

Comprehensive Annual Financial Report

Cedar Rapids Community School District

Fiscal Year Ended June 30, 2009

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CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
<u>Introductory Section</u>	7
Letter of Transmittal	8
GFOA Certificate of Achievement	22
ASBO Certificate of Excellence	23
Leadership Team	24
Board of Directors and District Officials	25
<u>Financial Section</u>	27
Independent Auditor's Report	28
Management's Discussion and Analysis (MD&A)	31
Basic Financial Statements:	
Government-wide Financial Statements (GWFS)	53
Statement of Net Assets	54
Statement of Activities	55
Fund Financial Statements (FFS)	57
Governmental Funds:	
Balance Sheet – Governmental Funds	58
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	59
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	60
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities	61
Proprietary Funds:	
Statement of Net Assets – Proprietary Funds	62
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	63
Statement of Cash Flows – Proprietary Funds	64
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	65
Notes to the Financial Statements	66

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
<u>Financial Section (concluded)</u>	
Required Supplementary Information:	93
Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds	94
Notes to Required Supplementary Information – Budgetary Reporting	95
Schedule of Funding Progress for Postemployment Benefit Plan – MIIP	97
Supplemental Information	99
Combining and Individual Fund Statements and Schedules:	
General Fund:	101
Statement of Revenues, Expenditures, and Changes in Fund Balance	102
Nonmajor Governmental Funds:	107
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	109
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund	110
<u>Statistical Section</u>	111
Financial Trends:	
Net Assets by Component	112
Expenses, Program Revenues, and Net (Expense)/Revenue	113
General Revenues and Total Change in Net Assets	115
Fund Balances, Governmental Funds	116
Governmental Funds Revenues	117
Governmental Funds Expenditures and Debt Service Ratio	118
Other Financing Sources and Uses and Net Change in Fund Balances – Governmental Funds	119
Revenue Capacity:	
Assessed Value and Taxable Value of Property	120
Direct and Overlapping Property Tax Rates	122
Principal Property Tax Payers	123
Property Tax Levies and Collections	124

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
<u>Statistical Section (concluded)</u>	
Debt Capacity:	
Total Outstanding Debt by Type	125
Direct and Overlapping Governmental Activities Debt	126
Legal Debt Margin Information	127
Demographic and Economic Trends:	
Demographic and Economics Statistics	128
Principal Employers	129
Operating Information:	
Full Time-Equivalent* District Employee by Type	130
Operating Statistics	131
School Building Information	132
<u>Internal Controls and Compliance Section</u>	139
Schedule of Expenditures of Federal Awards	140
Notes to Schedule of Expenditures of Federal Awards	142
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	143
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	145
Schedule of Findings and Questioned Costs	147
Corrective Action Plan	160
Summary Schedule of Prior Audit Findings	162



Introductory Section



January 20, 2010

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, 2009. 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, 2009, marks the eighth 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 fourth 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 fiscal year ending June 30, 2009, marks

the second year in which our report includes all required revisions to conform to the new standards promulgated under GASB-45.

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.

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 four-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 17,502 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, pre-kindergarten 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. Beginning with the 2008-2009 school year the District participates in the Statewide Voluntary Preschool program providing a quality early childhood learning program for the District's three and four year old students. 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 128,000 people live in Cedar Rapids currently representing a 6% increase in population since 2000. The surrounding towns make Linn County a community of more than 208,000 residents, representing a 10% increase in population since 2000.

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.

Single-family housing starts in the City of Cedar Rapids experienced a slight dip when compared to the prior year declining from \$33,829,577 in 2007 to \$30,247,887 in 2008. Permits for 292 new single-family dwellings were issued in Cedar Rapids in 2008 compared to 298 permits issued the previous year. New multi-family housing starts in the City of Cedar Rapids also declined from \$14,418,797 (49 permits) in 2007 to \$9,749,758 (41 permits) in 2008.

Building permits issued by the City of Cedar Rapids for all new construction, repairs, remodeling and additions activity, including all commercial, industrial and single/multiple dwelling properties, decreased from \$322.9 million in 2007 to \$277.1 million in 2008.

Retail sales in the Cedar Rapids metropolitan area reached an all time high in 2008. Retail sales (as measured in 2004 dollars) were \$3.47 billion in 2008 up from \$3.46 billion in 2007. The three largest sectors of retail sales in the Cedar Rapids metropolitan area were automobile sales at \$651.0 million, non-store retail sales at \$571.4 million and general merchandise at

\$552.3 million. Discounting the effects of inflation, retail sales have increased by 14.3% since 2000.

Mean household income, (as measured in 2004 dollars) in the Cedar Rapids metropolitan area increased to \$79,236 in 2008, from \$79,049 in 2007. Income per capita, (also measured in 2004 dollars) shows similar trends increasing to \$33,270 in 2008 from \$33,044 the previous year. Total employment in the Cedar Rapids metropolitan area increased from 173,120 in 2007 to 174,730 in 2008. Unemployment was 4.0% for 2008 compared to 3.8% for 2007.

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 marriages 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 2008-2009

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 2008-09 school year. It was a year of notable activities accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

Army Corp Completes ESC at Kingston

The Army Corp hosted a ribbon cutting ceremony on Aug. 21. Since the June floods seriously damaged the Educational Service Center, District central service departments have worked from classrooms and offices in various schools. The U.S. Army Corp of Engineers (USACE) completed their work on the 35 modular building complex at 907 15th Street SW that will serve as a the temporary home for those departments. The project was completed in just over seven weeks.

About 130 staff will be located there. Departments will include the Superintendent's Office, Accounting Services, Human Resources, Benefits and Payroll, Buildings and Grounds, Business Services, Community Relations, Continuous Improvement, Custodial and Grounds, Step-Up Preschool, Curriculum Services, Learning and Leadership, Research and Evaluation, Student Services, Special Services, Teacher Mentoring, TV-Media, Food and Nutrition, and Volunteer Services. The complex will also include storage areas and meeting space for the Board of Education and professional development.

Volunteers Contribute Nearly 136,000 Hours

Active community support pulses through each of our 33 schools. Begun in 1973, the Volunteer Program has grown from 626 volunteers contributing 11,000 hours to an amazing corps last year of 6,357 sharing a reported 135,939 hours during the 2007-08 school year. Parents make up the bulk of the volunteer workforce, with non-parents, high school and college students, senior adults, and business and industry professionals greatly contributing greatly as well. Last year volunteers outnumbered staff at a ratio of more than 2 to 1. This is equivalent to 126 teacher associates, working 6 hours a day!

Welcome to the 2008-09 School Year!

Armed with freshly-sharpened pencils and wearing colorful backpacks, more than 16,000 students returned to class on August 26. The K-12 learners enjoyed an early-dismissal on their first day as staff members participated in professional development meetings during the afternoon. The school year begins with 87 new classroom teachers and 13 new administrators working in 32 attendance centers. Taylor Elementary School will not be open during this school year because of flooding damage.

Doing Our PARRT

None of us would disagree that the character traits of Personal Best, Active Listening, Respect, Responsibility, and Trustworthiness are important for our students to master. The Doing Our PARRT curriculum is new in every elementary school in the Cedar Rapids Community School District this fall. This curriculum is designed to help students develop these character traits along with the skills that will help them work toward achieving the district mission of becoming world-class learners and responsible citizens.

Marching Band Festival Celebrates 25th Year

The Five Seasons Invitational Marching Band Festival marked its 25th anniversary this fall. The event, held at Kinston Stadium, is jointly sponsored and hosted by the Cedar Rapids Jefferson,

Kennedy, and Washington high school marching bands. Each of the host bands performs to open the day's event.

Students and Staff Share In Metro Day of Caring

Metro High School students volunteered their time to help community agencies and neighbors as part of the Metro Day of Caring. The annual service learning activity was introduced more than 25 years ago. "It's important to engage our students in out-of-the-classroom opportunities that will enhance their connections to Metro and to the community," explained Lynette Richards, Metro counselor. Morning activities supported the Adopt A Highway Program, Ani-Meals, Grant Early Childhood Center playground, the Metro High School gardens, and Metro neighborhood yards. Some 100 students and staff participated.

America Reads Marks 12th Year

The Cedar Rapids Community Schools celebrated the 12th annual AMERICA READS: Reading Is Contagious on October 24. Throughout the day, community volunteers shared stories with students in all 23 elementary schools. The goal of the America Reads initiative is to promote the value of reading to children throughout the year, demonstrate the importance of learning a lifelong skill, focus attention on literacy in schools, promote diverse community involvement, and demonstrate the joy of reading through collective citizen involvement.

Wilson School Recognized for Reading Achievement

The Iowa Department of Education has named Wilson School as one of 14 Cohort 2 buildings determined to be a Highly Successful Reading First School. The schools were identified by their efforts to increase the percentage of students proficient on various reading assessments. Analyses were conducted to determine the percentage of students proficient on 28 indicators of success by school. Specifically, a Cohort 2 school was identified as being 'highly successful' if it achieved 75% (22) of the performance benchmarks and/or was identified as having made the greatest gains during the 2007-08 school year.

Benson Named Superintendent

The Board of Education has named Dr. David L. Benson Superintendent of the Cedar Rapids Community Schools. Benson will join the District on July 1, 2009. Current Superintendent, Dr. Dave Markward, will retire at the end of June, after five years with the District. Benson is currently in his fifth year as Superintendent in the Ladue School District in St. Louis, Missouri. He previously served for 17 years as superintendent in school districts in Kansas and Iowa.

Online Meal Payments Now an Option for Families

District families can now make food service payments online, thanks to a new Point of Sale system that also allows parents to check account balances and history. "The Food and Nutrition Department operates with the District's guiding philosophy of continuous improvement in mind," explained Suzy Ketelsen, Department Manager. "In the past, the only means of notification regarding a student's account balance were letters generated twice a week at the elementary level and a verbal reminder during meal service for Middle and High School students. The Point of Sale system allows parents access to information at anytime."

Students Join Nation In Welcoming New President

District students were watching as Barack Obama became the 44th president of the United States. The historical significance of the moment was not lost on sixth graders watching the televised Inauguration at McKinley Middle School. "To be able to watch this historical event at school and to see the first black President of the United States was just amazing," said one student.

Creative Graphics Academy Launched at Jefferson

Jefferson High School introduced a new Graphics Academy Program last fall, offering students the opportunity to earn both high school and college credit at Kirkwood Community College. The Graphics Academy, available to students in grades 10-12, consists of two one-year courses – Graphics Academy 1 and 2. “These courses are designed for students who are seriously interested in beginning a career in computer graphics,” explained Mary Webb, teacher. “In the program students develop visual and critical thinking skills, as well as problem solving skills by using such programs as Adobe Photoshop, Illustrator, and InDesign.”

Science Enrichment Brings High School

Students to Harding Seventh graders at Harding Middle School are strengthening their understanding of by working with older students. The Kennedy High School Road Show visited the school with a variety of learning stations to promote science and to offer middle school students the unique opportunity to work with older learners. The Kennedy Road Show, involving a dozen students and a teacher, features hands-on sessions focused on biology, chemistry, physics environmental science, and geometry.

Students Explore Engineering

Jefferson High School’s Project Lead the Way Program hosted an “Exploring Engineering” event as part of National Engineers Week. The evening seminar included demonstrations of the various fields of engineering, as well as hands-on activities. The engineering fields of biomedical, civil, material, software, and mechanical were represented by some 20 companies and 25 presenters. More than 150 students participated.

Heroes Fair at Garfield

Fourth and fifth grade students at Garfield Elementary School have been on a search for heroes those individuals who have made a positive contribution to the world. To identify a hero, the students spent two months reading and researching. Once they identified a subject, students continued to read about their hero, eventually writing read a research paper creating a visual display to share with the community.

Johnson Stages Once Upon a Flood

With the excitement of a Broadway premiere, students at Johnson Elementary School enjoyed attending a performance of their original play, “Once Upon A Flood.” The original drama had been written by third grade students at Johnson working with an artist-in-residence. The inspiration for the story came from events surrounding the flood of June 2008. “The play reflects on how the community pulled together after the flood,” explained Tashona Marshall, principal. “This is a wonderful celebration of the great community we live in.”

Budgetary Highlights

The Flood of 2008

Due to the magnitude of the Eastern Iowa flood of 2008 and the overall financial impact it has had on the region generally, and the Cedar Rapids metropolitan area specifically, a summary of this epic flood event is included at the beginning of this Comprehensive Annual Financial Report document. The Flood of 2008 has had a considerable impact upon the budgeting and financial reporting processes.

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 floods and tornadoes that ravaged the state in 2008 caused \$1.1 billion in damage to public facilities. Based solely on financial public assistance estimates, that makes Iowa the fifth largest state disaster in US history behind Hurricane Katrina in Louisiana, the 9/11 Terrorist Attack, Hurricane Katrina in Mississippi and Hurricane Wilma in Florida.

Estimated flood damages in the Cedar Rapids area exceed \$2.8 billion with noteworthy losses as follows:

- Jobs and Business: \$1.1 billion
- City of Cedar Rapids: \$656.2 million
- Area Housing: \$343 million
- Federal Courthouse: \$208 million
- Future Disaster Evacuation Routes: \$172 million
- Railroads: \$90 million
- Medical Centers: \$71.6 million
- Linn County: \$59.8 million
- Cedar Rapids Community School District: \$33.5 million

The Cedar Rapids Community School District's damages to District owned property and contents of \$33.5 million as stated above, includes damage to 8 locations. Minor damage to the Transportation Center parking lot and to Harrison Elementary School was repaired to pre-flood condition within a short time following the flood event. Four administrative/support operations buildings and Taylor Elementary School were badly damaged. All previously housed administrative and support services continue to operate in temporary facilities in the community. Taylor Elementary staff and students were relocated to other District schools for the 2008-09 school year. Repairs to Taylor Elementary have since been completed and the school has re-opened for the 2009-10 school year.

On November 9, 2009, following a series of three community input open houses, the Board of Education approved a permanent flood recovery facilities plan to construct a new \$35 million administrative and support facility on District owned land at 2933 Ellis Blvd. NW. The Federal Emergency Management Agency (FEMA) will provide for \$12.5 million in funding with the District providing the balance from the Local Option Sales Tax (SILO) Fund. The new administrative and support campus will provide space at one location for the flood damaged Educational Service Center, Carpenter/Paint Shop, ESC Annex, and Warehouse facilities. These damaged facilities will be sold following State Code requirements. It is estimated that the new administrative and support campus will be completed in February 2012.

A new fund called the Flood 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 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 are other flood recovery costs to the District such as administrative consulting services that will not qualify for FEMA and State reimbursement.

The flood's long term effect upon student enrollment and the corresponding financial impact is an area of concern and one that will be watched carefully.

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 \$17.1 million or 6.8 % under the certified budget. Actual expenditures in the "Other Expenditures" functional category did exceed the certified budget by \$.76 million or 2.1%.

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.

Budget Development 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.

In preparing the budget for fiscal year 2010, the Board of Education was very sensitive to the difficult economic situation in our local community that was the result of the flood of 2008 as well as the national recession. In response, the Board determined that it would use General Fund

reserves to minimize the impact upon local property taxes. Budget discussions for fiscal year 2011 will include this key information.

Long-term Financial Planning and Relevant Financial Policies

The District follows a multitude of Board Policies, Regulations and Procedures in regards to financial management. These regulations can be found on the District website at <http://www.cr.k12.ia.us/aboutUs/BoardOfEd/supportDocs/PolicyHandbook/PolicyHandbook.pdf>

Board regulations provide guidance and direction in regards to budget preparation, budget adoption, sale of goods and services, purchasing, relations with district suppliers, the accounting system, Board financial reports, selection of a certified accounting firm, payments for goods and services, borrowing funds, investments, credit card/procurement card purchases, and expense reimbursement to name a few.

The District's solvency ratio is a measure of the District's fund equity position and is defined as the unreserved, undesignated fund balance (commonly referred to as the cash reserves) divided by the District's total General Fund revenues. The Board of Education has recommended that the ISCAP solvency ratio should be in the 8-10% range. The Iowa Association of School Boards (IASB) considers a solvency ration to be within "target" or "good" if it is within 5% to 10% and therefore "can handle the unexpected." The IASB believes a solvency ratio of 10% to 15% to be "excellent." The solvency ratio for the District decreased at year end to 6.86%, down from 12.07% in the prior year.

Due to the Governor's across the board reduction of State aid of 10% or \$8.4 million and the Linn County Board of Supervisor's property tax abatement of \$1.3 million related to Flood of 2008 damaged properties, the District will rely heavily on reducing operating costs within the General fund as well as an increase in local property taxes in FY2011 to replenish depleted cash reserves and return the ISCAP solvency ratio to the 8-10% range.

In addition, the Board of Education monitors on a monthly basis, the District's unspent balance forecast. The unspent balance is the official State prescribed measure of residual spending authority remaining on June 30th each year. The unspent balance forecast is recalculated monthly based upon changes in staffing as well as all other General fund budget line items on both the revenue and expense side.

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, 2009.

Interest revenue of \$1,834,239 was earned on all investments for the year ending June 30, 2009. This compares to \$3,041,118 the previous fiscal year representing a decrease of \$1,206,879 or 40% over fiscal year 2008 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 General Fund where revenues were down \$772,145 or 70% from the previous year. The reduction in interest revenues between the 2009 and 2008 fiscal years is largely attributed to factors within the current national recession with average interest rates on invested funds declining from 3.29% in FY2008 to 1.55% in FY2009.

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 relative size of the General Fund it is important to point out a few important highlights that occurred during the 2008-2009 fiscal year.

- State allowable growth for public schools in fiscal year 2008-2009 was 4.00%. Combined with a slight increase in the “budget enrollment” of 66.9 pupils to 17,744, the rate of revenue growth or “new money” was 4.39%. This was up from the 3.54% 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
 - FY09: \$17.1 million, or 9.8% of fund expenditures
- Due to historical improvements in General Fund reserves, the District reduced the cash reserve levy from a high of \$8.0 million in FY04, to \$3.28 million in FY09. Use of the cash reserve levy in the FY11 budget will be reviewed in light of the decline of fund reserve in FY09
- General Fund expenditures, excluding other financing uses, totaled \$174.8 for the fiscal year compared with \$160.3 million in the previous year, representing an increase of \$14.5 million or 9.0% over the prior year.
- General Fund revenues, excluding other financing sources, totaled \$168.0 million for the fiscal year compared with \$160.7 million in the previous year, representing an increase of \$7.3 million or 4.6% 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

Nutrition Services Fund

Revenues in the Nutrition Services Fund totaled \$7,409,950 representing an increase of \$428,052 over the fiscal year 2008 amount. Increased program sales as well as increases in collections from the USDA for commodities and fruit and vegetable programs accounted for this increase. Operating expenses and transfers to other funds for the Nutrition Services Fund totaled \$7,450,820, representing an increase of \$379,412 or 5.4%, from the fiscal year 2008 amount. Net assets were \$1,911,642 at June 30, 2009 down from \$1,952,512 in the prior fiscal period.

The fund's finances were solid again for fiscal year 2008-2009, with no increases in meal ticket prices. Despite a student enrollment decline of 1.9% from fiscal year 2000-2001 to fiscal year 2008-2009, student meal participation during this same period of time increased 9.3%. The percent of total population of students participating in the school meal program increased from 66% in fiscal year 2008 to 68% in fiscal year 2009.

Net assets remain stable and strong in the Nutrition Services 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 Services 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.

Revenues in the Day Care Services Fund totaled \$3,590,844 compared to \$3,342,103 in fiscal year 2008. Operating expenses and transfers to other funds for the Day Care Fund totaled \$3,593,194 compared to \$3,355,356 in fiscal year 2008. Net assets were -\$13,409 at June 30, 2009 compared to -\$11,059 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, 2009, the District

has total outstanding debt of \$57,685,000, with total statutory debt subject to the 5% debt limit of \$33,085,000.

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, 2008. This was the fourteenth 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.

Handwritten signature of Steve Graham in black ink.

Steve Graham
Executive Director of Business
Services, Board Treasurer

Handwritten signature of Dr. David Benson in black ink.

Dr. David Benson
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, 2008

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.



A handwritten signature in black ink, appearing to be "J.R. Emer".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

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, 2008**

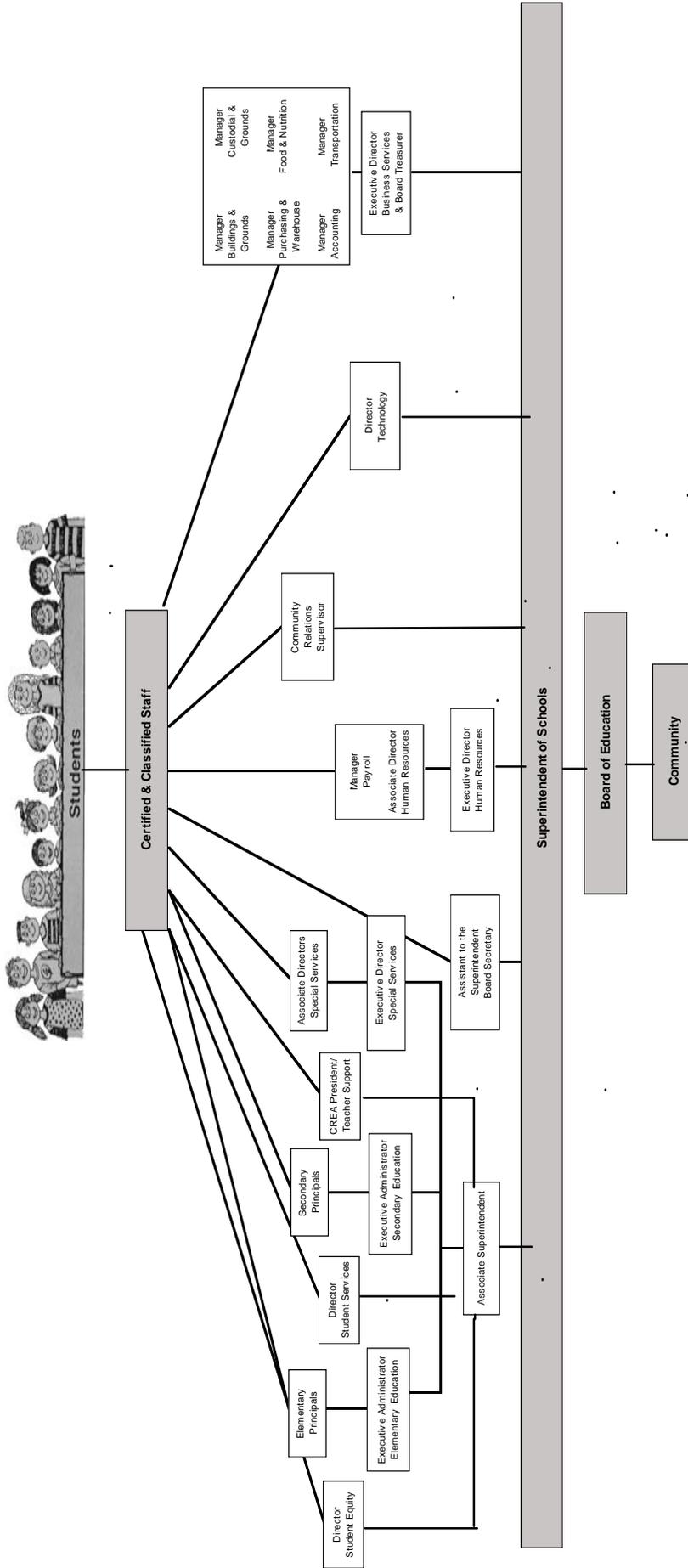
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Angela Pitman

President

John D. Quasar

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, 2009

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

Board of Directors

(Before September 2008 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

Board of Directors

(After September 2008 election)

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

District Officials

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



Financial Section

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Rapids Community School District, Iowa as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Rapids Community School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 16, the Cedar Rapids Community School District restated beginning fund balances and net assets to correct the recording of accounts receivable, deferred revenue, revenue, bond issue costs assets and premium liabilities.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2010 on our consideration of the District's internal control over financial reporting and 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 on pages 32 through 51, budgetary comparison information on pages 94 through 96 and schedule of funding progress on page 97 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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. The combining nonmajor fund financial statements and individual fund statements as well as the accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are 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 accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
January 20, 2010



**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, 2009. 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.

On September 8, 2009, District voters approved a new SILO Revenue Purpose Statement (RPS) as required by State law. The RPS allows the District to use SILO funding after June 30, 2017 to continue investing in District infrastructure, technology while allowing for property tax relief. It is estimated that the District will receive approximately \$300 million in SILO revenues from inception of the SILO tax in Linn County through December 31, 2029.

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.

As of June 30, 2009 the Kennedy High School geothermal is past the halfway point and is estimated for completion in late FY2010 or early FY2011. The Kingston project is nearly complete and will be ready for the opening football game on August 27, 2009. Construction for all other SILO projects has not yet begun.

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, \$38 million will be used for this purpose through June 30, 2017.

Technology for Classrooms

Total estimated investment in technology through June 30, 2017 is \$20.6 million. These resources will provide 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.
- The Cedar Rapids Community School District continues to have the lowest property tax levy rate when compared to all eleven public schools in Linn County as well as the Urban Education Network schools. The Urban Education Network is comprised of the eight largest public school Districts in the State of Iowa. Levy rates for the last five years are as follows. FY06: \$15.25 (per thousand of taxable valuation), FY07: \$14.90, FY08: \$14.37, FY09: \$13.78. For fiscal year 2010 the District levy rate was increased slightly to \$13.92. The reduction in levy rates in recent years has been possible in large part by the reduction of the cash reserve levy. For FY08 and FY09 the District used \$2 million and \$4 million respectively in School Infrastructure Local Option sales tax, (SILO) revenues for property tax relief. For FY10 the District will use an additional \$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 for a net savings of \$1,712,683 over the remaining life of the general obligation debt ending on June 1, 2021. During fiscal year 2009, the District used the school refunding bonds to call \$6.975 million in remaining principal from the \$10 million bond sale on 2-1-2001.
- 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
- FY09: \$17.1 million, or 9.8% of fund expenditures

When planning the FY2010 budget, the Board of Education determined to utilize General Fund reserves to minimize any increase in local property taxes. General Fund reserves are predicted to decline to 8% by June 30, 2010. General Fund reserves will be carefully monitored when planning the budget for fiscal year 2011.

- General Fund interest revenues totaled \$317,054 for fiscal year 2009 compared to \$1,089,199 for fiscal year 2008, \$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 2009 and 2008 fiscal years is largely attributed to factors within the current national recession with average interest rates on invested funds declining from 3.29% in FY2008 to 1.55% in FY2009.

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.

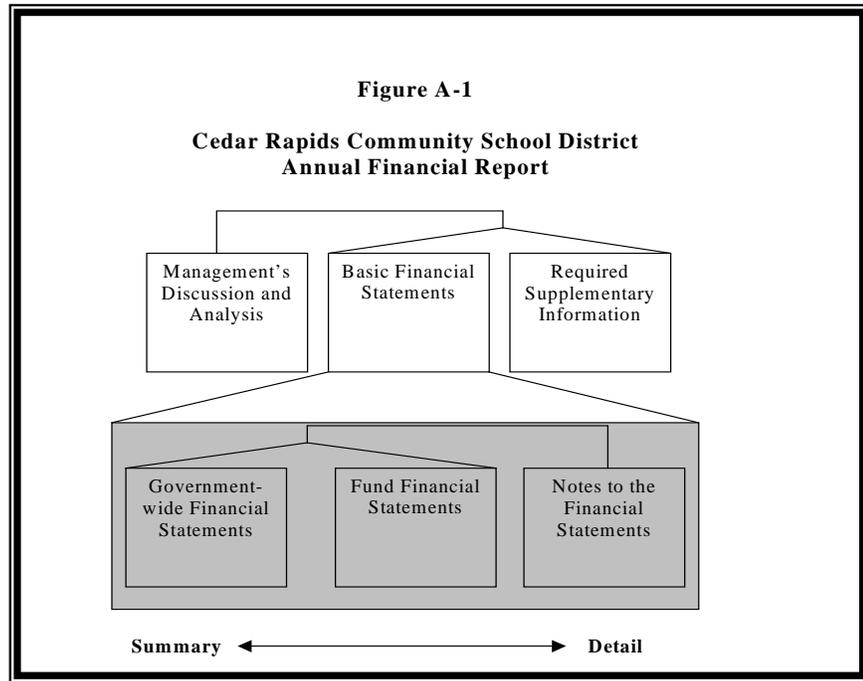


Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or 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	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues expenses and changes in fund net assets Statement of cash flows	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 10.1% or \$6.9 million in the District's net assets is evidenced in **Figure A-3**. Combined total assets increased by 5.8 percent or \$13.1 million. The primary reason for this increase is an increase of over 100%, from \$11.4 million to \$23.8 million in the land and construction in progress category related to new construction activity during the period.

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

	Governmental		Business-type		Total		Total Percentage Change
	Activities		Activities		School District		
	2008	2009	2008	2009	2008	2009	
Current and other assets	\$155.3	\$158.3	\$1.8	\$1.8	\$157.1	\$160.1	1.9%
Capital assets	70.0	80.2	0.6	0.5	70.6	80.7	14.3%
Total assets	225.3	238.5	2.4	2.3	227.7	240.8	5.8%
Current liabilities	85.6	124.2	0.4	0.4	86.0	124.6	44.9%
Long term debt	73.6	41.2	0.0	0.0	73.6	41.2	-44.0%
Total liabilities	159.2	165.4	0.4	0.4	159.6	165.8	3.9%
Net assets							
Invested in capital assets							
net of related debt	34.6	53.7	0.6	0.5	35.2	54.2	54.0%
Restricted	16.8	16.7	0.0	0.0	16.8	16.7	-0.6%
Unrestricted	14.6	2.6	1.4	1.4	16.0	4.0	-75.0%
Total net assets	\$66.0	\$73.0	\$2.0	\$1.9	\$68.0	\$74.9	10.1%

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.

Combined total liabilities increased by 3.9 percent or \$6.2 million. Within this category are significant changes in Current liabilities and Long term debt. Current liabilities increased by 44.9 percent or \$38.6 million largely a result of an increase in deferred revenue of \$6.6 million and the reclassification of a \$26.3 million liability from long term to current which accounts for the reduction in long term debt. This is related to a repayment of the remaining \$26.3 million in principal from a \$36 million, 2002 general obligation bond issue that will be paid on June 1, 2010 from proceeds of a 2006 advance refunding bond.

Within the Net assets category, the classification, Invested in capital assets net of related debt, increased by 54 percent or \$19 million, largely due to an increase of \$6.7 million in capital

assets and the payment of \$7.5 million in remaining debt on a \$10 million, 2001 general obligation bond issue.

Changes in Net Assets, as shown in **Figure A-4**, show that the District as a whole experienced an increase of \$7.1 million in net assets. This compares to a \$16.2 million increase in net assets in the previous fiscal year that was related to the first year collection of local option sales tax revenues of \$16.2 million in fiscal year 2007-2008 without significant first year expenditures related to these resources. Total expenditures increased by 13.5% over the prior year which was largely due to the increase in instructional related expenditures related to increases in staffing costs.

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
Revenues							
Program revenues							
Charges for services	\$ 11.2	\$ 11.5	\$ 6.7	\$ 6.9	\$ 17.9	\$ 18.4	2.8%
Operating Grants & Contributions	24.3	29.0	3.5	3.9	27.8	32.9	18.3%
Capital Grants & Contributions	0.1	10.6	-	0.1	0.1	10.7	100.0%
General revenues							
Taxes	82.5	83.7	-	-	82.5	83.7	1.5%
State formula aid not restricted	73.7	73.7	-	-	73.7	73.7	0.0%
Other	3.4	2.5	0.1	0.1	3.5	2.6	-25.7%
Total revenues	195.2	211.0	10.3	11.0	205.5	222.0	8.0%
Expenses							
Instruction	\$ 115.1	\$ 133.4	-	-	\$ 115.1	\$ 133.4	15.9%
Pupil & Instructional Services	11.5	11.5	-	-	11.5	11.5	0.0%
Administrative & Business	20.1	21.6	-	-	20.1	21.6	7.5%
Maintenance & Operations	16.3	23.2	-	-	16.3	23.2	42.3%
Transportation	3.9	4.6	-	-	3.9	4.6	17.9%
Other	12.2	9.8	10.2	10.8	22.4	20.6	-8.0%
Total expenses	179.1	204.1	10.2	10.8	189.3	214.9	13.5%
Excess (deficiency) before transfers	\$ 16.1	\$ 6.9	\$ 0.1	\$ 0.2	\$ 16.2	\$ 7.1	
Transfers In	0.2	0.2	-	-	0.2	0.2	0.0%
Transfers out	-	-	(0.2)	(0.2)	(0.2)	(0.2)	0.0%
Total transfers	0.2	0.2	(0.2)	(0.2)	-	-	0.0%
Increase (decrease) in net assets	\$ 16.3	\$ 7.1	\$ (0.1)	\$ (0.0)	\$ 16.2	\$ 7.1	-56.2%

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 38% of District revenues with State Foundation Aid, the District's second largest, comprising 34%. Grant revenues from Federal, State and local sources, continue to play a very important role in funding District programs, represent 20% of District revenues. Charges for services, largely tuition charges, comprise 9% of District revenues.

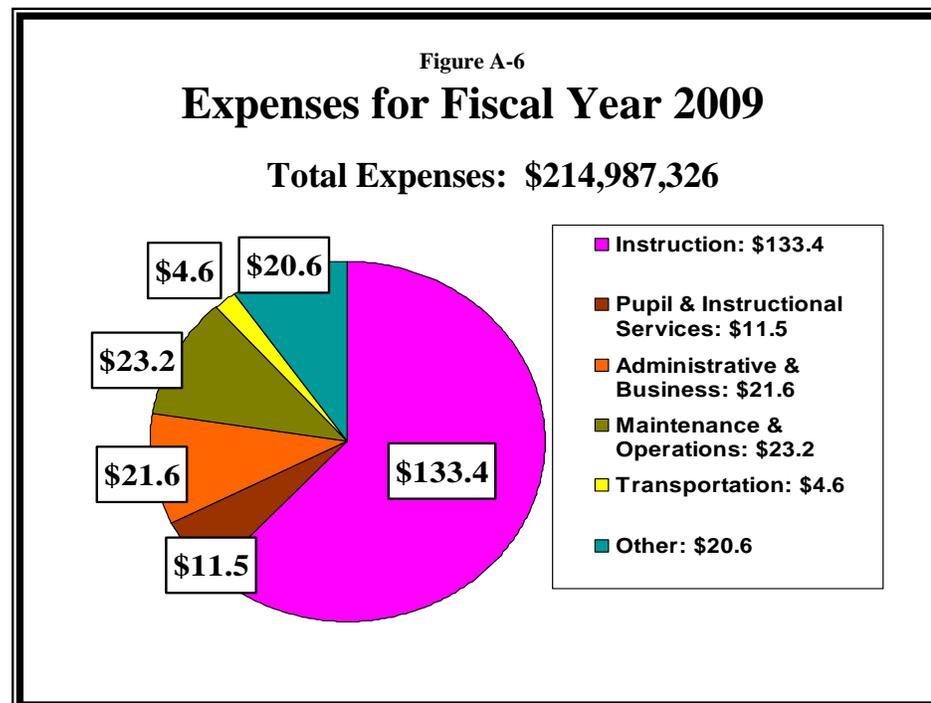
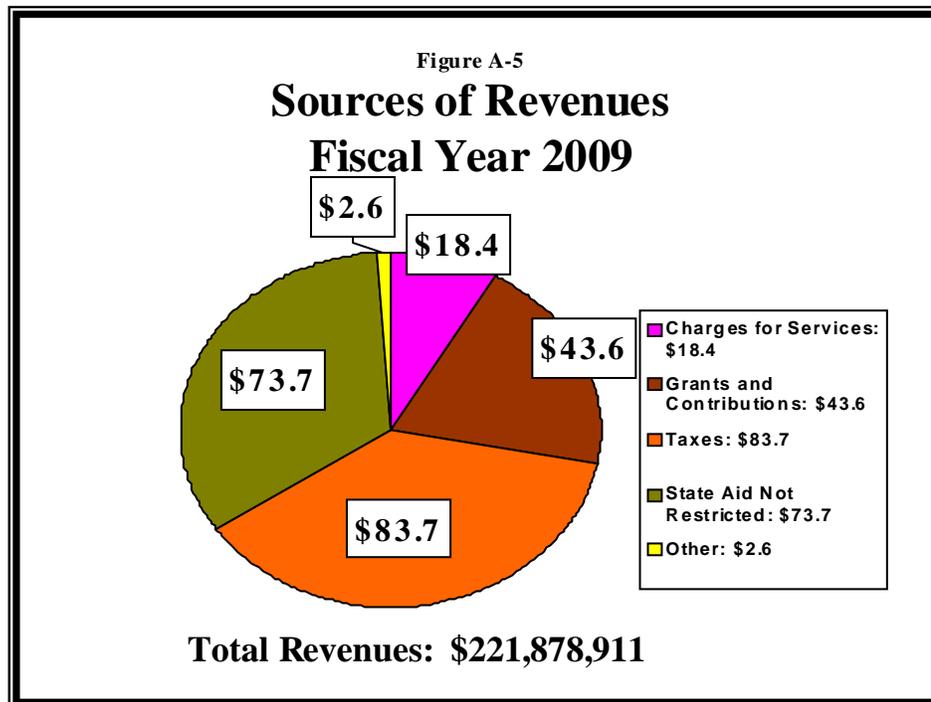
Total District expenses are reflected in **Figure A-6**. As can be seen, the majority of District resources (67%) are devoted to direct Instruction and Pupil & Instructional Services. The “Other” expense category is represented by Investments in community services, interest on long term debt and AEA flow through. AEA flow through expenses of \$6.6 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 impact upon the local economy related to the national recession was evident as the overall unemployment rate increased during fiscal year 2008-2009 from 3.6% to 4% in the Cedar Rapids Metropolitan Statistical Area. Despite the national economic recession, the District continued to experience an increase in the overall property tax base.

As can be seen in **Figure A-7**, taxable valuation increased slightly from \$4.13 billion to \$4.24 billion for FY2009. Overall property tax valuation trends over the past ten years show an average increase of 1.9% while growth in taxable valuation from the previous year averaged 2.7%.



Levy rate trends in recent years have shown a decline as depicted in **Figure A-8**. Levy rates, defined as dollars per \$1,000 of taxable valuation have declined from \$15.74 in FY05 to \$13.78, in FY09. The continued decline for FY09 was due in large part to the District's use of \$4 million in revenues from the School Infrastructure Local Option sales tax, (SILO) to reduce local property taxes.

From a historical perspective, levy rates were lower ten years ago when the District had no outstanding debt. In FY2003 outstanding debt repayments related to an issuance of \$46 million in general obligation bonds by voters on December 12, 2000, contributed an additional \$1.00 to the District levy rate.

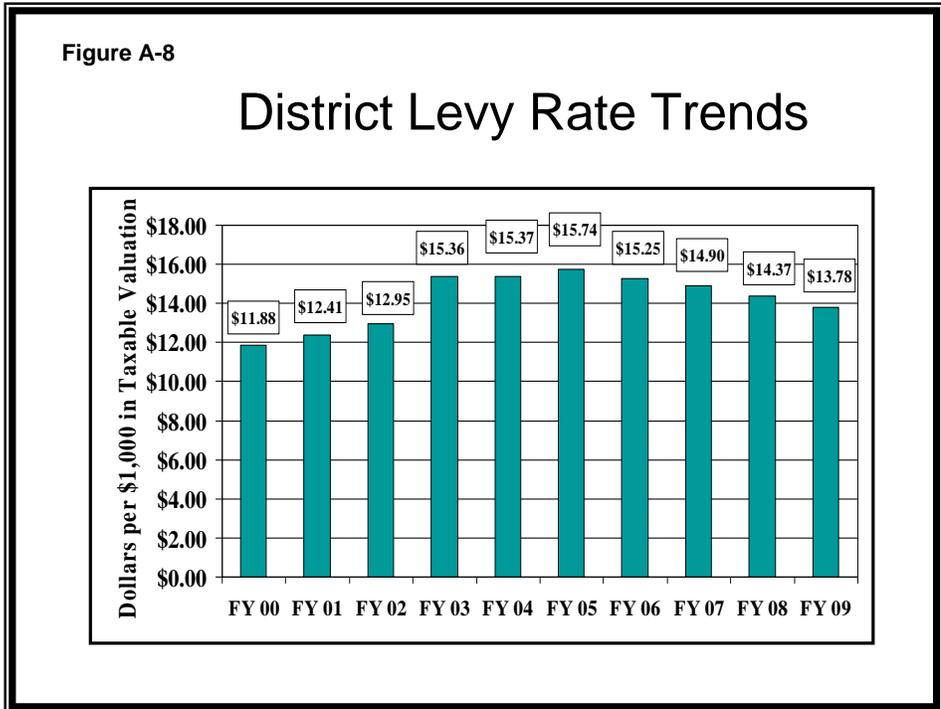
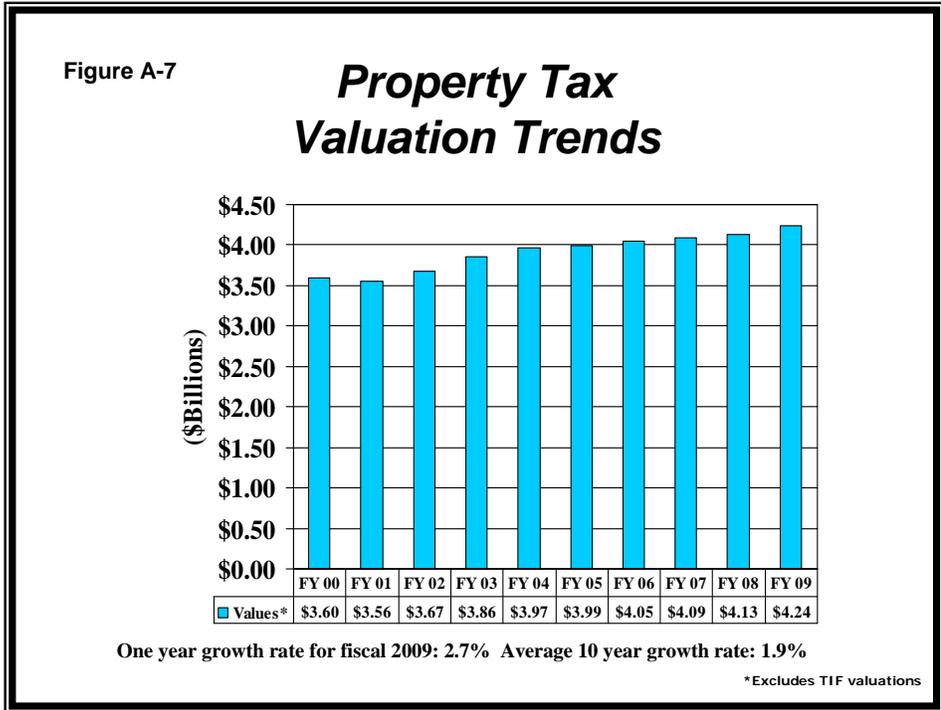


Figure A-9 presents the cost of six major District activities: Instruction, Pupil and Instructional Services, Administrative and Business, Maintenance and Operations, Transportation and Other. The table shows each activity's net cost, (total costs, less fees generated by the activities and intergovernmental 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 \$204 million.
- Some of the cost was financed by the users of the District's programs, (\$11.5 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$40.6 million).
- Most of the District's governmental activities costs however, were financed by District and state taxpayers with \$83.7 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
	2008	2009	2008-2009	2008	2009	2008-2009
Instruction	\$ 115.1	\$ 133.4	15.9 %	\$ 86.4	\$ 96.1	11.2 %
Pupil & Instructional Services	11.5	11.5	0.0	11.5	11.5	0.0
Administrative & Business	20.1	21.6	7.5	20.1	16.2	-19.4
Maintenance & operations	16.3	23.2	42.3	16.3	22.2	36.2
Transportation	3.9	4.6	17.9	3.8	4.4	15.8
Other	12.4	9.8	-21.0	5.6	2.6	-53.6
Total	\$ 179.3	204.1	13.8 %	\$ 143.7	\$ 153.0	6.5 %

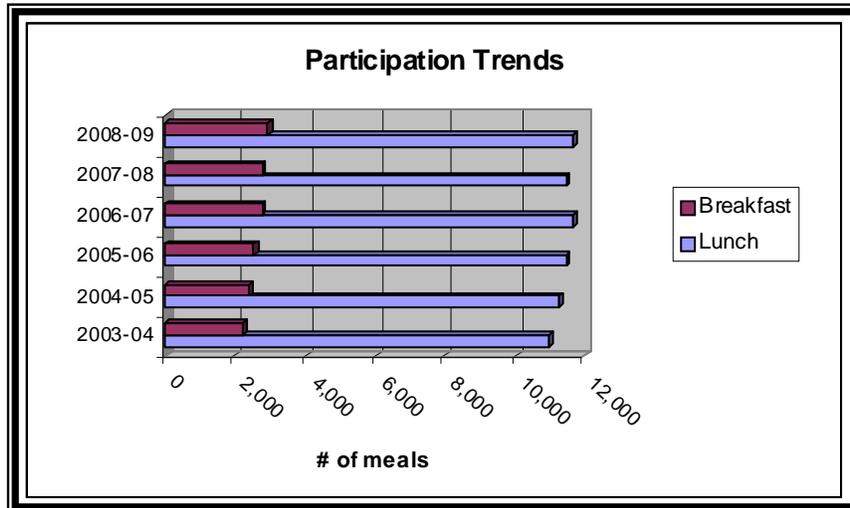
Note: totals may not add due to rounding and may differ slightly from the amounts reported in the Basic Financial Statements due to rounding differences.

Business-Type Activities

- Business revenues rose from \$10.3 million in FY 2008 to \$11.0 million in FY 2009. Charges for services were \$6.9 million with operating grants and contributions, (federal and state subsidies) making up \$3.9 million.
- Business expenses rose from \$10.2 million in FY 2008 to \$10.8 million in FY 2009. At the present time, the Nutrition Services Fund and Day Care Services 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 increased from 38% to 40% of District students.
- During the 2008-09 school year, the percent of students participating in the school lunch program increased from 66% to 68%.
- A new computerized point of sale and back office meal accounting program was implemented July 2008.
- On-line meal account access available to parents to check balances, view history and make deposits.
- Meal prices remained steady from the prior year.
- Lunch and breakfast participation trends are as follows:



Financial Analysis of the District's Funds

A summary financial analysis of each individual District Fund follows:

Business-Type Fund Highlights

- Nutrition Services Fund:** Net assets maintained a solid position of \$1.9 million for fiscal year 2009. 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 \$2.9 million with total accumulated depreciation of \$2.4 million. With 83 percent of kitchen equipment fully depreciated it is clear that the program's equipment is aging and in need of continued investment.
- Day Care Services 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 2009 net assets earnings were \$(13,409) compared to \$(11,059) in fiscal year 2008 and \$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 net assets 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 4.5%, or \$7.3 million in FY 2009.
- An increase of 3.4% or \$1.8 million in Local Taxes reflects the State of Iowa allowable growth rate of 4% for Iowa's public schools in FY2009.
- A decrease of 15.3% in Student Fees and Activities is related to a continued increase in free and reduced income students who qualify for either a reduced student fee or a 100% fee waiver.

General Fund Revenues by Source	FY 2009		FY 2008		Change
	Amount	Percent	Amount	Percent	
Local Sources					
Local Taxes	\$56,543,763	33.7%	\$54,706,742	34.1%	3.4%
Tuition	5,107,472	3.0%	5,168,304	3.2%	-1.2%
Student Fees and Activities	511,419	0.3%	603,996	0.4%	-15.3%
Investment Earnings	317,054	0.2%	1,089,199	0.7%	-70.9%
Other Local Sources	2,219,843	1.3%	1,313,645	0.8%	69.0%
State Sources					
State Foundation Aid	72,563,503	43.2%	72,693,265	45.2%	-0.2%
Phase I, II and III	1,484,282	0.9%	1,484,976	0.9%	0.0%
Other State Aid	21,433,979	12.8%	16,672,610	10.4%	28.6%
Federal Sources					
Title I	2,854,156	1.7%	2,650,163	1.6%	7.7%
Other Federal Aid	4,930,323	2.9%	4,273,581	2.7%	15.4%
Total Revenues	\$167,965,794	100.0%	\$160,656,481	100.0%	4.5%
Other Financing Sources	2,320,446		1,953,733		18.8%
Grand Total Resources	\$170,286,240		\$162,610,214		4.7%

- Investment earnings decreased primarily due to a lower average investment rate in fiscal year 2009 when compared to 2008. The average interest rate on invested funds declined from 3.29% in FY2008 to 1.55% in FY2009.
- Increases in Other State Aid of 28.6% or \$4.8 million, is largely related to increases in the State Teacher Salary Improvement Program revenues of \$2.3 million and first time receipt of \$1.4 million for the new State Voluntary Preschool Program.
- Increased federal revenues related to IDEA-B played a significant role in increasing Other Federal Aid by 15.4%.

- Increases in Other Financing Sources of 18.8% is related largely to flood recovery cost reimbursements to the General Fund and a prior year audit adjustment to fund balance related to a correction in Title I revenues received.

General Fund expenditures by function for fiscal years 2008 and 2009 are summarized in **Figure A-11**, as follows:

- Total Expenditures, before “Other Financing Uses” increased by 9.0% or \$14.5 million from the previous fiscal year.
- An increase of 10.4% in Instruction costs was largely driven by a \$2.6 increase in State Teacher Compensation funding that led to an overall increase in salaries in this category of 7.2%. Increases in expenditures for curriculum materials and supplies were also a factor.
- The increase of 17.9% in the Instructional Staff Support Services category was largely driven by increases in technology spending of \$.6 million amounting to 38% over the previous year.
- The Student Transportation category increased by 16.8% over the prior year due to increases of 200% in gasoline expenditures. This is related to increases in fuel costs overall, but is also related to the timing of fuel purchases as well.

Figure A-11

General Fund Expenditures by Function	FY 2009		FY 2008		Change
	Amount	Percent	Amount	Percent	
Instruction	\$119,582,738	68.3 %	\$108,317,519	67.6 %	10.4 %
Student Support Services	4,528,084	2.6	4,404,731	2.7	2.8
Instructional Staff Support Services	5,892,778	3.4	4,999,088	3.1	17.9
General Administration	2,579,043	1.5	2,372,460	1.5	8.7
School Administration	11,173,937	6.4	10,593,264	6.6	5.5
Business Services	5,580,168	3.2	5,443,668	3.4	2.5
Operations and Maintenance	15,509,962	8.9	15,056,181	9.4	3.0
Student Transportation	3,366,487	1.9	2,882,584	1.8	16.8
Community Services	-	0.0	28,370	0.0	-100.0
AEA Support - Direct to AEA	6,606,831	3.8	6,232,507	3.9	6.0
Total Expenditures	\$174,820,028	100.0 %	\$160,330,372	100.0 %	9.0 %
Other Financing Uses	-		-		100.0
Total Expenditures and Uses	\$174,820,028		\$160,330,372		9.0 %

- 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 2009. Actual revenues before Other Financing Sources were less than re-estimated revenues by \$3.4 million or 2.0% while actual expenditures before Other Financing Uses were \$2.8 million or 1.6% 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 are carried forward into fiscal year 2010.

Figure A-12
General Fund Budget and Actual Comparison
Fiscal Year 2009

	Budget		Actual
	Original	Re-estimated	
Revenues			
Local Taxes	\$55,727,922	\$56,318,034	\$56,543,763
Tuition	5,885,880	6,054,663	5,107,472
Other local sources	\$3,554,534	\$2,885,271	3,048,316
State sources	94,957,100	98,707,393	95,481,764
Federal sources	6,791,658	7,410,809	7,784,479
Total Revenues	\$166,917,094	\$171,376,170	\$167,965,794
Other Financing Sources	1,938,190	1,863,475	2,320,446
Total Revenues & other sources	\$168,855,284	\$173,239,645	\$170,286,240
Expenditures			
Instruction	\$117,417,904	\$123,569,875	\$119,582,738
Student Support Services	4,791,487	4,763,529	\$4,528,084
Instructional Staff Support Services	5,439,285	5,306,051	\$5,892,778
General Administration	3,348,166	2,696,307	\$2,579,043
School Administration	11,014,613	11,102,718	\$11,173,937
Business Services	5,783,101	5,822,721	\$5,580,168
Operations and maintenance	14,796,880	14,479,120	\$15,509,962
Student transportation	2,959,572	3,176,894	\$3,366,487
Community Services	-	-	\$0
AEA Support - Direct to AEA	6,700,885	6,700,885	\$6,606,831
Total Expenditures	\$172,251,893	\$177,618,100	\$174,820,028
Other Financing Uses	-	-	-
Total Expenditures & Sources (Uses)	\$172,251,893	\$177,618,100	\$174,820,028

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.

As can be seen in **Figure A-13**, in addition to the General Fund, only the Debt Service Fund is included in the "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 \$2.7 million in “Total Revenues” from the prior year (excluding other financing sources) and a revenue decrease of \$0.5 million when all sources are included. The following points highlight the significant changes from the previous year.

- **Debt Service Fund and Capital Project Fund** revenues are essentially unchanged from the previous year.
- **Management Fund** revenues were up slightly by \$.3 million from the previous year reflecting steady funding levels to support retiree benefits, property liability insurance and unemployment costs.
- **PPEL Fund** revenues were down \$2 million from FY2008 when the PPEL Fund received a one time permanent transfer from the SILO fund to provide for property tax relief.
- **Activity Fund** revenues were down 6% from the previous year indicative of a slight drop in student activity sales.
- The District established the **Recovery Fund** in FY2008 to account for revenues related to flood recovery efforts. In FY2009, \$6.7 million in funds were received, largely from FEMA, to reimburse the District under the public assistance program, for 90% of all qualifying flood related expenditures.

Figure A-13
All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2009 Revenues

Revenue Source	Other Gov. Funds						Total	% of Total	Dollar Change Previous Yr.	
	Major Funds	Debt Service	Management	PPEL	Capital Projects	Activity Fund				Flood Recovery Fund
Local		\$ 1,258,932	\$6,156,997	\$4,466,399	\$15,727,199	\$4,248,495	\$ 19,464	\$31,877,486	73.7 %	\$ (2,650,144)
State		-	3,800	3,547	-	-	-	7,347	0.0	(404)
Federal		-	-	-	-	-	6,664,638	6,664,638	15.4	6,607,352
Total Revenues		\$ 1,258,932	\$6,160,797	\$4,469,946	\$15,727,199	\$4,248,495	\$6,684,102	\$38,549,471	89.2	\$ 3,956,804
Bond Proceeds		-	-	-	-	-	-	-	0.0	-
Other Financing Sources		3,799,238	-	200,762	683,913	-	-	4,683,913	10.8	583,913
Total Revenue & Other		\$ 5,058,170	\$6,160,797	\$4,670,708	\$16,411,112	\$4,248,495	\$6,684,102	\$43,233,384	100.0 %	\$ 4,540,717

Summary of Expenditures

In the “All Other Governmental Funds” group, as depicted in **Figure A-14**, the District experienced an increase of \$24.9 million in Total Expenditures including Other Financing Uses from the previous fiscal year. The following points highlight the significant changes from the previous year.

- **Debt Service Fund** expenditures of \$12.1 million represent an increase of \$6.9 million over the previous year. This was due to the calling of \$6.975 million in principal owed related to a \$10 million general bond issue in 2001.
- **Capital Projects Fund** expenditures beginning in FY2008 made possible with local option sales tax (SILO) funds, increased \$8.3 million from the previous year as the District’s program of energy savings improvements to secondary buildings hits full swing.

- **Flood Recovery Fund** expenditures of \$10.9 million represent an increase of \$10.8 million from the previous year. This fund is used to account for all District expenditures related to flood recovery efforts.

Figure A-14

All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2009 Expenditures

Expenditure Function	Other Gov. Funds						Flood Recovery Fund	Total	% of Total	Dollar Change Previous Yr.
	Major Funds	Debt Service	Manage- ment	PPEL	Capital Projects	Activity Fund				
Regular instruction	\$ -	\$2,624,288	\$ -	\$ -	\$ -	\$ -	\$ 100,563	\$ 2,724,851	5.0%	\$ 301,176
Special Instruction	-	-	-	-	-	-	-	\$ -	0.0%	\$ (290,817)
Other instruction	-	12	-	-	-	4,263,497	-	\$ 4,263,509	7.8%	\$ (290,608)
Student support services	-	4,872	-	-	-	-	-	\$ 4,872	0.0%	\$ (1,000)
Instructional staff services	-	84,489	102,505	665,218	-	-	133,273	\$ 985,485	1.8%	\$ (1,075,906)
General administration services	-	136,945	-	-	-	-	-	\$ 136,945	0.3%	\$ (108,820)
School administration services	-	675,999	-	-	-	-	-	\$ 675,999	1.2%	\$ (9,698)
Business services	-	199,572	1,093	-	-	-	8,460	\$ 209,125	0.4%	\$ 91,544
Operations and maintenance	-	1,315,748	112,549	-	-	-	5,612,022	\$ 7,040,319	12.9%	\$ 5,828,273
Student transportation	-	299,229	1,490,585	-	-	-	-	\$ 1,789,814	3.3%	\$ 637,761
Food Service	-	174,635	-	-	-	-	-	\$ 174,635	0.3%	\$ 54,191
Community services	-	8,727	-	-	-	-	-	\$ 8,727	0.0%	\$ (18,049)
Facilities/acquisition	-	-	2,571,400	10,329,808	-	-	4,718,560	\$17,619,768	32.3%	\$ 11,971,591
Debt Service Principal	9,050,000	-	-	-	-	-	-	\$ 9,050,000	16.6%	\$ 7,000,000
Debt Service Interest	3,044,468	-	-	-	-	-	-	\$ 3,044,468	5.6%	\$ (94,930)
Total Expenditures	\$12,094,468	\$5,524,516	\$ 4,278,132	\$10,995,026	\$ 4,263,497	\$ 10,572,878	\$47,728,517			\$ 23,994,708
Other Financing Uses	-	55,994	2,417,289	4,054,768	-	-	282,441	\$ 6,810,492	12.5%	\$ 948,125
Total Expenditures & Other	\$12,094,468	\$5,580,510	\$ 6,695,421	\$15,049,794	\$ 4,263,497	\$ 10,855,319	\$54,539,009	100.0%		\$ 24,942,833

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 **Figure A-15**.

Figure A-15

Fund Balances	June 30, 2009	June 30, 2008	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$ 17,107,487	\$ 23,287,417	\$ (6,179,930)	-26.5%
Special Revenue Funds*	3,277,175	8,781,589	(5,504,414)	-62.7%
Capital Projects Fund	10,955,157	9,593,839	1,361,318	100.0%
Debt Service Fund	24,769,620	31,805,918	(7,036,298)	-22.1%
Total	\$ 56,109,439	\$ 73,468,763	\$(17,359,324)	-23.6%

*Special Revenue Funds				
Activity	\$ 884,974	\$ 899,976	\$ (15,002)	-1.7%
Management	\$ 3,071,499	\$ 2,491,212	\$ 580,287	23.3%
PPEL	\$ 3,567,901	\$ 5,466,383	\$ (1,898,482)	-34.7%
Flood Recovery	\$ (4,247,199)	\$ (75,982)	\$ (4,171,217)	100.0%
Total	\$ 3,277,175	\$ 8,781,589	\$ (5,504,414)	-62.7%

The **General Fund** balance experienced a decrease of \$6.2 million or 26.5% from the previous fiscal year. This is largely a result of an increase in deferred revenues of \$3.3 million from the previous year. The remaining decline of \$1.9 million can be attributed to an excess of expenditures over revenues.

The **Special Revenue Funds**, (Activity, Management, PPEL and Flood Recovery funds combined) experienced a decrease of \$5.5 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**.

Delays in receiving reimbursement from FEMA for qualifying flood recovery costs are the reason for the negative fund balance in the Recovery Fund. As of June 30, 2009, \$4.7 million has been borrowed from the Capital Projects Fund to sustain expenditures in the Recovery Fund while the District waits for FEMA reimbursements. Increases in PPEL expenditures account for the reduction in fund balances in the PPEL fund, 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** increased slightly from \$9.6 million to \$11 million during the fiscal year. Expenditures from this fund continue to lag behind original prediction causing an accumulation of reserves. All SILO financial activity is accounted within the Capital Projects Fund. The fund balance in the **Debt Service Fund** dropped significantly from \$31.8 million to \$24.8 million reflecting the calling of \$6.975 million in principal owed related to a \$10 million general bond issue in 2001 as previously stated.

Capital Asset and Debt Administration

Capital Assets

As indicated in **Figure A-16**, by the end of 2009, the District had invested, net of depreciation, \$80.5 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. This amount represents an increase of 14% over the previous year. Increases in Construction in progress, the largest contributor to the overall increase, were related to local option sales tax funded improvements to District infrastructure.

Figure A-16

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

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
Land	\$ 8.5	\$ 8.6	\$ -	\$ -	\$ 8.5	\$ 8.6	1.2%
Construction in progress	2.9	15.2	-	-	2.9	15.2	424.1%
Buildings	52.5	50.5	-	-	52.5	50.5	-3.8%
Equipment	3.9	2.8	0.6	0.5	4.5	3.3	-26.7%
Vehicles	2.2	2.9	-	-	2.2	2.9	31.8%
	\$ 70.0	\$ 80.0	\$ 0.6	\$ 0.5	\$ 70.6	\$ 80.5	14.0%

Note: totals may not add due to rounding.

Since fiscal year 2002 the District has added \$54.4 million in capital assets net of depreciation.

This is reflective of the construction and improvements to the District's infrastructure made possible with a voter approved \$46 million bond issue passed in December 12, 2000 and SILO revenues that the District began receiving at the beginning of fiscal year 2008.

Excluding depreciation, the District has \$139.2 million in capital assets. Governmental funds account for \$136.3 million, with the remainder, \$2.9 million, in the Nutrition Services Fund, (Business-Type Fund). More detailed information about capital assets can be found in Note 5 to the financial statements.

Long-Term Debt

At year-end, the District had \$57.7 million in general obligation bonds and school refunding bonds outstanding. Of this amount, \$33.1 million is subject to the 5% statutory debt limit. This represents a decrease of 5.9% over the previous fiscal year as can be seen in **Figure A-17**.

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 were 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 by \$1,712,683 over the remaining life of the general obligation debt ending on June 1, 2021.

Figure A-17

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

	Total School District		Total Percentage Change
	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>
General obligation bonds** & notes (financed with property taxes)	\$3,775,000	\$1,700,000	-55.0%
School refunding bonds	31,385,000	31,385,000	0.0%
Total	<u>\$35,160,000</u>	<u>\$33,085,000</u>	<u>-5.9%</u>

* Debt subject to the 5% statutory limit.

**Total District long term debt is \$57,685,000. However, general obligation bond debt of \$24,600,000 is not subject to the 5% statutory limit as payment of this principal is derived from interest earnings from the School refunding bonds.

As of June 30, 2009 the District did not exceed its 5% legal debt margin. The District had \$33.1 million in debt applicable to the 5% statutory limit compared to a debt limit of \$382.6 million. More detailed information about long-term debt can be found in Note 7 to the financial statements as well as the statistical section at the end of this report.

Factors bearing on the District's Future

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

The 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 \$29.7 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 qualifying District damages incurred. There are other flood recovery costs that will not qualify for FEMA reimbursement. Non qualifying recovery costs will be paid from SILO funding which is described below. Long term enrollment losses due to flooding are a concern for the District as General Fund resources that support the District's instructional program are tied to student enrollment.

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 (based upon a 1% revenue growth rate assumption) that total revenues related to SILO through December 31, 2029 will be \$344.6 million.

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. On October 8, 2009, the Governor announced an across the board reduction in state funding to all state supported agencies of 10%. This equates to a cut of \$8.4 million for the District. At this time, the District is evaluating all General Fund expenditures to determine what appropriate budget reduction measures may be taken. The District's General Fund cash reserves will be relied upon to provide a significant portion of the funding reduction as 80% of the General Fund is related to staffing costs which are for the most part contractual obligations and not subject to reduction for the duration of the fiscal year. It is certainly a possibility that the fiscal year 2011 budget plan may include an increase in local property taxes to make up some of the difference in state funding reductions.

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 October 2000 and October 2009 when student enrollments are officially counted, the budget enrollment count declined overall by 6.5%. The most significant drop occurred over the past year with enrollments dropping by 573 students or 3.3% between October 2008 and October 2009.

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 80% 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, 2009

	Governmental Activities	Business-Type Activity	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 49,310,245	\$ 1,526,332	\$ 50,836,577
U.S. Treasury securities on deposit with escrow agent	24,655,435	-	24,655,435
Receivables:			
Taxes:			
Current year	814,890	-	814,890
Succeeding year	68,417,707	-	68,417,707
Other	637,519	796,231	1,433,750
Due from other governments	13,349,826	147,487	13,497,313
Internal balances	839,700	(839,700)	-
Inventories	212,934	142,394	355,328
Prepaid items	38,363	-	38,363
Total current assets	158,276,619	1,772,744	160,049,363
Noncurrent assets:			
Bond issue costs	207,518	-	207,518
Capital assets:			
Land and construction in progress	23,832,093	-	23,832,093
Depreciable assets	112,487,010	2,912,725	115,399,735
Less: accumulated depreciation	(56,323,331)	(2,385,005)	(58,708,336)
Net capital assets	79,995,772	527,720	80,523,492
Total noncurrent assets	80,203,290	527,720	80,731,010
Total assets	238,479,909	2,300,464	240,780,373
Liabilities			
Current liabilities:			
Accounts payable	4,079,215	32,116	4,111,331
Accrued expenses	14,815,252	250,756	15,066,008
Due to other governments	2,155,994	-	2,155,994
Accrued interest payable	215,222	-	215,222
Unearned revenue:			
Succeeding year taxes	68,417,707	-	68,417,707
Other	3,086,793	119,359	3,206,152
Current portion of long-term obligations	31,458,723	-	31,458,723
Total current liabilities	124,228,906	402,231	124,631,137
Noncurrent liabilities:			
Noncurrent portion of long-term obligations, net of bond premiums	41,200,234	-	41,200,234
Total liabilities	165,429,140	402,231	165,831,371
Net Assets			
Invested in capital assets, net of related debt	53,695,772	527,720	54,223,492
Restricted for:			
Capital projects	12,296,855	-	12,296,855
Property, plant and equipment	3,567,901	-	3,567,901
Student activities	884,974	-	884,974
Unrestricted	2,605,267	1,370,513	3,975,780
Total net assets	\$ 73,050,769	\$ 1,898,233	\$ 74,949,002

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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
Instruction:							
Regular instruction	\$ 71,990,885	\$2,729,091	\$ 12,045,966	\$ 4,001,930	\$ (53,213,898)	\$ -	\$ (53,213,898)
Special instruction	40,305,169	3,484,417	1,106,686	63,351	(35,650,715)	-	(35,650,715)
Vocational instruction	1,182,005	10,570	46,168	-	(1,125,267)	-	(1,125,267)
Other instruction	19,943,628	4,572,901	9,216,310	12,724	(6,141,693)	-	(6,141,693)
Total Instruction	<u>133,421,687</u>	<u>10,796,979</u>	<u>22,415,130</u>	<u>4,078,005</u>	<u>(96,131,573)</u>	<u>-</u>	<u>(96,131,573)</u>
Support services:							
Student services	4,561,206	-	8,610	-	(4,552,596)	-	(4,552,596)
Instructional staff services	6,984,503	11,148	-	-	(6,973,355)	-	(6,973,355)
General administration services	3,281,946	-	-	5,364,329	2,082,383	-	2,082,383
School administration services	12,346,434	-	-	-	(12,346,434)	-	(12,346,434)
Business services	5,936,881	73,452	-	-	(5,863,429)	-	(5,863,429)
Operations and maintenance	23,205,730	-	-	1,013,026	(22,192,704)	-	(22,192,704)
Student transportation	4,615,988	39,495	17,785	122,252	(4,436,456)	-	(4,436,456)
Total support services	<u>60,932,688</u>	<u>124,095</u>	<u>26,395</u>	<u>6,499,607</u>	<u>(54,282,591)</u>	<u>-</u>	<u>(54,282,591)</u>
Non-instructional programs:							
Food services	174,635	-	-	-	(174,635)	-	(174,635)
Community services	36,646	595,378	-	-	558,732	-	558,732
Total non-instructional programs	<u>211,281</u>	<u>595,378</u>	<u>-</u>	<u>-</u>	<u>384,097</u>	<u>-</u>	<u>384,097</u>
Interest on long-term debt	2,964,692	-	-	-	(2,964,692)	-	(2,964,692)
AEA flowthrough	6,606,831	-	6,606,831	-	-	-	-
Total governmental activities	<u>204,137,179</u>	<u>11,516,452</u>	<u>29,048,356</u>	<u>10,577,612</u>	<u>(152,994,759)</u>	<u>-</u>	<u>(152,994,759)</u>
Business-type activities:							
Non-instructional programs:							
Daycare services	3,582,403	3,531,998	40,897	-	-	(9,508)	(9,508)
Nutrition services	7,267,744	3,457,122	3,863,594	62,578	-	115,550	115,550
Total business-type activities	<u>10,850,147</u>	<u>6,989,120</u>	<u>3,904,491</u>	<u>62,578</u>	<u>-</u>	<u>106,042</u>	<u>106,042</u>
Total school district	<u>\$ 214,987,326</u>	<u>\$ 18,505,572</u>	<u>\$ 32,952,847</u>	<u>\$ 10,640,190</u>	<u>\$ (152,994,759)</u>	<u>\$ 106,042</u>	<u>\$ (152,888,717)</u>
General revenues:							
Taxes							
Property taxes, levied for general purposes					54,825,920	-	54,825,920
Property taxes, levied for debt service					695	-	695
Property taxes, levied for capital outlay					4,036,178	-	4,036,178
Local option sales tax					16,910,932	-	16,910,932
Income surtaxes					7,954,055	-	7,954,055
Grants not restricted to specific programs					73,743,422	-	73,743,422
Interest and investment earnings					1,807,149	27,090	1,834,239
Miscellaneous					457,346	17,515	474,861
Transfers					193,867	(193,867)	-
Total general revenues and transfers					<u>159,929,564</u>	<u>(149,262)</u>	<u>159,780,302</u>
Change in net assets					6,934,805	(43,220)	6,891,585
Net assets - beginning (as restated)					66,115,964	1,941,453	68,057,417
Net assets - ending					<u>\$ 73,050,769</u>	<u>\$ 1,898,233</u>	<u>\$ 74,949,002</u>

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**

June 30, 2009

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 32,096,651	\$ 114,185	\$ 17,099,409	\$ 49,310,245
U.S. Treasury securities on deposit with escrow agent	-	24,655,435	-	24,655,435
Receivables:				
Taxes:				
Current year	671,831	-	143,059	814,890
Succeeding year	58,054,818	-	10,362,889	68,417,707
Other	614,746	-	22,773	637,519
Due from other governments	4,021,555	-	9,328,271	13,349,826
Due from other funds	1,861,230	-	5,355,913	7,217,143
Inventories-supplies and materials	212,934	-	-	212,934
Prepaid items	38,363	-	-	38,363
Total Assets	\$ 97,572,128	\$ 24,769,620	\$ 42,312,314	\$ 164,654,062
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,705,746	\$ -	\$ 2,373,469	\$ 4,079,215
Accrued expenditures	14,892,376	-	3,247,763	18,140,139
Due to other governments	2,154,224	-	1,770	2,155,994
Due to other funds	49,369	-	6,328,074	6,377,443
Deferred revenue	1,036,120	-	5,251,212	6,287,332
Unearned revenue:				
Succeeding year taxes	58,054,818	-	10,362,889	68,417,707
Other	2,571,988	-	514,805	3,086,793
Total Liabilities	80,464,641	-	28,079,982	108,544,623
Fund Balances:				
Reserved for encumbrances	1,496,033	-	8,522,609	10,018,642
Reserved for inventories	212,934	-	-	212,934
Reserved for prepaid items	38,363	-	-	38,363
Reserved for categorical programs	3,835,726	-	-	3,835,726
Unreserved, undesignated reported in:				
General fund	11,524,431	-	-	11,524,431
Special revenue funds	-	-	872,521	872,521
Capital projects fund	-	-	4,837,202	4,837,202
Debt service fund	-	24,769,620	-	24,769,620
Total Fund Balances	17,107,487	24,769,620	14,232,332	56,109,439
Total Liabilities and Fund Balances	\$ 97,572,128	\$ 24,769,620	\$ 42,312,314	\$ 164,654,062

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

**Cedar Rapids Community School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2009**

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

Total fund balance - governmental funds		\$ 56,109,439
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	\$ 136,319,103	
Accumulated depreciation is	56,323,331	79,995,772
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		
		6,287,332
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	(57,685,000)	
Bond issuance costs	207,518	
Bond premiums	(520,176)	
Accrued interest on long-term debt	(215,222)	
Other postemployment benefits	(2,298,246)	
Compensated absences (vacations)	(1,328,836)	
Early retirement payable	(7,501,812)	(69,341,774)
Total net assets - governmental activities		<u>\$ 73,050,769</u>

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, 2009

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources:				
Local Taxes	\$ 56,543,763	\$ 695	\$ 25,841,623	\$ 82,386,081
Tuition	5,107,472	-	-	5,107,472
Other local sources	3,048,316	1,258,237	4,776,931	9,083,484
State sources	95,481,764	-	7,347	95,489,111
Federal sources	7,784,479	-	6,664,638	14,449,117
Total Revenues	167,965,794	1,258,932	37,290,539	206,515,265
Expenditures				
Current:				
Instruction:				
Regular instruction	63,403,230	-	2,724,851	66,128,081
Special instruction	40,110,183	-	-	40,110,183
Vocational instruction	1,174,301	-	-	1,174,301
Other instruction	14,895,024	-	4,263,509	19,158,533
Total instruction	119,582,738	-	6,988,360	126,571,098
Support Services:				
Student services	4,528,084	-	4,872	4,532,956
Instruction staff services	5,892,778	-	985,485	6,878,263
General administration services	2,579,043	-	136,945	2,715,988
School administration services	11,173,937	-	675,999	11,849,936
Business services	5,580,168	-	209,125	5,789,293
Operations and maintenance	15,509,962	-	7,040,319	22,550,281
Student transportation	3,366,487	-	1,789,814	5,156,301
Total support services	48,630,459	-	10,842,559	59,473,018
Non-instructional programs:				
Food service	-	-	174,635	174,635
Community services	-	-	8,727	8,727
Total non-instructional programs	-	-	183,362	183,362
Other expenditures:				
Debt Service:				
Principal	-	9,050,000	-	9,050,000
Interest	-	3,044,468	-	3,044,468
Capital Outlay:				
Facilities acquisition	-	-	17,619,768	17,619,768
Other support services	6,606,831	-	-	6,606,831
Total other expenditures	6,606,831	12,094,468	17,619,768	36,321,067
Total Expenditures	174,820,028	12,094,468	35,634,049	222,548,545
Excess (deficiency) of revenues over (under) expenditures	(6,854,234)	(10,835,536)	1,656,490	(16,033,280)
Other Financing Sources (Uses):				
Transfers in	2,320,446	3,799,238	884,675	7,004,359
Transfers out	-	-	(6,810,492)	(6,810,492)
Total Other Financing Sources (Uses)	2,320,446	3,799,238	(5,925,817)	193,867
Net Change in Fund Balances	(4,533,788)	(7,036,298)	(4,269,327)	(15,839,413)
Fund balances at beginning of year (as restated)	21,641,275	31,805,918	18,501,659	71,948,852
Fund balances at end of year	\$ 17,107,487	\$ 24,769,620	\$ 14,232,332	\$ 56,109,439

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, 2009**

Total net change in fund balances - governmental funds **\$ (15,839,413)**

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	\$ 14,336,815	
Depreciation expense	<u>(3,227,341)</u>	11,109,474

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. (1,101,126)

In the statement of activities, certain operating expenses--compensated absences (vacations) and 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, early retirement benefits earned (\$7,501,812) was less than the prior year amount (\$7,858,680) by \$356,868. Vacation earned (\$1,328,836) was less than the prior year amount (\$1,422,365) by \$93,529. 450,397

Some receivables will not be collected for several months after the District's fiscal year ends, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred revenues. They are, however, recorded as revenues in the statement of activities. 4,364,673

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	9,050,000
Amortization of premiums and bond issuance costs	43,202

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. (1,177,156)

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. 34,754

Change in net assets - governmental activities **\$ 6,934,805**

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**

June 30, 2009

	Business-Type Activity		
	Nutrition Services	Nonmajor Daycare Services	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,484,104	\$ 42,228	\$ 1,526,332
Other receivables	45,567	750,664	796,231
Due from other governments	147,487	-	147,487
Due from other funds	1,279	-	1,279
Inventories - supplies and materials	142,394	-	142,394
Total current assets	1,820,831	792,892	2,613,723
Noncurrent Assets:			
Furniture and equipment (net)	527,720	-	527,720
Total assets	2,348,551	792,892	3,141,443
Liabilities			
Current Liabilities:			
Accounts payable	3,544	28,572	32,116
Accrued expenses	21,172	229,584	250,756
Due to other funds	292,834	548,145	840,979
Unearned revenue	119,359	-	119,359
Total liabilities	436,909	806,301	1,243,210
Net Assets			
Invested in capital assets	527,720	-	527,720
Unrestricted	1,383,922	(13,409)	1,370,513
Total net assets	\$ 1,911,642	\$ (13,409)	\$ 1,898,233

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, 2009

	Business-Type Activity		Total
	Nutrition Services	Nonmajor Daycare Services	
Operating revenues:			
Local sources	\$ 3,457,198	\$ 3,549,437	\$ 7,006,635
Total operating revenues:	3,457,198	3,549,437	7,006,635
Operating expenses:			
Payroll costs	3,563,823	3,189,497	6,753,320
Purchased services	74,475	42,415	116,890
Supplies and materials	3,519,930	350,491	3,870,421
Depreciation	78,942	-	78,942
Total operating expenses	7,237,170	3,582,403	10,819,573
Operating loss	(3,779,972)	(32,966)	(3,812,938)
Nonoperating revenues (expenses):			
State sources	74,295	-	74,295
Federal sources	3,789,299	40,897	3,830,196
Interest income	26,580	510	27,090
Loss on disposal of capital assets	(30,574)	-	(30,574)
Total nonoperating revenues (expenses)	3,859,600	41,407	3,901,007
Income before transfers and capital contributions	79,628	8,441	88,069
Transfers out	(183,076)	(10,791)	(193,867)
Capital contributions	62,578	-	62,578
	(120,498)	(10,791)	(131,289)
Change in net assets	(40,870)	(2,350)	(43,220)
Net assets beginning of year	1,952,512	(11,059)	1,941,453
Net assets end of year	\$ 1,911,642	\$ (13,409)	\$ 1,898,233

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, 2009

	Business-Type Activity		Total
	Nutrition Services	Nonmajor Daycare Services	
Cash Flows from Operating Activities:			
Cash received from sale of lunches and breakfasts	\$ 3,356,006	\$ -	\$ 3,356,006
Cash received from services	140,668	3,470,018	3,610,686
Cash received from miscellaneous operating activities	1,577	-	1,577
Cash payments to employees for services	(3,583,272)	(3,159,758)	(6,743,030)
Cash payments to suppliers for good and services	(3,229,928)	(383,093)	(3,613,021)
Net cash used in operating activities	<u>(3,314,949)</u>	<u>(72,833)</u>	<u>(3,387,782)</u>
Cash Flows from Non-Capital Financing Activities:			
State lunch and breakfast reimbursements	74,295	-	74,295
Federal lunch and breakfast reimbursements	3,277,770	41,047	3,318,817
Transfers to other funds	(183,076)	(10,791)	(193,867)
Proceeds from interfund accounts	82,476	24,495	106,971
Net cash provided by non-capital financing activities	<u>3,251,465</u>	<u>54,751</u>	<u>3,306,216</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	<u>(10,643)</u>	<u>-</u>	<u>(10,643)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>30,118</u>	<u>510</u>	<u>30,628</u>
Net (decrease) in cash and cash equivalents	(44,009)	(17,572)	(61,581)
Cash and cash equivalents at beginning of year	1,528,113	59,800	1,587,913
Cash and cash equivalents at end of year	<u>\$ 1,484,104</u>	<u>\$ 42,228</u>	<u>\$ 1,526,332</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	<u>\$ (3,779,972)</u>	<u>\$ (32,966)</u>	<u>\$ (3,812,938)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	78,942	-	78,942
Commodities consumed	436,377	-	436,377
Changes in assets and liabilities:			
(Increase) decrease in receivables, net	26,206	(79,419)	(53,213)
(Increase) in inventories	(4,964)	-	(4,964)
(Decrease) Increase in accounts payable and accrued expenses	(86,385)	39,552	(46,833)
Increase in unearned revenues	14,847	-	14,847
Net cash used in operating activities	<u>\$ (3,314,949)</u>	<u>\$ (72,833)</u>	<u>\$ (3,387,782)</u>
Non-cash Items:			
Non-capital Financing Activities:			
Federal commodities	\$ 436,377	\$ -	\$ 436,377
Capital and Related Financing Activities:			
Capital Contributions	\$ 62,578	\$ -	\$ 62,578

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
June 30, 2009

	Agency Fund
Assets:	
Cash	\$ 12,924
Total Assets	<u>\$ 12,924</u>
Liabilities:	
Accounts payable	\$ 12,924
Total Liabilities	<u>\$ 12,924</u>

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, 2009

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 17,502. 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, 2009

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, 2009

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 operating fund of the District. 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. This fund accounts for operating expenditures, including instructional, support and other costs.

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

The District reports the following major proprietary fund:

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

Additionally, the District reports the *daycare services fund*, a nonmajor enterprise fund, used to account for the daycare services 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 does not involve measurement of results of operations.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

C. Measurement Focus and Basis of Accounting

The Government-wide and Proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property 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, however, it uses the accrual basis of accounting.

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 *measurable* when the amount of the transaction can be determined and *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.

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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

C. Measurement Focus and Basis of Accounting (continued)

The enterprise 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 (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The District has elected not to follow FASB guidance issued subsequent to November 30, 1989.

Enterprise 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 enterprise 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.

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. Current year property tax receivable represents unpaid taxes for the current and prior years.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

E. Property Taxes Receivable (continued)

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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 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, 2009, 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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

H. Inventories (continued)

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. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

J. 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 \$5,000 (amount not rounded) and an estimated useful life in excess of two years.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

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

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

J. Capital Assets (continued)

The District's collection of library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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. Earned but unpaid payroll for hourly and administrative employees as of June 30, 2009, has also been accrued as a liability as of June 30, 2009.

L. Deferred Revenue and Unearned 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. Unearned revenue consists of unspent grant proceeds and property tax receivable not budgeted for until the next fiscal year.

Unearned 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 and grant revenue that has not yet been spent for the intended purpose of the grant.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

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 and proprietary funds' financial statements. A liability for these amounts is reported in governmental funds only for amounts that have matured or are considered due, for example, as a result of employee resignations and retirements. 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. As of June 30, 2009, the District did not have any long-term obligations related to its business-type activities or proprietary funds. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

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, 2009

Q. Restricted Net Assets

Net assets restricted by enabling legislation consists of \$12,296,855 for capital projects for the capital projects from the school infrastructure local option sales tax and \$3,567,901 for the physical plant and equipment levy.

R. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures exceeded the amount budgeted in the other expenditures functional area. The District did not exceed its General Fund unspent authorized budget.

S. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. Deposits and Investments

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District. The District's investments at June 30, 2009 are as follows:

<u>Investment Name</u>	<u>Fair Value</u>
U.S. Treasury Securities	<u>\$ 24,655,435</u>

The District's U.S. Treasury Securities above mature in less than 1 year.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

2. Deposits and Investments (continued)

Credit Risk: 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 in U.S. Securities are explicitly guaranteed and backed by the government and therefore are not subject to credit risk.

Concentration of Credit Risk: The District's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The District's investment policy specifically limits the District from investing in prime bankers' acceptance or commercial paper and other corporate debt balances greater than 10 percent of its total investment portfolio. The policy also limits the amount that can be invested in a single issuer to 5 percent of its total investment portfolio.

The District's investments in U.S. Treasury Securities are explicitly guaranteed and backed by the government and therefore are not subject to concentration of credit risk.

Custodial Credit Risk: The District's investment policy states that all invested assets of the District eligible for physical delivery shall be secured by having them held at a third party custodian. All purchased investments shall be held pursuant to a third party custodial agreement requiring delivery versus payment and compliance with all rules set out in Chapter 12B.10.C of the Code of Iowa.

The District's deposits in banks at June 30, 2009 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's investments were not exposed to custodial credit risk.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

3. Interfund Receivables and Payables

As of June 30, 2009, interfund receivables and payables were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,861,230	\$ 49,369
Nonmajor governmental funds	<u>5,355,913</u>	<u>6,328,074</u>
Total Governmental Funds	<u>7,217,143</u>	<u>6,377,443</u>
Nutrition Services Fund	1,279	292,834
Nonmajor enterprise, Day Care Services Fund	<u>-</u>	<u>548,145</u>
Total Proprietary Funds	<u>1,279</u>	<u>840,979</u>
Total All Funds	<u>\$ 7,218,422</u>	<u>\$ 7,218,422</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. The District plans to repay all interfund balances by June 30, 2010.

4. Interfund Transfers

The following is a schedule of transfers as included in the basic financial statements of the District:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,320,446	\$ -
Debt Service Fund	3,799,238	-
Nonmajor funds, governmental funds	884,675	6,810,492
Nutrition Services Fund	-	183,076
Nonmajor enterprise fund, Day Care Fund	<u>-</u>	<u>10,791</u>
	<u>\$ 7,004,359</u>	<u>\$ 7,004,359</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, 2009

5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2009 were as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,486,041	\$ 140,000	\$ -	\$ 8,626,041
Construction in progress	2,887,385	12,318,667	-	15,206,052
Total capital assets, not being depreciated	11,373,426	12,458,667	-	23,832,093
Capital assets, being depreciated:				
Buildings and improvements	91,219,566	-	-	91,219,566
Furniture and equipment	18,377,577	428,191	(7,072,349)	11,733,419
Vehicles	8,646,437	1,449,957	(562,369)	9,534,025
Total capital assets being depreciated	118,243,580	1,878,148	(7,634,718)	112,487,010
Less accumulated depreciation for:				
Buildings and improvements	38,671,095	2061,093	-	40,732,188
Furniture and equipment	14,509,832	608,861	(6,187,964)	8,930,729
Vehicles	6,448,655	557,387	(345,628)	6,660,414
Total accumulated depreciation	59,629,582	3,227,341	(6,533,592)	56,323,331
Total capital assets, being depreciated, net	58,613,998	(1,349,193)	(1,101,126)	56,163,679
Governmental activities capital assets, net	\$ 69,987,424	\$ 11,109,474	\$ (1,101,126)	\$ 79,995,772
Business-type activities:				
Furniture and equipment	\$ 3,041,958	\$ 73,221	\$ (202,454)	\$ 2,912,725
Less accumulated depreciation:	2,477,943	78,942	(171,880)	2,385,005
Business-type activities, capital assets, net	\$ 564,015	\$ 5,721	\$ (30,574)	\$ 527,720

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 2,586,335
School administration services	68,920
Operations and maintenance	81,359
Student transportation	490,727
Total	\$ 3,227,341

Depreciation expense was charged to business type functions as follows:

Nutrition services	\$ 78,942
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Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

5. Capital Assets (continued)

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

6. Works of Art

The District is the owner of works of art with an estimated market value of \$16,056,950. The historical cost of these works of art is negligible and is not required to be capitalized by the District.

7. Bonded and Other Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2009 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$ 35,350,000	\$ -	\$ (9,050,000)	\$ 26,300,000	\$ 26,300,000
School refunding bonds	31,385,000	-	-	31,385,000	505,000
Add premiums	592,052	-	(71,876)	520,176	-
Total bonds payable	67,327,052	-	(9,121,876)	58,205,176	26,805,000
Other liabilities:					
Compensated absences	1,422,365	1,328,836	(1,422,365)	1,328,836	1,328,836
Other postemploy. benefits	1,121,090	1,177,156	-	2,298,246	-
Early retirement payable	11,158,905	3,410,549	(3,742,755)	10,826,699	3,324,887
Total long-term liabilities	<u>\$ 81,029,412</u>	<u>\$ 5,916,541</u>	<u>\$ (14,286,996)</u>	<u>\$ 72,658,957</u>	<u>\$ 31,458,723</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, 2009

7. 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, 2009

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

Early retirement benefits paid during the year ended June 30, 2009 totaled \$3,376,971 of which the Management Fund paid \$3,300,225 and the General Fund paid \$76,746. 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. The District completed the refunding to reduce its total debt service payments over the next 15 years by \$1,712,683 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,178,317. The general obligation bonds issued February 1, 2001 were called and paid off on June 1, 2009. The amount remaining in escrow as of June 30, 2009 to be used to pay off the January 1, 2002 bonds are reported as restricted assets, U.S. Treasury Securities on deposit with escrow. As of June 30, 2009, the escrow cash and investment balance was \$24,655,435.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

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

Details of the District's June 30, 2009 bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 26,805,000	\$ 10,505,535	\$ 37,310,535
2011	2,390,000	1,298,198	3,688,198
2012	2,495,000	1,208,573	3,703,573
2013	2,495,000	1,115,010	3,610,010
2014	2,595,000	1,021,448	3,616,448
2015-2019	14,795,000	3,208,238	18,003,238
2020-2021	<u>6,110,000</u>	<u>363,619</u>	<u>6,473,619</u>
Totals	<u>\$ 57,685,000</u>	<u>\$ 18,720,621</u>	<u>\$ 76,405,621</u>

As of June 30, 2009 the District did not exceed its legal debt margin of \$349,493,672.

8. 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 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$7,998,164 \$6,934,490 and \$6,214,201 respectively, equal to the required contribution for each year.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

9. 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 Program (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. The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metro Interagency Insurance Program, 1120 33rd Avenue SW, Cedar Rapids, IA, 52404.

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. The active and retiree premium equivalents effective as of the actuarial date are provided in the table below.

	Single	Employee and Spouse	Employee and Child	Family
Alliance Select-Plus	\$ 461.12	\$ 944.38	\$ 872.90	\$ 1,415.18
Alliance Select-Standard	397.16	809.42	748.44	1,211.12
Blue Advantage-Plus	437.90	896.84	828.98	1,343.94
Blue Advantage-Standard	333.86	683.78	632.04	1,024.64

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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

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

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/07	N/A	N/A	N/A
6/30/08	\$ 1,121,090	0%	\$1,121,090
6/30/09	1,177,156	0%	2,298,246

The following table shows the components of the District's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the District's annual OPEB obligation:

	<u>Governmental Activities</u>
Annual required contribution	\$ 1,256,018
Interest and net actuarial losses (gains) during the year	56,054
Adjustment to annual required contribution	<u>(134,916)</u>
Annual OPEB cost (expense)	1,177,156
Contributions made	<u>-</u>
Change in net OPEB obligation	1,177,156
OPEB obligation at beginning of year	<u>1,121,090</u>
OPEB obligation at end of year	<u>\$ 2,298,246</u>

Funded Status and Funding Progress

The results of the July 1, 2007 valuation were rolled forward to June 30, 2009. The funded status of the plan as of June 30, 2009, 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)	\$ 114,579,075
UAAL as a percentage of covered payroll	24.32%

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

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

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.

In the July 1, 2007 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.

10. Construction Contractual Commitments

Total outstanding contractual commitments for construction projects at June 30, 2009 for the Physical Plant and Equipment Levy Fund was \$1,022,511, for the School Infrastructure Local Option Sales Tax Fund was \$2,234,550, and for the Flood Recovery Fund was \$5,100.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

11. 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.

12. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through Grant Wood Area Education Agency. The District's actual amount for this purpose totals \$6,606,831 for the year ended June 30, 2009. The District's budgeted and actual share is included in these financial statements.

13. 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), was incorporated in 1990 under a joint powers agreement in accordance with Chapter 28E of the Code of Iowa. The program 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. The District's contribution to the program for the year ended June 30, 2009 was \$10,890,890. MIIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metro Interagency Insurance Program, 1120 33rd Avenue SW, Cedar Rapids, IA, 52404.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

14. Pollution Remediation Liability

The District had five remodeling projects that require asbestos removal as part of the overall improvement projects. The amount of the asbestos removal liability of \$57,843 has been included in accounts payable in the Property, Plant and Equipment Fund based on the expected outlay of completing removal work that has been initiated. All costs of these projects were paid within sixty days of the fiscal year end with current available resources.

15. Deficit Fund Equity

The Daycare Services and Flood Recovery Funds had deficit balances of \$13,409 and \$4,247,199, respectively, at June 30, 2009. 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, but had not been received within 60 days of the end of the fiscal year. 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. Restatement of Beginning Fund Balance and Net Assets

The District restated the following fund balance/net asset balances previously reported:

	<u>General Fund</u>	<u>Property, Plant, & Equipment Fund</u>
Fund balance, June 30, 2008, as previously reported	\$ 23,287,417	\$ 5,466,383
Add additional receivables and revenues not recorded	283,430	126,231
Less revenues not received within 60 days of fiscal year end that should have been deferred	<u>(1,929,572)</u>	<u>-</u>
Fund balance, July 1, 2008, as restated	<u>\$ 21,641,275</u>	<u>\$ 5,592,614</u>

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

16. Restatement of Beginning Fund Balance and Net Assets (continued)

	Governmental Activities
Net assets, June 30, 2008, as previously reported	\$ 66,062,163
Add additional receivables and revenues not recorded	409,661
Add bond issue costs not recorded as an asset	236,192
Less bond premium not recorded as a liability	(592,052)
Net assets, July 1, 2008, as restated	<u>\$ 66,115,964</u>

The restatement of the General Fund balance was to defer revenues for certain grants not collected within sixty days after year-end in the amount of \$1,929,572.

The restatement of the Governmental Activities net assets for bond premium liabilities in the amount of \$592,052 and bond issue cost assets in the amount of \$236,192 were due to these items not being capitalized and amortized in the government-wide statements, under accrual accounting, relating to the March 1, 2006 general obligation refunding bonds.

The restatement of the Governmental Activities net assets, General Fund balance, and Nonmajor fund balance (PPEL) for \$409,661, \$283,430, and \$126,231 respectively was for accounts receivable and revenue not recorded in relation to expenditures incurred for the Title I grant and the Iowa Demonstration Construction grant.

17. Contingencies and Subsequent Events

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.

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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

17. Contingencies and Subsequent Events (continued)

On November 9, 2009, the Board of Directors approved a plan to construct a new District support services campus. This construction project is in the early stages of planning and a total financial impact has not yet been determined.

On August 4, 2009, a significant embezzlement was discovered within the District. Immediately following, the Iowa State Auditors office was contacted and an investigation and re-audit started. District losses are expected to be covered by insurance, but an estimate of loss has not yet been determined.

18. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The District adopted the following Statements during the year ended June 30, 2009:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the District to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. The District has five remodeling projects that require asbestos removal as part of the overall improvement projects. The amount of the asbestos removal liability of \$57,843 has been included in accounts payable in the Property, Plant and Equipment Levy Fund based on the expected outlay of completing removal work that has been initiated. All costs of these projects were paid within sixty days of the fiscal year end with current available resources.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

18. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (continued)

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement established consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical costs. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. This Statement had no effect on the District's financial statements in the current year.

The GASB has issued several statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement all standards by the required dates. The Statements which might impact the District are as follows:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the District beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2009

18. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (continued)

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the District beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

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, 2009

	Governmental	Proprietary	Total Actual	Budget Amounts		Variances Positive (Negative)	
	Funds	Funds		Original	Final	Original to Final	Final to Actual
	Actual	Actual					
Revenues:							
Local sources	\$ 96,577,037	\$ 7,033,725	\$ 103,610,762	\$ 107,735,692	\$ 103,991,055	\$ (3,744,637)	\$ (380,293)
State sources	95,489,111	74,295	95,563,406	95,058,552	99,813,893	4,755,341	(4,250,487)
Federal sources	14,449,117	3,830,196	18,279,313	9,779,162	22,494,890	12,715,728	(4,215,577)
Total revenues	206,515,265	10,938,216	217,453,481	212,573,406	226,299,838	13,726,432	(8,846,357)
Expenditures:							
Instruction	126,571,098	-	126,571,098	122,724,088	138,998,662	(16,274,574)	12,427,564
Support Services	59,473,018	-	59,473,018	57,217,140	62,109,363	(4,892,223)	2,636,345
Non-instructional programs	183,362	10,819,573	11,002,935	12,417,249	13,877,677	(1,460,428)	2,874,742
Other expenditures	36,321,067	-	36,321,067	22,468,385	35,555,023	(13,086,638)	(766,044)
Total expenditures	222,548,545	10,819,573	233,368,118	214,826,862	250,540,725	(35,713,863)	17,172,607
Excess of revenues over expenditures	(16,033,280)	118,643	(15,914,637)	(2,253,456)	(24,240,887)	(21,987,431)	8,326,250
Other Financing Sources (uses):							
General long term debt proceeds	-	-	-	-	-	-	-
Sale of fixed assets	-	(30,574)	(30,574)	7,280	7,000	(280)	(37,574)
Capital contributions	-	62,578	62,578	-	-	-	62,578
Transfers in	7,004,359	-	7,004,359	5,930,910	5,856,475	(74,435)	1,147,884
Transfers out	(6,810,492)	(193,867)	(7,004,359)	(5,930,910)	(5,856,475)	74,435	(1,147,884)
Total other financing sources (uses)	193,867	(161,863)	32,004	7,280	7,000	(280)	25,004
Net change in fund balances	(15,839,413)	(43,220)	(15,882,633)	(2,246,176)	(24,233,887)	(21,987,711)	8,351,254
Fund balance--Beginning	71,948,852	1,941,453	73,890,305	65,691,051	75,410,221	(9,719,170)	1,519,916
Fund balance--Ending	<u>\$ 56,109,439</u>	<u>\$ 1,898,233</u>	<u>\$ 58,007,672</u>	<u>\$ 63,444,875</u>	<u>\$ 51,176,334</u>	<u>\$ (12,268,541)</u>	<u>\$ 6,831,338</u>

See notes to required supplementary information.

Cedar Rapids Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2009

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 2008-09 Budget document. The 2008-09 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 2008-2009, amendments increased the instructional functional area by \$16,274,574, increased total support services by \$4,892,223 and increased the non-instructional programs by \$1,460,428. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures were increased by \$13,086,638 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, 2009

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 exceeded the amount budgeted in the other expenditures 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 \$1,496,033 in the General Fund, \$5,421 in the Management Fund, \$1,914,202 in the Physical Plant and Equipment Levy Fund, \$6,117,955 in the School Infrastructure Local Option Sales Tax Fund and \$485,031 in the Flood Recovery Fund were carried forward to fiscal year 2009-2010.

Cedar Rapids Community School District

Schedule of Funding Progress for Postemployment Benefit Plan - MIIP

Required Supplementary Information

For the Year Ended June 30, 2009

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	7/1/2007	\$ -	\$ 27,867,616	\$ 27,867,616	0.00%	\$ 107,492,674	25.93%
6/30/2009	7/1/2007	-	27,867,616	27,867,616	0.00%	114,579,075	24.32%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2007. Additional information follows:

- a. The actuarial method used to determine the ARC is the entry age actuarial cost method.
- b. There are no plan assets.
- c. The actuarial assumption included: (a) five percent investment rate of return and (b) an annual healthcare cost trend rate of six percent.
- d. Fiscal year 2008 was the initial year of adoption of GASB Statement 45.



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, 2009

	<u>Actual</u>
Revenues:	
Local sources:	
Property taxes	\$ 45,790,022
Utility tax replacement excise tax	2,799,686
Income surtax	7,954,055
Tuition	5,107,472
Transportation	39,495
Investment earnings	317,054
Student activities	20,291
Fees and rents	435,908
Sales of services	1,572,007
Other	663,561
Total local sources	<u>64,699,551</u>
State sources:	
Foundation aid	72,563,503
Instructional support	575,121
Special education deficit support	222,912
Salary improvement program	7,057,778
Educational excellence program	1,484,282
AEA flowthrough	6,606,831
Nonpublic aid	847,956
Iowa Early Intervention Block grant	1,102,799
At-risk grants	1,165,011
State voluntary preschool program	1,374,464
Miscellaneous state grants	2,450,324
Other	30,783
Total state sources	<u>95,481,764</u>
Federal sources:	
Title I grants	2,830,305
Title V grants	32,919
Carl Perkins grant	5,085
Title II grants	1,453,209
Individuals with Disabilities Education Act	1,061,646
Reading First grant	269,407
Medicaid direct reimbursement	1,080,840
Other	1,051,068
Total federal sources	<u>7,784,479</u>
Total revenues	<u>167,965,794</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2009

		Actual
Expenditures:		
Instruction:		
Regular instruction:		
Salaries	\$	47,489,958
Employee benefits		15,427,378
Purchased services		4,481,397
Supplies		4,130,235
Capital outlay		468,079
Other		(8,593,817)
		63,403,230
Special instruction:		
Salaries		20,352,337
Employee benefits		5,386,943
Purchased services		3,808,222
Supplies		418,636
Capital outlay		37,818
Other		10,106,227
		40,110,183
Vocational instruction:		
Salaries		749,578
Employee benefits		233,703
Purchased services		15,048
Supplies		69,096
Capital outlay		89,346
Other		17,530
		1,174,301
Other instruction:		
Salaries	\$	9,753,717
Employee benefits		2,521,843
Purchased services		949,130
Supplies		987,571
Capital outlay		97,070
Other		585,693
		14,895,024
 Total instruction		 119,582,738

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2009

	<u>Actual</u>
Support services:	
Student services:	
Salaries	3,306,807
Employee benefits	1,030,428
Purchased services	153,145
Supplies	30,883
Capital outlay	3,036
Other	3,785
	<u>4,528,084</u>
Instruction staff services:	
Salaries	3,622,732
Employee benefits	986,033
Purchased services	460,590
Supplies	740,362
Capital outlay	63,525
Other	19,536
	<u>5,892,778</u>
General administration services:	
Salaries	\$ 1,698,811
Employee benefits	465,280
Purchased services	251,908
Supplies	80,437
Capital outlay	22,773
Other	59,834
	<u>2,579,043</u>
School administration services:	
Salaries	\$ 8,368,200
Employee benefits	2,543,548
Purchased services	100,840
Supplies	102,179
Capital outlay	22,833
Other	36,337
	<u>11,173,937</u>
Business services:	
Salaries	3,522,704
Employee benefits	1,025,791
Purchased services	374,084
Supplies	613,997
Capital outlay	113,328
Other	(69,736)
	<u>5,580,168</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures, and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2009

	Actual
Operations & maintenance:	
Salaries	6,895,764
Employee benefits	2,287,580
Purchased services	1,429,010
Supplies	4,960,810
Capital outlay	77,113
Other	(140,315)
	15,509,962
Student transportation:	
Salaries	3,033,323
Employee benefits	500,891
Purchased services	627,713
Supplies	735,236
Capital outlay	66,269
Other	(1,596,945)
	3,366,487
Total support services	48,630,459
Other expenditures:	
AEA flow-through	6,606,831
Total expenditures	174,820,028
Excess of revenues over expenditures	(6,854,234)
Other financing sources:	
Transfers in	2,320,446
Total other financing sources	2,320,446
Excess of revenues and other financing sources over expenditures	(4,533,788)
Fund balance, beginning of year (as restated)	21,641,275
Fund balance, end of year	\$ 17,107,487

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

Management Fund Accounts for resources accumulated and payments made for property insurance, fidelity bonds, worker compensation, liability premiums, unemployment insurance claims and early retirement incentives.

Physical Plant and Equipment Levy Fund Accounts for resources accumulated and payments made for the purchase and improvement of grounds; purchase of buildings; major repairs, remodeling, reconstructing, improving or expanding the schools or buildings; expenditures for energy conservation; and for equipment purchases. The purchase of transportation vehicles qualifies under the law.

Flood Recovery Fund Accounts for resources accumulated and payments made for District recovery efforts following the flooding in June of 2008.

Capital Projects Fund

Capital projects funds are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

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.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2009

	Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
	Student Activity	Management	Physical Plant and Equipment Levy	Flood Recovery	School Infrastructure Local Option Sales Tax	
Assets						
Cash and cash equivalents	\$ 1,043,970	\$ 6,300,401	\$ 5,552,395	\$ 239,476	\$ 3,963,167	\$ 17,099,409
Receivables:						
Taxes						
Current year	-	82,933	60,126	-	-	143,059
Succeeding year	-	5,960,275	4,402,614	-	-	10,362,889
Other	1,123	18,369	3,281	-	-	22,773
Due from other governments	-	-	-	4,677,491	4,650,780	9,328,271
Due from other funds	-	-	3,071	-	5,352,842	5,355,913
Total Assets	<u>\$ 1,045,093</u>	<u>\$ 12,361,978</u>	<u>\$ 10,021,487</u>	<u>\$ 4,916,967</u>	<u>\$ 13,966,789</u>	<u>\$ 42,312,314</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 24,352	\$ 75,104	\$ 367,693	\$ 238,938	\$ 1,667,382	\$ 2,373,469
Accrued expenditures	-	3,247,763	-	-	-	3,247,763
Due to other governments	-	-	1,770	-	-	1,770
Due to other funds	135,767	7,337	1,261,236	4,921,181	2,553	6,328,074
Deferred revenue	-	-	-	3,909,515	1,341,697	5,251,212
Unearned revenue						
Succeeding year taxes	-	5,960,275	4,402,614	-	-	10,362,889
Other	-	-	420,273	94,532	-	514,805
Total Liabilities	<u>160,119</u>	<u>9,290,479</u>	<u>6,453,586</u>	<u>9,164,166</u>	<u>3,011,632</u>	<u>28,079,982</u>
Fund Balances:						
Reserved for encumbrances	-	5,421	1,914,202	485,031	6,117,955	8,522,609
Unreserved and undesignated	884,974	3,066,078	1,653,699	(4,732,230)	4,837,202	5,709,723
Total Fund Balance (Deficit)	<u>884,974</u>	<u>3,071,499</u>	<u>3,567,901</u>	<u>(4,247,199)</u>	<u>10,955,157</u>	<u>14,232,332</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 1,045,093</u>	<u>\$ 12,361,978</u>	<u>\$ 10,021,487</u>	<u>\$ 4,916,967</u>	<u>\$ 13,966,789</u>	<u>\$ 42,312,314</u>

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

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

Nonmajor Governmental Funds

Year ended June 30, 2009

	Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
	Student Activity	Management	Physical Plant and Equipment Levy	Flood Recovery	School Infrastructure Local Option Sales Tax	
Revenues:						
Local sources:						
Local taxes	\$ -	\$ 5,998,117	\$ 4,274,272	\$ -	\$ 15,569,234	\$ 25,841,623
Other local sources	4,248,495	158,880	192,127	19,464	157,965	4,776,931
State sources	-	3,800	3,547	-	-	7,347
Federal sources	-	-	-	6,664,638	-	6,664,638
Total Revenues	<u>4,248,495</u>	<u>6,160,797</u>	<u>4,469,946</u>	<u>6,684,102</u>	<u>15,727,199</u>	<u>37,290,539</u>
Expenditures:						
Current:						
Instruction:						
Regular instruction	-	2,624,288	-	100,563	-	2,724,851
Other instruction	4,263,497	12	-	-	-	4,263,509
Total instruction	<u>4,263,497</u>	<u>2,624,300</u>	<u>-</u>	<u>100,563</u>	<u>-</u>	<u>6,988,360</u>
Support Services:						
Student services	-	4,872	-	-	-	4,872
Instruction staff services	-	84,489	102,505	133,273	665,218	985,485
General administration services	-	136,945	-	-	-	136,945
School administration services	-	675,999	-	-	-	675,999
Business services	-	199,572	1,093	8,460	-	209,125
Operations and maintenance	-	1,315,748	112,549	5,612,022	-	7,040,319
Student transportation	-	299,229	1,490,585	-	-	1,789,814
Total support services	<u>-</u>	<u>2,716,854</u>	<u>1,706,732</u>	<u>5,753,755</u>	<u>665,218</u>	<u>10,842,559</u>
Non-instructional programs						
Food service	-	174,635	-	-	-	174,635
Community services	-	8,727	-	-	-	8,727
	<u>-</u>	<u>183,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,362</u>
Facilities acquisition	-	-	2,571,400	4,718,560	10,329,808	17,619,768
Total Expenditures	<u>4,263,497</u>	<u>5,524,516</u>	<u>4,278,132</u>	<u>10,572,878</u>	<u>10,995,026</u>	<u>35,634,049</u>
Deficiency of Revenues (over) under Expenditures	(15,002)	636,281	191,814	(3,888,776)	4,732,173	1,656,490
Other Financing Sources (Uses):						
Transfers in	-	-	200,762	-	683,913	884,675
Transfers out	-	(55,994)	(2,417,289)	(282,441)	(4,054,768)	(6,810,492)
Total other financing sources (uses)	<u>-</u>	<u>(55,994)</u>	<u>(2,216,527)</u>	<u>(282,441)</u>	<u>(3,370,855)</u>	<u>(5,925,817)</u>
Net Changes in Fund Balances	(15,002)	580,287	(2,024,713)	(4,171,217)	1,361,318	(4,269,327)
Fund balance, beginning of year, as restated	<u>899,976</u>	<u>2,491,212</u>	<u>5,592,614</u>	<u>(75,982)</u>	<u>9,593,839</u>	<u>18,501,659</u>
Fund balance (deficit), end of year	<u>\$ 884,974</u>	<u>\$ 3,071,499</u>	<u>\$ 3,567,901</u>	<u>\$ (4,247,199)</u>	<u>\$ 10,955,157</u>	<u>\$ 14,232,332</u>

Cedar Rapids Community School District

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

Year ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets:				
Cash	\$ 14,435	\$ 3,189	\$ (4,700)	\$ 12,924
Total assets	\$ 14,435	\$ 3,189	\$ (4,700)	\$ 12,924
 Liabilities:				
Accounts payable	\$ 14,282	\$ 3,189	\$ (4,547)	\$ 12,924
Due to other funds	153		(153)	-
Total liabilities	\$ 14,435	\$ 3,189	\$ (4,700)	\$ 12,924

Statistical Section

The statistical section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	Pages
Financial Trends: These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	112-119
Revenue Capacity: These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	120-124
Debt Capacity: These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	125-127
Demographic and Economic Trends: These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	128-129
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	130-137

Schedule 1
Cedar Rapids Community School District

Net Assets by Component

Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Governmental activities								
Invested in capital assets*, net of related debt \$	53,695,772	34,637,424	\$ 29,071,894	\$ 30,011,701	\$ 26,105,053	\$ 19,839,878	\$ 18,250,136	\$ (33,633,164)
Restricted	16,749,730	16,787,362	7,702,746	4,992,969	1,861,374	1,536,577	610,709	38,227,534
Unrestricted	2,605,267	14,637,377	13,101,102	9,947,465	12,381,158	6,312,509	284,318	(1,323,510)
Total Governmental activities	73,050,769	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	527,720	564,015	505,235	462,850	453,163	522,688	596,672	697,140
Restricted	-	-	-	-	-	-	-	-
Unrestricted	1,370,513	1,377,438	1,538,981	1,344,617	1,007,875	506,992	226,323	168,501
Total Business type activities	1,898,233	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	54,223,492	35,201,439	29,577,129	30,474,551	26,558,216	20,362,566	18,846,808	(32,936,024)
Restricted	16,749,730	16,787,362	7,702,746	4,992,969	1,861,374	1,536,577	610,709	38,227,534
Unrestricted	3,975,780	16,014,815	14,640,083	11,292,082	13,389,033	6,819,501	510,641	(1,155,009)
Total Primary Government	74,949,002	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.

* Invested in capital assets net of related debt, increased by \$4 million, largely due to an increase of \$6.7 million in capital assets and the payment of \$7.5 million in remaining debt on a \$10 million, 2001 general obligator bond issue.

Schedule 2
Cedar Rapids Community School District

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

Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008-2009	2007-2008	2006-2007	2005-2006
Expenses				
Governmental activities:				
Instruction:				
Regular instruction	\$ 71,990,885	\$ 57,529,082	\$ 52,798,449	\$ 35,244,717
Special instruction	40,305,169	50,293,076	49,433,979	47,377,434
Vocational instruction	1,182,005	1,138,270	1,052,903	1,033,006
Other instruction	19,943,628	7,261,577	6,991,546	7,269,449
Total Instruction	<u>133,421,687</u>	<u>116,222,005</u>	<u>110,276,877</u>	<u>90,924,606</u>
Support services:				
Student services	4,561,206	4,420,226	4,195,708	4,413,031
Instructional staff services	6,984,503	7,035,747	6,579,274	7,037,494
General administration services	3,281,946	2,825,902	2,351,789	2,811,090
School administration services	12,346,434	11,521,526	10,869,328	10,216,281
Business services	5,936,881	5,772,893	5,092,014	4,771,895
Operations and maintenance	23,205,730	16,265,748	15,502,986	26,502,896
Student transportation	4,615,988	3,944,228	3,383,138	3,212,985
Total support services	<u>60,932,688</u>	<u>51,786,270</u>	<u>47,974,237</u>	<u>58,965,672</u>
Non-instructional programs:				
Food Services	174,635	120,444	156,605	124,903
Community services	36,646	55,146	1,266,905	2,511,824
Total non-instructional expenditures	<u>211,281</u>	<u>175,590</u>	<u>1,423,510</u>	<u>2,636,727</u>
Other expenditures:				
Facilities acquisition/construction	-	1,706,264	3,251,130	4,008,904
Interest on long-term debt	2,964,692	3,131,456	3,230,399	2,452,755
AEA flowthrough	6,606,831	6,232,507	5,916,552	5,527,722
Total other expenditures	<u>9,571,523</u>	<u>11,070,227</u>	<u>12,398,081</u>	<u>11,989,381</u>
Total governmental activities	<u>204,137,179</u>	<u>179,254,092</u>	<u>172,072,705</u>	<u>164,516,386</u>
Business type activities:				
Non-instructional programs:				
Day care services	3,582,403	3,345,702	1,565,083	-
Nutrition services	7,267,744	6,889,696	6,602,417	6,281,144
Total Business type activities	<u>10,850,147</u>	<u>10,235,398</u>	<u>8,167,500</u>	<u>6,281,144</u>
Total primary government expenses	<u>214,987,326</u>	<u>189,489,490</u>	<u>180,240,205</u>	<u>170,797,530</u>
Program Revenues				
Governmental activities:				
Charges for services	11,516,452	11,226,827	12,991,403	14,168,752
Operating grants and contributions	29,048,356	24,276,159	21,281,797	19,133,035
Capital grants and contributions	10,577,612	50,000	-	25,225
Total governmental activities	<u>51,142,420</u>	<u>35,552,986</u>	<u>34,273,200</u>	<u>33,327,012</u>
Business type activities:				
Charges for services				
Day care services	3,531,998	3,299,664	1,536,100	-
Nutrition Services	3,457,122	3,440,611	3,455,744	3,427,753
Operating grants and contributions				
Day care services	40,897	22,128	4,591	-
Nutrition Services	3,863,594	3,455,026	3,524,044	3,370,984
Capital grants and contributions				
Day care services	-	-	-	-
Nutrition Services	62,578	-	-	-
Total business type activities	<u>10,956,189</u>	<u>10,217,429</u>	<u>8,520,479</u>	<u>6,798,737</u>
Total primary government revenues	<u>62,098,609</u>	<u>45,770,415</u>	<u>42,793,679</u>	<u>40,125,749</u>
Net (Expense)/Revenue				
Governmental activities	(152,994,759)	(143,701,106)	(137,799,505)	(131,189,374)
Business type activities	106,042	(17,969)	352,979	517,593
Total primary government net expense	<u>\$ (152,888,717)</u>	<u>\$ (143,719,075)</u>	<u>\$ (137,446,526)</u>	<u>\$ (130,671,781)</u>

Source: CRCSO Financial Records

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

Schedule 2 (Continued)
Cedar Rapids Community School District

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

Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2004-2005	2003-2004	2002-2003	2001-2002
Expenses				
Governmental activities:				
Instruction:				
Regular instruction	\$ 44,819,744	\$ 44,043,950	\$ 43,002,781	\$ 52,772,992
Special instruction	46,809,075	45,228,653	43,274,213	39,546,723
Vocational instruction	955,000	892,460	976,293	1,292,609
Other instruction	6,501,494	6,946,843	6,195,022	6,390,416
Total Instruction	<u>99,085,313</u>	<u>97,111,906</u>	<u>93,448,309</u>	<u>100,002,740</u>
Support services:				
Student services	3,310,220	4,632,090	4,488,899	4,412,362
Instructional staff services	9,805,511	7,727,069	7,751,257	10,411,622
General administration services	1,436,593	1,034,397	1,121,162	1,952,978
School administration services	8,142,005	7,672,309	7,816,080	8,138,354
Business services	3,461,843	3,607,752	3,606,091	3,954,081
Operations and maintenance	11,312,146	10,913,085	10,968,971	10,437,019
Student transportation	2,746,897	2,314,212	2,448,558	2,394,106
Total support services	<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	-	-	-	-
Community services	2,438,130	2,361,262	2,242,229	2,185,561
Total non-instructional expenditures	<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	1,953,053	3,967,494	(1,753,066)	8,817,447
Interest on long-term debt	2,108,287	2,205,516	2,319,305	1,293,956
AEA flowthrough	5,231,164	5,232,029	5,474,160	5,452,927
Total other expenditures	<u>9,292,504</u>	<u>11,405,039</u>	<u>6,040,399</u>	<u>15,564,330</u>
Total governmental activities	<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	-	-	-	-
Nutrition services	6,078,235	5,823,143	5,804,394	5,747,692
Total Business type activities	<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>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	13,770,602	13,541,760	12,466,910	12,349,028
Operating grants and contributions	17,091,295	16,448,596	15,846,308	16,041,119
Capital grants and contributions	560,383	1,207,873	1,904,931	853,180
Total governmental activities	<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	-	-	-	-
Nutrition Services	3,456,798	3,333,124	3,263,203	3,280,215
Operating grants and contributions				
Day care services	-	-	-	-
Nutrition Services	3,082,460	2,737,108	2,491,795	2,563,280
Capital grants and contributions				
Day care services	-	-	-	-
Nutrition Services	-	-	-	-
Total business type activities	<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>37,961,538</u>	<u>37,268,461</u>	<u>35,973,147</u>	<u>35,086,822</u>
Net (Expense)/Revenue				
Governmental activities	(119,608,882)	(117,580,892)	(109,713,806)	(130,209,826)
Business type activities	461,023	247,089	(49,396)	95,803
Total primary government net expense	<u>\$ (119,147,859)</u>	<u>\$ (117,333,803)</u>	<u>\$ (109,763,202)</u>	<u>\$ (130,114,023)</u>

Schedule 3
Cedar Rapids Community School District
General Revenues and Total Change in Net Assets

	Fiscal Year							
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Net (Expense)/Revenue								
Governmental activities	(152,994,759)	(143,701,106)	(137,799,505)	(131,189,374)	(119,608,882)	(117,580,891)	(109,713,805)	(130,209,826)
Business-type activities	106,042	(17,969)	352,979	517,593	461,023	247,089	(49,396)	95,803
Total primary government net expense	\$(152,888,717)	\$(143,719,075)	\$(137,446,526)	\$(130,671,781)	\$(119,147,859)	\$(117,333,802)	\$(109,763,201)	\$(130,114,023)
General Revenues and Other Changes in Net Assets								
Governmental activities								
Taxes								
Property taxes levied for general purposes*	54,825,920	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	695	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	4,036,178	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**	16,910,932	16,198,462	-	-	-	-	-	-
Income surtaxes	7,954,055	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	73,743,422	73,666,870	71,330,072	67,944,624	64,003,288	61,534,656	61,187,961	59,253,362
Investment earnings	1,807,149	2,949,098	3,346,105	1,510,041	892,596	500,030	1,097,711	1,155,405
Miscellaneous	457,346	520,723	739,479	968,048	1,124,595	901,678	810,726	916,235
Transfers	193,867	191,366	251,678	231,757	60,251	60,026	-	-
Total Governmental activities	159,929,564	159,887,527	142,723,112	135,793,924	132,267,503	126,124,692	125,588,108	112,457,460
Business-type activities								
Investment earnings	27,090	92,021	95,425	59,219	27,292	5,721	5,625	6,581
Miscellaneous	17,515	14,551	40,023	1,374	3,294	13,901	1,125	475
Transfers	(193,867)	(191,366)	(251,678)	(231,757)	(60,251)	(60,026)	-	-
Total Business-type activities	(149,262)	(84,794)	(116,230)	(171,164)	(29,665)	(40,404)	6,750	7,056
Total primary government	159,780,302	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								
Governmental activities	6,934,805	16,186,421	4,923,607	4,604,550	12,658,621	8,543,801	15,874,303	(17,752,366)
Business-type activities	(43,220)	(102,763)	236,749	346,429	431,358	206,685	(42,646)	102,859
Total primary government	\$ 6,891,585	\$ 16,083,658	\$ 5,160,356	\$ 4,950,979	\$ 13,089,979	\$ 8,750,486	\$ 15,831,657	\$ (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									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
General Fund										
Reserved	\$ 5,583,056	\$ 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
Unreserved	11,524,431	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
Total general fund	17,107,487	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
All Other Governmental Funds										
Reserved*	8,522,609	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
Unreserved, reported in:										
Capital projects funds ***	4,837,202	4,985,622	-	-	-	-	-	-	-	-
Special revenue funds ****	872,521	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
Debt service funds**	24,769,620	31,805,918	31,884,219	31,897,942	26,096	714	64,570	59,026	-	-
Total all other governmental funds	39,001,952	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
Total all governmental funds	\$56,109,439	\$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

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.

**** Reduction in unreserved fund balance is related to Recovery Fund unreimbursed FEMA flood recovery related expenditures.

Schedule 5
Cedar Rapids Community School District

Governmental Funds Revenues

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Federal Sources:										
Federal grants	\$ 14,449,117	\$ 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
Total federal sources	14,449,117	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
State Sources:										
State foundation aid	72,563,503	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
State grants and other	22,925,608	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
Total state sources	95,489,111	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
Local sources										
Local taxes	82,386,081	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
Tuition	5,107,472	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
Other local sources	9,083,484	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
Total local sources	96,577,037	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
Total governmental revenues	\$ 206,515,265	\$ 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

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									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Instruction:										
Regular instruction	\$ 66,128,081	\$ 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
Special instruction	40,110,183	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
Vocational instruction	1,174,301	1,133,476	1,077,036	1,028,230	950,062	881,919	981,137	1,233,039	1,258,641	1,520,876
Other instruction	19,158,533	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
Total Instruction	126,571,098	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
Support services:										
Student services	4,532,956	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
Instructional staff services	6,878,263	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
General administration services	2,715,988	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
School administration services	11,849,936	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
Business services	5,789,293	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
Operations and maintenance	22,550,281	16,288,227	14,962,507	14,441,325	11,337,023	10,923,158	11,017,275	10,406,554	10,842,202	13,534,660
Student transportation	5,156,301	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
Total support services	59,473,018	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
Non-instructional programs:										
Food service	174,635	120,444	156,605	124,903	-	-	-	-	-	-
Community services	8,727	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
Total non-instructional services	183,362	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
Other expenditures:										
AEA flowthrough	6,606,831	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
Debt Service										
Principal	9,050,000	2,050,000	2,250,000	2,210,000	3,105,000	2,070,000	1,345,000	200,000	50,000	50,000
Interest	3,044,468	3,139,398	3,569,506	2,021,843	2,115,993	2,208,143	3,001,665	599,534	3,584	3,584
Capital Outlay										
Facility acquisition/construction	17,619,768	5,648,177	2,217,857	2,954,257	9,463,167	12,464,906	26,724,555	17,928,007	4,856,268	145,267
Total other expenditures	36,321,067	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
Total expenditures	\$222,548,545	\$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
Transfers out	6,810,492	5,862,367	3,577,336	1,873,918	1,336,130	333,480	338,411	53,584	95,653	-
Total expenditures and transfers	\$229,359,037	\$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
Debt service as a percentage of noncapital expenditures*	5.81%	2.91%	3.41%	2.60%	3.44%	2.91%	3.01%	0.56%	0.04%	0.04%

Source: CRCS Financial Records

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									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Excess of revenues over (under) expenditures	\$ (16,033,280)	\$ 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)
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
Payment to refunding escrow agent	-	-	-	(300,709)	-	-	-	-	-	-
Operating transfers in	7,004,359	6,053,733	3,829,014	2,105,675	1,396,381	393,506	399,325	53,584	-	-
Operating transfers out	(6,810,492)	(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)	193,867	191,366	251,678	32,069,792	60,251	73,077	67,954	38,536,857	9,918,972	7,814
Net change in fund balances*	\$(15,839,413)	\$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)

Source: CRCSD Financial Records

* Reduction in fund balances occurred in the General Fund, -\$3.5 million, PPEL Fund, -\$2.0 million, Debt Service Fund, -\$7.0 million and Recovery Fund, -\$4.2 million

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>	
2007	2009	\$ 31,747,541	\$ 5,595,718,052	\$1,419,522,183	\$ 107,055,978	\$10,484,209	\$ 487,045,482	\$ 7,651,573,445	
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	

<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>
2007	90.1023%	44.0803%	99.7312%	100.0000%	99.7312%	100.0000%
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%

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>	
\$ 28,604,901	\$ 2,410,979,922	\$1,414,846,729	\$107,055,978	\$10,456,029	\$280,097,553	\$4,252,041,112	13.78107
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

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
2009	\$ 12.82608	\$ 0.95499	\$13.78107	\$15.07076	\$4.39992	\$15.31391	\$14.13850	\$11.99225	\$9.18340	\$6.14971
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

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 2007 for				Assessed Value 1998 for			
		FY09	Rank	Amount	FY00	Rank	Amount	Valuation
	Type of Business							Percentage of Total Assessed Valuation
Interstate Power/Alliant/IES Steam	Electrical and gas utility	1	\$ 263,378,887	3.3%	1	\$ 262,273,204	4.8%	
FPL Energy Duane Arnold Plant	Electrical utility	2	133,565,808	1.7%	-	-	-	
AEGON/Life Investors Inc.	Insurance	3	51,277,127	0.7%	2	46,121,904	0.8%	
Robert K Miell	Real estate holdings	4	38,542,305	0.5%	-	-	-	
MidAmerican Energy	Electrical and gas utility	5	29,431,922	0.4%	6	28,516,163	0.5%	
St. Lukes Hospital & Development	Hospital/Health Care	6	26,225,614	0.3%	-	-	-	
Hy-Vee Food Stores Inc.	Grocery	7	22,986,279	0.3%	-	-	-	
Walmart & Sam's Club	Retail	8	22,075,730	0.3%	-	-	0.0%	
Qwest	Telecommunications	9	21,292,011	0.3%	8	22,639,843	0.4%	
Westdale Investments Inc. (Mall)	Real estate holdings	10	19,924,119	0.3%	3	45,527,659	0.8%	
Cargill Incorporated	Corn and soybean processing	-	-	-	4	38,284,302	0.7%	
Penford Products	Cornstarch processing	-	-	-	5	28,781,709	0.5%	
Quaker Oats Company	Cereal grain processing	-	-	-	7	24,365,292	0.4%	
Rockwell International Corp.	Avionics and communications	-	-	-	9	21,763,409	0.4%	
MCI Telecommunications Corp.	Telephone utility	-	-	-	10	16,926,420	0.3%	
Total			\$ 628,699,802	8.1%		\$ 535,199,905	9.6%	

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 (2)		Amount	Percent of Levy (2)
2009	\$58,614,162	\$57,544,512	98.2%	\$612,298	\$58,156,810	99.2%
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%

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.
- (2) Property taxes received as a result of real estate sales during the fiscal year has been included in this calculation. These revenues were not considered in the original levy of property taxes and may result in a collection percentage greater than 100%.

Schedule 12
Cedar Rapids Community School District

Total Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities										Total Debt Per Capita *	Bonded Debt** Per Capita *	Taxable Value of Property	Ratio of Bonded Debt** to Taxable Value of Property
	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 *						
2009	\$31,385,000	\$26,300,000	\$ -	\$ -	\$ -	\$ -	\$57,685,000	0.68%	\$226	\$4,252,041,112	1.36%			
2008	31,385,000	35,350,000	-	-	-	-	66,735,000	0.80%	264	4,128,554,614	1.62%			
2007	31,385,000	37,400,000	-	-	-	-	68,785,000	0.84%	276	4,085,717,578	1.68%			
2006	31,385,000	39,325,000	325,000	-	-	-	71,035,000	0.89%	286	4,050,367,970	1.75%			
2005	-	41,225,000	635,000	-	5,000,000	-	46,860,000	0.60%	168	3,988,485,012	1.03%			
2004	-	43,025,000	940,000	1,000,000	-	-	44,965,000	0.58%	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%	185	3,858,278,079	1.16%			
2002	-	45,850,000	1,530,000	1,000,000	-	-	48,380,000	0.64%	201	3,671,871,211	1.25%			
2001	-	10,000,000	-	-	5,000,000	50,000	15,050,000	0.20%	63	3,558,188,418	0.28%			
2000	-	-	-	-	5,000,000	100,000	5,100,000	0.07%	22	3,603,996,566	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, 2009

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$ 26,300,000	100.00 %	\$ 26,300,000
Overlapping:			
City of Cedar Rapids	98,224,388	81.38	79,930,747
City of Hiawatha	16,750,000	100.00	16,750,000
City of Marion	13,030,000	0.43	55,887
City of Robins	7,455,000	2.00	149,181
Kirkwood Community College	18,180,000	26.10	4,745,657
Linn County	-	55.67	-
Total Overlapping	<u>153,639,388</u>	66.15	<u>101,631,471</u>
Total Direct and Overlapping Debt	<u><u>\$179,939,388</u></u>	71.10 %	<u><u>\$ 127,931,472</u></u>

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									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Assessed valuation	\$ 7,651,573,445	\$ 7,223,113,053	\$ 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
Legal debt limit (5% of Assessed Valuation)	382,578,672	361,155,653	350,194,426	331,267,514	322,802,453	304,803,420	297,220,336	263,954,942	259,740,888	256,703,328
District debt applicable*	33,085,000	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	\$ 349,493,672	\$ 325,995,653	\$ 312,984,426	\$ 291,807,514	\$ 280,942,453	\$ 259,838,420	\$ 250,185,336	\$ 215,574,942	\$ 248,740,888	\$ 256,703,328

District debt applicable as a percentage of Legal debt limit

	8.6%	9.7%	10.6%	11.9%	13.0%	14.8%	15.8%	18.3%	4.2%	0.0%
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*Total District long term debt for 2008-2009 is \$57,685,000. However, general obligation bond debt of \$24,600,000 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 %
2008	254,730	\$8,474,980,000	\$33,270	4.0%
2007	252,780	8,352,940,000	33,044	3.6
2006	249,600	8,216,250,000	32,918	3.8
2005	247,320	7,992,410,000	32,316	4.7
2004	245,140	7,871,720,000	32,111	4.9
2003	243,200	7,688,450,000	31,614	4.8
2002	242,100	7,680,500,000	31,724	4.4
2001	240,100	7,612,820,000	31,707	2.9
2000	237,840	7,708,750,000	32,411	2.5
1999	235,360	7,424,100,000	31,544	1.8

Sources: Woods & Poole Economics, Bureau of Labor Statistics

Note: Cedar Rapids Metropolitan Statistical Area Data. Dollars stated in 2004 dollars.

Schedule 16
Cedar Rapids Community School District

Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2009</u>			<u>2000</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment *</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment *</u>
Rockwell Collins Inc.	8,425	1	4.78%	7,543	1	4.28%
AEGON USA, Inc.	3,500	2	1.98%	1,900	8	1.08%
St. Luke's Hospital	2,700	3	1.53%	2,200	5	1.25%
Hy-Vee Food Stores	2,608	4	1.48%	2,188	6	1.24%
Cedar Rapids Community Schools	2,569	5	1.46%	2,485	4	1.41%
Mercy Medical Center	2,300	6	1.30%	1,800	9	1.02%
Whirlpool Corporation	2,273	7	1.29%	2,860	3	1.62%
Kirkwood Community College	1,410	8	0.80%			
City of Cedar Rapids	1,280	9	0.73%	1,629	10	0.92%
Walmart Stores Inc.	1,141	10	0.65%			
MCI Communications (Worldcom)				2,000	7	1.13%
McLeodUSA				3,500	2	1.98%
Totals	28,206		16.00%	28,105		15.93%

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

	FY09	FY08	FY07	FY06	FY05	FY04	FY03	FY02	FY01	FY00	FY2000-2009
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	1.0	2.0	2.0	2.0	0.0	1.0	1.0	3.0	3.0	3.0	-66.7%
Principals and Assistants	48.0	48.0	49.0	49.0	51.0	50.0	50.0	48.0	48.0	48.0	0.0%
District Administrators	14.0	13.0	13.0	13.0	13.0	15.0	14.0	16.0	16.0	13.0	7.7%
Supervisors	9.0	8.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	12.5%
Total Administration	73.0	72.0	73.0	72.0	72.0	74.0	74.0	76.0	76.0	73.0	0.0%
Teachers											
PreK-12***, Music, Physical Education and Art	940.8	942.0	933.0	930.5	906.1	921.7	940.0	977.9	988.8	967.1	-2.7%
Special Education	252.9	258.1	265.5	255.8	249.5	257.0	253.2	238.7	227.9	216.3	16.9%
Federal Programs	27.2	26.0	23.0	22.3	20.2	19.2	21.0	14.5	18.0	15.1	80.1%
Media Specialist	23.3	24.7	23.7	24.7	24.7	32.4	32.4	32.4	32.4	33.4	-30.2%
Counselors	48.6	46.3	46.0	45.5	45.1	45.4	44.4	44.0	45.0	42.0	15.7%
Total Teachers	1,292.8	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	1.5%
Support Personnel											
Clerical	178.1	183.5	180.7	182.3	175.3	180.5	187.3	184.7	185.5	177.0	0.6%
Teacher aides, Special Education	273.6	268.1	281.2	274.7	264.5	258.7	243.1	215.5	186.8	171.4	59.6%
Teacher aides, regular	120.2	95.1	90.4	81.6	84.2	82.2	90.0	98.1	105.3	113.5	5.9%
Custodial and maintenance	170.3	168.4	169.9	171.9	174.4	173.3	179.0	178.8	175.0	176.8	-3.7%
Bus drivers/Attendants	105.7	105.6	104.1	98.9	98.2	92.9	93.0	92.8	82.3	82.8	27.7%
Food service workers	133.9	136.8	133.6	130.6	129.4	132.1	130.1	135.3	130.7	129.1	3.7%
Nurses/Volunteer Coordinator	15.5	15.5	15.1	14.7	14.7	14.5	13.3	11.7	11.7	11.8	31.4%
Crafts and trades	18.1	18.9	19.6	18.1	18.4	19.4	20.1	20.4	20.4	19.4	-6.6%
Data processing	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	0.0%
Day care	99.8	101.0	97.1	92.3	88.0	87.1	85.3	87.7	91.6	100.7	-0.9%
Other**	55.5	57.3	58.1	63.6	66.4	64.9	67.1	60.5	56.9	47.7	16.4%
Total Support Personnel	1,174.5	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	13.6%
Total Staff	2,540.3	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	6.7%

Source: District Human Resources Department

* FTE (full time equivalent) as of October within each fiscal year. 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.

** Other is defined as other remaining Supervisor/Technician Group employees not accounted for in other "Support Personnel" categories.

*** The District began participating in the Statewide Voluntary Preschool Program at the beginning of the 2008-2009 school year. As a result, preschool FTE's are included for the first time in FY2009 that were not previously reported.

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	
2009	17,502	\$161,150,592	\$9,208 9.7%	\$214,987,326	\$12,284 15.0%	1,292.8	13.5	6,691	38.2%	
2008	17,746	148,901,190	8,391 4.2%	189,489,490	10,678 4.7%	1,297.1	13.7	6,624	37.3%	
2007	17,677	142,338,991	8,052 6.0%	180,240,205	10,196 6.0%	1,291.1	13.7	6,596	37.3%	
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%	

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.

General Fund net expenditures per pupil have increased 10.4% over the prior year due to an increase of 8% in staffing costs, a \$2 million, 100% increase in instructional supplies related to curriculum materials and a 1.5% reduction in certified enrollment.

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																
			2009	2008	2007	2006	2005	2004	2003	2002	2001	2000							
High Schools (9-12)																			
Jefferson (1959)	1,723	310,110 1,800 1,652	310,110 1,800 1,667	310,110 1,800 1,632	310,110 1,800 1,579	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 1,607	271,292 1,577 1,607	271,292 1,577 1,550	271,292 1,577 1,550	271,292 1,577 1,550	271,292 1,577 1,550	
Kennedy	1,603	288,600 1,800 1,800	288,600 1,800 1,813	288,600 1,800 1,829	288,600 1,800 1,885	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 1,578	249,342 1,558 1,578	249,342 1,558 1,586	249,342 1,558 1,586	249,342 1,558 1,586	249,342 1,558 1,586	
Metro	263	47,399 450 580	47,399 450 568	47,399 450 556	47,399 450 569	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	47,399 451 651	47,399 451 651	47,399 451 678	47,399 451 678	47,399 451 678	47,399 451 678	
Washington	1,737	312,694 1,800 1,463	312,694 1,800 1,531	312,694 1,800 1,651	312,694 1,800 1,620	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 1,645	277,844 1,597 1,645	277,844 1,597 1,638	277,844 1,597 1,638	277,844 1,597 1,638	277,844 1,597 1,638	
Middle Schools (6-8)																			
Franklin (1922)	860	146,148 700 642	146,148 700 653	146,148 700 630	146,148 700 651	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	146,148 699 687	146,148 699 687	146,148 699 669	146,148 699 669	146,148 699 669	146,148 699 669	
Harding (1964)	821	139,634 900 876	139,634 900 880	139,634 900 952	139,634 900 928	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	139,634 901 893	139,634 901 893	139,634 901 901	139,634 901 901	139,634 901 901	139,634 901 901	

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									
			2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
McKinley (1922)	815	138,476 700 517	138,476 700 512	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	
Roosevelt (1924)	820	139,350 700 496	139,350 700 570	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	
Taft (1965)	750	127,507 700 668	127,507 700 699	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	
Elementary Schools Arthur (1914)	308	K-5 46,214 400 315	46,214 400 302	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	
Cleveland (1950)	312	K-5 46,819 500 366	46,819 500 328	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	
Coolidge (1967)	324	K-5 48,557 500 433	48,557 500 423	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	

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

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year														
			<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>					
Erskine (1955)	271	K-5 40,675 400 321	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675
		Square feet	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
		Capacity	354	362	362	356	330	356	330	356	341	356	356	386	395	395	395
		Enrollment															
Garfield (1930)	268	K-5 40,224 400 296	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224
		Square feet	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
		Capacity	306	328	318	309	295	309	295	309	281	281	281	276	247	247	247
		Enrollment															
Gibson (2002)	499	K-5 74,805 600 535	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805
		Square feet	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600
		Capacity	545	521	542	503	448	503	448	503	451	451	451	0	0	0	0
		Enrollment															
Grant (1961)	293	K-1 43,919 450 181	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919
		Square feet	450	450	450	448	448	448	448	448	448	448	448	448	448	448	448
		Capacity	223	234	237	192	179	192	179	192	180	180	224	228	227	227	227
		Enrollment															
Grant Wood (1948)	348	K-5 52,172 500 331	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172
		Square feet	500	500	500	502	502	502	502	502	502	502	502	502	502	502	502
		Capacity	352	335	321	335	362	335	362	363	363	383	383	437	473	473	473
		Enrollment															
Harrison (1930)	365	K-5 54,677 550 311	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677
		Square feet	550	550	550	552	552	552	552	552	552	552	552	552	552	552	552
		Capacity	389	404	397	406	407	406	407	431	431	461	461	469	519	519	519
		Enrollment															
Hiawatha (1956)	339	K-5 50,787 550 424	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787
		Square feet	550	550	550	552	552	552	552	552	552	552	552	552	552	552	552
		Capacity	462	400	457	412	399	412	399	391	391	509	509	543	523	523	523
		Enrollment															

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

Building	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year													
			<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>				
Hoover (1954)		K-5		56,260	56,260	56,260	56,260	56,260	39,427	39,427	39,427	39,427	39,427	39,427	39,427	39,427
	375	56,260	500	500	500	500	500	498	349	349	349	349	349	349	349	349
		358	360	307	282	291	284	291	284	304	317	319	319	298		
Jackson (1970)		K-5		37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
	251	37,580	540	540	540	537	537	537	537	537	537	537	537	537	537	537
		332	331	318	305	286	282	286	282	283	411	440	440	541		
Johnson (1955)		K-5		49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
	328	49,191	500	500	500	502	502	502	502	502	502	502	502	502	502	502
		279	304	311	319	353	366	353	366	397	418	422	422	389		
Kenwood (1950)		K-5		52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660
	351	52,660	500	500	500	502	502	502	502	502	502	502	502	502	502	502
		331	301	319	276	267	285	267	285	303	307	304	304	319		
Madison (1961)		K-5		35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919
	239	35,919	400	400	400	399	399	399	399	399	399	399	399	399	399	399
		273	284	277	280	279	262	279	262	256	273	282	282	260		
Monroe (1961)		K-only		27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175
	181	27,175	350	350	350	348	348	348	348	348	348	348	348	348	348	348
		235	253	280	262	237	255	237	255	251	248	251	251	254		
Nixon (1970)		K-5		37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
	251	37,580	540	540	540	537	537	537	537	537	537	537	537	537	537	537
		301	310	318	325	351	309	351	309	332	428	455	455	484		

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

	DC Public Schools Standards*	CR Schools Historical Standards	Fiscal Year													
			2009	2008	2007	2006	2005	2004	2003	2002	2001	2000				
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
Capacity	725	650	650	650	652	652	652	652	652	652	652	652	652	652	652	652
Enrollment (2-5)		289	229	216	236	276	272	272	302	302	293	293	293	275	275	275
Enrollment (6-8)		248	302	315	301	314	327	327	332	332	322	322	322	320	320	320
Total Enrollment		537	531	531	537	590	599	599	634	634	615	615	615	595	595	595
Totals																
Square feet		2,802,562	2,802,562	2,802,562	2,802,562	2,781,892	2,668,966	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161
Capacity	17,078	20,930	20,930	20,930	20,925	20,738	20,066	19,468	19,468	19,468	19,468	19,468	19,468	19,468	19,468	19,468
Enrollment		17,138	17,318	17,419	17,225	17,103	17,336	17,441	17,441	17,441	17,651	17,651	17,651	17,691	17,691	17,691
Percent Capacity	96.75%	78.94%														

Source: District Records

* DC Public School Capacity Standards May 2001:
 Source Document located at: http://www.ncbg.org/schools/design_capacity.htm
 ** Taylor Elementary School was closed for the 2008-2009 school year due to damage caused by the 2008 flood. It will reopen for the 2009-2010 school year.



Internal Controls and Compliance Section

**Cedar Rapids Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
Direct:			
U.S. Department of Education:			
Fund for the Improvement of Education - Bringing History Home Program	84.215		\$ 21,648
Homeless Education Disaster Assistance Program	84.383		193,379
Total Direct:			<u>215,027</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
National School Lunch Program	10.555	FY 09	2,651,019
School Breakfast Program	10.553	FY 09	656,546
Fresh Fruit & Vegetable Pilot Program	10.582	FY 09	43,303
Child and Adult Care Food Program	10.558	FY 09	43,249
Total cash expenditures			<u>3,394,117</u>
National School Lunch Program - USDA Commodities (non-cash)	10.555	FY 09	436,377
Total cash and non-cash expenditures			<u>3,830,494</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1053-G-09	2,467,231
Title I Grants to Local Educational Agencies - Carryover	84.010	1053-GC-09	260,483
Title I Grants to Local Educational Agencies - SINA	84.010	1053-SI-09	102,590
			<u>2,830,304</u>
Special Education Grants to States - IDEA Part B - High Cost Funds	84.027	FY 09	23,851
Title IIA Improving Teacher Quality State Grants - Class Size Reduction Program	84.367	FY 09	959,067
Title V - State Grants for Innovative Programs	84.298	FY 09	1,684
Special Education Improvement Grants	84.323	FY 09	1,904
Special Education Technical Assistance Grants	84.323	FY 09	1,995
			<u>3,899</u>
Reading First	84.357	FY 09	430,332
Safe and Drug Free Schools and Communities	84.186	FY 09	86,482

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:			
Perkins Vocational Education Program - Basic Grant	84.048	FY 09	<u>220,104</u>
Title VI A Grants for State Assessments and Related Activities - NCLB Assessment Grant	84.369	FY 09	<u>108,778</u>
E2T2 - Enhancing Education Through Technology	84.318	FY 09	<u>24,314</u>
Fund for the Improvement of Education	84.215	FY 09	<u>583</u>
Education for Homeless Children and Youth	84.196	FY 09	<u>26,521</u>
Linn County Agricultural Extension:			
21st Century Community Learning Centers	84.287	FY 09	<u>6,217</u>
Grant Wood Area Education Agency:			
Special Education Grants to States IDEA Part B	84.027	FY 09	1,037,795
Special Education Grants to States IDEA Part B - Success 4 Planning	84.027	FY 09	<u>20,827</u>
			<u>1,058,622</u>
U.S Department of Human Services:			
Hawkeye Area Community Action Program:			
Head Start	93.600	FY 09	<u>21,068</u>
U.S. Department of Justice:			
Linn County, Iowa:			
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	FY 09	<u>8,993</u>
U.S Department of Homeland Security:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	FY 09	<u>9,746,126</u>
Total Indirect:			<u>19,387,439</u>
Total expenditures of federal awards:			<u>\$ 19,602,466</u>
Total cash expenditures			\$ 19,166,089
Total non-cash expenditures			<u>436,377</u>
			<u>\$ 19,602,466</u>

See notes to schedule of expenditures of federal awards.

Cedar Rapids Community School District

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Cedar Rapids Community School District for the year ended June 30, 2009. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2. Significant Accounting Policies

Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

McGladrey & Pullen

Certified Public Accountants

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

To the Board of 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 the Cedar Rapids Community School District, Iowa as of and for the year ended June 30, 2009, which collectively comprise the Cedar Rapids Community School District's basic financial statements and have issued our report thereon dated January 20, 2010. Our report was modified to refer to Note 16 for the restatement of beginning fund balances and net assets to correct the recording of accounts receivable, deferred revenue, revenue, bond issue costs assets and premium liabilities. 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 the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 accounting principles generally accepted in the United States of America 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 09-II-A and 09-II-E, to be significant deficiencies in internal control over financial reporting.

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 the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above, as items 09-II -A and 09-II-E are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 noted certain immaterial instances of noncompliance that is described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the basic 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 interpretation of those statutes.

We also noted certain matters that we reported to management of the District in a separate letter dated January 20, 2010.

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

This report is intended solely for the information and use of management, Board of Directors, audit committee and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
January 20, 2010

McGladrey & Pullen

Certified Public Accountants

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

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

Compliance

We have audited the compliance of the Cedar Rapids Community School District, Iowa 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, 2009. The 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 the District's management. Our responsibility is to express an opinion on the 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 Nonprofit 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 the 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 on the District's compliance with those requirements.

In our opinion, the 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-III-B and 09-III-C.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with 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 District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-III-A.

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 any entity's internal control. We did not identify any deficiencies in the accompanying schedule of findings and questioned costs to be material weaknesses.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Directors, audit committee and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
January 20, 2010

Cedar Rapids Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2009**

I. Summary of the 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 weaknesses? 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 Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program - USDA Commodities
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between type A and type B programs: \$588,074

Auditee qualified as low-risk auditee? Yes No

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Government Auditing Standards.

A. Significant Deficiencies and Material Weaknesses in Internal Control.

09-II-A

Finding: The District does not have proper segregation of duties over the receipt cycle.

Criteria: A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition:

- The Accounts Receivable Clerk II – Cash Receipts was responsible for collecting cash, entering the receipts into the system as well as assigning the general ledger accounts the receipts were to be coded to, making out the deposit slips, putting the money into the bank bags to be picked up by the courier, requesting change orders from the bank, as well as matching receipts to grant information in the files.
- The Accounting Clerk II – Cash Receipts also had the ability to delete invoices in the system created by the District after they had been approved by an authorized individual. Therefore, opportunity exists for the individual collecting money from a third party to not apply that money to the related invoice in the system. Since the invoice could be deleted, an outstanding balance would not be reflected in the system.
- We noted two invoices generated by the District out of 12 tested that did not have the appropriate signature approving the invoice.
- Bank Reconciliation Review - while there is an individual separate from the Accounts Receivable Clerk II – Cash Receipts who prepares the bank reconciliations for all accounts other than activity fund accounts, a detailed review of the bank reconciliations prepared are not performed by a supervisory personnel.
- Cutoff of Posting of Receipts and Accounts Receivable – there was no oversight or review to verify that receipts received subsequent to year end were posted to the correct period.
- Elementary School Receipts – Elementary schools send various monies collected, including registration fees, to the District's accounting department through use of a courier to be entered into the system and deposited. A report generated by the accounting department from the accounting system is not given back to the elementary school for them to verify that the monies deposited and entered into the system agree with the school's records.

Context: Pervasive to receipt transactions.

Effect: Transaction errors could occur and not be detected in a timely manner.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

Cause: The District has not assigned duties in the receipt cycle to achieve an adequate segregation of duties.

Recommendation: We provide the following recommendations to strengthen internal controls:

- *Receipts Log* – An individual without general ledger receipt system input authorization should be responsible for opening the mail and creating and maintaining a log of cash and checks received including date of receipt, check number, who it is from, the amount received, what the money is for. This person should also restrictively endorse the checks for deposit only. Once the log has been prepared, that individual should forward the receipts to a person responsible for making out the deposit and a copy of the information from the log should be sent to the person responsible for entering the receipts into cash receipt system. Once receipts have been entered into the system, the person who prepared the log should verify that amounts received per the log matches the amounts entered into the system and amounts deposited with the bank through the deposit ticket.
- *Change Orders* – The District should cancel any pins currently outstanding with the bank that would allow authorization to request change orders. If change is needed for an event, the District should consider using a check to draw the change from the account so that there is a paper trail of the transaction. In addition, designated cash boxes should be assigned by the District when necessary for events. The designated cash boxes should be reconciled to the start up cash and brought back to the District and locked in a safe. The funds generated from the event should be counted in front of the individual responsible for the cash box and a receipt should be issued when the District and the individual agree on the amount.

We also recommend the person responsible for the monthly bank reconciliation perform a separate and specific review of change orders as part of that monthly process. This would include sighting support for change orders, documenting the reasons for the change order requests, as well as making sure the information on general ledger matches the change order information on bank statements.

- *Bank Statement Reconciliation Review* – the Executive Director or Accounting Manager should perform a review of the bank reconciliation by comparing the bank balances to the bank statements, comparing book balance to the general ledger, and making sure there are no unusual reconciling items listed on the reconciliation. In addition, this individual should scan through the cancelled check images to look for any unusual payees, amounts, and to ensure signatures used were proper.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

- *IT Rights Including Ability to Delete Invoices* - The individual in charge of entering receipts into the system should not have rights within the system to delete invoices. In addition, an edit report of any invoices deleted or other edits made in the system should be generated and reviewed by the Accounting Manager on a regular basis. We understand that such an edit report is not currently available. Therefore, we recommend that IT individuals at Grant Woods create a report that could be viewed by the Accounting Manager. No one should be able to alter the report once it was generated or generate another report excluding certain invoices.

We also recommend that an overall review of IT rights be made for all individuals in the Business Office to ensure no one individual has rights that could present with them with the opportunity for fraud.

- *Cutoff of Posting of Receipts and Accounts Receivable* - A separate individual from the posting function should review receipts received subsequent to year-end and compare to the items posted back to the prior period to ensure cutoff is proper.
- *Elementary School Receipts:*
 - Each school should create a summary spreadsheet listing all of the monies being deposited with the District's main office which indicates what the money is for, date received, and amount. Any supporting documentation should be attached to this summary. When delivered to the accounting department, the person receiving the mail from the courier should separate out the cash from the report and supporting documentation. The report should go to the person responsible for reconciling the information to the bank statement and general ledger and the money should go the person responsible for cash collections.
 - A weekly report should be generated from the accounting system showing amounts entered into the system for the reporting period. These reports should be given to the school administrators/secretaries to reconcile to their records of receipts. The individual who generates the reports from the District office should not have the ability to make any edit changes to the system once the receipts have been entered. The schools should be notified that it is their responsibility to review the information and compare to their internal tracking sheets to ensure receipts received were properly recorded by the District.

Response and Corrective Action Plan: The District is in the process of reorganizing duties within the accounting department and implementing an internal audit process for the District. All recommendations given in finding 09-II-A will be incorporated into either the reorganization or will be incorporated into the internal audit plan.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

09-II-B

Finding: The District does not have proper segregation of duties over the payroll cycle and the payroll system is also not operating as designed.

Criteria: A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition:

- Payroll employees have access to add employees to the system and also have the ability to then delete the employees from the edit report that would show that an employee had been added to the system. This may prevent the payroll manager from catching any fictitious employee that may be added when reviewing this edit report. In addition, payroll department personnel have access to printed payroll checks.
- Since February of 2008 no one has reconciled the payroll deduction and employer insurance amounts in the payroll registers to general ledger accounts.
- During our testing, we noted two individual's time cards out of 12 tested that were not approved by the appropriate supervisory personnel.
- During the payroll process, transactions run through an "undistributed payroll" account which ultimately is a debit balance sheet account at the end of each month. It is uncertain whether this account properly clears out to zero during the month or whether the balance remaining is accumulating over time.

Context: Pervasive to payroll transactions.

Effect: Transaction errors could occur and not be detected in a timely manner.

Cause: The District has not assigned duties in payroll to achieve an adequate segregation of duties.

Recommendation: We recommend the District investigate alternative solutions to segregating the payroll functions so the same individual does not have the capability of initiating, processing or approving the payroll transactions. In addition, all payroll transactions should be reconciled to the general ledger on a monthly basis, all time cards should be approved by supervisory personnel, and payroll files should be maintained or recreated to the best of the District's and employee's ability in the event of loss. We further recommend the District investigate the proprietary of the undistributed payroll account and reconcile it monthly.

Response and Corrective Action Plan: The District will review duties within the payroll department and segregate where required. The payroll department will reconcile payroll transactions to the general ledger on a monthly basis. The payroll department will review all time cards for appropriate supervisor approval.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

09-II-C

Finding: There are not adequate controls in place over access to the check stock and accounting for check sequence.

Criteria: A good internal system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: Several individuals have access to the safe that houses blank manual checks to all bank accounts and to the signature machine which makes impression stamps on the checks. A paper log is kept next to the check stock. When someone takes a manual check, they are to pencil in the next check number and purpose. Manual checks are typically given to Accounting Clerk 1 to enter into the system. Currently there is no one responsible for accounting for check sequence by reconciling the checks logged out on paper to the checks entered into the system or check stock. In addition, there is no one designated to check for gaps in check sequence within the system.

Context: Pervasive to cash disbursements and expenses/expenditures.

Effect: Transaction errors could occur and not be detected in a timely manner.

Cause: Adequate controls have not been assigned for safeguarding of check stock and accounting for checks sequence of checks written.

Recommendation: We recommend access to the check stock be limited and check sequence be accounted for in the system and compared to the manual log by someone independent of the check writing function. In addition, we recommend the process of scanning cancelled checks online be implemented to review for unusual payees and/or inappropriate signatures through the bank reconciliation process.

Response and Corrective Action Plan: Access to check stock will be limited and check sequence will be accounted for by someone other than the person that types the checks or signs the checks. A system will be put in place to review a selection of cancelled checks each month for unusual payees and/or inappropriate signatures.

09-II-D

Finding: Several individuals in the District's business office have access to enter and post journal entries into the general ledger. The journal entries prepared are not authorized or reviewed by another individual prior to being posted.

Criteria: A good internal system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: Journal entries prepared are not authorized or reviewed by another individual prior to being posted.

Context: Pervasive to all journal entries manually posted to the system.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

Effect: Transaction errors could occur and not be detected in a timely manner.

Cause: There is not a formal review process in place over all nonstandard journal entries made at the time they are prepared and before being posted.

Recommendation: It is our understanding that budget to actual reports are sent monthly to department heads who review the activity in the accounts they are responsible for. However, we recommend, the District consider implementing a process whereby journal entries are approved by a supervisory personnel prior to being posted to the general ledger.

Response and Corrective Action Plan: A review of all journal entries prior to posting will be done by someone not involved in the creation or input of the entries.

09-II-E

Finding: There were matters that materially affected the June 30, 2008 financial statements and resulted in restatements to the related June 30, 2008 fund balance/net assets.

Criteria: The beginning fund balance/nets assets should be restated for errors that materially affect the prior year's financial statements.

Condition: The restatements are as follows:

- A restatement of the General Fund balance to defer revenue for certain grants that were not collected within sixty days after year-end in the amount of \$1,929,572.
- A restatement of the Governmental Activities net assets for bond premium liabilities in the amount of \$592,052 and bond issue cost assets in the amount of \$236,192 that were not capitalized and amortized in the government-wide statements, under accrual accounting, relating to the March 1, 2006 general obligation refunding bonds.

A restatement of the Governmental Activities net assets, General Fund balance, and Nonmajor fund balance (PPEL) for \$409,661, \$283,430, and \$126,231 respectively for accounts receivable and revenue not recorded in relation to expenditures incurred for the Title 1 grant and the Iowa Demonstration Construction Grant.

Context: Pervasive to accounts receivables, deferred revenue, revenue and bond premiums and issues costs.

Effect: Misstatements of accounts receivables, deferred revenue, revenue and bond premiums and issues costs occurred relating to the fiscal year ending June 30, 2008.

Cause: The appropriate guidance was not followed or understood for recording of these transactions.

(Continued)

Cedar Rapids Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009**

Recommendation: We recommend these transactions be recorded in accordance with the appropriate accounting guidance.

Response and Corrective Action Plan: We agree with the recommendation and have restated the items noted.

B. Compliance findings.

None

III. Findings and Questioned Costs for Federal Awards.

C. Significant Deficiencies in Administering Federal Awards

09-III-A

**U.S. Department of Agriculture
Passed through Iowa Department of Education
School Nutrition Cluster Programs
National School Breakfast Program (CFDA10.553)
National School Lunch Program USDA Commodities (10.555)
National School Lunch Program (CFDA 10.555)
Federal Award Year: 2008/2009**

**U.S. Department of Homeland Security
Passed through Iowa Department of Homeland Security
Disaster Grants – Public Assistance (CFDA 97.036)
Federal Award Year 2008/2009**

Finding: The District does not have an adequate system in place to ensure that procurement contracts entered into with vendors are not suspended or debarred parties by the federal government.

Criteria: Under OMB A-133 Circular guidelines, entities are to perform a verification check for covered transactions under A-102 Common rule to ensure parties they are contracting with are not suspended or debarred by the federal government.

Condition: The District is required to ensure vendors with procurement contracts exceeding \$25,000 are not suspended or debarred.

Context: The District had entered into several procurement contracts with vendors that exceeded \$25,000 during fiscal year 2009 in regards to the Nutrition and FEMA programs.

Effect: The District could have entered in contracts with suspended or debarred parties.

Cause: The District has not implemented a system to ensure contracts entered into with vendors exceeding \$25,000 are not a suspended or debarred party.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

Recommendation: We recommend the District have a system in place to verify that all vendors with which the District will be signing contracts to pay the vendors with money which will be reimbursed with a federal grant are not suspended or debarred by the federal government. Verification checks may be performed by collecting a certification from the entity, adding a clause or condition to the covered transaction with the entity or checking the Excluded Parties List System at <http://epls.arnet.gov>. Documentation should be maintained in the file by the District when verification has taken place.

Response and Corrective Action Plan: The District will develop a system to ensure that vendors that are suspended or debarred are not granted contracts with the District.

D. Instances of Noncompliance

09-III-B

**U.S. Department of Agriculture
Passed through Iowa Department of Education
School Nutrition Cluster Programs
National School Breakfast Program (CFDA10.553)
National School Lunch Program USDA Commodities (10.555)
National School Lunch Program (CFDA 10.555)
Federal Award Year: 2008/2009**

**U.S. Department of Homeland Security
Passed through Iowa Department of Homeland Security
Disaster Grants – Public Assistance (CFDA 97.036)
Federal Award Year 2008/2009**

Finding: The District has not taken a physical inventory of equipment acquired with the School Nutrition Cluster programs and Disaster Grants – Public Assistance federal awards in the last two years as required.

Criteria: OMB Circular A-133 dictates that physical inventory of equipment acquired under federal awards be taken at least once every two years.

Condition: The District is required to take a physical inventory of equipment acquired under federal award at least once every two years.

Questioned Costs: None

Context: Pervasive to all equipment purchased under these federal programs.

Effect: The District's records of equipment acquired with the School Nutrition Cluster programs and Disaster Grants – Public Assistance with federal awards may not be accurate.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

Cause: The District has not taken a physical inventory of equipment acquired with the School Nutrition Cluster Program and Disaster Grants –Public assistance federal awards at least once every two years.

Recommendation: We recommend the District take a physical inventory of equipment acquired under federal awards at least once every two years.

Response and Corrective Action Plan: A schedule will be developed to ensure a physical inventory of all equipment purchased with federal money is taken at least bi-annually.

09-III-C

U.S. Department of Homeland Security Passed through Iowa Department of Homeland Security Disaster Grants – Public Assistance (CFDA 97.036) Federal Award Year 2008/2009

Finding: The Board of Directors did not approve bids to a vendor used to purchase items for the Disaster Grants – Public Assistance program.

Criteria: The District's policy states that all bids over \$25,000 must be approved by the Board of Directors. In addition, all non-Federal entities shall follow Federal laws and implementing regulations applicable to procurements, as noted in Federal agency implementation of the A-102 Common Rule and OMB Circular A-110.

Condition: All bids over \$25,000 were not approved by the Board of Directors due to the urgency of hiring vendors with the flooding that occurred in the summer of 2008.

Questioned Costs: None

Context: One out of two contracts over \$25,000 tested for the Disaster Grants – Public Assistance Program.

Effect: The District may be purchasing items from vendors that were not approved by the Board of Directors as lowest responsible bidders.

Cause: All bids over \$25,000 were not approved by the Board of Directors.

Recommendation: We recommend the District obtain Board of Directors approval for all bids over \$25,000 according to the District's policy.

Response and Corrective Action Plan: As a result of the flood of 2008, the District received approval from Grant Wood AEA according to guidelines within the Iowa Code to forego public bidding requirements due to the flood emergency. However, the District acknowledges the importance of following Board policy for all bids over \$25,000 and will follow the auditor's recommendation.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

IV. Other Findings Related to Required Statutory Reporting

09-IV-A Certified Budget and General Fund Spending Authority

Finding: Expenditures for the year ended June 30, 2009 exceeded the final amended certified budget amounts in the other expenditures function by \$766,044.

Recommendation: The certified budget should be amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures are allowed to exceed the budget.

Response and Corrective Action Plan: The District will ensure that expenditures do not exceed the final amended budget for each functional area.

Conclusion: Response accepted.

09-IV-B Questionable Expenditures

No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 15, 1979, were noted.

09-IV-C Travel Expenses

No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

09-IV-D Business Transactions

No material business transactions between the District and District officials or employees were noted.

09-IV-E 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 the coverage is adequate for current operations.

09-IV-F Board Minutes

Finding: The schedule of bills allowed (or list of claims) for August 2008 expenses and November 2008 expenses were published before they were approved by the board. The August 2008 claims were published 9/29/08 and approved 10/13/08. The November 2008 claims were published 12/29/08 and were approved 1/12/09.

Recommendation: Schedule of bills allowed should be published within two weeks of the board meeting at which it was approved. The District should publish the list of claims after they have been approved by the board.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

Response and Corrective Action Plan: The District will ensure the list of claims has been approved prior to publishing in the newspaper.

Conclusion: Response accepted.

09-IV-G Certified Enrollment - No material variances in the basic enrollment data certified to the Department of Education was noted. However, the following was noted:

Finding 1: The District submitted the certified enrollment to the Iowa Department of Education two days past the due date of October 15, 2008.

Recommendation: The District is required to submit the certified enrollment by the due date of October 15th.

Response and Corrective Action Plan: The District will make sure to submit the certified enrollment in a timely fashion in future years.

Conclusion: Response accepted.

Finding 2: The District's supporting documentation did not agree to what was certified to the Iowa Department of Education for certain items tested in relation to tuition out and nonresident open enrolled in students. These variances are noted in table below.

Line No.	Certified Number	District Records
1	16,647.7	16,646.7
3	93	94
5	9.5	9.7

Recommendation: The District should update and maintain proper documentation on file supporting the number of students reported in the certified enrollment. The District should also notify the Iowa Department of Management and Iowa Department of Education as required of the variances.

Response and Corrective Action Plan: The District will make sure to review the certified enrollment student counts and maintain proper documentation for all student count numbers in future years.

Conclusion: Response accepted.

09-IV-H Deposits and Investments

No instances of noncompliance with deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

09-IV-I Certified Annual Report

The Certified Annual Report (CAR) was filed with the Iowa Department of Education timely. As part of the audit, the District recorded adjustments which changed amounts reported on the CAR which was previously submitted. These changes will be reflected in the fiscal year 2009 beginning equity balances.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

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

09-IV-K Deficit Balances

Finding: The Daycare Services and Flood Recovery Funds had deficit balances of \$13,409 and \$4,916,967, respectively, at June 30, 2009.

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

Response and Corrective Action Plan: The District will eliminate the deficit in the Daycare Services Fund in future years. The deficit in the Flood Recovery Fund is expected to continue until all flood activities are completed at which time a transfer will be done from the SILO fund to cover any nonFEMA eligible expenses that were flood related.

Conclusion: Response accepted.

09-IV-L Interfund Transfers

Finding: We noted several transfers between funds that were neither approved by the Board at the time of transfer nor included in the approved budget.

Recommendation: Generally, monies may not be transferred between funds, other than authorized by 298A and 298A.10, unless the purpose of the fund is ended or the transfer is authorized by the state appeal board. All allowable transfers or loans require board action, and some require a vote of the electorate.

Response and Corrective Action Plan: The District will obtain board approval prior to transfers between funds.

Conclusion: Response accepted

Cedar Rapids Community School District

**Corrective Action Plan
Year Ended June 30, 2009**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Significant Deficiencies and Material Weaknesses in Internal Control				
09-II-A	The District has improper segregation of duties over the receipt cycle.	See response and corrective action plan at 09-II-A.	June 2010	Steve Graham
09-II-B	The District has improper segregation of duties over the payroll cycle.	See response and corrective action plan at 09-II-B.	June 2010	Steve Graham
09-II-C	There are not adequate controls in place over access to the check stock and accounting for check sequence.	See response and corrective action plan at 09-II-C.	June 2010	Steve Graham
09-II-D	Several individuals in District's business office have access to enter and post journal entries into the general ledger. The journal entries prepared are not authorized or reviewed by another individual prior to being posted.	See response and corrective action plan at 09-II-D.	June 2010	Steve Graham
09-II-E	There were matters that materially affected the June 30, 2008 financial statements and resulted in restatements to the related June 30, 2008 fund balance/net assets.	See response and corrective action plan at 09-II-E.	June 2010	Steve Graham
Significant Deficiencies in Internal Control Over Administering Federal Awards				
09-III-A	The District does not have an adequate system in place to ensure that procurement contracts entered into with vendors are not suspended or debarred parties by the federal government.	See response and corrective action plan at 09-III-A.	June 2010	Steve Graham
Instances of Noncompliance Over Administering Federal Awards				
09-III-B	The District has not taken a physical of equipment acquired under federal awards in the last two years as required.	See response and corrective action plan at 09-III-B.	June 2010	Steve Graham
09-III-C	The Board of Education did not approve bids to a vendor used to purchase items for the Disaster Grants - Public Assistance program.	See response and corrective action plan at 09-III-C.	June 2010	Steve Graham

(Continued)

Cedar Rapids Community School District

**Corrective Action Plan (Continued)
Year Ended June 30, 2009**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Other Findings Related to Statutory Reporting				
09-IV-A	Expenditures for the year ended June 30, 2009 exceeded the final amended certified budget amounts in the other expenditures function by \$766,044.	See response and corrective plan at 09-IV-A.	June 2010	Steve Graham
09-IV-F	The schedule of bills allowed (or list of claims) for August 2008 expenses and November 2008 expenses were published before they were approved by the board. The August 2008 claims were published 9/29/08 and approved 10/13/08. The November 2008 claims were published 12/29/08 and were approved 1/12/09.	See response and corrective action plan at 09-IV-F.	June 2010	Steve Graham
09-IV-G	The District submitted the certified enrollment to the Iowa Department Education two days past the due date of October 15, 2008.	See response and corrective action plan at 09-IV-G.	June 2010	Steve Graham
09-IV-G	The District's supporting documentation did not agree to what was certified to the Iowa Department of Education for certain items tested in relation to tuition out and nonresident open enrolled in students.	See response and corrective action plan at 09-IV-G.	June 2010	Steve Graham
09-IV-K	The Daycare Services and Flood Recovery Funds had deficit balances of \$13,409 and \$4,916,967, respectively, at June 30, 2009	See response and corrective action plan at 09-IV-K.	June 2010	Steve Graham
09-IV-L	We noted several transfers between funds that were neither approved by the Board at the time of transfer nor included in the approved budget.	See response and corrective action plan at 09-IV-L.	June 2010	Steve Graham

Cedar Rapids Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009**

Finding	Status	Corrective Action Plan or Other Explanation	
Other Findings Related to Statutory Reporting			
IV-J-08	The Daycare Services and Flood Recovery Funds had deficit balances at June 30, 2008.	Not corrected	See corrective action plan at 09-IV-K.

McGladrey & Pullen

Certified Public Accountants

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

In connection with our audit of the financial statements of the Cedar Rapids Community School District, Iowa as of and for the year ended June 30, 2009, we identified deficiencies in internal control over financial reporting (control deficiencies).

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 financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to authorize, initiate, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America 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.

A material weakness is a significant deficiency, or a 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.

We have separately communicated, to you and the Board of Education, identified deficiencies that we determined to be significant deficiencies or material weaknesses.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Financial reporting: During the audit, we identified certain transactions that were not recorded appropriately in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements. We recommend the District implement procedures to ensure all transactions are properly accounted for and recorded in the District's financial statements.

Reimbursement Requests and Receipts for Grants: We noted during testing of the Schedule of Expenditure of Federal Awards that there are instances of cash receipts related to grants that do not always agree to the reimbursement requests. The differences are not always investigated or documented. We recommend the District investigate the reasons why cash received from the granting agency is different from the amount requested or expected to be received.

Employee Reimbursements: During state compliance testing over employee reimbursements, we noted several instances where the District's expense reimbursement policy was not being followed. We noted four instances where the District reimbursed an employees' meal expense that was higher than the allowable amount. In addition, we noted one instance where an employee did not attach a receipt for a taxi charge over the \$15 minimum amount for a receipt to be attached. We also noted seven instances where employees' were not paid the IRS mileage reimbursement rate in effect. The employees were paid \$0.505 (an old mileage rate) rather than the current mileage rate of \$0.585 at the time of the expenditure. We recommend the District review the policies currently in place for employee reimbursement type expenses and ensure controls are designed effectively to follow those policies.

Capital Contributions: The District does not have an adequate process in place for communicating and recording of capital assets contributed. We recommend the District maintain adequate supporting documentation on the proper value of any assets donated, who the assets are donated from, and the date they were donated to ensure appropriate amounts are recorded on the District's general ledger.

Student Activity Accounts: Based on testing and inquires performed at the various middle schools and high schools (excludes elementary schools), we noted the following conditions and provide the following recommendations:

- Certain immaterial invoices paid subsequent to year-end, which totaled approximately \$8,567 should have been included on the "AP Outstanding Obligations" worksheet and accrued back to fiscal year 2009 but were not. We recommend the District revisit with the schools regarding amounts that should be accrued back to a prior period.
- A General Remittance form signed by a teacher for year book sales totaling \$1,483.50 and deposited did not agree to the detailed receipts, totaling \$1,518 that was turned into the Secretary. In addition, there were 3 year-books taken from the Principal by this same teacher with no supporting documentation of receipts or money paid. We recommend all money collected per student receipts matches the amount per General Remittance Form and be reconciled by the Secretary. In addition, year-books taken from the Principal counts should be accounted for.
- Through inquiry with some of the secretaries, they were not always clear when they were receiving money for a grant versus a donation. Grants are to be remitted to the District business office. We recommend that the bookkeeper be reminded about the differences between grants and donations to make sure any true grants do get processed through the District business office.
- We noted student stores is operated by students and there is no teacher/adult overseeing the store operations. Students bring in money to the Secretary, who counts and fills out the General Remittance Form. There is no one who verifies that the amount of money submitted by the students was actually the amount collected as a form is not signed by a student. We recommend that there be a teacher in charge of the student store sales overseeing its operations, and for that person to count the money from the store, fill out the General Remittance Form and submit money to the Secretary.
- We judgmentally selected a receipt for \$232 for a Hancher Trip recorded in the bank account and traced this receipt to the General Remittance Form prepared by the teacher. However, there were no student receipts attached to support the monies collected. We recommend that student receipts be issued to students when money is collected and pink copies be submitted to the Secretary with the General Remittance Forms.
- Per review of the June 2009 checking account reconciliation at one of the schools, we noted several outstanding checks dating from April to December 2008 totaling \$1,315.51. When we inquired with the bookkeeper as to why those were still outstanding and if she typically does anything with old outstanding checks, she replied that she typically calls the payees and finds out why checks have not been cashed yet. With the transfer to the new accounting system, she had not had time to do it this year. The transfer to the new accounting system occurred in July 2009. We recommend outstanding checks being followed up on in a more timely manner.

- During analytical review of the activity account balances between fiscal year 2008 and fiscal year 2009 years, we noted many athletic department accounts, specifically 200-241 and 254 that had negative balances. Per the Secretary, this is due to the fact that funds from 239 Gate Receipts and 241 Athletics Misc Income were not allocated to various athletics accounts as needed. We recommend the Athletic Director allocate funds between the appropriate accounts as necessary.
- During analytical review of the activity fund accounts balances between fiscal year 2008 and fiscal year 2009, we noted account 425 Transportation Dr. P. that did not have any disbursements. Through discussion with the Secretary she may have improperly disbursed funds from another accounts instead of acct 425. We recommend the District investigate if that is the case and reinforce with the principal to have a more careful review of disbursements to ensure they come out of the proper accounts.
- During analytical review of the activity fund account balances at a school between fiscal year 2008 and fiscal year 2009 years, we noted accounts 481 through 484 had large disbursements but not as much in receipts. Per discussion with the secretary, receipts were smaller due to students not paying fees on time. We recommend that controls be put in place to ensure students pay more timely.
- There were a few secretaries that when asked if they believed that they were in compliance with the procedures described in the Activity Funds Accounting Manual, the secretaries indicated that they did not have it. We recommend that all bookkeepers be issued the Activity Funds Accounting Manual and that someone at the District make sure they are in compliance with the procedures.
- During a receipt walkthrough test, we selected a 10/01/08 deposit from the October statement for \$5,000 relating to IC High @ Kennedy 10/03/08 game. There were several ticket vendors that had to prepare Report of Ticket Sales for their sales. We noted some reports were not signed by the ticket vendors as they should be. Also noted no sign off by the athletic director on the Kingston Stadium Report of Gate Receipts as believe there should be in order to have proper approval. We recommend that the athletic director require all ticket vendors to sign the Reports of Ticket Sales as well as for the athletic director to sign the Kingston Stadium Report of Gate Receipts to note his approval.

In addition to the control deficiencies noted above, we also offer the following constructive suggestions below to be considered as part of the ongoing process of modifying and improving the District's practices and procedures:

Arbitrage: With the passing of the Tax Reform Act of 1986, the federal government fought to limit the investment income earned on gross proceeds of tax exempt debt. The excess earnings, called arbitrage are the profit made on investments when the yield on these investments is higher than the yield on the debt. The IRS requires a computation be prepared, and at least 90 percent of any rebate owed, to be paid not more than 60 days after each fifth bond year-end. Failure to comply with rebate requirements may subject the debt to loss of tax-exempt status and substantial penalties. There are some exceptions as to whether the tax exempt debt is subject to rebate calculations based on size limitations and timing of when the proceeds of the debt issue is spent for its intended purpose. We recommend the District review each bond document, specifically the Tax Compliance Certificate, to determine whether the District is subject to arbitrage rebate requirements for the applicable bond issue or whether the District meets any of the exceptions identified in the bond document. If subject to rebate calculations, we recommend the District have a calculation performed by an arbitrage rebate specialist to determine if a liability is owed to the Internal Revenue Service (IRS) to ensure payment is made to the IRS within the required time frame.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
January 20, 2010