

# **Cedar Rapids Community School District**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

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**Prepared by:**

**Steve Graham**  
**Executive Director of Business Services**  
**Board Treasurer**

**Sherry Luskey**  
**Accounting Manager**

**907 – 15<sup>th</sup> Street S.W.**  
**Cedar Rapids, Iowa 52404**



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December 6, 2011

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, 2011. 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, 2011, marks the tenth 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 sixth year in which a 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, 2011, marks the fourth year in which our report includes all required revisions to conform to the new standards promulgated under GASB-45.

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 District adopted the following Statements during the year ended June 30, 2011.

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

The District reclassified governmental fund balances in accordance with the standard in the current year.

- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010. 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. This Statement had no effect on the District's financial statements in the current year.

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 16,810 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. The District began participating in the Statewide Voluntary Preschool program in the 2008-2009 school year

which provides 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 126,000 people live in Cedar Rapids and according to information from Woods and Poole, 261,610 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 is 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 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 \$29,770,945 in 2009 to \$29,438,833 in 2010. Permits for 332 new single-family dwellings were issued in Cedar Rapids in 2010 compared to 323 permits issued the previous year. New multi-family housing starts in the City of Cedar Rapids dropped significantly from a record high of \$28,959,453 (73 permits) in 2009 to a more typical \$6,331,267 (33 permits) in 2010. The record high multi-family housing starts in 2009 was attributed in large part to flood recovery efforts in the area following the historic flood of 2008.

Building permits issued by the City of Cedar Rapids for all new construction, repairs, remodeling and additions activity, including all commercial, industrial and single/multiple dwelling properties, increased from \$185.9 million in 2009 to \$216.5 million in 2010.

Retail sales in the Cedar Rapids metropolitan area dipped slightly from an all time high in 2009 of \$3.5 billion to \$3.2 billion in 2010. The three largest sectors of retail sales (excluding miscellaneous sales) in the Cedar Rapids metropolitan area were Utilities and Transportation at \$604.1 million, General Merchandise at \$470.1 million and Services at \$433.3 million.

Mean household income, (as measured in 2005 dollars) in the Cedar Rapids metropolitan area declined slightly to \$90,962 in 2010, from \$91,085 in 2009. Income per capita, (also measured in 2005 dollars) shows similar trends declining to \$34,465 in 2010 from \$35,173 the previous year. Total employment in the Cedar Rapids metropolitan area declined from 173,570 in 2009 to 171,870 in 2010. 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 5.7% in 2010 with a slight improvement to 5.6% in 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 2010-2011**

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 2010-11 school year. It was a year of notable activities, accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

#### **Taft Student Wins National Speech Contest: Announced: 8-6-10**

For the second time in three years, a Cedar Rapids Community School District student has won the national Modern Woodmen of America Speech Contest. Cora Lassen was named the national champion in July. Lassen, 12, will be an 8th grader at Taft Middle School.

#### **Cultivating a Culture of Collaboration: Announced: 8-18-10**

The District continues to develop Professional Learning Communities (PLCs) at all schools. The professional development model focuses on collaboration, bringing together grade-level and course-alike teaching teams, high school departments, and entire school communities to address student achievement.

#### **Family Nights Connect Parents: Announced: 9-3-10**

Hiawatha Elementary School recently hosted Family Information Nights for parents and students. Programming included dinner for all, transportation for those in need, and information translations in both Spanish and Kirundi. Families participated in group activities and enjoyed focused classroom presentations. The Family Information Night events are intended to help families get involved in school and stay engaged during the school year.

#### **Metro Scores with Volleyball: Announced: 9-16-10**

With a focus on skill building, teamwork, and sportsmanship, Metro High School has added women's volleyball to its list of extracurricular activities. The program was introduced last year as a recreational activity. The team launched into a competitive schedule of six games this fall. "The Metro men's basketball team is very successful, helping young men both off and on the court," explained Erin Payne-Christiansen, volleyball coach. "We hoped to replicate that success in offering an extracurricular athletic event for women."

#### **Community Conversation Focus Continues: Announced: 10-1-10**

The District is continuing its effort to more fully engage the community in the effort to close the achievement gap between African American and white learners. A third Community Conversation will be held Tuesday, Oct. 5, at Metro High School. The free dinner and discussion will be held from 5:30-8 p.m. and is open to anyone with an interest in helping to address the achievement gap issue. Dr. Dave Benson, Superintendent, will address the group to outline the District's goals for the process.

**Electric Car Racing to Nationals: Announced: 10-8-10**

Kennedy High School's Cougar Electric Car Company will travel to Kansas City to represent Iowa in the national race this month. The team earned the opportunity after winning state championships in Iowa and Michigan during the 2010 racing season.

**Truman Community Comes Together for Fitness: Announced: 11-9-10**

The Truman Elementary School Wellness Committee recently organized and hosted a school-wide Fall Fitness Day, involving all students and staff, and more than 40 volunteers. Events were held for kindergarten through second grade students during the morning with activities for grades three to five in the afternoon.

**Kennedy Graduate Giunta Receives Medal of Honor: Announced: 11-17-10**

Kennedy High School graduate Salvatore Giunta has become the first living recipient of the Medal of Honor since the Vietnam War. President Obama presented the Medal to Staff Sgt. Giunta during a White House ceremony on Nov. 16. Giunta, 25, received the nation's highest military award for his courageous actions during combat in Afghanistan in 2007, where he rescued comrades from Taliban fighters.

**District Recognized With Two State Honors: Announced: 12-3-10**

The District has received a "Breaking Barriers Award" from the Iowa Department of Education. The award recognizes the District's improvement in closing achievement gaps. State department data shows that District improvements were made with English Language Learners in grade three and Hispanic students in grade five for mathematics.

**District Teachers Earn Board Certification: Announced: 12-15-10**

Eight District teachers either achieved or renewed their National Board Certification in 2010, according to the National Board for Professional Teaching Standards. This brings the District total to 54 National Board Certified Teachers. They are Chris Lafrenz, Ann Timm, Traci Maxted, Marcia Andrews, John Pauly, Bret Hoyer, Heather Adams and Matt Miller.

**Foundation Partnership Helps Fund Field Trips: Announced: 1-10-11**

The Cedar Rapids Community Schools Foundation recently received a \$10,000 grant from Hills Bank and Trust Company to support the Kids in the Community field trip program. The funds will be distributed by the Foundation to fund field trips for students at Arthur, Cleveland, Garfield, Grant, Grant Wood, Harrison, Hiawatha, Hoover, Johnson, Kenwood, Madison, Monroe, Nixon, Polk, Taylor, Truman, Viola Gibson and Wright elementary schools; Harding, McKinley, Roosevelt and Wilson middle schools; and Jefferson, Kennedy, Metro, and Washington high schools.

**District Receives Two Work of Progress Honors: Announced: 1-25-11**

The District received two 'Work of Progress' honors as part of the community's Signs of Progress Celebration on Jan. 22. The flood recovery event, held at Theatre Cedar Rapids, recognized community leaders and organizations in the categories of arts and culture, business, human services, education, neighborhood revitalization, community heroes, and overall community impact.

**Special Event Recognizes School Partners: Announced: 2-10-11**

The District recognized several businesses and organizations that collaborated as school partners in 2010 with a special event on Feb. 8. The annual School + Community Partnership Recognition highlights the volunteerism of organizations in the schools. Honorees are identified by building principals. The special event included a reception with displays and student entertainment and a program featuring comments by District leaders, business partners, and students, and the introduction of honorees. More than 40 businesses received a partnership recognition certificate. An additional 18 were introduced to receive a special service to education honor.

**District Receives United Way Award: Announced: 3-9-11**

The District has been recognized by the United Way of East Central Iowa for going above and beyond in the 2010 campaign. District staff contributed \$156,744, placing it tenth among organization contributors.

**Elementary Schools to Offer Summer Reading Programs: Announced: 3-28-11**

The District will be doing something different this summer to help students maintain their skills in reading and math. Instead of a Summer Academy Program for elementary age students, each elementary school will instead identify summer hours in which the media center will be open for check-out of books on a weekly basis. The hours and the activities included will vary at each building, depending on the needs of that school community.

**Enrichment Program Strengthens Awareness: Announced: 4-12-11**

Some 90 District middle school students recently traveled to the University of Iowa as part of an enrichment event for the African American Awareness Program. The day of activities included campus tours, a panel presentation by minority students to share college success tips, and small group discussions about the book "Of Beetles and Angels," a memoir about a family's experiences as refugees.

**District Receives Harkin Grant: Announced: 4-19-11**

The District is among 91 Iowa school districts receiving Harkin grants to repair, modernize, and build new schools. According to Senator Tom Harkin, the Iowa Department of Education is set to distribute \$7,068,390 in federal funds to the districts for the 13th year of the Harkin Grants program. Through the program, the District will receive \$500,000 in grant monies to help fund the HVAC Project at Jefferson High School, including replacement of a 54-year-old heating system and windows with geothermal heating and cooling system and energy efficient windows. The project is expected to be completed by the fall of 2014.

**Washington and Kennedy Top Iowa AP Index: Announced: 5-3-11**

Washington and Kennedy high schools claimed the top two spots in the 2011 Iowa AP Index. Washington has topped the annual list for three consecutive years! The ranking, released by the University of Iowa's Belin-Blank International Center for Gifted Education and Talent Development, recognizes high schools for providing students with Advanced Placement (AP) course opportunities. The Iowa AP Index is the ratio of AP exams taken by students at a high school divided by the number of graduating seniors at that school. AP courses present college-level material and offer students the opportunity to take end-of-course exams that may result in college credit, depending on the score earned.

### **Students Bring History Home: Announced: 5-3-11**

First grade students at Johnson Elementary School recently participated in a series of "Bringing History Home" activities as a culmination of the social studies unit. During the day-long event, students prepared table top models, a time line, wore special clothing, and welcomed guest speakers to the classroom. The "Bringing History Home" curriculum is used throughout the District.

## **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 13, 2008, the Cedar River crested to its highest level in Cedar Rapids history, 31.12 feet. The previous record reached only 20 feet. The flood waters penetrated 10 square miles or 14 percent of the city. This monumental flood impacted 7,198 parcels, including 5,390 houses, dislocated more than 18,000 residents and damaged 310 City facilities. 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 \$848 million in damage to public facilities. Based solely on financial public assistance estimates, that makes Iowa the sixth largest state disaster in US history as can be seen below.

1. Hurricane Katrina, LA, \$8.2 billion
2. 9/11 Terrorist Attack, NY, \$4.6 billion
3. Earthquake, Northridge, CA, \$4.2 billion
4. Hurricane Katrina, MS, \$3.1 billion
5. Hurricane Ike, TX, \$1.5 billion
6. Floods & Tornadoes, IA, \$848 million

### **Other flood facts and statistics**

#### **Flood Magnitude**

- 31.12 feet – Record-setting crest of Cedar River on Friday, June 13, 2008
- More than 10 square miles (14%) of the City impacted by floodwaters
- 1,126 city blocks impacted (561 severely damaged)
- 41,771 tons of flood debris removed
- 0 - Amazingly there were zero flood-related deaths

#### **People**

- 18,623 estimated persons lived in flood-impacted area
- 10,000 estimated residents were displaced by flood
- 120 families in flood areas receiving Section 8 housing assistance
- 1,360 estimated job loss as a result of the flood
- 45 registered day-care providers damaged, displacing 1,547 children
- 1,800 elementary students were displaced
- 423 boat rescues performed by Cedar Rapids firefighters

#### **Property**

- 7,749 total parcels flooded
- Of those, 5,900 residential properties flooded (56% were owner-occupied; 34% were rental properties)
- 310 City facilities flooded (estimate \$500 million to repair and rebuild)
- 1,300 estimated flood-damaged properties will be demolished

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

The City of Cedar Rapids is making significant progress in flood recovery and other improvement projects for the community. Thirty six major building restoration projects are either currently or will soon be underway, valued at more than \$750 million dollars. The following are a few of the many noteworthy projects.

- **Cedar Rapids Convention Complex**

The City of Cedar Rapids is building a new convention complex in downtown, which includes the renovation of the U.S. Cellular Center arena and the former Crowne Plaza Five Seasons Hotel. When the complex is completed in February 2013, it will become the second largest convention and events complex in the state of Iowa.

Community Investment: \$75 million

Status: Completion in calendar year 2013

- **Amphitheater Levee Project**

The City of Cedar Rapids is building a downtown riverfront amphitheater and levee project on the west bank of the Cedar River near the police station. This project is the first segment of a comprehensive west side flood management system, with room for an outdoor event space. The amphitheater is anticipated to host eight national touring concerts and 20 ticketed events per year with up to 57,300 total annual attendance.

Community Investment: \$7.55 million

Status: Completion in 2013

- **Paramount Theatre Restoration**

Built in the late 1920's, the Paramount Theatre is a performing arts center in downtown Cedar Rapids. The theatre is owned by the City of Cedar Rapids and managed by the Five Seasons Facilities Commission and VenuWorks. The building is listed on the National Register of Historic Places. In June 2008, the Paramount Theatre was severely damaged by the worst flood in Cedar Rapids history. The goal of the reconstruction project is to create a financially viable multipurpose venue suitable for symphony, theatre and opera performances, organ recitals, community productions, film showings and community gatherings to better serve eastern Iowa through the 21st Century.

Community Investment: Currently \$33 Million

Status: Completion in calendar year 2012

- **Central Fire Station Construction**

The Cedar Rapids Fire Department's Central Fire Station, which was destroyed by the June 2008 flood, will be constructed in a new location. The Central Fire Station is designed to be an emergency operations/command center housing several units and services, as well as training facilities. The station's location provides ready access to I-380 and First Avenue, which will allow efficient response routes to all areas of the community.

Project Cost Estimate: \$14 million

Estimated Timeline: June 2011–Design complete, October 2011–Construction begins

- **Cedar Rapids Public Library**

The new public library will be a centrally located venue that is inviting, vibrant and accessible, so that all citizens can learn, play, work and discover the world through state-of-the-art library resources and programs. The library will be a central feature of our downtown, built with flexible space and a breathing, changing collection of materials that will keep the library relevant for all ages and walks of life. The library is poised to be on the cutting edge of technology, keeping up with the ever-changing industry. The new library will draw people downtown through its technology access, comfortable seating, interactive programs, and civic spaces. Patrons will enjoy abundant natural light and many views of Greene Square Park and a revitalized downtown core.

Community Investment: \$49 million

Status: Completion in calendar year 2013

Current estimates from the City of Cedar Rapids are that all repair, reconstruction and replacement of all City facilities is expected to be complete in 2018. Reconstruction and replacement of all housing and businesses is expected to be complete in 2020. Construction of permanent floodwalls designed to protect the City from future flood damage is expected to be complete in 2024.

### **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 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 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 March 2012.

Since the flood, the District's certified budget enrollment has declined from 17,746 students in the fall of 2007 to 16,810 students in the fall of 2010. This represents a decline of 936 students or 5.3% of enrollment over the past three years. 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, SILO, 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 FY2011 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 2012, 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 continue to use General Fund reserves to minimize the impact upon local property taxes. As a result, the District was able to hold the line on the tax levy rate keeping it essentially unchanged from \$15.17 per \$1,000 in taxable valuation, in FY2011 to \$15.16 in FY2012.

### **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. Under the new fund equity reporting requirements of GASB 54, the solvency ratio will now be defined as the "unassigned" fund balance 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."

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. The District's unspent balance increased from \$21.6 million on June 30, 2010 to \$23.3 million on June 30, 2011 or 13% of total fund expenditures.

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, 2011.

Interest revenue of \$254,763 was earned on all investments for the year ending June 30, 2011. This compares to \$1,102,351 the previous fiscal year representing a decrease of \$847,588 or 77% over fiscal year 2010 earnings. Lower investment revenues are a bit misleading as one time interest revenues were recorded in the amount of \$973,594 in FY2010 to recognize interest earnings related to refunding bond principal held in trust which ended in FY2010.

### **General Fund Budgetary Highlights**

Of all Governmental Funds, the General Fund is by far the largest, approximately 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 budgetary highlights and fund statistics for FY2011.

## **Budgetary Highlights**

The string of strong ending General Fund balances exceeding 7% in fiscal years 2004 to 2009 changed in FY2010 as can be seen in the General Fund reserve trends listed below. The FY2011 ending fund balance of \$9.1 million or 5.0% of fund expenditures is a marked improvement over FY2010.

- 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
- FY11: \$9.1 million, or 5.0% of fund expenditures

## **Management response to stabilize General Fund reserves.**

In response to declining student enrollments and unilateral funding cuts District management embarked upon a series of targeted budget adjustments to maintain financial stability of the General Fund and work to restore the ISCAP solvency ratio to the 8-10% range.

### **Budget Adjustments**

- FY2011 budget adjustments
  - Targeted spending reductions: \$5.1 million
  - Targeted inter-fund revenue transfers: \$1.2 million
- FY2012 budget adjustments
  - Targeted spending reductions: \$2.7 million
  - Use of one time revenues: \$0.8 million

### **Increased use of Cash Reserve Levy.**

In addition to planned budget adjustments largely on the expense side, the District increased the General Fund cash reserve levy from \$3.56 million in FY2010 to \$9.73 million for FY2011 and \$8 million for FY2012 to continue the rebuilding of General Fund reserves.

## **Fund Statistics**

- General Fund expenditures, excluding other financing uses, totaled \$184.1 million for the fiscal year compared with \$179.9 million in the previous year, representing an increase of \$4.2 million or 2.3% over the prior year.
- General Fund revenues, excluding other financing sources, totaled \$184.0 million for the fiscal year compared with \$166.4 million in the previous year, representing an increase of \$17.6 million or 10.6% over the prior year.
- General Fund property taxes collected, (a major factor in the over increase in General Fund revenues) were up significantly in FY2011 increasing from \$49.3 million in FY2010 to \$59.7 million, amounting to an increase of 21%. This increase is largely attributed to a \$6.2 million in the cash reserve levy and \$2.4 million associated with the budget guarantee property tax.

## **School Building Statistics**

The Cedar Rapids Community School District owns and maintains 24 elementary schools, 6 middle schools and 4 high schools, (three comprehensive and one alternative). The age of District's elementary buildings ranges from 9 to 97 years with an average age of 55 years. The age of the District's middle school buildings ranges from 46 to 89 years with an average age of 72 years. The age of the District's high schools ranges from 43 to 52 years with an average age of 49 years. Metro High School was constructed in 1971. Additional details regarding school buildings can be found in the Statistical Section of this report. According to the District's property insurer, the total replacement value for all District owned buildings is \$467,895,231.

## **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.

In FY2011, the District implemented improvements in internal control in response to a financial fraud that was verified by a special audit report by the State Auditor's office dated April 2, 2010. The District's improved internal controls can be found in the Fiscal Accountability section of the District's webpage at:

<http://www.cr.k12.ia.us/services/businessServices/Accounting/index.html>

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 \$7,881,837 compared to \$7,840,836 in the previous year representing an increase of \$41,001 over the fiscal year 2010 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 \$7,681,055 compared to \$7,558,106 in the previous year representing an increase of \$122,949 from the fiscal year 2010 amount. Net assets were \$2,395,124 at June 30, 2011 up from \$2,194,372 in the prior fiscal period.

The Funds finances continue to be strong. However, due to increased costs for food and labor, the Department increased meal prices for FY2012, the first time in two years. Despite a student enrollment decline of 5.9% over the past ten years ending with FY2011, student lunch participation during this same period of time increased 8.6%. Overall student participation in the meal program has seen strong increases over the past ten years from 59% to 68% ending with FY2011.

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 \$4,420,816 compared to \$4,037,280 in fiscal year 2010. Expenses which include operating expenses and transfers out totaled \$4,325,875 compared to \$3,900,304 in fiscal year 2010. Net assets were \$218,508 at June 30, 2011 compared to \$123,567 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, 2011, the District has total outstanding debt of \$28,490,000. The District sold \$30,000,000 in local option sales tax (SILO) backed revenue bonds dated July 1, 2010 and payable through January 1, 2030. On October 25, 2010, the District sold \$11,842,641 in federally subsidized zero/low interest Qualified School Construction Bonds (QSCB). Total outstanding long term bonded debt as of June 30, 2011 is \$70,332,461.

### **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 most 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, 2010. This was the sixteenth 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.



Steve Graham  
Executive Director of Business  
Services, Board Treasurer



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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Enos*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

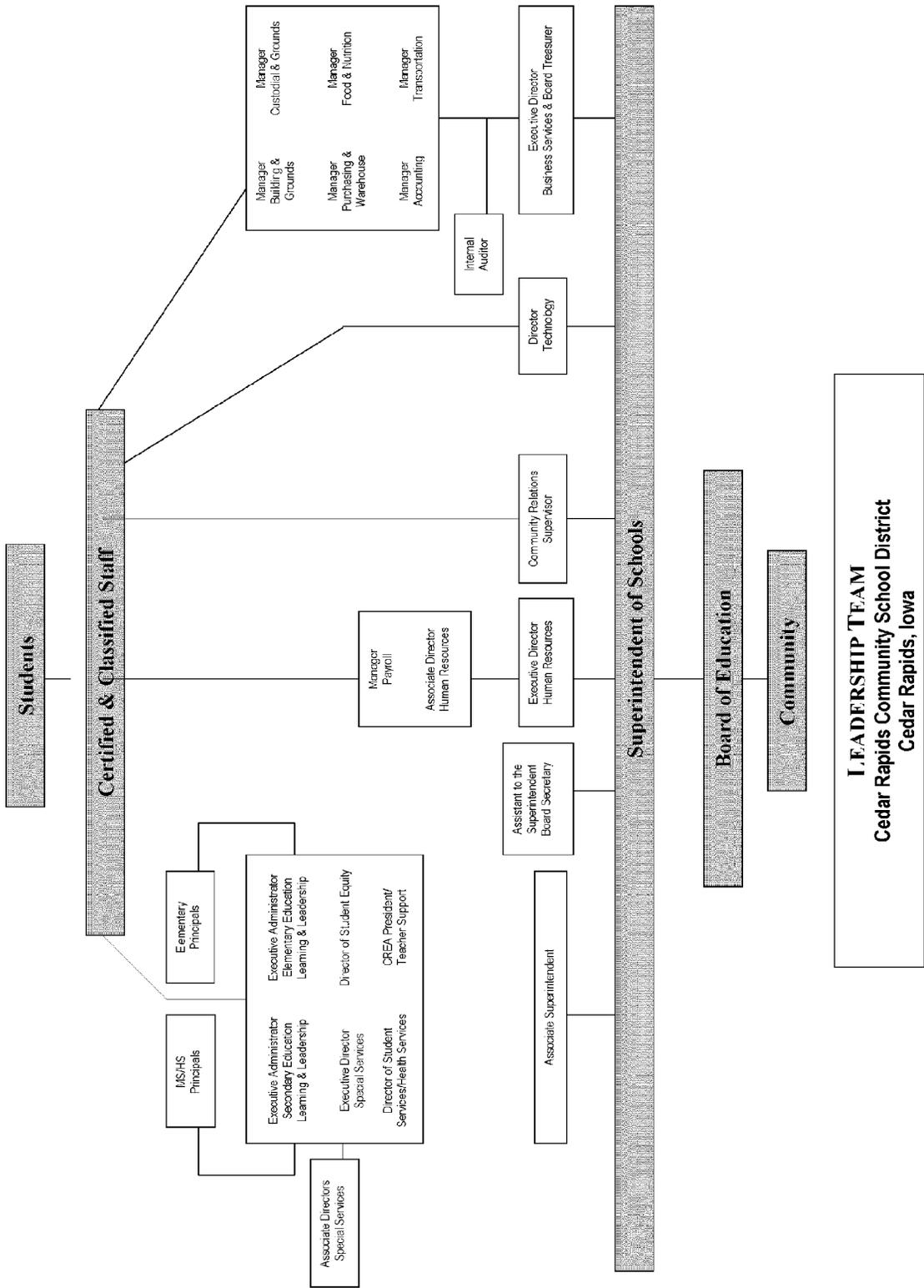
**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**  
**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2010

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, 2011**

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
<b>Board of Education</b> (Before September 2010 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>Board of Education</b> (After September 2010 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 as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 19 to the basic financial statements, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting for governmental funds' fund balance classifications.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011 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 55 through 57 and schedule of funding progress on page 58 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 5, 2011

## **Cedar Rapids Community School District**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011**

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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, 2011. 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 \$341.8 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, 2010 and 2011. 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, 2011

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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

As of July 2011, total estimated investment in District Infrastructure is \$179.4 million through June 30, 2018. Infrastructure investment is largely related to the "original" projects promised voters in February 2007 as well as flood recovery projects related to the flood of 2008, ADA and other building safety improvements. Following the conclusion of a District Enrollment and Facilities Use Study, which is scheduled to conclude in the spring of 2012, additional infrastructure projects will be added and prioritized based upon the study's findings.

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. Installations of energy efficient geothermal HVAC systems are in progress at Taft and Harding Middle Schools. Noteworthy future projects include energy efficient geothermal HVAC systems and window wall systems at Jefferson and Washington High Schools.

#### 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.
- **Tax Levy Rate:** For FY2012, 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. FY08: \$14.37 (per thousand of taxable valuation), FY09: \$13.78, FY10: \$13.92 and FY11: \$15.17. For fiscal year 2012 the District levy rate dropped slightly to \$15.16. The FY2011 levy rate increased substantially over the previous fiscal year 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, 2010 and 2011, the District used a total of \$14 million in School Infrastructure Local Option sales tax, (SILO) revenues for property tax relief. For FY2012 the District will use an additional \$4 million in SILO revenues for property tax relief.
- **Long Term Debt:** 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 existing general obligation debt originally scheduled to mature on 6-1-2021. Total interest costs were reduced for a net savings of \$1,712,683. During fiscal year 2010, the District used the school refunding bonds to repay the remaining \$26.3 million in general obligation debt outstanding. The school refunding bonds are scheduled to be fully repaid in fiscal year 2020.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011

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During fiscal year 2011, the District issued \$30 million in SILO backed long term debt to be repaid in fiscal year 2030. In addition, the District issued \$11.8 million in federally subsidized low interest Qualified School Construction Bond, (QSCB) debt. This debt is scheduled to be fully repaid in fiscal year 2028.

**General Fund Ending Balances:** The string of strong ending General Fund balances exceeding 7% in fiscal years 2004 to 2009 changed in FY2010 as can be seen in the General Fund reserve trends listed below. The FY2011 ending fund balance of \$9.1 million or 5.0% of fund expenditures is a marked improvement over FY2010.

- 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
- FY11: 9.1 million, or 5.0% of fund expenditures

When planning the FY2012 budget, the Board of Education provided support to continue an aggressive use of the cash reserve levy along with a balanced set of spending reductions and revenue enhancements totaling \$3.5 million to maintain the stability of the General Fund ending fund balance position. For FY2012, General Fund reserves are predicted to continue improving over FY2011 levels. Continued careful monitoring of reserve levels will be an important aspect in planning the budget for FY2013.

- General Fund property taxes collected were up significantly in FY2011 increasing from \$49.3 million in FY2010 to \$59.8 million, amounting to an increase of 21%. This increase is largely attributed to a \$6.2 million increase in the cash reserve levy and \$2.4 million increase associated with the budget guarantee property tax.

#### 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, 2011

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.

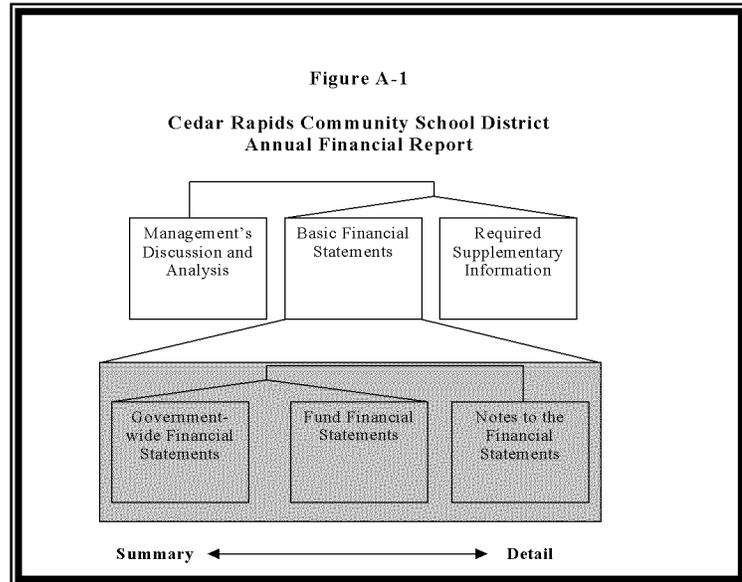


Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or 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, 2011

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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**

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- *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 9.8% or \$7.6 million in the District's net assets is evidenced in **Figure A-3**. Combined total assets increased by 26.5 percent or \$59.5 million. The primary reason for this was an increase of \$22.9 million in cash and cash equivalents and an increase of \$19.1 million in land and construction in progress.

**Figure A-3**

**Condensed Statement of Net Assets (in millions of dollars)**

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	2010	2011	2010	2011	2010	2011	2010-2011
Current and other assets	\$132.3	\$156.9	\$2.3	\$2.6	\$134.6	\$159.5	18.5%
Capital assets	89.2	122.8	0.5	0.5	89.7	123.3	37.5%
<b>Total assets</b>	<b>221.5</b>	<b>279.7</b>	<b>2.8</b>	<b>3.1</b>	<b>224.3</b>	<b>282.8</b>	<b>26.1%</b>
Current liabilities	108.4	117.7	0.5	0.5	108.9	118.2	8.5%
Noncurrent Liabilities	37.9	80.5	0.0	0.0	37.9	80.5	112.4%
<b>Total liabilities</b>	<b>146.3</b>	<b>198.2</b>	<b>0.5</b>	<b>0.5</b>	<b>146.8</b>	<b>198.7</b>	<b>35.4%</b>
Net assets							
Invested in capital assets							
net of related debt	57.8	62.1	0.5	0.5	58.3	62.6	7.4%
Restricted	15.6	32.0	0.0	0.0	15.6	32.0	105.1%
Unrestricted	1.8	(11.6)	1.8	2.1	3.6	(9.5)	-363.9%
<b>Total net assets</b>	<b>\$75.2</b>	<b>\$82.5</b>	<b>\$2.3</b>	<b>\$2.6</b>	<b>\$77.5</b>	<b>\$85.1</b>	<b>9.8%</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 increased by 35.4 percent or \$51.9 million. An increase of \$42.6 million in the long term portion of long term debt from \$37.9 million to \$80.5 million plays the most significant role in the overall increase of total liabilities.

**Cedar Rapids Community School District**

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Changes in Net Assets, as shown in **Figure A-4**, show that the District as a whole experienced an increase of \$7.8 million in net assets. This compares to a \$2.9 million increase in net assets in the previous fiscal year. Total Revenues increased by 7.1% over the prior period largely due to an increase in FEMA revenues, (Capital Grants & Contributions) related to District flood recovery efforts as well as an increase of \$9.7 million in State Aid over the previous fiscal year. Total expenditures increased by 4.8% over the prior year driven largely by increases in Instructional expenditures related to increased costs for staff compensation.

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
<b>Revenues</b>							
<b>Program revenues</b>							
Charges for services	\$ 10.8	\$ 10.9	\$ 7.3	\$ 7.6	\$ 18.1	\$ 18.5	2.2%
Operating Grants & Contributions	42.1	38.2	4.3	4.6	46.4	42.8	-7.8%
Capital Grants & Contributions	2.6	6.7	0.2	-	2.8	6.7	139.3%
<b>General revenues</b>							
Taxes	83.6	89.8	-	-	83.6	89.8	7.4%
State formula aid not restricted	61.6	71.3	-	-	61.6	71.3	15.7%
Other	3.4	2.2	0.1	0.1	3.5	2.3	-34.3%
<b>Total revenues</b>	<b>204.1</b>	<b>219.1</b>	<b>11.9</b>	<b>12.3</b>	<b>216.0</b>	<b>231.4</b>	<b>7.1%</b>
<b>Expenses</b>							
Instruction	\$ 134.1	\$ 139.1	-	-	\$ 134.1	\$ 139.1	3.7%
Pupil & Instructional Services	12.7	13.5	-	-	12.7	13.5	6.3%
Administrative & Business	21.5	23.5	-	-	21.5	23.5	9.3%
Maintenance & Operations	18.4	17.8	-	-	18.4	17.8	-3.3%
Transportation	5.5	7.4	-	-	5.5	7.4	34.5%
Other	9.9	10.5	11.2	11.8	21.1	22.3	5.7%
<b>Total expenses</b>	<b>202.1</b>	<b>211.8</b>	<b>11.2</b>	<b>11.8</b>	<b>213.3</b>	<b>223.6</b>	<b>4.8%</b>
<b>Excess (deficiency) before transfers</b>	<b>\$ 2.0</b>	<b>\$ 7.3</b>	<b>\$ 0.7</b>	<b>\$ 0.5</b>	<b>\$ 2.7</b>	<b>\$ 7.8</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>\$ 2.2</b>	<b>\$ 7.5</b>	<b>\$ 0.5</b>	<b>\$ 0.3</b>	<b>\$ 2.7</b>	<b>\$ 7.8</b>	<b>188.9%</b>
<b>Net Assets - Beginning</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>
<b>Net Assets - Ending</b>	<b>\$ 75.2</b>	<b>\$ 82.5</b>	<b>\$ 2.3</b>	<b>\$ 2.6</b>	<b>\$ 77.5</b>	<b>\$ 85.1</b>	<b>9.8%</b>

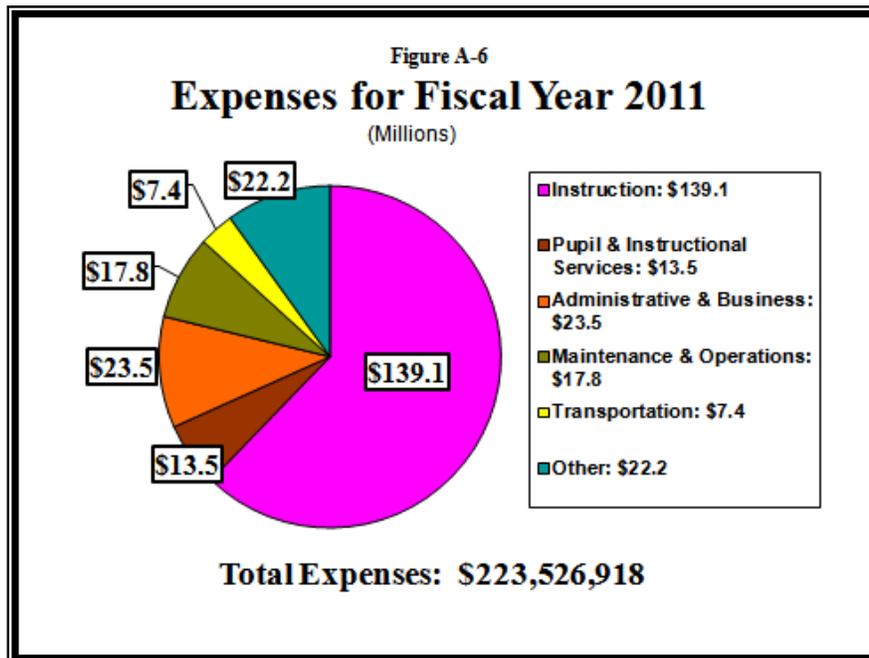
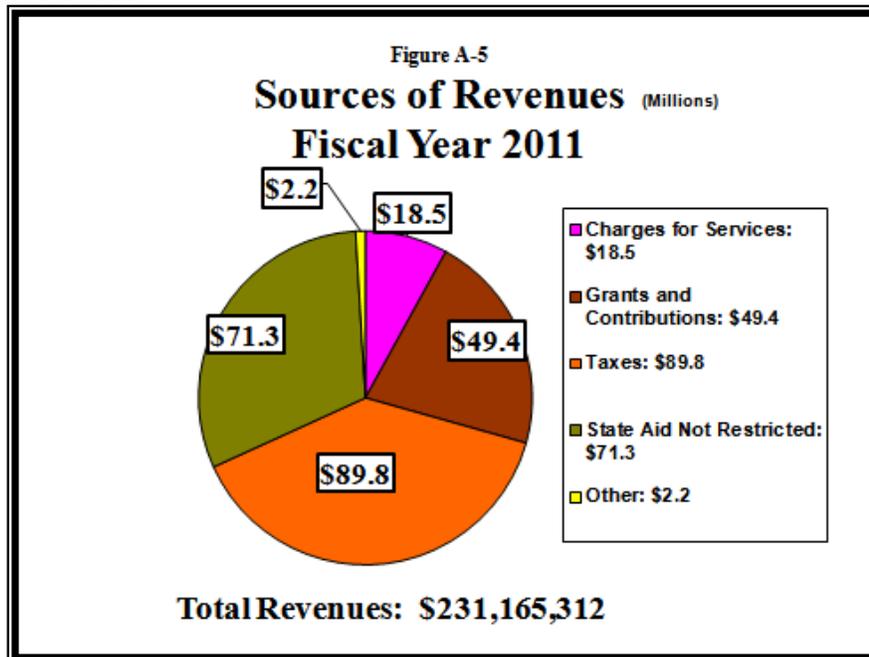
Note: totals may not add due to rounding and may differ slightly from the amounts reported in the Basic Financial Statements due to rounding differences.

**Cedar Rapids Community School District**

**Management’s Discussion and Analysis  
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**Figure A-5** shows the sources of total District revenues. Local Taxes, is the District’s largest revenue source, comprising 39% of District revenues with State Foundation Aid, the District’s second largest, comprising 31%. Grant revenues from Federal, State and local sources, continue to play a very important role in funding District programs, represent 21% 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 (68%) 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 \$7.3 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.



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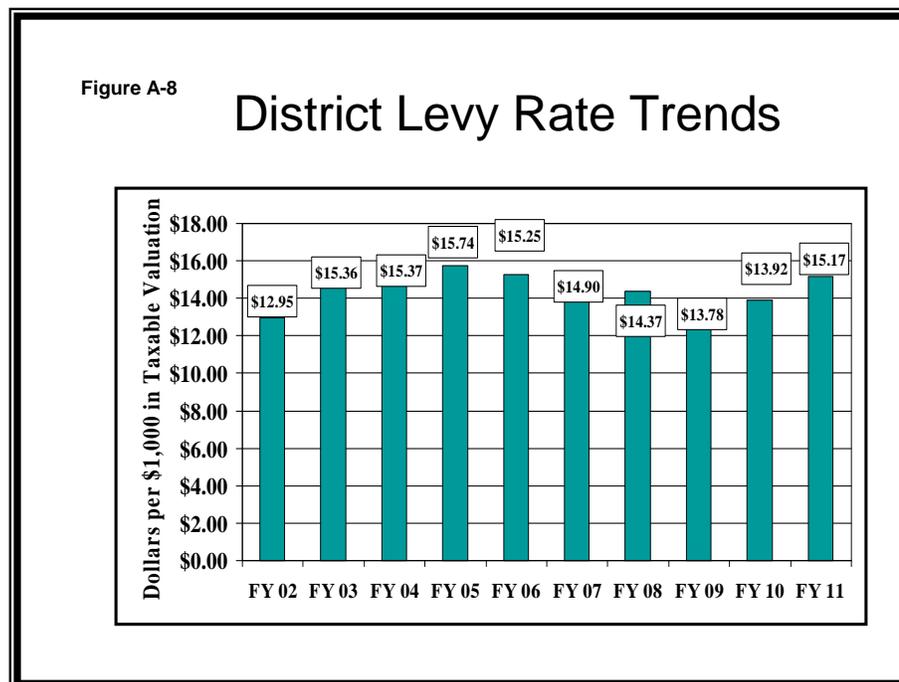
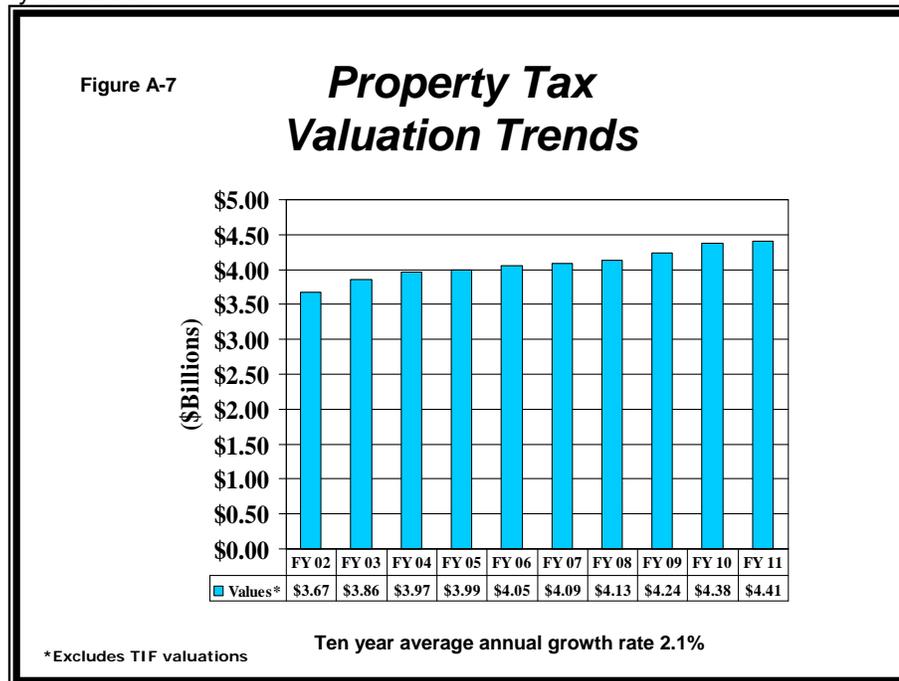
**Governmental Activities**

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 6.2% 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 \$4.38 billion to \$4.41 billion for FY2011. Overall property tax valuation trends over the past ten years show an average annual increase of 2.1%.

Levy rate trends in recent years have shown a period of decline then more recently an increase 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 a recent low of \$13.78 in FY09 due in large part to the District’s annual use of \$4 million in revenues from the School Infrastructure Local Option sales tax, (SILO) to reduce local property taxes. As stated previously, the use of the cash reserve levy to replace losses in State Aid played a significant role in increasing the levy rate in FY11.

From a historical perspective, levy rates were lower ten years ago and beyond when the District had no outstanding debt. In FY2003 new 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.



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**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 \$211.8 million.
- Some of the cost was financed by the users of the District's programs, (\$10.9 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$44.8 million).
- Most of the District's governmental activities costs however, were financed by District and state taxpayers with \$89.8 million in local and state taxes and \$71.3 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
	2010	2011	2010-2011	2010	2011	2010-2011
Instruction	\$ 134.1	\$ 139.1	3.7 %	\$ 88.8	\$ 98.6	11.0 %
Pupil & Instructional Services	12.7	13.5	6.3	12.4	13.2	6.5
Administrative & Business	21.5	23.5	9.3	20.0	17.4	-13.0
Maintenance & operations	18.4	17.8	-3.3	17.7	17.3	-2.3
Transportation	5.5	7.4	34.5	5.4	7.3	35.2
Other	9.9	10.5	6.1	2.1	2.2	4.8
<b>Total</b>	<b>202.1</b>	<b>211.8</b>	<b>4.8 %</b>	<b>\$ 146.4</b>	<b>\$ 156.0</b>	<b>6.6 %</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 \$11.8 million in FY 2010 to \$12.2 million in FY 2011. Charges for services were \$7.6 million with operating grants and contributions, (federal and state subsidies) making up \$4.6 million.
- Business expenses rose from \$11.2 million in FY 2010 to \$11.8 million in FY 2011. At the present time, the Nutrition Services Fund and Day Care Services Fund are the only funds categorized as Business-Type Activities.

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

- Students qualifying for free and reduced meals increased from 40% to 45% of District students.
- During the 2010-11 school year, the percent of students participating in the school lunch program remained constant at 69.5%.
- A new computerized point of sale and back office meal accounting program was implemented July 2008.
- On-line meal account access available to parents to check balances, view history and make deposits.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011

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- Meal prices remained the same.
- Over the past ten years lunch participation has increased 13% and breakfast participation has increased 41% despite an overall decline in student enrollment.
- Proposal to increase the buying power for groceries and supplies by expanding current buying group from 5 to 21 districts. The Primary Vendor request for proposal was written and award made for contract to begin July 2011.

#### 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 \$2.4 million in fiscal year 2011, up from \$2.2 million for fiscal year 2010. 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 2011 net assets were \$218,508 compared to \$123,567 in fiscal year 2010, (\$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 increased by 10.6%, or \$17.6 million in FY 2011.
- A decrease of 23.4% in investment earnings is reflective of continued lower investment earning rates declining from 0.36% in FY2010 to 0.25% in FY2011.

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- Other Local Sources, which is comprised mostly of local grant funding sources increased by 66.4% or \$1.4 million over the previous year due to an overall increase in local grant funding.

**Figure A-10**

General Fund Revenues by Source	FY 2011		FY 2010		Change
	Amount	Percent	Amount	Percent	
<b>Local Sources</b>					
Local Taxes	\$65,814,144	35.8%	\$56,714,588	34.1%	16.0%
Tuition	4,844,482	2.6%	4,670,374	2.8%	3.7%
Student Fees and Activities	558,015	0.3%	687,584	0.4%	-18.8%
Investment Earnings	33,394	0.0%	43,599	0.0%	-23.4%
Other Local Sources	3,373,229	1.8%	2,027,259	1.2%	66.4%
<b>State Sources</b>					
State Foundation Aid	68,970,258	37.5%	59,922,492	36.0%	15.1%
Salary Improvement Program	8,506,672	4.6%	8,506,672	5.1%	0.0%
Other State Aid	13,622,494	7.4%	13,547,177	8.1%	0.6%
<b>Federal Sources</b>					
Title I	4,487,907	2.4%	5,071,670	3.0%	-11.5%
Other Federal Aid	13,796,395	7.5%	15,210,860	9.1%	-9.3%
<b>Total Revenues</b>	<b>\$184,006,990</b>	<b>100.0%</b>	<b>\$166,402,275</b>	<b>100.0%</b>	<b>10.6%</b>
Other Financing Sources	<b>2,350,576</b>		<b>3,355,344</b>		<b>-29.9%</b>
<b>Grand Total Resources</b>	<b>\$186,357,566</b>		<b>\$169,757,619</b>		<b>9.8%</b>

- State Foundation Aid increased by \$9.0 million largely due to the State of Iowa providing a larger percentage of State funding to schools in response to a significant reduction of federal stimulus monies used by the State to fund schools in the previous fiscal year.
- Title I and Other Federal Aid monies decreased from the prior fiscal year as additional one time federal "stimulus" monies phased out in this funding category.

General Fund expenditures by function for fiscal years 2010 and 2011 are summarized in **Figure A-11**, as follows:

- Total Expenditures, before "Other Financing Uses" increased by 2.3% or \$4.2 million from the previous fiscal year.
- An overall increase of 2.9% or \$3.9 million in the combined categories of Instruction, Student Support Services and Instructional Staff Support Services reflects overall compensation increases to teaching staff.

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- The Student Transportation category increased by 6.9% over the prior year due to increased reliance on District transportation services and continued increases in gasoline expenditures related to fuel cost hikes.

**Figure A-11**

General Fund Expenditures by Function	FY 2011		FY 2010		Change
	Amount	Percent	Amount	Percent	
Instruction	\$125,869,379	68.3 %	\$122,627,664	68.2 %	2.6 %
Student Support Services	4,960,285	2.7	4,533,998	2.5	9.4
Instructional Staff Support Services	6,292,517	3.4	6,019,617	3.3	4.5
General Administration	2,573,400	1.4	2,563,272	1.4	0.4
School Administration	11,832,007	6.4	11,482,755	6.4	3.0
Business Services	5,276,592	2.9	5,354,444	3.0	-1.5
Operations and Maintenance	15,013,185	8.2	15,384,252	8.6	-2.4
Student Transportation	5,000,898	2.7	4,676,029	2.6	6.9
AEA Support - Direct to AEA	7,259,732	3.9	7,235,780	4.0	0.3
<b>Total Expenditures</b>	<b>\$184,077,995</b>	<b>100.0 %</b>	<b>\$179,877,811</b>	<b>100.0 %</b>	<b>2.3 %</b>
Other Financing Uses	163,915		26,510		100.0
<b>Total Expenditures and Uses</b>	<b>\$184,241,910</b>		<b>\$179,904,321</b>		<b>2.4 %</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 2011. Actual revenues before Other Financing Sources were less than re-estimated revenues by \$5.5 million or 2.9% while actual expenditures before Other Financing Uses were \$5.2 million or 2.8% 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 2012.

**Figure A-12**  
**General Fund Budget and Actual Comparison**  
**Fiscal Year 2011**

	Budget		Actual
	Original	Re-estimated	
<b>Revenues</b>			
Local Taxes	\$65,688,140	\$66,320,555	\$65,814,144
Tuition	5,085,000	4,848,528	4,844,482
Other local sources	2,086,006	3,932,039	3,964,638
State sources	93,866,377	100,064,379	91,099,424
Federal sources	8,169,379	14,379,973	18,284,302
<b>Total Revenues</b>	<b>\$174,894,902</b>	<b>\$189,545,474</b>	<b>\$184,006,990</b>
Other Financing Sources	3,400,910	2,827,760	2,350,576
<b>Total Revenues &amp; other sources</b>	<b>\$178,295,812</b>	<b>\$192,373,234</b>	<b>\$186,357,566</b>
<b>Expenditures</b>			
Instruction	\$122,323,710	\$133,660,920	\$125,869,379
Student Support Services	5,201,986	4,866,968	\$4,960,285
Instructional Staff Support Services	4,928,415	6,469,927	\$6,292,517
General Administration	3,258,701	3,534,209	\$2,573,400
School Administration	11,281,479	11,405,385	\$11,832,007
Business Services	4,854,760	5,094,979	\$5,276,592
Operations and maintenance	15,295,310	15,069,044	\$15,013,185
Student transportation	1,961,469	1,943,702	\$5,000,898
Community Services	42,518	-	-
AEA Support - Direct to AEA	7,353,786	7,259,732	\$7,259,732
<b>Total Expenditures</b>	<b>\$176,502,134</b>	<b>\$189,304,866</b>	<b>\$184,077,995</b>
Other Financing Uses	-	142,877	163,915
<b>Total Expenditures &amp; Sources (Uses)</b>	<b>\$176,502,134</b>	<b>\$189,447,743</b>	<b>\$184,241,910</b>

**Cedar Rapids Community School District**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2011**

**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 and Management Funds) Debt Service and Capital Projects Funds (comprised of Flood Recovery, PPEL and SILO 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 and SILO Funds are included in the “major funds” in the “Governmental Funds Group” for the reasons described above.

**Figure A-13**  
**All Other Governmental Funds, (Excluding General Fund)**  
**Fiscal Year 2011 Revenues**

Revenue Source	Major Funds		Other Gov. Funds				Total	% of Total	Dollar Change Previous Yr.
	Debt Service	SILO	Management	PPEL	Activity Fund	Flood Recovery Fund			
Local	\$ 47,580	\$ 15,831,396	\$ 3,343,203	\$ 4,300,476	\$ 4,275,745	\$ -	\$ 27,798,400	32.8 %	\$ (6,499,325)
State	-	-	1,832	2,380	-	158,083	162,295	0.2	156,173
Federal	-	-	-	-	-	5,495,563	5,495,563	6.5	2,041,354
<b>Total Revenues</b>	<b>\$ 47,580</b>	<b>\$ 15,831,396</b>	<b>\$ 3,345,035</b>	<b>\$ 4,302,856</b>	<b>\$ 4,275,745</b>	<b>\$ 5,653,646</b>	<b>\$ 33,456,258</b>	<b>39.5</b>	<b>\$ (4,301,798)</b>
Bond Proceeds	-	-	-	-	-	-	-	0.0	-
Other Financing Sources	8,807,813	42,073,461	-	467,621	-	-	51,348,895	60.5	47,338,153
<b>Total Revenue &amp; Other</b>	<b>\$ 8,855,393</b>	<b>\$ 57,904,857</b>	<b>\$ 3,345,035</b>	<b>\$ 4,770,477</b>	<b>\$ 4,275,745</b>	<b>\$ 5,653,646</b>	<b>\$ 84,805,153</b>	<b>100.0 %</b>	<b>\$ 43,036,355</b>

**Summary of Revenues**

In the “All Other Governmental Funds” group as depicted in **Figure A-13**, the District experienced a decrease of \$4.3 million in “Total Revenues” from the prior year (excluding other financing sources) but an overall revenue increase of \$43.0 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.)

- **Debt Service Fund** revenues are up \$4.1 million from the previous fiscal year reflecting increases in other financing sources necessary to provide increases in debt service payment obligations.
- **SILO Fund** revenues were up \$39.7 million from the previous fiscal year reflecting two debt issuances that occurred in FY2011 totaling \$41.8 million.
- **Management Fund** revenues are down \$2.7 million from the previous fiscal year reflective of a reserve “spend down” to mitigate increases in property taxes.
- **PPEL Fund** revenues were down \$0.5 million from FY2010 driven in large part to a previous fiscal year one time refund of \$0.6 million related to e-rate utility tax reimbursements.
- **Activity Funds** revenues are essentially unchanged from the previous year.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011

- **Flood Recovery Fund** revenues were up 64% from the previous year which reflects increased reimbursements for 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.

#### Summary of Expenditures

In the "All Other Governmental Funds" group, as depicted in **Figure A-14**, the District experienced an increase of \$6.2 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 \$4.4 million represent a decrease of \$25.0 million over the previous year. This was primarily due to the recognition of expenditures in FY2010 related to final payment of \$26.3 million in bonded indebtedness through the use of school refunding bonds held in escrow.
- **SILO Fund** expenditures in this fund, made possible in part with local option sales tax (SILO) funds, increased \$24.6 million from the previous year as the District's program of energy savings improvements to secondary buildings and construction of the new \$44.5 million Educational Leadership and Services (ELS) administrative complex hit full swing.

**Figure A-14**  
**All Other Governmental Funds, (Excluding General Fund)**  
**Fiscal Year 2011 Expenditures**

Expenditure Function	Major Funds		Other Gov. Funds				Flood Recovery Fund	Total	% of Total	Dollar Change Previous Yr.
	Debt Service	SILO	Manage- ment	PPEL	Activity Fund					
Regular instruction	\$ -	\$ -	\$ 3,888,648	\$ -	\$ -	\$ -	\$ 170,524	\$ 4,059,172	5.7%	\$ 1,185,105
Special Instruction	-	-	-	-	-	-	-	-	0.0%	\$ -
Other instruction	-	-	-	-	4,086,389	-	-	4,086,389	5.7%	\$ (192,364)
Student support services	-	-	11,528	-	-	-	-	11,528	0.0%	\$ 3,739
Instructional staff services	-	2,015,486	83,795	-	-	-	-	2,099,281	2.9%	\$ (40,624)
General administration services	-	-	202,945	-	-	-	-	202,945	0.3%	\$ 40,094
School administration services	-	-	893,259	-	-	-	-	893,259	1.2%	\$ 306,232
Business services	-	198	310,464	1,466	-	-	-	312,128	0.4%	\$ 81,965
Operations and maintenance	-	97,726	1,686,919	68,168	-	-	521,787	2,374,600	3.3%	\$ (261,771)
Student transportation	-	-	602,462	1,147,164	-	-	-	1,749,626	2.4%	\$ 1,370,191
Food Service	-	-	168,194	-	-	-	-	168,194	0.2%	\$ (33,745)
Community services	-	-	27,825	-	-	-	-	27,825	0.0%	\$ 10,629
Facilities/acquisition	-	30,599,364	-	2,055,400	-	-	6,589,318	39,244,082	54.8%	\$ 23,380,561
Debt Service Principal	2,390,000	-	-	-	-	-	-	2,390,000	3.3%	\$ (24,415,000)
Debt Service Interest	1,992,902	-	-	-	-	-	-	1,992,902	2.8%	\$ (626,508)
Bond Issuance Costs	-	759,582	-	-	-	-	-	759,582	1.1%	\$ 759,582
<b>Total Expenditures</b>	<b>\$ 4,382,902</b>	<b>\$33,472,356</b>	<b>\$ 7,876,039</b>	<b>\$ 3,272,198</b>	<b>\$ 4,086,389</b>	<b>\$ 7,281,629</b>	<b>\$60,371,513</b>			<b>\$ 1,568,086</b>
Other Financing Uses	-	9,444,485	47,502	1,622,082	-	-	105,426	11,219,495	15.7%	4,669,871
<b>Total Expenditures &amp; Other</b>	<b>\$ 4,382,902</b>	<b>\$42,916,841</b>	<b>\$ 7,923,541</b>	<b>\$ 4,894,280</b>	<b>\$ 4,086,389</b>	<b>\$ 7,387,055</b>	<b>\$71,591,008</b>	<b>100.0%</b>		<b>\$ 6,237,957</b>

- **Management Fund** expenditures were up \$2.2 million from the previous year reflective of an increased number of retirees who opted to take the District's early retirement incentive at the end of FY2011 paid for with Management Fund monies.
- **Physical Plant and Equipment Levy (PPEL) Fund** expenditures of \$4.9 million represent essentially no change from the previous year.

**Cedar Rapids Community School District**

**Management's Discussion and Analysis  
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- **Flood Recovery Fund** expenditures of \$7.4 million represent an increase of \$4.7 million from the previous year. Higher 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.

**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, 2011</b>	<b>June 30, 2010</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
General Fund	\$ 9,076,441	\$ 6,960,785	\$ 2,115,656	30.4%
Special Revenue Funds*	(277,853)	4,111,297	(4,389,150)	-106.8%
Capital Projects Funds**	24,323,770	11,192,966	13,130,804	117.3%
Debt Service Fund	4,585,927	113,436	4,472,491	3942.7%
<b>Total</b>	<b>\$ 37,708,285</b>	<b>\$ 22,378,484</b>	<b>\$ 15,329,801</b>	<b>68.5%</b>
<b>*Special Revenue Funds</b>				
Activity	\$ 930,037	\$ 740,681	\$ 189,356	25.6%
Management	\$ (1,207,890)	\$ 3,370,616	\$ (4,578,506)	-135.8%
Total	\$ (277,853)	\$ 4,111,297	\$ (4,389,150)	-106.8%
<b>**Capital Projects Funds</b>				
SILO	\$ 25,929,543	\$ 10,941,527	\$ 14,988,016	137.0%
PPEL	\$ 3,594,933	\$ 3,718,736	\$ (123,803)	-3.3%
Flood Recovery	\$ (5,200,706)	\$ (3,467,297)	\$ (1,733,409)	50.0%
Total	\$ 24,323,770	\$ 11,192,966	\$ 13,130,804	117.3%

The **General Fund** ending fund balance experienced an increase of \$2.1 million or 30.4% from the previous fiscal year. This is largely a result of an increase of the General Fund's cash reserve levy from \$3.5 million in FY2010 to \$9.7 million in FY2011 to help rebuild reserves that were negatively impacted by the midyear FY2010, 10% across the board reduction in state funding totaling \$8.4 million.

The **Special Revenue Funds**, (Activity and Management funds combined) experienced a decrease of \$4.4 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**. Reductions in the Management Fund ending fund balance were caused by the GAAP timing of significantly increased staff retirement incentive costs that were "earned" in FY2011 but will be paid on a cash basis in FY2012.

Ending balances within the **Capital Projects Funds**, (SILO, PPEL and Flood Recovery) increased by \$13.1 million in aggregate. Changes in two funds within the Capital Projects Funds category are particularly noteworthy.

- **Flood Recovery Fund:** Delays in receiving reimbursement from FEMA for qualifying flood recovery costs are the reason for the continued negative fund balance in the Flood Recovery Fund. The fund's balances fell deeper in the red due to significant increases in flood related expenditures and the corresponding delay in receiving reimbursements.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011

- SILO Fund:** An increase of nearly \$15 million in fund balance is attributed to two issuances of long term debt totaling \$41.8 million accounted for in this fund. The District was able to take advantage of favorable interest rates and attractive federal subsidies with these debt issuances. Related capital improvement expenditures will follow in subsequent fiscal years drawing this fund reserve down.

### Capital Asset and Debt Administration

#### Capital Assets

As indicated in **Figure A-16**, by the end of 2011, the District had invested, net of depreciation, \$123.4 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 37.6% over the previous year. Increases in Construction in progress, the largest contributor to the overall increase, was related to improvements to District infrastructure funded by debt issuances and local option sales tax revenues.

**Figure A-16**

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

	Governmental		Business-type		Total		Total Percentage Change
	Activities		Activities		School District		
	2010	2011	2010	2011	2010	2011	
Land	\$ 9.7	\$ 9.7	\$ -	\$ -	\$ 9.7	\$ 9.7	0.0%
Construction in progress	21.7	40.7	-	-	21.7	40.7	87.6%
Buildings	52.2	67.5	-	-	52.2	67.5	29.3%
Equipment	3.2	2.6	0.5	0.5	3.7	3.1	-16.2%
Vehicles	2.4	2.4	-	-	2.4	2.4	0.0%
	<b>\$ 89.2</b>	<b>\$ 122.9</b>	<b>\$ 0.5</b>	<b>\$ 0.5</b>	<b>\$ 89.7</b>	<b>\$ 123.4</b>	<b>37.6%</b>

Note: totals may not add due to rounding.

Since fiscal year 2002 the District has added \$97.3 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. More detailed information about capital assets can be found in the Notes Section to the financial statements.

#### Long-Term Debt

As noted in **Figure A-17**, the District had \$70.3 million in long debt outstanding compared to \$30.9 million in the previous fiscal year. This represents an increase of 128% over the prior year.

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.

**Cedar Rapids Community School District**

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On March 1, 2006, the District issued \$31.4 million in school refunding bonds. The purpose of the sale was to advance refund the original \$46 million G.O. bonds in order to reduce related interest costs. Interest costs were reduced by \$1,712,683. As of June 30, 2011 school refunding bonds, SILO Revenue Bonds and a federally subsidized low interest debt called Qualified School Construction Bonds (QSCB) represent the District’s long term bond debt obligations.

As of June 30, 2011 the District did not exceed its 5% legal debt margin. The District had \$70.3 million in debt applicable to the 5% statutory limit compared to a debt limit of \$391.1 million. More detailed information about long-term debt can be found in the Notes Section to the financial statements as well as the statistical section at the end of this report.

**Figure A-17**  
**Outstanding Long-Term Bonds Payable (in millions of dollars)**

	Total School District		Total Percentage Change
	<u>2010</u>	<u>2011</u>	<u>2010-2011</u>
School refunding bonds	30,880,000	28,490,000	-7.7%
SILO Revenue Bonds	-	30,000,000	-
QSCB	-	11,842,461	-
<b>Total</b>	<b>\$30,880,000</b>	<b>\$70,332,461</b>	<b>127.8%</b>

**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 \$341.8 million. SILO revenues are tied to student enrollments and given the District’s history of declining student enrollments, future SILO revenues could be adversely impacted.

## Cedar Rapids Community School District

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2011

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#### State Funding Reductions:

- **Mid Year Across the Board State Aid 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.

In response to the fiscal year 2010 cuts, 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.

- **Low to no growth in State funding:** For five consecutive fiscal years from FY2006 to FY2010, the State of Iowa increased general program funding to public schools by 4% each year. Due in large part to the impact of the national and consequently State of Iowa economic recession, growth in State Aid to schools has been at historic lows. FY2011 funding growth was 2% and is zero for FY2012. The reduction to zero growth puts enormous financial pressure upon the District in light of growing operating costs, particularly increases in staff wages and benefits.

**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 shown a long-term pattern of slow decline. Between October 2000 and October 2010 when student enrollments are officially counted, the budget enrollment count declined overall by 7.2% or 1,304 students. The most significant recent single year drop occurred between October 2008 and October 2009 with enrollments dropping by 573 students or 3.3%. A combination of enrollment decline and low to zero growth in State funding levels has forced the District to target General Fund budget cuts and adjustments of \$5.7 million in FY2011 and \$3.6 million in FY2012 to maintain fund stability.

**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. For FY2012 wages and benefit settlements with all staff groups averaged 3.19% when new money growth in State funding for the same period was a negative 1.3% due to zero State funding growth and a District enrollment decline of 0.7%. This reality was also a key factor in the planned budget cuts and adjustments totaling \$3.6 million in FY2012.

**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, 2010 and 2011 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. Premiums will increase by 3.6% for fiscal year 2012. 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, 2011**

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**National and State Economic Conditions:** A significant reduction in State Aid funding growth is the effect of a National and State economic recession. The economic picture continues to show signs of progress with the hope that a return to better times will translate into increases in both federal and state funding levels to public schools.

**Current Year Debt Issuances:** In fiscal year 2011 the District had the following debt issuances that are noteworthy.

- The District sold \$30,000,000 in local option sales tax (SILO) backed revenue 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 in low interest cost Qualified School Construction Bonds dated December 1, 2010 and payable through July 1, 2028, to fund a new geothermal HVAC system at Harding Middle School.

**Future Debt Issuances:** As of the publication of this document, the District has sold or anticipates selling the following debt issuances to be paid from SILO resources. Both debt issuances will be used to finance flood recovery efforts as well as provide funding for other infrastructure improvements in the District.

- The District sold \$43,425,000 in local option sales tax (SILO) backed revenue bonds dated August 22, 2011 and payable through July 1, 2026.
- The District will sell \$10,000,000 in local option sales tax (SILO) backed revenue bonds in January 2012 and payable through July 1, 2027.

#### **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, 2011

Assets	Governmental Activities	Business-Type Activity	Total
Current assets:			
Cash and cash equivalents	\$ 59,643,458	\$ 2,586,372	\$ 62,229,830
Receivables:			
Taxes:			
Current year	857,262	-	857,262
Succeeding year	75,942,940	-	75,942,940
Other	2,260,923	415,655	2,676,578
Due from other governments	12,590,386	46,019	12,636,405
Internal balances	609,251	(609,251)	-
Inventories	157,936	113,718	271,654
Prepaid items	44,101	-	44,101
<b>Total current assets</b>	<b>152,106,257</b>	<b>2,552,513</b>	<b>154,658,770</b>
Noncurrent assets:			
Restricted cash	4,830,709	-	4,830,709
Bond issue costs	888,175	-	888,175
Capital assets:			
Land and construction in progress	50,399,707	-	50,399,707
Depreciable assets	134,543,102	2,765,427	137,308,529
Less: accumulated depreciation	(62,060,619)	(2,219,094)	(64,279,713)
Net capital assets	122,882,190	546,333	123,428,523
<b>Total noncurrent assets</b>	<b>128,601,074</b>	<b>546,333</b>	<b>129,147,407</b>
<b>Total assets</b>	<b>280,707,331</b>	<b>3,098,846</b>	<b>283,806,177</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	10,254,374	25,880	10,280,254
Accrued expenses	15,814,532	309,206	16,123,738
Due to other governments	2,184,947	3,361	2,188,308
Accrued interest payable	1,174,123	-	1,174,123
Unearned revenue:			
Succeeding year taxes	75,942,940	-	75,942,940
Other	1,454,537	146,767	1,601,304
Current portion of long-term obligations	10,830,574	-	10,830,574
<b>Total current liabilities</b>	<b>117,656,027</b>	<b>485,214</b>	<b>118,141,241</b>
Noncurrent liabilities:			
Pollution remediation liability	86,617	-	86,617
Noncurrent portion of long-term obligations, net of bond premiums	80,429,711	-	80,429,711
<b>Total noncurrent liabilities</b>	<b>80,516,328</b>	<b>-</b>	<b>80,516,328</b>
<b>Total liabilities</b>	<b>198,172,355</b>	<b>485,214</b>	<b>198,657,569</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	62,090,605	546,333	62,636,938
Restricted for:			
Categorical funding	4,858,939	-	4,858,939
Federal and state programs	38,929	-	38,929
Debt service	1,661,964	-	1,661,964
Student activities	930,037	-	930,037
Physical plant and equipment	3,594,933	-	3,594,933
School infrastructure	20,927,889	-	20,927,889
Unrestricted	(11,568,320)	2,067,299	(9,501,021)
<b>Total net assets</b>	<b>\$ 82,534,976</b>	<b>\$ 2,613,632</b>	<b>\$ 85,148,608</b>

See Notes to Basic Financial Statements.

## Cedar Rapids Community School District

### Statement of Activities Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
Instruction:				
Regular instruction	\$ 74,294,843	\$ 2,609,500	\$ 15,147,678	\$ 6,559
Special instruction	38,942,281	2,725,407	3,390,398	-
Vocational instruction	1,329,036	35,555	454,611	-
Other instruction	24,545,868	4,540,651	11,555,865	6,314
<b>Total instruction</b>	<b>139,112,028</b>	<b>9,911,113</b>	<b>30,548,552</b>	<b>12,873</b>
Support services:				
Student services	4,977,631	-	1,921	-
Instructional staff services	8,475,277	251,544	-	-
General administration services	3,545,874	-	-	6,102,950
School administration services	13,906,071	-	-	-
Business services	6,068,161	58,468	-	-
Operations and maintenance	17,837,328	-	-	541,701
Student transportation	7,359,083	94,202	7,808	-
<b>Total support services</b>	<b>62,169,425</b>	<b>404,214</b>	<b>9,729</b>	<b>6,644,651</b>
Noninstructional programs:				
Food services	168,194	-	-	-
Community services	27,825	620,996	-	-
<b>Total noninstructional programs</b>	<b>196,019</b>	<b>620,996</b>	<b>-</b>	<b>-</b>
Interest on long-term debt	3,033,480	-	361,985	-
Other expenditures, AEA flowthrough	7,259,732	-	7,259,732	-
<b>Total governmental activities</b>	<b>211,770,684</b>	<b>10,936,323</b>	<b>38,179,998</b>	<b>6,657,524</b>
<b>Business-type activities</b>				
Noninstructional programs:				
Daycare services	4,288,063	4,214,767	79,298	-
Nutrition services	7,468,171	3,389,056	4,483,597	-
<b>Total business-type activities</b>	<b>11,756,234</b>	<b>7,603,823</b>	<b>4,562,895</b>	<b>-</b>
<b>Total school district</b>	<b>\$ 223,526,918</b>	<b>\$ 18,540,146</b>	<b>\$ 42,742,893</b>	<b>\$ 6,657,524</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

Transfers

#### Total general revenues 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	Business-Type	
	Activities	Activities	Total
\$	(56,531,106)	\$ -	\$ (56,531,106)
	(32,826,476)	-	(32,826,476)
	(838,870)	-	(838,870)
	(8,443,038)	-	(8,443,038)
	(98,639,490)	-	(98,639,490)
	(4,975,710)	-	(4,975,710)
	(8,223,733)	-	(8,223,733)
	2,557,076	-	2,557,076
	(13,906,071)	-	(13,906,071)
	(6,009,693)	-	(6,009,693)
	(17,295,627)	-	(17,295,627)
	(7,257,073)	-	(7,257,073)
	(55,110,831)	-	(55,110,831)
	(168,194)	-	(168,194)
	593,171	-	593,171
	424,977	-	424,977
	(2,671,495)	-	(2,671,495)
	-	-	-
	(155,996,839)	-	(155,996,839)
	-	6,002	6,002
	-	404,482	404,482
	-	410,484	410,484
	(155,996,839)	410,484	(155,586,355)
	63,242,917	-	63,242,917
	4,062,241	-	4,062,241
	16,467,769	-	16,467,769
	6,018,754	-	6,018,754
	71,276,920	-	71,276,920
	248,167	6,596	254,763
	1,780,172	121,213	1,901,385
	242,600	(242,600)	-
	163,339,540	(114,791)	163,224,749
	7,342,701	295,693	7,638,394
	75,192,275	2,317,939	77,510,214
\$	\$ 82,534,976	\$ 2,613,632	\$ 85,148,608



## **Fund Financial Statements**





**Cedar Rapids Community School District**

**Balance Sheet  
Governmental Funds  
June 30, 2011**

	General	Debt Service	School Infrastructure Local Option Sales Tax
<b>Assets</b>			
Cash and cash equivalents	\$ 26,887,833	\$ 117,203	\$ 24,019,339
Receivables:			
Taxes:			
Current year	761,920	-	-
Succeeding year	64,452,269	-	-
Other	1,728,279	-	-
Due from other governments	4,758,502	-	3,821,238
Due from other funds	1,325,232	-	7,237,225
Inventories-supplies and materials	157,936	-	-
Restricted cash	-	4,830,709	-
Prepaid items	44,101	-	-
<b>Total assets</b>	<b>\$ 100,116,072</b>	<b>\$ 4,947,912</b>	<b>\$ 35,077,802</b>
<b>Liabilities and Fund Balances (Deficit)</b>			
Liabilities:			
Accounts payable	\$ 1,632,065	\$ -	\$ 7,986,164
Accrued expenditures	17,967,944	-	-
Due to other governments	2,169,720	-	-
Due to other funds	1,756,812	-	362,095
Deferred revenue	1,606,284	361,985	800,000
Unearned revenue:			
Succeeding year taxes	64,452,269	-	-
Other	1,454,537	-	-
<b>Total liabilities</b>	<b>91,039,631</b>	<b>361,985</b>	<b>9,148,259</b>
Fund balances:			
Nonspendable	202,037	-	-
Restricted	3,291,584	4,585,927	23,171,208
Assigned	-	-	2,758,335
Unassigned	5,582,820	-	-
<b>Total fund balances (deficit)</b>	<b>9,076,441</b>	<b>4,585,927</b>	<b>25,929,543</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 100,116,072</b>	<b>\$ 4,947,912</b>	<b>\$ 35,077,802</b>

See Notes to Basic Financial Statements.

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Nonmajor Governmental Funds		Total Governmental Funds	
\$	8,619,083	\$	59,643,458
	95,342		857,262
	11,490,671		75,942,940
	532,644		2,260,923
	4,010,646		12,590,386
	98		8,562,555
	-		157,936
	-		4,830,709
	-		44,101
\$	24,748,484	\$	164,890,270

\$	636,145	\$	10,254,374
	4,555,908		22,523,852
	15,227		2,184,947
	5,834,397		7,953,304
	4,099,762		6,868,031
	11,490,671		75,942,940
	-		1,454,537
	26,632,110		127,181,985

	-		202,037
	4,524,970		35,573,689
	-		2,758,335
	(6,408,596)		(825,776)
	(1,883,626)		37,708,285

\$	24,748,484	\$	164,890,270
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**Cedar Rapids Community School District**

**Reconciliation of Total Governmental Fund Balances to Net Assets of  
Governmental Activities  
June 30, 2011**

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Total governmental fund balances		\$ 37,708,285
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	\$ 184,942,809	
Accumulated depreciation	<u>(62,060,619)</u>	122,882,190
Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		
		6,868,031
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	(70,332,461)	
Bond issuance costs	888,175	
Bond premiums	(602,205)	
Accrued interest on long-term debt	(1,174,123)	
Pollution remediation	(86,617)	
Other postemployment benefits	(1,078,146)	
Compensated absences (vacations)	(1,626,254)	
Early retirement payable	<u>(10,911,899)</u>	<u>(84,923,530)</u>
<b>Net assets of governmental activities</b>		<b><u>\$ 82,534,976</u></b>

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, 2011**

	General	Debt Service	School Infrastructure Local Option Sales Tax
<b>Revenues:</b>			
Local sources:			
Local taxes	\$ 65,814,144	\$ -	\$ 15,667,769
Tuition	4,844,482	-	-
Other local sources	3,964,638	47,580	163,627
State sources	91,099,424	-	-
Federal sources	18,284,302	-	-
<b>Total revenues</b>	<b>184,006,990</b>	<b>47,580</b>	<b>15,831,396</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular instruction	65,132,245	-	-
Special instruction	38,941,398	-	-
Vocational instruction	1,334,357	-	-
Other instruction	20,461,379	-	-
<b>Total instruction</b>	<b>125,869,379</b>	<b>-</b>	<b>-</b>
Support services:			
Student services	4,960,285	-	-
Instruction staff services	6,292,517	-	2,015,486
General administration services	2,573,400	-	-
School administration services	11,832,007	-	-
Business services	5,276,592	-	198
Operations and maintenance	15,013,185	-	97,726
Student transportation	5,000,898	-	-
<b>Total support services</b>	<b>50,948,884</b>	<b>-</b>	<b>2,113,410</b>
Noninstructional programs:			
Food service	-	-	-
Community services	-	-	-
<b>Total noninstructional programs</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other expenditures:			
Debt service:			
Principal	-	2,390,000	-
Interest	-	1,992,902	-
Bond issuance costs	-	-	759,582
Capital outlay, facilities acquisition	-	-	30,599,364
Other support services	7,259,732	-	-
<b>Total other expenditures</b>	<b>7,259,732</b>	<b>4,382,902</b>	<b>31,358,946</b>
<b>Total expenditures</b>	<b>184,077,995</b>	<b>4,382,902</b>	<b>33,472,356</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(71,005)</b>	<b>(4,335,322)</b>	<b>(17,640,960)</b>
Other financing sources (uses):			
Issuance of long-term debt	-	-	41,842,461
Bond premium	-	-	231,000
Transfers in	2,350,576	8,807,813	-
Transfers out	(163,915)	-	(9,444,485)
<b>Total other financing sources (uses)</b>	<b>2,186,661</b>	<b>8,807,813</b>	<b>32,628,976</b>
Net change in fund balances	2,115,656	4,472,491	14,988,016
Fund balances at beginning of year	6,960,785	113,436	10,941,527
Fund balances (deficits) at end of year	<b>\$ 9,076,441</b>	<b>\$ 4,585,927</b>	<b>\$ 25,929,543</b>

Nonmajor Governmental Funds		Total Governmental Funds	
\$	7,509,767	\$	88,991,680
	-		4,844,482
	4,409,657		8,585,502
	162,295		91,261,719
	5,495,563		23,779,865
	<u>17,577,282</u>		<u>217,463,248</u>
	4,059,172		69,191,417
	-		38,941,398
	-		1,334,357
	4,086,389		24,547,768
	<u>8,145,561</u>		<u>134,014,940</u>
	11,528		4,971,813
	83,795		8,391,798
	202,945		2,776,345
	893,259		12,725,266
	311,930		5,588,720
	2,276,874		17,387,785
	1,749,626		6,750,524
	<u>5,529,957</u>		<u>58,592,251</u>
	168,194		168,194
	27,825		27,825
	<u>196,019</u>		<u>196,019</u>
	-		2,390,000
	-		1,992,902
	-		759,582
	8,644,718		39,244,082
	-		7,259,732
	<u>8,644,718</u>		<u>51,646,298</u>
	<u>22,516,255</u>		<u>244,449,508</u>
	(4,938,973)		(26,986,260)
	-		41,842,461
	-		231,000
	467,621		11,626,010
	(1,775,010)		(11,383,410)
	<u>(1,307,389)</u>		<u>42,316,061</u>
	(6,246,362)		15,329,801
	4,362,736		22,378,484
\$	<u>(1,883,626)</u>	\$	<u>37,708,285</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, 2011**

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Net change in fund balances, governmental funds \$ 15,329,801

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	\$ 37,077,277	
Depreciation expense	<u>(3,367,109)</u>	33,710,168

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 were more than the prior year amount by \$3,923,234. Vacation earned was less than the prior year amount by \$18,622. (3,904,612)

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. 1,407,537

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.

Issuance of long-term debt		(41,842,461)
Repayment of long-term liabilities		2,390,000
Bond issuance costs		759,582
Bond premium		(231,000)
Amortization of premiums and bond issuance costs		26,844

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		(21,766)
Decrease in other postemployment benefits		786,030

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. (1,067,422)

<b>Change in net assets - governmental activities</b>		<u>\$ 7,342,701</u>
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See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2011**

	Business-Type Activity		Total
	Nutrition Services	Nonmajor Daycare Services	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,036,685	\$ 549,687	\$ 2,586,372
Other receivables	29,840	385,815	415,655
Due from other governments	28,173	17,846	46,019
Due from other funds	23,036	-	23,036
Inventories - supplies and materials	113,718	-	113,718
<b>Total current assets</b>	<b>2,231,452</b>	<b>953,348</b>	<b>3,184,800</b>
Noncurrent assets, furniture and equipment (net)	546,333	-	546,333
<b>Total assets</b>	<b>2,777,785</b>	<b>953,348</b>	<b>3,731,133</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	25,880	25,880
Accrued expenses	30,504	278,702	309,206
Due to other governments	-	3,361	3,361
Due to other funds	205,390	426,897	632,287
Unearned revenue	146,767	-	146,767
<b>Total liabilities</b>	<b>382,661</b>	<b>734,840</b>	<b>1,117,501</b>
<b>Net Assets</b>			
Invested in capital assets	546,333	-	546,333
Unrestricted	1,848,791	218,508	2,067,299
<b>Total net assets</b>	<b>\$ 2,395,124</b>	<b>\$ 218,508</b>	<b>\$ 2,613,632</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, 2011**

	Business-Type Activity		Total
	Nutrition Services	Nonmajor Daycare Services	
Operating revenue, local sources	\$ 3,391,910	\$ 4,333,126	\$ 7,725,036
Operating expenses:			
Payroll costs	3,710,896	3,579,657	7,290,553
Purchased services	104,864	118,462	223,326
Supplies and materials	3,561,723	589,944	4,151,667
Depreciation	81,858	-	81,858
<b>Total operating expenses</b>	<b>7,459,341</b>	<b>4,288,063</b>	<b>11,747,404</b>
<b>Operating income (loss)</b>	<b>(4,067,431)</b>	<b>45,063</b>	<b>(4,022,368)</b>
Nonoperating revenues (expenses):			
State sources	73,141	-	73,141
Federal sources	4,410,456	79,298	4,489,754
Interest income	6,300	296	6,596
Loss on disposal of capital assets	(8,830)	-	(8,830)
<b>Total nonoperating revenues</b>	<b>4,481,067</b>	<b>79,594</b>	<b>4,560,661</b>
<b>Income before transfers</b>	<b>413,636</b>	<b>124,657</b>	<b>538,293</b>
Transfers in	-	8,096	8,096
Transfers out	(212,884)	(37,812)	(250,696)
	(212,884)	(29,716)	(242,600)
Change in net assets	200,752	94,941	295,693
Net assets, beginning of year	2,194,372	123,567	2,317,939
Net assets, end of year	\$ 2,395,124	\$ 218,508	\$ 2,613,632

See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2011**

	Business-Type Activity		
	Nutrition Services	Nonmajor Daycare Services	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 3,231,755	\$ -	\$ 3,231,755
Cash received from services	168,760	4,681,506	4,850,266
Cash received from miscellaneous operating activities	12,701	-	12,701
Cash payments to employees for services	(3,702,344)	(3,531,287)	(7,233,631)
Cash payments to suppliers for good and services	(3,259,546)	(755,150)	(4,014,696)
<b>Net cash provided by (used in) operating activities</b>	<b>(3,548,674)</b>	<b>395,069</b>	<b>(3,153,605)</b>
Cash flows from noncapital financing activities:			
State lunch and breakfast reimbursements	73,141	-	73,141
Federal lunch and breakfast reimbursements	4,094,133	80,240	4,174,373
Transfers from other funds	-	8,096	8,096
Transfers to other funds	(212,884)	(37,812)	(250,696)
Payments to interfund accounts	(68,014)	(310,549)	(378,563)
Proceeds from interfund accounts	-	214,621	214,621
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>3,886,376</b>	<b>(45,404)</b>	<b>3,840,972</b>
Cash flows from capital and related financing activities, acquisition of capital assets	(96,247)	-	(96,247)
Cash flows from investing activities, interest on investments	6,300	296	6,596
<b>Net increase in cash and cash equivalents</b>	<b>247,755</b>	<b>349,961</b>	<b>597,716</b>
Cash and cash equivalents:			
Beginning	1,788,930	199,726	1,988,656
Ending	\$ 2,036,685	\$ 549,687	\$ 2,586,372
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (4,067,431)	\$ 45,063	\$ (4,022,368)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	81,858	-	81,858
Commodities consumed	432,205	-	432,205
Changes in assets and liabilities:			
Decrease in receivables, net	2,356	348,380	350,736
Decrease in inventories	22,467	-	22,467
Increase (decrease) in accounts payable and accrued expenses	(39,079)	1,626	(37,453)
Increase in unearned revenues	18,950	-	18,950
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (3,548,674)</b>	<b>\$ 395,069</b>	<b>\$ (3,153,605)</b>
Noncash item, noncapital financing activities, federal commodities	\$ 432,205	\$ -	\$ 432,205

See Notes to Basic Financial Statements.

**Cedar Rapids Community School District**

**Statement of Fiduciary Assets and Liabilities**

**Agency Fund**

**June 30, 2011**

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**Assets**

Cash

\$ 9,603

**Liabilities**

Accounts payable

\$ 9,603

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 16,305. 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 of 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 and is reported as major for public interest reasons.

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 Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, unless the guidance conflicts with or contradicts GASB pronouncements. 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

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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)

##### 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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

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, 2011, 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 for various shared revenues and 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, 2011, has also been accrued as a liability as of June 30, 2011.

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. All vacation time accrued is expected to be paid out within one year.

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, 2011, 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 balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the School Board through ordinance or resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Executive Director of Business Services.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, District's procedure is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances

## 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)**

Net assets: Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds for the School Infrastructure Local Option Sales Tax Fund were \$10,143,081. 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 \$20,927,889 for capital projects from the school infrastructure local option sales tax, \$3,594,933 for the physical plant and equipment levy, \$4,858,939 for categorized funding, \$38,929 for federal and state programs, \$1,661,964 for debt service and \$930,037 for student activities.

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.

#### **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. As of June 30, 2011, the District held \$379,946 and \$392,877 in United States Treasury Notes maturing July 1, 2011 and July 1, 2028, respectively.

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. United States Treasury Notes are not subject to credit risk.

Concentration of credit risk: The District's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The District's investment policy specifically limits the District from investing in prime bankers' acceptance or commercial paper and other corporate debt balances greater than 10 percent of its total investment portfolio. The policy also limits the amount that can be invested in a single issuer to 5 percent of its total investment portfolio. United States Treasury Notes are not subject to concentration of credit risk.

**Cedar Rapids Community School District**

**Notes to Basic Financial Statements**

**Note 2. Deposits and Investments (Continued)**

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, 2011 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, 2011, interfund receivables and payables were as follows:

	Receivables	Payables
General Fund	\$ 1,325,232	\$ 1,756,812
School Infrastructure Local Option Sales Tax Fund	7,237,225	362,095
Nonmajor governmental funds	98	5,834,397
<b>Total governmental funds</b>	<u>8,562,555</u>	<u>7,953,304</u>
Nutrition services fund	23,036	205,390
Nonmajor enterprise, day care services fund	-	426,897
<b>Total proprietary funds</b>	<u>23,036</u>	<u>632,287</u>
<b>Total all funds</b>	<u>\$ 8,585,591</u>	<u>\$ 8,585,591</u>

The interfund balances relate to expenditures initially paid from the General Fund for supplies and payroll costs, which need to be reimbursed by other proprietary and governmental funds. Additionally, \$5,531,150 is due to the School Infrastructure Local Option Sales Tax Fund from the nonmajor flood recovery fund for the temporary financing of the District's flood recovery efforts. The District plans to repay all interfund balances by June 30, 2012.

**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	\$ 2,350,576	\$ 163,915
Debt Service Fund	8,807,813	-
School Infrastructure Local Option Sales Tax Fund	-	9,444,485
Nonmajor funds, governmental funds	467,621	1,775,010
Nutrition Services Fund	-	212,884
Nonmajor enterprise fund, Day Care Fund	8,096	37,812
	<u>\$ 11,634,106</u>	<u>\$ 11,634,106</u>

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

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

#### Note 5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

Governmental Activities	Balance June 30, 2010	Additions	Retirements and Transfers	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 9,672,940	\$ 51,886	\$ -	\$ 9,724,826
Construction-in-progress	21,667,878	36,343,491	17,336,488	40,674,881
<b>Total capital assets, not being depreciated</b>	<b>31,340,818</b>	<b>36,395,377</b>	<b>17,336,488</b>	<b>50,399,707</b>
Capital assets, being depreciated:				
Buildings and improvements	94,992,332	17,330,925	-	112,323,257
Furniture and equipment	12,742,917	99,568	9,822	12,832,663
Vehicles	9,218,039	587,895	418,752	9,387,182
<b>Total capital assets, being depreciated</b>	<b>116,953,288</b>	<b>18,018,388</b>	<b>428,574</b>	<b>134,543,102</b>
Less accumulated depreciation for:				
Buildings and improvements	42,755,701	2,092,009	-	44,847,710
Furniture and equipment	9,587,835	669,262	9,822	10,247,275
Vehicles	6,778,548	605,838	418,752	6,965,634
<b>Total accumulated depreciation</b>	<b>59,122,084</b>	<b>3,367,109</b>	<b>428,574</b>	<b>62,060,619</b>
<b>Total capital assets, being depreciated, net</b>	<b>57,831,204</b>	<b>14,651,279</b>	<b>-</b>	<b>72,482,483</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 89,172,022</b>	<b>\$ 51,046,656</b>	<b>\$ 17,336,488</b>	<b>\$ 122,882,190</b>
Business-Type Activities	Balance June 30, 2010	Additions	Retirements and Transfers	Balance June 30, 2011
Capital assets, being depreciated, furniture and equipment	\$ 3,002,814	\$ 96,247	\$ 333,634	\$ 2,765,427
Less accumulated depreciation	2,462,040	81,858	324,804	2,219,094
<b>Total capital assets, being depreciated, net</b>	<b>540,774</b>	<b>14,389</b>	<b>8,830</b>	<b>546,333</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 540,774</b>	<b>\$ 14,389</b>	<b>\$ 8,830</b>	<b>\$ 546,333</b>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 2,414,320
School administration services	270,564
Operations and maintenance	133,842
Student transportation	548,383
<b>Total</b>	<b>\$ 3,367,109</b>

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

Nutrition services	\$ 81,858
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## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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

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

#### 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 in accordance with its policy of collections for public exhibitions and education.

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

Long-term liability balances and activity for the year ended June 30, 2011 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
Revenue bonds	\$ -	\$ 41,842,461	\$ -	\$ 41,842,461	\$ -
School refunding bonds	30,880,000	-	(2,390,000)	28,490,000	2,495,000
Add premiums	448,300	231,000	(77,095)	602,205	-
<b>Total bonds payable</b>	<b>31,328,300</b>	<b>42,073,461</b>	<b>(2,467,095)</b>	<b>70,934,666</b>	<b>2,495,000</b>
Other liabilities:					
Compensated absences	1,644,876	3,031,589	(3,050,211)	1,626,254	1,626,254
Other postemployment benefits	1,864,176	1,911,406	(2,697,436)	1,078,146	-
Early retirement payable	10,347,609	10,701,267	(3,427,657)	17,621,219	6,709,320
<b>Total long-term liabilities</b>	<b>\$ 45,184,961</b>	<b>\$ 57,717,723</b>	<b>\$ (11,642,399)</b>	<b>\$ 91,260,285</b>	<b>\$ 10,830,574</b>

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. In 2011, the District offered an additional enhancement of up to \$25,000 per committed retirement.

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.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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

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, 2011 totaled \$3,427,657 of which the Management Fund paid \$3,358,944 and the General Fund paid \$68,713. 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.

**Bonds payable:** 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, 2011 bonded indebtedness are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,830,000	782,698	3,612,698
2017 - 2021	15,350,000	1,897,461	17,247,461
	<u>\$ 28,490,000</u>	<u>\$ 6,916,888</u>	<u>\$ 35,406,888</u>

The District issued \$30,000,000 School Infrastructure Sales, Service and Use Tax Revenue Bonds, Series 2010, dated July 1, 2010, maturing January 2030 with interest rates ranging from 4.25 percent to 5.00 percent, for the purpose of building construction and renovation of District buildings. Principal payments range from \$5,175,000 to \$9,900,000 due in fiscal years 2027 through 2030.

The District issued \$11,842,461 Taxable School Infrastructure Sales, Services and Use Tax Revenue Bonds (Qualified School Construction Bonds), Series 2010, dated December 1, 2010, maturing July 1, 2028 with an interest rate of 5.50 percent, for the purpose of building construction and renovation of District buildings. The principal payment of \$11,842,461 is due in fiscal year 2028.

## 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 has pledged SILO Revenues to repay the 2010 School Infrastructure, Service and Use Tax Revenue Bonds and 2010 Taxable School Infrastructure Sales, Services and use Tax Revenue Bonds (Qualified School Construction Bonds). The total principal and interest remaining to be paid on the bonds is \$78,262,764. For fiscal year 2011, the total principal and interest paid and total net revenues were \$694,531 and \$15,667,769, respectively. Additionally assets are deposited into irrevocable trusts for the accumulation of future debt service. As of June 30, 2011, \$4,830,709 has been deposited into the trusts. As of June 30, 2011 the District did not exceed its legal debt margin of \$391,075,422.

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 2,094,676	\$ 2,094,676
2013	-	2,040,398	2,040,398
2014	-	2,040,398	2,040,398
2015	-	2,040,398	2,040,398
2016	-	2,040,398	2,040,398
2017 - 2021	-	10,201,989	10,201,989
2022 - 2026	-	10,201,989	10,201,989
2027 - 2030	41,842,461	5,760,057	47,602,518
	<u>\$ 41,842,461</u>	<u>\$ 36,420,303</u>	<u>\$ 78,262,764</u>

#### Note 8. Short-Term Debt

During fiscal year 2011 the District drew down \$7,000,000 in Tax Anticipation Warrants from August 27, 2010 until September 17, 2010. The full loan amount of the warrants was repaid on October 22, 2010. During the year, the District paid \$12,350 in interest related to this debt.

#### Note 9. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 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, 2011, 2010 and 2009 were \$8,892,581, \$8,511,439 and \$7,998,164, respectively, equal to the required contribution for each year.

**Cedar Rapids Community School District**

**Notes to Basic Financial Statements**

**Note 10. 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.

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 Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 \$2,697,436, net of retiree premiums paid to the District in 2011.

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 2011 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, 2009	\$ 1,177,156	- %	\$ 2,298,246
June 30, 2010	1,957,128	122.2	1,864,176
June 30, 2011	1,911,406	141.1	1,078,146

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 10. Postemployment Benefits Other Than Pension Benefits (Continued)

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	\$ 1,963,156
Interest on net OPEB obligation	74,567
Adjustment to annual required contribution	(126,317)
Annual OPEB cost (expense)	<u>1,911,406</u>
Contributions	<u>2,697,436</u>
Decrease in net OPEB obligation	(786,030)
Net OPEB obligation, beginning of year	<u>1,864,176</u>
Net OPEB obligation, end of year	<u>\$ 1,078,146</u>

Funded Status and Funding Progress: The results of the July 1, 2009 valuation were rolled forward to June 30, 2011. The funded status of the plan as of June 30, 2011, 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)	\$ 119,157,429
UAAL as a percentage of covered payroll	14.85%

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, inflation rate of 4 percent 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.

## **Cedar Rapids Community School District**

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

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#### **Note 11. Commitments**

Total outstanding contractual commitments for construction projects at June 30, 2011 for the Physical Plant and Equipment Levy Fund was \$344,669, and for the School Infrastructure Local Option Sales Tax Fund was \$25,707,936.

The District had encumbrances in the General Fund, School Infrastructure Local Option Sales Tax Fund and Nonmajor Governmental Funds of \$1,192,627, \$22,286,221 and \$1,101,361, respectively.

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

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

#### **Note 13. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through Grant Wood Area Education Agency. The District's actual amount for this purpose totals \$7,259,732 for the year ended June 30, 2011. The District's budgeted and actual share is included in these financial statements.

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

The District is a member of a joint venture with five other local government units. The joint venture, the Metro Interagency Insurance Program (MIIP), 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, 2011 was \$10,949,826. 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 15. 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 \$25,841 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 \$86,617 in the government-wide financial statements based on remaining future costs related to the removal projects.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 16. Deficit Fund Equity

The Flood Recovery Fund and Management Fund had deficit balances of \$5,200,706 and \$1,207,890, respectively, at June 30, 2011. 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 made from the General Fund to cover any non-FEMA eligible expenses that were flood related. The deficit in the Management Fund will be corrected through the collection of deferred property tax revenue through the management tax levy.

#### Note 17. Contingencies and Subsequent Events

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

The District qualifies for Public Assistance benefits under guidelines established by the Federal Emergency Management Agency, FEMA. Due to the magnitude of flood and storm damages in the State of Iowa, FEMA will pay 90 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 2011, the District issued Tax Anticipation Warrants. The District has drawn down \$16,000,000 of the Tax Anticipation Warrants and repaid the Tax Anticipation Warrants in October 2011.

On August 22, 2011, the District issued \$43,425,000 in School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2011, maturing July 1, 2026 with interest rates ranging from 4.00 to 5.00 percent. The proceeds will be utilized for capital flood recovery and other identified capital infrastructure needs.

In August 2011, the District authorized but has not issued \$10,000,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2012.

The District is a party to a legal proceeding concerning ongoing construction services within the District. The District is contesting all liability; however, the claims may arise from none to \$300,000. Although the outcome of the lawsuit is not presently determinable, in the opinion of the District, the resolution will not have a material adverse effect on the financial condition of the District.

#### 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 \$43,730. Rental expense for all material operating leases was \$524,763 for the year ended June 30, 2011.

##### Minimum rental expense:

2012	\$	731,099
2013		154,716
2014		135,874

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

#### Note 19. Fund Balances

In fiscal year 2011, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the District's fund balances are as follows.

Fund balances:	General	Debt Service	School Infrastructure Local Option Sales Tax	Nonmajor Governmental	Total
<b>Nonspendable:</b>					
Inventories	\$ 157,936	\$ -	\$ -	\$ -	\$ 157,936
Prepays	44,101	-	-	-	44,101
<b>Total Nonspendable</b>	<b>202,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,037</b>
<b>Restricted:</b>					
Categorical funding	3,291,584	-	-	-	3,291,584
Debt service	-	4,585,927	-	-	4,585,927
Student activities	-	-	-	930,037	930,037
Physical plant and equipment	-	-	-	3,594,933	3,594,933
School infrastructure	-	-	23,171,208	-	23,171,208
<b>Total Restricted</b>	<b>3,291,584</b>	<b>4,585,927</b>	<b>23,171,208</b>	<b>4,524,970</b>	<b>35,573,689</b>
<b>Assigned,</b>					
School infrastructure	-	-	2,758,335	-	2,758,335
<b>Unassigned</b>					
	5,582,820	-	-	(6,408,596)	(825,776)
<b>Total fund balances</b>	<b>\$ 9,076,441</b>	<b>\$ 4,585,927</b>	<b>\$ 25,929,543</b>	<b>\$ (1,883,626)</b>	<b>\$ 37,708,285</b>

#### Note 20. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The District adopted the following Statements during the year ended June 30, 2011:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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. As described in Note 19 to the basic financial statements, the District reclassified the fund balances for all governmental funds as a result of the implementation of this Statement.
- GASB Statement No. 59, *Financial Instruments Omnibus*. 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*. This Statement had no effect on the District's financial statements in the current year.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 20. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

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. 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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

## Cedar Rapids Community School District

### Notes to Basic Financial Statements

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#### Note 20. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the District beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.



## **Required Supplementary Information**





Cedar Rapids Community School District

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds and Proprietary Funds  
 Year Ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
<b>Revenues:</b>			
Local sources	\$ 102,421,664	\$ 7,731,632	\$ 110,153,296
State sources	91,261,719	73,141	91,334,860
Federal sources	23,779,865	4,489,754	28,269,619
<b>Total revenues</b>	<b>217,463,248</b>	<b>12,294,527</b>	<b>229,757,775</b>
<b>Expenditures:</b>			
Instruction	134,014,940	7,138	134,022,078
Support services	58,592,251	593,327	59,185,578
Noninstructional programs	196,019	11,146,939	11,342,958
Other expenditures	51,646,298	-	51,646,298
<b>Total expenditures</b>	<b>244,449,508</b>	<b>11,747,404</b>	<b>256,196,912</b>
<b>Excess of revenues over expenditures</b>	<b>(26,986,260)</b>	<b>547,123</b>	<b>(26,439,137)</b>
<b>Other financing sources (uses):</b>			
Sale of capital assets	-	(8,830)	(8,830)
Issuance of long-term debt	41,842,461	-	41,842,461
Bond premium	231,000	-	231,000
Transfers in	11,626,010	8,096	11,634,106
Transfers out	(11,383,410)	(250,696)	(11,634,106)
<b>Total other financing sources (uses)</b>	<b>42,316,061</b>	<b>(251,430)</b>	<b>42,064,631</b>
<b>Net change in fund balances</b>	<b>15,329,801</b>	<b>295,693</b>	<b>15,625,494</b>
Fund balance, beginning	22,378,484	2,317,939	24,696,423
Fund balance, ending	\$ 37,708,285	\$ 2,613,632	\$ 40,321,917

See Note to Required Supplementary Information.

Budget Amounts		Variances Over (Under)	
Original	Final	Original to Final	Final to Actual
\$ 105,138,476	\$ 112,909,688	\$ 7,771,212	\$ (2,756,392)
99,681,794	100,142,379	460,585	(8,807,519)
17,469,379	24,739,717	7,270,338	3,529,902
222,289,649	237,791,784	15,502,135	(8,034,009)
132,850,210	142,957,450	(10,107,240)	(8,935,372)
52,974,197	62,403,259	(9,429,062)	(3,217,681)
10,147,384	11,684,621	(1,537,237)	(341,663)
52,995,682	56,915,729	(3,920,047)	(5,269,431)
248,967,473	273,961,059	(24,993,586)	(17,764,147)
(26,677,824)	(36,169,275)	(9,491,451)	9,730,138
10,000	10,000	-	(18,830)
30,000,000	38,588,161	8,588,161	3,254,300
-	-	-	231,000
7,390,910	9,122,523	1,731,613	2,511,583
(7,390,910)	(9,122,523)	(1,731,613)	(2,511,583)
30,010,000	38,598,161	8,588,161	3,466,470
3,332,176	2,428,886	(903,290)	13,196,608
58,009,250	(10,443,086)	68,452,336	(35,139,509)
\$ 61,341,426	\$ (8,014,200)	\$ (69,355,626)	\$ 48,336,117



## **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 2010-11 Budget document. The 2010-11 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 2010-2011, amendments increased the instructional functional area by \$10,107,240, increased total support services by \$9,429,062 and increased the non-instructional programs by \$1,537,237. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures were increased by \$3,920,047 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.

**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
June 30, 2010	07/01/2009	-	17,699,904	17,699,904	-	118,843,505	14.89
<b>June 30, 2011</b>	<b>07/01/2009</b>	<b>-</b>	<b>17,699,904</b>	<b>17,699,904</b>	<b>-</b>	<b>119,157,429</b>	<b>14.85</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:

- a. The actuarial method used to determine the ARC is the entry age actuarial cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: (1) 4 percent investment rate of return and (2) an annual health care cost trend rate of 6 percent.
- d. Fiscal year 2008 was the initial year of adoption of GASB Statement No. 45.
- e. 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 a 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, 2011**

	<u>Actual</u>
Revenues:	
Local sources:	
Property taxes	\$ 56,675,407
Utility tax replacement excise tax	3,119,983
Income surtax	6,018,754
Tuition	4,844,482
Transportation	94,202
Investment earnings	33,394
Student activities	24,366
Fees and rents	439,447
Sales of services	1,142,756
Other	2,230,473
<b>Total local sources</b>	<u>74,623,264</u>
State sources:	
Foundation aid	68,970,258
Preschool foundation aid	1,803,728
Special education deficit support	105,770
Instructional support	288,800
Salary improvement program	8,506,672
AEA flowthrough	7,259,732
Nonpublic aid	533,267
Iowa Early Intervention Block grant	1,102,801
At-risk grants	1,081,187
Miscellaneous state grants	1,413,323
Other	33,886
<b>Total state sources</b>	<u>91,099,424</u>
Federal sources:	
Title I grants	4,487,907
Stabilization funds	3,876,855
Carl Perkins grant	417,010
Title II grants	1,591,904
Individuals with Disabilities Education Act	2,433,162
Reading First grant	129,857
Medicaid direct reimbursement	3,335,240
Other	2,012,367
<b>Total federal sources</b>	<u>18,284,302</u>
<b>Total revenues</b>	<u>184,006,990</u>

(Continued)

Cedar Rapids Community School District

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

Major Fund - General

Year ended June 30, 2011

	<u>Actual</u>
Expenditures:	
Instruction:	
Regular instruction:	
Salaries	\$ 41,738,801
Employee benefits	14,903,364
Purchased services	5,402,270
Supplies	2,503,827
Capital outlay	380,937
Other	203,046
	<u>65,132,245</u>
Special instruction:	
Salaries	26,625,732
Employee benefits	7,106,522
Purchased services	3,966,758
Supplies	562,309
Capital outlay	648,868
Other	31,209
	<u>38,941,398</u>
Vocational instruction:	
Salaries	881,090
Employee benefits	254,228
Purchased services	34,189
Supplies	70,019
Capital outlay	91,867
Other	2,964
	<u>1,334,357</u>
Other instruction:	
Salaries	13,172,689
Employee benefits	3,431,322
Purchased services	1,397,377
Supplies	1,143,484
Capital outlay	1,256,777
Other	59,730
	<u>20,461,379</u>
<b>Total instruction</b>	<u>125,869,379</u>

(Continued)

**Cedar Rapids Community School District**

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

**Major Fund - General**

**Year ended June 30, 2011**

	<u>Actual</u>
Support services:	
Student services:	
Salaries	\$ 3,602,597
Employee benefits	1,099,501
Purchased services	226,514
Supplies	24,288
Capital outlay	470
Other	6,915
	<u>4,960,285</u>
Instruction staff services:	
Salaries	4,114,749
Employee benefits	1,142,967
Purchased services	573,904
Supplies	399,755
Capital outlay	18,848
Other	42,294
	<u>6,292,517</u>
General administration services:	
Salaries	1,668,343
Employee benefits	500,132
Purchased services	286,300
Supplies	62,378
Capital outlay	4,884
Other	51,363
	<u>2,573,400</u>
School administration services:	
Salaries	8,744,899
Employee benefits	2,822,762
Purchased services	116,089
Supplies	102,073
Capital outlay	506
Other	45,678
	<u>11,832,007</u>
Business services:	
Salaries	3,132,655
Employee benefits	974,705
Purchased services	540,076
Supplies	564,111
Capital outlay	27,554
Other	37,491
	<u>5,276,592</u>

(Continued)

**Cedar Rapids Community School District**

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

**Major Fund - General**

**Year ended June 30, 2011**

	<u>Actual</u>
Operations and maintenance:	
Salaries	\$ 6,710,601
Employee benefits	2,205,023
Purchased services	1,490,520
Supplies	4,475,716
Capital outlay	117,566
Other	13,759
	<u>15,013,185</u>
Student transportation:	
Salaries	2,992,416
Employee benefits	497,990
Purchased services	544,768
Supplies	925,199
Capital outlay	35,235
Other	5,290
	<u>5,000,898</u>
<b>Total support services</b>	<u>50,948,884</u>
Other expenditures, AEA flow-through	<u>7,259,732</u>
<b>Total expenditures</b>	<u>184,077,995</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(71,005)</u>
Other financing sources (uses):	
Transfers in	2,350,576
Transfers out	(163,915)
<b>Total other financing sources</b>	<u>2,186,661</u>
<b>Net change in fund balance</b>	2,115,656
Fund balance, beginning of year	<u>6,960,785</u>
Fund balance, end of year	<u>\$ 9,076,441</u>

## Nonmajor Governmental 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.

Capital projects funds are used to account for specific resources that are restricted to expenditures for capital outlays.

**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, 2011**

	Special Revenue		Capital Projects
	Student Activity	Management	Physical Plant and Equipment Levy
<b>Assets</b>			
Cash and cash equivalents	\$ 1,111,105	\$ 3,492,942	\$ 4,015,036
Receivables:			
Taxes:			
Current year	-	41,186	54,156
Succeeding year	-	6,999,998	4,490,673
Other	1,048	158	11
Due from other governments	-	30	6,527
Due from other funds	-	-	98
<b>Total assets</b>	<b>\$ 1,112,153</b>	<b>\$ 10,534,314</b>	<b>\$ 8,566,501</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 118,245	\$ 151,870	\$ 260,720
Accrued expenditures	-	4,555,908	-
Due to other governments	-	15,227	-
Due to other funds	63,871	19,201	220,175
Deferred revenue	-	-	-
Unearned revenue:			
Succeeding year taxes	-	6,999,998	4,490,673
<b>Total liabilities</b>	<b>182,116</b>	<b>11,742,204</b>	<b>4,971,568</b>
Fund balances:			
Restricted	930,037	-	3,594,933
Unassigned	-	(1,207,890)	-
<b>Total fund balance (deficit)</b>	<b>930,037</b>	<b>(1,207,890)</b>	<b>3,594,933</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 1,112,153</b>	<b>\$ 10,534,314</b>	<b>\$ 8,566,501</b>

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<u>Capital Projects</u>		
Flood Recovery	Total Nonmajor Governmental Funds	
\$ -	\$ 8,619,083	
-	95,342	
-	11,490,671	
531,427	532,644	
4,004,089	4,010,646	
-	98	
<u>\$ 4,535,516</u>	<u>\$ 24,748,484</u>	

\$ 105,310	\$ 636,145
-	4,555,908
-	15,227
5,531,150	5,834,397
4,099,762	4,099,762
-	11,490,671
<u>9,736,222</u>	<u>26,632,110</u>

-	4,524,970
(5,200,706)	(6,408,596)
<u>(5,200,706)</u>	<u>(1,883,626)</u>

<u>\$ 4,535,516</u>	<u>\$ 24,748,484</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, 2011**

	Special Revenue		Capital Projects
	Student Activity	Management	Physical Plant and Equipment Levy
Revenues:			
Local sources:			
Local taxes	\$ -	\$ 3,232,296	\$ 4,277,471
Other local sources	4,275,745	110,907	23,005
State sources	-	1,832	2,380
Federal sources	-	-	-
<b>Total revenues</b>	<b>4,275,745</b>	<b>3,345,035</b>	<b>4,302,856</b>
Expenditures:			
Current:			
Instruction:			
Regular instruction	-	3,888,648	-
Other instruction	4,086,389	-	-
<b>Total instruction</b>	<b>4,086,389</b>	<b>3,888,648</b>	<b>-</b>
Support services:			
Student services	-	11,528	-
Instruction staff services	-	83,795	-
General administration services	-	202,945	-
School administration services	-	893,259	-
Business services	-	310,464	1,466
Operations and maintenance	-	1,686,919	68,168
Student transportation	-	602,462	1,147,164
<b>Total support services</b>	<b>-</b>	<b>3,791,372</b>	<b>1,216,798</b>
Noninstructional programs:			
Food service	-	168,194	-
Community services	-	27,825	-
	-	196,019	-
Facilities acquisition	-	-	2,055,400
<b>Total expenditures</b>	<b>4,086,389</b>	<b>7,876,039</b>	<b>3,272,198</b>
<b>Excess (deficiency) of revenues (over) under expenditures</b>	<b>189,356</b>	<b>(4,531,004)</b>	<b>1,030,658</b>
Other financing sources (uses):			
Transfers in	-	-	467,621
Transfers out	-	(47,502)	(1,622,082)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(47,502)</b>	<b>(1,154,461)</b>
Net changes in fund balances	189,356	(4,578,506)	(123,803)
Fund balance (deficit), beginning of year	740,681	3,370,616	3,718,736
Fund balance (deficit), end of year	\$ 930,037	\$ (1,207,890)	\$ 3,594,933

<u>Capital Projects</u>		
<u>Flood Recovery</u>		<u>Total Nonmajor Governmental Funds</u>
\$ -	\$	7,509,767
-		4,409,657
158,083		162,295
5,495,563		5,495,563
<u>5,653,646</u>		<u>17,577,282</u>
170,524		4,059,172
-		4,086,389
<u>170,524</u>		<u>8,145,561</u>
-		11,528
-		83,795
-		202,945
-		893,259
-		311,930
521,787		2,276,874
-		1,749,626
<u>521,787</u>		<u>5,529,957</u>
-		168,194
-		27,825
-		196,019
6,589,318		8,644,718
<u>7,281,629</u>		<u>22,516,255</u>
(1,627,983)		(4,938,973)
-		467,621
<u>(105,426)</u>		<u>(1,775,010)</u>
(105,426)		(1,307,389)
(1,733,409)		(6,246,362)
(3,467,297)		4,362,736
<u>\$ (5,200,706)</u>	<u>\$</u>	<u>(1,883,626)</u>

**Cedar Rapids Community School District**

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

**Agency Fund**

**Year ended June 30, 2011**

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	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Assets</b>				
Cash	\$ 11,643	\$ 965	\$ (3,005)	\$ 9,603
<b>Liabilities</b>				
Accounts payable	\$ 11,643	\$ 965	\$ (3,005)	\$ 9,603

# 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.	69 - 76
<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).	77 - 81
<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.	82 - 84
<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.	84 - 86
<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.	87 - 94

**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	Fiscal Year									
	Last Ten Fiscal Years									
	<i>(accrual basis of accounting)</i>									
	2010-2011	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	\$ 62,090,605	\$ 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	32,012,691	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**	(11,588,320)	1,826,879	2,605,287	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>82,534,976</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>27,688,954</b>	<b>19,145,163</b>	<b>3,270,860</b>
<b>Business type activities</b>										
Invested in capital assets, net of related debt	546,333	540,774	527,720	564,015	505,235	462,850	453,163	522,688	596,672	697,140
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,067,299	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>2,613,632</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	62,636,938	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	32,012,691	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	(9,501,021)	3,604,044	3,975,760	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>85,148,608</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: CRCSB 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. \*\* Unrestricted Net Assets declined significantly from FY2010 due to \$4.9 million in new categories of restricted reserves not previously reported in FY2010 as well as an increase of \$10 million in restricted reserves related to school infrastructure.

**Schedule 2  
Cedar Rapids Community School District**

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

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

	Fiscal Year				
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular instruction	\$ 74,294,843	\$ 72,402,579	\$ 71,990,885	\$ 57,529,082	\$ 52,798,449
Special instruction	38,942,281	37,719,118	40,305,169	50,293,076	49,433,979
Vocational instruction	1,329,036	1,227,137	1,182,005	1,138,270	1,052,903
Other instruction	24,545,868	22,605,625	19,943,628	7,261,577	6,991,546
Total Instruction	139,112,028	133,954,459	133,421,687	116,222,005	110,276,877
Support services:					
Student services	4,977,631	4,538,595	4,561,206	4,420,226	4,195,708
Instructional staff services	8,475,277	8,129,012	6,984,503	7,035,747	6,579,274
General administration services	3,545,874	3,538,854	3,281,946	2,825,902	2,351,789
School administration services	13,906,071	12,328,078	12,346,434	11,521,526	10,869,328
Business services	6,068,161	5,622,533	5,936,881	5,772,893	5,092,014
Operations and maintenance	17,837,328	18,398,999	23,205,730	16,265,748	15,502,986
Student transportation	7,359,083	5,548,807	4,615,988	3,944,228	3,383,138
Total support services	62,169,425	58,104,878	60,932,688	51,786,270	47,974,237
Non-instructional programs:					
Food Services	168,194	201,939	174,635	120,444	156,605
Community services	27,825	17,196	36,646	55,146	1,266,905
Total non-instructional expenditures	196,019	219,135	211,281	175,590	1,423,510
Other expenditures:					
Facilities acquisition/construction	-	-	-	1,706,264	3,251,130
Interest on long-term debt	3,033,480	2,467,687	2,964,692	3,131,456	3,230,399
AEA flow through	7,259,732	7,235,780	6,606,831	6,232,507	5,916,552
Total other expenditures	10,293,212	9,703,467	9,571,523	11,070,227	12,398,081
Total governmental activities	211,770,684	201,981,939	204,137,179	179,254,092	172,072,705
Business type activities:					
Non-instructional programs:					
Day care services	4,288,063	3,862,538	3,582,403	3,345,702	1,565,083
Nutrition services	7,468,171	7,377,936	7,267,744	6,889,696	6,602,417
Total Business type activities	11,756,234	11,240,474	10,850,147	10,235,398	8,167,500
<b>Total primary government expenses</b>	<b>223,526,918</b>	<b>213,222,413</b>	<b>214,987,326</b>	<b>189,489,490</b>	<b>180,240,205</b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Instruction	9,911,113	9,698,875	10,796,979	10,601,806	10,595,248
Support	404,214	516,918	124,095	158,590	430,377
Non-Instruction	620,996	626,433	595,378	466,431	1,965,778
Operating grants and contributions*	38,179,998	42,074,181	29,048,356	24,276,159	21,281,797
Capital grants and contributions**	6,657,524	2,639,870	10,577,612	50,000	-
Total governmental activities	55,773,845	55,556,277	51,142,420	35,552,986	34,273,200
Business type activities:					
Charges for services					
Day care services	4,214,767	3,729,707	3,531,998	3,299,664	1,536,100
Nutrition Services	3,389,056	3,555,839	3,457,122	3,440,611	3,455,744
Operating grants and contributions					
Day care services	79,298	59,221	40,897	22,128	4,591
Nutrition Services	4,483,597	4,278,906	3,863,594	3,455,026	3,524,044
Capital grants and contributions					
Day care services	-	175,000	-	-	-
Nutrition Services	-	-	62,578	-	-
Total business type activities	12,166,718	11,798,673	10,956,189	10,217,429	8,520,479
<b>Total primary government revenues</b>	<b>67,940,563</b>	<b>67,354,950</b>	<b>62,098,609</b>	<b>45,770,415</b>	<b>42,793,679</b>
Net (Expense)/Revenue					
Governmental activities	(155,996,839)	(146,425,662)	(152,994,759)	(143,701,106)	(137,799,505)
Business type activities	410,484	558,199	106,042	(17,969)	352,979
<b>Total primary government net expense</b>	<b>\$ (155,586,355)</b>	<b>\$ (145,867,463)</b>	<b>\$ (152,888,717)</b>	<b>\$ (143,719,075)</b>	<b>\$ (137,446,526)</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 in FY2010 and then increased significantly in FY2011 due to the timing of FEMA reimbursements received related to the District's flood recovery program.

(Continued)

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

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

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

	Fiscal Year				
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular instruction	\$ 35,244,717	\$ 44,819,744	\$ 44,043,950	\$ 43,002,781	\$ 52,772,992
Special instruction	47,377,434	46,809,075	45,228,653	43,274,213	39,546,723
Vocational instruction	1,033,006	955,000	892,460	976,293	1,292,609
Other instruction	7,269,449	6,501,494	6,946,843	6,195,022	6,390,416
Total Instruction	<u>90,924,606</u>	<u>99,085,313</u>	<u>97,111,906</u>	<u>93,448,309</u>	<u>100,002,740</u>
Support services:					
Student services	4,413,031	3,310,220	4,632,090	4,488,899	4,412,362
Instructional staff services	7,037,494	9,805,511	7,727,069	7,751,257	10,411,622
General administration services	2,811,090	1,436,593	1,034,397	1,121,162	1,952,978
School administration services	10,216,281	8,142,005	7,672,309	7,816,080	8,138,354
Business services	4,771,895	3,461,843	3,607,752	3,606,091	3,954,081
Operations and maintenance	26,502,896	11,312,146	10,913,085	10,968,971	10,437,019
Student transportation	3,212,985	2,746,897	2,314,212	2,448,558	2,394,106
Total support services	<u>58,965,672</u>	<u>40,215,215</u>	<u>37,900,914</u>	<u>38,201,018</u>	<u>41,700,522</u>
Non-instructional programs:					
Food Services	124,903	-	-	-	-
Community services	2,511,824	2,438,130	2,361,262	2,242,229	2,185,561
Total non-instructional expenditures	<u>2,636,727</u>	<u>2,438,130</u>	<u>2,361,262</u>	<u>2,242,229</u>	<u>2,185,561</u>
Other expenditures:					
Facilities acquisition/construction	4,008,904	1,953,053	3,967,494	(1,753,066)	8,817,447
Interest on long-term debt	2,452,755	2,108,287	2,205,516	2,319,305	1,293,956
AEA flow through	5,527,722	5,231,164	5,232,029	5,474,160	5,452,927
Total other expenditures	<u>11,989,381</u>	<u>9,292,504</u>	<u>11,405,039</u>	<u>6,040,399</u>	<u>15,564,330</u>
Total governmental activities	<u>164,516,386</u>	<u>151,031,162</u>	<u>148,779,121</u>	<u>139,931,955</u>	<u>159,453,153</u>
Business type activities:					
Non-instructional programs:					
Day care services	-	-	-	-	-
Nutrition services	6,281,144	6,078,235	5,823,143	5,804,394	5,747,692
Total Business type activities	<u>6,281,144</u>	<u>6,078,235</u>	<u>5,823,143</u>	<u>5,804,394</u>	<u>5,747,692</u>
<b>Total primary government expenses</b>	<b><u>170,797,530</u></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	10,646,676	10,617,346	10,768,359	9,716,965	9,638,668
Support	515,063	428,590	149,079	134,919	207,093
Non-Instruction	3,007,013	2,724,666	2,624,322	2,615,026	2,503,267
Operating grants and contributions	19,133,035	17,091,295	16,448,596	15,846,308	16,041,119
Capital grants and contributions	25,225	560,383	1,207,873	1,904,931	853,180
Total governmental activities	<u>33,327,012</u>	<u>31,422,280</u>	<u>31,198,229</u>	<u>30,218,149</u>	<u>29,243,327</u>
Business type activities:					
Charges for services					
Day care services	-	-	-	-	-
Nutrition Services	3,427,753	3,456,798	3,333,124	3,263,203	3,280,215
Operating grants and contributions					
Day care services	-	-	-	-	-
Nutrition Services	3,370,984	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>6,798,737</u>	<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>40,125,749</u></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	(131,189,374)	(119,608,882)	(117,580,892)	(109,713,806)	(130,209,826)
Business type activities	517,593	461,023	247,089	(49,396)	95,803
<b>Total primary government net expense</b>	<b><u>\$(130,671,781)</u></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 Ten Fiscal Years**

	Fiscal Year									
	2010-2011	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	(155,996,839)	(146,425,662)	(152,894,759)	(143,701,106)	(137,799,505)	(131,189,374)	(119,608,882)	(117,580,891)	(109,713,805)	(130,209,826)
Business-type activities	410,484	558,199	106,042	(17,969)	352,979	517,593	461,023	247,089	(49,396)	95,903
<b>Total primary government net expense</b>	<b>\$ (155,586,355)</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*	63,242,917	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	4,062,241	4,025,457	4,036,178	4,273,948	4,024,504	3,865,918	4,197,782	4,053,427	4,039,955	3,816,108
Local option sales tax**	16,467,769	16,792,473	16,910,932	16,198,462	-	-	-	-	-	-
Income surtaxes	6,018,754	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	71,276,920	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	248,167	1,086,081	1,807,149	2,949,098	3,346,105	1,510,041	892,596	500,030	1,097,711	1,155,405
Miscellaneous	1,780,172	2,103,712	457,346	520,723	739,479	868,048	1,124,595	901,678	810,726	916,235
Transfers	242,600	202,168	193,867	191,366	251,678	231,757	60,251	60,026	-	-
Total Governmental activities	163,339,540	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	6,596	6,270	27,090	92,021	95,425	59,219	27,292	5,721	5,625	6,581
Miscellaneous	121,213	57,405	17,515	14,551	40,023	1,374	3,294	13,901	1,125	475
Transfers	(242,600)	(202,168)	(193,867)	(191,366)	(251,678)	(231,757)	(60,251)	(60,026)	-	-
Total Business-type activities	(114,791)	(138,493)	(149,262)	(84,794)	(116,230)	(171,164)	(29,665)	(40,404)	6,750	7,056
<b>Total primary government</b>	163,224,749	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	7,342,701	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	295,693	419,706	(43,220)	(102,763)	236,749	346,429	431,358	206,685	(42,646)	102,859
<b>Total primary government</b>	<b>\$ 7,638,394</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: CRCSD Financial Records

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

\* Changes in property tax revenues are a product of underlying changes in property values and tax rates. See Schedules 8-11.

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

Schedule 4  
Cedar Rapids Community School District

Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	Fiscal Year									
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>General Fund</b>										
Nonspendable	\$ 202,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,291,584	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	5,582,820	-	-	-	-	-	-	-	-	-
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
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)
<b>Total general fund</b>	<b>9,076,441</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>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	32,282,105	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,758,335	-	-	-	-	-	-	-	-	-
Unassigned	(6,408,596)	-	-	-	-	-	-	-	-	-
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
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
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	28,631,844	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
<b>Total all governmental funds</b>	<b>\$ 37,708,285</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>

Source: CRCSD Financial Records

Notes:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in fiscal year 2011

\* 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 that were used to fully repay the \$46 million in G.O. bonds issuance in fiscal year 2010.

\*\*\* 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									
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Federal Sources:</b>										
Federal grants*	\$ 23,779,865	\$ 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
Total federal sources	23,779,865	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
<b>State Sources:</b>										
State foundation aid*	68,970,258	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
State grants and other	22,291,461	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
Total state sources	91,261,719	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
<b>Local sources</b>										
Local taxes	88,991,680	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
Tuition	4,844,482	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
Other local sources	8,585,502	8,650,824	9,083,484	9,681,740	12,261,546	11,860,064	10,970,372	10,419,494	9,591,056	9,822,688
Total local sources	102,421,664	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
<b>Total governmental revenues</b>	<b>\$ 217,463,248</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>

Source: CRCS 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)

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Instruction:</b>										
Regular instruction	\$ 69,191,417	\$ 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
Special instruction	38,941,398	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
Vocational instruction	1,334,357	1,230,077	1,174,301	1,133,476	1,077,036	1,028,230	950,062	881,919	981,137	1,233,039
Other instruction	24,547,768	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
Total Instruction	134,014,940	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
<b>Support services:</b>										
Student services	4,971,813	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
Instructional staff services	8,391,798	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
General administration services	2,776,345	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
School administration services	12,725,266	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
Business services	5,588,720	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
Operations and maintenance	17,387,785	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
Student transportation	6,750,524	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
Total support services	58,592,251	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
<b>Non-instructional programs:</b>										
Food service	168,194	201,939	174,635	120,444	156,605	124,903	-	-	-	-
Community services	27,825	17,196	8,727	55,146	1,367,196	2,499,084	2,439,805	2,336,378	2,354,653	2,177,633
Total non-instructional services	196,019	219,135	183,362	175,590	1,523,801	2,623,987	2,439,805	2,336,378	2,354,653	2,177,633
<b>Other expenditures:</b>										
AEA flowthrough	7,259,732	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
Debt Service	2,390,000	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
Principal	1,982,902	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
Interest	759,582	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	39,244,082	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
Facility acquisition/construction	51,646,298	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
Total other expenditures	244,449,508	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
<b>Total expenditures</b>	<b>\$ 244,449,508</b>	<b>\$ 238,681,238</b>	<b>\$ 222,548,545</b>	<b>\$ 184,064,181</b>	<b>\$ 173,091,622</b>	<b>\$ 165,439,405</b>	<b>\$ 161,304,045</b>	<b>\$ 159,290,835</b>	<b>\$ 170,909,184</b>	<b>\$ 160,620,834</b>
Transfers out	11,383,410	6,576,134	6,810,492	5,862,367	3,577,336	1,873,918	1,336,130	333,480	338,411	53,584
<b>Total expenditures and transfers</b>	<b>\$ 255,832,918</b>	<b>\$ 245,257,372</b>	<b>\$ 229,359,037</b>	<b>\$ 189,926,548</b>	<b>\$ 176,668,958</b>	<b>\$ 167,313,323</b>	<b>\$ 162,640,175</b>	<b>\$ 159,624,315</b>	<b>\$ 171,247,595</b>	<b>\$ 160,674,418</b>
Debt service as a percentage of noncapital expenditures	2.11%	13.01%	5.81%	2.91%	3.41%	2.60%	3.44%	2.91%	3.01%	0.56%

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									
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Excess of revenues over (under) expenditures</b>	\$ (26,986,260)	\$ (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)
<b>Other Financing Sources (Uses)</b>										
General obligation bond proceeds	30,000,000	-	-	-	-	31,385,000	-	-	-	36,000,000
Qualified School Construction Bonds	11,842,461	-	-	-	-	-	-	-	-	1,000,000
Qualified zone academy bond proceeds, (QZAB)	-	-	-	-	-	-	-	-	-	1,530,000
Capital loan proceeds	-	-	-	-	-	753,744	-	-	-	-
Premium on bonds	231,000	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	13,051	7,040	6,857
Payment to refunding escrow agent	-	-	-	-	-	(300,709)	-	-	-	-
Operating transfers in	11,626,010	6,776,302	7,004,359	6,053,733	3,829,014	2,105,675	1,396,381	393,506	399,325	53,584
Operating transfers out	(11,383,410)	(6,576,134)	(6,810,492)	(5,862,367)	(3,577,336)	(1,873,918)	(1,336,130)	(333,480)	(338,411)	(53,584)
Total other financing sources (uses)	42,316,061	202,168	193,867	191,366	251,678	32,069,792	60,251	73,077	67,954	38,536,857
Special item, misappropriated collections*	-	587,784	-	-	-	-	-	-	-	-
<b>Net change in fund balances**</b>	<b>\$ 15,329,801</b>	<b>\$ (33,730,955)</b>	<b>\$ (15,839,413)</b>	<b>\$ 11,376,332</b>	<b>\$ 3,904,694</b>	<b>\$ 35,066,501</b>	<b>\$ 2,385,739</b>	<b>\$ (1,931,475)</b>	<b>\$ (15,095,887)</b>	<b>\$ 19,616,812</b>

Source: CRCSO 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**

Calendar Year Assessed	Fiscal Year Collected	Assessed Valuations (Excluding Tax Increment Financing (TIF) Property)							Total
		Agriculture	Residential (net of personal exemptions)	Commercial	Industrial	Railroad	Utility with Gas & Elect		
2009	2011	\$ 45,891,624	\$ 5,692,962,027	\$ 1,385,647,129	\$ 101,590,297	\$ 9,418,247	\$ 585,999,113	\$ 7,821,508,437	
2008	2010	31,730,283	5,710,395,725	1,403,021,409	107,850,959	9,871,922	489,883,644	7,752,753,942	
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	

Calendar Year Assessed	State Rollback Factors					
	Agriculture	Residential	Commercial	Industrial	Railroad	Utility
2009	66.2715%	46.9094%	100.0000%	100.0000%	100.0000%	100.0000%
2008	93.8568%	45.5893%	100.0000%	100.0000%	100.0000%	100.0000%
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%

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 District Levy Rate</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>\$ 30,413,090</b>	<b>\$ 2,630,471,146</b>	<b>\$ 1,385,371,036</b>	<b>\$ 101,590,297</b>	<b>\$ 9,418,247</b>	<b>\$ 269,938,673</b>	<b>\$ 4,427,202,489</b>	<b>15.17046</b>
29,780,771	2,540,781,003	1,402,497,582	107,850,959	9,871,922	288,522,116	4,379,304,353	13.91816
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

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)*

**Overlapping Rates \***

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 Robins	Town of Linn County	
2011	\$14.23859	\$0.93187	\$15.17046	\$15.21621	\$4.34000	\$15.31001	\$13.63603	\$11.89459	\$9.01063	\$6.68290
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

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

Taxpayer	Type of Business	Assessed Value 2009 for			Assessed Value 2000 for		
		FY10 Rank	Amount	Percentage of Total Assessed Valuation	FY 2002 Rank	Amount	Percentage of Total Assessed Valuation
Interstate Power/Alliant/IES Steam	Electrical and gas utility	1	\$ 284,651,607	3.6%	1	\$ 244,848,006	4.6%
FPL Energy Duane Arnold Plant	Electrical utility	2	146,528,429	1.9%	-	-	-
AEGON/Life Investors Inc.	Insurance	3	51,616,737	0.7%	2	48,212,103	0.9%
Robert K Miell	Real estate holdings	4	38,238,313	0.5%	-	-	-
ITC Midwest LLC	Electrical utility	5	36,478,017	0.5%	-	-	-
MidAmerican Energy	Electrical and gas utility	6	36,081,211	0.5%	4	25,186,853	0.5%
Central Iowa Power	Electrical utility	7	30,406,057	0.4%	-	-	-
Qwest	Telecommunications	8	21,861,950	0.3%	6	21,682,129	0.4%
Walmart & Sam's Club	Retail	9	21,531,059	0.3%	-	-	-
Hy-Vee Food Stores Inc.	Grocery	10	21,234,434	0.3%	-	-	-
Westdale Capital Investments	Residential Housing	-	-	-	3	45,988,636	0.9%
Cargill Incorporated	Corn and soybean processing	-	-	-	5	24,671,586	0.5%
Quaker Oats Company	Cereal grain processing	-	-	-	7	20,377,230	0.4%
Penford Products	Cornstarch processing	-	-	-	8	19,478,861	0.4%
MCI Telecommunications Corp.	Telephone utility	-	-	-	9	16,755,292	0.3%
Windsor Joint Venture	Residential apartment developer	-	-	-	10	15,765,966	0.3%
<b>Total</b>			<b>\$ 688,627,814</b>	<b>9.0%</b>		<b>\$ 482,966,662</b>	<b>9.2%</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 Current		Collected within the Fiscal Year of the Levy		Total Delinquent Tax Collections	Delinquent June Tax Collections	Delinquent Tax Collections (1)	Total Tax Collections	
		Tax Collections	Tax Collections	Amount	Percent of Levy				Amount	Percent of Levy
2011	\$ 67,108,461	\$ 67,110,199	\$ 825,699	\$ 66,284,500	98.8%	233,056	31,563	\$ 201,493	\$ 66,485,993	99.1%
2010	61,170,457	59,481,415	1,077,430	58,403,985	95.5%	62,647	(1,354)	64,001	58,467,986	95.6%
2009	58,614,162	58,347,217	802,705	57,544,512	98.2%	624,484	12,186	612,298	58,156,810	99.2%
2008	59,659,811	59,093,282	274,757	58,818,525	98.6%	(10,152)	241	(10,393)	58,808,132	98.6%
2007	61,312,422	61,442,992	800,875	60,642,117	98.9%	106,889	12,190	94,699	60,736,816	99.1%
2006	62,132,270	61,923,318	766,557	61,156,761	98.4%	68,412	17,828	50,584	61,207,345	98.5%
2005	63,213,538	62,969,294	873,275	62,096,019	98.2%	589,997	17,816	572,181	62,668,200	99.1%
2004	61,416,731	60,184,324	630,166	59,554,158	97.0%	4,364	21,482	(17,118)	59,537,040	96.9%
2003	59,637,988	59,375,186	534,857	58,840,329	98.7%	171,116	9,501	161,615	59,001,944	98.9%
2002	47,704,561	47,696,111	634,771	47,061,340	98.7%	55,528	10,287	45,241	47,106,581	98.7%

Source: District financial records and Linn County Finance and Budget

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

Schedule 12  
Cedar Rapids Community School District

Total Outstanding Debt by Type

Last Ten Fiscal Years

Governmental Activities

Fiscal Year	SILO Revenue Bonds	QSCB Bonds	School Refunding Bonds	General Obligation Bonds	Capital Loan Note	Qualified Zone Academy Bond (QZAB)	Anticipatory Warrants	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
2011	\$30,000,000	\$11,842,461	\$28,490,000	-	-	-	-	\$70,332,461	0.79%	\$272	\$272	\$4,413,597,697	0.65%
2010	-	-	30,880,000	-	-	-	-	30,880,000	0.34%	120	120	4,379,304,353	0.71%
2009	-	-	31,385,000	26,300,000	-	-	-	57,685,000	0.64%	226	226	4,252,041,112	1.36%
2008	-	-	31,385,000	35,350,000	-	-	-	66,735,000	0.75%	265	265	4,128,554,614	1.62%
2007	-	-	31,385,000	37,400,000	-	-	-	68,785,000	0.80%	276	276	4,085,717,578	1.68%
2006	-	-	31,385,000	39,325,000	325,000	-	-	71,035,000	0.85%	288	286	4,050,367,970	1.75%
2005	-	-	-	41,225,000	635,000	-	5,000,000	46,860,000	0.57%	191	168	3,988,485,012	1.03%
2004	-	-	-	43,025,000	940,000	1,000,000	-	44,965,000	0.56%	185	181	3,976,283,189	1.08%
2003	-	-	-	44,800,000	1,235,000	1,000,000	5,600,000	52,635,000	0.65%	217	189	3,858,278,079	1.16%
2002	-	-	-	45,850,000	1,530,000	1,000,000	-	48,380,000	0.61%	202	195	3,671,871,211	1.25%

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 SILO, QSCB, Refunding, QZAB and General Obligation Bonds.

\*\*\* Taxable valuations exclude TIF valuations

**Schedule 13  
Cedar Rapids Community School District**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2011**

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$28,490,000	100.00 %	\$28,490,000
Overlapping:			
City of Cedar Rapids	138,633,583	68.80 %	95,379,905
City of Hiawatha	18,280,000	100.00 %	18,280,000
City of Marion	17,085,000	1.72 %	293,862
City of Robins	8,305,000	47.70 %	3,961,485
Kirkwood Community College	12,585,000	23.71 %	2,983,904
Linn County	14,230,000	52.25 %	7,435,175
Total Overlapping	209,118,583		128,334,331
<b>Total Direct and Overlapping Debt</b>	<b>\$237,608,583</b>	<b>66.00 %</b>	<b>\$156,824,331</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									
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Assessed valuation	\$ 7,821,508,437	\$ 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
Legal debt limit (5% of Assessed Valuation)	391,075,422	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
District debt applicable	70,332,461	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
Legal debt margin	\$ 320,742,961	\$ 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
District debt applicable as a percentage of Legal debt limit	18.0%	8.0%	8.6%	9.7%	10.6%	11.9%	13.0%	14.8%	15.8%	18.3%

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>258,470</b>	<b>\$8,908,110,000</b>	<b>\$34,465</b>	<b>6.2%</b>
2009	256,320	9,015,750,000	35,174	5.4
2008	254,910	9,071,460,000	35,587	4.0
2007	252,240	8,928,560,000	35,397	3.6
2006	249,210	8,591,510,000	34,475	3.8
2005	247,060	8,315,360,000	33,657	4.7
2004	244,970	8,251,190,000	33,682	4.9
2003	243,090	8,058,410,000	33,150	4.8
2002	242,060	8,050,410,000	33,258	4.4
2001	240,010	7,992,620,000	33,301	2.9

Sources:

Woods and Poole Economics 2011 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 2005 dollars.

**Schedule 16**  
**Cedar Rapids Community School District**

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

	2011			2002		
	<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.	8,700	1	4.95%	7,162	1	4.07%
AEGON USA, Inc.	3,872	2	2.20%	2,300	6	1.31%
St. Luke's Hospital	3,184	3	1.81%	2,300	6	1.31%
Cedar Rapids Community Schools	2,936	4	1.67%	2,726	2	1.55%
Hy-Vee Food Stores	2,599	5	1.48%	2,406	4	1.37%
Mercy Medical Center	2,312	6	1.31%	1,950	9	1.11%
Whirlpool Corporation	2,225	7	1.27%	2,630	3	1.50%
Kirkwood Community College	1,895	8	1.08%			
City of Cedar Rapids	1,311	9	0.75%	1,732	10	0.98%
Quaker Foods and Beverages	1,018	10	0.58%			
MCI Communications (Worldcom)				2,000	8	1.14%
McLeodUSA				2,311	5	1.31%
<b>Totals</b>	<b>30,052</b>		<b>17.10%</b>	<b>27,517</b>		<b>15.65%</b>

**Sources:**

Cedar Rapids Chamber of Commerce - Community Resource and Business Guides for years 2011 and 2002 for individual employer employment.

Woods and Poole Economics 2011 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

	FY11	FY10	FY09	FY08	FY07	FY06	FY05	FY04	FY03	FY02	Percentage Change FY2002-2011
<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	1.0	2.0	2.0	2.0	0.0	1.0	1.0	3.0	-66.7%
Principals and Assistants	48.0	48.0	48.0	48.0	49.0	49.0	51.0	50.0	50.0	48.0	0.0%
District Administrators	13.0	13.0	14.0	13.0	13.0	13.0	13.0	15.0	14.0	16.0	-18.8%
Supervisors	7.0	8.0	9.0	8.0	8.0	7.0	7.0	7.0	8.0	8.0	-12.5%
Total Administration	70.0	71.0	73.0	72.0	73.0	72.0	72.0	74.0	74.0	76.0	-7.9%
<b>Teachers</b>											
PreK-12***, Music, Physical Education and Art	952.1	969.5	940.8	942.0	933.0	930.5	906.1	921.7	940.0	977.9	-2.6%
Special Education	218.4	219.4	252.9	258.1	265.5	255.8	249.5	257.0	253.2	238.7	-8.5%
Federal Programs	39.9	41.3	27.2	26.0	23.0	22.3	20.2	19.2	21.0	14.5	174.9%
Media Specialist	24.0	25.0	23.3	24.7	23.7	24.7	24.7	32.4	32.4	32.4	-25.9%
Counselors	47.0	48.8	48.6	46.3	46.0	45.5	45.1	45.4	44.4	44.0	6.8%
Total Teachers	1,281.4	1,304.0	1,292.8	1,297.1	1,291.1	1,278.8	1,245.6	1,275.7	1,291.0	1,307.5	-2.0%
<b>Support Personnel</b>											
Clerical	184.7	182.8	178.1	183.5	180.7	182.3	175.3	180.5	187.3	184.7	0.0%
Teacher aides, Special Education	295.8	257.0	273.6	268.1	281.2	274.7	264.5	258.7	243.1	215.5	37.3%
Teacher aides, regular	135.2	124.1	120.2	95.1	90.4	81.6	84.2	82.2	90.0	98.1	37.8%
Custodial and maintenance	163.3	171.4	170.3	168.4	169.9	171.9	174.4	173.3	179.0	178.8	-8.7%
Bus drivers/Attendants	113.6	111.0	105.7	105.6	104.1	98.9	98.2	92.9	93.0	92.8	22.4%
Food service workers	141.5	134.3	133.9	136.8	133.6	130.6	129.4	132.1	130.1	135.3	4.6%
Nurses/Volunteer Coordinator	14.5	14.5	15.5	15.5	15.1	14.7	14.7	14.5	13.3	11.7	23.9%
Crafts and trades	18.6	22.8	18.1	18.9	19.6	18.1	18.4	19.4	20.1	20.4	-8.7%
Data processing	0.0	3.5	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	-100.0%
Day care	108.1	105.0	99.8	101.0	97.1	92.3	88.0	87.1	85.3	87.7	23.2%
Other**	65.8	54.3	55.5	57.3	58.1	63.6	66.4	64.9	67.1	60.5	8.7%
Total Support Personnel	1,241.0	1,180.7	1,174.5	1,153.9	1,153.6	1,132.5	1,117.3	1,109.4	1,112.1	1,089.3	13.9%
Total Staff	2,592.4	2,555.7	2,540.3	2,523.0	2,517.7	2,483.3	2,434.9	2,459.1	2,477.1	2,472.8	4.8%

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 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
2011	16,810	\$171,958,506	\$10,230	\$223,526,918	\$13,297	5.6%	1,281.4	13.1	7,371	43.5%
2010	16,929	168,930,455	9,979	213,222,413	12,595	2.5%	1,304.0	13.0	7,030	41.1%
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%

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

Complete

Building	Fiscal Year									
	<u>2011</u>	<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>
<b>High Schools (9-12)</b>										
Jefferson (1959)										
Square feet	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110	271,292	271,292
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,803	1,803	1,577	1,577
Enrollment	1,538	1,625	1,655	1,667	1,632	1,579	1,563	1,614	1,651	1,595
<b>Kennedy (1968)</b>										
Square feet	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600	249,342	249,342
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,804	1,804	1,558	1,558
Enrollment	1,792	1,790	1,807	1,813	1,829	1,885	1,781	1,748	1,677	1,572
<b>Metro (1971)</b>										
Square feet	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399
Capacity	450	450	450	450	450	450	451	451	451	451
Enrollment	462	585	566	568	556	569	575	543	578	578
<b>Washington (1959)</b>										
Square feet	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694	277,844	277,844
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,797	1,797	1,597	1,597
Enrollment	1,414	1,435	1,476	1,531	1,651	1,620	1,595	1,539	1,626	1,650
<b>Middle Schools (6-8)</b>										
Franklin (1922)										
Square feet	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148
Capacity	700	700	700	700	700	700	699	699	699	699
Enrollment	622	640	640	653	630	651	657	658	667	665
<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
Capacity	900	900	900	900	900	900	901	901	901	901
Enrollment	895	835	876	880	952	928	926	883	872	913

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

Complete

	Fiscal Year									
	<u>2011</u>	<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>
<b>Building</b>										
<b>McKinley (1922)</b>										
Square feet	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	700	699	699	699	699
Enrollment	561	541	516	512	555	618	659	712	736	741
<b>Roosevelt (1924)</b>										
Square feet	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
Enrollment	555	504	496	570	628	645	646	643	651	598
<b>Taft (1965)</b>										
Square feet	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	700	701	701	701	701
Enrollment	653	646	667	699	730	738	713	699	685	694
<b>Elementary Schools</b>										
<b>Arthur (1914)</b>										
K-5	1,914									
Square feet	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214	46,214
Capacity	400	400	400	400	400	400	398	398	398	398
Enrollment	332	312	316	302	312	328	333	318	334	332
<b>Cleveland (1950)</b>										
K-5	1,950									
Square feet	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819	46,819
Capacity	500	500	500	500	500	500	498	498	498	498
Enrollment	301	320	366	328	359	370	375	385	409	438
<b>Coolidge (1967)</b>										
K-5	1,967									
Square feet	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557
Capacity	500	500	500	500	500	500	501	501	501	501
Enrollment	408	458	433	423	413	421	420	410	379	426

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

Complete

Building		Fiscal Year																			
		<u>2011</u>	<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>										
<b>Erskine (1955)</b>	1,955																				
	K-5	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675
	Square feet Capacity Enrollment	400 312	400 325	400 321	400 354	400 362	400 362	400 362	400 356	400 399	400 399	400 356	400 330	400 399	400 341	400 399	400 341	400 356	400 399	400 356	400 399
<b>Garfield (1930)</b>	1,930																				
	K-5	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224
	Square feet Capacity Enrollment	400 222	400 287	400 295	400 306	400 328	400 318	400 318	400 309	400 398	400 398	400 309	400 295	400 398	400 281	400 398	400 281	400 398	400 281	400 398	400 281
<b>Gibson (2002)</b>	2,002																				
	K-5	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805
	Square feet Capacity Enrollment	600 545	600 562	600 535	600 545	600 521	600 542	600 542	600 503	600 598	600 598	600 503	600 448	600 598	600 451	600 598	600 451	600 503	600 598	600 451	600 598
<b>Grant (1961)</b>	1,961																				
	K-1	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919
	Square feet Capacity Enrollment	450 154	450 151	450 179	450 223	450 234	450 237	450 237	450 192	450 448	450 448	450 192	450 179	450 448	450 180	450 448	450 180	450 192	450 448	450 180	450 224
<b>Grant Wood (1948)</b>	1,948																				
	K-5	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172
	Square feet Capacity Enrollment	500 301	500 304	500 331	500 352	500 335	500 321	500 321	500 335	500 502	500 502	500 335	500 362	500 502	500 502	500 363	500 502	500 335	500 502	500 363	500 502
<b>Harrison (1930)</b>	1,930																				
	K-5	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677
	Square feet Capacity Enrollment	550 255	550 243	550 311	550 389	550 404	550 397	550 397	550 406	550 552	550 552	550 406	550 407	550 552	550 431	550 552	550 431	550 406	550 552	550 431	550 552
<b>Hiawatha (1956)</b>	1,956																				
	K-5	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787
	Square feet Capacity Enrollment	550 382	550 395	550 424	550 462	550 400	550 457	550 457	550 412	550 552	550 552	550 412	550 399	550 552	550 391	550 552	550 391	550 412	550 552	550 391	550 552

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

Complete

Building		Fiscal Year													
		<u>2011</u>	<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>				
<b>Hoover (1954)</b>	1,954														
	K-5	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	39,427
	Square feet	500	500	500	500	500	500	500	349	349	349	349	349	349	349
	Enrollment	342	367	358	360	307	282	291	284	304	317	317	317	317	317
<b>Jackson (1970)</b>	1,970														
	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	537	537	537	537	537	537	537
	Enrollment	354	345	331	331	318	305	286	282	283	283	283	283	283	411
<b>Johnson (1955)</b>	1,955														
	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	500	500	502	502	502	502	502	502	502
	Enrollment	243	230	279	304	311	319	353	366	397	418	418	418	418	418
<b>Kenwood (1950)</b>	1,950														
	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	500	500	502	502	502	502	502	502	502
	Enrollment	269	325	331	301	319	276	267	285	303	307	307	307	307	307
<b>Madison (1961)</b>	1,961														
	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	400	400	399	399	399	399	399	399	399
	Enrollment	274	286	273	284	277	280	279	262	256	273	273	273	273	273
<b>Monroe (1961)</b>	1,961														
	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	350	350	348	348	348	348	348	348	348
	Enrollment	189	196	234	253	280	262	237	255	251	248	248	248	248	248
<b>Nixon (1970)</b>	1,970														
	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	537	537	537	537	537	537	537
	Enrollment	285	301	301	310	318	325	351	309	332	332	332	332	332	428

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

Complete

Building		Fiscal Year												
		<u>2011</u>	<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>			
<b>Pierce (1965)</b>	1,965													
	K-5													
	Square feet	47,308	47,308	47,308	47,308	47,308	47,308	47,308	43,471	43,471	43,471	43,471	43,471	43,471
Capacity	475	475	475	475	475	475	475	473	435	435	435	435	435	
Enrollment	480	471	465	446	439	466	459	450	440	440	440	440	435	
<b>Polk (1961)</b>	1,961													
	K-5													
	Square feet	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934
Capacity	350	350	350	350	350	350	348	348	348	348	348	348	348	
Enrollment	192	195	220	212	224	209	204	200	221	221	221	221	237	
<b>Taylor (1973)*</b>	1,973													
	K-5													
	Square feet	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170
Capacity	475	475	475	475	475	475	477	477	477	477	477	477	477	
Enrollment	228	232	0	268	232	239	256	270	275	275	275	275	310	
<b>Truman (1961)</b>	1,961													
	K-5													
	Square feet	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129
Capacity	400	400	400	400	400	400	401	401	401	401	401	401	401	
Enrollment	340	335	352	351	339	319	334	336	344	344	344	344	377	
<b>Van Buren (1970)</b>	1,970													
	K-5													
	Square feet	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
Capacity	475	475	475	475	475	475	476	476	476	476	476	476	476	
Enrollment	404	350	385	392	360	369	374	412	418	418	418	418	403	
<b>Wright (1953)</b>	1,953													
	K-5													
	Square feet	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502
Capacity	375	375	375	375	375	375	374	374	374	374	374	374	374	
Enrollment	258	232	248	221	232	251	241	230	210	210	210	210	227	



**Cedar Rapids Community School District**

**Schedule of Expenditures of Federal Awards  
Year ended June 30, 2011**

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	\$ 423,786
Homeless Education Disaster Assistance Program	84.383	N/A	118,211
<b>Total direct</b>			<u>541,997</u>
<b>Indirect:</b>			
<b>U.S. Department of Agriculture:</b>			
Passed through Iowa Department of Education:			
National School Lunch Program	10.555	4553	3,132,174
School Breakfast Program	10.553	4552	815,897
Fresh Fruit & Vegetable Pilot Program	10.582	Various	29,370
Child and Adult Care Food Program	10.558	4554	79,298
Team Nutrition Grant	10.574	4558	810
National School Lunch Program - USDA Commodities (noncash)	10.555	4951	432,205
			<u>4,489,754</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	7,896
<b>U.S. Department of Education:</b>			
Passed through Iowa Department of Education:			
Education Jobs Fund	84.410	4041	2,070,000
Title I Grants to Local Educational Agencies	84.010	4501/431 & 433	2,975,072
Title I Grants to Local Educational Agencies - SINA	84.010	4501/432	119,092
ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds	84.389	4026	1,393,743
Special Education Grants to States - IDEA Part B - High Cost Funds	84.027	4511	54,569
Title IIA Improving Teacher Quality State Grants - Class Size Reduction Program	84.367	4643	777,500
Special Education Improvement Grants	84.323	4526	10,037
Title III - Immigrant Children & Youth	84.365	4644	163
Reading First	84.357	4645	129,857
Safe and Drug Free Schools and Communities	84.186	4591	18,049
ARRA - State Fiscal Stabilization Funds	84.397	4039	822,756
ARRA -Teacher Professional Development - State Stabilization Funds	84.394	4035	61,676
ARRA - Educational Stabilization	84.394	4034	922,423
Gear up Iowa	84.334	4674	20,666
IDEA Part B- IQPPS Fund	84.173	4522	590
Perkins Vocational Education Program - Basic Grant	84.048	4531	201,991
Title VI A Grants for State Assessments and Related Activities - NCLB Assessment Grant	84.369	4648	106,548
			<u>9,684,732</u>

(Continued)

**Cedar Rapids Community School District**

**Schedule of Expenditures of Federal Awards (Continued)  
Year ended June 30, 2011**

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	4585	\$ 21,829
Fund for the Improvement of Education	84.215	4582	179
Education for Homeless Children and Youth	84.196	4565	22,043
AP - Advanced Placement Program	84.330	4654	24,235
YRBS Survey - AIDS Education	93.938	4577	1,025
Enhanced Assessment Grant	84.368	4653	103
			<u>69,414</u>
Passed through Linn County Agricultural Extension:			
21st Century Community Learning Centers	84.287	4335	30,228
Passed through Grant Wood Area Education Agency:			
Special Education Grants to States IDEA Part B	84.027	4521	1,002,529
ARRA - IDEA - Special Education Grants to States	84.391	4031	1,363,846
			<u>2,366,375</u>
Passed through School Administrators of Iowa			
iSPIN - Iowa Statewide Parent Information	84.310	4795	2,448
<b>U.S Department of Human Services:</b>			
Passed through Hawkeye Area Community Action Program:			
Head Start	93.600	N/A	22,927
Passed through Linn County, Iowa:			
Empowerment Federal Funds	93.575	N/A	27,650
Medicaid Time Study Program	93.778	N/A	1,921
			<u>29,571</u>
<b>U.S Department of Homeland Security:</b>			
Passed through Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	42602355105	6,956,449
			<u>6,956,449</u>
<b>Total Indirect</b>			<u>23,659,794</u>
<b>Total expenditures of federal awards</b>			<u>\$ 24,201,791</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, 2011**

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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, 2011. 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.

**Cedar Rapids Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

Finding		Status	Corrective Action Plan or Other Explanation
<b>Significant Deficiencies and Material Weaknesses in Internal Control</b>			
10-II-A	The District has improper segregation of duties over the receipt cycle.	Corrected	
10-II-B	The District has improper segregation of duties over the payroll cycle.	Corrected	
10-II-C	There are not adequate controls in place over access to the check stock and accounting for check sequence.	Corrected	
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.	Corrected	
10-II-E	The District does not have adequate controls over the recording of the District's financial transactions.	Not Corrected	See corrective action plan at 11-II-B.
10-II-F	The District does not have an adequate system in place over capital assets.	Not Corrected	See corrective action plan at 11-II-C.
<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.	Corrected	
10-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 11-III-B.
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.	Corrected	

(Continued)

**Cedar Rapids Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

Finding		Status	Corrective Action Plan or Other Explanation
<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.	Not Corrected	See corrective action plan at 11-III-A.
10-III-E	The District did not obtain semiannual certifications for employees fully funded by a federal program as required by OMB Circular A-87.	Corrected	
<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.	Corrected	
10-IV-G	The District submitted the certified enrollment to the Iowa Department Education two days past the due date of October 15, 2009.	Corrected	
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.	Not Corrected	See corrective action plan at 11-IV-G.
10-IV-M	The Flood Recovery Fund had deficit balances of \$3,467,297 at June 30, 2010.	Not Corrected	See corrective action plan at 11-IV-M.
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.	Corrected	





**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, 2011, which collectively comprise Cedar Rapids Community School District's basic financial statements and have issued our report thereon dated December 5, 2011. 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**

Management of the Cedar Rapids Community School District is responsible for establishing and maintaining effective 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.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 11-II-A through 11-II-C that we consider to be significant deficiencies in internal control over financial reporting.

## 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, 2011, 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 5, 2011.

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

This report is intended solely for the information and use of management, the Board of Education, Audit Committee, 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 5, 2011



**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, 2011. 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 Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2011. 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 11-III-A and 11-III-B.

**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 responses 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 responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Education, Audit Committee, 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 5, 2011

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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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                                |
| 84.010 | Title I Grants to Local Educational Agencies - SINA                         |
| 84.389 | ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds |

State Stabilization Cluster:

- |        |   |
|--------|---|
| 84.394 | ARRA - Teacher Professional Development - State Stabilization Funds |
| 84.394 | ARRA - Education Stabilization                                      |
| 84.397 | ARRA - State Fiscal Stabilization Funds                             |

IDEA Cluster:

- |        |   |
|--------|---|
| 84.027 | Special Education Grants to States - IDEA Part B                                |
| 84.027 | Special Education Grants to States - IDEA Part B - High Cost Funds              |
| 84.173 | Special Education - Preschool Grants - IDEA Preschool                           |
| 84.391 | ARRA - IDEA - Special Education Grants to States - IDEA Part B                  |
| 84.367 | Title IIA Improving Teacher Quality State Grants - Class Size Reduction Program |
| 84.410 | Education Job Funds   |

Dollar threshold used to distinguish between type A and type B programs: \$726,054

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, 2011

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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 in Internal Control

11-II-A

Finding: The District has an unreconciled undistributed general ledger account that relates to payroll.

Criteria: The reconciliation of significant general ledger accounts on a regular basis is a critical function of the District's finance department.

Condition: During the payroll process, transactions run through an "undistributed payroll" account which ultimately is a credit 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: The balance of the unreconciled accounts as of June 30, 2011 is \$236,000.

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 account reconciliation.

Recommendation: We recommend the District investigate the proprietary of the undistributed payroll account and reconcile it monthly.

Response and Corrective Action Plan: The District's current administrative data processing system is unable to completely reconcile undistributed payroll on a monthly basis. The new administrative data processing system scheduled to be implemented on December 2012 will have this capability.

11-II-B

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

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011**

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**11-II-C**

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

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

Condition:

- Assets that had been fully depreciated were still depreciated in the current year resulting in assets with negative net book values.
- Beginning accumulated depreciation did not agree to prior year ending accumulate depreciation.
- One project included in construction in process in the prior year in the amount of approximately \$193,000 was improperly expensed during the current year. Through adjusting journal entries they were properly recorded.
- The construction in process listing did not include all of the expenditures recorded in the general ledger of the District causing the capital asset listing to be less than the general ledger.

Context: Pervasive to all capital assets.

Effect: Capital assets additions, 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 prior year ending balance of accumulated depreciation is compared to current year beginning balance.

Response and Corrective Action Plan: The District will put additional review steps to see that capital assets are recorded properly. In addition, following the move to the new Educational Leadership and Services Center building currently under construction, the District will hire an outside consultant to perform a complete capital asset inventory in late 2012, early 2013. These dates are also influenced by the implementation date of the new administrative data processing system, with a deployment date of December 2012, which will allow time for the selection and implementation of needed new capital asset management software.

**B. Compliance Findings**

No matters reported.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011**

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

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

No matters reported.

**B. Instances of Noncompliance**

**11-III-A**

**U.S. Department of Education**

**Passed through Iowa Department of Education**

**Title I Cluster:**

**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: 2009-2011**

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.

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.

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. The District implemented additional documentation procedures in January 2011.

Questioned Costs: \$1,666 for Title I, Part A Cluster and \$2,588 for ARRA Title I.

Context: 2 of 60 expenditures tested for Title I

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 continue to 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.

Response and Corrective Action Plan: The District will work to ensure in the future that all employees who are split funded will be in full compliance with OMB Circular A-87 as appropriate within the recommendations.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011**

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**11-III-B**

**U.S. Department of Homeland Security  
Passed through Iowa Department of Homeland Security  
Disaster Grants – Public Assistance (CFDA 97.036)  
Federal Award Year: 2009-2011**

Finding: The District has not taken a physical inventory of equipment acquired with the Disaster Grants – Public Assistance federal award 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 Disaster Grants – Public Assistance federal program.

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

Cause: The District has not taken a physical inventory of equipment acquired with the Disaster Grants – Public Assistance federal award 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: When the District fully implements the needed new capital asset management software in late 2012, early 2013 we will be able to better identify assets purchased with qualifying federal monies. This will allow us to perform the required capital asset inventory of items, (that meet or exceed the District's per unit threshold of \$5,000 as required within Board policy) acquired with these monies every two years as required.

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

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

Expenditures/expenses during the year ended June 30, 2011 did not exceed budget amounts.

**11-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.

**11-IV-C Travel Expenses**

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

(Continued)

## Cedar Rapids Community School District

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2011

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#### 11-IV-D Business Transactions

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

#### 11-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.

#### 11-IV-F Board Minutes

Finding: The schedule of bills allowed (or list of claims) for July 2010 expenses, August 2010 expenses, October 2010 expenses, and December 2010 were published before they were approved by the board. The July 2010 claims were published October 9, 2010 and approved October 11, 2010. The August 2010 claims were published October 22, 2010 and were approved October 25, 2010. The October 2010 claims were published November 18, 2010 and were approved December 13, 2010. The December 2010 claims were published January 21, 2011 and were approved January 24, 2011.

Recommendation: Schedule of bills allowed should be approved by the board prior to being published.

Response and Corrective Action Plan: Schedule of bills allowed will be approved by the Board of Education prior to being published.

Conclusion: Response accepted.

#### 11-IV-G Certified Enrollment

Finding: 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 2010.

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, 2011, reconciled with the state and other Districts and verified the enrollment in a timely fashion subsequent to the deadline.

Conclusion: Response accepted.

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011**

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**11-IV- H Supplementary Weighting**

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

**11-IV- I Deposits and Investments**

Finding: We noted a certificate of deposit that was renewed at a rate lower than the rate established by the Public Funds Historical rates. A certificate of deposit was renewed on August 27, 2010 for a period of over 397 days at a rate of 0.25 percent. The public funds historical rate at this date for a maturity period of over 397 days is 0.90 percent.

Recommendation: The District should invest in certificates of deposit only at a rate higher than the rate established.

Response and Corrective Action Plan: The District will follow the recommendation as stated and communicate to all appropriate staff, the state of Iowa established minimum earnings rates on investments.

Conclusion: Response accepted

**11-IV-J Certified Annual Report**

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

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

**11-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.

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, 2011, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$ 10,941,527
Statewide sales, services and use tax	15,667,769
Interest earned	139,623
Misc Revenue	24,004
Bond Revenue	42,073,461
Expenditures/transfers out:	
Capital:	
Buildings	(30,093,270)
Equipment	(3,509,664)
Other improvements	(506,094)
Debt service for school infrastructure, revenue debt	(8,807,813)
Ending balance	<u>\$ 25,929,543</u>

(Continued)

**Cedar Rapids Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011**

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The statewide sales, services and use tax revenue received during the year ended June 30, 2011 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	1.10496	\$ 8,807,813
Physical plant and equipment levy	0.86059	6,859,956

**11-IV-M Deficit Balances**

Finding: The Flood Recovery Fund had a deficit balance of \$5,200,706 as of June 30, 2011. The Management Fund had a deficit balance of \$1,207,890 as of June 30, 2011.

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. The District has already increased the tax levy in the Management fund for fiscal year 2012 and the deficit balance will be eliminated at the close of fiscal year 2012 or fiscal year 2013 at the latest.

Conclusion: Response accepted.

(Concluded)

**Cedar Rapids Community School District**

**Corrective Action Plan  
Year Ended June 30, 2011**

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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>				
11-II-A	The District has an unreconciled undistributed payroll general ledger account.	See response and corrective action plan at 11-II-A.	June 2012	Steve Graham
11-II-B	The District does not have adequate controls over the recording of the District's financial transactions.	See response and corrective action plan at 11-II-B.	June 2012	Steve Graham
11-II-B	The District does not have an adequate system in place over capital assets.	See response and corrective action plan at 11-II-C.	June 2012	Steve Graham
<b>Instances of Noncompliance Over Administering Federal Awards</b>				
11-III-A	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 11-III-A.	June 2012	Steve Graham
11-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 11-III-B.	June 2012	Steve Graham

(Continued)

**Cedar Rapids Community School District**

**Corrective Action Plan (Continued)  
Year Ended June 30, 2011**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Other Findings Related to Statutory Reporting</b>				
11-IV-F	The schedule of bills allowed (or list of claims) for July 2010, August 2010, October 2010, and December 2010 expenses were published before they were approved by the board. The July 2010 claims were published on 10/09/10 and approved on 10/11/10. The August 2010 claims were published on 10/22/10. The October 2010 claims were published on 11/18/10 and approved on 12/13/10. The December 2010 claims were published on 1/21/11 and approved on 1/24/11.	See response and corrective action plan at 11-IV-F.	June 2012	Steve Graham
11-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 11-IV-G.	June 2012	Steve Graham
11-IV-I	The District invested in a Certificate of Deposit that was less than the required minimum interest rate.	See response and corrective action plan at 11-IV-I.	June 2012	Steve Graham
11-IV-M	The Flood Recovery and Management Funds had deficit balances of \$5,200,705 and \$1,207,890 respectively at June 30, 2011.	See response and corrective action plan at 11-IV-M.	June 2012	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, 2011, 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.

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

**Schedule of Expenditures of Federal Awards (SEFA):** There were several of the grants expenditures of federal awards that had to be adjusted or reconciled to the actual expenditures that occurred during the fiscal year. The change in actual expenditures incurred during the fiscal year initiated changes to grant accounts receivable, grant deferral and unearned grant revenue balances 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.

**Travel Expenses:** During testing we noted that one department head did not receive approval before the disbursement of \$288 travel expense reimbursement. The reimbursement was approved through the normal list of bills approved by the Board. We recommend that all travel expenses are approved by an individual outside of the individual requesting travel reimbursement

**Suspension and Debarment:** The District is required to ensure vendors with procurement contracts exceeding \$25,000 paid with federal awards are not suspended or debarred before entering into contracts with the vendor. We noted four contracts were not verified at the time the District entered into the contract, instead the District performed the search for suspended or debarred vendors once the vendor purchases reached \$25,000. We recommend the District perform suspension and debarment procedures at the time the District enters into a contract over \$25,000.

**Cash Receipts:** We noted during our understanding of the revenue cycle that the Accounts Receivable Clerk II has the ability to delete invoices, such as internal services provided or rentals, created by the District after they have been approved by an authorized individual. The general ledger system does not allow this computer control; however, it is anticipated to be included in the fiscal year 2012 software update. We recommend the individual entering invoices into the software should not have rights to delete invoices and management review edit reports of amended invoices.

**Student Activities:** We noted certain exceptions to the District's cash management procedures over student activity funds that occurred during the year. These exceptions included the lack of agreement of electronic supporting data to written log, computer generated receipts not being given a computer generated number, a purchase order not being signed by an approver and a check reimbursement not being approved by the requesting individual. We suggest that each of the District's schools adhere to the cash management policies that have been put in place on a consistent basis and that management of the District monitor the school's compliance with these policies. The District's management has stressed the importance of cash management policies to responsible building administrators during training events after fiscal year-end.

**Eligibility Documentation:** We noted nine students out of 60 students tested did not have a signed Student/Parent/Teacher Compact maintained on file, which is what is used to determine eligibility of targeted assistance students for the Title I, Part A grant program. The District requires each student receiving Title I services to have a signed Compact which must be retained by the schools for five years. Not all Compacts were retained by the schools after the end of the 2010-2011 school year. We recommend the schools obtain signed Student/Parent/Teacher Compacts and retain them for five years.

Additionally, we identified a suggestion for the District that is not considered to be a control deficiency as follows:

**Semiannual Certifications** – OMB Circular A-87 requires semiannual certifications be completed for all employees that are fully funded by a federal program. Although the District obtained these required certifications for the IDEA grant, the description included that the employee was working on a program funded by the American Recovery and Reinvestment Act (ARRA) but it did not list the name of the specific federal program. We recommend that future certifications include the specific federal program that the employee is working on, even if the program is being funded by ARRA.

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 5, 2011