle of Bull Run, the Emancipation Proclamation, the Battle of Gettysburg, and the reconstruction.

Johnson Students Travel Abroad with Museum Collaboration - Students from the Johnson School of the Arts helped to open the newest exhibit at the Cedar Rapids Museum of Art - American Artists Abroad, 1900-1950 - by displaying a series of student-designed murals. Painting their personal impressions of what it means to "Travel in the 21st Century," JSA students tied in the building's learning theme of the year, "Building Bridges."

McKinley Students Team to Design Hospital Brochure - Sixth grade science students at McKinley Middle School were involved in learning activities for the "My Body and Me" unit. What began as a class assignment to create a sample brochure grew into a useful publication design that is now being circulated through the community by Mercy Medical Center.

Jefferson Service Projects Support Community - Jefferson High School student organizations were busy reaching out to the community. Members of the baseball team served a holiday dinner at the Salvation Army, while students in the SADD group pitched in at several local sites, volunteering as bell ringers for the organization. This marked the group's 10th year as bell ringers.

International Visitors Tour District Schools - Three school administrators from the country of Brazil visited the District through an exchange program organized by the Fulbright organization. During the five-day visit, the international travelers toured several District schools to meet with staff and students. They also took advantage of area lifestyle by attending cultural events and visiting the business community.

Metro Students Build Leadership Skills - Students from Metro High School were able to strengthen their leadership and teamwork skills through participation in the "Making Tomorrow's Leaders Today" workshop. Two sessions were presented twice to accommodate the 75 students who registered. Metro business partner Cedar River Paper Company of Cedar Rapids and Bandag, Inc. of Muscatine, sponsored the event, and held at Cedar River Paper.

Students and Staff Pledge to Prevent Bullying - Students and staff at Jefferson High School observed "Pledge Day" with activities supporting the District effort to prevent bullying and harassment.

Celebrating School Spirit Importance at Polk - Students at Polk Elementary School join together on a monthly basis to display their school spirit as a group. Polk Pride Days offers staff, students and family members the opportunity to show their appreciation for one another and focus on their sense of community.

Budgetary Highlights

The Flood of 2008

On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. On June 13th the Cedar River crested at 31.13 feet, a full 10 feet higher than the previous flood record established in 1929. The flood damaged an estimated 5,390 homes, 1,133 businesses and 486 non-profit organizations. An estimated 1,800 District students were displaced as a result of the flood event.

The assessed value of property in the 100 year floodplain was \$175,897,331 residential, \$206,816,896 commercial and \$84,381,882 industrial property. The Cedar Rapids Community School District's damages to District owned property and contents at the time of this publication are estimated at \$33.5 million which includes damage to 8 locations. The estimated damages to property owned by the City of Cedar Rapids, Linn County and Cedar Rapids Schools combined exceeds \$1.3 billion. It will take several years for the District and community at large to fully recover from all the damage.

A new fund called the Recovery Fund was created in response to this disaster so the District could account for all flood recovery expenditures as well as all revenues from Federal and State sources. The Cedar Rapids Community School District qualifies for Public Assistance benefits under guidelines established by the Federal Emergency Management Agency, FEMA. Due to the magnitude of flood and storm damages in the State of Iowa, FEMA will pay 90% with the State of Iowa paying 10% of all District damages incurred. There will be incidental costs to the District as a result of the flood event not related to flood recovery, such as enrollment losses, that may have an adverse financial impact upon the District.

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 \$7.6 million or 3.8% under budget. Actual expenditures did not exceed the published budget in any functional category.

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. Reserves have exceeded the target range established several years ago increasing over the prior year to 14.2% for June 30, 2008. Budget discussions for fiscal year 2010 will include this key information.

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 2007-2008 fiscal year.

- State allowable growth for public schools in fiscal year 2007-2008 was 4%. Combined with a slight decrease in the “budget enrollment” of 77.8 pupils to 17,676, the rate of revenue growth or “new money” was 3.54%. This was down slightly from the 4.37% 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 equity 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: \$21.0 million, or 13.6% of fund expenditures
 - FY08: \$23.3 million, or 14.5% 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, with \$3.76 million as the levy amount in FY08.
 - General Fund expenditures, excluding other financing uses, totaled \$160.3 for the fiscal year compared with \$154.8 million in the previous year, representing an increase of \$5.5 million or 3.6% over the prior year.
 - General Fund revenues, excluding other financing sources, totaled \$160.7 million for the fiscal year compared with \$155.5 million in the previous year, representing an increase of \$5.2 million or 3.3% over the prior year.

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

School Nutrition Fund

Revenues in the School Nutrition Fund totaled \$6,981,898 representing a decrease of \$93,315 over the fiscal year 2007 amount. Lower collections from the USDA for commodities and fruit and vegetable programs accounted for this decline. Operating expenses and transfers to other funds for the School Nutrition Fund totaled \$7,071,408, representing an increase of \$230,750 or 3.4%, from the fiscal year 2007 amount. Retained earnings were \$1,952,512 at June 30, 2008 down from \$2,042,022 in the prior fiscal period.

The fund's finances were solid again for fiscal year 2007-2008, despite no increases in meal ticket prices. Over a seven year period, student meal participation increased 12.2% despite declining enrollment. During the 2007-08 school year, the percent of students participating in the school meal program remained steady at 66% of total population.

Retained earnings remain stable and strong 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.

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 Day Care Fund. This reporting shift was fully implemented in fiscal year 2008. The significant increases in both reported revenues and expenses between fiscal years 2007 and 2008 as reported below are due to this accounting transition.

Revenues in the Day Care Fund totaled \$3,342,103 compared to \$1,580,714 in fiscal year 2007. Operating expenses and transfers to other funds for the Day Care Fund totaled \$3,355,356 compared to \$1,578,520 in fiscal year 2007. Retained earnings were -\$11,059 at June 30, 2008 compared to \$2,194 in the prior fiscal period.

The District serves as the fiscal agent of two child care programs. The Five Seasons Daycare program is financially guaranteed by St. Luke's Hospital while the Rockwell Daycare program is financially guaranteed by Rockwell Collins Corporation. At this time it is anticipated that there will be minimal retained earnings balances to report in this fund due to the fiscal nature of both programs.

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, 2008, the District has total outstanding debt of \$66,735,000, with total statutory debt subject to the 5% debt limit of \$35,350,000.

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 and bank certificates of deposit during the fiscal year ended June 30, 2008.

Interest revenue of \$3,041,118 was earned on all investments for the year ending June 30, 2008. This represents a decrease of \$400,412 or 12% over fiscal year 2007 earnings. Lower investment revenues experienced by the District are attributable to lower interest rates generally from the previous fiscal year.

- The largest loss of interest revenue occurred in the Debt Service Fund. The District recognized \$1,254,628 in interest revenue in the Debt Service Fund related to the \$31.4 million School Refunding Bond sale. This was down \$320,246 from interest recognized

from the School Refunding Bond sale the previous year, reflecting lower interest rate levels from one year ago.

- Despite stable reserve trends in all other District funds there was a net additional investment revenue loss of \$80,166. Also reflective of lower rates of interest overall from the prior year.

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, 2007. This was the thirteenth 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.

A handwritten signature in black ink, appearing to read "Steve Graham". The signature is fluid and cursive, with the first name "Steve" written in a larger, more prominent script than the last name "Graham".

Steve Graham
Executive Director of Business
Services, Board Treasurer

A handwritten signature in black ink, appearing to read "Dr. David Markward". The signature is cursive and somewhat stylized, with the first name "David" being the most prominent part of the signature.

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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emery

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, 2007

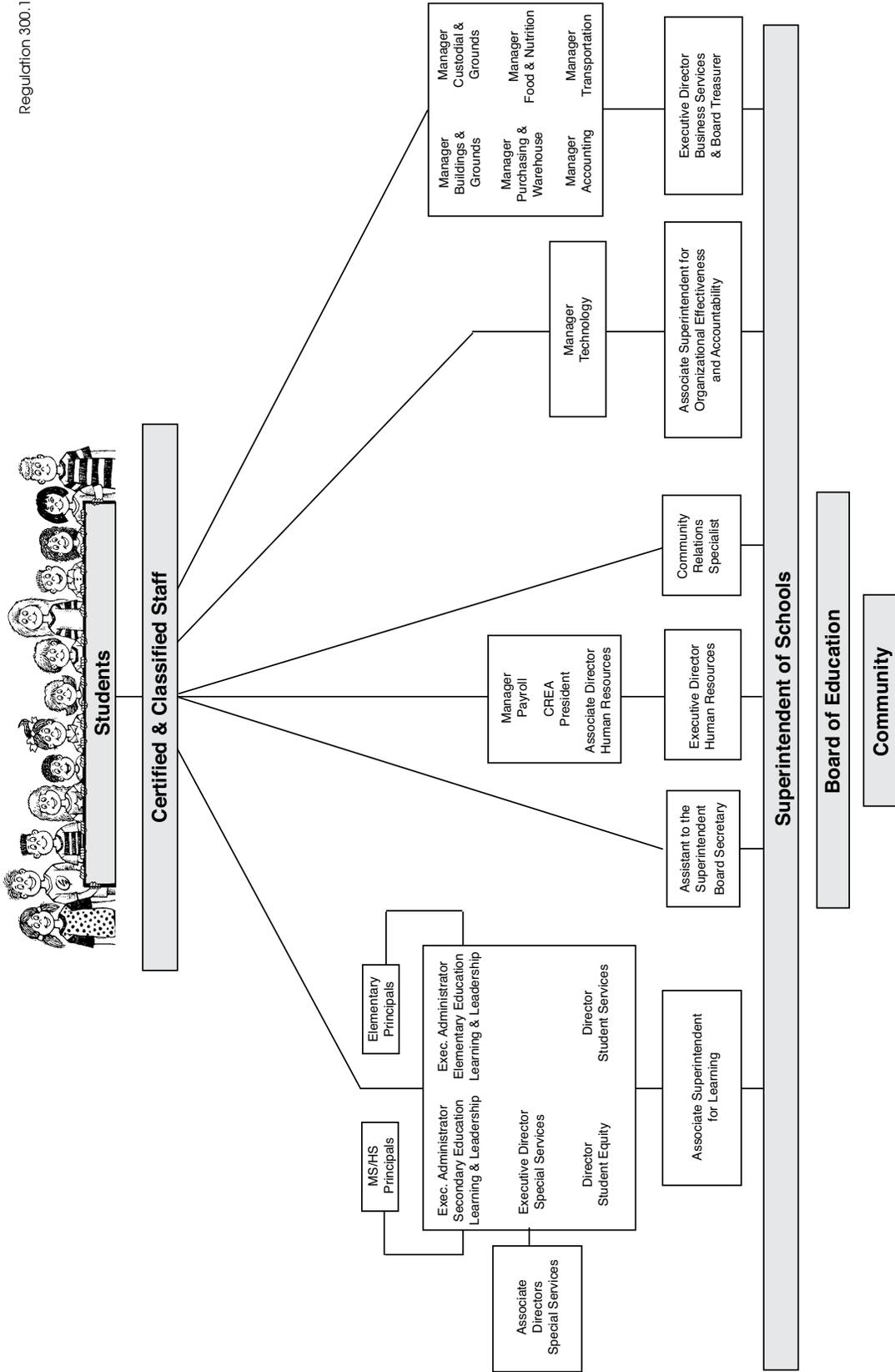
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

James E. Brandel

President

John D. Mueser

Executive Director



LEADERSHIP TEAM
 Cedar Rapids Community School District
 Cedar Rapids, Iowa

Cedar Rapids Community School District

Board of Directors and District Officials

Year ended June 30, 2008

Name	Title	Term Expires
-------------	--------------	---------------------

Board of Directors

(Before September 2007 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

Board of Directors

(After September 2007 election)

Melissa Kiliper-Ernst	President	2011
Mary Meisterling	Vice-President	2008
Ann Rosenthal	Director	2008
Keith J. Westercamp	Director	2009
Ken Childress	Director	2009
Judy Goldberg	Director	2009
John Laverty	Director	2011

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, 2008 which collectively comprise Cedar Rapids Community School 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, 2008, 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 January 7, 2009 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, budgetary comparison information, and schedule of funding progress for postemployment benefit plan on pages 29 through 48, and 86 through 88, and page 89 are not a required part 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, 2007 (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 tables 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
January 7, 2009



**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, 2008. 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.

Voter approval of the SILO tax in Linn County on February 13, 2007 provided for ten years of funding for infrastructure, property tax relief and investment in technology. However, in May 2008, HF2663, (House File) was signed into law by the Governor providing SILO funding to all Iowa public schools on a statewide basis until December 31, 2029. This new law overrides the original voter approval term, thus providing for an additional 12 years of SILO funding to the District.

It is estimated that total revenues related to SILO for fiscal years 2008 to 2018 will be \$147.5 million. HF2663 has great financial significance to the District increasing overall SILO related funding by \$15 million compared to the same ten year period under the previous SILO state law.

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.

Reporting SILO Financial Activity

For purposes of this financial report, all SILO financial activity is reported in the Capital Projects fund.

Planned Use of SILO Funds

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)

Energy efficient geothermal Heating and Air Conditioning projects are planned for Kennedy, Jefferson, and Washington High Schools, as well as Taft and Harding Middle Schools. Energy efficient window wall systems are planned at Jefferson and Washington High Schools. Plumbing, wiring, lighting and other building upgrades are planned at Kingston Stadium.

Property Tax Relief: SILO tax dollars will be used to help retire existing debt related to a voter approved bond referendum in December 2000. In fiscal year 2008, \$2 million was used for local property tax relief with an additional \$4 million in fiscal year 2009. In total, \$40 million will be used for this purpose over the first 10 years of the SILO.

Technology for Classrooms

Total estimated investment in technology is \$20.6 million providing for the following improvements:

- Upgrade WAN system backbone to improve speed and reliability
- Upgrade classroom computers and related equipment
- Maintain system over 10 years

Other Financial Highlights

- **The Flood of 2008:** On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. An estimated 1,800 District students were displaced as a result of the flood event. The Cedar Rapids Community School District's damages to District owned property and contents at the time of this publication are estimated at \$33.5 million which includes damage to 8 locations. For additional information on the Flood of 2008, please see the **Transmittal Letter** and/or **Factors Bearing on the District's Future** at the end of this Management Discussion and Analysis.
- For the fourth 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, FY07: \$14.90, FY08: \$14.37. For fiscal year 2009 the District levy rate has been further reduced to \$13.78. In the past, the reduction in levy rates has been possible in large part by the reduction of the cash reserve levy. For FY08 the District used \$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. For FY09 the District will use \$4 million in SILO revenues for property tax relief.
- 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
 - FY08: \$23.3 million, or 14.5% of fund expenditures
- General Fund interest revenues totaled \$1,089,199 for fiscal year 2008 compared to \$1,270,606 for fiscal year 2007, \$1,099,453 for fiscal year 2006 and \$535,146 for fiscal year 2005. The reduction in interest revenues between the 2008 and 2007 fiscal years is attributed largely to a reduction in the average interest rate on invested funds which declined from 5.28% in FY2007 to 4.14% in FY2008.

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.

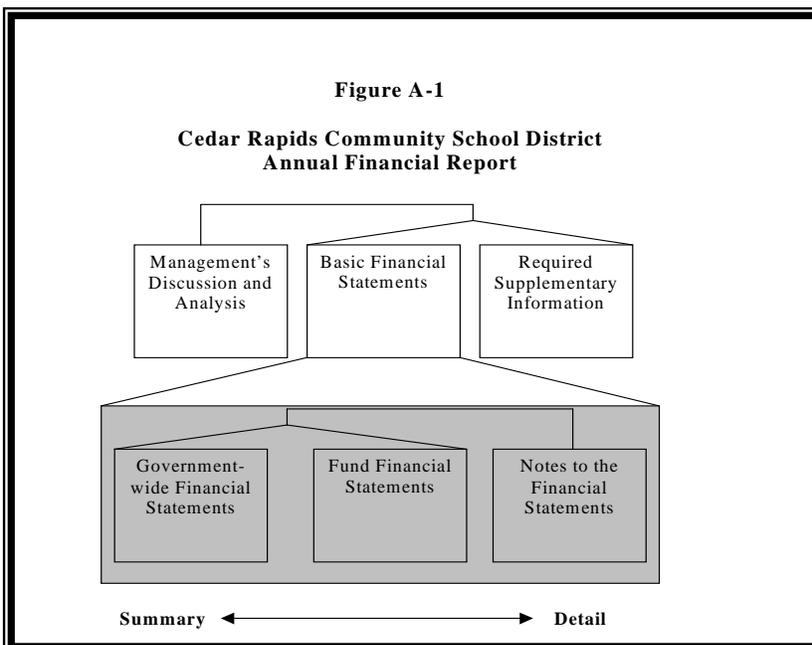


Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or 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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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 31% or \$16.1 million in the District's net assets is evidenced in **Figure A-3**. Combined total assets increased by 7.1 percent or \$15.0 million. This is due to several factors including increases of 22% in cash and cash equivalents, a 66% increase in amount due from other governments and an increase of 12% in capitalized buildings and improvements. Combined total liabilities decreased by 0.6 percent or \$1 million. This is largely due to a reduction of 2% in long term debt obligations.

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

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	2007	2008	2007	2008	2007	2008	2007-2008
Current and other assets	\$143.7	\$155.3	\$2.0	\$1.8	\$145.7	\$157.1	7.8%
Capital assets	66.5	70.0	0.5	0.6	67.0	70.6	5.4%
Total assets	210.2	225.3	2.5	2.4	212.7	227.7	7.1%
Current liabilities	85.2	85.6	0.4	0.4	85.6	86.0	0.5%
Long term debt	75.0	73.6	0.0	0.0	75.0	73.6	-1.9%
Total liabilities	160.2	159.2	0.4	0.4	160.6	159.6	-0.6%
Net assets							
Invested in capital assets							
net of related debt	29.1	34.6	0.5	0.6	29.6	35.2	18.9%
Restricted	7.7	16.8	0.0	0.0	7.7	16.8	118.2%
Unrestricted	13.1	14.6	1.5	1.4	14.6	16.0	9.6%
Total net assets	\$49.9	\$66.0	\$2.0	\$2.0	\$51.9	\$68.0	31.0%

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 \$16.2 million in net assets. This compares to a \$5 million increase in net assets in the previous fiscal year. This was caused by a 10.9% increase in revenues that outpaced the

5% increase in expenses. The major reason for the significant change in revenues over the previous year was due to an increase in Taxes of 23.1% or \$15.5 million related to the first year collection of local option sales tax revenues totaling \$16.2 million. Expense growth of 5% was anticipated largely driven by increases in employee compensation in the 4-5% range.

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Revenues							
Program revenues							
Charges for services	\$ 13.0	\$ 11.2	\$ 5.0	\$ 6.7	\$ 18.0	\$ 17.9	-0.6%
Operating Grants & Contributions	21.3	24.3	3.5	3.5	24.8	27.8	12.1%
Capital Grants & Contributions	-	0.1	-	-	-	0.1	100.0%
General revenues							
Taxes	67.0	82.5	-	-	67.0	82.5	23.1%
State formula aid not restricted	71.3	73.7	-	-	71.3	73.7	3.4%
Other	4.1	3.4	0.1	0.1	4.2	3.5	-16.7%
Total revenues	176.7	195.2	8.6	10.3	185.3	205.5	10.9%
Expenses							
Instruction	\$ 110.3	\$ 115.1	-	-	\$ 110.3	\$ 115.1	4.4%
Pupil & Instructional Services	10.8	11.5	-	-	10.8	11.5	6.5%
Administrative & Business	18.3	20.1	-	-	18.3	20.1	9.8%
Maintenance & Operations	15.5	16.3	-	-	15.5	16.3	5.2%
Transportation	3.4	3.9	-	-	3.4	3.9	14.7%
Other	13.8	12.2	8.2	10.2	22.0	22.4	1.8%
Total expenses	172.1	179.1	8.2	10.2	180.3	189.3	5.0%
Excess (deficiency) before transfers	\$ 4.6	\$ 16.1	\$ 0.4	\$ 0.1	\$ 5.0	\$ 16.2	
Transfers In	0.3	0.2	-	-	0.3	0.2	-33.3%
Transfers out	-	-	(0.3)	(0.2)	(0.3)	(0.2)	-33.3%
Total transfers	0.3	0.2	(0.3)	(0.2)	-	-	0.0%
Increase (decrease) in net assets	\$ 4.9	\$ 16.3	\$ 0.1	\$ (0.1)	\$ 5.0	\$ 16.2	224.0%

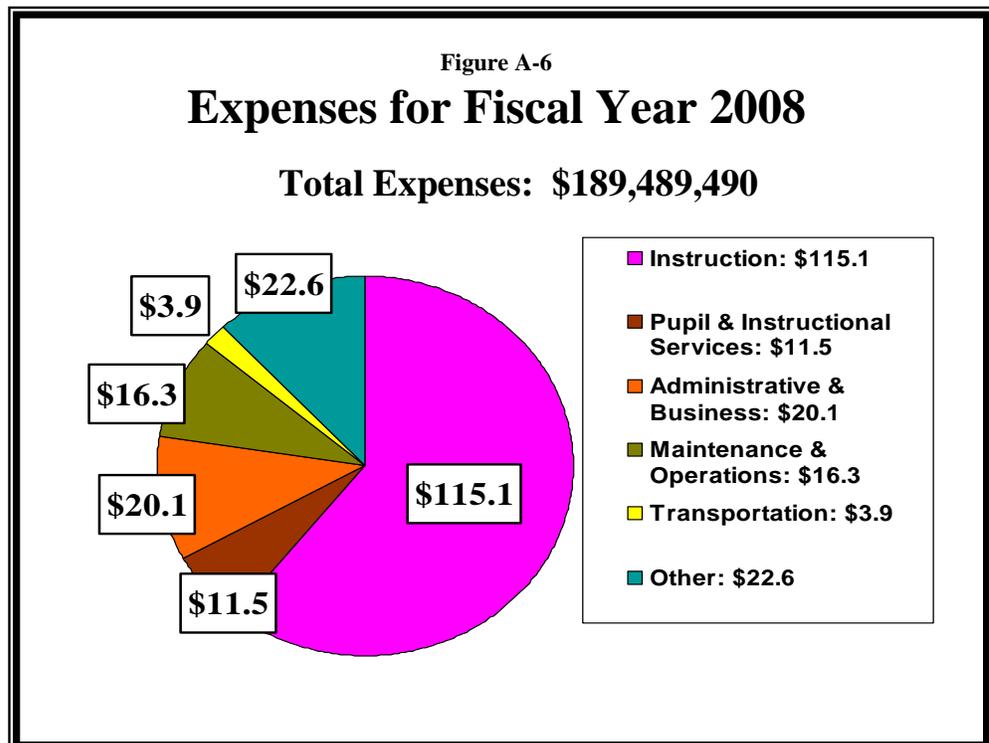
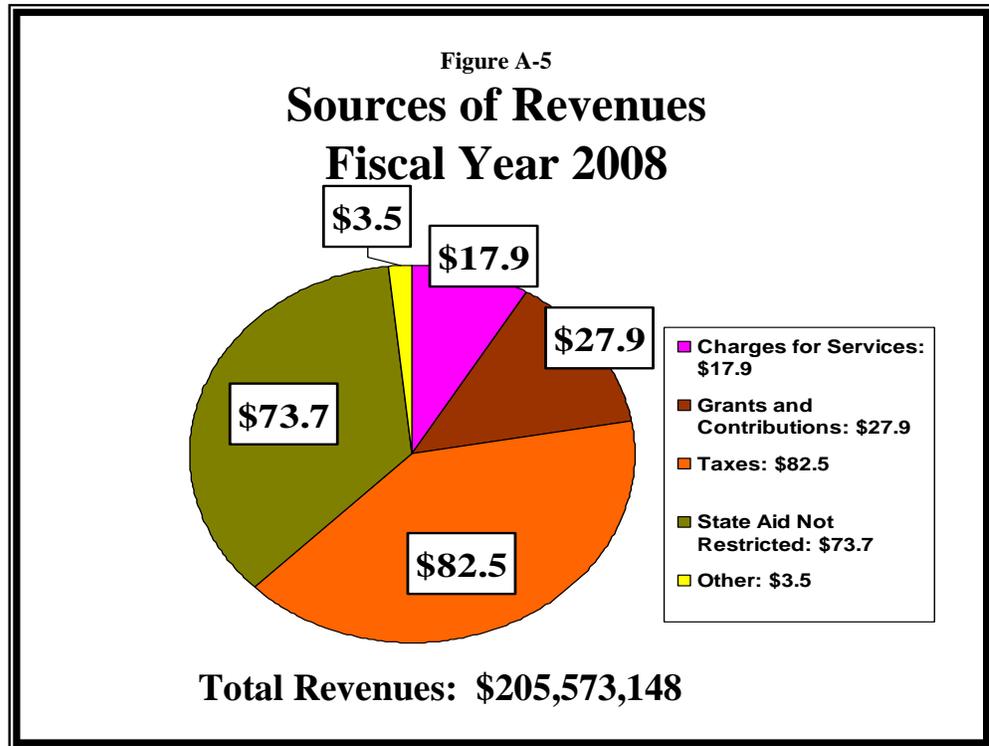
Note: totals may not add due to rounding and may differ slightly from the amounts reported in the Basic Financial Statements due to rounding differences.

Figure A-5 shows the sources of total District revenues. Local Taxes, is the District's largest revenue source, comprising 40% of District revenues with State Foundation Aid, the District's second largest, comprising 36%. Grant revenues from Federal, State and local sources, continue to play a very important role in funding District programs, represent 14% of District revenues. Charges for services, largely tuition charges, comprise 8% 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. The “Other” expense category is represented by Investments in community services, capital improvements, interest on long term debt, other post employment benefits and AEA flow through. AEA flow through expenses of \$6.2 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 3.6% 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 \$4.09 billion to \$4.13 billion for FY2008. Overall property tax valuation trends over the past ten years show an average increase of 2.2%. However, growth in valuations from the previous year averaged only 1.0%. 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 from \$14.90 per \$1,000 of taxable valuation in FY07 to \$14.37, in FY08. This was due in large part to the District's use of \$2 million in revenues from the School Infrastructure Local Option sales tax, (SILO) to reduce local property taxes. From a historical perspective however, levy rates were lower in FY2002 than they are currently. The primary reason for higher levy rates today is related to the approval and subsequent issuance of \$46 million in general obligation bonds by voters on December 12, 2000, to fund District infrastructure improvements.

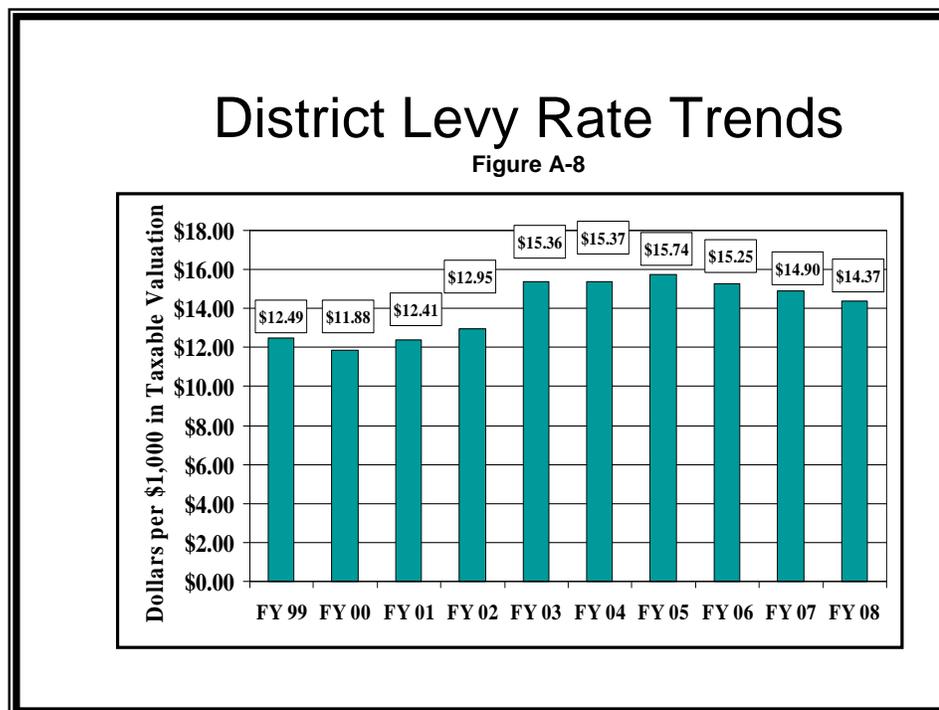
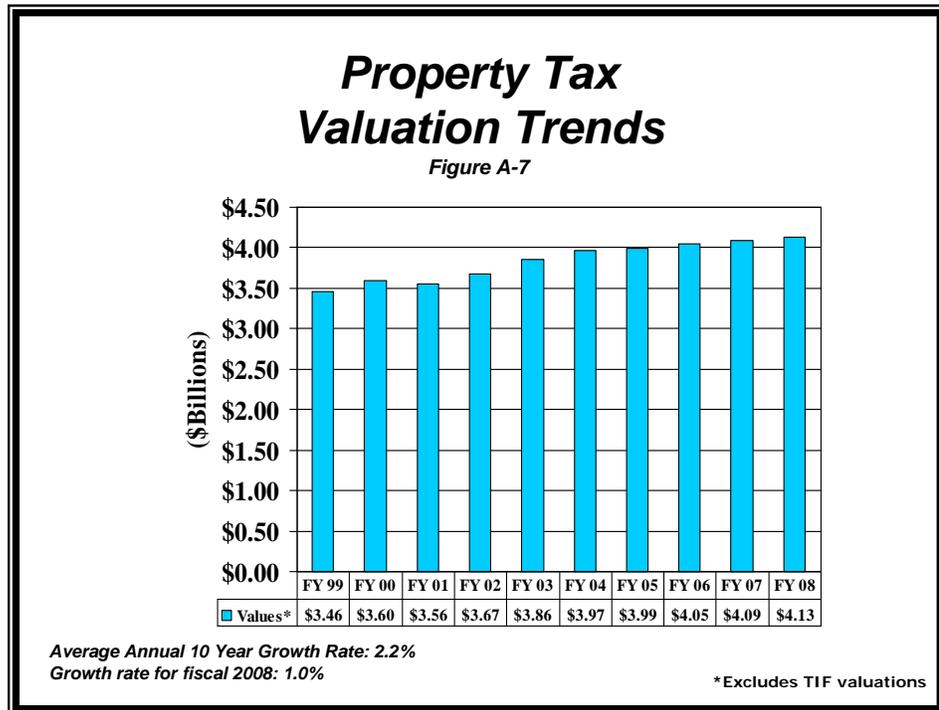


Figure A-9 presents the cost of six major District activities: Instruction, Pupil and Instructional Services, Administrative and Business, Maintenance and Operations, Transportation and Other. The table shows each activity's net cost, (total costs, less fees generated by the activities and intergovernmental 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 \$179 million.
- Some of the cost was financed by the users of the District's programs, (\$11.2 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$24.3 million).
- Most of the District's governmental activities costs however, were financed by District and state taxpayers with \$82.5 million in local and state taxes and \$73.7 million in unrestricted state aid based on the statewide education aid formula.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2007	2008	2007-2008	2007	2008	2007-2008
Instruction	\$ 110.3	\$ 115.1	4.4 %	\$ 84.4	\$ 86.4	2.4 %
Pupil & Instructional Services	10.8	11.5	6.5	10.4	11.5	10.6
Administrative & Business	18.3	20.1	9.8	18.2	20.1	10.4
Maintenance & operations	15.5	16.3	5.2	15.5	16.3	5.2
Transportation	3.4	3.9	14.7	3.3	3.8	15.2
Other	13.8	12.4	-10.1	5.9	5.6	-5.1
Total	\$ 172.1	\$ 179.3	4.2 %	\$ 137.7	\$ 143.7	4.4 %

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

- Business revenues rose from \$8.5 million in FY 2007 to \$10.2 million in FY 2008. Charges for services were \$6.7 million with operating grants and contributions, (federal and state subsidies) making up \$3.5 million.
- Business expenses rose from \$8.2 million in FY 2007 to \$10.2 million in FY 2008. At the present time, the Food and Nutrition Fund and 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 remains fixed at 38% of District students.
- Over a seven year period, student meal participation increased 12.2% despite declining enrollment.
- During the 2007-08 school year, the percent of students participating in the school meal program remained steady at 66% of total population.
- 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 2007-2008 replacement schedules with plans underway to implement year three.

- A comprehensive RFP was written coupled with extensive research of a new point of sale and back office meal accounting program for implementation July of 2008.
- Meal prices experienced an increase of between \$.05 to \$.10 per meal during 2007-2008. The last increase in school meal prices was during the 2003-2004 school year.
- Nutrient analysis for K-5 menus is now available on the District's Internet as a service for parents, students and school personnel.
- 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
 - 2007-08 Lunch 11,470 Breakfast 2,746

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 maintained a solid position of \$2.0 million for fiscal year 2008. This essentially matches the same level as the previous year. This stability 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 will continue to be an important focus. Currently, the program has equipment valued at \$3.0 million with total accumulated depreciation of \$2.5 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 was fully implemented in fiscal year 2008. For fiscal year 2008 retained earnings were \$(11,059) compared to \$2,195 in fiscal year 2007. Revenues are guaranteed from both Rockwell and Five Seasons Day Care programs so the fund will never carry a significant retained earnings balance.

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 summary of General Fund revenues by source in **Figure A-10** is as follows.

- Total General Fund revenues before “Other Financing Sources” increased by 3.3 %, or \$5.1 million in FY 2008.
- An increase of 3.9% or \$2.1 million in local taxes reflects the State of Iowa allowable growth rate of 4% for Iowa’s public schools in FY2008.
- An increase of 798% in Student Fees and Activities is related to the booking of approximately \$5 million in student instructional material fees that was reported in the Other Local Sources category last year.
- Investment revenues decreased primarily due to a lower average investment rate in fiscal year 2008 when compared to 2007. The average interest rate on invested funds declined from 5.28% in FY2007 to 4.14% in FY2008.

General Fund Revenues by Source	FY 2008		FY 2007		Change
	Amount	Percent	Amount	Percent	
Local Sources					
Local Taxes	\$54,706,742	34.1%	\$52,634,536	32.8%	3.9%
Tuition	5,168,304	3.2%	5,197,330	3.2%	-0.6%
Student Fees and Activities	588,547	0.4%	65,534	0.0%	798.1%
Investment Earnings	1,089,199	0.7%	1,270,606	0.8%	-14.3%
Other Local Sources	1,329,094	0.8%	4,119,695	2.6%	-67.7%
State Sources					
State Foundation Aid	72,693,265	45.2%	70,348,123	43.8%	3.3%
Phase I, II and III	1,484,976	0.9%	1,490,828	0.9%	-0.4%
Other State Aid	16,672,610	10.4%	13,835,804	8.6%	20.5%
Federal Sources					
Title I	2,650,163	1.6%	2,380,269	1.5%	11.3%
Other Federal Aid	4,273,581	2.7%	4,165,283	2.6%	2.6%
Total Revenues	\$160,656,481	100.0%	\$155,508,008	96.8%	3.3%
Other Financing Sources	1,953,733		1,946,569		0.4%
Grand Total Resources	\$162,610,214		\$157,454,577		3.3%

- The significant decrease of 68% in Other Local Sources is largely related to receipt of \$2.0 million in this category in fiscal year 2007 related to day care services. In fiscal year 2008, day care services are accounted for in a separate fund outside of the General Fund. The explanation in the previous bullet also accounts for this change.
- Increases in Other State Aid of 20.5% are a result of a \$2.0 million increase in the State Salary Improvement Program as well as normal growth rates in other state grant programs.
- Increases in Title I revenues of 11.3% are reflective of increases in Title I funding and utilization of the Title I carry over provision in FY08.

General Fund expenditures by function for fiscal years 2007 and 2008 are summarized in **Figure A-11**, as follows:

- Total Expenditures, before “Other Financing Uses” increased by 3.6% or \$5.5 million from the previous fiscal year.
- A reduction of 24.1% in the Instructional Staff Support Services category was largely due to a reduction of \$1.5 million in technology related expenditures from the previous year.
- A decrease of 97.9% in the Community Services category was related to day care accounting changes as previously explained. 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 in fiscal year 2007. This reporting was fully implemented in fiscal year 2008. As a result there are no expenditures in this General Fund category in 2008.
- Increases of 8% in Student Transportation and 8.9% in Operations and Maintenance are both directly related to the increased costs of fuel.

Figure A-11

General Fund Expenditures by Function	FY 2008		FY 2007		Change
	Amount	Percent	Amount	Percent	
Instruction	\$108,317,519	67.6 %	\$102,754,417	66.4 %	5.4 %
Student Support Services	4,404,731	2.7	4,195,283	2.7	5.0
Instructional Staff Support Services	4,999,088	3.1	6,588,129	4.3	-24.1
General Administration	2,372,460	1.5	2,276,831	1.5	4.2
School Administration	10,593,264	6.6	10,280,151	6.6	3.0
Business Services	5,443,668	3.4	4,953,442	3.2	9.9
Operations and Maintenance	15,056,181	9.4	13,820,036	8.9	8.9
Student Transportation	2,882,584	1.8	2,668,030	1.7	8.0
Community Services	28,370	0.0	1,366,515	0.9	-97.9
AEA Support - Direct to AEA	6,232,507	3.9	5,916,552	3.8	5.3
Total Expenditures	\$160,330,372	100.0 %	\$154,819,386	100.0 %	3.6 %
Other Financing Uses	-		383,751		-100.0
Total Expenditures and Uses	\$160,330,372		\$155,203,137		3.3 %

- An increase of 5.3% in the AEA Support - Direct to AEA category was due to increases in funding as provided for in the State of Iowa finance formula.
- **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 2008. Actual revenues were less than re-estimated budget revenues by \$1.2 million or 0.8% while actual expenditures were \$6.4 million or 3.8% less than re-estimated budget expenditures for the period. This is largely due to categorical programs that have not fully expended their appropriations. These unspent appropriations have been carried forward into fiscal year 2009.

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, Flood Recovery, 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 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.

**Figure A-12
General Fund Budget and Actual Comparison
Fiscal Year 2008**

	Budget		Actual
	Original	Re-estimated	
Revenues			
Local Taxes	\$54,503,355	\$54,422,489	\$54,706,742
Tuition	5,687,500	5,454,500	5,168,304
Other local sources	\$3,345,407	\$3,154,828	3,006,840
State sources	88,890,777	91,395,482	90,850,851
Federal sources	6,870,245	7,559,866	6,923,744
Total Revenues	\$159,297,284	\$161,987,165	\$160,656,481
Other Financing Sources	1,856,208	1,857,910	1,953,733
Total Revenues & other sources	\$161,153,492	\$163,845,075	\$162,610,214
Expenditures			
Instruction	\$111,461,486	\$113,999,208	\$108,317,519
Student Support Services	4,630,639	4,658,417	\$4,404,731
Instructional Staff Support Services	5,868,365	5,278,224	\$4,999,088
General Administration	2,818,102	3,184,797	\$2,372,460
School Administration	10,554,675	10,571,868	\$10,593,264
Business Services	5,345,598	5,511,618	\$5,443,668
Operations and maintenance	14,229,578	14,247,809	\$15,056,181
Student transportation	2,893,649	2,841,221	\$2,882,584
Community Services	-	-	\$28,370
AEA Support - Direct to AEA	6,430,021	6,430,021	\$6,232,507
Total Expenditures	\$164,232,113	\$166,723,183	\$160,330,372
Other Financing Uses	-	-	-
Total Expenditures & Sources (Uses)	\$164,232,113	\$166,723,183	\$160,330,372

As can be seen in **Figure A-13**, in addition to the General Fund, the Management, Physical Plant and Equipment Levy (PPEL), Debt Service and Capital Projects 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 \$13.4 million in “Total Revenues” from the prior year (excluding other financing sources) and a revenue increase of \$15.6 million when all sources are included. The following points highlight the significant changes from the previous year.

- **Management Fund** revenues were down by \$.7 million from the previous year reflecting a lower property tax levy to support retiree benefits, property liability insurance and unemployment costs.
- **Debt Service Fund** total revenue decreased by \$.7 million from the prior year reflecting lower scheduled P & I payments on the District’s long term G.O. bond debt.
- **Capital Projects Fund** revenues were up \$16.3 million reflecting first year collections of the new School Infrastructure Local Option sales tax, (SILO).

Figure A-13

All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2008 Revenues

Revenue Source	Major Funds					Other Gov. Funds		% of Total	Dollar Change Previous Yr.
	Management	PPEL	Debt Service	Capital Projects	Activity Fund	Recovery Fund	Total		
Local	\$5,830,684	\$4,719,795	\$3,059,937	\$16,392,117	\$4,525,097	\$ -	\$34,527,630	89.2 %	\$13,300,677
State	3,817	2,773	1,161	-	-	-	7,751	0.0	(1,926)
Federal	-	57,286	-	-	-	-	57,286	0.1	57,286
Total Revenues	\$5,834,501	\$4,779,854	\$3,061,098	\$16,392,117	\$4,525,097	\$ -	\$34,592,667	89.4	\$13,356,037
Bond Proceeds	-	-	-	-	-	-	-	0.0	-
Other Financing Sources	-	2,050,000	2,050,000	-	-	-	4,100,000	10.6	2,217,555
Total Revenue & Other	\$5,834,501	\$6,829,854	\$5,111,098	\$16,392,117	\$4,525,097	\$ -	\$38,692,667	100.0 %	\$15,573,592

Summary of Expenditures

In the “All Other Governmental Funds” group, as depicted in **Figure A-14**, the District experienced an increase of \$5.5 million in “Total Expenditures” (excluding other financing uses) and an increase of \$8.1 million overall from the previous year. The following points highlight the significant changes from the previous year.

Figure A-14

All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2008 Expenditures

Expenditure Function	Major Funds					Other Gov. Funds		% of Total	Dollar Change Previous Yr.
	Management	PPEL	Debt Service	Capital Projects	Activity Fund	Recovery Fund	Total		
Regular instruction	\$2,390,756	\$ 32,919	\$ -	\$ -	\$ -	\$ -	\$ 2,423,675	8.2%	\$ (208,226)
Special Instruction	290,817	-	-	-	-	-	290,817	1.0%	\$ 34,927
Other instruction	-	15,262	-	-	4,538,855	-	4,554,117	15.4%	\$ 147,557
Student support services	5,872	-	-	-	-	-	5,872	0.0%	\$ 2,127
Instructional staff support	86,380	155,052	-	1,819,959	-	-	2,061,391	7.0%	\$ 1,954,983
General administration services	245,765	-	-	-	-	-	245,765	0.8%	\$ 79,921
School administration services	685,697	-	-	-	-	-	685,697	2.3%	\$ 80,900
Business services	110,924	6,657	-	-	-	-	117,581	0.4%	\$ 64,311
Operations and maintenance	1,202,020	10,026	-	-	-	-	1,212,046	4.1%	\$ 69,575
Student transportation	334,589	817,464	-	-	-	-	1,152,053	3.9%	\$ 445,352
Food Service	120,444	-	-	-	-	-	120,444	0.4%	\$ (36,161)
Community services	26,776	-	-	-	-	-	26,776	0.1%	\$ 26,095
Facilities/construction	-	2,644,354	-	2,927,841	-	75,982	5,648,177	19.1%	\$ 3,430,320
Debt Service Principal	-	-	2,050,000	-	-	-	2,050,000	6.9%	\$ (200,000)
Debt Service Interest	-	-	3,139,398	-	-	-	3,139,398	10.6%	\$ (430,108)
Total Expenditures	\$5,500,040	\$ 3,681,734	\$ 5,189,398	\$ 4,747,800	\$ 4,538,855	\$ 75,982	\$23,733,809	19.8%	\$ 5,461,573
Other Financing Uses	58,952	3,752,937	-	2,050,478	-	-	5,862,367	19.8%	2,668,782
Total Expenditures & Other	\$5,558,992	\$ 7,434,671	\$ 5,189,398	\$ 6,798,278	\$ 4,538,855	\$ 75,982	\$29,596,176	100.0%	\$ 8,130,355

- PPEL Fund** expenditures for infrastructure projects were up approximately \$1 million over the previous fiscal year. This change reflects an increased District commitment to infrastructure maintenance and repair needs as well as the purchase of school busses. In addition, a \$2 million property tax pass through effecting both Other Financing Uses, (expenditure side) and Other Financing Sources, (revenue side) provided for an increase in reported Total Expenditures & Other of \$3 million from the prior year. This pass through had a zero net effect on the fund.

- **Capital Projects Fund** expenditures were up \$4.7 million from the prior year due to the use of first year collections of the new School Infrastructure Local Option sales tax, (SILO).

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 10.9% from the previous fiscal year. This is a result of a number of things including a cash reserve levy of \$3.8 million for the fiscal year and several categorical grants were left with “planned” unspent reserves in anticipation of several long-term program initiatives.

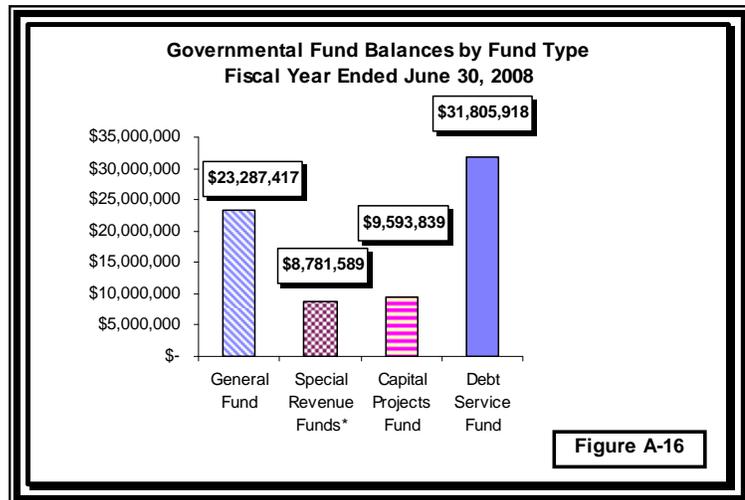
Figure A-15

Fund Balances	June 30, 2008	June 30, 2007	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$ 23,287,417	\$ 21,007,575	\$ 2,279,842	10.9%
Special Revenue Funds*	8,781,589	9,200,637	(419,048)	-4.6%
Capital Projects Fund	9,593,839	-	9,593,839	100.0%
Debt Service Fund	31,805,918	31,884,219	(78,301)	-0.2%
Total	\$ 73,468,763	\$ 62,092,431	\$ 11,376,332	18.3%

*Special Revenue Funds				
Activity	\$	\$	\$	%
Activity	899,976	913,735	(13,759)	-1.5%
Management	2,491,212	2,215,703	275,509	12.4%
PPEL	5,466,383	6,071,199	(604,816)	-10.0%
Recovery	(75,982)	-	(75,982)	100.0%
Total	\$ 8,781,589	\$ 9,200,637	\$ (419,048)	-4.6%

The **Special Revenue Funds**, (Activity, Management, PPEL and Recovery funds combined) experienced a decrease of approximately \$.42 million in fund balance from the previous year. Individual fund changes within the Special Revenue Funds can be seen at the bottom of **Figure A-15**.

Increases in PPEL expenditures account for the reduction in fund balances, while increases in Management fund reserves reflect a planned growth in fund reserves following negative fund balances that occurred several years ago.



The **Capital Projects Fund** went from a zero balance at the beginning of the fiscal year to \$9.6 million. This is a result of the first year collections of the new School Infrastructure Local Option, (SILO) sales tax. All SILO financial activity will be accounted for in the Capital Projects Fund. There was no change in **Debt Service Fund** reserves from the previous year.

Capital Asset and Debt Administration

Capital Assets

As indicated in **Figure A-17**, by the end of 2008, the District had invested, net of depreciation, \$70.6 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.

Since fiscal year 2002 the District has added \$44.5 million in capital assets net of depreciation.

Figure A-17

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

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Land	\$ 8.5	\$ 8.5	\$ -	\$ -	\$ 8.5	\$ 8.5	0.0%
Construction in progress	7.7	2.9	-	-	7.7	2.9	-62.3%
Buildings	44.2	52.5	-	-	44.2	52.5	18.8%
Equipment	4.0	3.9	0.5	0.6	4.5	4.5	0.0%
Vehicles	2.0	2.2	-	-	2.0	2.2	10.0%
	\$ 66.4	\$ 70.0	\$ 0.5	\$ 0.6	\$ 66.9	\$ 70.6	5.5%

Note: totals may not add due to rounding.

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. Continued growth in net capital assets in future years will be driven by SILO revenues received by the District through December 31, 2029.

Excluding depreciation, the District has \$132.7 million in capital assets. Governmental funds account for \$129.7 million, with the remainder, \$3.0 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 \$66.7 million in general obligation bonds and school refunding bonds outstanding. Of this amount, \$35.4 million is subject to the 5% statutory debt limit. This represents a decrease of 5.5% over the previous fiscal year as can be seen in **Figure A-18**.

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, 2008 the District did not exceed its 5% legal debt margin. The District had \$35.2 million in debt applicable to the 5% statutory limit compared to a debt limit of \$362.8 million. More detailed information about long-term debt can be found in Note 8 to the financial statements as well as the statistical section at the end of this report.

Figure A-18

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

	Total School District		Total Percentage Change
	<u>2007</u>	<u>2008</u>	<u>2007-2008</u>
General obligation bonds** & notes (financed with property taxes)	\$5,825,000	\$3,775,000	-35.2%
School refunding bonds	31,385,000	31,385,000	0.0%
Total	<u>\$37,210,000</u>	<u>\$35,160,000</u>	<u>-5.5%</u>

* Debt subject to the 5% statutory limit.

**Total District long term debt is \$66,735,000. 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.

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 Flood of 2008:** On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. The flood damaged an estimated 5,390 homes 1,133 businesses and 486 non-profit organizations. An estimated 1,800 District students were displaced as a result of the flood event. The Cedar Rapids Community School District's damages to District owned property and contents at the time of this publication are estimated at \$33.5 million which includes damage to 8 locations. A new fund called the Recovery Fund was created in response to this disaster so the District could account for all flood recovery expenditures as well as all revenues from Federal and State sources. The Cedar Rapids Community School District qualifies for Public Assistance benefits under guidelines established by the Federal Emergency Management Agency, FEMA. Due to the magnitude of flood and storm damages in the State of Iowa, FEMA will pay 90% with the State of Iowa paying 10% of all District damages incurred. There will be incidental costs to the District as a result of the flood event not related to flood recovery, such as enrollment losses, that may have an adverse financial impact upon the District.
- **SILO Funding:** Voter approval of the SILO tax in Linn County on February 13, 2007 provided for ten years of funding for infrastructure, property tax relief and investment in technology. However, in May 2008, HF2663, (House File) was signed into law by the Governor providing SILO funding to all Iowa public schools on a statewide basis until December 31, 2029. This new law overrides the original voter approval term, thus providing for an additional 12 years of SILO funding to the District. Due to passage of HF2663, it is estimated that total revenues related to SILO for fiscal years 2008 to 2018 will be \$147.5 million. HF2663 has great financial significance to the District increasing overall SILO related funding by \$15 million compared to the same ten year period under the previous SILO state law. Of critical importance is the overall growth rate of construction inflation over time. The District's current forecast model assumes a 6% annual growth rate which will have to be watched closely.

- **State Budget Cuts:** 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.
- **Enrollment Stability:** 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 1998 and October 2007 when student enrollments are officially counted, the budget enrollment count declined overall by 2%. The October 2008 budget enrollment showed a decrease over 2007 with a loss of 288.5 students or 1.6%.
- **Wages and Benefits:** 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 78% of all expenditures in this fund are related to staff salaries and benefits.
- **Health insurance:** For fiscal years 2007 and 2008, health insurance premiums have increased by only 4.3% and 1.8% respectively. For fiscal year 2009 there was no increase at all. This compares to a 16% increase in fiscal year 2006 and increases that have at times exceeded 20% in the recent past. Health insurance premiums have historically increased at a rate exceeding both the consumer price index and increases in District revenues. Health insurance rates will continue to be a key budgetary factor worth watching.
- **Property tax collections:** 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, 907 15th Street SW, Cedar Rapids, IA 52404.

Government-wide Financial Statements

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business-Type Activity	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 54,632,140	\$ 1,587,913	\$ 56,220,053
U.S. Treasury securities on deposit with escrow agent	31,695,832	-	31,695,832
Receivables:			
Property tax:			
Delinquent	348,567	-	348,567
Succeeding year	59,262,000	-	59,262,000
Other	461,909	746,556	1,208,465
Due from other governments	8,006,295	72,485	8,078,780
Internal balances	732,882	(732,729)	153
Inventories	147,099	137,430	284,529
Prepaid items	30,922	-	30,922
Total current assets	155,317,646	1,811,655	157,129,301
Noncurrent assets:			
Capital assets:			
Land and construction in progress	11,373,426	-	11,373,426
Depreciable assets	118,243,580	3,041,958	121,285,538
Less: accumulated depreciation	(59,629,582)	(2,477,943)	(62,107,525)
Total noncurrent assets	69,987,424	564,015	70,551,439
Total assets	225,305,070	2,375,670	227,680,740
Liabilities			
Current liabilities:			
Accounts payable	2,959,333	89,239	3,048,572
Accrued expenses	13,045,898	240,466	13,286,364
Due to other governments	2,497,452	-	2,497,452
Accrued interest payable	249,976	-	249,976
Unearned revenue:			
Succeeding year property tax	59,262,000	-	59,262,000
Other	790,888	104,512	895,400
Current portion of long-term obligations	6,797,590	-	6,797,590
Total current liabilities	85,603,137	434,217	86,037,354
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	73,639,770	-	73,639,770
Total liabilities	159,242,907	434,217	159,677,124
Net Assets			
Invested in capital assets, net of related debt	34,637,424	564,015	35,201,439
Restricted for:			
Debt service purposes	170,942	-	170,942
SILO purposes	9,593,839	-	9,593,839
Other special revenue purposes	7,022,581	-	7,022,581
Unrestricted	14,637,377	1,377,438	16,014,815
Total net assets	\$ 66,062,163	\$ 1,941,453	\$ 68,003,616

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, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
Instruction:							
Regular instruction	\$ 56,407,992	\$2,911,321	\$ 8,469,637	\$ -	\$ (45,027,034)	\$ -	\$ (45,027,034)
Special instruction	50,293,076	3,078,794	8,411,718	-	(38,802,564)	-	(38,802,564)
Vocational instruction	1,138,270	7,268	261,685	-	(869,317)	-	(869,317)
Other instruction	7,261,577	4,604,423	877,934	-	(1,779,220)	-	(1,779,220)
Total Instruction	115,100,915	10,601,806	18,020,974	-	(86,478,135)	-	(86,478,135)
Support services:							
Student services	4,420,226	-	-	-	(4,420,226)	-	(4,420,226)
Instructional staff services	7,035,747	-	-	-	(7,035,747)	-	(7,035,747)
General administration services	2,825,902	-	-	-	(2,825,902)	-	(2,825,902)
School administration services	11,521,526	-	-	-	(11,521,526)	-	(11,521,526)
Business services	5,772,893	52,001	-	-	(5,720,892)	-	(5,720,892)
Operations and maintenance	16,265,748	-	-	-	(16,265,748)	-	(16,265,748)
Student transportation	3,944,228	106,589	7,741	-	(3,829,898)	-	(3,829,898)
Total support services	51,786,270	158,590	7,741	-	(51,619,939)	-	(51,619,939)
Non-instructional programs:							
Food services	120,444	-	-	-	(120,444)	-	(120,444)
Community services	55,146	466,431	-	-	411,285	-	411,285
Total non-instructional programs	175,590	466,431	-	-	290,841	-	290,841
Other expenditures:							
Facilities acquisition/construction	1,706,264	-	14,937	50,000	(1,641,327)	-	(1,641,327)
Interest on long-term debt	3,131,456	-	-	-	(3,131,456)	-	(3,131,456)
Other postemployment benefits	1,121,090	-	-	-	(1,121,090)	-	(1,121,090)
AEA flowthrough	6,232,507	-	6,232,507	-	-	-	-
Total other expenditures	12,191,317	-	6,247,444	50,000	(5,893,873)	-	(5,893,873)
Total governmental activities	179,254,092	11,226,827	24,276,159	50,000	(143,701,106)	-	(143,701,106)
Business-type activities:							
Non-instructional programs:							
Day care services	3,345,702	3,299,664	22,128	-	-	(23,910)	(23,910)
Food services	6,889,696	3,440,611	3,455,026	-	-	5,941	5,941
Total business-type activities	10,235,398	6,740,275	3,477,154	-	-	(17,969)	(17,969)
Total school district	\$189,489,490	\$17,967,102	\$27,753,313	\$ 50,000	\$ (143,701,106)	\$ (17,969)	\$ (143,719,075)
General revenues:							
Taxes							
Property taxes, levied for general purposes					53,043,100	-	53,043,100
Property taxes, levied for debt service					1,789,051	-	1,789,051
Property taxes, levied for capital outlay					4,273,948	-	4,273,948
Local option sales tax					16,198,462	-	16,198,462
Income surtaxes					7,254,909	-	7,254,909
Grants not restricted to specific programs					73,666,870	-	73,666,870
Interest and investment earnings					2,949,098	92,021	3,041,119
Miscellaneous					520,723	14,551	535,274
Transfers					191,366	(191,366)	-
Total general revenues and transfers					159,887,527	(84,794)	159,802,733
Change in net assets					16,186,421	(102,763)	16,083,658
Net assets - beginning					49,875,742	2,044,216	51,919,958
Net assets - ending					\$ 66,062,163	\$ 1,941,453	\$ 68,003,616

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, 2008

	General	Management
Assets		
Cash and cash equivalents	\$ 31,489,941	\$ 5,976,762
U.S. Treasury securities on deposit with escrow agent	-	-
Receivables:		
Property tax:		
Delinquent	281,076	33,725
Succeeding year	49,029,000	5,973,000
Other	423,241	-
Due from other governments	5,819,559	117
Due from other funds	2,654,791	-
Inventories-supplies and materials	147,099	-
Prepaid items	30,922	-
Total Assets	\$ 89,875,629	\$ 11,983,604
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 1,566,817	\$ 283,747
Accrued expenditures	13,115,731	3,223,479
Due to other governments	2,493,932	-
Due to other funds	21,031	12,166
Unearned revenue:		
Succeeding year property tax	49,029,000	5,973,000
Other	361,701	-
Total Liabilities	66,588,212	9,492,392
Fund Balances:		
Reserved for encumbrances	2,225,123	149
Reserved for inventories	147,099	-
Reserved for prepaid items	30,922	-
Reserved for categorical programs	1,497,561	-
Unreserved, undesignated reported in:		
General fund	19,386,712	-
Special revenue funds	-	2,491,063
Capital projects	-	-
Debt service	-	-
Total Fund Balances	23,287,417	2,491,212
Total Liabilities and Fund Balances	\$ 89,875,629	\$ 11,983,604

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

	Physical Plant and Equipment Levy	School Infrastructure Local Option Sales Tax	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$	6,857,498	\$ 9,222,420	\$ 100,408	\$ 985,111	\$ 54,632,140
	-	-	31,695,832	-	31,695,832
	24,088	-	9,678	-	348,567
	4,260,000	-	-	-	59,262,000
	10,893	26,379	-	1,396	461,909
	2,477	2,184,142	-	-	8,006,295
	6,499	15,720	-	-	2,677,010
	-	-	-	-	147,099
	-	-	-	-	30,922
<u>\$</u>	<u>11,161,455</u>	<u>\$ 11,448,661</u>	<u>\$ 31,805,918</u>	<u>\$ 986,507</u>	<u>\$ 157,261,774</u>
\$	829,425	\$ 166,867	\$ -	\$ 112,477	\$ 2,959,333
	-	-	-	-	16,339,210
	-	3,520	-	-	2,497,452
	176,460	1,684,435	-	50,036	1,944,128
	4,260,000	-	-	-	59,262,000
	429,187	-	-	-	790,888
	5,695,072	1,854,822	-	162,513	83,793,011
	1,943,841	4,608,217	-	849,832	9,627,162
	-	-	-	-	147,099
	-	-	-	-	30,922
	-	-	-	-	1,497,561
	-	-	-	-	19,386,712
	3,522,542	-	-	(25,838)	5,987,767
	-	4,985,622	-	-	4,985,622
	-	-	31,805,918	-	31,805,918
	5,466,383	9,593,839	31,805,918	823,994	73,468,763
<u>\$</u>	<u>11,161,455</u>	<u>\$ 11,448,661</u>	<u>\$ 31,805,918</u>	<u>\$ 986,507</u>	<u>\$ 157,261,774</u>

**Cedar Rapids Community School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2008**

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

Total fund balance - governmental funds (page 55) \$ 73,468,763

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	\$ 129,617,006	
Accumulated depreciation is	<u>59,629,582</u>	69,987,424

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	66,735,000	
Accrued interest on long-term debt	249,976	
Other postemployment benefits	1,121,090	
Compensated absences (vacations)	1,422,365	
Special termination benefits payable	<u>7,865,593</u>	<u>(77,394,024)</u>

Total net assets - governmental activities (page 50) \$ 66,062,163

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, 2008

	General	Management	Physical Plant and Equipment Levy	School Infrastructure Local Option Sales Tax	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Local sources:							
Local Taxes	\$ 54,706,742	\$ 5,591,268	\$ 4,273,948	\$ 16,198,462	\$ 1,789,051	\$ -	\$ 82,559,471
Tuition	5,168,304	-	-	-	-	-	5,168,304
Other local sources	3,006,840	239,416	445,847	193,655	1,270,885	4,525,097	9,681,740
State sources	90,850,851	3,817	2,773	-	1,161	-	90,858,602
Federal sources	6,923,744	-	57,286	-	-	-	6,981,030
Total Revenues	160,656,481	5,834,501	4,779,854	16,392,117	3,061,097	4,525,097	195,249,147
Expenditures							
Current:							
Instruction:							
Regular instruction	54,472,788	2,390,756	32,919	-	-	-	56,896,463
Special instruction	50,024,443	290,817	-	-	-	-	50,315,260
Vocational instruction	1,133,476	-	-	-	-	-	1,133,476
Other instruction	2,686,812	-	15,262	-	-	4,538,855	7,240,929
Total instruction	108,317,519	2,681,573	48,181	-	-	4,538,855	115,586,128
Support Services:							
Student services	4,404,731	5,872	-	-	-	-	4,410,603
Instruction staff services	4,999,088	86,380	155,052	1,819,959	-	-	7,060,479
General administration services	2,372,460	245,765	-	-	-	-	2,618,225
School administration services	10,593,264	685,697	-	-	-	-	11,278,961
Business services	5,443,668	110,924	6,657	-	-	-	5,561,249
Operations and maintenance	15,056,181	1,202,020	10,026	-	-	-	16,268,227
Student transportation	2,882,584	334,589	817,464	-	-	-	4,034,637
Total support services	45,751,976	2,671,247	989,199	1,819,959	-	-	51,232,381
Non-instructional programs:							
Food service	-	120,444	-	-	-	-	120,444
Community services	28,370	26,776	-	-	-	-	55,146
Total non-instructional programs	28,370	147,220	-	-	-	-	175,590
Other expenditures:							
Debt Service:							
Principal	-	-	-	-	2,050,000	-	2,050,000
Interest	-	-	-	-	3,139,398	-	3,139,398
Capital Outlay:							
Facilities acquisition	-	-	2,644,354	2,927,841	-	75,982	5,648,177
Other support services	6,232,507	-	-	-	-	-	6,232,507
Total other expenditures	6,232,507	-	2,644,354	2,927,841	5,189,398	75,982	17,070,082
Total Expenditures	160,330,372	5,500,040	3,681,734	4,747,800	5,189,398	4,614,837	184,064,181
Excess (deficiency) of revenues over (under) expenditures	326,109	334,461	1,098,120	11,644,317	(2,128,301)	(89,740)	11,184,966
Other Financing Sources (Uses):							
Transfers in	1,953,733	-	2,050,000	-	2,050,000	-	6,053,733
Transfers out	-	(58,952)	(3,752,937)	(2,050,478)	-	-	(5,862,367)
Total Other Financing Sources (Uses)	1,953,733	(58,952)	(1,702,937)	(2,050,478)	2,050,000	-	191,366
Net Change in Fund Balances	2,279,842	275,509	(604,817)	9,593,839	(78,301)	(89,740)	11,376,332
Fund balances at beginning of year	21,007,575	2,215,703	6,071,200	-	31,884,219	913,734	62,092,431
Fund balances at end of year	\$ 23,287,417	\$ 2,491,212	\$ 5,466,383	\$ 9,593,839	\$ 31,805,918	\$ 823,994	\$ 73,468,763

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, 2008**

Total net change in fund balances - governmental funds (page 57) \$ 11,376,332

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	\$ 6,589,511	
Depreciation expense	<u>(3,066,127)</u>	3,523,384

Loss on the disposal of assets is not reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets. (7,854)

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 (\$2,807,281) was less than the prior year amount (\$3,254,831) by \$447,550. Vacation earned (\$1,422,365) was more than the prior year amount (\$1,332,522) by \$89,843. 357,707

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	2,050,000
------------------------------------	-----------

Other postemployment benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (1,121,090)

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 \$7,942. 7,942

Change in net assets - governmental activities (page 51) \$ 16,186,421

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, 2008

	Business-Type Activity		Total
	Nutrition Services	Daycare Services	
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,528,113	\$ 59,800	\$ 1,587,913
Other receivables	75,311	671,245	746,556
Due from other governments	72,335	150	72,485
Inventories - supplies and materials	137,430	-	137,430
Total current assets	1,813,189	731,195	2,544,384
Noncurrent Assets:			
Furniture and equipment (net)	564,015	-	564,015
Total assets	2,377,204	731,195	3,108,399
Liabilities			
Current Liabilities:			
Accounts payable	70,480	18,759	89,239
Accrued expenses	40,621	199,845	240,466
Due to other funds	209,079	523,650	732,729
Unearned revenue	104,512	-	104,512
Total liabilities	424,692	742,254	1,166,946
Net Assets			
Invested in capital assets	564,015	-	564,015
Unrestricted	1,388,497	(11,059)	1,377,438
Total net assets	\$ 1,952,512	\$ (11,059)	\$ 1,941,453

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, 2008

	Business-Type Activity		Total
	Nutrition Services	Daycare Services	
Operating revenues:			
Local sources	\$ 3,441,036	\$ 3,313,790	\$ 6,754,826
Total operating revenues:	3,441,036	3,313,790	6,754,826
Operating expenses:			
Payroll costs	3,456,349	3,034,309	6,490,658
Purchased services	71,874	46,833	118,707
Supplies and materials	3,288,876	264,560	3,553,436
Depreciation	72,597	-	72,597
Total operating expenses	6,889,696	3,345,702	10,235,398
Operating loss	(3,448,660)	(31,912)	(3,480,572)
Nonoperating revenues:			
State sources	77,536	-	77,536
Federal sources	3,377,490	22,128	3,399,618
Interest income	85,836	6,185	92,021
Total nonoperating revenues	3,540,862	28,313	3,569,175
Income (loss) before transfers	92,202	(3,599)	88,603
Transfers out	(181,712)	(9,654)	(191,366)
Change in net assets	(89,510)	(13,253)	(102,763)
Net assets beginning of year	2,042,022	2,194	2,044,216
Net assets end of year	\$ 1,952,512	\$ (11,059)	\$ 1,941,453

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, 2008

	Business-Type Activity		Total
	Nutrition Services	Daycare Services	
Cash Flows from Operating Activities:			
Cash received from sale of lunches and breakfasts	\$ 3,246,422	\$ -	\$ 3,246,422
Cash received from services	167,868	3,074,836	3,242,704
Cash received from miscellaneous operating activities	1,160	-	1,160
Cash payments to employees for services	(3,353,951)	(3,007,729)	(6,361,680)
Cash payments to suppliers for good and services	(2,949,839)	(234,196)	(3,184,035)
Net cash used in operating activities	<u>(2,888,340)</u>	<u>(167,089)</u>	<u>(3,055,429)</u>
Cash Flows from Non-Capital Financing Activities:			
State lunch and breakfast reimbursements	35,726	-	35,726
Federal lunch and breakfast reimbursements	3,107,670	21,978	3,129,648
Transfers to other funds	(181,712)	(9,654)	(191,366)
Net cash provided by non-capital financing activities	<u>2,961,684</u>	<u>12,324</u>	<u>2,974,008</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	<u>(129,507)</u>	<u>-</u>	<u>(129,507)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>88,527</u>	<u>6,185</u>	<u>94,712</u>
Net increase (decrease) in cash and cash equivalents	32,364	(148,580)	(116,216)
Cash and cash equivalents at beginning of year	1,495,749	208,380	1,704,129
Cash and cash equivalents at end of year	<u>\$ 1,528,113</u>	<u>\$ 59,800</u>	<u>\$ 1,587,913</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	<u>\$ (3,448,660)</u>	<u>\$ (31,912)</u>	<u>\$ (3,480,572)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	72,597	-	72,597
Gain on sale/transfer of assets	(1,870)	-	(1,870)
Commodities consumed	439,419	-	439,419
Changes in assets and liabilities:			
(Increase) decrease in receivables, net	1,635	(149,076)	(147,441)
Increase in inventories	(71,406)	-	(71,406)
Increase in accounts payable and accrued expenses	62,628	39,147	101,775
Increase in due to other funds	82,668	64,630	147,298
Decrease in unearned revenues	(25,351)	(89,878)	(115,229)
Net cash used in operating activities	<u>\$ (2,888,340)</u>	<u>\$ (167,089)</u>	<u>\$ (3,055,429)</u>

Non-Cash Investing, Capital and Financing Activities:

During the year ended June 30, 2008, the District received federal commodities valued at \$278,446.

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, 2008

	Agency Fund
Assets:	
Cash	\$ 14,435
Total Assets	\$ 14,435
 Liabilities:	
Accounts payable	\$ 14,282
Due to other funds	153
Total Liabilities	\$ 14,435

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, 2008

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 17,746. 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, 2008

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, 2008

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 *school infrastructure local option sales tax fund* accounts for the resources accumulated through retail sales tax collections and payments made for the purchase and improvement of infrastructure, property tax relief, and technology in classrooms.

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, 2008

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, 2008

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, 2008

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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

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, 2008, 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.

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. This threshold was increased in March 2008 to \$5,000.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

I. Capital Assets (continued)

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. Impairment of Long-Lived Assets

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

K. 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.

L. 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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

L. Deferred Revenue (continued)

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.

M. 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 governmental activities will be paid primarily by the general fund.

N. 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.

O. Other Postemployment Benefits

As provided in applicable negotiated contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other postemployment benefits from the District.

P. 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.

Q. 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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

R. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures did not exceed the amount budgeted in any functional area. The District did not exceed its General Fund unspent authorized budget.

2. Deposits and Investments

The District's deposits in banks at June 30, 2008 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, 2008 are as follows:

<u>Type</u>	<u>Fair Value</u>
U.S. Treasury Securities	<u>\$ 31,695,832</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, 2008

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, 2008:

Tuition from other districts	\$1,057,901
IDEA part B grant	508,759
Title I program	154,749
Title II program	787,075
Non-public transportation	415,279
Foster care/district court claim	249,524
Perkins grant	231,063
Other	<u>2,415,209</u>
	<u>\$4,841,812</u>

4. Interfund Receivables and Payables

As of June 30, 2008, interfund receivables and payables were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,654,791	\$ 21,031
Management Fund	-	12,166
Physical Plant and Equipment Levy Fund	6,499	176,460
School Infrastructure Local Option Sales Tax	15,720	1,684,435
Student Activity Fund	-	48,848
Flood Recovery Fund	-	1,188
Total Governmental Funds	<u>2,677,010</u>	<u>1,944,128</u>
Nutrition Services Fund	-	209,079
Day Care Fund	-	523,650
Total Proprietary Funds	<u>-</u>	<u>732,729</u>
Agency Fund	-	153
Total All Funds	<u>\$ 2,677,010</u>	<u>\$ 2,677,010</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, agency and governmental funds. All balances will be repaid by June 30, 2009.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

5. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Food & Nutrition Fund	\$ 181,712
General Fund	Day Care Fund	9,654
General Fund	Management Fund	58,952
General Fund	Physical Plant and Equipment Levy Fund	1,702,937
General Fund	School Infrastructure Local Option Sales Tax Fund	478
Physical Plant and Equipment Levy Fund	School Infrastructure Local Option Sales Tax Fund	2,050,000
Debt Service	Physical Plant and Equipment Levy Fund	2,050,000
		<u>\$ 6,053,733</u>

Transfers 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, 2008

6. Capital Assets

Capital asset balances and activity for the year ended June 30, 2008 were as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,486,041	\$ -	\$ -	\$ 8,486,041
Construction in progress	7,731,054	2,917,718	(7,761,387)	2,887,385
Total capital assets, not being depreciated	16,217,095	2,917,718	(7,761,387)	11,373,426
Capital assets, being depreciated:				
Buildings and improvements	81,079,663	10,139,903	-	91,219,566
Furniture and equipment	17,933,290	579,827	(135,540)	18,377,577
Vehicles	8,025,787	713,450	(92,800)	8,646,437
Total capital assets being depreciated	107,038,740	11,433,180	(228,340)	118,243,580
Less accumulated depreciation for:				
Buildings and improvements	36,832,832	1,838,263	-	38,671,095
Furniture and equipment	13,945,604	691,914	(127,686)	14,509,832
Vehicles	6,005,505	535,950	(92,800)	6,448,655
Total accumulated depreciation	56,783,941	3,066,127	(220,486)	59,629,582
Total capital assets, being depreciated, net	50,254,799	8,367,053	(7,854)	58,613,998
Governmental activities capital assets, net	\$ 66,471,894	\$ 11,284,771	\$ (7,769,241)	\$ 69,987,424
Business-type activities:				
Furniture and equipment	\$ 2,800,251	\$ 129,507	\$ 112,200	\$ 3,041,958
Less accumulated depreciation:	2,295,016	72,597	110,330	2,477,943
Business-type activities, capital assets, net	\$ 505,235	\$ 56,910	\$ 1,870	\$ 564,015

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 586,521
Special instruction	68,624
Vocational instruction	4,794
Other instruction	129
Instructional staff services	81,745
General administration services	2,280
School administration services	5,052
Business services	66,994
Operations and maintenance	270,387
Student transportation	577,514
Facilities acquisition/construction	1,402,087
Total	\$ 3,066,127

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

6. Capital Assets (continued)

Depreciation expense was charged to business type functions as follows:

Food services	\$	72,597
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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, 2008 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$ 37,400,000	\$ -	\$ (2,050,000)	\$ 35,350,000	\$ 2,075,000
School refunding bonds	31,385,000	-	-	31,385,000	-
Other liabilities:					
Compensated absences	1,332,522	1,422,365	(1,332,522)	1,422,365	1,422,365
Other postemploy. benefits	-	1,121,090	-	1,121,090	-
Early retirement payable	11,558,681	2,855,055	(3,254,831)	11,158,905	3,300,225
Total long-term liabilities	<u>\$ 81,676,203</u>	<u>\$ 5,398,510</u>	<u>\$ (6,637,353)</u>	<u>\$ 80,437,360</u>	<u>\$ 6,797,590</u>

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, 2008

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, 2008

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

Early retirement benefits paid during the year ended June 30, 2008 totaled \$3,254,831 of which the Management Fund paid \$3,149,039 and the General Fund paid \$105,792. 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, 2008 bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
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	4,970,000	2,407,973	7,377,973
2014-2018	28,475,000	8,391,563	36,866,563
2019-2021	<u>18,850,000</u>	<u>1,677,816</u>	<u>20,527,816</u>
Totals	<u>\$ 66,735,000</u>	<u>\$ 23,900,868</u>	<u>\$ 90,635,868</u>

As of June 30, 2008 the District did not exceed its legal debt margin of \$373,901,631.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

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 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$6,934,490, \$6,214,201 and \$5,994,041 respectively, equal to the required contribution for each year.

10. Post-Employment Benefits Other Than Pension Benefits

Plan Description

The District participates in an Agent Multiple Employer Defined Benefit Health Care Plan called the Metro Interagency Insurance Plan (MIIP). This plan provides postemployment health insurance benefits to eligible employees and their spouses. There are 348 retired members in the plan. Benefits and eligibility for union represented work groups are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for non-union groups are established and amended by the governing body.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the MIIP board of trustees. MIIP members receiving benefits contribute a monthly amount that varies depending on the health plan selected and coverage of the employee at the time of retirement.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

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

The District may contribute the GASB Statement 45 “defined” Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities, (UAAL) (or funding excess) over a period not to exceed thirty years. At this time the District is not funding the UAAL until the State of Iowa determines what legal mechanism is necessary to provide for it’s funding under Iowa law.

Annual OPEB Cost and Net OPEB Obligation

For 2008, the District’s annual OPEB cost (expense) of \$1,121,090 was equal to the ARC. The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	\$ 1,121,090	0%	\$1,121,090
			<u>Governmental Activities</u>
Annual required contribution			\$ 1,121,090
Interest and net actuarial losses (gains) during the year			<u>-</u>
Annual OPEB cost (expense)			1,121,090
Contributions made			<u>-</u>
Change in net OPEB obligation			1,121,090
OPEB obligation at beginning of year			<u>-</u>
OPEB obligation at end of year			<u>\$ 1,121,090</u>

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

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

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 27,867,616
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 27,867,616</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 107,492,674
UAAL as a percentage of covered payroll	25.93%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

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

In the June 30, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return and an annual healthcare cost trend rate of 6% per year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments.

11. Construction Contractual Commitments

Total outstanding contractual commitments for construction projects at June 30, 2008 for the Physical Plant and Equipment Levy Fund was \$567,760 and for the School Infrastructure Local Option Sales Tax Fund was \$3,481,354.

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 \$6,232,507 for the year ended June 30, 2008. 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, 2008

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. Deficit Fund Equity

The Daycare Services and Flood Recover Funds had deficit balances of \$11,059 and \$75,982, respectively, at June 30, 2008. The deficit in the Daycare Services fund is due to higher costs than anticipated. This deficit is expected to be corrected during the next fiscal year. The deficit in the Flood Recovery Fund is due to initial costs that are anticipated to be covered in full by FEMA and the State. The project worksheets for this cleaning and debris removal were not completed prior to June 30, and were not obligated by the federal or state government, and therefore were not considered to be proper government receivables by the District. This deficit is expected to continue until all flood activities are completed at which time a transfer will be done from the general fund to cover any non-FEMA eligible expenses that were flood related.

16. Flood of 2008

On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. An estimated 1,800 District students were displaced as a result of the flood event. The Cedar Rapids Community School District's damages to District owned property and contents at the time of this publication are estimated at \$33.5 million which includes damage to 8 locations.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2008

16. Flood of 2008 (continued)

The District qualifies for Public Assistance benefits under guidelines established by the Federal Emergency Management Agency, FEMA. Due to the magnitude of flood and storm damages in the State of Iowa, FEMA will pay 90% with the State of Iowa paying 10% of all District damages incurred. There will be some incidental costs to the District as a result of the flood event not related to flood recovery, such as enrollment losses, that may have a financial impact on the District. Estimates of this impact have not yet been determined.

17. New Pronouncements

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. 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.

Statement No. 52, Land and Other Real Estate Held as Investments by Endowments, issued in November, 2007, will be effective for the District beginning with its year ending June 30, 2009. The Statement more appropriately reports the resources available in endowments and more closely aligns financial reporting with the objectives of endowments.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, issued in June, 2008, will be effective for the District beginning with its year ending June 30, 2010. The Statement reports a summary of derivative instrument activity and the information necessary to assess the government's objectives for derivative instruments, their significant terms, and the risks associated with the derivative instruments.

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 Funds**

Required Supplementary Information

For the Year Ended June 30, 2008

	Governmental	Proprietary	Total Actual	Budget Amounts		Variances Positive (Negative)	
	Funds	Funds		Original	Final	Original to Final	Final to Actual
	Actual	Actual					
Revenues:							
Local sources	\$ 97,409,515	\$ 6,846,847	\$ 104,256,362	\$ 101,120,022	\$ 102,847,543	\$ 1,727,521	\$ 1,408,819
State sources	90,858,602	77,536	90,936,138	88,993,718	91,206,244	2,212,526	(270,106)
Federal sources	6,981,030	3,399,618	10,380,648	9,707,319	9,403,041	(304,278)	977,607
Total revenues	195,249,147	10,324,001	205,573,148	199,821,059	203,456,828	3,635,769	2,116,320
Expenditures:							
Instruction	115,586,128	-	115,586,128	119,079,486	124,286,315	(5,206,829)	8,700,187
Support Services	51,232,381	-	51,232,381	52,194,891	59,056,612	(6,861,721)	7,824,231
Non-instructional programs	175,590	10,235,398	10,410,988	9,329,165	11,500,983	(2,171,818)	1,089,995
Other expenditures	17,070,082	-	17,070,082	22,426,374	23,083,848	(657,474)	6,013,766
Total expenditures	184,064,181	10,235,398	194,299,579	203,029,916	217,927,758	(14,897,842)	23,628,179
Excess of revenues over expenditures	11,184,966	88,603	11,273,569	(3,208,857)	(14,470,930)	(11,262,073)	25,744,499
Other Financing Sources (uses):							
General long term debt proceeds	-	-	-	3,298	-	(3,298)	-
Sale of fixed assets	-	-	-	7,000	7,000	-	(7,000)
Transfers in	6,053,733	-	6,053,733	5,945,910	5,950,910	5,000	102,823
Transfers out	(5,862,367)	(191,366)	(6,053,733)	(5,945,910)	(5,950,910)	(5,000)	(102,823)
Total other financing sources (uses)	191,366	(191,366)	-	10,298	7,000	(3,298)	(7,000)
Net change in fund balances	11,376,332	(102,763)	11,273,569	(3,198,559)	(14,463,930)	(11,265,371)	25,737,499
Fund balance--Beginning	62,092,431	2,044,216	64,136,647	60,688,398	64,136,647	(3,448,249)	-
Fund balance--Ending	<u>\$ 73,468,763</u>	<u>\$ 1,941,453</u>	<u>\$ 75,410,216</u>	<u>\$ 57,489,839</u>	<u>\$ 49,672,717</u>	<u>\$ (7,817,122)</u>	<u>\$ 25,737,499</u>

Cedar Rapids Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2008

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 2007-08 Budget document. The 2007-08 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 2007-2008, amendments increased the instructional functional area by \$5,206,829, increased total support services by \$6,861,721 and increased the non-instructional programs by \$2,171,818. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures were increased by \$657,474 for increased 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
(continued)**

Year ended June 30, 2008

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 did not exceed the amount budgeted in any functional area.

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 \$2,225,123 in the General Fund, \$149 in the Management Fund, \$1,943,841 in the Physical Plant and Equipment Levy Fund, \$4,608,217 in the School Infrastructure Local Option Sales Tax Fund and \$849,832 in the Flood Recovery Fund were carried forward to fiscal year 2008-2009.

Cedar Rapids Community School District

Schedule of Funding Progress for Postemployment Benefit Plan - MIIP

Required Supplementary Information

For the Year Ended June 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2008	\$ -	\$ 27,867,616	\$ 27,867,616	0.00%	\$ 107,492,674	25.93%



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, 2008

	<u>Actual</u>
Revenues:	
Local sources:	
Property taxes	\$ 44,628,676
Utility tax replacement excise tax	2,823,157
Income surtax	7,254,909
Tuition	5,168,304
Transportation	106,589
Investment earnings	1,089,199
Student activities	24,322
Fees and rents	457,636
Sales of services	887,903
Other	441,191
Total local sources	<u>62,881,886</u>
State sources:	
Foundation aid	72,693,265
Instructional support	567,340
Special education deficit support	139,047
Salary improvement program	4,727,378
Educational excellence program	1,484,976
AEA flowthrough	6,232,507
Nonpublic aid	877,934
Iowa Early Intervention Block grant	1,127,042
At-risk grants	1,146,185
Miscellaneous state grants	1,823,063
Other	32,114
Total state sources	<u>90,850,851</u>
Federal sources:	
Title I grants	2,650,163
Title V grants	32,919
Carl Perkins grant	231,063
Title II grants	889,751
Individuals with Disabilities Education Act	1,030,968
Reading First grant	342,270
Medicaid direct reimbursement	1,300,103
Other	446,507
Total federal sources	<u>6,923,744</u>
Total revenues	<u>160,656,481</u>

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2008

	Actual
Expenditures:	
Instruction:	
Regular instruction:	
Salaries	\$ 43,905,789
Employee benefits	13,817,824
Purchased services	4,153,242
Supplies	2,056,991
Capital outlay	498,216
Other	(9,959,274)
	54,472,788
Special education:	
Salaries	18,679,887
Employee benefits	5,111,778
Purchased services	3,263,846
Supplies	250,736
Capital outlay	46,231
Other	10,427,675
	37,780,153
Other special instruction:	
Salaries	7,656,078
Employee benefits	2,255,178
Purchased services	371,887
Supplies	696,403
Capital outlay	170,095
Other	1,094,649
	12,244,290
Vocational instruction:	
Salaries	710,007
Employee benefits	223,922
Purchased services	23,750
Supplies	86,775
Capital outlay	73,713
Other	15,309
	1,133,476

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2008

	<u>Actual</u>
Co-curricular instruction:	
Salaries	\$ 2,105,528
Employee benefits	295,743
Purchased services	41,183
Supplies	31,905
Capital outlay	1,621
Other	150,711
	<u>2,626,691</u>
Nonpublic instruction:	
Supplies	60,121
	<u>60,121</u>
Total instruction	<u>108,317,519</u>
Support services:	
Guidance services:	
Salaries	2,646,789
Employee benefits	842,229
Purchased services	138
Supplies	3,174
Other	35
	<u>3,492,365</u>
Health services:	
Salaries	551,132
Employee benefits	176,863
Purchased services	50,256
Supplies	21,363
Capital outlay	456
Other	3,021
	<u>803,091</u>
Other student services:	
Salaries	96,447
Employee benefits	12,828
	<u>109,275</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2008

	<u>Actual</u>
Improvement of instruction:	
Salaries	\$ 2,041,533
Employee benefits	508,415
Purchased services	329,806
Supplies	125,589
Capital outlay	79,772
Other	(14,277)
	<u>3,070,838</u>
Educational media:	
Salaries	1,345,303
Employee benefits	415,068
Purchased services	5,220
Supplies	137,372
Capital outlay	24,257
Other	1,030
	<u>1,928,250</u>
Board of education:	
Purchased services	118,776
Supplies	5,473
Other	10,250
	<u>134,499</u>
Executive administration:	
Salaries	1,606,726
Employee benefits	452,274
Purchased services	87,814
Supplies	40,330
Capital outlay	28,371
Other	22,446
	<u>2,237,961</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2008

	<u>Actual</u>
School administration:	
Salaries	\$ 7,913,491
Employee benefits	2,437,221
Purchased services	100,698
Supplies	90,480
Capital outlay	20,441
Other	30,933
	<u>10,593,264</u>
Business administration:	
Salaries	3,360,617
Employee benefits	979,058
Purchased services	405,983
Supplies	453,863
Capital outlay	233,675
Other	10,472
	<u>5,443,668</u>
Operations & maintenance:	
Salaries	6,535,309
Employee benefits	2,242,768
Purchased services	1,338,936
Supplies	5,082,455
Capital outlay	46,214
Other	(189,501)
	<u>15,056,181</u>
Student transportation:	
Salaries	2,794,567
Employee benefits	448,717
Purchased services	514,385
Supplies	408,604
Capital outlay	6,023
Other	(1,289,712)
	<u>2,882,584</u>
Total support services	<u>45,751,976</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2008

	<u>Actual</u>
Non-instructional programs:	
Community service:	
Salaries	\$ 28,370
Total non-instructional programs	<u>28,370</u>
Other expenditures:	
AEA flow-through	6,232,507
Total expenditures	<u>160,330,372</u>
Excess of revenues over expenditures	<u>326,109</u>
Other financing sources:	
Transfers in	1,953,733
Total other financing sources	<u>1,953,733</u>
Excess of revenues and other financing sources over expenditures	2,279,842
Fund balance, beginning of year	<u>21,007,575</u>
Fund balance, end of year	<u>\$ 23,287,417</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.

Flood Recovery Fund

This fund accounts for the resources used in District recovery efforts following the flooding in June of 2008. These costs will be largely reimbursed through the Federal Emergency Management Agency (FEMA) and State contributions.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2008

	Special Revenue		Total
	Student Activity	Flood Recovery	Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 985,111	\$ -	\$ 985,111
Receivables:			
Other	1,396	-	1,396
Total Assets	\$ 986,507	\$ -	\$ 986,507
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued items	\$ 37,683	\$ 74,794	\$ 112,477
Due to other funds	48,848	1,188	50,036
Total Liabilities	86,531	75,982	162,513
 Fund Balances:			
Reserved for encumbrances	-	849,832	849,832
Unreserved and undesignated	899,976	(925,814)	(25,838)
Total Fund Balance (Deficit)	899,976	(75,982)	823,994
 Total Liabilities and Fund Balance (Deficit)	\$ 986,507	\$ -	\$ 986,507

See accompanying independent auditor's report.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

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

Nonmajor Governmental Funds

Year ended June 30, 2008

	Special Revenue		Total
	Student Activity	Flood Recovery	Nonmajor Governmental Funds
Revenues:			
Local sources:			
Other local sources	\$ 4,525,097	\$ -	\$ 4,525,097
Total Revenues	4,525,097	-	4,525,097
Expenditures:			
Current:			
Other instruction	4,538,855	-	4,538,855
Facilities acquisition	-	75,982	75,982
Total Expenditures	4,538,855	75,982	4,614,837
Deficiency of Revenues under Expenditures	(13,758)	(75,982)	(89,740)
Other Financing Uses:			
Transfers out	-	-	-
Net Changes in Fund Balances	(13,758)	(75,982)	(89,740)
Fund balance, beginning of year	913,734	-	913,734
Fund balance (deficit), end of year	\$ 899,976	\$ (75,982)	\$ 823,994

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, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets:				
Cash	\$ 20,955	\$ 14,135	\$ (20,655)	\$ 14,435
Total assets	<u>\$ 20,955</u>	<u>\$ 14,135</u>	<u>\$ (20,655)</u>	<u>\$ 14,435</u>
Liabilities:				
Accounts payable	\$ 20,955	\$ 13,982	\$ (20,655)	\$ 14,282
Due to other funds	-	153	-	153
Total liabilities	<u>\$ 20,955</u>	<u>\$ 14,135</u>	<u>\$ (20,655)</u>	<u>\$ 14,435</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

June 30, 2008

Capital Assets:

Land	\$ 8,486,041
Construction in progress	2,887,385
Buildings and improvements	91,219,566
Furniture and equipment	18,377,577
Vehicles	8,646,437
Total capital assets	<u>\$ 129,617,006</u>

Investment in capital assets: \$ 129,617,006

Cedar Rapids Community School District

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

Year ended June 30, 2008

Function	Capital Assets July 1, 2007	Additions	Disposals	Capital Assets June 30, 2008
Instruction	\$ 110,133,537	\$ 13,382,270	\$ 7,776,947	\$ 115,738,860
Pupil Transportation	7,676,390	610,939	100,581	8,186,748
Maintenance	1,833,574	226,590	112,200	1,947,964
Administration	3,612,334	131,100	-	3,743,434
Total Capital Assets	<u>\$ 123,255,835</u>	<u>\$ 14,350,899</u>	<u>\$ 7,989,728</u>	<u>\$ 129,617,006</u>

Cedar Rapids Community School District

**Schedule of Capital Assets -
By Function**

June 30, 2008

Function	Land	Construction in Progress	Buildings and Improvements	Furniture and Equipment	Vehicles	Total
Instruction	\$ 7,760,477	\$ 2,887,385	\$ 90,440,587	\$ 14,227,854	\$ 422,557	\$ 115,738,860
Pupil Transportation	571,504	-	333,800	241,788	7,039,656	8,186,748
Maintenance	96,144	-	85,455	663,180	1,103,185	1,947,964
Administration	57,916	-	359,724	3,244,755	81,039	3,743,434
	<u>\$ 8,486,041</u>	<u>\$ 2,887,385</u>	<u>\$ 91,219,566</u>	<u>\$ 18,377,577</u>	<u>\$ 8,646,437</u>	<u>\$ 129,617,006</u>

Statistical Section

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 third 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.

Financial Trends:	Schedule #
Net Assets by Component	1
Expenses, Program Revenues, and Net (Expense)/Revenue	2
General Revenues and Total Change in Net Assets	3
Fund Balances, Governmental Funds	4
Governmental Funds Revenues	5
Governmental Funds Expenditures and Debt Service Ratio	6
Other Financing Sources and Uses and Net Change in Fund Balances – Governmental Funds	7
Revenue Capacity:	
Assessed Value and Taxable Value of Property	8
Direct and Overlapping Property Tax Rates	9
Principal Property Tax Payers	10
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Debt Capacity:	
Outstanding Debt by Type	12
Direct and Overlapping Governmental Activities Debt	13
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Demographic and Economic Trends:	
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Principal Employers	16
Operating Information:	
Full Time-Equivalent* District Employee by Type	17
Operating Statistics	18
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Schedule 1
Cedar Rapids Community School District

	Fiscal Year						
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Net Assets by Component							
Last Seven Fiscal Years <i>(accrual basis of accounting)</i>							
Governmental activities							
Invested in capital assets, net of related debt	\$ 34,637,424	\$ 29,071,894	\$ 30,011,701	\$ 26,105,053	\$ 19,839,878	\$ 18,250,136	\$ (33,633,164)
Restricted	16,787,362	7,702,746	4,992,969	1,861,374	1,536,577	610,709	38,227,534
Unrestricted	14,637,377	13,101,102	9,947,465	12,381,158	6,312,509	284,318	(1,323,510)
Total Governmental activities	66,062,163	49,875,742	44,952,135	40,347,585	27,688,964	19,145,163	3,270,860
Business type activities							
Invested in capital assets, net of related debt	564,015	505,235	462,850	453,163	522,688	596,672	697,140
Restricted	-	-	-	-	-	-	-
Unrestricted	1,377,438	1,538,981	1,344,617	1,007,875	506,992	226,323	168,501
Total Business type activities	1,941,453	2,044,216	1,807,467	1,461,038	1,029,680	822,995	865,641
Primary Government							
Invested in capital assets, net of related debt	35,201,439	29,577,129	30,474,551	26,558,216	20,362,566	18,846,808	(32,936,024)
Restricted	16,787,362	7,702,746	4,992,969	1,861,374	1,536,577	610,709	38,227,534
Unrestricted	16,014,815	14,640,083	11,292,082	13,389,033	6,819,501	510,641	(1,155,009)
Total Primary Government	68,003,616	51,919,958	46,759,602	41,808,623	28,718,644	19,968,158	4,136,501

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 Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Expenses							
Governmental activities:							
Instruction:							
Regular instruction	\$ 56,407,992	\$ 52,798,449	\$ 35,244,717	\$ 44,819,744	\$ 44,043,950	\$ 43,002,781	\$ 52,772,992
Special instruction	50,293,076	49,433,979	47,377,434	46,809,075	45,228,653	43,274,213	39,546,723
Vocational instruction	1,138,270	1,052,903	1,033,006	955,000	892,460	976,293	1,292,609
Other instruction	7,261,577	6,991,546	7,269,449	6,501,494	6,946,843	6,195,022	6,390,416
Total Instruction	<u>115,100,915</u>	<u>110,276,877</u>	<u>90,924,606</u>	<u>99,085,313</u>	<u>97,111,906</u>	<u>93,448,309</u>	<u>100,002,740</u>
Support services:							
Student services	4,420,226	4,195,708	4,413,031	3,310,220	4,632,090	4,488,899	4,412,362
Instructional staff services	7,035,747	6,579,274	7,037,494	9,805,511	7,727,069	7,751,257	10,411,622
General administration services	2,825,902	2,351,789	2,811,090	1,436,593	1,034,397	1,121,162	1,952,978
School administration services	11,521,526	10,869,328	10,216,281	8,142,005	7,672,309	7,816,080	8,138,354
Business services	5,772,893	5,092,014	4,771,895	3,461,843	3,607,752	3,606,091	3,954,081
Operations and maintenance	16,265,748	15,502,986	26,502,896	11,312,146	10,913,085	10,968,971	10,437,019
Student transportation	3,944,228	3,383,138	3,212,985	2,746,897	2,314,212	2,448,558	2,394,106
Total support services	<u>51,786,270</u>	<u>47,974,237</u>	<u>58,965,672</u>	<u>40,215,215</u>	<u>37,900,914</u>	<u>38,201,018</u>	<u>41,700,522</u>
Non-instructional programs:							
Food Services	120,444	156,605	124,903	-	-	-	-
Community services	55,146	1,266,905	2,511,824	2,438,130	2,361,262	2,242,229	2,185,561
Total non-instructional expenditure	<u>175,590</u>	<u>1,423,510</u>	<u>2,636,727</u>	<u>2,438,130</u>	<u>2,361,262</u>	<u>2,242,229</u>	<u>2,185,561</u>
Other expenditures:							
Facilities acquisition/construction	1,706,264	3,251,130	4,008,904	1,953,053	3,967,494	(1,753,066)	8,817,447
Interest on long-term debt	3,131,456	3,230,399	2,452,755	2,108,287	2,205,516	2,319,305	1,293,956
Other postemployment benefits*	1,121,090	-	-	-	-	-	-
AEA flowthrough	6,232,507	5,916,552	5,527,722	5,231,164	5,232,029	5,474,160	5,452,927
Total other expenditures	<u>12,191,317</u>	<u>12,398,081</u>	<u>11,989,381</u>	<u>9,292,504</u>	<u>11,405,039</u>	<u>6,040,399</u>	<u>15,564,330</u>
Total governmental activities	<u>179,254,092</u>	<u>172,072,705</u>	<u>164,516,386</u>	<u>151,031,162</u>	<u>148,779,121</u>	<u>139,931,955</u>	<u>159,453,153</u>
Business type activities:							
Non-instructional programs:							
Day care services	3,345,702	1,565,083	-	-	-	-	-
Food services	6,889,696	6,602,417	6,281,144	6,078,235	5,823,143	5,804,394	5,747,692
Total Business type activities	<u>10,235,398</u>	<u>8,167,500</u>	<u>6,281,144</u>	<u>6,078,235</u>	<u>5,823,143</u>	<u>5,804,394</u>	<u>5,747,692</u>
Total primary government expenses	<u>189,489,490</u>	<u>180,240,205</u>	<u>170,797,530</u>	<u>157,109,397</u>	<u>154,602,264</u>	<u>145,736,349</u>	<u>165,200,845</u>
Program Revenues							
Governmental activities:							
Charges for services							
Instruction	11,226,827	12,991,403	14,168,752	13,770,602	13,541,760	12,466,910	12,349,028
Operating grants and contributions	24,276,159	21,281,797	19,133,035	17,091,295	16,448,596	15,846,308	16,041,119
Capital grants and contributions	50,000	-	25,225	560,383	1,207,873	1,904,931	853,180
Total governmental activities	<u>35,552,986</u>	<u>34,273,200</u>	<u>33,327,012</u>	<u>31,422,280</u>	<u>31,198,229</u>	<u>30,218,149</u>	<u>29,243,327</u>
Business type activities:							
Charges for services							
Day care services	3,299,664	1,536,100	-	-	-	-	-
Food Services	3,440,611	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	22,128	4,591	-	-	-	-	-
Food Services	3,455,026	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	<u>10,217,429</u>	<u>8,520,479</u>	<u>6,798,737</u>	<u>6,539,258</u>	<u>6,070,232</u>	<u>5,754,998</u>	<u>5,843,495</u>
Total primary government revenues	<u>45,770,415</u>	<u>42,793,679</u>	<u>40,125,749</u>	<u>37,961,538</u>	<u>37,268,461</u>	<u>35,973,147</u>	<u>35,086,822</u>
Net (Expense)/Revenue							
Governmental activities	(143,701,106)	(137,799,505)	(131,189,374)	(119,608,882)	(117,580,892)	(109,713,806)	(130,209,826)
Business type activities	(17,969)	352,979	517,593	461,023	247,089	(49,396)	95,803
Total primary government net expense	<u>\$(143,719,075)</u>	<u>\$(137,446,526)</u>	<u>\$(130,671,781)</u>	<u>\$(119,147,859)</u>	<u>\$(117,333,803)</u>	<u>\$(109,763,202)</u>	<u>\$(130,114,023)</u>

Source: CRCSO Financial Records

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

* First year implementation of GASB45 charge for other post employment benefits, (OPEB). OPEB charge to expenses is \$1,121,090 for June 30, 2008.

Schedule 3
Cedar Rapids Community School District

General Revenues and Total Change in Net Assets

Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Net (Expense)/Revenue							
Total primary government net expense	\$ (143,719,075)	\$ (137,446,526)	\$ (130,671,781)	\$ (119,147,859)	\$ (117,333,803)	\$ (109,763,202)	\$ (130,114,023)
General Revenues and Other Changes in Net Assets							
Governmental and Business-type activities:							
Taxes							
Property taxes levied for general purposes*	53,043,100	53,809,700	54,246,327	55,101,108	52,321,560	51,504,978	43,283,324
Property taxes levied for debt service	1,789,051	3,606,784	3,667,686	3,886,785	3,866,591	3,999,249	757,630
Property taxes levied for capital projects	4,273,948	4,024,504	3,985,918	4,197,782	4,053,427	4,039,955	3,816,108
Local option sales tax**	16,198,462	-	-	-	-	-	-
Income surtaxes	7,254,909	5,614,790	3,239,523	3,001,098	2,886,724	2,947,528	3,275,396
Grants not restricted to specific programs	73,666,870	71,330,072	67,945,624	64,003,288	61,534,656	61,187,961	59,253,362
Investment earnings	3,041,119	3,441,530	1,569,260	919,888	505,751	1,103,336	1,161,986
Miscellaneous	535,274	779,502	968,422	1,127,889	915,579	811,851	916,710
Total primary government	159,802,733	142,606,882	135,622,760	132,237,838	126,084,288	125,594,858	112,464,516
Change in Net Assets							
Total primary government	\$ 16,083,658	\$ 5,160,356	\$ 4,950,979	\$ 13,089,979	\$ 8,750,485	\$ 15,831,656	\$ (17,649,507)

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.
 ** FY 2008 was the first year the District collected School Infrastructure Local Option Sales Tax revenues.

Schedule 4
Cedar Rapids Community School District

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
General Fund										
Reserved	\$ 3,900,705	\$ 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
Unreserved	19,386,712	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
Total general fund	23,287,417	21,007,575	18,756,135	16,769,374	10,107,759	4,943,345	903,302	3,671,704	5,066,931	5,602,928
All Other Governmental Funds										
Reserved*	7,402,039	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
Unreserved, reported in:										
Capital projects funds***	4,985,622	-	-	-	-	-	-	-	-	-
Special revenue funds	5,987,767	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
Debt service funds**	31,805,918	31,884,219	31,897,942	26,096	714	64,570	59,026	-	-	84,147
Total all other governmental funds	50,181,346	41,084,856	39,431,602	6,351,832	10,627,708	17,723,597	36,859,527	14,474,313	4,903,263	4,984,656
Total all governmental funds	\$73,468,763	\$ 62,092,431	\$ 58,187,737	\$ 23,121,206	\$ 20,735,467	\$ 22,666,942	\$ 37,762,829	\$ 18,146,017	\$ 9,970,194	\$ 10,587,584

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. Increases in reserved balances in FY2008 are due to the first year use of the School Infrastructure Local Option Sales Tax fund.

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

*** Capital projects funds increases in unreserved balances in FY2008 are due to the first year use of the School Infrastructure Local Option Sales Tax fund.

Schedule 5
Cedar Rapids Community School District

Governmental Funds Revenues

Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year

	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
Federal Sources:										
Federal grants	\$ 6,981,030	\$ 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
Total federal sources	6,981,030	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
State Sources:										
State foundation aid	72,693,265	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
State grants and other	18,165,337	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
Total state sources	90,858,602	85,684,432	80,597,772	75,237,371	72,405,771	73,421,250	72,159,768	70,947,211	66,680,482	61,079,601
Local sources										
Local taxes	82,559,471	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
Tuition	5,168,304	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
Other local sources	9,681,740	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
Total local sources	97,409,515	84,514,654	81,618,472	82,476,830	78,564,234	76,918,263	65,649,383	61,145,082	59,899,501	59,595,357
Total governmental revenues	\$ 195,249,147	\$ 176,744,638	\$ 168,436,114	\$ 163,629,533	\$ 157,286,283	\$ 155,745,343	\$ 141,700,789	\$ 136,184,907	\$ 129,155,050	\$ 122,845,886

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

	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
Instruction:										
Regular instruction	\$ 56,896,463	\$ 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
Special instruction	50,315,260	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
Vocational instruction	1,133,476	1,077,036	1,028,230	950,062	881,919	981,137	1,233,039	1,258,641	1,520,876	1,525,808
Other instruction	7,240,929	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
Total Instruction	115,586,128	110,048,768	104,229,067	98,435,258	97,038,299	93,740,388	94,477,825	87,327,751	79,988,666	75,132,140
Support services:										
Student services	4,410,603	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
Instructional staff services	7,060,479	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
General administration services	2,618,225	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
School administration services	11,278,961	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
Business services	5,561,249	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
Operations and maintenance	16,268,227	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
Student transportation	4,034,637	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
Total support services	51,232,381	47,565,138	45,872,529	40,513,658	37,941,080	38,268,763	39,784,908	38,183,886	42,138,737	39,246,418
Non-instructional programs:										
Food service	120,444	156,605	124,903	-	-	-	-	-	-	-
Community services	55,146	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
Total non-instructional services	175,590	1,523,801	2,623,987	2,439,805	2,336,378	2,354,653	2,177,633	2,034,055	2,198,383	2,008,059
Other expenditures:										
AEA flowthrough	6,232,507	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
Debt Service	2,050,000	2,250,000	2,210,000	3,105,000	2,070,000	1,345,000	200,000	50,000	50,000	700,000
Principal	3,139,398	3,569,506	2,021,843	2,115,993	2,208,143	3,001,665	599,534	3,584	3,584	47,476
Interest										
Capital Outlay										
Facility acquisition/construction	5,648,177	2,217,857	2,954,257	9,463,167	12,464,906	26,724,555	17,928,007	4,856,288	145,267	192,870
Total other expenditures	17,070,082	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
Total expenditures	\$184,064,181	\$ 173,091,622	\$ 165,439,405	\$ 161,304,045	\$ 159,290,835	\$ 170,909,184	\$ 160,620,834	\$ 137,928,056	\$ 129,772,440	\$ 122,343,558
Transfers out	5,862,367	3,577,336	1,873,918	1,336,130	333,480	338,411	53,584	95,653	-	-
Total expenditures and transfers	\$189,926,548	\$ 176,668,958	\$ 167,313,323	\$ 162,640,175	\$ 159,624,315	\$ 171,247,595	\$ 160,674,418	\$ 138,023,709	\$ 129,772,440	\$ 122,343,558
Debt service as a percentage of noncapital expenditures*	2.91%	3.41%	2.60%	3.44%	2.91%	3.01%	0.56%	0.04%	0.04%	0.61%

Source: CRCS Financial Records

* Principal and Interest expenditures are divided by the net of Total expenditures less Facility acquisition/construction expenditures. Please note that not all facility acquisition/construction expenditures are capitalized as some equipment purchases fall below the District's capitalization threshold. Accordingly, Capital Outlay expenses reported here may exceed the Capital Outlay expenses reported in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance.

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									
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
Excess of revenues over (under) expenditures	\$11,184,966	\$ 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
Other Financing Sources (Uses)										
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
Payment to refunding escrow agent	-	-	(300,709)	-	-	-	-	-	-	-
Operating transfers in	6,053,733	3,829,014	2,105,675	1,396,381	393,506	399,325	53,584	-	-	-
Operating transfers out	(5,862,367)	(3,577,336)	(1,873,918)	(1,336,130)	(333,480)	(338,411)	(53,584)	(95,653)	-	-
Total other financing sources (uses)	191,366	251,678	32,069,792	60,251	73,077	67,954	38,536,857	9,918,972	7,814	4,002
Net change in fund balances	\$11,376,332	\$ 3,904,694	\$ 35,066,501	\$ 2,385,739	\$ (1,931,475)	\$ (15,095,887)	\$ 19,616,812	\$ 8,175,823	\$ (609,576)	\$ 506,330

Source: CRCSD Financial Records

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

		Assessed Valuations <i>(Excluding Tax Increment Financing (TIF) Property)</i>							
<u>Calendar Year</u> <u>Assessed</u>	<u>Fiscal Year</u> <u>Collected</u>	<u>Agriculture</u>	<u>Residential</u> <small>(net of personal exemptions)</small>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility with Gas & Elect</u>	<u>Total</u>	
2006	2008	\$ 27,934,026	\$ 5,174,626,908	\$1,410,222,827	\$ 105,108,599	\$ 7,938,210	\$ 497,278,469	\$ 7,223,113,053	
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	

<u>Calendar Year</u> <u>Assessed</u>	State Rollback Factors					
	<u>Agriculture</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility</u>
2006	100.0000%	45.5596%	100.0000%	100.0000%	100.0000%	100.0000%
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%

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

Taxable Valuations <i>(Excluding Tax Increment Financing (TIF) Property)</i>							Total District Levy Rate
<u>Agriculture</u>	<u>Residential</u> <small>(net of personal exemptions)</small>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility</u>	<u>Total</u>	
\$ 27,920,517	\$ 2,298,961,538	\$1,409,288,668	\$105,108,599	\$7,938,210	\$279,337,082	\$4,128,554,614	14.37481
28,105,239	2,266,746,134	1,378,968,921	108,357,318	6,572,612	296,967,354	4,085,717,578	14.90212
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

Source: Linn County Auditor

Schedule 9
Cedar Rapids Community School District

Direct and Overlapping Property Tax Rates

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

Fiscal Year	Cedar Rapids Community Schools District Direct Rates			Overlapping Rates *						
	General Purposes	Capital Purposes	Total	City of Cedar Rapids	Town of Bertram	City of Hiawatha	City of Marion	Town of Palo	Town of Robins	Linn County
2008	\$ 12.95612	\$ 1.41869	\$14.37481	\$14.61610	\$4.33756	\$13.46518	\$13.78572	\$11.99350	\$8.09957	\$5.88629
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

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 Nine Years Ago

	Assessed Value 2006 for				Assessed Value 1997 for			
		FY08	Rank	Amount	FY98	Rank	Amount	Percentage of Total Assessed Valuation
	Type of Business							
Interstate Power/Alliant	Electrical and gas utility	1	\$ 268,617,841	3.6%	1	\$ 263,248,538	7.3%	
FPL Energy Duane Arnold Plant	Electrical utility	2	144,196,477	1.9%			-	
AEGON USA, Inc./Life Investors	Insurance	3	50,050,580	0.7%	3	43,736,911	1.2%	
Robert K Miell - individual	Real estate holdings	4	34,969,087	0.5%			-	
Mid-American Energy	Electrical and gas utility	5	28,442,493	0.4%	5	31,970,521	0.9%	
St. Lukes Hospital & Development	Health Care	6	26,225,614	0.4%			-	
Hy-Vee Food Stores Inc.	Grocery	7	25,643,257	0.3%			-	
Qwest	Telephone utility	8	20,787,250	0.3%	9	20,330,519	0.6%	
Westdale Investments Inc. (Mall)	Real estate developer	9	19,924,119	0.3%	2	44,326,001	1.2%	
OPM LC	Real estate holdings	10	18,271,196	0.2%			-	
Cargill Incorporated	Corn and soybean processing	-	-	-	4	38,926,383	1.1%	
Penford Products	Cornstarch processing	-	-	-	6	30,143,857	0.8%	
Quaker Oats Company	Cereal grain processing	-	-	-	7	25,354,657	0.7%	
Rockwell International Corp.	Avionics and communications	-	-	-	8	20,780,382	0.6%	
MCI Telecommunications Corp.	Telephone utility	-	-	-	10	17,373,603	0.5%	
Total			\$ 637,127,914	8.6%		\$ 536,191,372	14.9%	

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
2008	\$59,659,811	\$58,818,525	98.6%	(\$10,393)	\$58,808,132	98.6%
2007	61,312,422	60,642,117	98.9%	94,699	60,736,816	99.1%
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%

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

Fiscal Year	School Refunding Bonds	General Obligation Bonds	Capital Loan Note	Qualified Zone Academy Bond (QZAB)		Anticipatory Warrants	Lease Payable	Total Primary Government	Percentage of Personal Income *	Total Debt Per Capita *	Bonded Debt** Per Capita *	Taxable Value of Property	Ratio of Bonded Debt** to Taxable Value of Property
				Bond	Academy								
2008	\$31,385,000	\$35,350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$66,735,000	0.78%	\$265	\$265	\$4,143,120,604	1.61%
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%

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, 2008

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$ 35,350,000	100.00 %	\$ 35,350,000
Overlapping:			
City of Cedar Rapids	75,285,305	69.54	52,353,401
City of Hiawatha	10,190,000	100.00	10,190,000
City of Marion	10,116,157	1.99	201,312
City of Robins	6,155,000	62.55	3,849,953
Kirkwood Community College	20,535,029	25.42	5,220,004
Linn County	1,200,000	54.70	656,400
Total Overlapping	123,481,491	58.69	72,471,070
Total Direct and Overlapping Debt	\$158,831,491	67.88 %	\$ 107,821,070

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									
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
Assessed valuation	\$ 7,257,672,221	\$ 7,003,888,522	\$ 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
Legal debt limit (5% of Assessed Valuation)	362,883,611	350,194,426	331,267,514	322,802,453	304,803,420	297,220,336	263,954,942	259,740,888	256,703,328	252,213,536
District debt applicable*	35,160,000	37,210,000	39,460,000	41,860,000	44,965,000	47,035,000	48,380,000	11,000,000	-	-
Legal debt margin	\$ 327,723,611	\$ 312,984,426	\$ 291,807,514	\$ 280,942,453	\$ 259,838,420	\$ 250,185,336	\$ 215,574,942	\$ 248,740,888	\$ 256,703,328	\$ 252,213,536

District debt applicable as a percentage of Legal debt limit

	9.7%	10.6%	11.9%	13.0%	14.8%	15.8%	18.3%	4.2%	0.0%	0.0%
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*Total District long term debt for 2007-2008 is \$66,735,000. 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

Calendar Year	Population	Personal Income	Per Capita Income	Unemployment Rate %
2007	252,030	\$8,543,430,000	\$33,898	3.6%
2006	249,320	8,382,060,000	33,620	3.8
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

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 Ten Years Ago

<u>Employer</u>	2008			1998		
	<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	5.20%	6,800	1	3.93%
AEGON USA, Inc.	3,500	2	2.02%	1,465	10	0.85%
Cedar Rapids Community Schools	2,900	3	1.68%	2,537	3	1.47%
St. Luke's Hospital	2,800	4	1.62%	2,155	6	1.24%
Whirlpool Corporation	2,650	5	1.53%			
Hy-Vee Food Stores	2,545	6	1.47%	1,950	7	1.13%
Mercy Medical Center	2,498	7	1.44%	1,700	9	0.98%
City of Cedar Rapids	1,493	8	0.86%			
Kirkwood Community College	1,410	9	0.81%			0.00%
Walmart Stores Inc.	1,030	10	0.59%			
Amana Appliances				2,578	2	1.49%
MCI Communications (Worldcom)				2,500	4	1.44%
Alliant Energy - Interstate Power and Light				2,282	5	1.32%
McLeodUSA				1,830	8	1.06%
Totals	29,826		17.22%	25,797		14.91%

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

	FY08	FY07	FY06	FY05	FY04	FY03	FY02	FY01	FY00	FY99	Percentage Change FY1999-2008
Administration											
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	2.0	0.0	1.0	1.0	3.0	3.0	3.0	2.0	0.0%
Principals and Assistants	48.0	49.0	49.0	51.0	50.0	50.0	48.0	48.0	48.0	48.0	0.0%
District Administrators	13.0	13.0	13.0	13.0	15.0	14.0	16.0	16.0	13.0	13.0	0.0%
Supervisors	8.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	0.0%
Total Administration	72.0	73.0	72.0	72.0	74.0	74.0	76.0	76.0	73.0	72.0	0.0%
Teachers											
K-12, Music, Physical Education and Art	942.0	933.0	930.5	906.1	921.7	940.0	977.9	988.8	967.1	922.6	2.1%
Special Education	258.1	265.5	255.8	249.5	257.0	253.2	238.7	227.9	216.3	203.8	26.6%
Federal Programs	26.0	23.0	22.3	20.2	19.2	21.0	14.5	18.0	15.1	15.8	64.6%
Media Specialist	24.7	23.7	24.7	24.7	32.4	32.4	32.4	32.4	33.4	31.7	-22.1%
Counselors	46.3	46.0	45.5	45.1	45.4	44.4	44.0	45.0	42.0	43.3	6.9%
Total Teachers	1,297.1	1,291.1	1,278.8	1,245.6	1,275.7	1,291.0	1,307.5	1,312.1	1,273.9	1,217.2	6.6%
Support Personnel											
Clerical	183.5	180.7	182.3	175.3	180.5	187.3	184.7	185.5	177.0	175.1	4.8%
Teacher aides, Special Education	268.1	281.2	274.7	264.5	258.7	243.1	215.5	186.8	171.4	139.9	91.6%
Teacher aides, regular	95.1	90.4	81.6	84.2	82.2	90.0	98.1	105.3	113.5	134.0	-29.0%
Custodial and maintenance	168.4	169.9	171.9	174.4	173.3	179.0	178.8	175.0	176.8	174.8	-3.7%
Bus drivers/Attendants	105.6	104.1	98.9	98.2	92.9	93.0	92.8	82.3	82.8	74.7	41.4%
Food service workers	136.8	133.6	130.6	129.4	132.1	130.1	135.3	130.7	129.1	125.8	8.7%
Nurses/Volunteer Coordinator	15.5	15.1	14.7	14.7	14.5	13.3	11.7	11.7	11.8	9.5	63.2%
Crafts and trades	18.9	19.6	18.1	18.4	19.4	20.1	20.4	20.4	19.4	41.6	-54.6%
Data processing	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.6	5.6%
Day care	101.0	97.1	92.3	88.0	87.1	85.3	87.7	91.6	100.7	93.6	7.9%
Other	57.3	58.1	63.6	66.4	64.9	67.1	60.5	56.9	47.7	17.4	229.3%
Total Support Personnel	1,153.9	1,153.6	1,132.5	1,117.3	1,109.4	1,112.1	1,089.3	1,050.0	1,034.0	990.0	16.6%
Total Staff	2,523.0	2,517.7	2,483.3	2,434.9	2,459.1	2,477.1	2,472.8	2,438.1	2,380.9	2,279.2	10.7%

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

Fiscal Year	General Fund - Expenditures			All District Funds - Expenses			Teaching Staff (FTE*)	Resident Pupil-Teacher Ratio	Students Receiving Free or Reduced Price Meals	
	Certified Enrollment*	Net Expenditures*	Cost per Pupil* Percentage Change	Statement of Activities Expenses	Cost per Pupil Percentage Change	Number			Percentage	
2008	17,746	\$148,901,190	\$8,391 4.2%	\$189,489,490	\$10,678 4.7%	1,297.1	13.7	6,767	38.1%	
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	1,312.1	13.8	4,676	25.8%	
2000	18,083	109,927,293	6,079 7.3%	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	1,217.2	14.9	4,958	27.4%	

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. The State of Iowa provides a standard methodology in calculating General Fund Cost per Pupil which pertains to resident students only. Accordingly, Certified Enrollment counts of resident students only, in the fall of each fiscal year are used for calculations. (For example fall 2007 counts are used for FY2008 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																		
			2008	2007	2006	2005	2004	2003	2002	2001	2000	1999									
High Schools (9-12)																					
Jefferson (1959)	1,723	310,110 1,800 1,632	310,110 1,800 1,632	310,110 1,803 1,563	310,110 1,803 1,614	310,110 1,803 1,614	271,292 1,577 1,651	271,292 1,577 1,595	271,292 1,577 1,607	271,292 1,577 1,607	271,292 1,577 1,550	271,292 1,577 1,550	271,292 1,577 1,611	271,292 1,577 1,577	271,292 1,577 1,611	271,292 1,577 1,577	271,292 1,577 1,577	271,292 1,577 1,577	271,292 1,577 1,577	271,292 1,577 1,577	
Kennedy	1,603	288,600 1,800 1,829	288,600 1,800 1,829	288,600 1,804 1,781	288,600 1,804 1,748	288,600 1,804 1,748	249,342 1,558 1,677	249,342 1,558 1,572	249,342 1,558 1,578	249,342 1,558 1,578	249,342 1,558 1,586	249,342 1,558 1,586	249,342 1,558 1,582								
Metro	263	47,399 450 556	47,399 450 556	47,399 451 575	47,399 451 543	47,399 451 543	47,399 451 578	47,399 451 578	47,399 451 651	47,399 451 651	47,399 451 678	47,399 451 678	47,399 451 762								
Washington	1,737	312,694 1,800 1,651	312,694 1,800 1,651	312,694 1,797 1,595	312,694 1,797 1,539	312,694 1,797 1,539	277,844 1,597 1,626	277,844 1,597 1,650	277,844 1,597 1,645	277,844 1,597 1,645	277,844 1,597 1,638	277,844 1,597 1,638	277,844 1,597 1,600	277,844 1,597 1,597	277,844 1,597 1,600	277,844 1,597 1,600	277,844 1,597 1,600	277,844 1,597 1,600	277,844 1,597 1,600	277,844 1,597 1,600	
Middle Schools (6-8)																					
Franklin (1922)	860	146,148 700 630	146,148 700 630	146,148 699 657	146,148 699 658	146,148 699 658	146,148 699 667	146,148 699 665	146,148 699 687	146,148 699 687	146,148 699 669	146,148 699 669	146,148 699 691	146,148 699 699							
Harding (1964)	821	139,634 900 952	139,634 900 952	139,634 901 926	139,634 901 883	139,634 901 883	139,634 901 872	139,634 901 913	139,634 901 893	139,634 901 893	139,634 901 923	139,634 901 923	139,634 901 932	139,634 901 932							

continued

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									
			2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
McKinley (1922)	815	138,476 700 555	138,476 700 555	138,476 700 618	138,476 699 659	138,476 699 712	138,476 699 736	138,476 699 741	138,476 699 695	138,476 699 645	138,476 699 628	
Roosevelt (1924)	820	139,350 700 628	139,350 700 628	139,350 700 645	139,350 700 646	139,350 700 643	139,350 700 651	139,350 700 598	139,350 700 567	139,350 700 589	139,350 700 621	
Taft (1965)	750	127,507 700 730	127,507 700 730	127,507 700 738	127,507 701 713	127,507 701 699	127,507 701 685	127,507 701 694	127,507 701 669	127,507 701 657	127,507 701 639	
Elementary Schools Arthur (1914)	308	K-5 46,214 400 312	K-5 46,214 400 312	46,214 400 328	46,214 398 333	46,214 398 318	46,214 398 334	46,214 398 332	46,214 398 355	46,214 398 356	46,214 398 359	
Cleveland (1950)	312	K-5 46,819 500 359	K-5 46,819 500 359	46,819 500 370	46,819 498 375	46,819 498 385	46,819 498 409	46,819 498 438	46,819 498 417	46,819 498 412	46,819 498 431	
Coolidge (1967)	324	K-5 48,557 500 413	K-5 48,557 500 413	48,557 500 421	48,557 501 420	48,557 501 410	48,557 501 379	48,557 501 426	48,557 501 431	48,557 501 398	48,557 501 413	

continued

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

	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year																	
			2008	2007	2006	2005	2004	2003	2002	2001	2000	1999								
Building																				
Grades 2-8 School Wilson (1928)																				
Square feet		108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807
Capacity	725	650	650	652	652	652	652	652	652	652	652	652	652	652	652	652	652	652	652	652
Enrollment (2-5)		229	216	236	276	272	272	272	293	293	293	293	293	293	275	275	254	254	254	254
Enrollment (6-8)		302	315	301	314	327	327	327	322	322	322	322	322	320	320	320	316	316	316	316
Total Enrollment		531	531	537	590	599	599	599	615	615	615	615	615	595	595	570	570	570	570	570
Totals																				
Square feet		2,802,562	2,802,562	2,802,562	2,781,892	2,668,966	2,668,966	2,668,966	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161
Capacity	17,078	20,930	20,930	20,925	20,738	20,066	20,066	20,066	19,468	19,468	19,468	19,468	19,468	19,468	19,468	19,468	19,468	19,468	19,468	19,468
Enrollment		17,318	17,419	17,225	17,103	17,336	17,336	17,336	17,441	17,441	17,441	17,441	17,441	17,691	17,691	17,691	17,691	17,691	17,691	17,691
Percent Capacity	101.41%	82.74%																		

Source: District Records

* DC Public School Capacity Standards May 2001:
 Source Document located at: http://www.ncbg.org/schools/design_capacity.htm

concluded

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, 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, 2008, 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 January 7, 2009. 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 January 7, 2009.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 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 Gunderson LLP

Clinton, Iowa
January 7, 2009



**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, 2008. 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, 2008.



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.

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 Gundersen LLP

Clinton, Iowa
January 7, 2009

**Cedar Rapids Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
National School Lunch Program	10.555	FY 08	\$ 2,447,768
School Breakfast Program	10.553	FY 08	598,518
Fresh Fruit & Vegetable Pilot Program	10.582	FY 08	51,399
Team Nutrition Grant	10.574	FY 08	1,360
Child and Adult Care Food Program	10.558	FY 08	23,390
Total cash expenditures			<u>3,122,435</u>
Food Distribution-USDA Commodities (non-cash)	10.550	FY 08	439,419
Total cash and non-cash expenditures			<u>3,561,854</u>
 U.S. Department of Education:			
Iowa Department of Education:			
Title I	84.010	1053-G-08	2,468,293
Title I - Carryover	84.010	1053-GC-08	305,561
Title I - SINA	84.010	1053-SI-08	140,000
			<u>2,913,854</u>
 Title IIA - Class Size Reduction Program	 84.367	 FY 08	 <u>889,751</u>
Title V - State Grants for Innovative Programs	84.298	FY 08	<u>32,919</u>
Special Education Grants to States (IDEA Part B)	84.027	FY 08	<u>1,030,968</u>
Special Ed Improvement Grants	84.323	FY 08	<u>8,596</u>
Reading First	84.357	FY 08	<u>342,270</u>
Safe and Drug Free Schools and Communities	84.186	FY 08	39,600
Safe and Drug Free Schools and Communities	84.186	FY 08	63,710
			<u>103,310</u>
Perkins Vocational Education Program - Basic Grant	84.048	FY 08	<u>231,063</u>
Title VI A - NCLB Assessment Grant	84.369	FY 08	<u>119,007</u>
E2T2 - Enhancing Education Through Technology	84.318	FY 08	59,143
			<u>59,143</u>

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
Indirect:			
U.S. Department of Education:			
Iowa Department of Education:			
21st Century Community Learning Centers Grant	84.287	FY 04 - 08	<u>52,600</u>
Fund for the Improvement of Education	84.215	FY 08	<u>726</u>
Building Foundations for Learning	84.215	FY 08	<u>11,000</u>
Education for Homeless Children and Youth	84.196	FY 08	<u>24,500</u>
U.S. Department of Justice:			
Linn County, Iowa:			
Juvenile Justice and Delinquency Prevention	16.540	FY 08	9,000
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	FY 08	<u>39,954</u>
			<u>48,954</u>
U.S. Department of Human Services			
Linn County, Iowa:			
Medicaid Time Study Program	93.778	FY 08	<u>92,140</u>
Total			<u><u>\$ 9,522,655</u></u>
Total cash expenditures			\$ 9,083,236
Total non-cash expenditures			<u>439,419</u>
			<u><u>\$ 9,522,655</u></u>

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.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>84.367</u>	<u>Title IIA-Class Size Reduction Program</u>
<u>84.027</u>	<u>Special Education Grants to States (IDEA Part B)</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, 2008**

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:

No matters were reported

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-08 Certified Budget - Expenditures for the year ended June 30, 2008, did not exceed the amended certified budget.
- IV-B-08 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-08 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-08 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-08 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-08 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-08 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-08 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-08 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

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

IV-J-08 Deficit Balances - The Daycare Services and Flood Recovery Funds had deficit balances of \$11,059 and \$75,982, respectively, at June 30, 2008.

Recommendation - The District should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial condition.

Response - The deficit in the Daycare Services Fund is due to higher costs than anticipated. This deficit is expected to be corrected during the next fiscal year. The deficit in the Flood Recovery Fund is due to initial costs that are anticipated to be covered in full by FEMA and the State. The project worksheets for the cleaning and debris removal were not completed prior to June 30, so they were not obligated by the federal or state government, and therefore were not considered to be proper government receivables by the District. This deficit is expected to continue until all flood activities are completed at which time a transfer will be done from the General Fund to cover any non-FEMA eligible expenses that were flood related.

Conclusion - Response accepted.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2008**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
III-A-07	Interest earned on advances	Resolved

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2008**

N/A

