

# **Cedar Rapids Community School District**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

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## Contents

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### Introductory Section

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Table of contents	i - ii
Transmittal letter	iii - xvii
GFOA certificate of achievement	xviii
ASBO certificate of excellence	xix
Leadership team	xx
Board of education and district officials	xxi

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### Financial Section

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Independent auditor's report	1 – 2
Management's discussion and analysis (MD&A)	3 – 22
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	23
Statement of activities	24 – 25
Governmental fund financial statements:	
Balance sheet	26 – 27
Reconciliation of total governmental fund balances to net assets of governmental activities	28
Statement of revenues, expenditures and changes in fund balances	29 – 30
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	31
Proprietary fund financial statements:	
Statement of net assets	32
Statement of revenues, expenses and changes in net assets	33
Statement of cash flows	34
Agency fund financial statements:	
Statement of fiduciary assets and liabilities	35
Notes to basic financial statements	36 – 51
Required supplementary information:	
Budgetary comparison schedule	52 – 53
Note to required supplementary information	54
Postemployment Benefit Plan - MIIP	55
Other supplementary information:	
Statement of revenues, expenditures and changes in fund balance, General Fund	56 – 59
Nonmajor governmental funds:	
Combining balance sheet	60 – 61
Combining statement of revenues, expenditures and changes in fund balances	62 – 63
Statement of changes in fiduciary assets and liabilities – agency fund	64

## Contents

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<b>Statistical Section (unaudited)</b>	
Statistical section contents	65
Net assets by component	66
Expenses, program revenues and net (expense)/revenue	67 – 68
General revenues and total change in net assets	69
Fund balances, governmental funds	70
Governmental funds revenues	71
Governmental funds expenditures and debt service ratio	72
Other financing sources and uses and net change in fund balances – governmental funds	73
Assessed value and taxable value of property	74 – 75
Direct and overlapping property tax rates	76
Principal property taxpayers	77
Property tax levies and collections	78
Total outstanding debt by type	79
Direct and overlapping governmental activities debt	80
Legal debt margin information	81
Demographic and economic statistics	82
Principal employers	83
Full-time equivalent district employees by type	84
Operating statistics	85
School building information	86 – 91

---

<b>Compliance Section</b>	
Schedule of expenditures of federal awards	92 – 93
Notes to schedule of expenditures of federal awards	94
Summary schedule of prior audit findings	95 – 96
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	97 – 98
Independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133	99 – 100
Schedule of findings and questioned costs	101 – 117
Corrective action plan	118 – 119

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December 17, 2010

To the Board of Education:

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, 2010. 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, 2010, marks the ninth 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 fifth 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, 2010, marks the third year in which our report includes all required revisions to conform to the new standards promulgated under GASB-45.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **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 Education who serve four-year terms governs the Cedar Rapids Community School District. The Board of Education 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 an October 2010 "certified" enrollment of 16,806 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 the District's Five Seasons Learning Centers program. The District is supported financially by state aid, property taxes, income surtaxes, local, 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 and according to information from Woods and Poole, 259,620 residents live in the Cedar Rapids metropolitan area. The Cedar Rapids metro area population has seen an increase of 9% 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 \$31,034,501 in 2008 to \$29,770,945 in 2009. Permits for 323 new single-family dwellings were issued in Cedar Rapids in 2009 compared to 297 permits issued the previous year. New multi-family housing starts in the City of Cedar Rapids saw excellent gains from \$9,749,758 (41 permits) in 2008 to \$28,959,453 (73 permits) in 2009.

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 \$277.1 million in 2008 to \$185.9 million in 2009.

Retail sales in the Cedar Rapids metropolitan area reached an all time high in 2009. Retail sales were \$3.49 billion in 2009 up from \$3.11 billion in 2008. The three largest sectors of retail sales (excluding Miscellaneous sales) in the Cedar Rapids metropolitan area were Utilities and Transportation at \$569.4 million, General Merchandise at \$489.7 million and Services at \$484.7 million. Discounting the effects of inflation, retail sales have increased by 15% since 2000.

Mean household income, (as measured in 2004 dollars) in the Cedar Rapids metropolitan area declined slightly to \$81,607 in 2009, from \$82,120 in 2008. Income per capita, (also measured in 2004 dollars) shows similar trends declining to \$34,426 in 2009 from \$34,473 the previous year. Total employment in the Cedar Rapids metropolitan area declined from 175,970 in 2008 to 174,510 in 2009. According to information from the Bureau of Labor Statistics, unemployment rates have trended upward over the past three years reflecting a decline in area employment with rates of 4% for 2008, 5.4% in 2009 and 6.3% as of May 2010.

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. Customers routinely use its products to make common household items such as laundry detergents and soft drinks.

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

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 2009-2010**

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 2009-10 school year. It was a year of notable activities accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

**Kennedy Students Discover South Africa:** Four Kennedy High School students traveled to South Africa earlier this summer as part of a Discovery Education trip. The teens were accompanied by Kennedy science teacher Jason Cochrane. Kennedy was selected for the trip through an application process.

The program was a pilot of a developing Discovery Student Adventure trip series and designed to provide a variety of enriching and experiential activities from cultural exchanges to community service to science and exploration to physically engaging adventure activities. All expenses were covered by the program.

**Cedar Rapids Teacher Among State Honorees:** The Iowa Department of Education has named this year's state finalists for the Presidential Awards for Excellence in Mathematics and Science Teaching (PAEMST). Matt Miller, math teacher at Washington High School, was named a finalist in mathematics.

The Iowa finalists' applications have been submitted to the national selection committee and one math and one science awardee may be selected to represent Iowa. Awardees receive \$10,000 and a week-long trip to Washington, DC, where they will be recognized in several ceremonies and have an opportunity to meet President Barack Obama.

**Community Input Process Continues to Guide District Flood Recovery:** The District hosted three public forums between June and October 2009 to gather input for its facilities planning and flood recovery. Modeled after the city's public participation process, the gatherings are designed to be a convenient opportunity for community members to share feedback and comments.

The input helped guide the District in making decisions about the future location of support offices that were damaged in the June 2008 flood. Public feedback ensured that the final plan reflects the identified needs and interests of the entire school community.

**Professional Learning Communities a Growing Culture:** As part of the ongoing focus on continuous improvement, the District has introduced professional learning communities (PLCs) at all schools. The concept creates teams of educators who work collaboratively within a school community to analyze data and strengthen student learning throughout the school community.

"Professional Learning Communities focus on learning, collaboration, and results," explained Becky Martin, Continuous Improvement Facilitator. "PLCs are based on the assumption that the key to improved student learning is continuous, job-embedded learning for teachers.

**Volunteers Inspire Community Spirit:** By imagining our classrooms without volunteers it is easy to acknowledge and appreciate the community spirit that thrives in each of our 33 schools. During the 2008-09 school year 6,972 volunteers contributed 134,587 hours to support instruction.

Parents make up the bulk of the volunteer workforce, with non-parents, high school and college students, senior adults, and business and industry professionals contributing greatly as well. Last year volunteers outnumbered staff at a ratio of more than 2 to 1. This is equivalent to 125 teacher associates, working 6 hours a day!

**Madison Students Sew Pillows as Service Learning Project:** A unique learning activity for special needs students at Madison Elementary School will help to support a local non-profit organization! The 17 young learners – students of David Feldman, Diana Christen, and Jennifer Kelling - ranged in age and learning levels from first to fifth grade. They all share one special skill, however. They can all sew a pillow! They also share the good feeling that comes from helping someone else.

**Jackson School Community Focuses on Team Building:** Jackson staff and students are teaming on three cross-grade level learning activities this school year as part of the Social/Emotional/Behavioral focus. The series of activities are designed to strengthen relationships throughout the school community and to give mentor teachers an additional opportunity to connect with students.

**Board Votes Unanimously To Build New Support Facilities:** The Board of Education has unanimously voted to build new support facilities to replace buildings damaged in the June 2008 flood. The central support campus will be constructed on 7.45 acres of District land at Ellis and Edgewood Roads NW.

The Nov. 9, 2009 decision came at the recommendation of the Superintendent and followed a five-month public input process. “The Board of Education is grateful to the Cedar Rapids community for their input on this complex decision,” said Melissa Kiliper-Ernst, Board President. “The input process gave the board specific data and information to help make the best decision possible. We are now looking forward to a full recovery from the Flood of 2008, while constantly pursuing the best possible education and services for all our students and the Cedar Rapids community.”

**District Students Recognized for AP Success:** More than 300 students from Jefferson, Kennedy, and Washington high schools been named recipients of the prestigious Advanced Placement Scholar Award presented by the College Board. The College Board is a parent organization of the Advanced Placement (AP) Program and the SAT/PSAT Testing Program.

It is a not-for-profit organization made up of more than 4,300 educational organizations. Many students take Advanced Placement courses, which are college level classes. If they score exceptionally well on AP exams, they are named AP Scholars. Both Kennedy and Washington high schools set new records for the number of AP Scholars at their schools last year. Kennedy had 155 students named AP Scholars, and Washington had 145.

**Washington again named among "America's Best High Schools":** For the second consecutive year, Washington High School has been named to U.S. News and World Report's list of “America's Best High Schools.” Washington was one of only three Iowa high schools that met the three criteria required for inclusion on the 2010 list of 561 schools considered to be the top-performing high schools in the nation.

According to U.S. News and World Report, a three-step process determined the best high schools. The first two steps ensured that the schools serve all students well, using state proficiency standards as the benchmarks. For those schools that made it past the first two steps, a third step assessed the degree to which schools prepare students for college-level work.

**Schools Reach Out to Support Haiti:** Kennedy High School moved up the timeline for its annual Kids Against Hunger/ONE campaign in answer to the earthquakes in Haiti. Several other District school communities have also rallied quickly to help support the earthquake victims.

For the past two years the students and staff at Kennedy have raised \$10,000 each year, packaged 40,000 meals annually, and shipped those meals to Haiti. The work has been done with the Kids Against Hunger campaign. Because of the earthquake, the school decided to move up the timeline; the packaging day was set for March 19, 2010.

**District Welcomes Education Forum:** Some 200 people, including teachers, administrators, parents, and community members, gathered at Jefferson High School on March 14, 2010 to hear about the Obama administration's plan for a revised Elementary and Secondary Education Act (ESEA). Arne Duncan, U.S. Secretary of Education, described the new "blueprint" for education reform. The event was hosted by Senator Tom Harkin.

Panelists for the event included District representatives Dr. Dave Benson, Superintendent; Melissa Kiliper-Ernst, Board President, Tammy Wawro, CREA President; and Corbin Beastron, Jefferson High School Senior Class President. During the forum, Secretary Duncan noted the need to ensure students graduate high school with work readiness skills. Senator Tom Harkin agreed, noting, "Our view is that it has to be more rounded than just one test at one time."

**Senator Grassley Visits Roosevelt:** U.S. Senator Charles Grassley recently visited Roosevelt Middle School, meeting with students to discuss the responsibilities of a United States Senator. During the assembly, he also addressed student questions about his own years as a student, his family, traveling, working with other politicians, and the political process itself. Students gave the Senator a tour of the school and documented the visit with numerous photos and video.

**Kennedy Partners with School in China:** Kennedy High School has launched a partnership with a sister school in China. Students and staff from the Ningbo Foreign Affairs School will collaborate with the Kennedy school community in promoting cultural exchange and motivating world language learning. They will share resources and experiences in culture, language, and education.

Administrators, faculty, and students will visit each other's schools every two years. The exchanges will involve involvement with language, culture, government and social organizations. Participants will also learn about music, performing arts, and sports at each school. A web-based exchange platform will also be established with the purpose of exchanging information on school management and teaching resources. Students from Kennedy will first visit Ningbo Foreign Affairs School of China during the summer of 2011.

**Washington and Kennedy Lead AP Index Again:** Washington High School has again been named Iowa's #1 Advance Placement high school according to the University of Iowa's Belin-Blank Center and the 2010 Iowa Advanced Placement (AP) Index. Kennedy High School is again ranked second. The Iowa AP Index is based on 2009 AP exam and graduation data. The Index is a ratio that helps determine the extent of AP course opportunities at each of Iowa's high schools.

## **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

### **City of Cedar Rapids Recovery Progress to Date**

The City of Cedar Rapids has made slow but steady progress in recovering from the 2008 flood. The following is a summary of that progress.

**Demolition Program** – As of June 7, 2010, the City has:

- Demolished 284 severely flood-damaged residential structures
- Of those, 139 residential structures were demolished in 2008 and 2009
- The other 145 residential structures have been demolished in 2010
- More than 500 more severely flood-damaged structures are expected to be demolished in 2010.

**Flood-Related Building Permits Issued** – Between July 1, 2008 and June 2, 2010, the City issued 338 commercial building permits and 2,169 residential building permits in the flood-impacted area.

**Housing Rehabilitation** – As of June 4, 2010, 698 applicants have received \$26,946,684 in funding assistance for repairs on their flood-damaged homes through the Jumpstart Housing program.

**Rental Rehabilitation** – As of June 4, 2010, 151 rental properties have received \$3,988,119 in funding assistance for rehabilitation through the Jumpstart Housing program.

**Business Rehabilitation** – As of June 4, 2010:

- Approximately \$19 million has been provided to 700 businesses through the Jumpstart Business program.
- Over \$5 million has been provided to 375 businesses for Business Rental Assistance
- Over \$4 million has been provided to 51 businesses for the Buy Down of High Steam Bills

**New Housing Construction** – In 2009, 198 single-family houses were built through the two housing programs. As of June 4, 2010, 254 more single-family homes have been approved for construction.

### **Flood Damage to the Cedar Rapids Community School District and Progress to Date**

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.

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 \$44.5 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 which has been named the Educational Leadership and Support Center, (ELSC) will provide space at one location for the flood damaged Educational Service Center, Carpenter/Paint Shop, ESC Annex, and Warehouse facilities. The District's Student Transportation center facilities, originally located at the ELSC site, are also being newly constructed to provide improved operational efficiencies. Construction began in mid July 2010 with an estimated completion date of February 2012.

Since the flood, the District's certified budget enrollment has declined from 17,746 students in the fall of 2007 to 16,806 students in the fall of 2010. 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 Education 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 Education 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. For FY2010 the District did not exceed its certified budget in any one of these respective categories.

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.

In preparing the budget for fiscal year 2011, 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 2012 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 public 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 ratio 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." 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 which both impacted General Fund reserves during FY2010, the solvency ratio for the District decreased at year end to 1.8%, down from 8.2% in the prior year.

In response to this significant reduction in General Fund revenues, the District reduced operating costs within the General fund in both FY2010 and FY2011 and increased local property taxes in FY2011 to begin replenishing depleted cash reserves and restoring the ISCAP solvency ratio to the 8-10% range.

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 30<sup>th</sup> each year in the General Fund. 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. Despite the reduction of cash reserves during FY2010, the District's unspent balance remained stable changing from \$21.8 million on June 30, 2009 to \$21.6 million on June 30, 2010.

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, 2010.

Interest revenue of \$1,102,351 was earned on all investments for the year ending June 30, 2010. This compares to \$1,834,239 the previous fiscal year representing a decrease of \$731,888 or 40% over fiscal year 2009 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 of \$43,599 were down \$273,455 or 86% from the previous year. The reduction in interest revenues between the 2010 and 2009 fiscal years is largely attributed to a decline in fund reserves and a decline in interest rates on invested funds declining from an average of 1.55% in FY2009 to 0.38% in FY2010.

## 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 2009-2010 fiscal year.

- State allowable growth for public schools in fiscal year 2009-2010 was 4.00%. Combined with a decrease in the “budget enrollment” of 244 pupils down to 17,502 the rate of revenue growth or “new money” was 2.57%. This compares to 4.39% growth rate in the prior year.
- The string of strong ending General Fund balances exceeding 7% over the past six fiscal years has changed in FY2010. This change is largely the result of a mid year, 10% across the board reduction in state funding of \$8.4 million. The District’s budget was already set and spending reductions were limited as a result. The impact is clearly evident in the reduction from 9.8% to 3.8% of General Fund ending fund balance as a percentage of fund expenditures.
  - 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
  - FY10: \$6.9 million, or 3.8% of fund expenditures
- In anticipation of a reduction in General Fund reserves, the District increased the cash reserve levy from \$3.56 million in FY2010 to \$9.73 million for FY2011. Use of the cash reserve levy will be carefully considered when planning the FY2012 budget.
- General Fund expenditures, excluding other financing uses, totaled \$179.9 for the fiscal year compared with \$174.8 million in the previous year, representing an increase of \$5.1 million or 2.9% over the prior year.
- General Fund revenues, excluding other financing sources, totaled \$166.4 million for the fiscal year compared with \$168.0 million in the previous year, representing a decrease of \$1.6 million or 0.9% 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 requirements, 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 which include operating revenues, non-operating revenues, transfers in and capital contributions totaled \$7,840,836 compared to \$7,379,376 in the previous year representing an increase of \$461,460 over the fiscal year 2009 amount. Increased program sales as well as increases in collections from the USDA for commodities and fruit and vegetable programs accounted for this increase. Expenses which include operating expenses and transfers out totaled \$7,558,106 compared to \$7,420,246 in the previous year representing an increase of \$137,860 from the fiscal year 2009 amount. Net assets were \$2,194,372 at June 30, 2010 up from \$1,911,642 in the prior fiscal period.

The Food and Nutrition Department was awarded a \$75,600 grant as part of the American Recovery and Reinvestment Act 2009 which provided a one-time appropriation of \$100,000,000 for equipment assistance for school nutrition programs. The new equipment, seven steamers and 2 dishwashers, helped the Food and Nutrition Department achieve nutritional and cleanliness improvements.

The Funds finances continue to be strong. However, due to increased costs for food and labor, the Department increased meal prices in July 2009. Despite a student enrollment decline of 6.5% from fiscal year 2000-2001 to fiscal year 2009-2010, student meal participation during this same period of time increased 13%. The percent of total population of students participating in the school meal program increased from 66.7% in fiscal year 2009 to 69.5% in fiscal year 2010.

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 which include operating revenues, non-operating revenues, transfers in and capital contributions totaled \$4,037,280 compared to \$3,590,844 in fiscal year 2009. Expenses which include operating expenses and transfers out totaled \$3,900,304 compared to \$3,593,194 in fiscal year 2009. Net assets were \$123,567 at June 30, 2010 compared to -\$13,409 in the prior fiscal period.

The District serves as the fiscal agent for the Rockwell Daycare program which is financially guaranteed by Rockwell Collins Corporation. The Five Seasons Daycare program is the District's self sustaining childcare program.

## **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, 2010, the District has total outstanding debt of \$30,880,000. The District sold \$30,000,000 in local option sales tax (SILO) backed bonds dated July 1, 2010 and payable through January 1, 2030.

## **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, 2009. This was the fifteenth 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 many 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 to McGladrey & Pullen, LLP the District's independent auditor in the preparation of this report.

Finally, sincere appreciation is extended to the Board of Education, 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 Education.

Handwritten signature of Steve Graham in black ink. The signature is stylized and includes the name 'STEVE GRAHAM' written in small capital letters below the main signature.

Steve Graham  
Executive Director of Business  
Services, Board Treasurer

Handwritten signature of Dr. David Benson in black ink. The signature is written in a cursive style.

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, 2009

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



President



Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

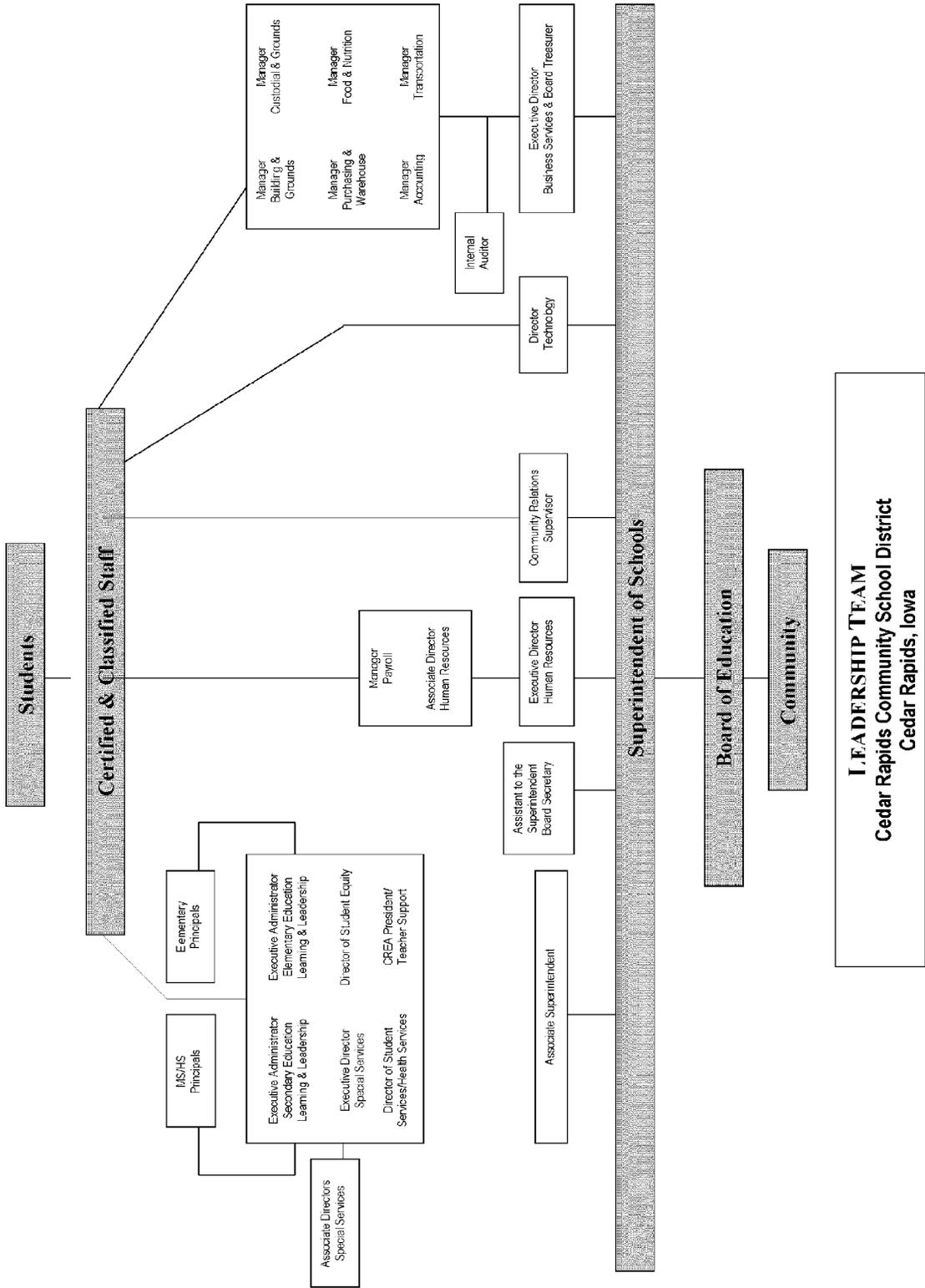
**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2009

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

President

Executive Director



**Cedar Rapids Community School District**

**Board of Education and District Officials  
Year Ended June 30, 2010**

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
<b>Board of Education</b> (Before September 2009 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 Lavery	Director	2011
Lisa Kuzela	Director	2009
<b>Board of Education</b> (After September 2009 election)		
John Lavery	President	2011
Mary Meisterling	Vice-President	2011
Ann Rosenthal	Director	2011
Gary Anhalt	Director	2012
Nancy Humbles	Director	2012
Keith J. Westercamp	Director	2013
Melissa Kiliper-Ernst	Director	2011
<b>District Officials</b>		
Dr. David Benson	Superintendent	
Laurel Day	Board Secretary	
Steve Graham	Board Treasurer	





## Independent Auditor's Report

To the Board of Education  
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, Cedar Rapids, Iowa as of and for the year ended June 30, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 22, budgetary comparison information on pages 52 through 54 and schedule of funding progress on page 55 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 thereon.

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  
December 16, 2010

## **Cedar Rapids Community School District**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010**

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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, 2010. 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 \$353.7 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 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: property tax relief, technology for classrooms and District infrastructure needs.

**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 years 2009 and 2010. In total, \$40 million will be used for this purpose through June 30, 2018.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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#### 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

#### District Infrastructure Needs

Total estimated investment in District Infrastructure is \$174.2 million through June 30, 2018. To date SILO funds have been used to provide plumbing, wiring, lighting and other facility upgrades at Kingston Stadium. A new energy efficient geothermal Heating and Air Conditioning system has been completed at Kennedy High School. Future projects include:

- Energy efficient geothermal HVAC systems at 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.
- Supplement FEMA and State Public Assistance funding to finance District flood recovery efforts.
- Provide improved safety and ADA compliance in District facilities.

#### Other Financial Highlights

- **The Flood of 2008:** On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. An estimated 1,800 District students were displaced as a result of the flood event. The Cedar Rapids Community School District's damages to District owned property and contents at the time of this publication are estimated at \$33.5 million which includes damage to 8 locations. For additional information on the Flood of 2008, please see the **Transmittal Letter** and/or **Factors Bearing on the District's Future** at the end of this Management Discussion and Analysis.
- For FY2011, 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 and is the second lowest in 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. FY07: \$14.90, (per thousand of taxable valuation), FY08: \$14.37, FY09: \$13.78, FY10: \$13.92. For fiscal year 2011 the District levy rate was increased to \$15.17 in large part to rebuild cash reserves that were depleted as a result of a 10% across the board reduction in State Aid funding that was imposed during FY2010. For fiscal years 2008, 2009 and 2010, the District used a total of \$10 million in School Infrastructure Local Option sales tax, (SILO) revenues for property tax relief. For FY2011 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 2010, the District used the school refunding bonds to pay the remaining \$26.3 million in general obligation debt outstanding.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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- The string of strong ending General Fund balances exceeding 7% over the past six fiscal years has changed in FY2010. This change is largely the result of a midyear, 10% across the board reduction in state funding of \$8.4 million. The District's budget was already set and spending reductions were limited as a result. The impact is clearly evident in the reduction from 9.8% to 3.8% of General Fund ending fund balance as a percentage of fund expenditures.
  - 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
  - FY10: \$6.9 million, or 3.8% of fund expenditures

When planning the FY2011 budget, the Board of Education provided support to a balanced set of spending reductions and revenue enhancements in both fiscal years 2009 and 2010 totaling \$9.6 million coupled with an increase of \$6.2 million in the cash reserve levy to improve the General Fund ending fund balance position. General Fund reserves are predicted to improve to 6% by June 30, 2011. General Fund reserves will be carefully monitored when planning the budget for fiscal year 2012.

- General Fund interest revenues totaled \$43,599 for fiscal year 2010 compared to \$317,054 for fiscal year 2009, \$1,089,199 for fiscal year 2008, \$1,270,606 for fiscal year 2007. The reduction in interest revenues is attributed to a decline in average investment rates over the past four years and more recently a significant decline of \$10.2 million in fund balance over the past fiscal year.

#### 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.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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.

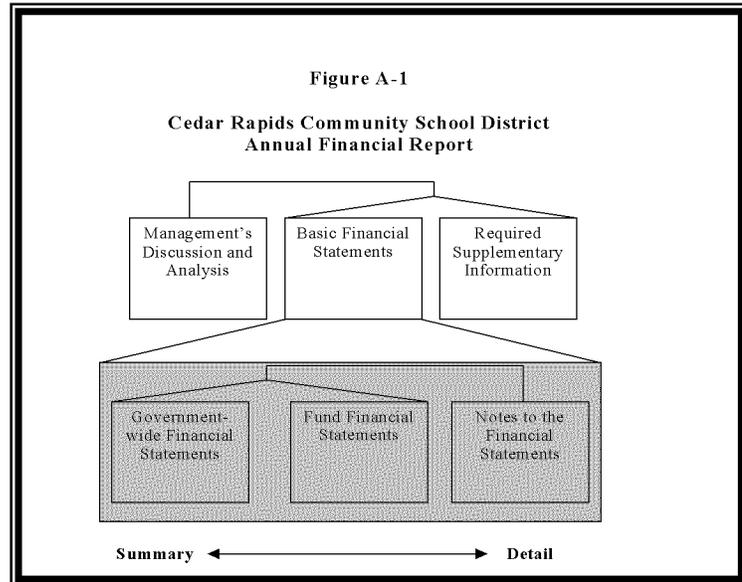


Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or 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

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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#### **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 and day care programs 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.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

- 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 3.5% or \$2.6 million in the District's net assets is evidenced in **Figure A-3**. Combined total assets decreased by 6.9 percent or \$16.5 million. The primary reason for this was the withdrawal in FY2010 of \$24.7 million in US Treasury securities on deposit with an escrow agent (classified as a current asset) used to retire general obligation bond debt.

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

	Governmental		Business-type		Total		Total Percentage Change
	Activities		Activities		School District		
	2009	2010	2009	2010	2009	2010	
Current and other assets	\$158.3	\$132.3	\$1.8	\$2.3	\$160.1	\$134.6	-15.9%
Capital assets	80.2	89.2	0.5	0.5	80.7	89.7	11.2%
<b>Total assets</b>	<b>238.5</b>	<b>221.5</b>	<b>2.3</b>	<b>2.8</b>	<b>240.8</b>	<b>224.3</b>	<b>-6.9%</b>
Current liabilities	124.2	108.4	0.4	0.5	124.6	108.9	-12.6%
Noncurrent Liabilities	41.2	37.9	0.0	0.0	41.2	37.9	-8.0%
<b>Total liabilities</b>	<b>165.4</b>	<b>146.3</b>	<b>0.4</b>	<b>0.5</b>	<b>165.8</b>	<b>146.8</b>	<b>-11.5%</b>
Net assets							
Invested in capital assets net of related debt	53.7	57.8	0.5	0.5	54.2	58.3	7.6%
Restricted	16.7	15.6	0.0	0.0	16.7	15.6	-6.6%
Unrestricted	2.6	1.8	1.4	1.8	4.0	3.6	-10.0%
<b>Total net assets</b>	<b>\$73.0</b>	<b>\$75.2</b>	<b>\$1.9</b>	<b>\$2.3</b>	<b>\$74.9</b>	<b>\$77.5</b>	<b>3.5%</b>

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

Combined total liabilities decreased by 11.5 percent or \$19 million. Payment of \$24.7 million in bond debt classified within the current liabilities category plays the most significant role in the overall reduction of total liabilities.

Net assets increased by 3.5 percent or \$2.6 million as a function of the greater percentage reduction in total liabilities than total assets. Investments in capital assets net of related debt increased 7.6% or \$4.1 million.

Cedar Rapids Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2009	2010	2009	2010	2009	2010	2009-2010
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 11.5	\$ 10.8	\$ 6.9	\$ 7.3	\$ 18.4	\$ 18.1	-1.6%
Operating Grants & Contributions	29.0	42.1	3.9	4.3	32.9	46.4	41.0%
Capital Grants & Contributions	10.6	2.6	0.1	0.2	10.7	2.8	-73.8%
General revenues							
Taxes	83.7	83.6	-	-	83.7	83.6	-0.1%
State formula aid not restricted	73.7	61.6	-	-	73.7	61.6	-16.4%
Other	2.5	3.4	0.1	0.1	2.6	3.5	34.6%
<b>Total revenues</b>	<b>211.0</b>	<b>204.1</b>	<b>11.0</b>	<b>11.9</b>	<b>222.0</b>	<b>216.0</b>	<b>-2.7%</b>
<b>Expenses</b>							
Instruction	\$ 133.4	\$ 134.1	-	-	\$ 133.4	\$ 134.1	0.5%
Pupil & Instructional Services	11.5	12.7	-	-	11.5	12.7	10.4%
Administrative & Business	21.6	21.5	-	-	21.6	21.5	-0.5%
Maintenance & Operations	23.2	18.4	-	-	23.2	18.4	-20.7%
Transportation	4.6	5.5	-	-	4.6	5.5	19.6%
Other	9.8	9.9	10.8	11.2	20.6	21.1	2.4%
<b>Total expenses</b>	<b>204.1</b>	<b>202.1</b>	<b>10.8</b>	<b>11.2</b>	<b>214.9</b>	<b>213.3</b>	<b>-0.7%</b>
<b>Excess (deficiency) before transfers</b>	<b>\$ 6.9</b>	<b>\$ 2.0</b>	<b>\$ 0.2</b>	<b>\$ 0.7</b>	<b>\$ 7.1</b>	<b>\$ 2.7</b>	
Transfers In	0.2	0.2	-	-	0.2	0.2	0.0%
Transfers out	-	-	(0.2)	(0.2)	(0.2)	(0.2)	0.0%
<b>Total transfers</b>	<b>0.2</b>	<b>0.2</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 7.1</b>	<b>\$ 2.2</b>	<b>\$ (0.0)</b>	<b>\$ 0.5</b>	<b>\$ 7.1</b>	<b>\$ 2.7</b>	<b>-62.0%</b>
<b>Net Assets - Beginning</b>	<b>\$ 66.1</b>	<b>\$ 73.1</b>	<b>\$ 1.9</b>	<b>\$ 1.9</b>	<b>\$ 68.0</b>	<b>\$ 75.0</b>	<b>10.3%</b>
<b>Net Assets - Ending</b>	<b>\$ 73.1</b>	<b>\$ 75.2</b>	<b>\$ 1.9</b>	<b>\$ 2.3</b>	<b>\$ 75.0</b>	<b>\$ 77.5</b>	<b>3.3%</b>

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

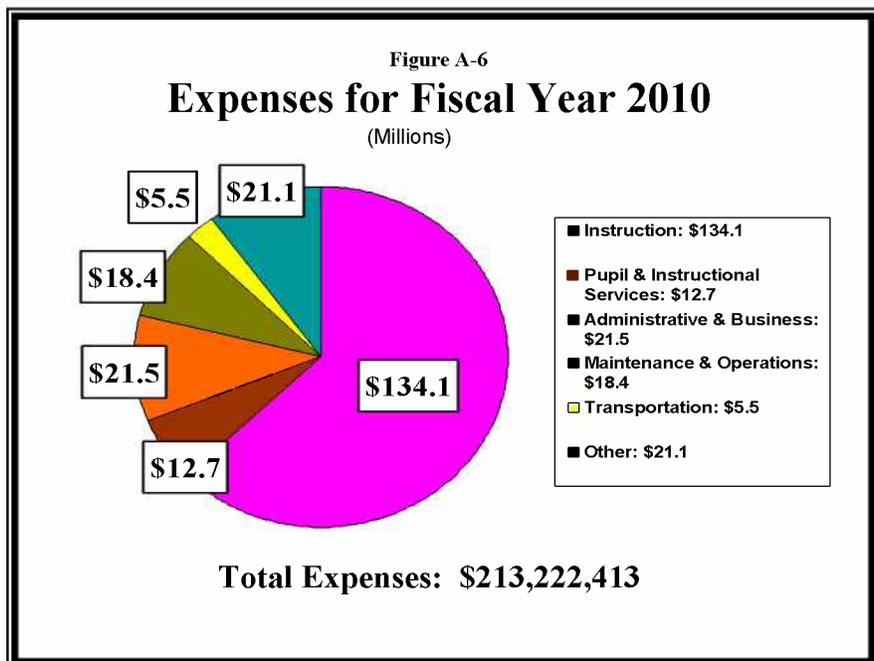
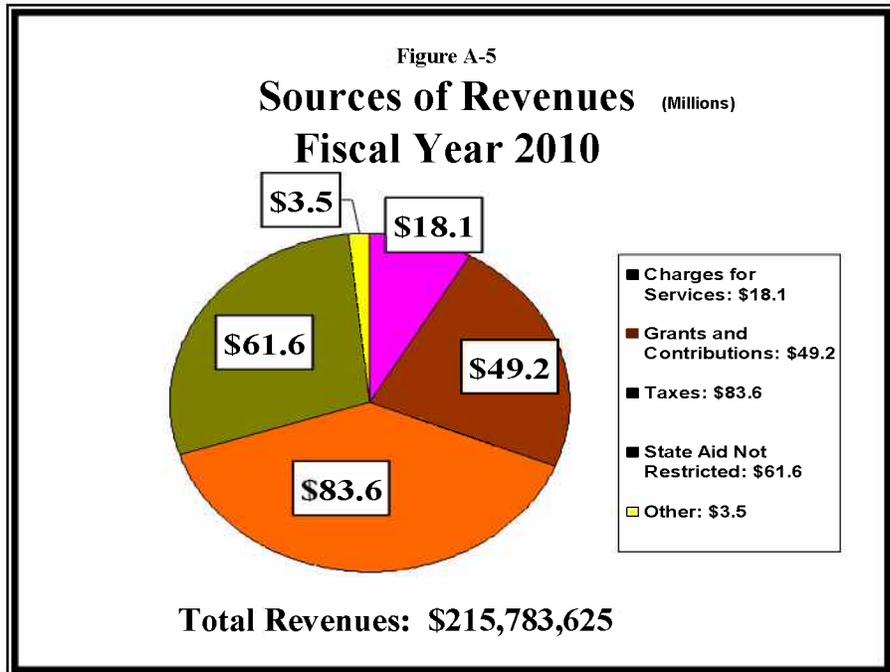
Changes in Net Assets, as shown in **Figure A-4**, show that the District as a whole experienced an increase of \$2.7 million in net assets. This compares to a \$7.1 million increase in net assets in the previous fiscal year. Total Revenues declined by 2.7% over the prior period largely due to a reduction in FEMA revenues related to District flood recovery efforts. Total expenditures decreased by 0.7% over the prior year driven largely by reductions in costs related to special education and operations & maintenance.

**Cedar Rapids Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010**

**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 29%. Grant revenues from Federal, State and local sources, continue to play a very important role in funding District programs, represent 23% of District revenues. Charges for services, largely tuition charges, comprise 8% of District revenues.

**Figure A-6** shows total District expenses. As can be seen, the majority of District resources (69%) 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 \$7.2 million represent state mandated "flow through" funding support to Grant Wood Area Education Agency. Grant Wood AEA is an intermediary educational unit providing instructional support to 33 public school Districts and 35 nonpublic schools in eastern Iowa.



**Cedar Rapids Community School District**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2010**

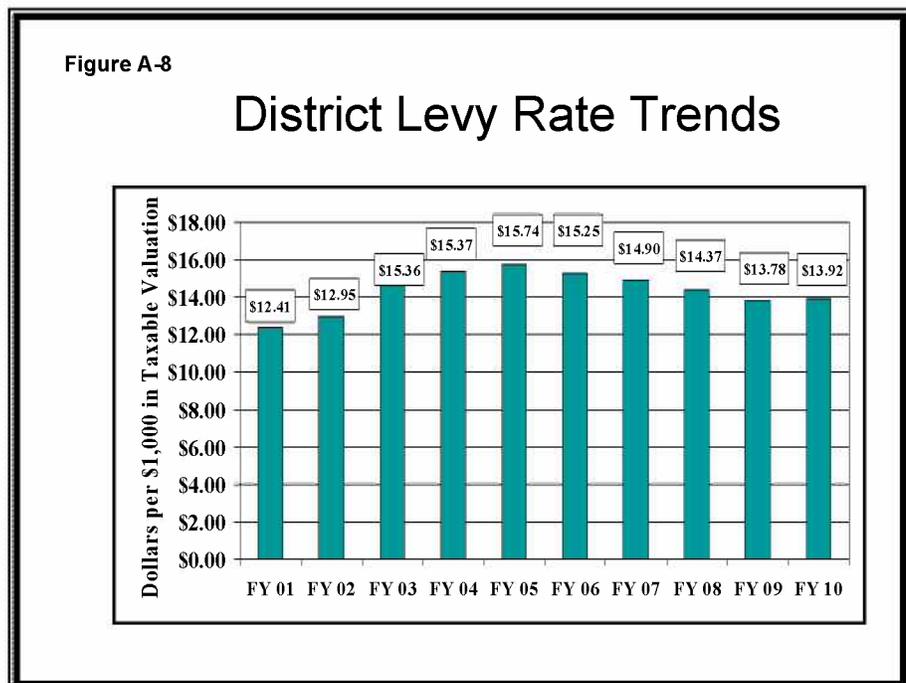
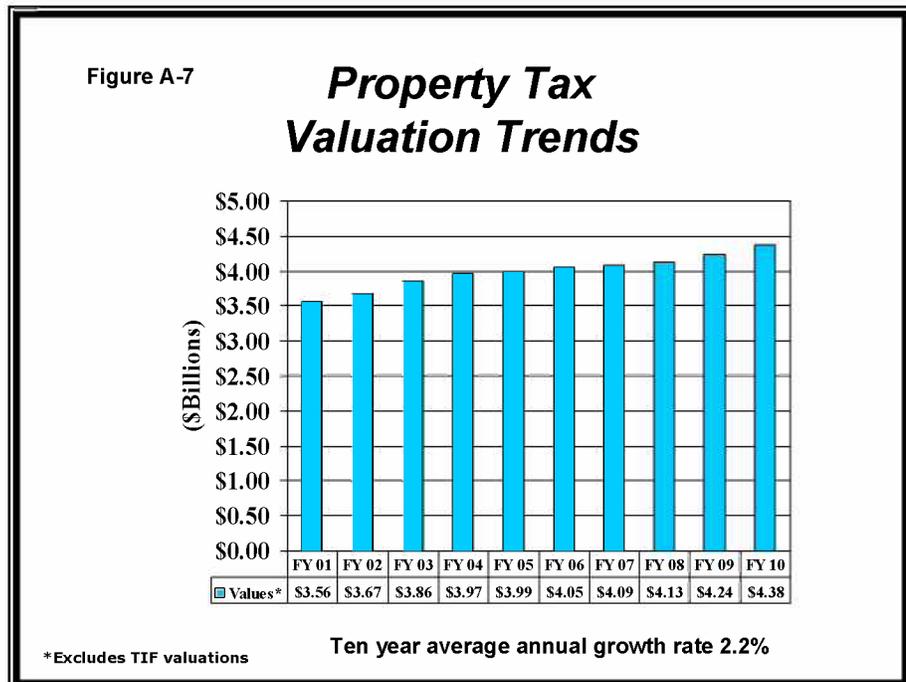
**Governmental Activities**

The impact upon the local economy related to the national recession was evident as the overall unemployment rate increased from 5.4% in 2009 to 6.3% in 2010 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 \$4.24 billion to \$4.38 billion for FY2010. Overall property tax valuation trends over the past ten years show an average annual increase of 2.2% while growth in taxable valuation from the previous year averaged 3%.

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 \$13.92, in FY10. This overall decline 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.



**Cedar Rapids Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010**

**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 \$202.1 million.
- Some of the cost was financed by the users of the District's programs, (\$10.8 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$44.7 million).
- Most of the District's governmental activities costs however, were financed by District and state taxpayers with \$83.6 million in local and state taxes and \$61.6 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
	2009	2010	2009-2010	2009	2010	2009-2010
Instruction	\$ 133.4	\$ 134.1	0.5 %	\$ 96.1	\$ 88.8	-7.6 %
Pupil & Instructional Services	11.5	12.7	10.4	11.5	12.4	7.8
Administrative & Business	21.6	21.5	-0.5	16.2	20.0	23.5
Maintenance & operations	23.2	18.4	-20.7	22.2	17.7	-20.3
Transportation	4.6	5.5	19.6	4.4	5.4	22.7
Other	9.8	9.9	1.0	2.6	2.1	-19.2
<b>Total</b>	<b>204.1</b>	<b>202.1</b>	<b>-1.0 %</b>	<b>\$ 153.0</b>	<b>\$ 146.4</b>	<b>-4.3 %</b>

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

**Business-Type Activities**

- Business revenues rose from \$11.0 million in FY 2009 to \$11.8 million in FY 2010. Charges for services were \$7.3 million with operating grants and contributions, (federal and state subsidies) making up \$4.3 million.
- Business expenses rose from \$10.8 million in FY 2009 to \$11.2 million in FY 2010. 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 2009-10 school year, the percent of students participating in the school lunch program increased from 66.7% to 69.5%.
- A new computerized point of sale and back office meal accounting program was implemented July 2008.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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- On-line meal account access available to parents to check balances, view history and make deposits.
- Meal prices were increased to commensurate with increases in food and labor costs.
- Over the past ten years lunch participation has increased 13% and breakfast participation has increased 41% despite an overall decline in student enrollment of 6.5% over the same time period.

#### 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 \$2.2 million in fiscal year 2010, up from \$1.9 million for fiscal year 2009. This stability reflects sound business practices in aligning meal pricing to reflect all costs of operations. Continued vigilance over the renewal of the program's aging equipment will continue to be an important focus. Currently, the program has equipment valued at \$3.0 million with total accumulated depreciation of \$2.5 million. With 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 2010 net assets were \$123,567 compared to \$(13,409) in fiscal year 2009 and \$(11,059) in fiscal year 2008. Revenues for the Rockwell Day Care program are guaranteed by Rockwell Collins Corporation. The Cedar Rapids Community School District provides employee support staff and accounting services for this program. The Five Seasons Day Care is a self sustaining day care program operated by the Cedar Rapids Community School District.

##### 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 decreased by 0.9%, or \$1.6 million in FY 2010.
- A decrease of 86.2% or \$0.3 million in investment earnings is reflective of a lower fund balance and lower investment earning rates declining from 1.55% in FY2009 to 0.36% in FY2010.

Cedar Rapids Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010

- Student Fees and Activities increased by 34.4% or \$0.2 million over the previous year.

**Figure A-10**

<b>General Fund Revenues by Source</b>	<b>FY 2010</b>		<b>FY 2009</b>		
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Change</b>
<b>Local Sources</b>					
Local Taxes	\$56,714,588	34.1%	\$56,543,763	33.7%	0.3%
Tuition	4,670,374	2.8%	5,107,472	3.0%	-8.6%
Student Fees and Activities	687,584	0.4%	511,419	0.3%	34.4%
Investment Earnings	43,599	0.0%	317,054	0.2%	-86.2%
Other Local Sources	2,027,259	1.2%	2,219,843	1.3%	-8.7%
<b>State Sources</b>					
State Foundation Aid	59,922,492	36.0%	72,563,503	43.2%	-17.4%
Salary Improvement Program	8,506,672	5.1%	7,057,778	4.2%	20.5%
Other State Aid	13,547,177	8.1%	15,860,483	9.4%	-14.6%
<b>Federal Sources</b>					
Title I	5,071,670	3.0%	2,854,156	1.7%	77.7%
Other Federal Aid	15,210,860	9.1%	4,930,323	2.9%	208.5%
<b>Total Revenues</b>	<b>\$166,402,275</b>	<b>100.0%</b>	<b>\$167,965,794</b>	<b>100.0%</b>	<b>-0.9%</b>
Other Financing Sources	<b>3,355,344</b>		<b>2,320,446</b>		<b>44.6%</b>
<b>Grand Total Resources</b>	<b>\$169,757,619</b>		<b>\$170,286,240</b>		<b>-0.3%</b>

- State Foundation Aid declined by \$12.6 million while Other Federal Aid increased by \$10.3 million. This “funding swap” occurred because the State of Iowa used Federal stimulus monies to replace its commitment to Iowa public schools in order to balance the State budget during difficult economic times.
- Title I monies increased significantly as additional “stimulus” Federal Title I monies were received in addition to the basic Title I allocation.
- Other Financing Sources increase of \$1 million reflects a onetime payment of \$0.6 million from the District’s insurer to reimburse embezzled funds.

General Fund expenditures by function for fiscal years 2009 and 2010 are summarized in **Figure A-11**, as follows:

- Total Expenditures, before “Other Financing Uses” increased by 2.9% or \$5.1 million from the previous fiscal year.
- An increase of 2.5% in Instruction and related student support and instructional staff support costs reflects overall compensation increases to teaching staff.

**Cedar Rapids Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010**

- The Student Transportation category increased by 38.9% over the prior year due to increased reliance on District transportation services, significant increases in gasoline expenditures related to both fuel cost hikes and timing of fuel purchases.

**Figure A-11**

General Fund Expenditures by Function	FY 2010		FY 2009		Change
	Amount	Percent	Amount	Percent	
Instruction	\$122,627,664	68.3 %	\$119,582,738	68.4 %	2.5 %
Student Support Services	4,533,998	2.5	4,528,084	2.6	0.1
Instructional Staff Support Services	6,019,617	3.3	5,892,778	3.4	2.2
General Administration	2,563,272	1.4	2,579,043	1.5	-0.6
School Administration	11,482,755	6.4	11,173,937	6.4	2.8
Business Services	5,354,444	3.0	5,580,168	3.2	-4.0
Operations and Maintenance	15,384,252	8.6	15,509,962	8.9	-0.8
Student Transportation	4,676,029	2.6	3,366,487	1.9	38.9
AEA Support - Direct to AEA	7,235,780	4.0	6,606,831	3.8	9.5
<b>Total Expenditures</b>	<b>\$179,877,811</b>	<b>100.0 %</b>	<b>\$174,820,028</b>	<b>100.0 %</b>	<b>2.9 %</b>
Other Financing Uses	26,510		-		100.0
<b>Total Expenditures and Uses</b>	<b>\$179,904,321</b>		<b>\$174,820,028</b>		<b>2.9 %</b>

**Figure A-12** provides a comparison of the original budget, re-estimated budget and actual revenues and expenditures in the General Fund for fiscal year 2010. Actual revenues before Other Financing Sources were less than re-estimated revenues by \$4.6 million or 2.7% while actual expenditures before Other Financing Uses were \$7.1 million or 3.8% less than re-estimated budget expenditures for the period. This is largely due to categorical programs that have not fully expended their appropriations. These unspent appropriations are carried forward into fiscal year 2011.

**Figure A-12  
General Fund Budget and Actual Comparison  
Fiscal Year 2010**

	Budget		Actual
	Original	Re-estimated	
<b>Revenues</b>			
Local Taxes	\$58,054,818	\$57,017,762	\$56,714,588
Tuition	5,823,863	5,121,313	4,670,374
Other local sources	\$2,661,001	\$2,971,208	2,758,442
State sources	101,534,529	82,250,483	81,976,341
Federal sources	8,013,147	23,596,326	20,282,530
<b>Total Revenues</b>	<b>\$176,087,358</b>	<b>\$170,957,092</b>	<b>\$166,402,275</b>
Other Financing Sources	1,856,475	3,251,910	3,355,344
<b>Total Revenues &amp; other sources</b>	<b>\$177,943,833</b>	<b>\$174,209,002</b>	<b>\$169,757,619</b>
<b>Expenditures</b>			
Instruction	\$126,117,793	\$131,931,468	\$122,627,664
Student Support Services	4,915,089	5,121,112	\$4,533,998
Instructional Staff Support Services	5,494,010	5,655,001	\$6,019,617
General Administration	2,762,493	3,342,998	\$2,563,272
School Administration	11,368,862	11,339,634	\$11,482,755
Business Services	5,967,373	5,071,493	\$5,354,444
Operations and maintenance	14,781,450	15,219,573	\$15,384,252
Student transportation	3,270,078	2,049,696	\$4,676,029
Community Services	-	42,123	-
AEA Support - Direct to AEA	7,380,852	7,235,780	\$7,235,780
<b>Total Expenditures</b>	<b>\$182,058,000</b>	<b>\$187,008,878</b>	<b>\$179,877,811</b>
Other Financing Uses	-	-	26,510
<b>Total Expenditures &amp; Sources (Uses)</b>	<b>\$182,058,000</b>	<b>\$187,008,878</b>	<b>\$179,904,321</b>

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

#### 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, the Debt Service Fund and Capital Projects fund are 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 a decrease of \$0.8 million in "Total Revenues" from the prior year (excluding other financing sources) and a revenue decrease of \$1.5 million when all sources are included. The following points highlight the significant changes from the previous year. (All figures compare total revenues including other financing sources.)

**Figure A-13**  
All Other Governmental Funds, (Excluding General Fund)  
Fiscal Year 2010 Revenues

Revenue Source	Major Funds		Other Gov. Funds				Total	% of Total	Dollar Change Previous Yr.
	Debt Service	Capital Projects	Management	PPEL	Activity Fund	Flood Recovery Fund			
Local	\$ 973,717	\$ 18,255,314	\$6,007,968	\$ 4,928,036	\$4,132,690	\$ -	\$34,297,725	82.1 %	\$ 2,420,239
State	-	-	3,597	2,525	-	-	6,122	0.0	(1,225)
Federal	-	-	-	-	-	3,454,209	3,454,209	8.3	(3,210,429)
<b>Total Revenues</b>	<b>\$ 973,717</b>	<b>\$ 18,255,314</b>	<b>\$6,011,565</b>	<b>\$ 4,930,561</b>	<b>\$4,132,690</b>	<b>\$3,454,209</b>	<b>\$37,758,056</b>	<b>90.4</b>	<b>\$ (791,415)</b>
Bond Proceeds	-	-	-	-	-	-	-	0.0	-
Other Financing Sources	3,794,509	-	-	216,233	-	-	4,010,742	9.6	(673,171)
<b>Total Revenue &amp; Other</b>	<b>\$ 4,768,226</b>	<b>\$ 18,255,314</b>	<b>\$6,011,565</b>	<b>\$ 5,146,794</b>	<b>\$4,132,690</b>	<b>\$3,454,209</b>	<b>\$41,768,798</b>	<b>100.0 %</b>	<b>\$ (1,464,586)</b>

- **Debt Service, Management and Activity Funds** revenues are essentially unchanged from the previous year.
- **Capital Projects** revenues were up by \$1.8 million from the previous year reflecting increases in local option sales tax revenues driven by improved retail sales in the Cedar Rapids area.
- **PPEL Fund** revenues were up \$0.5 million from FY2009 driven in large part to a refund of previous years expenditures in the amount of \$0.6 million related to e-rate utility tax reimbursements.
- **Flood Recovery Fund** revenues were down 48% from the previous year which reflects reduced reimbursements for reductions in District flood recovery expenditures from the previous year. The District established the Flood Recovery Fund in FY2008 to account for revenues related to flood recovery efforts. The District's flood recovery efforts are estimated to be completed in the spring of 2012.

**Cedar Rapids Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010**

**Summary of Expenditures**

In the "All Other Governmental Funds" group, as depicted in **Figure A-14**, the District experienced an increase of \$10.8 million in Total Expenditures including Other Financing Uses from the previous fiscal year. The following points highlight the significant changes from the previous year. (All figures compare total expenditures including other financing uses.)

- **Debt Service Fund** expenditures of \$29.4 million represent an increase of \$17.3 million over the previous year. This was primarily due to the recognition of expenditures related to final payment of the remaining \$26.3 million in bonded indebtedness through the use of school refunding bonds held in escrow.
- **Capital Projects Fund** expenditures in this fund made possible with local option sales tax (SILO) funds, increased \$3.2 million from the previous year as the District's program of energy savings improvements to secondary buildings hits full swing.

**Figure A-14**

**All Other Governmental Funds, (Excluding General Fund)  
Fiscal Year 2010 Expenditures**

Expenditure Function	Major Funds			Other Gov. Funds			Flood Recovery Fund	Total	% of Total	Dollar Change Previous Yr.
	Debt Service	Capital Projects	Manage- ment	PPEL	Activity Fund					
Regular instruction	\$ -	\$ -	\$ 2,646,461	\$ -	\$ -	\$ -	\$ 227,606	\$ 2,874,067	4.4%	\$ 149,216
Special Instruction	-	-	-	-	-	-	-	-	0.0%	-
Other instruction	-	-	-	-	4,276,983	-	1,770	4,278,753	6.5%	15,244
Student support services	-	-	7,789	-	-	-	-	7,789	0.0%	2,917
Instructional staff services	-	1,945,379	83,486	111,040	-	-	-	2,139,905	3.3%	1,154,420
General administration services	-	-	161,622	-	-	-	1,229	162,851	0.2%	25,906
School administration services	-	-	587,027	-	-	-	-	587,027	0.9%	(88,972)
Business services	-	80,716	147,767	1,358	-	-	322	230,163	0.4%	21,038
Operations and maintenance	-	5,563	1,476,156	344,808	-	-	809,844	2,636,371	4.0%	(4,403,948)
Student transportation	-	-	314,725	64,710	-	-	-	379,435	0.6%	(1,410,379)
Food Service	-	-	201,939	-	-	-	-	201,939	0.3%	27,304
Community services	-	-	17,196	-	-	-	-	17,196	0.0%	8,469
Facilities/acquisition	-	11,599,220	-	2,777,476	-	-	1,486,825	15,863,521	24.3%	(1,756,247)
Debt Service Principal	26,805,000	-	-	-	-	-	-	26,805,000	41.0%	17,755,000
Debt Service Interest	2,619,410	-	-	-	-	-	-	2,619,410	4.0%	(425,058)
<b>Total Expenditures</b>	<b>\$29,424,410</b>	<b>\$13,630,878</b>	<b>\$ 5,644,168</b>	<b>\$ 3,299,392</b>	<b>\$ 4,276,983</b>	<b>\$ 2,527,596</b>	<b>\$58,803,427</b>	<b>\$58,803,427</b>	<b>100.0%</b>	<b>\$ 11,074,910</b>
Other Financing Uses	-	4,638,066	68,280	1,696,567	-	-	146,711	6,549,624	10.0%	(260,868)
<b>Total Expenditures &amp; Other</b>	<b>\$29,424,410</b>	<b>\$18,268,944</b>	<b>\$ 5,712,448</b>	<b>\$ 4,995,959</b>	<b>\$ 4,276,983</b>	<b>\$ 2,674,307</b>	<b>\$65,353,051</b>	<b>\$65,353,051</b>	<b>100.0%</b>	<b>\$ 10,814,042</b>

- **Physical Plant and Equipment Levy (PEL) Fund** expenditures of \$5 million represent a decrease of \$1.7 million from the previous year. This was largely due to the timing of billing and payment for District school vehicles. Transportation vehicle expenditures were \$1.5 million in FY2009 compared to \$0.6 million in FY2010. The District should average \$0.8 million annually in this category.
- **Flood Recovery Fund** expenditures of \$2.7 million represent a decrease of \$8.1 million from the previous year. Lower expenditures reflect the District's flood recovery strategy which calls for lower expenditures in FY2010 but significant increases for both FY2011 and FY2012 when flood recovery efforts will be complete.

**Cedar Rapids Community School District**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010**

**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**

<b>Fund Balances</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
General Fund	\$ 6,960,785	\$ 17,107,487	\$(10,146,702)	-59.3%
Special Revenue Funds*	4,362,736	3,277,175	1,085,561	33.1%
Capital Projects Fund	10,941,527	10,955,157	(13,630)	-0.1%
Debt Service Fund	113,436	24,769,620	(24,656,184)	-99.5%
<b>Total</b>	<b>\$ 22,378,484</b>	<b>\$ 56,109,439</b>	<b>\$(33,730,955)</b>	<b>-60.1%</b>

<b>*Special Revenue Funds</b>				
<i>Activity</i>	\$ 740,681	\$ 884,974	\$ (144,293)	-16.3%
<i>Management</i>	3,370,616	3,071,499	299,117	9.7%
<i>PPEL</i>	3,718,736	3,567,901	150,835	4.2%
<i>Flood Recovery</i>	(3,467,297)	(4,247,199)	779,902	-18.4%
<b>Total</b>	<b>\$ 4,362,736</b>	<b>\$ 3,277,175</b>	<b>\$ 1,085,561</b>	<b>33.1%</b>

The **General Fund** balance experienced a decrease of \$10.2 million or 59.3% from the previous fiscal year. This is largely a result of the midyear, 10% across the board reduction in state funding of \$8.4 million. The District's budget was already set and spending reductions were limited as a result. The impact is clearly evident in the reduction from 9.8% to 3.8% of General Fund ending fund balance as a percentage of fund expenditures.

The **Special Revenue Funds**, (Activity, Management, PPEL and Flood Recovery funds combined) experienced an increase of \$1.1 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, 2010, \$3.1 million has been borrowed from the Capital Projects Fund to sustain expenditures in the Recovery Fund while the District waits for FEMA and State reimbursements. A decrease in fund balance in the **Activity fund** is the result of an overall decline in co-curricular fees collected of 3% from the prior year with co-curricular expenditures remaining steady.

The fund balance in the **Debt Service Fund** dropped significantly from \$24.8 million to \$0.1 million. As stated previously, this was primarily due to the recognition of expenditures related to final payment of the remaining \$26.3 million in bonded indebtedness through the use of school refunding bonds held in escrow.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

#### Capital Asset and Debt Administration

##### Capital Assets

As indicated in **Figure A-16**, by the end of 2010, the District had invested, net of depreciation, \$89.7 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 11.4% 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
	2009	2010	2009	2010	2009	2010	2009-2010
Land	\$ 8.6	\$ 9.7	\$ -	\$ -	\$ 8.6	\$ 9.7	12.8%
Construction in progress	15.2	21.7	-	-	15.2	21.7	42.8%
Buildings	50.5	52.2	-	-	50.5	52.2	3.4%
Equipment	2.8	3.2	0.5	0.5	3.3	3.7	12.1%
Vehicles	2.9	2.4	-	-	2.9	2.4	-17.2%
	<b>\$ 80.0</b>	<b>\$ 89.2</b>	<b>\$ 0.5</b>	<b>\$ 0.5</b>	<b>\$ 80.5</b>	<b>\$ 89.7</b>	<b>11.4%</b>

Note: totals may not add due to rounding.

Since fiscal year 2002 the District has added \$63.6 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 December 12, 2000 and SILO revenues that the District began receiving at the beginning of fiscal year 2008.

Excluding depreciation, the District has \$151.3 million in capital assets. Governmental funds account for \$148.3 million, with the remainder, \$3.0 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 \$31.3 million in long debt outstanding compared to \$58.2 million in the previous fiscal year. This represents a decline of 46.2% that is noted 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 ending on June 1, 2021. Total interest costs were reduced by \$1,712,683. As of June 30, 2010 school refunding bonds represent the District's only long term bond debt obligation.

Cedar Rapids Community School District

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010

**Figure A-17**

**Outstanding Long-Term Bonds Payable (in millions of dollars)**

	Total School District		Total Percentage Change
	<u>2009</u>	<u>2010</u>	<u>2009-2010</u>
General obligation bonds & notes (financed with property taxes)	\$26,300,000	\$0	-100.0%
School refunding bonds	31,385,000	30,880,000	-1.6%
Add Premiums	520,176	448,300	-13.8%
<b>Total</b>	<b>\$58,205,176</b>	<b>\$31,328,300</b>	<b>-46.2%</b>

As of June 30, 2010 the District did not exceed its 5% legal debt margin. The District had \$30.9 million in debt applicable to the 5% statutory limit compared to a debt limit of \$387.6 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 11-14<sup>th</sup> 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. The flood damaged an estimated 5,390 homes 1,133 businesses and 486 non-profit organizations. An estimated 1,800 District students were displaced as a result of the flood event. The Cedar Rapids Community School District's damages to District owned property and contents at the time of this publication are estimated at \$33.5 million which includes damage to 8 locations. A new fund called the Recovery Fund was created in response to this disaster so the District could account for all flood recovery expenditures as well as all revenues from Federal and State sources. The Cedar Rapids Community School District qualifies for Public Assistance benefits under guidelines established by the Federal Emergency Management Agency, FEMA. Due to the magnitude of flood and storm damages in the State of Iowa, FEMA will pay 90% with the State of Iowa paying 10% of all 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 \$353.7 million.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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**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 equated to a cut of \$8.4 million for the District in fiscal year 2010.

The District's General Fund cash reserves were 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. The District implemented a combination of budget reductions that did not involve staff reductions as well as a variety of revenue enhancements that totaled \$3.3 million in fiscal year 2010. When the General Fund budget was planned for fiscal year 2011, a total of \$5.7 million was cut largely involving staff reductions.

The fiscal year 2011 budget plan also included an increase in the cash reserve levy to help replace losses in state aid funding. This was a major contributor to an overall property tax levy increase from \$13.92 per thousand of taxable valuation in fiscal year 2010 to \$15.17 in fiscal year 2011.

**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 years 2009 and 2010 there were no increases 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.

## **Cedar Rapids Community School District**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010**

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**Future Debt Sales:** The District has sold two debt issues in fiscal year 2011 that are noteworthy.

- The District sold \$30,000,000 in local option sales tax (SILO) backed bonds dated July 1, 2010 and payable through January 1, 2030. The District is using these funds to finance flood recovery efforts as well as provide funding for other infrastructure improvements.
- The District sold \$11,842,461 of taxable school infrastructure sales, services and use tax (SILO) revenue bonds to fund a new geothermal HVAC system at Harding Middle School.

Additional debt sales are anticipated over the next several years to be repaid from SILO resources.

#### **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 15<sup>th</sup> Street SW, Cedar Rapids, Iowa 52404.

## **Government-Wide Financial Statements**



**Cedar Rapids Community School District**

**Statement of Net Assets  
June 30, 2010**

<b>Assets</b>	Governmental Activities	Business-Type Activity	Total
Current assets:			
Cash and cash equivalents	\$ 41,627,681	\$ 1,988,656	\$ 43,616,337
Receivables:			
Taxes:			
Current year	1,076,076	-	1,076,076
Succeeding year	73,724,834	-	73,724,834
Other	312,583	766,391	1,078,974
Due from other governments	14,406,093	162,843	14,568,936
Internal balances	773,193	(773,193)	-
Inventories	163,379	136,185	299,564
Prepaid items	39,290	-	39,290
<b>Total current assets</b>	<b>132,123,129</b>	<b>2,280,882</b>	<b>134,404,011</b>
Noncurrent assets:			
Bond issue costs	178,844	-	178,844
Capital assets:			
Land and construction in progress	31,340,818	-	31,340,818
Depreciable assets	116,953,288	3,002,814	119,956,102
Less: accumulated depreciation	(59,122,084)	(2,462,040)	(61,584,124)
Net capital assets	89,172,022	540,774	89,712,796
<b>Total noncurrent assets</b>	<b>89,350,866</b>	<b>540,774</b>	<b>89,891,640</b>
<b>Total assets</b>	<b>221,473,995</b>	<b>2,821,656</b>	<b>224,295,651</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	6,190,145	118,675	6,308,820
Accrued expenses	16,048,374	252,284	16,300,658
Good faith deposit	300,000	-	300,000
Due to other governments	1,716,309	4,941	1,721,250
Accrued interest payable	106,701	-	106,701
Unearned revenue:			
Succeeding year taxes	73,724,834	-	73,724,834
Other	2,945,545	127,817	3,073,362
Current portion of long-term obligations	7,393,820	-	7,393,820
<b>Total current liabilities</b>	<b>108,425,728</b>	<b>503,717</b>	<b>108,929,445</b>
Noncurrent liabilities:			
Pollution remediation liability	64,851	-	64,851
Noncurrent portion of long-term obligations, net of bond premiums	37,791,141	-	37,791,141
<b>Total noncurrent liabilities</b>	<b>37,855,992</b>	<b>-</b>	<b>37,855,992</b>
<b>Total liabilities</b>	<b>146,281,720</b>	<b>503,717</b>	<b>146,785,437</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	57,843,722	540,774	58,384,496
Restricted for:			
Debt service	185,579	-	185,579
Capital projects	10,876,678	-	10,876,678
Property, plant and equipment	3,718,736	-	3,718,736
Student activities	740,681	-	740,681
Unrestricted	1,826,879	1,777,165	3,604,044
<b>Total net assets</b>	<b>\$ 75,192,275</b>	<b>\$ 2,317,939</b>	<b>\$ 77,510,214</b>

See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Activities  
Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
Instruction:				
Regular instruction	\$ 72,402,579	\$ 2,738,975	\$ 21,432,998	\$ 566,519
Special instruction	37,719,118	2,633,050	1,874,931	6,222
Vocational instruction	1,227,137	22,731	289,516	-
Other instruction	22,605,625	4,304,119	11,236,768	-
<b>Total instruction</b>	<b>133,954,459</b>	<b>9,698,875</b>	<b>34,834,213</b>	<b>572,741</b>
Support services:				
Student services	4,538,595	-	-	-
Instructional staff services	8,129,012	279,743	-	-
General administration services	3,538,854	-	-	1,414,457
School administration services	12,328,078	-	-	-
Business services	5,622,533	45,108	-	-
Operations and maintenance	18,398,999	-	-	652,672
Student transportation	5,548,807	192,067	4,188	-
<b>Total support services</b>	<b>58,104,878</b>	<b>516,918</b>	<b>4,188</b>	<b>2,067,129</b>
Noninstructional programs:				
Food services	201,939	-	-	-
Community services	17,196	626,433	-	-
<b>Total noninstructional programs</b>	<b>219,135</b>	<b>626,433</b>	<b>-</b>	<b>-</b>
Interest on long-term debt	2,467,687	-	-	-
Other expenditures, AEA flowthrough	7,235,780	-	7,235,780	-
<b>Total governmental activities</b>	<b>201,981,939</b>	<b>10,842,226</b>	<b>42,074,181</b>	<b>2,639,870</b>
<b>Business-type activities</b>				
Noninstructional programs:				
Daycare services	3,862,538	3,729,707	59,221	175,000
Nutrition services	7,377,936	3,555,839	4,278,906	-
<b>Total business-type activities</b>	<b>11,240,474</b>	<b>7,285,546</b>	<b>4,338,127</b>	<b>175,000</b>
<b>Total school district</b>	<b>\$ 213,222,413</b>	<b>\$ 18,127,772</b>	<b>\$ 46,412,308</b>	<b>\$ 2,814,870</b>

**General revenues:**

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for capital outlay

Local option sales tax

Income surtaxes

Grants not restricted to specific programs

Interest and investment earnings

Miscellaneous

Special item, misappropriated collections

Transfers

**Total general revenues, special item and transfers**

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (47,664,087)	\$ -	\$ (47,664,087)
(33,204,915)	-	(33,204,915)
(914,890)	-	(914,890)
(7,064,738)	-	(7,064,738)
(88,848,630)	-	(88,848,630)
(4,538,595)	-	(4,538,595)
(7,849,269)	-	(7,849,269)
(2,124,397)	-	(2,124,397)
(12,328,078)	-	(12,328,078)
(5,577,425)	-	(5,577,425)
(17,746,327)	-	(17,746,327)
(5,352,552)	-	(5,352,552)
(55,516,643)	-	(55,516,643)
(201,939)	-	(201,939)
609,237	-	609,237
407,298	-	407,298
(2,467,687)	-	(2,467,687)
-	-	-
(146,425,662)	-	(146,425,662)
-	101,390	101,390
-	456,809	456,809
-	558,199	558,199
(146,425,662)	558,199	(145,867,463)
55,473,882	-	55,473,882
4,025,457	-	4,025,457
16,792,473	-	16,792,473
7,286,421	-	7,286,421
61,586,974	-	61,586,974
1,096,081	6,270	1,102,351
1,515,928	57,405	1,573,333
587,784	-	587,784
202,168	(202,168)	-
148,567,168	(138,493)	148,428,675
2,141,506	419,706	2,561,212
73,050,769	1,898,233	74,949,002
\$ 75,192,275	\$ 2,317,939	\$ 77,510,214



## **Fund Financial Statements**





**Cedar Rapids Community School District**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

<b>Assets</b>	General	Debt Service	School Infrastructure Local Option Sales Tax
Cash and cash equivalents	\$ 20,447,135	\$ 113,436	\$ 9,236,919
Receivables:			
Taxes:			
Current year	894,440	-	-
Succeeding year	66,236,928	-	-
Other	236,993	-	74,473
Due from other governments	8,341,951	-	2,945,305
Due from other funds	1,500,074	-	3,138,054
Inventories-supplies and materials	163,379	-	-
Prepaid items	39,290	-	-
<b>Total assets</b>	<b>\$ 97,860,190</b>	<b>\$ 113,436</b>	<b>\$ 15,394,751</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,454,195	\$ -	\$ 3,851,183
Accrued expenditures	16,108,988	-	-
Good faith deposit	-	-	300,000
Due to other governments	1,716,275	-	34
Due to other funds	72,864	-	302,007
Deferred revenue	2,364,610	-	-
Unearned revenue:			
Succeeding year taxes	66,236,928	-	-
Other	2,945,545	-	-
<b>Total liabilities</b>	<b>90,899,405</b>	<b>-</b>	<b>4,453,224</b>
Fund balances:			
Reserved for encumbrances	1,869,209	-	18,137,523
Reserved for inventories	163,379	-	-
Reserved for prepaid items	39,290	-	-
Reserved for categorical programs	3,889,838	-	-
Unreserved, undesignated reported in:			
General fund	999,069	-	-
Special revenue funds	-	-	-
Capital projects fund	-	-	(7,195,996)
Debt service fund	-	113,436	-
<b>Total fund balances</b>	<b>6,960,785</b>	<b>113,436</b>	<b>10,941,527</b>
<b>Total liabilities and fund balances</b>	<b>\$ 97,860,190</b>	<b>\$ 113,436</b>	<b>\$ 15,394,751</b>

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	11,830,191	\$	41,627,681
	181,636		1,076,076
	7,487,906		73,724,834
	1,117		312,583
	3,118,837		14,406,093
	-		4,638,128
	-		163,379
	-		39,290
<u>\$</u>	<u>22,619,687</u>	<u>\$</u>	<u>135,988,064</u>
\$	884,767	\$	6,190,145
	3,298,330		19,407,318
	-		300,000
	-		1,716,309
	3,490,064		3,864,935
	3,095,884		5,460,494
	7,487,906		73,724,834
	-		2,945,545
<u>\$</u>	<u>18,256,951</u>	<u>\$</u>	<u>113,609,580</u>
	2,716,203		22,722,935
	-		163,379
	-		39,290
	-		3,889,838
	-		999,069
	1,646,533		1,646,533
	-		(7,195,996)
	-		113,436
<u>\$</u>	<u>4,362,736</u>	<u>\$</u>	<u>22,378,484</u>
<u>\$</u>	<u>22,619,687</u>	<u>\$</u>	<u>135,988,064</u>

**Cedar Rapids Community School District**

**Reconciliation of Total Governmental Fund Balances to Net Assets of  
Governmental Activities  
June 30, 2010**

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Total governmental fund balances		\$ 22,378,484
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Capital assets	\$ 148,294,106	
Accumulated depreciation	<u>(59,122,084)</u>	89,172,022
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.		
		5,460,494
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	(30,880,000)	
Bond issuance costs	178,844	
Bond premiums	(448,300)	
Accrued interest on long-term debt	(106,701)	
Pollution remediation	(64,851)	
Other postemployment benefits	(1,864,176)	
Compensated absences (vacations)	(1,644,876)	
Early retirement payable	<u>(6,988,665)</u>	<u>(41,818,725)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ 75,192,275</u></u>

See Notes to Basic Financial Statements.



**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2010**

	General	Debt Service	School Infrastructure Local Option Sales Tax
<b>Revenues:</b>			
Local sources:			
Local taxes	\$ 56,714,588	\$ -	\$ 18,134,171
Tuition	4,670,374	-	-
Other local sources	2,758,442	973,717	121,143
State sources	81,976,341	-	-
Federal sources	20,282,530	-	-
<b>Total revenues</b>	<b>166,402,275</b>	<b>973,717</b>	<b>18,255,314</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular instruction	65,454,264	-	-
Special instruction	37,714,357	-	-
Vocational instruction	1,230,077	-	-
Other instruction	18,228,966	-	-
<b>Total instruction</b>	<b>122,627,664</b>	<b>-</b>	<b>-</b>
Support services:			
Student services	4,533,998	-	-
Instruction staff services	6,019,617	-	1,945,379
General administration services	2,563,272	-	-
School administration services	11,482,755	-	-
Business services	5,354,444	-	80,716
Operations and maintenance	15,384,252	-	5,563
Student transportation	4,676,029	-	-
<b>Total support services</b>	<b>50,014,367</b>	<b>-</b>	<b>2,031,658</b>
Noninstructional programs:			
Food service	-	-	-
Community services	-	-	-
<b>Total noninstructional programs</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other expenditures:			
Debt service:			
Principal	-	26,805,000	-
Interest	-	2,619,410	-
Capital outlay, facilities acquisition	-	-	11,599,220
Other support services	7,235,780	-	-
<b>Total other expenditures</b>	<b>7,235,780</b>	<b>29,424,410</b>	<b>11,599,220</b>
<b>Total expenditures</b>	<b>179,877,811</b>	<b>29,424,410</b>	<b>13,630,878</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(13,475,536)</b>	<b>(28,450,693)</b>	<b>4,624,436</b>
Other financing sources (uses):			
Transfers in	2,767,560	3,794,509	-
Transfers out	(26,510)	-	(4,638,066)
<b>Total other financing sources (uses)</b>	<b>2,741,050</b>	<b>3,794,509</b>	<b>(4,638,066)</b>
Special item, misappropriated collections	587,784	-	-
<b>Net change in fund balances</b>	<b>(10,146,702)</b>	<b>(24,656,184)</b>	<b>(13,630)</b>
Fund balances at beginning of year	17,107,487	24,769,620	10,955,157
Fund balances at end of year	<b>\$ 6,960,785</b>	<b>\$ 113,436</b>	<b>\$ 10,941,527</b>

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	10,071,172	\$	84,919,931
	-		4,670,374
	4,997,522		8,850,824
	6,122		81,982,463
	3,454,209		23,736,739
	<u>18,529,025</u>		<u>204,160,331</u>
	2,874,067		68,328,331
	-		37,714,357
	-		1,230,077
	4,278,753		22,507,719
	<u>7,152,820</u>		<u>129,780,484</u>
	7,789		4,541,787
	194,526		8,159,522
	162,851		2,726,123
	587,027		12,069,782
	149,447		5,584,607
	2,630,808		18,020,623
	379,435		5,055,464
	<u>4,111,883</u>		<u>56,157,908</u>
	201,939		201,939
	17,196		17,196
	<u>219,135</u>		<u>219,135</u>
	-		26,805,000
	-		2,619,410
	4,264,301		15,863,521
	-		7,235,780
	<u>4,264,301</u>		<u>52,523,711</u>
	<u>15,748,139</u>		<u>238,681,238</u>
	<u>2,780,886</u>		<u>(34,520,907)</u>
	216,233		6,778,302
	(1,911,558)		(6,576,134)
	<u>(1,695,325)</u>		<u>202,168</u>
	-		587,784
	1,085,561		(33,730,955)
	3,277,175		56,109,439
\$	<u>4,362,736</u>	\$	<u>22,378,484</u>

**Cedar Rapids Community School District**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2010**

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Net change in fund balances, governmental funds \$ (33,730,955)

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	\$ 12,498,802	
Depreciation expense	<u>(3,320,826)</u>	9,177,976

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. (1,726)

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 was less than the prior year amount by \$513,145. Vacation earned was more than the prior year amount by \$316,040. 197,105

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. (826,838)

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		26,805,000
Amortization of premiums and bond issuance costs		43,202

Some amounts 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.

Increase in pollution remediation		(64,849)
Other postemployment benefits		434,070

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.

		108,521
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<b>Change in net assets - governmental activities</b>		<u><u>\$ 2,141,506</u></u>
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See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2010**

	Business-Type Activity		Total
	Nutrition Services	Nonmajor Daycare Services	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,788,930	\$ 199,726	\$ 1,988,656
Other receivables	32,196	734,195	766,391
Due from other governments	144,055	18,788	162,843
Due from other funds	17,146	214,621	231,767
Inventories - supplies and materials	136,185	-	136,185
<b>Total current assets</b>	<b>2,118,512</b>	<b>1,167,330</b>	<b>3,285,842</b>
Noncurrent assets, furniture and equipment (net)	540,774	-	540,774
<b>Total assets</b>	<b>2,659,286</b>	<b>1,167,330</b>	<b>3,826,616</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	47,631	71,044	118,675
Accrued expenses	21,952	230,332	252,284
Due to other governments	-	4,941	4,941
Due to other funds	267,514	737,446	1,004,960
Unearned revenue	127,817	-	127,817
<b>Total liabilities</b>	<b>464,914</b>	<b>1,043,763</b>	<b>1,508,677</b>
<b>Net Assets</b>			
Invested in capital assets	540,774	-	540,774
Unrestricted	1,653,598	123,567	1,777,165
<b>Total net assets</b>	<b>\$ 2,194,372</b>	<b>\$ 123,567</b>	<b>\$ 2,317,939</b>

See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year ended June 30, 2010**

	Business-Type Activity		
	Nutrition Services	Nonmajor Daycare Services	Total
Operating revenue, local sources	\$ 3,555,839	\$ 3,787,112	\$ 7,342,951
Operating expenses:			
Payroll costs	3,617,473	3,336,395	6,953,868
Purchased services	84,841	94,712	179,553
Supplies and materials	3,598,587	431,431	4,030,018
Depreciation	77,035	-	77,035
<b>Total operating expenses</b>	<b>7,377,936</b>	<b>3,862,538</b>	<b>11,240,474</b>
<b>Operating loss</b>	<b>(3,822,097)</b>	<b>(75,426)</b>	<b>(3,897,523)</b>
Nonoperating revenues (expenses):			
State sources	70,810	-	70,810
Federal sources	4,208,096	59,221	4,267,317
Interest income	6,091	179	6,270
<b>Total nonoperating revenues (expenses)</b>	<b>4,284,997</b>	<b>59,400</b>	<b>4,344,397</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>462,900</b>	<b>(16,026)</b>	<b>446,874</b>
Transfers in	-	15,768	15,768
Transfers out	(180,170)	(37,766)	(217,936)
Capital cash contributions	-	175,000	175,000
	(180,170)	153,002	(27,168)
Change in net assets	282,730	136,976	419,706
Net assets, beginning of year	1,911,642	(13,409)	1,898,233
Net assets, end of year	\$ 2,194,372	\$ 123,567	\$ 2,317,939

See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2010**

	Business-Type Activity		
	Nutrition Services	Nonmajor Daycare Services	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 3,406,394	\$ -	\$ 3,406,394
Cash received from services	163,310	3,803,581	3,966,891
Cash received from miscellaneous operating activities	7,964	-	7,964
Cash payments to employees for services	(3,616,693)	(3,335,647)	(6,952,340)
Cash payments to suppliers for good and services	(3,163,083)	(478,730)	(3,641,813)
<b>Net cash (used in) operating activities</b>	<b>(3,202,108)</b>	<b>(10,796)</b>	<b>(3,212,904)</b>
Cash flows from noncapital financing activities:			
State lunch and breakfast reimbursements	70,810	-	70,810
Federal lunch and breakfast reimbursements	3,741,479	40,433	3,781,912
Transfers from other funds	-	15,768	15,768
Transfers to other funds	(180,170)	(37,766)	(217,936)
Payments to interfund accounts	(41,187)	(214,621)	(255,808)
Proceeds from interfund accounts	-	189,301	189,301
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>3,590,932</b>	<b>(6,885)</b>	<b>3,584,047</b>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(90,089)	-	(90,089)
Capital cash contribution	-	175,000	175,000
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(90,089)</b>	<b>175,000</b>	<b>84,911</b>
Cash flows from investing activities, interest on investments			
	6,091	179	6,270
<b>Net increase in cash and cash equivalents</b>	<b>304,826</b>	<b>157,498</b>	<b>462,324</b>
Cash and cash equivalents:			
Beginning	1,484,104	42,228	1,526,332
Ending	\$ 1,788,930	\$ 199,726	\$ 1,988,656
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (3,822,097)	\$ (75,426)	\$ (3,897,523)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	77,035	-	77,035
Commodities consumed	470,049	-	470,049
Changes in assets and liabilities:			
Decrease in receivables, net	13,371	16,469	29,840
Decrease in inventories	6,209	-	6,209
Increase in accounts payable and accrued expenses	44,867	48,161	93,028
Increase in unearned revenues	8,458	-	8,458
<b>Net cash (used in) operating activities</b>	<b>\$ (3,202,108)</b>	<b>\$ (10,796)</b>	<b>\$ (3,212,904)</b>
Noncash item, noncapital financing activities,			
federal commodities	\$ 470,049	\$ -	\$ 470,049

See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Fiduciary Assets and Liabilities**

**Agency Fund**

**June 30, 2010**

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**Assets**

Cash

\$ 11,643

**Liabilities**

Accounts payable

\$ 11,643

See Notes to Basic Financial Statements.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies

##### Nature of operations:

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 16,806. 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).

##### 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.

##### Measurement focus:

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.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

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*.

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:

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.

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

School Infrastructure Local Option Sales Tax Fund is a capital projects fund that accounts for the resources accumulated through retail sales tax collections and payments made for the purchase and improvement of infrastructure, property tax relief and technology in classrooms.

The District reports the following major proprietary fund:

Nutrition services fund is used to account for the food service operations of the District and is reported as major for public interest reasons.

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 Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

##### Basis of accounting and financial statement presentation:

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.

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 an 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.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

---

#### Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

##### Significant accounting policies:

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.

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.

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 percent per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

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, 2010, 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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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.

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 Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (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.

Prepays: 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 on the consumption method.

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 one year.

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

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

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.

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, 2010, has also been accrued as a liability as of June 30, 2010.

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.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)**

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.

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.

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, 2010, 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.

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.

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.

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. Net assets restricted by enabling legislation consists of \$10,876,678 for capital projects for the capital projects from the school infrastructure local option sales tax and \$3,718,736 for the physical plant and equipment levy.

Budgets and budgetary accounting: The budgetary comparison and related disclosures are reported as Required Supplementary Information. The District did not exceed its General Fund unspent authorized budget.

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.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 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 did not own any investments as of June 30, 2010.

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.

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.

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, 2010 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.

#### Note 3. Interfund Receivables and Payables

As of June 30, 2010, interfund receivables and payables were as follows:

	Receivables	Payables
General Fund	\$ 1,500,074	\$ 72,864
School Infrastructure Local Option Sales Tax Fund	3,138,054	302,007
Nonmajor governmental funds	-	3,490,064
<b>Total governmental funds</b>	<b>4,638,128</b>	<b>3,864,935</b>
Nutrition services fund	17,146	267,514
Nonmajor enterprise, day care services fund	214,621	737,446
<b>Total proprietary funds</b>	<b>231,767</b>	<b>1,004,960</b>
<b>Total all funds</b>	<b>\$ 4,869,895</b>	<b>\$ 4,869,895</b>

The interfund balances relate to expenditures initially paid from the General Fund for supplies and payroll costs, which need to be reimbursed by other proprietary and governmental funds. The District plans to repay all interfund balances by June 30, 2011.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

#### Note 4. Interfund Transfers

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

	Transfers In	Transfers Out
General Fund	\$ 2,767,560	\$ 26,510
Debt Service Fund	3,794,509	-
School Infrastructure Local Option Sales Tax Fund	-	4,638,066
Nonmajor funds, governmental funds	216,233	1,911,558
Nutrition Services Fund	-	180,170
Nonmajor enterprise fund, Day Care Fund	15,768	37,766
	<u>\$ 6,794,070</u>	<u>\$ 6,794,070</u>

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

#### Note 5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

Governmental Activities	Balance June 30, 2009	Additions	Retirements and Transfers	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 8,626,041	\$ 1,046,899	\$ -	\$ 9,672,940
Construction-in-progress	15,206,052	11,269,211	4,807,385	21,667,878
<b>Total capital assets, not being depreciated</b>	<u>23,832,093</u>	<u>12,316,110</u>	<u>4,807,385</u>	<u>31,340,818</u>
Capital assets, being depreciated:				
Buildings and improvements	91,219,566	3,772,766	-	94,992,332
Furniture and equipment	11,733,419	1,044,485	34,987	12,742,917
Vehicles	9,534,025	172,826	488,812	9,218,039
<b>Total capital assets, being depreciated</b>	<u>112,487,010</u>	<u>4,990,077</u>	<u>523,799</u>	<u>116,953,288</u>
Less accumulated depreciation for:				
Buildings and improvements	40,732,188	2,023,513	-	42,755,701
Furniture and equipment	8,930,729	690,367	33,261	9,587,835
Vehicles	6,660,414	606,946	488,812	6,778,548
<b>Total accumulated depreciation</b>	<u>56,323,331</u>	<u>3,320,826</u>	<u>522,073</u>	<u>59,122,084</u>
<b>Total capital assets, being depreciated, net</b>	<u>56,163,679</u>	<u>1,669,251</u>	<u>1,726</u>	<u>57,831,204</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 79,995,772</u>	<u>\$ 13,985,361</u>	<u>\$ 4,809,111</u>	<u>\$ 89,172,022</u>

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

#### Note 5. Capital Assets (Continued)

Business-Type Activities	Balance June 30, 2009	Additions	Retirements and Transfers	Balance June 30, 2010
Capital assets, being depreciated, furniture and equipment	\$ 2,912,725	\$ 90,089	\$ -	\$ 3,002,814
Less accumulated depreciation	2,385,005	77,035	-	2,462,040
<b>Total capital assets, being depreciated, net</b>	<b>527,720</b>	<b>13,054</b>	<b>-</b>	<b>540,774</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 527,720</b>	<b>\$ 13,054</b>	<b>\$ -</b>	<b>\$ 540,774</b>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 2,389,103
School administration services	269,763
Operations and maintenance	130,157
Student transportation	531,803
<b>Total</b>	<b>\$ 3,320,826</b>

Depreciation expense was charged to business-type functions as follows:

Nutrition services	\$ 77,035
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During 1995, the District completed an inventory of its capital assets, including the property and equipment held by the Nutrition Services Fund. The District used the historical cost of the capital asset, if available, or estimated a historical cost using industry back trending factors. Approximately \$13.1 million of the total historical cost balance was estimated.

#### Note 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 are not capitalized by the District.

#### Note 7. Bonded and Other Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2010 were as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds payable:					
General obligation debt	\$ 26,300,000	\$ -	\$ (26,300,000)	\$ -	\$ -
School refunding bonds	31,385,000	-	(505,000)	30,880,000	2,390,000
Add premiums	520,176	-	(71,876)	448,300	-
<b>Total bonds payable</b>	<b>58,205,176</b>	<b>-</b>	<b>(26,876,876)</b>	<b>31,328,300</b>	<b>2,390,000</b>
Other liabilities:					
Compensated absences	1,328,836	3,405,861	(3,089,821)	1,644,876	1,644,876
Other postemployment benefits	2,298,246	1,957,128	(2,391,198)	1,864,176	-
Early retirement payable	10,826,699	2,902,455	(3,381,545)	10,347,609	3,358,944
<b>Total long-term liabilities</b>	<b>\$ 72,658,957</b>	<b>\$ 8,265,444</b>	<b>\$ (35,739,440)</b>	<b>\$ 45,184,961</b>	<b>\$ 7,393,820</b>

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 7. Bonded and Other Long-Term Liabilities (Continued)

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.

Early retirement: The District offered 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 were 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 with 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, 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.

Early retirement benefits paid during the year ended June 30, 2010 totaled \$3,381,545 of which the Management Fund paid \$3,324,889 and the General Fund paid \$56,656. 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.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 7. Bonded and Other Long-Term Liabilities (Continued)

The District holds general obligation school refunding bonds, Series 2006 with an original issue amount of \$31,955,000 maturing through June 2021 with interest rates ranging from 4.25 percent to 5.0 percent. The proceeds were used to crossover refund, on June 1, 2009, \$6,975,000 outstanding Series 2001 bonds originally dated February 1, 2001 maturing 2010 through 2020 and crossover refund, on June 1, 2010, \$24,600,000 of the outstanding Series 2002 bonds originally dated January 1, 2002 maturing in 2011 through 2021. The Series 2001 and Series 2002 bonds were previously issued for the purpose of financing various improvements and repairs to existing school buildings, and the construction and furnishing of a new elementary school. Details of the District's June 30, 2010 bonded indebtedness are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,725,000	891,698	3,616,698
2016 - 2020	15,475,000	2,568,578	18,043,578
2021	2,705,000	111,581	2,816,581
	<u>\$ 30,880,000</u>	<u>\$ 8,215,086</u>	<u>\$ 39,095,086</u>

As of June 30, 2010 the District did not exceed its legal debt margin of \$220,679,885.

#### Note 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 4.30 percent of their annual salary and the District is required to contribute 6.65 percent of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$8,511,439, \$7,998,164 and \$6,934,490, respectively, equal to the required contribution for each year.

#### Note 9. Postemployment 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 361 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 33<sup>rd</sup> Avenue SW, Cedar Rapids, Iowa, 52404.

**Cedar Rapids Community School District**

**Notes to Basic Financial Statements**

**Note 9. Postemployment Benefits Other Than Pension Benefits (Continued)**

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	983.78	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 through MIIP until the State of Iowa determines what legal mechanism is necessary to provide for its funding under Iowa law. The District contributed \$2,391,198, net of retiree premiums paid to the District in 2010.

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 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 1,121,090	- %	\$ 1,121,090
June 30, 2009	1,177,156	-	2,298,246
June 30, 2010	1,957,128	122.2	1,864,176

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:

Annual required contribution	\$ 1,964,022
Interest on net OPEB obligation	91,930
Adjustment to annual required contribution	(98,824)
Annual OPEB cost (expense)	1,957,128
Contributions	2,391,198
Decrease in net OPEB obligation	(434,070)
Net OPEB obligation, beginning of year	2,298,246
Net OPEB obligation, end of year	\$ 1,864,176

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 9. Postemployment Benefits Other Than Pension Benefits (Continued)

Funded Status and Funding Progress: The results of the July 1, 2009 valuation were rolled forward to June 30, 2010. The funded status of the plan as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 17,699,904
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 17,699,904</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 118,843,505
UAAL as a percentage of covered payroll	14.89%

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, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return and an annual healthcare cost trend rate of 6 percent 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. The unfunded actuarial accrued liability is amortized over 30 years using level dollar closed group method.

#### Note 10. Construction Contractual Commitments

Total outstanding contractual commitments for construction projects at June 30, 2010 for the Physical Plant and Equipment Levy Fund was \$215,845, and for the School Infrastructure Local Option Sales Tax Fund was \$7,415,882.

Additionally, the District approved a building and site improvement plan for a District Services Center in the amount of \$31,738,670 on October 11, 2010.

## **Cedar Rapids Community School District**

### **Notes to Basic Financial Statements**

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#### **Note 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.

#### **Note 12. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through Grant Wood Area Education Agency. The District's actual amount for this purpose totals \$7,235,780 for the year ended June 30, 2010. The District's budgeted and actual share is included in these financial statements.

#### **Note 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, 2010 was \$10,999,363. 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 33<sup>rd</sup> Avenue SW, Cedar Rapids, Iowa, 52404.

#### **Note 14. Pollution Remediation Liability**

The District had two remodeling projects that require asbestos removal as part of the overall improvement projects. The amount of the asbestos removal liability of \$25,749 has been included in accounts payable in the School Infrastructure Local Option Sales Tax 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. The District has also recorded a liability of \$64,851 in the government-wide financial statements based on remaining future costs related to the removal projects.

#### **Note 15. Deficit Fund Equity**

The Flood Recovery Fund had a deficit balance of \$3,467,297 at June 30, 2010. 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.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 16. 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 percent with the State of Iowa paying 10 percent 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.

In July 2010, the District issued \$30,000,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2010. The revenue bonds were issued to finance school infrastructure projects. Interest is payable each January 1 and July 1 at a variable rate until July 1, 2027 when the rate ranges from 4.25 percent to 5.00 percent through January 1, 2030 when the bonds mature.

In July 2010, the District also issued Tax Anticipation Warrants. The District has drawn down \$7,000,000 of the Tax Anticipation Warrants, repaid the \$7,000,000 of the Tax Anticipation warrants in October 2010.

In October 2010, the District approved the sale of Qualified School Construction Bonds in the amount of \$11,842,461. The Bonds were sold on December 1, 2010.

#### Note 17. Special Item

On August 4, 2009, a significant embezzlement was discovered within the District. Immediately following, the Iowa State Auditor's office was contacted and an investigation and re-audit was performed. District losses of \$587,784 were reimbursed by the District's insurance.

#### Note 18. Operating Leases

The District has entered into multiple operating leases for District operating building rentals through fiscal year 2015. The current monthly rental expense is approximately \$35,330. Rental expense for all material operating leases was \$423,995 for the year ended June 30, 2010.

##### Minimum rental expense:

2011	\$	519,990
2012		462,895
2013		130,673
2014		133,390
2015		4,713

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 19. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The District adopted the following Statements during the year ended June 30, 2010:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. 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. 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). This Statement had no effect on the District's financial statements in the current year.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. 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. This Statement had no effect on the District's financial statements in the current year.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. 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. 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.
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment of GASB Statement No. 43 and No. 45, issued January 2010, will be effective for the District beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.
- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

## **Required Supplementary Information**





Cedar Rapids Community School District

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds and Proprietary Funds  
 Year Ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenues:			
Local sources	\$ 98,441,129	\$ 7,349,221	\$ 105,790,350
State sources	81,982,463	70,810	82,053,273
Federal sources	23,736,739	4,267,317	28,004,056
<b>Total revenues</b>	<b>204,160,331</b>	<b>11,687,348</b>	<b>215,847,679</b>
Expenditures:			
Instruction	129,780,484	-	129,780,484
Support services	56,157,908	-	56,157,908
Noninstructional programs	219,135	11,240,474	11,459,609
Other expenditures	52,523,711	-	52,523,711
<b>Total expenditures</b>	<b>238,681,238</b>	<b>11,240,474</b>	<b>249,921,712</b>
<b>Excess of revenues over expenditures</b>	<b>(34,520,907)</b>	<b>446,874</b>	<b>(34,074,033)</b>
Other financing sources (uses):			
Sale of fixed assets	-	-	-
Capital contributions	-	175,000	175,000
Transfers in	6,778,302	15,768	6,794,070
Transfers out	(6,576,134)	(217,936)	(6,794,070)
<b>Total other financing sources (uses)</b>	<b>202,168</b>	<b>(27,168)</b>	<b>175,000</b>
Special item, misappropriated collections	587,784	-	587,784
<b>Net change in fund balances</b>	<b>(33,730,955)</b>	<b>419,706</b>	<b>(33,311,249)</b>
Fund balance, beginning	56,109,439	1,898,233	58,007,672
Fund balance, ending	<b>\$ 22,378,484</b>	<b>\$ 2,317,939</b>	<b>\$ 24,696,423</b>

See Note to Required Supplementary Information.

Budget Amounts		Variances	
Original	Final	Original to Final	Final to Actual
\$ 106,264,138	\$ 106,855,638	\$ 591,500	\$ (1,065,288)
103,111,529	82,357,883	(20,753,646)	(304,610)
23,518,147	31,127,325	7,609,178	(3,123,269)
232,893,814	220,340,846	(12,552,968)	(4,493,167)
131,343,293	152,111,777	(20,768,484)	22,331,293
57,899,355	58,682,132	(782,777)	2,524,224
12,937,750	11,873,762	1,063,988	414,153
36,156,041	59,302,595	(23,146,554)	6,778,884
238,336,439	281,970,266	(43,633,827)	32,048,554
(5,442,625)	(61,629,420)	(56,186,795)	27,555,387
7,000	10,000	3,000	(10,000)
-	-	-	175,000
5,856,475	7,251,910	1,395,435	(457,840)
(5,856,475)	(7,251,910)	(1,395,435)	457,840
7,000	10,000	3,000	165,000
-	-	-	587,784
(5,435,625)	(61,619,420)	(56,183,795)	28,308,171
63,444,875	51,176,334	12,268,541	(6,831,338)
\$ 58,009,250	\$ (10,443,086)	\$ (68,452,336)	\$ 35,139,509



## Cedar Rapids Community School District

### Note to Required Supplementary Information

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#### Note 1. Basis of Presentation

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.

Between January and March 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 2009-10 Budget document. The 2009-10 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.

In March, 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 2009-2010, amendments increased the instructional functional area by \$20,768,484, increased total support services by \$782,777 and decreased the non-instructional programs by \$1,063,988. These increases and decrease all relate to wage settlements that were higher than initially projected by the District. Total other expenditures were increased by \$23,146,554 for increased facilities construction costs. The budgetary data presented in the required supplementary information reflect all approved budget amendments.

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.

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 \$1,869,209 in the General Fund, \$2,015 in the Management Fund, \$1,723,011 in the Physical Plant and Equipment Levy Fund, \$18,137,523 in the School Infrastructure Local Option Sales Tax Fund and \$991,177 in the Flood Recovery Fund were carried forward to fiscal year 2010-2011.

Cedar Rapids Community School District

Required Supplementary Information  
 Postemployment Benefit Plan - MIIP

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2008	07/01/2007	\$ -	\$ 27,867,616	\$ 27,867,616	- %	\$ 107,492,674	25.93%
June 30, 2009	07/01/2007	-	27,867,616	27,867,616	-	114,579,075	24.32
<b>June 30, 2010</b>	<b>07/012009</b>	-	<b>17,699,904</b>	<b>17,699,904</b>	-	<b>118,843,505</b>	<b>14.89</b>

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2009. Additional information follows:

- The actuarial method used to determine the ARC is the entry age actuarial cost method.
- There are no plan assets.
- The actuarial assumptions included: (1) 4 percent investment rate of return and (2) an annual health care cost trend rate of 6 percent.
- Fiscal year 2008 was the initial year of adoption of GASB Statement No. 45.
- Amortization period and method is 30 years and level dollar closed.

## **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, 2010**

	<u>Actual</u>
Revenues:	
Local sources:	
Property taxes	\$ 46,628,557
Utility tax replacement excise tax	2,799,610
Income surtax	7,286,421
Tuition	4,670,374
Transportation	192,067
Investment earnings	43,599
Student activities	31,556
Fees and rents	463,961
Sales of services	1,259,924
Other	767,335
<b>Total local sources</b>	<u>64,143,404</u>
State sources:	
Foundation aid	59,922,492
Preschool foundation aid	1,436,232
Special education deficit support	106,209
Salary improvement program	8,506,672
AEA flowthrough	7,235,780
Nonpublic aid	974,032
Iowa Early Intervention Block grant	1,102,801
At-risk grants	1,086,635
Miscellaneous state grants	1,574,825
Other	30,663
<b>Total state sources</b>	<u>81,976,341</u>
Federal sources:	
Title I grants	5,071,670
Stabilization funds	9,586,282
Carl Perkins grant	216,635
Title II grants	136,492
Individuals with Disabilities Education Act	2,535,363
Reading First grant	421,682
Medicaid direct reimbursement	1,832,773
Other	481,633
<b>Total federal sources</b>	<u>20,282,530</u>
<b>Total revenues</b>	<u>166,402,275</u>

(Continued)

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)**

**Major Fund - General**

**Year ended June 30, 2010**

	<u>Actual</u>
Expenditures:	
Instruction:	
Regular instruction:	
Salaries	\$ 49,547,178
Employee benefits	16,401,568
Purchased services	4,948,443
Supplies	2,544,505
Capital outlay	504,344
Other	(8,491,774)
	<u>65,454,264</u>
Special instruction:	
Salaries	19,707,200
Employee benefits	5,256,360
Purchased services	3,611,581
Supplies	271,746
Capital outlay	60,222
Other	8,807,248
	<u>37,714,357</u>
Vocational instruction:	
Salaries	757,009
Employee benefits	240,830
Purchased services	29,980
Supplies	90,246
Capital outlay	98,111
Other	13,901
	<u>1,230,077</u>
Other instruction:	
Salaries	11,662,803
Employee benefits	3,087,938
Purchased services	1,734,225
Supplies	1,196,984
Capital outlay	190,573
Other	356,443
	<u>18,228,966</u>
<b>Total instruction</b>	<u>122,627,664</u>

(Continued)

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)**

**Major Fund - General**

**Year ended June 30, 2010**

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	<u>Actual</u>
Support services:	
Student services:	
Salaries	\$ 3,309,636
Employee benefits	1,074,780
Purchased services	112,635
Supplies	30,559
Capital outlay	2,943
Other	3,445
	<u>4,533,998</u>
Instruction staff services:	
Salaries	3,793,245
Employee benefits	1,094,147
Purchased services	392,417
Supplies	673,894
Capital outlay	77,059
Other	(11,145)
	<u>6,019,617</u>
General administration services:	
Salaries	1,679,318
Employee benefits	533,744
Purchased services	235,907
Supplies	70,791
Capital outlay	3,507
Other	40,005
	<u>2,563,272</u>
School administration services:	
Salaries	8,470,803
Employee benefits	2,784,448
Purchased services	91,390
Supplies	86,248
Capital outlay	14,491
Other	35,375
	<u>11,482,755</u>
Business services:	
Salaries	3,166,394
Employee benefits	1,038,184
Purchased services	478,933
Supplies	569,833
Capital outlay	47,333
Other	53,767
	<u>5,354,444</u>

(Continued)

**Cedar Rapids Community School District**

**Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)**

**Major Fund - General**

**Year ended June 30, 2010**

	<u>Actual</u>
Operations & maintenance:	
Salaries	\$ 6,852,990
Employee benefits	2,437,053
Purchased services	1,600,874
Supplies	4,531,065
Capital outlay	102,966
Other	(140,696)
	<u>15,384,252</u>
Student transportation:	
Salaries	3,044,461
Employee benefits	589,537
Purchased services	542,727
Supplies	721,117
Capital outlay	5,074
Other	(226,887)
	<u>4,676,029</u>
<b>Total support services</b>	<u>50,014,367</u>
Other expenditures, AEA flow-through	<u>7,235,780</u>
<b>Total expenditures</b>	<u>179,877,811</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(13,475,536)
Other financing sources (uses):	
Transfers in	2,767,560
Transfers out	(26,510)
<b>Total other financing sources</b>	<u>2,741,050</u>
Special item, misappropriated collections	<u>587,784</u>
<b>Net change in fund balance</b>	(10,146,702)
Fund balance, beginning of year	<u>17,107,487</u>
Fund balance, end of year	<u><u>\$ 6,960,785</u></u>

## **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.





**Cedar Rapids Community School District**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	Special Revenue		
	Student Activity	Management	Physical Plant and Equipment Levy
<b>Assets</b>			
Cash and cash equivalents	\$ 941,102	\$ 6,656,795	\$ 4,232,294
Receivables:			
Taxes:			
Current year	-	104,927	76,709
Succeeding year	-	3,222,853	4,265,053
Other	1,067	50	-
Due from other governments	-	80	-
<b>Total assets</b>	<b>\$ 942,169</b>	<b>\$ 9,984,705</b>	<b>\$ 8,574,056</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 47,079	\$ 80,691	\$ 404,710
Accrued expenditures	-	3,298,330	-
Due to other funds	154,409	12,215	185,557
Deferred revenue	-	-	-
Unearned revenue:			
Succeeding year taxes	-	3,222,853	4,265,053
<b>Total liabilities</b>	<b>201,488</b>	<b>6,614,089</b>	<b>4,855,320</b>
Fund balances:			
Reserved for encumbrances	-	2,015	1,723,011
Unreserved and undesignated	740,681	3,368,601	1,995,725
<b>Total fund balance (deficit)</b>	<b>740,681</b>	<b>3,370,616</b>	<b>3,718,736</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 942,169</b>	<b>\$ 9,984,705</b>	<b>\$ 8,574,056</b>

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<u>Special Revenue</u>		
Flood Recovery	Total Nonmajor Governmental Funds	
\$ -	\$ 11,830,191	
-	181,636	
-	7,487,906	
-	1,117	
3,118,757	3,118,837	
<u>\$ 3,118,757</u>	<u>\$ 22,619,687</u>	

\$ 352,287	\$ 884,767
-	3,298,330
3,137,883	3,490,064
3,095,884	3,095,884
-	7,487,906
<u>6,586,054</u>	<u>18,256,951</u>

991,177	2,716,203
(4,458,474)	1,646,533
<u>(3,467,297)</u>	<u>4,362,736</u>

<u>\$ 3,118,757</u>	<u>\$ 22,619,687</u>
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Cedar Rapids Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2010

	Special Revenue		
	Student Activity	Management	Physical Plant and Equipment Levy
Revenues:			
Local sources:			
Local taxes	\$ -	\$ 5,799,382	\$ 4,271,790
Other local sources	4,132,690	208,586	656,246
State sources	-	3,597	2,525
Federal sources	-	-	-
<b>Total revenues</b>	<b>4,132,690</b>	<b>6,011,565</b>	<b>4,930,561</b>
Expenditures:			
Current:			
Instruction:			
Regular instruction	-	2,646,461	-
Other instruction	4,276,983	-	-
<b>Total instruction</b>	<b>4,276,983</b>	<b>2,646,461</b>	<b>-</b>
Support services:			
Student services	-	7,789	-
Instruction staff services	-	83,486	111,040
General administration services	-	161,622	-
School administration services	-	587,027	-
Business services	-	147,767	1,358
Operations and maintenance	-	1,476,156	344,808
Student transportation	-	314,725	64,710
<b>Total support services</b>	<b>-</b>	<b>2,778,572</b>	<b>521,916</b>
Noninstructional programs:			
Food service	-	201,939	-
Community services	-	17,196	-
	-	219,135	-
Facilities acquisition	-	-	2,777,476
<b>Total expenditures</b>	<b>4,276,983</b>	<b>5,644,168</b>	<b>3,299,392</b>
<b>Excess (deficiency) of revenues (over) under expenditures</b>	<b>(144,293)</b>	<b>367,397</b>	<b>1,631,169</b>
Other financing sources (uses):			
Transfers in	-	-	216,233
Transfers out	-	(68,280)	(1,696,567)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(68,280)</b>	<b>(1,480,334)</b>
Net changes in fund balances	(144,293)	299,117	150,835
Fund balance (deficit), beginning of year	884,974	3,071,499	3,567,901
Fund balance (deficit), end of year	\$ 740,681	\$ 3,370,616	\$ 3,718,736

<u>Special Revenue</u>		
<u>Flood Recovery</u>		<u>Total Nonmajor Governmental Funds</u>
\$ -	\$	10,071,172
-		4,997,522
-		6,122
3,454,209		3,454,209
<u>3,454,209</u>		<u>18,529,025</u>
227,606		2,874,067
1,770		4,278,753
<u>229,376</u>		<u>7,152,820</u>
-		7,789
-		194,526
1,229		162,851
-		587,027
322		149,447
809,844		2,630,808
-		379,435
<u>811,395</u>		<u>4,111,883</u>
-		201,939
-		17,196
-		219,135
1,486,825		4,264,301
<u>2,527,596</u>		<u>15,748,139</u>
926,613		2,780,886
-		216,233
<u>(146,711)</u>		<u>(1,911,558)</u>
<u>(146,711)</u>		<u>(1,695,325)</u>
779,902		1,085,561
<u>(4,247,199)</u>		<u>3,277,175</u>
<u>\$ (3,467,297)</u>	<u>\$</u>	<u>4,362,736</u>

**Cedar Rapids Community School District**

**Statement of Changes in Fiduciary Assets and Liabilities**

**Agency Fund**

**Year ended June 30, 2010**

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	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>Assets</b>				
Cash	\$ 12,924	\$ 4,252	\$ (5,533)	\$ 11,643
<b>Liabilities</b>				
Accounts payable	\$ 12,924	\$ 4,252	\$ (5,533)	\$ 11,643

# Cedar Rapids Community School District

## Statistical Section

### Contents

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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 say about the District's overall financial health.

Contents	Page
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	66 - 73
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	74 - 78
<b>Debt Capacity</b>	
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.	79 - 81
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	82 - 83
<b>Operating Information</b>	
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.	84 - 91

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The District implemented GASB Statement No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

Schedule 1  
Cedar Rapids Community School District

Net Assets by Component

Last Nine Fiscal Years  
(accrual basis of accounting)

	Fiscal Year								
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Governmental activities</b>									
Invested in capital assets*, net of related debt	\$57,843,722	\$ 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	15,521,674	16,749,730	16,787,362	7,702,746	4,992,969	1,861,374	1,536,577	610,709	38,227,534
Unrestricted	1,826,879	2,605,267	14,637,377	13,101,102	9,947,465	12,381,158	6,312,509	284,318	(1,323,510)
<b>Total Governmental activities</b>	<b>75,192,275</b>	<b>73,050,769</b>	<b>66,062,163</b>	<b>49,875,742</b>	<b>44,952,135</b>	<b>40,347,585</b>	<b>27,688,964</b>	<b>19,145,163</b>	<b>3,270,860</b>
<b>Business type activities</b>									
Invested in capital assets, net of related debt	540,774	527,720	564,015	505,235	462,850	453,163	522,688	596,672	697,140
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	1,777,165	1,370,513	1,377,438	1,538,981	1,344,617	1,007,875	506,992	226,323	168,501
<b>Total Business type activities</b>	<b>2,317,939</b>	<b>1,898,233</b>	<b>1,941,453</b>	<b>2,044,216</b>	<b>1,807,467</b>	<b>1,461,038</b>	<b>1,029,680</b>	<b>822,995</b>	<b>865,641</b>
<b>Primary Government</b>									
Invested in capital assets*, net of related debt	58,384,496	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	15,521,674	16,749,730	16,787,362	7,702,746	4,992,969	1,861,374	1,536,577	610,709	38,227,534
Unrestricted	3,604,044	3,975,780	16,014,815	14,640,083	11,292,082	13,389,033	6,819,501	510,641	(1,155,009)
<b>Total Primary Government</b>	<b>77,510,214</b>	<b>74,949,002</b>	<b>68,003,616</b>	<b>51,919,958</b>	<b>46,759,602</b>	<b>41,808,623</b>	<b>28,718,644</b>	<b>19,968,158</b>	<b>4,136,501</b>

Source: CRCSD Financial Records

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

\* Between FY2008 & FY2009 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.

**Schedule 2  
Cedar Rapids Community School District**

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

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

	Fiscal Year				
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular instruction	\$ 72,402,579	\$ 71,990,885	\$ 57,529,082	\$ 52,798,449	\$ 35,244,717
Special instruction	37,719,118	40,305,169	50,293,076	49,433,979	47,377,434
Vocational instruction	1,227,137	1,182,005	1,138,270	1,052,903	1,033,006
Other instruction	22,605,625	19,943,628	7,261,577	6,991,546	7,269,449
Total Instruction	<u>133,954,459</u>	<u>133,421,687</u>	<u>116,222,005</u>	<u>110,276,877</u>	<u>90,924,606</u>
Support services:					
Student services	4,538,595	4,561,206	4,420,226	4,195,708	4,413,031
Instructional staff services	8,129,012	6,984,503	7,035,747	6,579,274	7,037,494
General administration services	3,538,854	3,281,946	2,825,902	2,351,789	2,811,090
School administration services	12,328,078	12,346,434	11,521,526	10,869,328	10,216,281
Business services	5,622,533	5,936,881	5,772,893	5,092,014	4,771,895
Operations and maintenance	18,398,999	23,205,730	16,265,748	15,502,986	26,502,896
Student transportation	5,548,807	4,615,988	3,944,228	3,383,138	3,212,985
Total support services	<u>58,104,878</u>	<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	201,939	174,635	120,444	156,605	124,903
Community services	17,196	36,646	55,146	1,266,905	2,511,824
Total non-instructional expenditure	<u>219,135</u>	<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	2,467,687	2,964,692	3,131,456	3,230,399	2,452,755
AEA flowthrough	7,235,780	6,606,831	6,232,507	5,916,552	5,527,722
Total other expenditures	<u>9,703,467</u>	<u>9,571,523</u>	<u>11,070,227</u>	<u>12,398,081</u>	<u>11,989,381</u>
Total governmental activities	<u>201,981,939</u>	<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	3,862,538	3,582,403	3,345,702	1,565,083	-
Nutrition services	7,377,936	7,267,744	6,889,696	6,602,417	6,281,144
Total Business type activities	<u>11,240,474</u>	<u>10,850,147</u>	<u>10,235,398</u>	<u>8,167,500</u>	<u>6,281,144</u>
<b>Total primary government expenses</b>	<b><u>213,222,413</u></b>	<b><u>214,987,326</u></b>	<b><u>189,489,490</u></b>	<b><u>180,240,205</u></b>	<b><u>170,797,530</u></b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Instruction	9,698,875	10,796,979	10,601,806	10,595,248	10,646,676
Support	516,918	124,095	158,590	430,377	515,063
Non-Instruction	626,433	595,378	466,431	1,965,778	3,007,013
Operating grants and contributions*	42,074,181	29,048,356	24,276,159	21,281,797	19,133,035
Capital grants and contributions**	2,639,870	10,577,612	50,000	-	25,225
Total governmental activities	<u>55,556,277</u>	<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	3,729,707	3,531,998	3,299,664	1,536,100	-
Nutrition Services	3,555,839	3,457,122	3,440,611	3,455,744	3,427,753
Operating grants and contributions					
Day care services	59,221	40,897	22,128	4,591	-
Nutrition Services	4,278,906	3,863,594	3,455,026	3,524,044	3,370,984
Capital grants and contributions					
Day care services	175,000	-	-	-	-
Nutrition Services	-	62,578	-	-	-
Total business type activities	<u>11,798,673</u>	<u>10,956,189</u>	<u>10,217,429</u>	<u>8,520,479</u>	<u>6,798,737</u>
<b>Total primary government revenues</b>	<b><u>67,354,950</u></b>	<b><u>62,098,609</u></b>	<b><u>45,770,415</u></b>	<b><u>42,793,679</u></b>	<b><u>40,125,749</u></b>
Net (Expense)/Revenue					
Governmental activities	(146,425,662)	(152,994,759)	(143,701,106)	(137,799,505)	(131,189,374)
Business type activities	558,199	106,042	(17,969)	352,979	517,593
<b>Total primary government net expense</b>	<b><u>\$ (145,867,463)</u></b>	<b><u>\$ (152,888,717)</u></b>	<b><u>\$ (143,719,075)</u></b>	<b><u>\$ (137,446,526)</u></b>	<b><u>\$ (130,671,781)</u></b>

Source: CRCSO Financial Records

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

\*Operating grants and contributions increased significantly between FY2010 and FY2009 due to an increase of approximately \$13 million in federal monies, mostly related to the federal stimulus program to schools. \*\*Capital grants and contributions declined significantly due to a reduction of approximately \$7 million in federal FEMA reimbursements received related to the District's flood recovery program when compared to the prior fiscal year.

(Continued)

**Schedule 2 (Continued)**  
**Cedar Rapids Community School District**

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

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

	<b>Fiscal Year</b>			
	<b>2004-2005</b>	<b>2003-2004</b>	<b>2002-2003</b>	<b>2001-2002</b>
<b>Expenses</b>				
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 expenditure	<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>
<b>Total primary government expenses</b>	<b><u>157,109,397</u></b>	<b><u>154,602,264</u></b>	<b><u>145,736,349</u></b>	<b><u>165,200,845</u></b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
Instruction	10,617,346	10,768,359	9,716,965	9,638,668
Support	428,590	149,079	134,919	207,093
Non-Instruction	2,724,666	2,624,322	2,615,026	2,503,267
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>
<b>Total primary government revenues</b>	<b><u>37,961,538</u></b>	<b><u>37,268,461</u></b>	<b><u>35,973,147</u></b>	<b><u>35,086,822</u></b>
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
<b>Total primary government net expense</b>	<b><u>\$ (119,147,859)</u></b>	<b><u>\$ (117,333,803)</u></b>	<b><u>\$ (109,763,202)</u></b>	<b><u>\$ (130,114,023)</u></b>

Schedule 3  
Cedar Rapids Community School District

**General Revenues and Total Change in Net Assets**  
*(accrual basis of accounting)*  
Last Nine Fiscal Years

	Fiscal Year								
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Net (Expense)/Revenue</b>									
Governmental activities	(146,425,662)	(152,984,759)	(143,701,106)	(137,799,505)	(131,189,374)	(119,608,882)	(117,580,891)	(109,713,805)	(130,209,826)
Business-type activities	538,199	106,042	(17,969)	352,979	517,593	461,023	247,089	(49,396)	95,803
<b>Total primary government net expense</b>	<b>\$ (145,867,463)</b>	<b>\$ (152,888,717)</b>	<b>\$ (143,719,075)</b>	<b>\$ (137,446,526)</b>	<b>\$ (130,671,781)</b>	<b>\$ (119,147,859)</b>	<b>\$ (117,333,802)</b>	<b>\$ (109,763,201)</b>	<b>\$ (130,114,023)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities									
Taxes									
Property taxes levied for general purposes*	55,473,882	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	4,025,457	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**	16,732,473	16,910,932	16,198,462	-	-	-	-	-	-
Income surtaxes	7,286,421	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	61,586,974	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	1,096,081	1,807,149	2,949,098	3,346,105	1,510,041	892,596	500,030	1,097,711	1,155,405
Miscellaneous	2,103,712	457,346	520,723	739,479	968,048	1,124,595	901,678	810,726	916,235
Transfers	202,168	193,867	191,366	251,678	231,757	60,251	60,026	-	-
Total Governmental activities	148,587,168	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	6,270	27,090	92,021	95,425	59,219	27,292	5,721	5,625	6,581
Miscellaneous	57,405	17,515	14,551	40,023	1,374	3,294	13,901	1,125	475
Transfers	(202,168)	(193,867)	(191,366)	(251,678)	(231,757)	(60,251)	(60,026)	-	-
Total Business-type activities	(138,493)	(149,262)	(84,794)	(116,230)	(171,164)	(29,665)	(40,404)	6,750	7,056
<b>Total primary government</b>	148,428,675	159,780,302	159,802,733	142,606,882	135,622,760	132,237,838	126,084,288	125,594,858	112,464,516
<b>Change in Net Assets</b>									
Governmental activities	2,141,506	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	419,706	(43,220)	(102,763)	236,749	346,429	431,358	206,685	(42,646)	102,859
<b>Total primary government</b>	<b>\$ 2,561,212</b>	<b>\$ 6,891,585</b>	<b>\$ 16,083,658</b>	<b>\$ 5,160,356</b>	<b>\$ 4,950,979</b>	<b>\$ 13,089,979</b>	<b>\$ 8,750,486</b>	<b>\$ 15,831,657</b>	<b>\$ (17,649,507)</b>

Source: CRCSO 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									
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
<b>General Fund</b>										
Reserved	\$ 5,961,716	\$ 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
Unreserved	999,069	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
<b>Total general fund</b>	<b>6,960,785</b>	<b>17,107,487</b>	<b>23,287,417</b>	<b>21,007,575</b>	<b>18,756,135</b>	<b>16,769,374</b>	<b>10,107,759</b>	<b>4,943,345</b>	<b>903,302</b>	<b>3,671,704</b>
<b>All Other Governmental Funds</b>										
Reserved*	20,853,726	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
Unreserved, reported in:										
Capital projects funds ***	(7,195,996)	4,837,202	4,985,622	-	-	-	-	-	-	-
Special revenue funds ****	1,646,533	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
Debt service funds**	113,436	24,769,620	31,805,918	31,884,219	31,897,942	26,096	714	64,570	59,026	-
Total all other governmental funds	15,417,699	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
<b>Total all governmental funds</b>	<b>\$ 22,378,484</b>	<b>\$ 56,109,439</b>	<b>\$ 73,468,763</b>	<b>\$ 62,092,431</b>	<b>\$ 58,187,737</b>	<b>\$ 23,121,206</b>	<b>\$ 20,735,467</b>	<b>\$ 22,666,942</b>	<b>\$ 37,762,829</b>	<b>\$ 18,146,017</b>

Source: CRCSD Financial Records

Notes:

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

\*\*\* The Capital Projects fund unreserved balance went negative in FY2010 as there was \$10,941,527 fund balance, but \$18,137,523 in encumbrances. In 2009 the fund balance was \$10,955,157 with \$6,117,955 in encumbrances.

\*\*\*\* Reduction in unreserved fund balance between FY2008 and FY2010 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									
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
<b>Federal Sources:</b>										
Federal grants*	\$ 23,736,739	\$ 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
Total federal sources	23,736,739	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
<b>State Sources:</b>										
State foundation aid*	59,922,492	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
State grants and other	22,059,971	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
Total state sources	81,982,463	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
<b>Local sources</b>										
Local taxes	84,919,931	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
Tuition	4,670,374	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
Other local sources	8,850,824	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
Total local sources	98,441,129	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
<b>Total governmental revenues</b>	<b>\$ 204,160,331</b>	<b>\$ 206,515,265</b>	<b>\$ 195,249,147</b>	<b>\$ 176,744,638</b>	<b>\$ 168,436,114</b>	<b>\$ 163,629,533</b>	<b>\$ 157,286,283</b>	<b>\$ 155,745,343</b>	<b>\$ 141,700,789</b>	<b>\$ 136,184,907</b>

Source: CRCSD Financial Records

\* Federal stimulus monies received in FY2010 had the effect of increasing the federal grants category between FY2009 and FY2010, with a corresponding reduction in State foundation aid in the same time period. In order to help balance its budget, the State of Iowa reduced State Aid to schools and replaced these dollars with federal stimulus monies.

Schedule 6  
Cedar Rapids Community School District  
Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
<b>Instruction:</b>										
Regular instruction	\$ 68,328,331	\$ 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
Special instruction	37,714,357	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
Vocational instruction	1,230,077	1,174,301	1,133,476	1,077,036	1,028,230	950,062	881,919	981,137	1,233,039	1,258,641
Other instruction	22,507,719	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
Total Instruction	129,780,484	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
<b>Support services:</b>										
Student services	4,541,787	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
Instructional staff services	8,159,522	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
General administration services	2,726,123	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
School administration services	12,069,782	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
Business services	5,584,607	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
Operations and maintenance	18,020,623	22,550,281	16,268,227	14,962,507	14,441,325	11,337,023	10,923,158	11,017,275	10,406,554	10,842,202
Student transportation	5,055,484	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
Total support services	56,157,908	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
<b>Non-instructional programs:</b>										
Food service	201,939	174,635	120,444	156,605	124,903	-	-	-	-	-
Community services	17,196	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
Total non-instructional services	219,135	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
<b>Other expenditures:</b>										
AEA flowthrough	7,235,780	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
Debt Service	26,805,000	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
Principal	2,619,410	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
Interest	15,863,521	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
Capital Outlay	52,523,711	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
Facility acquisition/construction										
Total other expenditures	\$ 238,681,238	\$ 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
<b>Total expenditures</b>										
Transfers out	6,576,134	6,810,492	5,862,367	3,577,336	1,873,918	1,336,130	333,480	338,411	53,584	95,653
<b>Total expenditures and transfers</b>	\$ 245,257,372	\$ 229,359,037	\$ 189,926,548	\$ 176,669,958	\$ 167,313,323	\$ 162,640,175	\$ 159,624,315	\$ 171,247,595	\$ 160,674,418	\$ 138,023,709
Debt service as a percentage of noncapital expenditures	13.01%	5.81%	2.91%	3.41%	2.60%	3.44%	2.91%	3.01%	0.56%	0.04%

Source: CRCSD 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									
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
<b>Excess of revenues over (under) expenditures</b>	\$ (34,520,907)	\$ (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)
<b>Other Financing Sources (Uses)</b>										
General obligation bond proceeds	-	-	-	-	31,385,000	-	-	-	36,000,000	10,000,000
Qualified zone academy bond proceeds, (OZAB)	-	-	-	-	-	-	-	-	1,000,000	-
Capital loan proceeds	-	-	-	-	-	-	-	-	1,530,000	-
Premium on bonds	-	-	-	-	753,744	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	13,051	-	6,857	14,625
Payment to refunding escrow agent	-	-	-	-	(300,709)	-	-	-	-	-
Operating transfers in	6,778,302	7,004,359	6,053,733	3,829,014	2,105,675	1,396,381	393,506	399,325	53,584	-
Operating transfers out	(6,576,134)	(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)	202,168	193,867	191,366	251,678	32,069,792	60,251	73,077	67,954	38,536,857	9,918,972
Special item, misappropriated collections*	587,784	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances**</b>	\$ (33,730,955)	\$ (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

Source: CRCSD Financial Records

\* Special item, misappropriated collections - represents a reimbursement payment from the District's insurance company for embezzled monies as identified through a special audit from the State Auditors Office.

\*\* Reduction in fund balances that occurred in the General Fund -\$10.2 million and Debt Service Fund, -\$24.7 million pay the major role in the net change in fund balances for FY2010.

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

		<b>Assessed Valuations</b> <i>(Excluding Tax Increment Financing (TIF) Property)</i>						
Calendar Year	Fiscal Year	<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 &amp; Elect</u>	<u>Total</u>
<b>2008</b>	<b>2010</b>	<b>\$ 31,730,283</b>	<b>\$ 5,710,395,725</b>	<b>\$ 1,403,021,409</b>	<b>\$ 107,850,959</b>	<b>\$ 9,871,922</b>	<b>\$ 489,883,644</b>	<b>\$ 7,752,753,942</b>
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

		<b>State Rollback Factors</b>					
Calendar Year	<u>Assessed</u>	<u>Agriculture</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility</u>
<b>2008</b>		<b>93.8568%</b>	<b>45.5893%</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>100.0000%</b>
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%

Source: Linn County Auditor

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

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

<b>Taxable Valuations</b> <i>(Excluding Tax Increment Financing (TIF) Property)</i>							<b>Total</b>
<b><u>Agriculture</u></b>	<b><u>Residential</u></b> <small>(net of personal exemptions)</small>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Railroad</u></b>	<b><u>Utility</u></b>	<b><u>Total</u></b>	<b><u>Levy Rate</u></b>
<b>\$ 29,780,771</b>	<b>\$ 2,540,781,003</b>	<b>\$ 1,402,497,582</b>	<b>\$ 107,850,959</b>	<b>\$ 9,871,922</b>	<b>\$ 288,522,116</b>	<b>\$ 4,379,304,353</b>	<b>13.91816</b>
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

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
2010	\$ 12.96275	\$ 0.95541	\$13.91816	\$ 15.21621	\$ 4.10667	\$ 15.31410	\$ 13.86482	\$ 11.89459	\$ 9.28024	\$ 5.95245
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

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 2008 for			Assessed Value 1999 for			
	Type of Business	FY10 Rank	Amount	Percentage of Total Assessed Valuation	FY01 Rank	Amount	Percentage of Total Assessed Valuation
Interstate Power/Alliant/IES Steam	Electrical and gas utility	1	\$ 253,340,488	3.3%	1	\$ 245,752,001	4.1%
FPL Energy Duane Arnold Plant	Electrical utility	2	119,495,753	1.5%	-	-	-
AEGON/Life Investors Inc.	Insurance	3	51,171,541	0.7%	3	44,094,514	0.7%
Robert K Miell	Real estate holdings	4	38,477,708	0.5%	-	-	-
MidAmerican Energy	Electrical and gas utility	5	30,321,368	0.4%	6	24,282,504	0.4%
ITC Midwest LLC	Electrical utility	6	25,040,945	0.3%	-	-	-
Hy-Vee Food Stores Inc.	Grocery	7	23,146,241	0.3%	-	-	-
Qwest	Telecommunications	8	21,791,993	0.3%	-	-	-
Walmart & Sam's Club	Retail	9	21,531,059	0.3%	-	-	-
Westdale Capital Investments	Residential Housing	10	19,415,371	0.3%	-	-	-
Westdale Investments Inc. (Mail)	Real estate holdings	-	-	-	2	44,995,620	0.8%
Qwest	Telecommunications	-	-	-	9	21,254,197	0.4%
Cargill Incorporated	Corn and soybean processing	-	-	-	4	32,001,139	0.5%
Penford Products	Cornstarch processing	-	-	-	8	24,143,484	0.4%
Quaker Oats Company	Cereal grain processing	-	-	-	10	18,914,450	0.3%
Rockwell International Corp.	Avionics and communications	-	-	-	5	25,073,061	0.4%
MCI Telecommunications Corp.	Telephone utility	-	-	-	7	24,243,575	0.4%
<b>Total</b>			<b>\$ 603,732,467</b>	<b>7.9%</b>		<b>\$ 504,754,545</b>	<b>8.4%</b>

Source: Linn County Auditor

**Schedule 11  
Cedar Rapids Community School District**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Total Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (1)	Total Collections to Date	
		Amount	Percent of Levy (2)		Amount	Percent of Levy (2)
<b>2010</b>	<b>\$58,614,162</b>	<b>\$57,544,512</b>	<b>98.2%</b>	<b>\$612,298</b>	<b>\$58,156,810</b>	<b>99.2%</b>
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%

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

Governmental Activities

Fiscal Year	School Refunding Bonds	General Obligation Bonds	Capital Loan Note	Qualified Zone Academy Bond (QZAB)	Anticipatory Warrants	Lease Payable	Total Primary Government	Percentage of Personal Income*	Total Debt Per Capita*	Bonded Debt** Per Capita*	Taxable Value of Property	Ratio of Bonded Debt** to Taxable Value of Property
2010	\$ 30,880,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,880,000	0.35%	\$120	\$120	\$4,379,304,353	0.71%
2009	31,385,000	26,300,000	-	-	-	-	57,685,000	0.66%	226	226	4,252,041,112	1.36%
2008	31,385,000	35,350,000	-	-	-	-	66,735,000	0.78%	264	264	4,128,554,614	1.62%
2007	31,385,000	37,400,000	-	-	-	-	68,785,000	0.84%	276	276	4,085,717,578	1.68%
2006	31,385,000	39,325,000	325,000	-	-	-	71,035,000	0.89%	286	286	4,050,367,970	1.75%
2005	-	41,225,000	635,000	-	5,000,000	-	46,860,000	0.60%	168	168	3,988,485,012	1.03%
2004	-	43,025,000	940,000	1,000,000	-	-	44,965,000	0.58%	177	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%	217	185	3,858,278,079	1.16%
2002	-	45,850,000	1,530,000	1,000,000	-	-	48,380,000	0.64%	202	191	3,671,871,211	1.25%
2001	-	10,000,000	-	-	5,000,000	50,000	15,050,000	0.20%	63	42	3,558,188,418	0.28%

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, 2010**

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$ 30,880,000	100.00 %	\$ 30,880,000
Overlapping:			
City of Cedar Rapids	122,458,915	74.44 %	\$ 91,158,416
City of Hiawatha	18,755,000	100.00 %	\$ 18,755,000
City of Marion	19,465,000	0.74 %	\$ 144,041
City of Robins	6,685,000	3.81 %	\$ 254,699
Kirkwood Community College	15,870,000	26.10 %	\$ 4,142,070
Linn County	1,000,000	55.05 %	\$ 550,500
Total Overlapping	184,233,915		115,004,726
<b>Total Direct and Overlapping Debt</b>	<b>\$215,113,915</b>	<b>67.82 %</b>	<b>\$ 145,884,726</b>

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									
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Assessed valuation	\$ 7,752,753,942	\$ 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
Legal debt limit (5% of Assessed Valuation)	387,637,697	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
District debt applicable*	30,880,000	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	\$ 356,757,697	\$ 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
District debt applicable as a percentage of Legal debt limit	8.0%	8.6%	9.7%	10.6%	11.9%	13.0%	14.8%	15.8%	18.3%	4.2%

Source: District Financial Records and Linn County Auditor

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

**Demographic and Economic Statistics**

**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Unemployment Rate %</b>
<b>2010</b>	<b>259,620</b>	<b>\$9,050,810,000</b>	<b>\$34,862</b>	<b>6.3%</b>
2009	257,530	8,865,730,000	34,426	5.4
2008	255,450	8,806,050,000	34,473	4.0
2007	252,470	8,577,900,000	33,976	3.6
2006	249,380	8,176,920,000	32,789	3.8
2005	247,150	7,981,500,000	32,294	4.7
2004	245,010	7,871,720,000	32,128	4.9
2003	243,100	7,688,450,000	31,627	4.8
2002	242,030	7,680,500,000	31,734	4.4
2001	240,070	7,612,810,000	31,711	2.9

Sources:

Woods and Poole Economics 2010 Data Pamphlet - for population and personal income.

Bureau of Labor Statistics - for unemployment data

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

Schedule 16  
Cedar Rapids Community School District

Principal Employers  
Current Year and Nine Years Ago

<u>Employer</u>	2010			2001		
	<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	4.72%	7,543	1	4.23%
AEGON USA, Inc.	3,500	2	1.96%	1,900	8	1.07%
St. Luke's Hospital	2,700	3	1.51%	2,200	5	1.23%
Hy-Vee Food Stores	2,608	4	1.46%	2,188	6	1.23%
Cedar Rapids Community Schools	2,569	5	1.44%	2,485	4	1.39%
Mercy Medical Center	2,300	6	1.29%	1,800	9	1.01%
Whirlpool Corporation	2,273	7	1.27%	2,860	3	1.60%
Kirkwood Community College	1,410	8	0.79%			
City of Cedar Rapids	1,280	9	0.72%	1,629	10	0.91%
Walmart Stores Inc.	1,141	10	0.64%			
MCI Communications (Worldcom)				2,000	7	1.12%
McLeodUSA				3,500	2	1.96%
<b>Totals</b>	<b>28,206</b>		<b>15.80%</b>	<b>28,105</b>		<b>15.75%</b>

Sources:  
Cedar Rapids Chamber of Commerce - Community Resource and Business Guides for years 2010 and 2001 for individual employer employment.  
Woods and Poole Economics 2010 Data Pamphlet - for total employment. 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

	FY10	FY09	FY08	FY07	FY06	FY05	FY04	FY03	FY02	FY01	Percentage Change FY2001-2010
<b>Administration</b>											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Deputy/Assistant Superintendent	1.0	1.0	2.0	2.0	2.0	0.0	1.0	1.0	3.0	3.0	-66.7%
Principals and Assistants	48.0	48.0	48.0	49.0	49.0	51.0	50.0	50.0	48.0	48.0	0.0%
District Administrators	13.0	14.0	13.0	13.0	13.0	13.0	15.0	14.0	16.0	16.0	-18.8%
Supervisors	8.0	9.0	8.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0	0.0%
<b>Total Administration</b>	<b>71.0</b>	<b>73.0</b>	<b>72.0</b>	<b>73.0</b>	<b>72.0</b>	<b>72.0</b>	<b>74.0</b>	<b>74.0</b>	<b>76.0</b>	<b>76.0</b>	<b>-6.6%</b>
<b>Teachers</b>											
PreK-12***, Music, Physical Education and Art	969.5	940.8	942.0	933.0	930.5	906.1	921.7	940.0	977.9	988.8	-2.0%
Special Education	219.4	252.9	258.1	265.5	255.8	249.5	257.0	253.2	238.7	227.9	-3.7%
Federal Programs	41.3	27.2	26.0	23.0	22.3	20.2	19.2	21.0	14.5	18.0	129.4%
Media Specialist	25.0	23.3	24.7	23.7	24.7	24.7	32.4	32.4	32.4	32.4	-22.8%
Counselors	48.8	48.6	46.3	46.0	45.5	45.1	45.4	44.4	44.0	45.0	8.4%
<b>Total Teachers</b>	<b>1,304.0</b>	<b>1,292.8</b>	<b>1,297.1</b>	<b>1,291.1</b>	<b>1,278.8</b>	<b>1,245.6</b>	<b>1,275.7</b>	<b>1,291.0</b>	<b>1,307.5</b>	<b>1,312.1</b>	<b>-0.6%</b>
<b>Support Personnel</b>											
Clerical	182.8	178.1	183.5	180.7	182.3	175.3	180.5	187.3	184.7	185.5	-1.5%
Teacher aides, Special Education	257.0	273.6	268.1	281.2	274.7	264.5	258.7	243.1	215.5	186.8	37.6%
Teacher aides, regular	124.1	120.2	95.1	90.4	81.6	84.2	82.2	90.0	98.1	105.3	17.9%
Custodial and maintenance	171.4	170.3	168.4	169.9	171.9	174.4	173.3	179.0	178.8	175.0	-2.1%
Bus drivers/Attendants	111.0	105.7	105.6	104.1	98.9	98.2	92.9	93.0	92.8	82.3	34.9%
Food service workers	134.3	133.9	136.8	133.6	130.6	129.4	132.1	130.1	135.3	130.7	2.8%
Nurses/Volunteer Coordinator	14.5	15.5	15.5	15.1	14.7	14.7	14.5	13.3	11.7	11.7	23.9%
Crafts and trades	22.8	18.1	18.9	19.6	18.1	18.4	19.4	20.1	20.4	20.4	11.8%
Data processing	3.5	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	-7.9%
Day care	105.0	99.8	101.0	97.1	92.3	88.0	87.1	85.3	87.7	91.6	14.6%
Other**	54.3	55.5	57.3	58.1	63.6	66.4	64.9	67.1	60.5	56.9	-4.6%
<b>Total Support Personnel</b>	<b>1,180.7</b>	<b>1,174.5</b>	<b>1,153.9</b>	<b>1,153.6</b>	<b>1,132.5</b>	<b>1,117.3</b>	<b>1,109.4</b>	<b>1,112.1</b>	<b>1,089.3</b>	<b>1,050.0</b>	<b>12.4%</b>
<b>Total Staff</b>	<b>2,555.7</b>	<b>2,540.3</b>	<b>2,523.0</b>	<b>2,517.7</b>	<b>2,483.3</b>	<b>2,434.9</b>	<b>2,459.1</b>	<b>2,477.1</b>	<b>2,472.8</b>	<b>2,438.1</b>	<b>4.8%</b>

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*	Statement of Activities Expenses	Cost per Pupil	Percentage Change			Number	Percentage
2010	16,929	\$168,930,455	\$9,979	\$213,222,413	\$12,595	2.5%	1,304.0	13.0	7,030	41.5%
2009	17,502	161,150,592	9,208	214,987,326	12,284	15.0%	1,292.8	13.5	6,691	38.2%
2008	17,746	148,901,190	8,391	189,489,490	10,678	4.7%	1,297.1	13.7	6,624	37.3%
2007	17,677	142,338,991	8,052	180,240,205	10,196	6.0%	1,291.1	13.7	6,596	37.3%
2006	17,754	134,874,912	7,597	170,797,530	9,620	8.3%	1,278.8	13.9	6,455	36.4%
2005	17,691	123,723,873	6,994	157,109,397	8,881	1.4%	1,245.6	14.2	6,246	35.3%
2004	17,656	119,487,777	6,768	154,602,264	8,756	7.3%	1,275.7	13.8	5,749	32.6%
2003	17,861	118,590,073	6,640	145,736,349	8,159	-11.8%	1,291.0	13.8	5,554	31.1%
2002	17,860	120,334,376	6,738	165,200,845	9,250	N/A	1,307.5	13.7	5,228	29.3%
2001	18,114	114,792,631	6,337	N/A	N/A	N/A	1,312.1	13.8	4,676	25.8%

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.

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>2010</u>	<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>									
<b>High Schools (9-12)</b>																					
<b>Jefferson (1959)</b>																					
			Square feet	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110	271,292	271,292	271,292	271,292	271,292	271,292	271,292	271,292	271,292
	<b>1,723</b>	<b>310,110</b>	Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,803	1,803	1,803	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577
		<b>1,622</b>	Enrollment	1,652	1,667	1,632	1,632	1,579	1,563	1,563	1,614	1,614	1,651	1,651	1,651	1,595	1,595	1,595	1,595	1,595	1,607
<b>Kennedy</b>																					
			Square feet	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600	249,342	249,342	249,342	249,342	249,342	249,342	249,342	249,342	249,342
	<b>1,603</b>	<b>288,600</b>	Capacity	1,800	1,800	1,800	1,800	1,800	1,804	1,804	1,804	1,804	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558	1,558
		<b>1,768</b>	Enrollment	1,800	1,813	1,829	1,829	1,885	1,781	1,781	1,748	1,748	1,677	1,677	1,677	1,572	1,572	1,572	1,572	1,572	1,578
<b>Metro</b>																					
			Square feet	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399
	<b>263</b>	<b>47,399</b>	Capacity	450	450	450	450	450	451	451	451	451	451	451	451	451	451	451	451	451	451
		<b>585</b>	Enrollment	580	568	556	556	569	575	575	543	543	578	578	578	578	578	578	578	578	651
<b>Washington</b>																					
			Square feet	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694	277,844	277,844	277,844	277,844	277,844	277,844	277,844	277,844	277,844
	<b>1,737</b>	<b>312,694</b>	Capacity	1,800	1,800	1,800	1,800	1,800	1,797	1,797	1,797	1,797	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597
		<b>1,424</b>	Enrollment	1,463	1,531	1,651	1,651	1,620	1,595	1,595	1,539	1,539	1,626	1,626	1,626	1,650	1,650	1,650	1,650	1,650	1,645
<b>Middle Schools (6-8)</b>																					
<b>Franklin (1922)</b>																					
			Square feet	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148
	<b>860</b>	<b>146,148</b>	Capacity	700	700	700	700	700	699	699	699	699	699	699	699	699	699	699	699	699	699
		<b>639</b>	Enrollment	642	653	630	630	651	657	657	658	658	667	667	667	665	665	665	665	665	687
<b>Harding (1964)</b>																					
			Square feet	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634
	<b>821</b>	<b>139,634</b>	Capacity	900	900	900	900	900	901	901	901	901	901	901	901	901	901	901	901	901	901
		<b>835</b>	Enrollment	876	880	952	952	928	926	926	883	883	872	872	872	913	913	913	913	913	893

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>2010</u>	<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>			
<b>McKinley (1922)</b>	<b>815</b>	Square feet	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476
		Capacity	700	700	700	700	700	699	699	699	699	699	699	699	699
		Enrollment	517	512	555	618	659	712	736	741	695	695	695	695	695
<b>Roosevelt (1924)</b>	<b>820</b>	Square feet	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350
		Capacity	700	700	700	700	700	700	700	700	700	700	700	700	700
		Enrollment	496	570	628	645	646	643	651	598	567	567	567	567	
<b>Taft (1965)</b>	<b>750</b>	Square feet	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507
		Capacity	700	700	700	700	700	701	701	701	701	701	701	701	
		Enrollment	668	699	730	738	713	699	685	694	669	669	669	669	
<b>Elementary Schools Arthur (1914)</b>	<b>308</b>	K-5	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214
		Square feet	400	400	400	400	400	398	398	398	398	398	398	398	
		Capacity	315	302	312	328	333	318	334	332	355	355	355	355	
<b>Cleveland (1950)</b>	<b>312</b>	K-5	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819
		Square feet	500	500	500	500	500	498	498	498	498	498	498	498	
		Capacity	366	328	359	370	375	385	409	438	417	417	417	417	
<b>Coolidge (1967)</b>	<b>324</b>	K-5	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557
		Square feet	500	500	500	500	500	501	501	501	501	501	501	501	
		Capacity	433	423	413	421	420	410	379	426	431	431	431	431	

**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>2010</u>	<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>			
<b>Erskine (1955)</b>	<b>271</b>	K-5 Square feet Capacity Enrollment	<b>40,675</b>	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675
			<b>400</b>	400	400	400	400	399	399	399	399	399	399	399	399
			<b>325</b>	321	354	362	362	356	330	341	356	356	386	386	386
<b>Garfield (1930)</b>	<b>268</b>	K-5 Square feet Capacity Enrollment	<b>40,224</b>	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224
			<b>400</b>	400	400	400	400	398	398	398	398	398	398	398	
			<b>287</b>	296	306	328	318	309	295	281	281	281	276	276	
<b>Gibson (2002)</b>	<b>499</b>	K-5 Square feet Capacity Enrollment	<b>74,805</b>	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805
			<b>600</b>	600	600	600	600	598	598	598	598	598	598	598	
			<b>562</b>	535	545	521	542	503	448	451	451	451	0	0	
<b>Grant (1961)</b>	<b>293</b>	K-1 Square feet Capacity Enrollment	<b>43,919</b>	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919
			<b>450</b>	450	450	450	450	448	448	448	448	448	448	448	
			<b>151</b>	181	223	234	237	192	179	180	224	224	228	228	
<b>Grant Wood (1948)</b>	<b>348</b>	K-5 Square feet Capacity Enrollment	<b>52,172</b>	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172
			<b>500</b>	500	500	500	500	502	502	502	502	502	502	502	
			<b>304</b>	331	352	335	321	335	362	363	383	383	437	437	
<b>Harrison (1930)</b>	<b>365</b>	K-5 Square feet Capacity Enrollment	<b>54,677</b>	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677
			<b>550</b>	550	389	550	550	552	552	552	552	552	552	552	
			<b>243</b>	311	404	397	406	461	407	431	461	461	469	469	
<b>Hiawatha (1956)</b>	<b>339</b>	K-5 Square feet Capacity Enrollment	<b>50,787</b>	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787
			<b>550</b>	550	550	550	550	552	552	552	552	552	552	552	
			<b>395</b>	424	462	400	457	412	399	391	509	509	543	543	

**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>2010</u>	<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>				
<b>Hoover (1954)</b>	<b>375</b>	K-5	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260	39,427	39,427	39,427	39,427	39,427	39,427
		Square feet	500	500	500	500	500	500	500	500	500	349	349	349	349	349
		Capacity	367	360	307	282	291	284	304	304	317	319	319	319	319	319
<b>Jackson (1970)</b>	<b>251</b>	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	37,580
		Square feet	540	540	540	540	540	540	540	540	540	537	537	537	537	537
		Capacity	345	331	318	305	286	282	283	283	411	440	440	440	440	440
<b>Johnson (1955)</b>	<b>328</b>	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	49,191
		Square feet	500	500	500	500	500	502	502	502	502	502	502	502	502	502
		Capacity	230	279	304	311	319	366	397	397	418	422	422	422	422	422
<b>Kenwood (1950)</b>	<b>351</b>	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	52,660
		Square feet	500	500	500	500	500	502	502	502	502	502	502	502	502	502
		Capacity	324	331	301	319	276	285	303	303	307	304	304	304	304	304
<b>Madison (1961)</b>	<b>239</b>	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	35,919
		Square feet	400	400	400	400	400	399	399	399	399	399	399	399	399	399
		Capacity	286	273	284	277	280	262	273	256	273	282	282	282	282	282
<b>Monroe (1961)</b>	<b>181</b>	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	27,175
		Square feet	350	350	350	350	350	348	348	348	348	348	348	348	348	348
		Capacity	196	235	253	280	262	237	255	251	248	251	248	251	251	251
<b>Nixon (1970)</b>	<b>251</b>	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	37,580
		Square feet	540	540	540	540	540	540	540	540	540	537	537	537	537	537
		Capacity	301	301	310	318	325	309	332	332	428	455	455	455	455	455

**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>2010</u>	<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>	
<b>Pierce (1965)</b>	<b>315</b>	<b>47,308</b> 475 471	K-5 Square feet Capacity Enrollment	47,308 475 465	47,308 475 446	47,308 475 439	47,308 475 466	47,308 475 459	47,308 473 459	43,471 435 450	43,471 435 440	43,471 435 435	43,471 435 426
<b>Polk (1961)</b>	<b>200</b>	<b>29,934</b> 350 195	K-5 Square feet Capacity Enrollment	29,934 350 220	29,934 350 212	29,934 350 224	29,934 350 209	29,934 348 204	29,934 348 204	29,934 348 200	29,934 348 221	29,934 348 237	29,934 348 263
<b>Taylor (1973)**</b>	<b>321</b>	<b>48,170</b> 475 232	K-5 Square feet Capacity Enrollment	48,170 475 0	48,170 475 268	48,170 475 232	48,170 475 239	48,170 477 256	48,170 477 256	48,170 477 270	48,170 477 275	48,170 477 310	48,170 477 340
<b>Truman (1961)</b>	<b>294</b>	<b>44,129</b> 400 335	Square feet Capacity Enrollment	44,129 400 352	44,129 400 351	44,129 400 339	44,129 400 319	44,129 401 334	44,129 401 334	44,129 401 336	44,129 401 344	44,129 401 377	44,129 401 358
<b>Van Buren (1970)</b>	<b>251</b>	<b>37,580</b> 475 350	K-5 Square feet Capacity Enrollment	37,580 475 385	37,580 475 392	37,580 475 360	37,580 475 369	37,580 476 374	37,580 476 374	37,580 476 412	37,580 476 418	37,580 476 403	37,580 476 395
<b>Wright (1953)</b>	<b>277</b>	<b>41,502</b> 375 232	K-5 Square feet Capacity Enrollment	41,502 375 248	41,502 375 221	41,502 375 232	41,502 375 251	41,502 374 241	41,502 374 241	41,502 374 230	41,502 374 210	41,502 374 227	41,502 374 247

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											
			2010	2009	2008	2007	2006	2005	2004	2003	2002	2001		
<b>Grades 2-8 School Wilson (1928)</b>	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
	Capacity	725	650	650	650	650	650	650	652	652	652	652	652	652
	Enrollment (2-5)	269	289	252	229	216	236	272	276	272	302	302	293	293
	Enrollment (6-8)	252	248	276	302	315	301	314	327	327	332	327	322	322
	Total Enrollment	521	537	528	531	531	537	590	599	634	634	599	634	615
<b>Totals</b>														
	Square feet	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562
	Capacity	17,078	20,930	20,930	20,930	20,930	20,930	20,930	20,925	20,738	20,066	19,468	19,468	19,468
	Enrollment	16,305	16,523	17,138	17,318	17,419	17,225	17,103	17,336	17,441	17,336	17,441	17,651	17,651
	Percent Capacity	95.47%												

Source: District Records

\* DC Public School Capacity Standards May 2001:

Source Document located at: [http://www.ncbg.org/schools/design\\_capacity.htm](http://www.ncbg.org/schools/design_capacity.htm)

\*\* Taylor Elementary School was closed for the 2008-2009 school year due to damage caused by the 2008 flood. It reopened for the 2009-2010 school year.

**Cedar Rapids Community School District**

**Schedule of Expenditures of Federal Awards  
Year ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
<b>Direct:</b>			
<b>U.S. Department of Education:</b>			
Fund for the Improvement of Education - Bringing History Home Program	84.215	N/A	\$ 238,987
Homeless Education Disaster Assistance Program	84.383	N/A	848,458
<b>Total direct</b>			<u>1,087,445</u>
<b>Indirect:</b>			
<b>U.S. Department of Agriculture:</b>			
Passed through Iowa Department of Education:			
National School Lunch Program	10.555	N/A	2,902,726
School Breakfast Program	10.553	N/A	744,717
Fresh Fruit & Vegetable Pilot Program	10.582	N/A	34,362
Child and Adult Care Food Program	10.558	N/A	59,221
ARRA- School Lunch Equipment	10.579	N/A	56,242
National School Lunch Program - USDA Commodities (noncash)	10.555	N/A	470,049
			<u>4,267,317</u>
<b>Corporation for National Community Service:</b>			
Passed through State of Iowa Department of Education,			
Learn and Serve America - School and Community	94.004	N/A	4,085
<b>U.S. Department of Education:</b>			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	3,434,462
Title I Grants to Local Educational Agencies - Carryover	84.010	N/A	496,472
Title I Grants to Local Educational Agencies - SINA	84.010	N/A	237,694
ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds	84.389	N/A	903,042
Special Education Grants to States - IDEA Part B - High Cost Funds	84.027	N/A	26,534
Title IIA Improving Teacher Quality State Grants - Class Size Reduction Program	84.367	N/A	814,404
Special Education Improvement Grants	84.323	N/A	3,641
Reading First	84.357	N/A	257,619
Safe and Drug Free Schools and Communities	84.186	N/A	81,608
ARRA - Professional Development - State Stabilization Funds	84.394	N/A	7,873
ARRA - Instructional Development - State Stabilization Funds	84.394	N/A	516,357
ARRA - State Stabilization Funds	84.394	N/A	9,062,052
Gear up Iowa	84.334	N/A	56,674
IDEA Part B- IQPPS Fund	84.173	N/A	15,625
Perkins Vocational Education Program - Basic Grant	84.048	N/A	216,635
Title VI A Grants for State Assessments and Related Activities - NCLB Assessment Grant	84.369	N/A	106,509
			<u>16,237,201</u>

(Continued)

**Cedar Rapids Community School District**

**Schedule of Expenditures of Federal Awards (Continued)  
Year ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
<b>Indirect:</b>			
<b>U.S. Department of Education:</b>			
Passed through Iowa Department of Education:			
E2T2 - Enhancing Education Through Technology	84.318	N/A	\$ 56,950
Fund for the Improvement of Education	84.215	N/A	258
Education for Homeless Children and Youth	84.196	N/A	31,608
ARRA-Education for Homeless Children and Youth, Recovery Act	84.387	N/A	<u>23,349</u>
			<u>112,165</u>
Passed through Linn County Agricultural Extension:			
21st Century Community Learning Centers	84.287	N/A	<u>12,324</u>
Passed through Grant Wood Area Education Agency:			
Special Education Grants to States IDEA Part B	84.027	N/A	1,031,880
ARRA - IDEA - Special Education Grants to States	84.391	N/A	<u>1,457,683</u>
			<u>2,489,563</u>
<b>U.S Department of Human Services:</b>			
Passed through Hawkeye Area Community Action Program:			
Head Start	93.600	N/A	<u>20,484</u>
<b>U.S Department of Human Services:</b>			
Passed through Linn County, Iowa:			
Empowerment Federal Funds	93.575	N/A	<u>97,999</u>
<b>U.S Department of Homeland Security:</b>			
Passed through Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	N/A	<u>2,635,918</u>
<b>Total Indirect</b>			<u>25,877,056</u>
<b>Total expenditures of federal awards</b>			<u>\$ 26,964,501</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, 2010**

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**Note 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, 2010. 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.

**Note 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.

**Note 3. Subrecipients**

Of the federal expenditures presented in the schedule of expenditures of federal awards, the District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Title IIA Improving Teacher Quality State Grants - Class Size Reduction Program	84.367	\$ 13,444
Safe and Drug Free Schools and Communities	84.186	6,970

**Cedar Rapids Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010**

Finding		Status	Corrective Action Plan or Other Explanation
<b>Significant Deficiencies and Material Weaknesses in Internal Control</b>			
09-II-A	The District has improper segregation of duties over the receipt cycle.	Partially Corrected	See corrective action plan at 10-II-A
09-II-B	The District has improper segregation of duties over the payroll cycle.	Partially Corrected	See corrective action plan at 10-II-B
09-II-C	There are not adequate controls in place over access to the check stock and accounting for check sequence.	Partially Corrected	See corrective action plan at 10-II-C
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.	Partially Corrected	See corrective action plan at 10-II-D
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.	Corrected	
<b>Significant Deficiencies in Internal Control Over Administering Federal Awards</b>			
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.	Partially Corrected	See corrective action plan at 10-III-A
<b>Instances of Noncompliance Over Administering Federal Awards</b>			
09-III-B	The District has not taken a physical inventory of equipment acquired under federal awards in the last two years as required.	Not Corrected	See corrective action plan at 10-III-B
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.	Corrected	

(Continued)

**Cedar Rapids Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010**

	Finding	Status	Corrective Action Plan or Other Explanation
<b>Other Findings Related to Statutory Reporting</b>			
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.	Corrected	
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.	Corrected	
09-IV-G	The District submitted the certified enrollment to the Iowa Department Education two days past the due date of October 15, 2008.	Partially Corrected	See corrective action plan at 10-IV-G
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.	Partially Corrected	See corrective action plan at 10-IV-G
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.	Partially Corrected	See corrective action plan at 10-IV-M
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.	Not Corrected	See corrective action plan at 10-IV-N





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

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

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District as of and for the year ended June 30, 2010, which collectively comprise Cedar Rapids Community School District's basic financial statements and have issued our report thereon dated December 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cedar Rapids Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cedar Rapids Community School 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 10-II-A and 10-II-E to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 10-II-B, 10-II-C, 10-II-D and 10-II-F to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Rapids Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010, 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 noted certain matters that we reported to management of Cedar Rapids Community School District in a separate letter dated December 16, 2010.

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

This report is intended solely for the information and use of management, the Board of Education, others within the entity 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  
December 16, 2010



**Independent Auditor's Report on Compliance With  
Requirements that Could Have a Direct and Material  
Effect on Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133**

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

**Compliance**

We have audited Cedar Rapids Community School District's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. Cedar Rapids Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cedar Rapids Community School District's management. Our responsibility is to express an opinion on Cedar Rapids Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cedar Rapids Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cedar Rapids Community School District's compliance with those requirements.

In our opinion, Cedar Rapids Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which 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 10-III-A through 10-III-E.

**Internal Control over Compliance**

Management of Cedar Rapids Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cedar Rapids Community School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 16, 2010

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010**

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**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?  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?  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
-------------	------------------------------------

School Nutrition 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

Title I Cluster:

84.010	Title I Grants to Local Educational Agencies
84.389	ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds
84.394	ARRA - Professional Development - Stabilization Funds
84.394	ARRA - Instructional Development - Stabilization Funds
84.394	ARRA - State Stabilization Funds

IDEA Cluster:

84.027	Special Education Grants to States - IDEA Part B
84.173	Special Education - Preschool Grants - IDEA Preschool
84.391	ARRA - IDEA - Special Education Grants to States - IDEA Part B
84.383	Homeless Education Disaster Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$808,935

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, 2010

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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.

10-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 Accounts Receivable 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.
- 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.
- 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.

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

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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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 and 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 of Business Services 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.
- *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 Wood Area Education Agency 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.

(Continued)

## Cedar Rapids Community School District

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2010

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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.

- *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 to 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: In July 2010, the District redistributed job duties in such a way that different people have duties of (1) opening the mail, creating a cash log, restrictively endorsing checks (2) making deposits (3) receipting into cash receipts systems (4) comparing cash log with ledger system amounts and deposit tickets.

The District has created a comprehensive cash receipt process and training program for all employees handling cash.

The District has contacted the GWAEA on ways to better secure mainframe access in a new finance system in development. Additionally, any changes or additions in GWAEA administrative data system IT rights will require prior approval from the Manager of Accounting or the Executive Director of Business Services. The Manager of Accounting will keep a summary of Information Technology rights granted for all CRCSD employees.

Currently the Executive Director of Business Services reviews bank reconciliations and compares balances to the general ledger system. The Accounting Supervisor will perform bank reconciliations and the Manager of Accounting will review the completed reconciliations.

#### **10-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.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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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 identifying 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 2008 no one has reconciled the payroll deduction and employer insurance amounts in the payroll registers to general ledger accounts.
- 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 has revoked access for payroll staff to have ability to delete edit reports. The Payroll Manager will not have edit access in the system and will review edit reports and changes to ensure they are valid and approved. Manual check duties have been relocated to the Accounting Department for safeguarding and processing.

The District has created a monthly process to balance payroll deduction and employer insurance amounts in payroll registers to general ledger account.

The District will implement GWAEA payroll system that will accommodate separate balance sheet account for each benefit type to allow monthly tracking and reconciliation. Undistributed payroll has been written to zero as of June 30, 2010. This account will be reviewed and reconciled on a monthly basis.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-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. During fiscal year 2010, 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, during the year no was 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.

**10-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.

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.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2010**

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Recommendation: 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: The Accounting Supervisor will review and initial all journal entries by any staff that has access to posting and releasing batches. This will be completed on a monthly or quarterly basis, depending on the volume. When journal entries are posted, they will be initialed by the person performing the task.

**10-II-E**

Finding: The District does not have an adequate system in place over the recording of the District's financial transactions.

Criteria: The financial reporting process, including the accurate recording and accounting of transactions, is a critical function of the District.

Condition: Significant journal entries were recorded through audit entries to account balances including receivables, deferrals, capital assets and interfund accounts.

Context: Pervasive to the financial statements as a whole.

Effect: The lack of sufficient closing policies and procedures could result in material misstatements to the financial statements.

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

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

Response: The District will seek additional guidance in preparing journal entries and account balances for year-end fiscal reporting.

**10-II-F**

Finding: The District does not have an adequate system in place to properly identify assets which need to be capitalized, disposed, recorded in construction in process and to properly record depreciation.

Criteria: A good capital asset process identifies items that should be capitalized, disposed of, balance in construction in process along with calculating the amount of depreciation to be taken during the year.

Condition:

- An asset that was disposed of in the current year was not removed for the capital asset listing.
- Assets that had been fully depreciated were still having depreciation taken against them resulting in assets with negative net book values.
- Depreciation expense was not being calculated for governmental activities for current year asset additions.
- Numerous projects included in construction in process in the prior year in the amount of approximately \$4.1M were improperly expensed during the current year. Through adjusting journal entries they were properly recorded.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2010**

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- The construction in process listing improperly included encumbrances of the District, as these items were already included in the construction in process listing as expenditures.
- The construction in process listing was not complete as costs incurred by the District in the current year relating to three projects had to be added to the project balance.

Context: Pervasive to all capital assets.

Effect: Capital assets additions, disposals, construction in process and depreciation throughout the year may not be properly recorded.

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

Recommendation: We recommend reviewing the capital outlay expenditure accounts on a periodic basis for items to be capitalized as well as having the department heads review the capital assets listing at least annually to identify any assets that should be added to the listing. In addition, we recommend a periodic review of the capital asset detail to ensure that the correct amount of depreciation is being calculated for each asset, there are no assets with negative net book value and assets disposed of have been removed from the listing.

Response: The District will increase the training of staff of capital asset accounting and review annual reports for completeness of current year capital asset activity.

**B. Compliance findings.**

None

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**III. Findings and Questioned Costs for Federal Awards.**

**A. Significant Deficiencies in Administering Federal Awards**

None

**B. Instances of Noncompliance**

**10-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 (CFDA 10.555)  
National School Lunch Program (CFDA 10.555)  
Federal Award Year: 2009/2010**

**U.S. Department of Homeland Security  
Passed through Iowa Department of Homeland Security  
Disaster Grants – Public Assistance (CFDA 97.036)  
Federal Award Year: 2009/2010**

**U.S. Department of Education  
Passed through Iowa Department of Education  
Title I Cluster Programs  
ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds (CFDA  
84.389)  
Title I - Grants to Local Educational Agencies (CFDA 84.010)  
Federal Award Year: 2009/2010**

**U.S. Department of Education  
Direct  
Homeless Education Disaster Assistance Program (CFDA 84.383)  
Federal Award Year: 2009/2010**

Finding: The District did 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 before entering into contracts with the vendor. For the School Nutrition Cluster Programs, Disaster Grants – Public Assistance, Title I and Homeless Education Disaster Assistance Grants, vendors were verified to not be suspended or debarred in April 2010.

Questioned Costs: None

Context: There were 7 contracts exceeding \$25,000 for the School Nutrition Cluster Programs, 14 contracts exceeding \$25,000 for the Disaster Grants – Public Assistance, 3 contracts exceeding \$25,000 for the Title I grants and 1 contract exceeding \$25,000 for the Homeless Education Disaster Assistance Program.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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Effect: The District does not have documentation to support contracts with vendors who are not 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 prior to April 2010.

Recommendation: We recommend the District implement a system to verify that all vendors with which the District will be signing contracts to pay the vendors with federal money are not suspended or debarred by the federal government at the time of the contract. 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 by the District when to support the verification was performed.

Response and Corrective Action Plan: An ongoing process was set up in April 2010 and the Purchasing Department is up to date as of November 2010. Every six months, January and June, Purchasing obtains a listing of vendors paid over \$25,000 and verifies that vendors are not suspended or debarred as appropriate. Confirmations are documented in the vendor information in BSO.

**10-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 (CFDA10.555)  
National School Lunch Program (CFDA 10.555)  
Federal Award Year: 2009/2010**

**U.S. Department of Homeland Security  
Passed through Iowa Department of Homeland Security  
Disaster Grants – Public Assistance (CFDA 97.036)  
Federal Award Year: 2009/2010**

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 awards at least once every two years.

Questioned Costs: None

Context: Pervasive to all equipment purchased under the School Nutrition Cluster Programs and the Disaster Grants – Public Assistance federal programs.

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

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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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: Two physical counts have been completed to date. Additional physical inventories will be scheduled and commence following the hiring of an Accounting Supervisor in September 2010.

**10-III-C**

**U.S. Department of Education**

**Passed through Iowa Department of Education**

**ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds (CFDA 84.389)**

**Federal Award Year: 2009/2010**

Finding: The supporting general ledger detail for the 4<sup>th</sup> quarter report did not agree to the expenditures reported.

Criteria: The grant requires quarterly ARRA financial expenditure reports to be filed with the Iowa Department of Education by the 10<sup>th</sup> day of the month following the previous quarter.

Condition: For the 4<sup>th</sup> quarter report the District used cumulative expenditures through May 31, 2010 of \$572,495 while actual expenditures through the 4<sup>th</sup> quarter were \$903,042.

Questioned Costs: None

Context: One of two ARRA quarterly financial expenditure reports tested did not agree to the backup documentation.

Effect: Reports are not filed with the correct cumulative quarterly amounts.

Cause: The District has consistently left out the last month of the quarter as the month has not been closed to the general ledger system when the reports were due and submitted.

Recommendation: We recommend the District file quarterly reports with appropriate expenditure information through the end of the quarter.

Response and Corrective Action Plan: The District will contact the oversight department regarding the reporting of quarterly activity when the fiscal period has not been closed and reconciled.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-III-D**

**U.S. Department of Education  
Passed through Iowa Department of Education  
ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds (CFDA 84.389)  
Title I - Grants to Local Educational Agencies - Stabilization Funds (CFDA 84.010)  
Federal Award Year: 2009/2010**

**U.S. Department of Education  
Passed through Iowa Department of Education  
Special Education Grants to States - IDEA Part B - High Cost Funds (CFDA 84.027)  
Federal Award Year: 2009/2010**

**U.S. Department of Education  
Passed through Grant Wood Area Education Agency  
Special Education Grants to States IDEA Part B (CFDA 84.027)  
Federal Award Year: 2009/2010**

Finding: The District did not allocate split funded employee payroll costs as required by OMB Circular A-87 for employees who work for more than one cost objective. The District did not maintain payroll documentation of actual time spent in each program.

Criteria: The Office of Management and Budget Circular A-87 requires a distribution of salaries be supported by personnel activity reports or equivalent documentation for all employees who work for more than one cost objective and the documentation be signed by the employee. Also, the Circular requires at least quarterly comparisons of actual cost to budgeted distributions be made and reflect adjustments as a result of actual activity performed.

Condition: The District did not have records supporting the actual wages for split-funded employees to reconcile with the budgeted percentages used for these employees.

Questioned Costs: \$1,713, \$1,052 and \$1,360, respectively, for Title I, Part A Cluster, ARRA Title I, Part A Cluster and IDEA.

Context: 3 of 60 expenditures tested for Title I and 1 of the 60 expenditures tested for IDEA.

Effect: The District did not follow OMB Circular A-87 requirements.

Cause: The District did not have payroll documentation of actual time spent in each program.

Recommendation: We recommend the District implement a system to track employees' time by activity for these programs. Based on OMB Circular A-87, the employees should submit a signed timesheet or equivalent documentation by activity on a monthly basis. If a budget or estimate is determined before the services are performed, comparisons of actual costs to budgeted distributions based on the monthly documentation should be done on at least a quarterly basis.

Response and Corrective Action: The District is developing documentation for split-funded employees to comply with OMB Circular A-87. The District expects to be in compliance by December 31, 2010.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

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10-III-E

U.S. Department of Education  
Passed through Iowa Department of Education  
ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds (CFDA 84.389)  
Title I - Grants to Local Educational Agencies (CFDA 84.010)  
Federal Award Year: 2009/2010

U.S. Department of Education  
Passed through Iowa Department of Education  
Special Education Grants to States - IDEA Part B - High Cost Funds (CFDA 84.027)  
IDEA Part B - IQPPS Fund (CFDA 84.173)  
Federal Award Year: 2009/2010

U.S. Department of Education  
Passed through Grant Wood Area Education Agency  
Special Education Grants to States IDEA Part B (CFDA 84.027)  
Federal Award Year: 2009/2010

U.S. Department of Education  
Direct  
Homeless Education Disaster Assistance Grant (CFDA 84.383)  
Federal Award Year: 2009/2010

U.S. Department of Agriculture  
Passed through Iowa Department of Education  
School Nutrition Cluster Programs  
National School Breakfast Program (CFDA 10.553)  
National School Lunch Program USDA Commodities (CFDA 10.555)  
National School Lunch Program (CFDA 10.555)  
Federal Award Year: 2009/2010

Finding: The District does not obtain semiannual certifications for employees tested that are fully funded by a federal program.

Criteria: The Office of Management and Budget (OMB) Circular A-87 requires semiannual certifications to support charges to a single federal award program.

Condition: The District did not have properly signed semiannual certification letters from employees stating their duties were exclusively related to a federal program.

Questioned costs: \$20,915 for the Title I, \$1,785 for the ARRA Title I, \$22,450 for IDEA Grant, \$2,550 for the HEDA Grant and \$2,115 for School Nutrition Grant.

Context: 16 of the 44 employees tested for the Title I Grant, 12 of the 41 employees tested for the IDEA Grant, 2 of 16 tested for the HEDA Grant and 1 employee of the 20 tested for School Nutrition grant.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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Effect: The District has not properly documented expenditures charged to the federal program.

Cause: The District did not follow OMB Circular A-87 requirements.

Recommendation: We recommend the District ensure all employees who work solely on one federal grant program sign a semiannual certification verifying the program they work on.

Response and Corrective Action: The District is developing documentation for semiannual certification to comply with OMB Circular A-87. The District expects to be in compliance by December 31, 2010.

**IV. Other Findings Related to Required Statutory Reporting**

**10-IV-A Certified Budget and General Fund Spending Authority**

Expenditures/expenses during the year ended June 30, 2010 did not exceed budgeted amounts.

**10-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.

**10-IV-C Travel Expenses**

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

**10-IV-D Business Transactions**

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

**10-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.

**10-IV-F Board Minutes**

Finding: The schedule of bills allowed (or list of claims) for November 2009 expenses were not published in a timely manner after the board meeting approving the bills. The November 2009 claims were approved on 12/14/09 and were published on 2/11/10.

Recommendation: Schedule of bills allowed should be published within one month after the claims have been approved by the board.

Response and Corrective Action Plan: The District acknowledges the finding and will remind staff of required reporting timeliness.

Conclusion: Response accepted.

(Continued)

## Cedar Rapids Community School District

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2010

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#### **10-IV-G Certified Enrollment**

Finding 1: The District submitted the certified enrollment to the Iowa Department Education two days past the due date of October 15, 2009.

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

Response and Corrective Action Plan: The District notified the state of the online reporting difficulties and notified the state of additional help. The October 2010 certified enrollment was submitted by October 15, 2010.

Conclusion: Response accepted.

Finding 2: The District's supporting documentation did not agree to the Project Easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education. This is based on documentation maintained by the District to support the basic enrollment certified to the IDE for October 2009.

Recommendation: The District should ensure that their system reconciles to the PEACE system number of students reported as certified enrollment. The Iowa Department of Management and Iowa Department of Education should be notified of the variances.

Response and Corrective Action Plan: The District certified by October 15, 2010, reconciled with the state and other districts and verified the enrollment by November 9, 2010.

Conclusion: Response accepted.

#### **10-IV- H Supplementary Weighting**

No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

#### **10-IV- I 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.

#### **10-IV-J Certified Annual Report**

The Certified Annual Report (CAR) was filed with the Department of Education timely.

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

#### **10-IV-L Statewide Sales, Services and Use Tax**

No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2010**

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$ 10,955,157
Statewide sales, services and use tax	18,134,171
Interest earned	121,143
Expenditures/transfers out:	
Capital:	
Buildings	(11,590,022)
Equipment	(2,875,215)
Other improvements	(9,198)
Debt service for school infrastructure, revenue debt	(3,794,509)
Ending balance	<u><u>\$ 10,941,527</u></u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	0.85973	\$ 3,794,509
Physical plant and equipment levy	3.24897	14,339,662

**10-IV-M Deficit Balances**

Finding: The Flood Recovery Fund had a deficit balance of \$3,467,297 at June 30, 2010.

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 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 non-FEMA eligible expenses that were flood related.

Conclusion: Response accepted.

**10-IV-N 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.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2010**

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Response and Corrective Action Plan: The District will include a list of unbudgeted transfers in the monthly reports to the Board for their approval.

Conclusion: Response accepted.

(Concluded)

**Cedar Rapids Community School District**

**Corrective Action Plan  
Year Ended June 30, 2010**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Significant Deficiencies and Material Weaknesses in Internal Control</b>				
10-II-A	The District has improper segregation of duties over the receipt cycle.	See response and corrective action plan at 10-II-A.	June 2011	Steve Graham
10-II-B	The District has improper segregation of duties over the payroll cycle.	See response and corrective action plan at 10-II-B.	June 2011	Steve Graham
10-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 10-II-C.	June 2011	Steve Graham
10-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 10-II-D.	June 2011	Steve Graham
10-II-E	The District does not have adequate controls over the recording of the District's financial transactions.	See response and corrective action plan at 10-II-E.	June 2011	Steve Graham
10-II-F	The District does not have an adequate system in place over capital assets.	See response and corrective action plan at 10-II-F.	June 2011	Steve Graham
<b>Instances of Noncompliance Over Administering Federal Awards</b>				
10-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 10-III-A.	June 2011	Steve Graham
10-III-B	The District has not taken a physical inventory of equipment acquired under federal awards in the last two years as required.	See response and corrective action plan at 10-III-B.	June 2011	Steve Graham
10-III-C	The supporting general ledger detail did not agree to the expenditures reported in the District's quarterly report submitted to the Iowa Department of Education.	See response and corrective action plan at 10-III-C.	June 2011	Steve Graham

(Continued)

## Cedar Rapids Community School District

### Corrective Action Plan (Continued) Year Ended June 30, 2010

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Instances of Noncompliance Over Administering Federal Awards (Continued)</b>				
10-III-D	The District does not have documentation to support the allocation of split funded employee payroll costs as required by OMB Circular A-87.	See response and corrective action plan at 10-III-D.	June 2011	Steve Graham
10-III-E	The District did not obtain semi-annual certifications for employees fully funded by a federal program as required by OMB Circular A-87.	See response and corrective action plan at 10-III-E.	June 2011	Steve Graham
<b>Other Findings Related to Statutory Reporting</b>				
10-IV-F	The schedule of bills allowed (or list of claims) for November 2009 expenses were not published in a timely manner after the board meeting approving the bills. The November 2009 claims were approved on 12/14/09 and were published on 2/11/10.	See response and corrective action plan at 10-IV-F.	June 2011	Steve Graham
10-IV-G	The District submitted the certified enrollment to the Iowa Department Education two days past the due date of October 15, 2009.	See response and corrective action plan at 10-IV-G.	June 2011	Steve Graham
10-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 10-IV-G.	June 2011	Steve Graham
10-IV-M	The Flood Recovery Fund had deficit balances of \$3,467,297 at June 30, 2010.	See response and corrective action plan at 10-IV-M.	June 2011	Steve Graham
10-IV-N	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 10-IV-N.	June 2011	Steve Graham





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

In connection with our audit of the financial statements of Cedar Rapids Community School District as of and for the year ended June 30, 2010, 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 and correct 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 would not be 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 material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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:

**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 and capital asset system.

**Accounts Payable:** Through the testing of subsequent disbursements, it was noted that one invoice was improperly excluded from the accounts payable balance at year-end as the invoice related to services that were performed prior to year-end. We recommend that the District review invoices paid after year-end to determine if they should be included in accounts payable at year-end.

**Expenditures Transactions:** One of the twelve disbursement transactions tested was coded to the incorrect account which was later correct by the District posting a journal entry to correct the miscoding. We recommend that the District review the account coding prior to the invoice being paid to verify the proper account is being charged for the expenditure.

**Payroll:** During testing of Categorical Funding for State Compliance, for four of the twenty-two payroll transactions tested, the employees' personnel files were not updated to reflect the proper distribution of the employee's salary charged to the program. We recommend that the District ensure that employee's personnel files are updated in a timely basis for the program that the employee's salary is being charged.

**Fund Balance:** The General fund beginning balance did not agree to prior year ending balance. This was due to a prior year journal entry relating to undistributed payroll not being corrected in the general ledger detail. Therefore, the District posted an entry in the current year to current beginning fund balance to agree to the prior year ending balance. We recommend that the District have a system in place to ensure that beginning fund balance agrees to prior year-ending balance.

**Cash:** A transfer that occurred in fiscal year 2011 was recorded in the general ledger detail in the fiscal year 2010 which was recorded as a reconciling item on the bank reconciliation. We recommend that the District ensure that transfers are recorded at the time that they occur and that a supervisor reviews bank reconciliation for items that may be posted to the incorrect month.

There were two checks that were written by the Food and Nutrition fund and Day Care fund to the General Fund on June 30, 2010 in order to cover the funds costs that were paid by the General Fund. The checks to the General Fund were included on the outstanding check listing for the Food and Nutrition Fund and Day Care Fund for the June bank reconciliation; however they were not included in the deposits in transit for the General Fund. This resulted in the cash balance recorded in the general ledger to be lower due to these checks not being included as deposits in transit. We recommend that checks made between two funds near month-end be recorded on the outstanding check listing for the account the check is written on and a deposit in transit for the account the check is written to, in order to ensure that the cash balance is correct.

**Student Activity Accounts:** The student activity fund at Roosevelt School revenues and expenses were being overstated due to transfers from savings to checking being improperly recorded as revenues and expenses. We recommend that the District ensures that transfers between bank accounts are recorded as transfers instead of revenues and expenses.

**Schedule of Expenditures of Federal Awards (SEFA):** There were two grants that were not included on the SEFA received from the District. In addition, several of the grants expenditures had to be adjusted to the actual expenditures that occurred during the fiscal year. Adjustments were also made for receivable, deferral, and unearned balance for several grants. We recommend the District track all federal grants in a manageable system that includes procedures to properly account for grant expenditures, grant revenues, grant receivables, and grant deferrals.

**Eligibility:** During testing of eligibility of Targeted Assistance students for the Title I, Part A Cluster grant program, we noted 19 students out of 60 tested did not have a signed Student/Parent/Teacher Compact. The District requires each student receiving Title I services to have a signed Compact and that must be retained by the schools for 5 years. Not all Compacts were retained by the schools after the end of the 2009-2010 school year. We recommend that the schools obtain signed Student/Parent/Teacher compacts and retain them for 5 years.

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, the Board of Education, others within the District, and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 16, 2010